

**Treasurer
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CAROLINA JOURNAL

A MONTHLY JOURNAL OF NEWS, ANALYSIS, AND OPINION
FROM THE JOHN LOCKE FOUNDATION

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STATEWIDE EDITION

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Big Business Rakes In Renewable Tax Credits

Those receiving the most in tax credits are large corporations

BY DAN WAY
Associate Editor

RALEIGH

Blue Cross and Blue Shield of North Carolina, the state's largest insurance company, in 2015 received state tax credits for investments in renewable energy projects worth more than \$40 million, and Duke Energy, the nation's largest electric utility, used the 35 percent renewable credit for a tax break worth nearly \$14 million.

While those companies were the top two renewable tax credit recipients in the state, Department of Revenue data show a total of \$136,289,577 in renewable tax credits were issued in 2015. That was a 7.6 percent jump over the 2014 total of \$126,661,982. The top two tax credit recipients that year were Duke Energy, \$62.9 million, and BCB-SNC, \$16.9 million.

As in past years, the lion's share of the 2015 tax credits awarded for



Investors in solar farms like this one, built by FLS Energy near Ellenboro in Rutherford County in 2015, receive renewable energy tax credits. Power generated by this farm goes to Duke Energy, but it is unclear what companies got tax credits for this project. (CJ photo by Don Carrington)

investing in renewable projects went to large banking and insurance companies. The 23 entities receiving \$1 million or more in credits were large corporations. Of the top 86 recipients awarded at least \$100,000 in tax credits, only six were individuals.

Since 2010, almost \$361 million has been diverted from the state budget as a result of the renewable tax credits.

"It sort of feeds into the theme that it's corporate welfare," said Donald Bryson, North Carolina state director at Americans for Prosperity.

"I definitely feel there's a lot wrong with that," said state Rep. Chris Millis, R-Pender. "It's another example of how big business snuggles up to government for their benefit, at the demise of the very citizens we're supposed to represent."

Millis said the huge 2015 tax credit windfall to large corporations "is just another continuation of the arguments of why we fought to sunset it last session." He said politicians were picking and choosing winners by "subsidization of this specific form of energy over all others."

Special treatment of the renewable industry produces no net environmental benefits because solar and wind energy are "intermittent and unreliable," Millis said. Solar energy isn't produced when the sun's not shining, and wind energy is dead when there is no wind blowing.

Both renewables require a "redundant shadow grid" usually provided by coal- or gas-fired power plants during the renewable source's down times, he said.

While the \$40 million Blue Cross tax credit accounted for nearly 30 percent of the 2015 total, spokesman Lew Borman said that, put in context, "BCB-SNC is a fully taxed North Carolina business, and last year incurred more than \$372 million in state, federal, and local taxes."

The company invested in both solar and mill tax credits, Borman said.

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Top GOP Condemns Obama's Bathroom Edict

GOP officeholders call Obama's rules 'executive overreach'

BY DAN WAY
Associate Editor

RALEIGH

U.S. Sens. Richard Burr and Thom Tillis signed a letter sent May 19 to U.S. Attorney General Loretta Lynch and Education Secretary John King, objecting that the executive branch of the federal government was acting "as a national school board" in its "guidance" requiring public schools to make special accommodations for transgender students



using bathrooms, locker rooms, and shower facilities at public schools.

The letter, authored by Senate Education Committee Chairman Lamar Alexander, R-Tenn., and Judiciary Committee Chairman Chuck Grassley, R-Iowa, was signed by 25 Republican senators, including Burr and Tillis.

North Carolina's senators joined

Gov. Pat McCrory, General Assembly leadership, and the entire GOP U.S. House delegation in condemning the May 12 letter from Lynch and King threatening local school districts with possible loss of federal funding if they did not comply with federal facilities rules.

The letter from Lynch and King interprets Title IX of the Civil Rights Act to indicate that "when a student or the student's parent or guardian, as appropriate, notifies the school administration that the student will assert a gender identity that differs from previous representations or records, the school will begin treating the student consistent with the student's gender

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House Budget Directs Dix Funds to Rural Hospitals

BY DAN WAY
Associate Editor

RALEIGH

The \$22.2 billion General Fund budget passed by the state House includes a provision to convert vacant beds at struggling rural hospitals into crisis facilities for mental health, substance abuse, and developmentally disabled patients — giving a big boost to a proposal McCrory administration officials say would alleviate a growing public health need.

But even if the proposal passes the Senate and gets the governor's OK, it's unclear whether enough money will be available to keep the program funded in the long term and if rural communities have the proper medical staffing to treat the patients.

State Department of Health and Human Services officials testified about the proposal before two legislative committees in April. It is an outgrowth of the Governor's Task Force on Mental Health and Substance Abuse that Gov. Pat McCrory commissioned.

McCrory has emphasized the expansion of mental health and substance abuse services, saying failing to confront the problem is "an issue being hidden in our emergency rooms, in our county jails, and in our state prisons, and underneath bridges across North Carolina."

The House budget allocates \$25 million from the proceeds of the sale of the Dorothea Dix hospital property to the city of Raleigh for a three-year pilot program to test this repurposing of rural hospital beds — adding developmentally disabled patients to those with a mental health or substance abuse crisis. The provision also repeals the requirement for facilities in the pilot program to receive a certificate of need (or formal approval) from state officials to add new beds or renovate existing ones.

"We identified counties across North Carolina that are adjacent to large counties that have overuse of their emergency departments. We also look to see where most referrals were coming from," deputy DHHS director Flo Stein told an April 28 meeting of the House Appropriations Committee on Health and Human Services.

Priority for the one-time money would go to hospitals located where patients must travel the greatest distance to get treatment and stay the longest while receiving it.

The state will ask hospitals for proposals to "allow for those counties to either do inpatient beds or facility-based crisis beds for either adults or children, and for mental health and substance use disorders," Stein said. "We are really looking forward to moving on this."

DHHS would prefer to upgrade and renovate existing hospitals — at a cost ranging from \$25,000 to \$166,000 per bed — rather than building new facilities, which cost between \$82,000 and \$379,000 per bed, said DHHS division director Courtney Cantrell on April 12 to another legislative committee.

The House budget targeted the full \$25 million Mc-

Crory officials sought. The provision's fate is unclear in the Senate, but several Senate leaders have suggested repealing certificate-of-need requirements entirely.

"If you have a lot of high-cost, new construction projects, then we'll probably have fewer beds," Cantrell said. But with a concentration on renovations and upgrades, 150 beds might be possible.

Hospitals would submit competitive proposals including a "sustainability plan" outlining how they would cover operating costs, what insurance companies they would work with, and available community programs and partnerships.

"It's hard to expand services with one-time funds" because costs persist with no revenue to maintain the services, Cantrell said, so the sustainability plan would be key.

"We certainly support DHHS' efforts to increase access to appropriate care for people with behavioral health issues," said Julie Henry, spokeswoman for the North Carolina Hospital Association.

"We've been saying for a long time that many of our hospitals, small and large, are not equipped or staffed" with the proper infrastructure in the right settings for individuals in behavioral health crisis "whether that's substance abuse or ... mental health," Henry said.

"We do have some smaller hospitals that don't have the inpatient census that they once had, so there are opportunities there," Henry said. "Certainly, this infusion of funds could be helpful in that aspect."

But making the crisis units for behavioral health and substance abuse patients financially sustainable "is something that we would want to have more conversation about, and that's from a financial standpoint for our hospitals, and also from a staffing standpoint," Henry said.

There is a statewide shortage of behavioral health professionals, ranging from licensed clinical social workers to psychologists and psychiatrists, she said.

"We're going to take on a population of patients that is not traditionally insured, and you're going to tell us that you're going to help us fix the building to accommodate them, but you're not going to assure us that we're going to be reimbursed when they stay in our building for a month," Henry said.

Those patients without insurance often are covered by Medicaid or other government programs that do not pay the full costs of treatment.

"If we invest in the staff to support their care, and that's on us, then how can we be assured that we are going to be able to sustain that?" Henry said.

Cantrell suggested one option would be reallocating funds set aside only for patients with one type of illness and using them to cover several — the so-called "three-way" bed funds. Another possibility would be to allow three-way bed funds, now available only for inpatient units, to support facility-based crisis programs. That would require a change in legislation.

CJ



The city of Raleigh recently acquired the 308-acre Dorothea Dix property from the state of North Carolina for \$52 million. The state will occupy some of the buildings for another 10 years and others for 25 years. The city is seeking public input prior to developing a plan to turn it into a "destination park." (CJ photo by Don Carrington)

Treasurer Wants to Put More Pension Funds in Real Estate

BY BARRY SMITH
Associate Editor

RALEIGH

If the General Assembly approves State Treasurer Janet Cowell's request for more flexibility in how it invests the state's pension plan, North Carolina's investment in real estate could be among the largest in the nation.

The department wants to increase the percentage of real estate investments the pension plan can hold from the current maximum of 10 percent to 15 percent. The General Assembly's OK would place North Carolina alongside Alaska and Pennsylvania as the states with the greatest percentage of pension fund money allowed to be invested in real estate.

Real estate is one class of what are called alternative investments, which also include private equity and hedge funds, and they are becoming increasingly popular among pension fund managers, according to *The Financial Times*. Real estate is the most popular of the alternative investment classes for state pension funds, reports *The Wall Street Journal*. Alternative asset investments are viewed as more risky and less liquid than stocks, bonds, or cash.

In a March 2016 *Forbes.com* column, Andrew Biggs, who studies pension and retirement issues at the American Enterprise Institute, noted, "The simple reality is that pensions are bigger than in the past and taking a lot more investment risk. Why? Because they can't afford not to." More and more public pension plans are expanding their alternative investments — and putting taxpayer-backed retirement funds at greater risk — because in recent years returns on government

bonds and other "safe" investments have lagged.

New York Times financial columnist Josh Barro cited the dilemma state pension funds face during periods of slow growth in a June 2014 column. "It won't be impossible for pension funds to meet a return target of 7 to 8 percent in that environment, but doing so will involve taking on a lot of risk — which means the next stock market crash is likely to also bring another round of exacerbated state fiscal crises and cuts to pension benefits," Barro wrote.

According to a public fund survey conducted by the National Conference of State Legislatures, most states' pension fund investments in real estate ventures fall well below 15 percent.

The Alaska Public Employees Retirement System and Alaska Teachers Retirement System have the highest percentage invested in real estate at 17.2 percent. The percentages are all 2013 numbers, the latest available, and don't reflect changes made since then.

The only other state pension plan listed as having 15 percent or more invested in real estate is the Pennsylvania State Employees Retirement System at 15.6 percent.

The rate listed in the survey for the North Carolina Retirement Systems was 8.1 percent, which was higher than the average of 7.2 percent for

the 84 systems shown in the report. That was as of June 30, 2013.

North Carolina currently is limited to investing 35 percent of its funds in alternative investments. The state treasurer wants to maintain that 35 percent limit, but increase the amount of real estate that can be part of the alternative investment portfolio, said Brad Young, Cowell's press secretary.

"In the proposed bill, the real estate limit would increase from 10 percent to 15 percent, but real estate investments would con-

tinue to count toward the 35 percent limit," Young said.

The state's retirement portfolio is valued at about \$84 billion.

The amount allowed to be invested in real estate in states surrounding North Carolina varied.

The Virginia Retirement System had 9.4 percent invested in real estate, the Tennessee Consolidated Retirement System had 4.9 percent, and the South Carolina Retirement Systems had 2.3 percent. Both the Georgia Employees Retirement System and the Georgia Teachers Retirement System had 0 percent invested in real estate.

Young said that since late 2015, the state treasurer's office has been working with Buck Consulting and the state's Investment Advisory Committee to analyze which combinations of investment types would work best un-

der a wide variety of possible market conditions.

"The work conducted by Buck showed highly attractive risk-adjusted returns for real estate and private equity, two of the so-called 'alternative' asset classes," Young said.

Reaction to the proposal has been muted, even among candidates to succeed Democrat Cowell as treasurer. Cowell did not seek re-election this year.

The Democratic nominee, Raleigh attorney Dan Blue III, did not offer a comment on the treasurer's proposal, said Brad Kennedy, Blue's campaign manager.

The Republican nominee, former state Rep. Dale Folwell of Forsyth County, who is a certified public accountant and former head of the Division of Employment Security, said, "My priority as the next state treasurer will be to determine how well the alternative investment portfolios are performing and to make sure that the allocations are in compliance with state law."

So far, no bill allowing for the change has been introduced in the General Assembly. But Rep. Allen McNeill, R-Randolph, co-chairman of the House Pensions and Retirement Committee, said that officials from the treasurer's office have "sent us a whole host of things that they're asking for. I have looked at what the treasurer's office has put forward, and I'll make a determination based on what is best for the retirees."

McNeill also noted that even if the investment changes for the treasurer's office are not included in proposals filed by his committee, other legislators can offer amendments to the proposals until the session adjourns. *CJ*



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DHHS Faces Fines for Child Welfare Standards Noncompliance

Alternatives sought to government-based welfare agencies

By DAN WAY
Associate Editor

North Carolina's Department of Health and Human Services faces a minimum \$1.7 million federal penalty after failing to meet child safety, placements, services, and other factors by which state child and family services are measured for compliance.

Rafael Lopez, commissioner of the Administration on Children, Youth, and Families at U.S. Department of Health and Human Services, informed North Carolina DHHS Secretary Rick Brajer in a Jan. 29 certified letter that the state was being placed on a three-year performance-improvement plan to establish "effective strategies for achieving the level of improvement agreed upon."

Pam Kilpatrick, assistant state budget officer, told the House Appropriations Committee on Health and Human Services on April 28 that Gov. Pat McCrory's budget includes \$9.3 million to add five full-time staff positions to help develop and implement the improvement program.

"The ratings we got seem abysmal," said Kevin Kelley, section chief for Child Welfare in the Division of Social Services at DHHS. Asked if the failure to meet the requirements is indicative of an agency in distress, Kelley responded, "I would say you're wrong about the word 'failure.'"

However, he said, "The whole in-

tent of the review is to find areas for program improvement," and its findings that North Carolina came up short "didn't surprise us."

Kelley said the assessment is a "specific kind of review" that may not capture the complete picture of the complex services that are difficult to execute under an umbrella of DHHS programs. In some areas, slight deviations, such as providing a service in 25 hours instead of the required 24, would be considered out of compliance.

Sherry Bradsher, DHHS deputy secretary, said whether the state will have to pay any of the \$1.7 million penalty "sort of depends [on] where we wind up two to three years from now" as the improvement plan develops. Creating that response "is somewhat of a negotiation" and involves collaboration between the state and its federal counterparts.

Kelley said this is the third round of federal assessments, and North Carolina was one of eight states involved. Extensive reviews of 105 cases were conducted in Buncombe, Craven, Cumberland, Durham, Hoke, Jackson, Mecklenburg, Pitt, Scotland, Wake, and Wilson counties between April 1 and Sept. 30 last year.

Among findings of the federal review were that North Carolina achieved only a 75 percent rating under the safety-outcome category titled "Children are, first and foremost, protected from abuse and neglect." The state achieved only 57 percent in cases of the safety outcome titled "Children are safely maintained in their homes whenever possible and appropriate."

The state achieved only 34 percent compliance in permanency of placements. And outdated statewide information systems, work force training, case reviews, and other systemic program functions also were found substantially below standards.

"We are having some comfort calls" with other states that also had unfavorable reviews, Kelley said. "We're all roughly at the same place with this development," there is no "super clear guidance" as to what the new measurement tools and plan will look like, and "no one

has a signed-off plan yet."

"That \$1.7 million penalty, regardless of how they're going to end up assessing that, that's the department saying we're serious about you need[ing] to change things," said Andrew Brown, an adoption law and policy attorney who is a senior fellow specializing in child welfare policy at the Florida-based Foundation for Government Accountability, a free-market organization.

Brown said the low North Carolina scores were not surprising "because this is common among child welfare agencies across the country. [They] are a product of a system that's overwhelmed, that's trying to do too much," and caseworkers are stretched to the breaking point while constantly exposed to "heartbreaking things," Brown said.

"Our argument would be start working more with the local community," Brown said. "There are programs like Safe Families for Children that are active and trying to launch a chapter

in North Carolina right now. They're in the process of recruiting churches and families" to replicate their model, which originated in 2003 in Chicago. It now has 72 chapters in 27 states, and has cared for more than 20,000 children.

The private, community-based intervention model outperforms the child welfare bureaucracy, especially on placement stability, Brown said. Some children and youth services departments in other states are referring their low-impact cases to Safe Families so the government agency can concentrate on the more difficult, high-intensity cases, he said.

The average child in a government child welfare program "has a 50-50 shot of going back home to their biological family, and that's after staying in the foster care system an average of about 700 days," Brown said. In the Safe Families program more than 90 percent of children are returned to their biological parents after a 30-day average length of stay with a volunteer host family without ever going into foster care.

Safe Families uses trained volunteers from the community, supervised by trained social workers, to welcome children into their homes while their parents struggle with a temporary crisis — such as job loss, medical situation, or transportation issues — that could result in a charge of child neglect and removal of the child from the family by the government agency. Other family members help the parent overcome the temporary crisis.

Brown said 70 percent of foster care cases stem from simple neglect, and one of the main reasons for neglect is because parents fear the power of the government to seize their children and don't seek services that might help their situation. *CJ*



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N.C. Residents Decry Lack of Info About Syrian Refugees

BY DAN WAY
Associate Editor

RALEIGH

Emotions are calming slowly in Craven County, where in February the Board of County Commissioners passed a nonbinding resolution not to accept refugees from Syria, Iraq, and other terror-plagued nations. The action splintered the community as concerns of public safety were met with heated allegations of bigotry, one New Bern resident says.

"It was a big hubbub. It was a lot of angry people, I guess on both sides," said Ann Bowman, who spearheaded the grass-roots initiative and town hall meetings that led to the measure being passed. "I think it's kind of starting to go away, but there's some angry feelings."

The resolution cited concerns over weak refugee vetting protocols. It stated, in part, the board "opposes the relocation of any refugee from countries that have significant territory controlled by an organization designated by the State Department to be a foreign terrorist organization, including but not limited to Iraq, Libya, Somalia, Syria, and Yemen."

Since then, the Carteret County Board of Commissioners passed a similar resolution.

"I think the federal government has exacerbated concerns and fears, and I give them a failing grade on managing this program," James Carafano of the Heritage Foundation told *Carolina Journal*.

"The federal government did a very bad job of reaching out to state and local governments, and establishing a dialogue, and talking about this, which I think was just uncon-



The Heritage Foundation's James Carafano gives the Obama administration a failing grade for sharing information about relocated Syrian refugees. He spoke May 16 to the John Locke Foundation. (CJ photo by Dan Way)

scionable," said Carafano, a historian, national security expert, and retired Army lieutenant colonel.

Bowman's concern was sparked by a Burmese refugee in New Bern who in March 2015 hacked three children to death with a machete. She began to wonder how safe the screening process was, and whether Islamist jihadists posing as Syrian refugees might be resettled in New Bern.

She was particularly worried about the lack of information from the federal government.

"At least let us know what's going on," Bowman said. "It's part of the whole frustration with government is that they do things not in our best interest, and we feel like we have no say in anything. ... It makes me angry."

Because she raised those con-

cerns, critics targeted her and her supporters as xenophobes and Islamophobes. "Of course they labeled us as being fear-mongering," Bowman said.

"The administration, I think, has fed this myth that, 'Well, if you have problems with this you're a racist and a xenophobe,'" Carafano said. Rather than sitting down with state and local governments to address complaints, the administration targets those questioning the program with insults, he said.

The federal response to concerns raised over the Syrian and Iraqi refugee crisis is consistent with how the Obama administration has dealt with other immigration issues and how it handled the 2014-15 Ebola scare, he said.

"You had a lot of state and local concerns, and you had the federal government just saying basically, 'Shut up. Leave me alone. Don't bother me,'" Carafano said.

"I think it's completely inexcusable" that the federal government has kept Gov. Pat McCrory and his public safety personnel in the dark about Syrian and Iraqi refugee resettlements in North Carolina, he said.

"The fact that state and local officials can't get answers to very basic questions like this, I mean, that's ridiculous," Carafano said.

"We have 100 joint terrorism task forces all over the country: federal, state, and local. Why can't we get information? Why do we have every state create a homeland security adviser if the federal government isn't going to engage with the state homeland security adviser, and give them answers to very simple, basic questions?" he said. "It's nuts."

Carafano said "legitimate questions" are being raised over the effectiveness of the refugee screening pro-

cess, but he believes it is working.

"Can we take refugees out of a combat zone like that relatively safely, and the answer is: Sure we can. We've actually done it before, and we've been doing it for years" in Afghanistan and Iraq, Carafano said.

Still, he acknowledged that some refugees have become radicalized since resettling here. Others committed criminal acts in their home countries that went undetected when they were vetted, and in some cases, "because of political pressure, people were short-changing the screening process because it was more important to move people than to do the screening process right, and you want assurances that that won't happen."

The bigger argument against the refugee influx is that accepting a high volume of refugees "has nothing to do with solving the problem in Syria," he said.

"Taking refugees actually makes the problem worse because the guys who are fighting, it just encourages them to drive more people out," Carafano said. "And what we know about refugees is the people who leave are normally the people who have more money, and more education, and everything else. So you're actually taking the people out who are going to rebuild the country afterwards."

Once they leave their homeland, refugees have a higher degree of difficulty repatriating after the war ends, Carafano said.

Also, refugees are more at risk when they're traveling, so by seeking to accept more of them "you're actually encouraging people to get on a refugee trail, put themselves at risk of rape, murder, being robbed, and everything else," he said.

The best solution is to keep refugees as close to their home area as possible and keep them safe.

America's refugee program "wasn't designed for mass migration. It was designed to take care of truly needy cases that were defined by law," Carafano said.

"So it wasn't designed to solve Syria. It wasn't designed to take millions of people," he said. "It was designed for truly humanitarian gestures on the part of the United States for people who are at risk of death because of persecution, because of politics, religion, something else, not because the economy's bad. Not even because they're in a war zone."

Bowman said she continues to press state officials and a private refugee relocation agency working in her region to get more information about resettlement numbers and placements in Craven County but is dissatisfied with the lack of information she receives.

CJ

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By John Hood
Chairman of the
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N.C. Experts Leery of Trump's Effect on Down-Ballot Races

BY DAN WAY
Associate Editor

RALEIGH

Republicans across the country have voiced concerns that Donald Trump's likely presidential nomination could harm down-ballot Republican candidates' electoral fortunes. But some political analysts say time and Trump's unpredictable pivots to soften his image may ease some of those concerns as the general election approaches.

Recent polls showing Trump closing his deficit against likely Democratic nominee Hillary Clinton also have cheered Republicans.

In contrast, Democrats believe the combination of Trump's brashness, his historically high negative ratings at this stage of a presidential campaign, along with a backlash against North Carolina's Republican-led passage of House Bill 2, could boost opposition votes in November, possibly handing Democrats the governor's seat and more legislative wins than previously expected.

Earl Phillip, North Carolina state director for Trump, who won the state primary with a 40.2 percent plurality, declined to comment for this story.

North Carolina Republican Party executive director Dallas Woodhouse dismissed any notion that Trump would be an albatross for state Republicans.

"Not at all. We think we're going to do well," Woodhouse said May 7 from the Republicans' state convention in Greensboro. U.S. Sen. Jeff Sessions, R-Ala., who has been working with Trump on foreign policy issues, spoke at the convention.

"I think people are excited," Woodhouse said. "Our patrons, our activists are fired up and ready to go hard this weekend to send a delegation to [the nominating convention in] Cleveland and get ready for this fall."

Woodhouse noted that Republicans turned out 1,139,282 primary voters, 10,000 more than Democrats. He compared that to 2008, when Democratic primary voters outnumbered Republicans 1,580,726 to 517,583 and favored Barack Obama.

Citing unaffiliated voters who supported the billionaire candidate, "Mr. Trump is obviously keyed in on something about the need to make America great again, and we would also say that our governor, working with legislators on tax reform, and other economic policy, already is making North Carolina even greater. So I think those two elements will fit in well with each other," Woodhouse said.

Jim Burton, the state House of Representatives Republican Caucus director, agreed that Trump resonated with primary voters on issues such as the closure of textile mills, lost jobs, and trade deals, but sounded a more cautionary note at a May 4 Raleigh event hosted by the North Carolina FreeEnterprise Foundation.



Republican presidential candidate Donald Trump speaking at a Dec. 4 campaign event at Dorton Arena on the N.C. State Fairgrounds. (CJ photo by Don Carrington)

"A lot of people are concerned about Donald Trump," and worry whether national polls consistently showing him trailing Clinton will translate into difficulties in their North Carolina races, Burton said.

"If his numbers with certain groups like women, and Latinos, and African-Americans were to hold where they are now, that could potentially cause problems down ballot" for North Carolina Republicans, said David McLennan, a political science professor at Meredith College.

However, he cautioned, "Everything about the Trump candidacy has gone against the conventional wisdom," and his approval ratings could rise.

"We're looking at everything through the lens of today when we've got five months of campaigning circumstances and everything else. Things may change dramatically for Donald Trump," McLennan said. "I can't say he's going to be this big anchor" on other Republican candidates.

Unless state legislative candidates "literally adopt some of Trump's positions, voters are smart enough to differentiate between local politicians and statewide issues, and what goes on in the presidential election," McLennan said.

Congressional races "may be more of a different animal" because federal issues align more closely with presidential politics, he said.

"I think if I was a Richard Burr I might be a little bit more concerned right now," McLennan said of North Carolina's senior Republican U.S. senator, who supports Trump. "If his positions on foreign policy start shifting towards Trump's positions, people might see a vote for one as a vote for the other."

McLennan doesn't envision voters casting ballots for or against Trump and then splitting their ticket on down-ballot races. But it is likely some dispirited voters might stay home rather than vote for the New York billionaire.

"Time has a way of healing a lot of wounds, and we're going to be looking at a lot of time, a lot of campaign promises ... between now and election day," McLennan said. Both Trump's

negatives and the disdain by conservatives in the "never Trump" movement could diminish by then.

"I don't think it can really have too many positive down-ballot effects," N.C. State University political science professor Andy Taylor said of a Trump-led GOP presidential ticket. "Just in the head-to-head with Clinton, Trump is down 10 to 15 points, so that can't be good."

But, like McLennan, Taylor said, "Things can change between now and then."

One "saving grace" for other Republican candidates is that anti-Trump donors and party activists "may concentrate their efforts on keeping the Congress and maybe even the gubernatorial seats like the one in North Carolina" rather than devote time and resources to Trump, Taylor said.

Some election observers say Trump may veer away from some of his more incendiary primary tactics and positions for the general election.

"This question of him pivoting back to the middle, I don't know what that means for Trump," Taylor

said. "Trump's ideologically ambiguous. He's not clearly conservative, and there are a lot of conservatives who say he's not conservative." He views Trump's candidacy as a Rorschach test for voters — many see in him what they want to see.

"There's no doubt that there will be Republican figures, prominent ones, across the country who will say, 'I just can't vote for Trump,'" Taylor said, a phenomenon not seen in American presidential races for decades.

"With Trump at the top of the ticket, it certainly doesn't get any easier for down-ballot candidates on the GOP side. A lot of Democrats are going to come out and vote against Trump" because they are energized "more so than usual" by a Trump candidacy, said North Carolina Democratic Party spokesman Dave Miranda.

"He's attacked nearly every group you can think of — veterans, disabled people, African-Americans, Latinos, women — repeatedly. It's that kind of divisive rhetoric that's really caused a lot of people to not like him," Miranda said.

"Elections have become so nationalized, and in a presidential year what happens at the top of the ticket will be felt all the way down," said Democratic strategist Gary Pearce, who publishes the blog "Talking About Politics" with Republican campaign strategist Carter Wrenn.

"My Republican friends tell me they're really worried about it, and I think that's what the polling right now is showing," Pearce said, citing a late April Civitas Institute poll showing Gov. Pat McCrory well behind his Democratic opponent, Attorney General Roy Cooper, and Trump trailing Clinton. CJ

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N.C. One of Many States Reviewing Occupational Licensing

Legislators may consider alternatives in the 2017 session

BY REUT RORY COHEN
Contributor

RALEIGH

A legislative proposal that would consolidate or eliminate licensing boards for a dozen occupations may be stalled until next year, but as legislators weigh public input on licensing rules, other states may serve as models for reforming occupational licensing provisions.

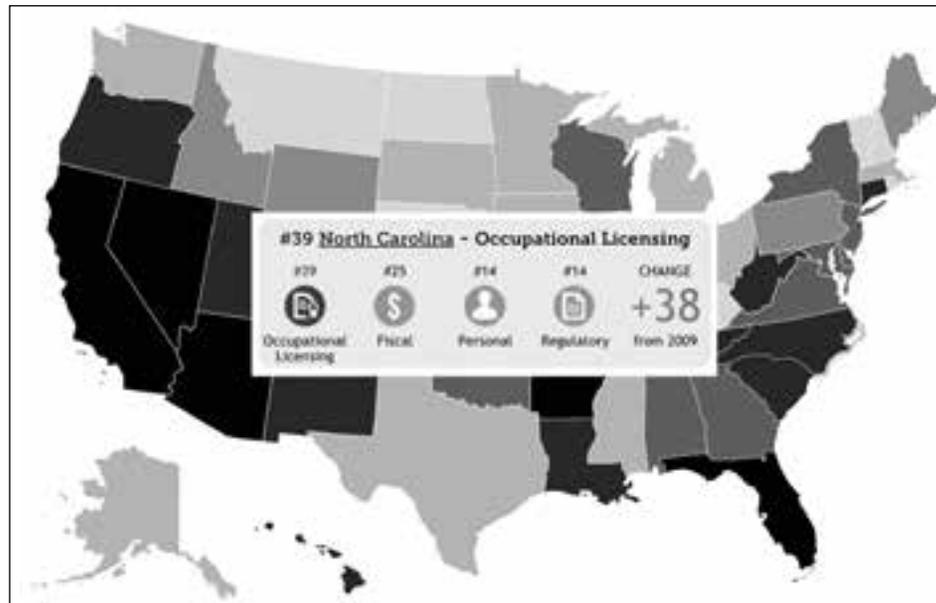
The issue got the attention of the General Assembly after a landmark U.S. Supreme Court decision issued last year struck down North Carolina's licensing regulations for teeth-whitening services — potentially affecting other state-based occupational licensing programs. The decision, stating it wasn't necessary to be a licensed dentist to provide teeth whitening, led to a proposal before the Joint Legislative Administrative Procedure Oversight Committee that would have ended or merged licensing boards regulating acupuncturists, alarm systems professionals, athletic trainers, clinical perfusionists, foresters, laser hair practitioners, employee assistance professionals, irrigation contractors, interpreters, locksmiths, pastoral counselors, public librarians, and recreational therapists, among others.

In April, the committee decided not to recommend any major changes during the current short legislative session. "We're still gathering information," Sen. Andy Wells, R-Catawba, told the committee. "I'm still hearing from boards, and we're still hearing from citizens." The committee may propose alternatives to licensing during the 2017 session.

In most cases, occupational licensing requirements require workers seeking to enter an occupation to pass industry-authorized tests, certify the completion of coursework from authorized providers, perform a number of hours of work as an apprentice, or some combination of the three.

Wells notes there are more than 50 occupational licensing boards in North Carolina, and more than 700,000 occupational licenses of one form are active in the state. (A person can hold licenses for several occupations.) And yet some of these rules may interfere with the North Carolina Constitution's acknowledgment of a "self-evident" right of residents "to the enjoyment of the fruits of their own labor."

The Mercatus Center at George Mason University ranks North Carolina 39th of the 50 states on occupational



The Mercatus Center at George Mason University has ranked the occupational freedom of all 50 states. North Carolina ranks 39th. The category takes into account occupational licensing, education, and experience requirements.

licensing freedom, ahead of neighboring South Carolina (41st) and Tennessee (44th) but trailing Georgia (30th) and Virginia (34th).

Many states retain extensive licensing regimes. In Arizona, attorneys with the libertarian public-interest legal firm Institute for Justice filed a lawsuit on behalf of a woman accused of practicing veterinary medicine without a license because she was giving horses rub-downs. Two years later, the case is still in litigation.

Further west, California requires a state license for 177 different job categories — the most of any U.S. state and nearly twice the national average of 92 occupations. In 2012, there was an attempt to license pet groomers.

Nationally, 36 states require a person to have a license in order to be a "makeup artist." At least five states require a license to be a "shampooer."

But some states have undertaken aggressive reforms. In Texas and Colorado, state "sunset" commissions review occupational licensing rules and — unless the regulations are approved by the legislature — requirements for licensing are eliminated if the licensing boards cannot demonstrate that the rules "protect the public interest." For example, a Colorado Sunset Commission eased requirements for manicurists after finding that just 90 of the required 350 hours of training for the

profession centered on health and safety concerns.

In others, the process has been more targeted. In 2014 Virginia officials deregulated hair braiding, allowing people to braid hair commercially without a license from the state. The deregulation process took years. Hair braiders previously had to complete a 1,500-hour cosmetology course to qualify for a license. The state reduced the requirement to a 170-hour course before finally doing away with the rule altogether.

Support for easing licensing rules has transcended the typical left/right ideological divide.

According to the left-leaning Brookings Institution, there are "plenty of activities where licensing is unnecessary, or unnecessarily strict, which limits market dynamism

and possibly social mobility, too." For example, since laws vary from state to state, a license earned in one place often is not honored in other states. "In South Carolina, only 12 percent of the work force is licensed, versus 33 percent in Iowa," Brookings found. While it would take 16 months of education to become a cosmetologist in Iowa, it takes half that time in New York. Census figures show that those working in licensed professions are less likely to be mobile across state lines.

A report from the Obama administration echoed similar concerns. Unnecessary licensing requirements

create "substantial costs, and often the requirements for obtaining a license are not in sync with the skills needed for the job," according to a report from the departments of Treasury and Labor and the White House Council of Economic Advisers.

Historically, such requirements were used to keep certain groups from attaining upward mobility. "Whether it was the Chinese in San Francisco or blacks in the South, it was primarily a discriminatory tool to keep out competition," said Adam Summers, an editorial writer and columnist at the *Orange County Register* who has studied the issue. "It's not so much ethnically or racially based right now. But stringent occupational licensing still disproportionately affects the poorer or ethnic minorities."

States with less restrictive licensing requirements have higher rates of entrepreneurship among low-income workers, concluded a study from the Arizona-based Goldwater Institute. Overall restructuring of occupational licensing laws and sunshine provisions to keep boards accountable are some steps taken at the state level.

Regular review, which includes cost-benefit assessments, was also touted as a major policy prescription in the White House report.

"Without that extra bureaucratic protection, they say, people will be exposed to unnecessary risk from bad actors," Wells told *The Insider*. "That may have been true 50 years ago. But in the age of smartphones and Yelp, there may be a better way to protect consumers than more bureaucracy."

Popular sites like Yelp, Angie's List, *Consumer Reports* and others are empowering consumers, helping them locate quality practitioners. Furthermore, industry groups themselves often offer their own voluntary certification programs, allowing markets to self-regulate.

Studies from the Mercatus Center and Goldwater Institute concluded that licensing laws neither have improved the quality of service nor kept costs down for consumers. In fact, they have reduced job growth.

"The existing practitioners are the ones who benefit from occupational licensing," said Summers, pointing to an analysis from the Reason Foundation which also ranked states' requirements. "These are laws born of the special interest rather than the public interest."

Moreover, Summers noted, existing businesses often are "grandfathered in" when new restrictions are placed on occupations; they don't have to abide by the stricter regulations placed on their future competitors. The costs of those new regulations are shifted to consumers and would-be entrepreneurs.

Judge Dismisses State Bar Complaint Involving Roy Cooper

Judge chides attorney Gene Boyce; Boyce says he will appeal

BY DON CARRINGTON
Executive Editor

RALEIGH

Wake County Superior Court Judge Donald Stephens ruled in a May 6 hearing that Raleigh attorney Gene Boyce cannot force the North Carolina State Bar to investigate a misconduct complaint Boyce had filed against Attorney General Roy Cooper. The State Bar is the state agency that regulates attorneys.

"The purpose of the State Bar disciplinary system is to protect the public, the courts, and the integrity of the legal profession. It is not to provide a remedy for any kind of individual grievance," said Stephens. Stephens said he believed that Boyce lacks standing and ruled in favor of the State Bar's motion to dismiss the case.

Stephens also chided Boyce, saying he had 14 years to seek relief through the courts and did not do so.

At the conclusion of the 90-minute hearing, Boyce told Stephens he would appeal the decision to dismiss the case.

Cooper has been North Carolina's attorney general since 2001. He is the Democratic Party nominee for governor facing Republican Gov. Pat



Attorney Gene Boyce, shown standing in front of the Campbell Law School center named after him, is alleging professional misconduct against Attorney General Roy Cooper. (CJ file photo)

McCrory in the November election.

Boyce claims that, starting in 2000, Cooper knowingly made false statements that harmed the reputation of Boyce and his law partners. Seeking to force an investigation, in January Boyce filed a formal complaint in Wake County Superior Court against the North Carolina State Bar.

In the complaint, Boyce said that as an attorney he has an obligation to report the professional misconduct of other attorneys to the State Bar. According to the complaint, Boyce had notified the State Bar on multiple occasions about Cooper's alleged mis-

conduct but the State Bar had not responded. Boyce also believes the State Bar has a conflict of interest in the matter because Cooper also serves as the attorney for the State Bar.

Boyce asked the court for a declaratory judgment forcing the State Bar to acknowledge Boyce's claims of Cooper's misconduct; declare that the State Bar has a conflict of interest in the matter; and refer the matter to an appropriate alternative agency for investigation, findings of fact, and discipline if appropriate.

The dispute began in 2000, when Cooper was the Democratic Party's

nominee for attorney general and his main opponent was Republican Dan Boyce, Gene's son. Cooper won that race and has served as attorney general since then.

The Boyces and their law partners Philip and Laura Isley filed a defamation lawsuit in 2000 against Cooper based on ads run by the Cooper campaign committee. The lawsuit alleged that Cooper and his committee ran a political ad that was defamatory and constituted an unfair and deceptive trade practice.

It also charged that Cooper and his committee participated in a conspiracy to violate a North Carolina law prohibiting false ads during election campaigns. A trial court judge dismissed the lawsuit, but appellate courts ruled in Boyce's favor on several occasions, and in 2014 the matter was scheduled to go to trial.

The dispute appeared to be over in April 2014 when Cooper issued a written apology to Boyce for statements Cooper's political campaign made in the political ads. Cooper paid \$75,000 plus the fees of a mediator. The parties signed an agreement ending the civil action, but Boyce's complaint said Cooper's conduct is a separate issue that the State Bar must address.

Boyce has been practicing law since 1956. He served as assistant chief counsel to the Senate Watergate Committee, working with U.S. Sen. Sam Ervin, D-N.C., on the investigation of President Nixon's 1972 presidential campaign. CJ

Auditor: State IT Systems Vulnerable to Security Breaches

Beth Wood: Many instances of attempted access to system

BY BARRY SMITH
Associate Editor

RALEIGH

A state audit released in late May has revealed shortcomings in the state government information technology system that could compromise security.

"There have not been breaches," State Auditor Beth Wood said. "There have been a lot of instances where people were trying to get in." Wood added that the state took too much time reacting to the vulnerabilities.

"The state's [chief information officer's] office doesn't have a plan for risk management," Wood said. "You

really don't have them setting performance metrics to make sure our data can't be breached."

The auditor's office recommends that the state CIO direct the department's Enterprise Security and Risk Management Office to adopt a comprehensive and well-documented risk management framework. It also recommends the CIO direct ESRMO to establish and postperformance measures on the department's website as required by law.

Other recommendations request the state CIO to direct:

- the risk management office to begin annual assessments of each agency and each vendor to determine compliance with state security standards;

- the risk management office to complete a comprehensive strategy for agencies to conduct security assessments and communicate that strategy to all agencies;

- personnel to address and resolve immediately vulnerabilities detected during scans of systems within established deadlines.

The auditor's office also suggests that the General Assembly consider modernizing the state's IT security law.

Wood said that the state CIO has no authority over a lot of local organizations with information systems that are tied into the state's system. Those include local school systems connected to the state Department of Public Instruction's system, local clerks of court offices linked with the state Administrative Office of the Courts, and county agencies tied into the Department of Health and Human Services.

The lack of sufficient safeguards puts state and personal information at risk, Wood said. That includes Social Security numbers, bank accounts, medical information, criminal records, and tax information, she said.

"There is a lot of our private per-

sonal stuff that could be used to either steal money or steal our identities," Wood said.

Keith Werner, state chief information officer, generally agreed with the auditor's findings and recommendations. In an eight-page letter to Wood, Werner laid out measures his office is taking or will take to address the shortcomings of the state IT system.

Werner noted that many of the issues began at a time when the IT system was divided among a host of state agencies. Last year, the General Assembly established a Cabinet-level Department of Information Technology in an attempt to centralize IT efforts and modernization.

Wood said she was pleased with Werner's response.

"The new CIO is very appreciative of the work," Wood said. "He was on to some of this before our audit started. ... This is good news for me as a taxpayer." CJ

Experts: 13th Congressional District Primary Hard to Predict

17 Republicans, five Democrats, one independent in June 7 contest

By DAN WAY
Associate Editor

Anticipated low voter turnout, new geographic boundaries, 23 candidates, and a court-induced, drastically compressed campaign schedule present a fascinating political script, making it impossible to handicap the June 7 Republican primary for North Carolina's 13th Congressional District, political science academics say.

There are 17 Republicans vying for the seat. Five Democrats are seeking their party's nomination, and one independent candidate is running.

"To use the old cliché, it's almost the perfect storm for an undemocratic, 'small d,' election. But that's what we've got," said David McLennan, a political science professor at Meredith College. "This is bad for the voters. It's bad for the candidates," and poses the greatest challenge to Republicans running in such a crowded field.

"The political science literature doesn't have a model for this" in assessing a favorite for the GOP nomination, McLennan said. "I think the chance of [electing] someone who's untested is higher than normal."

If there's any edge, he said, it might go to incumbent state lawmakers who have some name recognition

— Sen. Andrew Brock, R-Davie, and Reps. John Blust, R-Guilford, and Julia Howard, R-Davie.

"I think a lot of this is going to be the friends-and-neighbors phenomenon, where certain people do well in their home territory, and the battle is going to be for splitting up the rest of the counties in different ways," said Michael Bitzer, provost and professor of politics and history at Catawba College.

"Could the winner end up with 15 to 20 percent of the vote? Could be," Bitzer said.

"It's almost friends and family" that could tip a low-turnout election spread among so many candidates, High Point University political science professor Martin Kifer said in half jest.

Elected officials "who have at least some of their constituency within the district" that supported their past electoral campaigns would do well to identify them and aggressively solicit their votes, Kifer said.

Since it's impossible to gauge voter support in a newly drawn district with so many candidacies in play, "we don't know how many votes it's actually going to take to win this election," he said.

Kifer, who is director of High Point University's Survey Research Center, said the dynamics of this race steered him away from doing a public opinion poll.

"As somebody who thinks about how to sample in polls, it gives me a lot of pause. You just have to be so careful about who you're sampling because you've got these multiple overlapping state legislative districts, you've got some people who are known in some places and not others, and so unless

Candidates in June 7 13th Congressional District Primary

Republicans

- Davie County Commissioner Dan Barrett
- State Rep. John Blust
- State Sen. Andrew Brock
- Gun range owner Ted Budd
- Political consultant Kay Daly
- Hospital consultant Kathy Feather
- Recent law school graduate Chad Gant
- Guilford County Commissioner Hank Henning
- State Rep. Julia Howard
- Iredell County Register of Deeds Matt McCall
- Ex-Winston-Salem City Council member Vernon Robinson
- Attorney George Rouco
- Real estate broker Farren Shoaf
- Attorney Jim Snyder
- Mooresville resident David Thompson
- Central N.C. Land Trust Executive Director Jason Walser
- State Rep. Harry Warren

Democrats

- Filmmaker Adam Coker
- Ex-Guilford County Commissioner Bruce Davis
- Attorney Mazie Ferguson
- Businessman Kevin Griffin
- Real Estate Developer Bob Isner

Independents

- Nicholas Tolerton

with the help of a series of televised debates. "In this case we just have a couple of months" in a congressional race garnering little media coverage for the candidates to make their case, gain name recognition, and build support.

"In the end what you're doing is getting a real test of someone's ability to get votes early and quickly," Kifer said.

"I would be hard-pressed to say that any voter is going to walk into the voting booth in early June and know all of the candidates and all of the positions," Bitzer said.

"It's a very compressed schedule, and probably the folks that benefit from getting an edge on fundraising are those who either are well-established and already in elected office, or who potentially have deep connections within the district," Bitzer said. He doesn't see any of the candidates holding that edge.

"Modern campaigns generally tend to be fought through the air, and that's media," he said. "I think this will be more of a ground war game, pounding the pavement, being at local events."

Kifer, Bitzer, and McLennan all said fundraising would be a challenging issue due to the dynamics of this race.

However, the Center for Responsive Politics, which tracks outside election spending, shows the Club for Growth PAC has spent \$285,053, and all of it has gone to gun range owner Ted Budd. Conversely, Budd reported no receipts on his first-quarter Federal Elections Commission campaign finance report.

About half of the candidates filed no first-quarter reports or showed no receipts. Campaigns reporting receipts were Kay Daly, \$107,068; Brock, \$104,500; George Rouco, \$72,340;

Paul Henning, \$28,175; Howard, \$15,340; Harry Warren, \$15,000; Matt McCall, \$14,980; Jason Walser, \$11,740; and Blust, \$11,200.

The confusion created by the courts in this election "is having major ramifications all across the state," McLennan said.

"We'd like to think that the courts are immune from politics, but they're not," McLennan said. Recognizing the upheaval caused in this case could give some judges in future situations "pause not to disrupt a campaign schedule. ...They may choose to kind of let the election go before forcing any change."

CJ

you do that right you risk getting some really strange results," Kifer said.

"To me it's sort of unpolable," he said, adding another important reason.

"Because you've got this primary at this odd time, the likelihood that there's going to be any kind of turnout is pretty low. So how you identify who the likely voters are sounds absolutely so daunting that it would keep me away from doing a poll," Kifer said. "You'd be getting a very rough set of estimates."

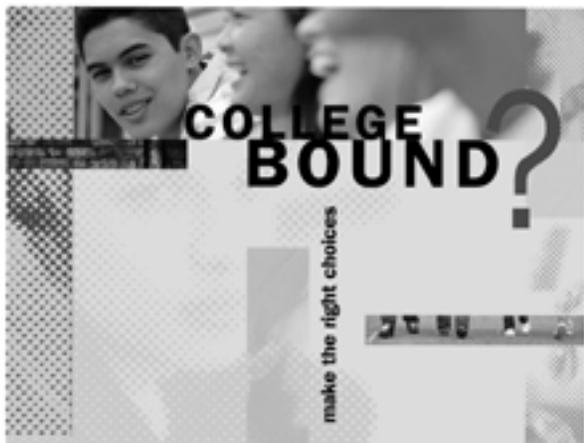
The General Assembly moved the congressional primary from March 15 to June 7 in response to a ruling in February by a three-judge panel of the U.S. Middle District of North Carolina that struck down the state's 1st and 12th congressional districts.

The judges ruled too many minority voters were packed into those districts, a charge the Republican-led legislature denied. By the time the court decision came out, and maps were redrawn without taking any racial factors into consideration, it was too late to hold the primary as originally scheduled.

Kifer noted that both the presidential campaign and 13th District had 17 GOP candidates, but presidential contenders "had a year to sort it out"

Primary was moved from March 15 due to a redistricting court case

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Local Regulations a Rude Awakening for Raleigh Startup Owner

BY KARI TRAVIS
Associate Editor

JUSTIN MILLER is a former IBM art director who wanted to be a tech entrepreneur. He achieved his goal, but the day after his startup got a prized story in his local paper, zoning officials from the city of Raleigh presented him with a cease-and-desist order and threats of heavy fines.

It was, he said, his first experience with local-government regulators.

He had hashed out his business plan with a friend and partner over tacos and beer at a local Mexican restaurant, raised funds from family and friends who believed that his brainchild — a photo app designed as a personalized, digital wedding album for brides — would work, and by 2012, with minimal resources and a staff of 10 developers, established his company, WedPics, in the basement of his North Raleigh home.

But then, in October 2012, the day after the *Raleigh News and Observer* featured a major tech story about WedPics, he received a visit from city zoning enforcers.

"Around noon somebody knocked on my front door and handed me an eviction letter, which I [still have]," Miller said. "So they gave us this notice. We had 30 days to vacate the business from my house, after which they were going to start fining us \$500 a day until we moved it. And we didn't have that kind of money, so clearly that wasn't a feasible solution for us."

Miller's experience, which sparked an uproar from the Raleigh startup community and led the CEO and his crew to accept a lease offer from an entrepreneurial office hub in the city's downtown, is just one example of how regulations have spun out of control — to the point of hurting small businesses and startups across the country, said Patrick McLaughlin, a Mercatus Center researcher and co-author of a recent report on the cumulative cost of regulations in the U.S. economy.

Miller's story is a localized example of a much larger issue, McLaughlin said. Between 1980 and 2012, regulatory growth has become a whopping \$4 trillion cost to businesses and to the U.S. economy. And still more problematic is that — at least on a national level — it is tough to pinpoint the reason for such a spike, he added.

"On the surface, the answer is that Congress has created agency, after agency, after agency," McLaughlin said. "All of these agencies are in existence because Congress created them. Sometimes Congress will pass additional acts that will require agencies to make even more regulations than they



Justin Miller, founder and CEO of WedPics, works from his company's space at HQ Raleigh, where the tech startup relocated following eviction from Miller's home office in 2012. (CJ Photo by Kari Travis)

were originally instructed to do. But basically that's the surface-level answer — that Congress did it."

"[But] what was Congress reacting to? Well, I don't know that anyone can satisfactorily answer that question," he continued. "In general, Congress reacts to crises, real or perceived, and creates agencies. That's the reaction. And then, whether the agency solves the problem that led to the crisis, is a totally different question. It's up for debate, and it's [a question for which] the government has not come even close to digging up an answer."

McLaughlin's research, which was done with fellow Mercatus scholars Bentley Coffey and Pietro Peretto, is currently the only real research effort delving into questions about out-of-date and confusing regulations, McLaughlin said. And while his data haven't yet touched overregulation on a state and local level, he says he hopes also to look at those problems in the future.

"Eventually, we will be able to combine all these [local and federal impacts], and look at the effect of all regulations that [entrepreneurs] in North Carolina are facing with business," McLaughlin said. "What we do know is that there are certainly some researchers that have taken a look at the different types of regulations that take place at the state or local levels."

One of the toughest parts of dealing with overregulation is keeping track of the rules that have run their course and that are now counterproductive to their original purpose, McLaughlin said.

"Regulations that were created

in decades previous, in a different era, are hindering the development of new technologies, innovation, and growth that comes from investments in the sort of tech that entrepreneurs [like Miller] have been developing," he said. "So the challenge that we're facing is: How do we have a regulatory system that will continue self-destructing regulations to get them out of the way when their job is done, or when they're ineffective, or at some point hindering growth or new technology?"

Miller, whose company now supports 32 employees and sees millions of

users and photo uploads every week, says he feels lucky that the city's zoning regulations didn't kill his startup. He's still concerned, however, with the local government's inability to see current rules from the perspective of businesses such as his — businesses that start with very little funding and are therefore operated from a home office.

"My frustration with regulations as a whole ... is that everyone is so quick to say, 'no, because this is how it's been,' and no one wants to challenge why something is like that and come up with a new solution," Miller said. "So I'm very much of the mindset: Let's figure out a solution."

"Why not enable people to have a company in their house? And by having a company in their house, it just means you have a bunch of developers sitting together writing code," he continued. "Regulate customers coming in. Regulate things like that. ... But if you have people that are just going in there and getting something done and ... not disrupting the flow of the neighborhood, what is the problem with that?"

Ultimately, said McLaughlin, it's simply a tough sell to convince bureaucrats and lawmakers, whose reasons for being often are the number of rules they make, to abandon any kind of board, agency, or regulation.

"When you rely on agencies to go back and look at their own rules, there's all sorts of reasons to not expect very good performance," McLaughlin concluded. "You get the conflict-of-interest stuff, like if you ask a student to grade their own test, you're probably not going to get a very honest assessment." CJ

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Justices: Stripping of Tenure Infringed on Contract Rights

BY MICHAEL LOWREY
Contributor

RALEIGH

In an April decision, the state's highest court held that the General Assembly had violated the U.S. Constitution when it stripped teachers of tenure protection. The N.C. Supreme Court's decision in large part was based on the state's failure to show such a dramatic step was reasonable and necessary.

In 1971, the General Assembly first established a tenure system for teachers. The specifics of this career-status system have changed over time. In its most recent form, a local school board would vote whether to grant career status to any teacher reaching four years of experience in that school system. If approved, the teacher would enter a career contract which allowed for dismissal, demotion, or relegation to part-time status based on one or more of 15 reasons specified in the law.

One reason is "inadequate performance." Any teachers recommended for dismissal had the right to a hearing at which they could be represented by a lawyer and present evidence.

In 2013, the General Assembly, under full Republican control for the first time since the 19th century, abolished this teacher tenure scheme. In its place, it allowed school systems to enter into one-, two-, or four-year contracts with teachers. A decision not to renew a contract could be based on any reason not considered "arbitrary, capricious, discriminatory, for personal or political reasons, or on any basis prohibited by state or federal law."

The N.C. Association of Educators and six teachers sued, claiming the tenure repeal violated Article I, Section 10 of the U.S. Constitution, which forbids, among other things, the passage of any "law impairing the obligation of contracts." Superior Court Judge Robert Hobgood ruled that the law was unconstitutional when applied to teachers who already had entered into contracts with the career-status provision. He also held that the General Assembly could adopt its new definition of tenure protection for teachers who had not entered into such contracts, that is, teachers hired after the 2013 law was enacted or who had fewer than four years of experience at their current school district.

The matter eventually worked its way to the N.C. Supreme Court, which upheld Hobgood's ruling.

"We conclude that repeal of the Career Status Law unlawfully infringes upon the contract rights of those teachers who had already achieved career status," wrote Justice Robert Edmunds for a unanimous court.

"As a result, we hold that sections 9.6 and 9.7 are unconstitutional, though only to the extent that the act retroactively applies to teachers who had attained career status as of 26 July 2013."

The court held that the Career Status Law did not by itself create vested contractual rights. Instead, these rights came from career status contracts between individual teachers and school boards.

"At the time the parties made the contract, the right to career status vested. At that point, the General Assembly no longer could take away that vested right retroactively in a way that would substantially impair it," Edmunds wrote.

The justices went further. Federal and state case law previously held that even a substantial impairment of contractual rights can be upheld if it was a reasonable and necessary way of serving a legitimate public purpose. The state may not, however, alter existing contractual rights if a less drastic change would serve the same purpose.

The high court affirmed that maintaining the quality of public schools was an important purpose. The problem came at the next step, as the state presented no evidence showing it had a problem getting rid of ineffective teachers. The Supreme Court also held that more modest options existed.

"While we acknowledge that the retroactive repeal was motivated by the General Assembly's valid concern for flexibility in dismissing low-performing teachers, we do not see how repealing career status from those for whom that right had already vested was necessary and reasonable," wrote Edmunds.

"The legislature could add additional grounds for dismissal as it did in 1973. Or the General Assembly could have refined the definition of 'inadequate performance' as it did in 2011. Given the possibility of such less-sweeping alternatives for improving teacher quality, 'the state has failed to demonstrate' why the retroactive repeal was necessary and reasonable," he wrote.

The case is *NCAE v. State*, (228A15). CJ



COMMENTARY

Rural North Carolina Seeking Answers

Parts of North Carolina are growing rapidly. Other areas, usually but not always "rural" (see last month's column), are stagnant or worse. What can be done to ease the economic challenges facing places that aren't doing so great?

First, we must accept the obvious: If there were some easy cure to what ails rural North Carolina, then state and local government officials and community leaders would have acted long ago. There isn't, which is why we've been struggling to figure out what to do for many years.

Rural areas typically are associated with farming, and there certainly is money to be made in agriculture. It's just that economies of scale apply in agriculture, meaning bigger is more efficient, thus making it difficult for small-scale operators of traditional farming to prosper. Agricultural productivity also is ever-increasing — farmers over time continue to get higher yields with fewer inputs, including labor.

Agriculture will, of course, remain a key part of many community's economies, but it's difficult to see how it can fuel the consistent job growth needed to get a stagnant area's economy out of neutral.

At least in a North Carolina context, rural doesn't just mean farming. Towns both large and small are interspersed every 10 or 20 miles among those fields. And the "rural" economic development challenge is really about keeping these towns vibrant.

One solution that's been suggested — often — is tourism.

There are a couple of problems with tourism as an economic development tool. To paraphrase "The Incredibles," if everyone is special, no one is. While you may think that your town has a lot to offer and is a great place to visit, lots of people in the next county over, and the counties beyond that, think the same thing about their communities. And while these places may have their own charms, they all can't be big tourist draws.

Tourism is also seasonal and cyclical. There is always an off-season. And when the economy tanks, the first thing that people cut back on are road trips.

The combination of retail, hotel, and food service jobs that make up the tourism industry are a great way for young adults to earn some money while gaining extremely valuable job experience. But "some money" is the key term, as tourism-related jobs tend to rest at the bottom of the pay scale. Indeed, the low-paying nature of tourism industry jobs is generating some concerns in Asheville, which has based much of its local revival on tourism.

At times, a variety of massive economic development schemes have been tried to invigorate towns and even regions. The results typically have been disappointing at best. There's nothing more soul-crushing for an area than having the next big thing turn out to be a small thing or even a complete bust, like the Global TransPark in Kinston or the Randy Parton Theatre in Roanoke Rapids.

So what to do? Every community is unique, so one-size-fits-all remedies aren't available. There are some constants, though.

Good government matters, meaning providing basic services efficiently. So does avoiding the opposite of good government. Nothing turns off potential investors in an area like corruption, dysfunction, or red tape.

Transportation — which transcends county lines or city limits — is another part of the solution. Getting to and through the state's big cities is critical to rural areas. Aside from shopping and cultural attractions, the state's cities also contain its major airports. You must be able to get from here to there.

Most of all, your community must be the best it can be, even if it can't keep up with Charlotte and Raleigh in income or population growth. CJ

Michael Lowrey is a contributor to Carolina Journal.



MICHAEL LOWREY



N.C. Big Business Rakes In Renewable Tax Credits

Continued from Page 1

"These are investments in North Carolina communities and North Carolina infrastructure in revitalizing old mills and diversifying North Carolina's energy grid," he said. "These investments create real jobs, construction jobs, and permanent jobs, as well as assist in the diversification of our energy sources."

Although the 35 percent tax credit program ended at the close of 2015, the credit can be spread over five years, so it is possible that the volume of issued but unused tax credits carried forward could continue the upward trend in future years. But projecting a trend "is difficult due to a number of variables," Revenue Department spokesman Trevor Johnson cautioned.

Because a renewable tax credit cannot offset more than 50 percent of a recipient's tax liability, and due to the five-year window for use, "what a business or individual may be eligible for likely differs from year to year," Johnson said.

The Revenue Department "does not track or have a 'remaining tally' of what credits may be claimed in the future on an aggregate taxpayer scale," Johnson said.

"We obviously track remaining credits, which can be taken on a taxpayer-by-taxpayer case, but unfortunately that information cannot be released due to secrecy provisions" that are part of state law, he said.

In 2015, \$40.3 million in renewable credits were claimed by 1,162 companies and individuals for activities that occurred before 2015 but were carried forward to that tax year. Those credits could have resulted from investment in projects or purchase of the credits, which can be transferred by the original investors to third parties.

Maggie Clark, a spokeswoman for the N.C. Sustainable Energy Association, a trade group that lobbies for the renewable industry, defended the tax credit.

"Renewable energy in North Carolina was responsible for \$1.97 billion in investment in 2015, resulting in considerable tax base for communities who need it most," Clark said. In all, 85 percent of the investment occurred in Tier 1 and Tier 2 counties, the most economically distressed.

However, Revenue Department data show only \$892 million in spending related to the tax credits.

"Nonrefundable tax credits like the Renewable Energy Investment Tax Credit do not take money from state coffers," Clark said. "They simply reduce the tax liability of taxpayers who make these investments in our communities. It is money that is never collected by the government, so how can it come out of state coffers?"

"In a sense they're right," Bryson

Corporations and individuals claiming more than \$100,000 in renewable energy investment tax credits in North Carolina

In 2015 there were 86 corporations and individuals who claimed renewable energy investment tax credits for \$100,000 or more. Of those, 23 were for \$1 million or more. Total tax credits claimed were \$126,661,982 in 2014 and \$136,289,577 in 2015, a 7.6 percent increase. The total tax credits claimed since 2010 are \$360,797,758.

1	Blue Cross and Blue Shield of NC	\$40,117,428	44	House of Raeford Farms, Inc.	\$377,670
2	Duke Energy Corporation	\$13,854,949	45	Sentinel Insurance Company Ltd.	\$373,360
3	North Carolina Farm Bureau Mutual	\$6,800,000	46	Hartford Insurance Co. Midwest	\$371,563
4	Wells Fargo Bank NA	\$5,807,890	47	Monumental Life Insurance Co.	\$363,568
5	Bank of America Corp. and Subs	\$5,545,779	48	Selective Insurance Co. Southeast	\$354,000
6	Integon National Insurance Co.	\$3,778,982	49	Markus F. Wilhelm	\$346,850
7	Metropolitan Life Insurance Co.	\$3,477,374	50	Waste Management of Carolinas, Inc.	\$334,468
8	United Services Automobile Assoc.	\$2,548,525	51	Melvin F. Graham	\$325,004
9	Northwestern Mutual Life Insurance	\$2,262,225	52	Phoenix Insurance Company	\$322,487
10	US Bank National Association	\$1,922,316	53	Standard Fire Insurance Company	\$322,487
11	UnitedHealthCare Insurance Co.	\$1,816,247	54	Verizon Business Network Services	\$322,430
12	Branch Banking and Trust Company	\$1,609,747	55	Weyerhaeuser NR Company	\$317,686
13	Southern Farm Bureau Life Insurance	\$1,556,785	56	American Bankers Ins.Co. of Florida	\$302,575
14	USAA Casualty Insurance Company	\$1,535,769	57	Charlotte Pipe and Foundry Company	\$298,895
15	AJ Fletcher Foundation	\$1,389,664	58	Investors Title Insurance Company	\$293,999
16	Auto Owners Insurance Company	\$1,251,928	59	Ravenwood International Corporation	\$280,060
17	Colonial Life & Accident Ins. Co.	\$1,110,000	60	The Cato Corporation	\$274,574
18	First Citizens BancShares, Inc.	\$1,103,769	61	WSOC Television, Inc.	\$258,852
19	USAA General Indemnity Company	\$1,073,881	62	James Whitehurst	\$250,000
20	Federal Insurance Co.	\$1,055,394	63	Selective Insurance Co. of S.C.	\$234,000
21	Massachusetts Mutual Life Insurance	\$1,043,075	64	Twin City Fire Insurance Company	\$232,837
22	Pacific Life Insurance Co.	\$1,036,140	65	Standard Insurance Company	\$226,564
23	Builders Mutual Insurance Co.	\$1,000,000	66	Hartford Accident and Indemnity Co.	\$219,202
24	Hartford Life and Accident Insurance	\$998,884	67	Selective Insurance Co. of America	\$212,000
25	QVC, Inc.	\$890,124	68	Union Security Insurance Company	\$191,339
26	Owners Insurance Co.	\$851,928	69	Troy Lumber Company	\$187,608
27	Unum Life Insurance Co. of America	\$850,000	70	Genworth Mortgage Ins. Corporation	\$181,789
28	Genworth Life Insurance Co.	\$727,144	71	Hanover Insurance Company	\$166,639
29	Old Dominion Freight Line, Inc.	\$667,385	72	Time Insurance Company	\$166,430
30	Southern Power Co.	\$648,886	73	FLS Energy, Inc.	\$162,106
31	Hartford Underwriters Insurance	\$591,448	74	William C. Baxley	\$160,000
32	Wells Fargo Equipment Finance	\$556,355	75	Attends Healthcare Products, Inc.	\$157,415
33	Transamerica Life Insurance Co.	\$545,357	76	Catosouth, LLC	\$156,919
34	Hartford Life and Annuity Insurance	\$512,546	77	Prestage Farms, Inc.	\$150,720
35	Kenny C. Habul	\$499,045	78	John P. Cato	\$149,449
36	Hartford Casualty Insurance Company	\$469,760	79	NGM Insurance Co.	\$146,584
37	STCE NC 2013 Energy Fund, LLC	\$452,925	80	American Reliable Insurance Co.	\$144,635
38	Hartford Fire Insurance Company	\$451,806	81	Vigilant Insurance Co.	\$138,184
39	Carolina Power & Light Company	\$442,848	82	Trumbull Insurance Company	\$119,047
40	Genworth Life and Annuity Insurance	\$407,978	83	Brookfield Power US Holding America	\$117,938
41	United Therapeutics Corporation	\$404,026	84	Time Warner Cable Enterprises, LLC	\$105,175
42	Provident Life and Accident Insurance	\$400,000	85	Kapstone Kraft Paper Corporation	\$104,767
43	USAA Life Insurance Company	\$379,732	86	Garrett N. Blackwelder	\$101,102

Source: N.C. Department of Revenue

said. "It's a tax credit, so it's not necessarily like the state is paying them like a pure subsidy." But because the General Assembly passed the renewable subsidy legislation, the large corporations in the special-interest renewable industry "got to keep \$136 million that the rest of us had to pay into the system. That's how it's being subsidized."

The 2015 renewable credits were "a lot of money," Bryson said. "They could fund towns or several school systems with \$136 million."

Indeed, a *Carolina Journal* review of the House 2016-17 budget determined that if that \$136 million had been collected it could have funded various combinations of state appropriations for such things as:

- Department of Agriculture and Consumer Services (\$120,510,983) and Department of State Treasurer (\$10,635,520) — \$131,146,503.

- Division of Motor Vehicles (\$126,356,123) and Office of State Budget and Management (\$7,531,408) — \$133,887,531.

- Office of Indigent Defense (\$116,629,964) and Department of Labor (\$15,762,231) — \$132,392,195.

- Department of Environmental Quality (\$79,752,533) and Department of Justice (\$56,767,296) — \$136,519,829.

- Department of Commerce (\$62,715,572), Department of Information Technology (\$43,002,697), Office of the State Auditor (\$12,217,162), and Wildlife Resources Commission

((\$10,023,496) — \$127,958,927.

While reports abound that renewable energy companies are lobbying lawmakers to reinstate the tax credit, Clark would not say if her association was directly involved in any discussions. "NCSEA is aware of legislators on both sides of the aisle and in both chambers that want to advance new policies so that North Carolina can see more clean energy jobs and investments," she said. "The details and timing of these efforts [are] at the discretion of policymakers."

Millis said he remains vigilant in opposition to reviving the tax credit.

"If it rears its head I would do everything I can to fight for the taxpayers of this state," he said. *CJ*

Top GOP Officeholders Condemn Obama's Bathroom Edict

Continued from Page 1

identity. Under Title IX, there is no medical diagnosis or treatment requirement that students must meet as a prerequisite to being treated consistent with their gender identity."

McCrory said the federal edict affects "employees as well as every parent and child within a public school system. This national bathroom, locker room, and shower policy for almost every business, university, and now K-12 school in our country changes generations of gender etiquette and privacy norms, which parents, children, and employees have expected in the most personal and private settings of their everyday lives."

He called on the federal courts and Congress "to stop this massive executive branch overreach, which clearly oversteps constitutional authority."

The executive branch "does not have the authority to be the final arbiter" of the law, McCrory said.

Meanwhile, all 10 N.C. Republican members of Congress sent a letter to King demanding "immediate assurances that you are not directing or otherwise condoning any efforts of your agency to curtail funds designated for North Carolina based on a perceived violation of law that was passed by Congress."

Lt. Gov. Dan Forest issued a statement reminding North Carolina public schools in receipt of the president's letter that "there is a binding state law on the books governing bathroom policy, and the president's nonbinding directive is merely his attempt to push his version of a social policy on our state with no constitutional authority to do so. It should be rejected as a matter of principle and policy."

He said North Carolina would not "stand by and let our locker rooms and high school showers be used for social experimentation at the expense of the privacy and protection of our young boys and girls."

State Board of Education Chairman Bill Cobey said there would be no board action compelling local school districts to comply with the White House directive allowing transgender students in K-12 public schools and universities to use the bathrooms and locker rooms of the gender with which they identify.

"There's really nothing we can do about it. We're subject to state laws," Cobey said of the federal demand letter. "Our governor has filed a lawsuit, our legislature has passed a law, so we're going to comply with whatever the law addresses us to do."

"President Obama seems to believe he is a monarch, ruling through edict like kings of old, instead of governing responsibly as one part of an ac-



Protesters demonstrate against House Bill 2 at the legislative complex on May 16. (CJ photo by Kari Travis)

countable, carefully divided system of government. He can't just create new laws based on how he's feeling today," said U.S. Rep. Robert Pittenger, R-9th District.

"Big picture, we need to reinforce the Constitution's separation of powers, and I'm actively engaged with colleagues in exploring reasonable options to restrict the ability of the Executive Branch to bully a state or local government," Pittenger said. "Our Founding Fathers gave us a system for changing or updating laws. It involves Congress, not royal decree."

"I'm disappointed that this administration is doubling down on their efforts to go outside of their constitutional authority and bully North Carolina. The law is clear, and executive agencies can't simply rewrite or redefine it to push this administration's radical social agenda," said Rep. Richard Hudson, a Republican representing the 8th District.

Yet Obama and Lynch issued the letter anyway, saying their departments interpret the word "sex" in federal Title VII, barring employment discrimination, and Title IX, barring discrimination based on sex at universities accepting federal funds, to include an individual's perception of their "gender" regardless of biological reality. The Department of Education also released a document containing "emerging practices" to help school systems deal with transgender students.

A student's parent or guardian may notify a school that a student's gender identity has changed from previous records, and the school must recognize the student by that gender, according to the letter. No medical diagnosis or treatment requirement is necessary.

McCrory and the General Assembly filed a lawsuit against the Justice Department on May 9 for attempting to make the state open girls' bathrooms, locker rooms, and showers to men and vice versa. The Justice Department countersued hours later. Those actions stemmed from the state's passage of House Bill 2, which invalidated a Charlotte ordinance allowing men to use women's facilities.

The Obama administration announced on May 12 that it would not carry through with a threat to withhold federal funding to North Carolina but instead issued the nationwide compliance letter.

The UNC system has been threatened with a loss of \$1.4 billion in funding for complying with H.B. 2, and its Board of Governors agreed to hire legal representation for the matter after a May 10 special session.

"It's not just a North Carolina issue, it's an issue for all states, and it will be interesting to see how the different states respond to this," Cobey said. "It's certainly an overreach [by the White House], and it's going to be played out in the courts even though it should be a matter of Congress and not the courts, but we live in different times."

"Nothing has come to my attention" that there has ever been a problem or complaint in North Carolina public schools regarding transgender students, Cobey said.

He said he doesn't believe the administration "is going to take money away for lunches for kids living in poverty" or special education instruction. "These are the neediest children in our state and in our society that benefit from these federal funds."

Rep. G.K. Butterfield, D-1st District, supported the federal mandate.

"I commend the Department of Education for putting the needs of students above playing politics. The department's guidance is a much-needed step to ensuring the transgender community's voices are heard," Butterfield said.

"Our public schools must serve as safe havens where students can grow and learn without worrying which facilities to use," Butterfield said. "North Carolina's H.B. 2 is about much more than bathrooms, and it infringes on the rights of many more than just the LGBT community. This law is taking our state and country backward. ... Discrimination has no place in our schools or society."

Rep. Virginia Foxx, R-5th District, disagreed. "Today's directive is yet another outrageous example of the Obama administration exceeding its constitutionally granted authority and attempting to change law through executive fiat," she said. "This action ignores the views of millions of students, parents, teachers, and administrators across the country. It is unacceptable and unlawful."

In a statement, Rep. Mark Walker, R-6th District, said, "Gender identity is not included in the definition of sex discrimination as it relates to the Civil Rights Act, Title VII, and Title IX. Any confirmation or expansion of discrimination law should come from federal or state legislatures. The Obama administration is well beyond their authority; they are trying to unilaterally rewrite federal statute."

The White House's action "is certainly a radical move to demand that every school receiving public funding follow guidance based on DOJ's preferred version of the law, rather than precedent or statute," Walker said.

Rep. Walter Jones, R-3rd District, also called the actions "gross executive overreach" by the Obama administration. "Once again they are flouting the plain language of the law in order to force their radical agenda onto the American people. To use children as pawns in that effort is just wrong. Like I've said for decades, we need to get the federal government out of our local schools, period."

Rep. Mark Meadows, R-11th District, said the president's overruling state and local bathroom safety policies is "federal overreach, this time by usurping local school boards and superintendents."

Meadows asked, "If the federal government can reach into the privacy of our bathrooms and locker rooms, is there anything that is truly off limits to their executive reach?"

At press time, neither Democratic Reps. David Price, 4th District, nor Alma Adams, 12th District, had issued public responses to the letter from Lynch and King, though both earlier had condemned H.B. 2. CJ

'Inaccurate' Transfer Study Could Decrease College Degrees

BY KARI TRAVIS
Associate Editor

RALEIGH
An official report from the University of North Carolina and the North Carolina Community College System on the potential impact of the North Carolina Guaranteed Admission Program contains inaccurate information that should be acknowledged during legislative discussions about any changes in NCGAP, says George Fouts, interim president of the NCCCS.

Passed into law last year by the General Assembly, NCGAP is a program designed to ensure that lower-performing students can enroll in the UNC system. Under the program, students who complete the first two years of their studies at a community college would be guaranteed admission at a UNC campus.

UNC administrators and state legislators who are skeptical of NCGAP are basing their assumptions on data that have not accounted for recent education reforms that have boosted transfer success between community colleges and the UNC system, said Fouts, who on July 1 will relinquish his seat to incoming NCCCS president James Williamson.

Following NCGAP's passage in 2015, state legislators tasked UNC and NCCCS to research the impact of the program and to determine the right path for implementation between both systems.

The resulting report, which was released earlier this year by RTI International, projected several problems with NCGAP, including lower enrollment rates at UNC's historically black colleges and universities, and lower graduation rates across the system as a whole.

"NCGAP will probably not increase the number of baccalaureate degrees obtained or reduce time to completion but rather could have the opposite effect, fewer baccalaureate degrees," the report stated. "[It will] disparately impact rural, low-income, and minority students and families and/or increase 'brain drain.'"

Given the report's findings, the UNC Board of Governors voted in March to recommend delaying the university's adoption of NCGAP, with UNC President Margaret Spellings expressing concern over the effect the program might have on the university.

"The report before you clearly shows that NCGAP has unintended consequences — not to mention that it limits consumer choice and empowerment," Spellings stated during a March 4 board meeting.

But while the report has raised questions about the difficulty of implementing NCGAP, Fouts said the research itself is flawed in several ways, citing problems with the selection of the student test group as just one of his concerns.

In an addendum written to the legislature, the community college board stated that the student test group — a 2009 cohort made up of 971 North Carolina high school graduates — was a bad match for the purpose of the research, considering a 2014 "articulation" agreement that is expected to improve transfer rates between community colleges and state universities.

That agreement guaranteed credit transfers to all 16 UNC institutions for students who completed an associate degree or who held 30 credit hours of general education coursework. It also reduced the total number of credit hours required to complete a community college degree and added a college transfer course as a degree requirement.

"We were losing a lot of students who were coming here in 2009, and they were wasting away or getting lost," Fouts said. With the changes in the articulation agreement, "we know that those transfer rates are going to be more effective now."

The cohort for the study had been selected before NCCCS was able to offer input into the research process, Fouts said, and while the community college board was able to suggest some changes, the process was too far along for RTI to alter the test group.

In one paragraph of the report's data findings summary, the researchers noted the shortcomings of the NCGAP test group.

"It is important to note the limitations of this analysis," the report states. "These outcomes are associated with students who started their postsecondary experience before many student success initiatives, both at UNC and the NCCCS, and the most recent Comprehensive Articulation Agreement (CAA) were implemented."

"It also cannot take into account all of the socio-economic and other factors that may have led to a student's decision to enroll in a particular college or university," the report continues. "Further, it is unclear whether the students [who] started at a community college in the 2009 cohort analysis had the same commitment to completing a baccalaureate degree as those who would participate in NCGAP."

Still another misunderstanding about NCGAP, said Fouts, is a misconception that a community college education does not satisfy the standards set forth by the UNC system. This idea was voiced in March by Fayetteville State University Chancellor James Anderson, who said that he didn't understand why UNC would want to enroll students in a community college "where open admissions mean

that some of their classmates would be reading on a fifth-grade level."

Fouts, who calls the remarks regrettable and uninformed, said that Anderson later sent NCCCS an apology to correct his statement. Still, the incident revealed a pervading "pop culture" assumption about the structure and purpose of the community college system, he added.

"Our transfer students do better than the students that transfer within the 16 [UNC] campuses," Fouts said. "And they do better than the students who transfer in from private colleges. ... It is true that we have students who read at the fifth-grade level, because in North Carolina com-

munity colleges are charged with adult base education. So we teach thousands of students every year to read. But not in our curriculum classes, much less in our transfer classes."

While Fouts agrees that concerns about NCGAP's impact on HBCUs are legitimate, he also points to the community college system as a main provider of education for North Carolina's at-risk and minority students, with minority students comprising 39 percent of last year's overall community college enrollment. Additionally, some of NCCCS's largest schools — like Durham Technical Community College — see minority student enrollment exceeding 55 percent.

Even so, Durham Tech President Bill Ingram, who says he's in the minority of opinion among his NCCCS colleagues, believes that NCGAP's impact on HBCUs will be overwhelm-

ingly negative and should be reconsidered.

"The students who are going to be impacted are the students who are marginally admitted to the HBCUs," Ingram said during a recent radio interview. "And I think that's a challenge. I think a bigger challenge, and this gets back to the idea of conversation and communication, is that this is a policy that is being imposed by the General Assembly. It's not something that's being imposed by the community college system."

Ingram suggested collaborations between individual campuses might be more productive than a system-wide agreement. "Durham Tech has a very strong partnership with North Carolina Central University and has a very strong program that's very similar to NCGAP," Ingram said. "Students who have applied to NCCU but [are] not admitted ... take their classes at Durham Tech. That program has some challenges and some issues to work through, but I think that a program where partnership is built between institutions is going to be more successful than one that is imposed by the General Assembly."

Discussions about proceeding with NCGAP's rollout continue among the community college system, UNC, and the General Assembly, but Fouts and the community college board hope that implementation of the law soon moves forward.

"We understand that this is a more difficult issue for [UNC] than it is for us," Fouts said. "Just think about it logistically. We do this every year. We admit students. We advise them. We provide them support services. We teach them. And we transferred [more than] 9,000 last fall. We have the capacity to do that, [and] we're ready to go." CJ



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Legislation Would Shift Bond Money From Higher Ed to Roads

Millis says voters misled into thinking bond about highways

BY DAN WAY
Associate Editor

RALEIGH

State Rep. Chris Millis, R-Pender, believes voters were misled into believing the \$2 billion Connect NC bond referendum passed in March mainly will finance roads and bridges. He has introduced legislation to strip \$490 million of bond funding from state universities and reallocate it for roads, bridges, and transportation infrastructure.

House Bill 1106 is now before the House Finance Committee. If passed, it would go to the Appropriations Committee.

"I'll definitely be advocating for a hearing very soon," Millis said in mid-May. "I've heard nothing from leadership as of yet, but again I haven't approached them yet as well."

"The Millis bill is not going to disrupt anything" regarding the bond in



This photograph, from the N.C. Department of Cultural Resources' website, describes the Connect NC package as "Governor Pat McCrory's bond proposal for strategic investments in our state's transportation and other public infrastructure that will cultivate a stronger economy, increased jobs, and improve North Carolina's quality of life." (Photo from ncdcr.gov)

its current makeup, said state Budget Director Drew Heath. "I don't see any way that bill could move forward."

But Millis contends the measure is gaining steam.

"I'm really hoping that from the momentum that it's gaining from throughout the state, and hopefully throughout the legislature, that we'll

have an opportunity to have this bill heard and let the voters decide," Millis said.

He has lined up fellow state Reps. Mark Brody, R-Union; Justin Burr, R-Stanly; Rick Catlin, R-New Hanover; George Cleveland, R-Onslow; Debra Conrad, R-Forsyth; Carl Ford, R-Rowan; Mitchell Setzer, R-Catawba; and Mike Speciale, R-Craven, as co-sponsors.

While voters overwhelmingly passed a referendum in March to approve the spending, "The title of the bond, and the fact that you had these signs everywhere that said Connect NC, I really think that one could argue very heavily that people were really misinformed about what they were voting on" by thinking it was for transportation projects, Millis said.

To support his contention, he cited a January Civitas Institute poll, taken more than a month before the March bond vote. In response to an open-ended question on that survey, 58 percent of Republicans and 50 percent of Democrats said the word "infrastructure" brought to mind transportation, roads, highways, or roads and bridges. None of the responses mentioned higher education, and only 12 percent of Democrats and 11 percent of Republicans associated "infrastructure" with buildings.

During the formative stages of the bond package, Millis said, lawmakers, political and business leaders, and the media robustly discussed the huge transportation needs of the state.

Phil Kirk, retired president and chief executive officer of the North Carolina Chamber of Commerce, said in an op-ed column the bond proposal was vital to meet "transportation needs," and that Gov. Pat McCrory's plan would fund 27 highway projects and 176 paving projects in 57 counties, Millis said. Transportation Secretary Nick Tennyson was quoted as saying

the purpose of the bond should be "connecting people with opportunity."

Millis said H.B. 1106 "would mitigate some of the misinformation that was disseminated throughout the Connect NC bond campaign and redirect \$490 million of its approved funds to more urgent transportation needs."

Millis opposed the bond when it was considered by the General Assembly, and earlier he publicly criticized borrowing money to build more buildings on UNC system campuses.

Millis has pointed to a Pope Center for Higher Education analysis finding the average classroom seat in the UNC system is utilized only 18 hours per week and the average lab seat is used only 11 hours per week. He believes universities should be required to use their existing facilities more efficiently before receiving hundreds of millions of dollars from taxpayer-backed loans.

The UNC system Board of Governors "has not taken any formal position on this bill, but we believe the General Assembly and the voters have already clearly expressed their intentions for the use of the Connect NC bond proceeds," said system spokeswoman Joni Worthington.

"The composition of the bond package was extensively debated in the General Assembly, and, as you know, the bond passed by a wide margin in 99 of 100 counties," Worthington said.

"It's also important to note that the legislature ended the annual transfer of \$200 million from the Highway Trust Fund to the General Fund so that the state could invest more in transportation without taking on new debt," she said.

"I have not looked into the issue in depth, but there has been some discussion about it," Heath said of the Millis bill. "I don't think anyone's taking that bill seriously because I don't think that there is any way that they can legally make that happen. I think there was some surprise that the House even let that bill get filed."

Asked how the bond process would be affected if the bill were passed, Heath replied, "The chances are so remote I haven't even thought about it."

He said the Office of State Budget and Management "is engaged. We've got a statewide working group" preparing for issuance of the first round of bonds.

"We're getting projects lined up in terms of cash flow needs from agencies and the university system, and we're kind of centralizing all of that," Heath said. "You're going to see some agenda items start to appear on the Council of State agenda for approval. The bond is happening." CJ

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Opinion

If College Students Are Hungry, Should Uncle Sam Feed Them?

Since the federal government feeds students in K-12 schools via the National School Lunch Program, it should similarly feed college students who are “food insecure,” argues a policy paper published in March by the Wisconsin HOPE Lab.

According to the authors, the country loses productivity because students who are hungry underperform and therefore don’t graduate on time, if at all. “Insufficient attention to the nutritional needs of undergraduates,” they write, “could contribute to the inadequate production of college-educated labor.”

It is funny to hear talk about “underproduction” regarding college graduates when large numbers of them work in low-skill jobs. Nonetheless, the HOPE Lab paper argues the failure to produce enough college graduates presents a serious economic problem.

Let’s put that aside and focus on the paper’s claim that large numbers of college students go hungry.

The authors acknowledge there is “limited information about the extent to which undergraduates struggle to find enough food to eat.” What information they have comes primarily from a survey administered to 4,000 students at 10 community colleges.

The results: “Half of all respondents were at least marginally food

insecure over the past 30 days. ... More than one in four respondents ate less than they felt they should, and 22 percent said that they had gone hungry due to lack of money.”

One problem with this is that such surveys are not very accurate. People often give answers that they think are either what the researchers want to hear, or that might help themselves. From the survey responses we do not know that any of the students in the sample actually went hungry because they couldn’t afford food. We only know that quite a few said they were “food insecure.”

But assume for the sake of argument that a significant number of college students do eat less than they think they should, or even, on occasion, go hungry. What conclusion follows from that premise?

To the authors, the conclusion is that we should expand the federal government’s National School Lunch Program. They advocate expanding NSLP “to all public and private not-for-profit colleges and universities, and students of all ages.” Doing that would “provide food assistance to approximately 7 million Pell [Grant]



Do we really need a new federal entitlement for hungry college students?

recipients.”

My conclusion, however, is quite different.

Instead of another top-down program that relies on a shower of money from Uncle Sam and more federal regulations, the better approach

would be voluntary efforts by “little platoons” in society to find the best way to feed college students who really cannot afford to eat well enough.

There are already charitable

food banks at many campuses — many of which operate under a national network called the College and University Food Bank Alliance. And as the paper states, “staff and faculty are reaching into their own pockets

to provide lunch money to struggling students.”

The great thing about private efforts to alleviate hunger (and all other social problems) is that it is far more difficult for people to “game the system” and make off with undeserved benefits when the money comes from individuals and is given out personally. If there is a good reason to expand these food banks, and / or discover other means to assist those students who do their best but can’t

eat well, then advocates for student “food security” ought to take their case to America’s huge philanthropic community.

If we instead plunge ahead into another expansion of federal welfare, increased waste is one sure result.

The proposed expansion of NSLP to cover college students who qualify as “needy” will only give further momentum to the harmful idea that college degrees are an entitlement. Taxpayers already cover the prodigious tuition expense for many students who aren’t serious about learning. This idea increases that cost to cover food. After that it will be something else that supposedly prevents students from completing their degrees. That’s the logic of welfare.

Fifty years ago we had a higher education system in which college didn’t cost much for those who thought it a worthwhile pursuit. Some students came from poor families, but they persevered without free food from the federal government.

Now — after the vast expansion of federal aid for college — we have huge numbers of undereducated and indifferent students who pursue degrees (or maybe just the “college experience”) and an expectation that the government will keep increasing the largess.

I don’t want anyone to starve but don’t think another expansion of the government is the solution to this dubious problem. *CJ*

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



GEORGE LEEF

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COMMENTARY

Is U.S. Education Worth \$675 Billion?

Last month, the National Education Association released “Rankings of the States 2015 and Estimates of School Statistics 2016.” “Rankings and Estimates” is a useful publication for its per pupil expenditure and teacher pay rankings. For example, North Carolina is ranked 41st in teacher pay this year, an improvement of one spot since last year and six spots since 2014.

But take a step back from North Carolina and consider the massive size and scope of the nation’s public education enterprise and the relatively disappointing academic results it produces.

NEA researchers estimate that the United States will spend just under \$675 billion on public education this school year. To put that figure in perspective, public school spending alone is roughly equal to the gross domestic product of Switzerland, the 20th-largest economy in the world.

Of course, the United States educates nearly 50 million children, which is around six times the total population of Switzerland, so one would expect that taxpayers would need to make a significantly larger investment in public schools. Yet, the national average expenditure in the United States is around \$12,000 per student, which, coincidentally, joins Switzerland as the fourth-highest in the world.

Even the Swiss would agree that that is some serious cheddar. Unfortunately, it does not mean that the United States is the academic big cheese.

In “Comparative Indicators of Education in the United States and Other G-20 Countries: 2015,” the National Center for Education Statistics compared education input and output measures in the United States with those in Canada, Germany, Japan, South Korea, the United Kingdom, and other Group of 20 countries. The report is the most current summary of the performance of students on major international assessments.

In fourth-grade reading, students in the United States fared well. Seventeen percent of students reached an advanced level on international tests, eclipsing Canada, Germany, and several others. Mathematics performance is a different story. While 13 percent of

U.S. fourth-grade students reached the advanced level, 39 percent of South Korean students and 30 percent of Japanese students hit that mark. Science performance among fourth-graders in the United States was competitive with Japan and Russia, but no nation outperformed academic powerhouse South Korea.

By eighth grade, Pacific Rim nations begin pulling away from the pack. Nearly half of eighth-grade students in South Korea and 27 percent of Japanese eighth-

graders scored at the advanced level in math. That compared to only 7 percent in the United States. In science, the gap between the United States and other G-20 nations was not as large. Even so, Japan, South Korea, Russia, and England all had higher percentages of eighth-grade students who scored in the upper achievement tiers on international science assessments.

Proficiency levels in reading, mathematics, and science literacy among 15-year-old students suggests that the academic deceleration that begins in middle school continues into high school. Indeed, reading performance in the United States lags significantly behind Australia, Canada, France, Germany, Japan, and South Korea. Although 9 percent of U.S. high schoolers scored at the top two achievement levels on international math assessments, 24 percent of Japanese and 31 percent of South Korean 15-year-olds attained top scores. Australian, German, and Canadian students were not far behind.

Over the next year, international testing programs will release updated results from math, science, and reading assessments. Those reports will provide insight into whether the near-universal adoption of the Common Core State Standards in reading and math has improved the nation’s international competitiveness. Yet, even if the United States closes the performance gap with top-performing nations, we will have done so at a great and largely unsustainable cost. CJ

Terry Stoops is director of research and education studies at the John Locke Foundation.



TERRY STOOPS

COMMENTARY

Free Speech And Political Correctness

No case better illustrates the degree to which American universities are in the thrall of political correctness than the fight that erupted back in 2014 at Marquette and continues to this day.

A tenured professor of political science, John McAdams, was barred from campus, suspended from teaching, threatened with termination, and told that he could return only if he made a groveling apology — all for having written a blog post critical of the way a student was treated by another faculty member.

Ordinarily, such a minor incident would have occasioned no interest by school administrators. In this instance, however, there were two highly inflammable ingredients involved: The faculty member being criticized was female, and the criticism involved her stance that same-sex marriage could not be discussed in class because doing so would be “homophobic” and offensive.

Hypersensitive administrators felt the need to respond by inflicting the academic equivalent of capital punishment on the tenured professor.

This story began in the fall of 2014. Cheryl Abbate, who had been a teaching assistant in Marquette’s Department of Philosophy for several years, was teaching an ethics course. In a class where she had listed topics that would be considered during the course, a student asked if gay marriage would be included and she said that it wouldn’t be.

Afterward, another student approached her and said that he thought there were valid arguments against gay marriage and gave his opinion that the issue should be addressed.

Abbate made it emphatically clear to him that there would be no such discussion because, she said, the issue was settled and bringing it up would be “homophobic” and offensive to any gay students in the class. She also told the student that if he didn’t like it, he ought to drop the class.

That rebuke did not sit well

with him, and he tried to bring the matter up with Abbate’s superiors in the department — but to no avail. Weeks later, the student’s recording of his encounter with Abbate came to the attention of Professor John McAdams.

McAdams then wrote a post on his personal blog, criticizing the way Abbate handled the encounter.

Abbate, he wrote, “was just using a tactic typical among liberals now. Opinions with which they disagree are not merely wrong, and are not to be argued against on their merits, but are deemed ‘offensive’ and need to be shut up.”

The academic world is loaded with arguments such as McAdams made every day, and they rarely lead to anything more than hot tempers and more argumentative blogging.

Not in this case, however. McAdams had, as Marquette president Michael Lovell would later put it, “inflicted a personal attack” on Abbate.

The university’s first salvo against McAdams came from Dean Richard Holz of the school of arts and sciences when he summarily canceled all of McAdams’ classes for the coming semester and even barred him from setting foot on campus. Subsequently, McAdams was informed that the university was going to revoke his tenure and dismiss him from the faculty.

Despite mounting opposition to its attack on free speech and tenure, for more than a year Marquette kept the case in limbo. McAdams finally received a letter from President Lovell that gave him a path back to reinstatement, provided that he state (among other things) that his blog post “was reckless and incompatible with the mission and values of Marquette University” and further that he “express deep regret for the harm suffered” by Ms. Abbate.

McAdams refused to comply with Lovell’s demands and is prepared to sue if Marquette carries through on its threats. CJ

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



GEORGE LEEF

How North Carolina Came to Be Shaped Like It Is Today

When did North Carolina become known as North Carolina and acquire its modern shape?

We must go back to Jan. 24, 1712, when Edward Hyde became the first governor of what became known as North Carolina, or more specifically, the first official governor under the Lords Proprietors. Carolina was then divided into two parts: North Carolina and South Carolina.

Such a division was deemed necessary because Carolina had earned a reputation for being a colony with an often unruly population. In 1691, the Lords Proprietors had made Charles Town (now Charleston) the seat of government for Carolina and established deputy governors for the faraway Albemarle region.

For some time there had been unruly behavior and political disagreement in what became North

Carolina. Among the colonists, there were, writes historian William Powell, citing a contemporary missionary, four general religious groups: 1) Quakers, 2) Anglicans, 3) Baptists (most likely), and 4) a smaller number that seemingly remained unchurched or lacked any religious organization. A few Presbyterians also lived in the area. There was a strong Quaker presence in the Assembly, yet an influential segment demanded that all members take oaths — an objectionable practice to Quakers, who held that swearing allegiance to a king or a state violated Scripture.

The disagreement intensified from 1708-11. Deputy Governor Thomas Cary demanded that Assembly members take an oath of office and fined those who assumed office without taking an oath. Even so, he eventually appointed Quakers to office. The political scene was chaotic, and in Charles Town, political factions formed. To provide more stability and order, and to attract settlers to the area, the Lords Proprietors appointed a governor of North Carolina.

The chaos intensified before it abated, however. Serving as deputy governor before his commission

started, Hyde, among other things, undid much of Cary's work. As a result, Cary and his political allies sailed a ship on the Albemarle Sound toward a house where Hyde was meeting with council members and lobbed two cannonballs. In a hasty retreat, Cary mistakenly ran his ship ashore. The men escaped.

No serious effort to draw a southern boundary occurred until 1729, when the crown purchased land from seven of the eight Lords Proprietors. During the rest of the century, North Carolina had occasional boundary disagreements with South Carolina and Georgia. But for the most part, disagreements ended in 1821 after the Walton War, which led to the eventual creation of Transylvania County.

After the North-South separation, remember that North Carolina, along with many colonies, had western land claims far beyond current boundaries. What is now Tennessee used to be part of North Carolina, and during the 1780s, many western North Carolinians complained about lack of representation and neglect from the Assembly. Several counties tried separating in what they called the State of Franklin that existed from 1784-88.

Through skillful negotiations, North Carolina avoided major violence. The state ceded its land in 1789 — something the U.S. government preferred to help foster statehood. Tennessee became a state in 1796, with John Sevier as its first governor.

There was little dispute about the northern boundary when King Charles II gave Carolina to the eight Lords Proprietors in 1663. The northern boundary was set out in the Carolina charters of 1663 and 1665. The two charters spelled out different latitudes, however, so approximately 30 miles were in question. When the seven Lords Proprietors sold their land to the crown, official surveys had been or were being conducted. William Byrd II describes the boundary in *The History of the Land Betwixt Virginia and North Carolina*.

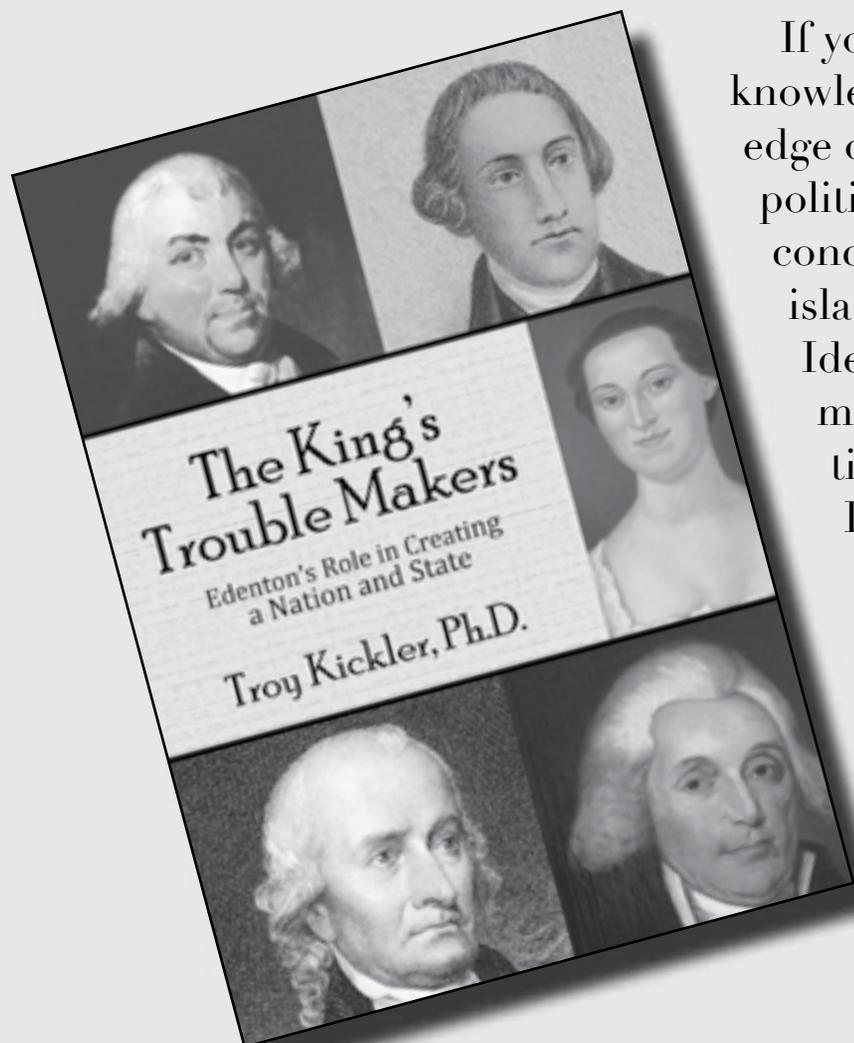
The Atlantic Ocean had made the eastern boundary rather obvious. For a more thorough description regarding many previously mentioned items, please see www.northcarolinahistory.org. CJ

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.

Postrel: Trump Selling 'Trump America' Like a Real Estate Deal

BY CJ STAFF

RALEIGH

Political pundits continue to debate the sources of Donald Trump's success during the 2016 Republican presidential primary process. One aspect of Trump's triumph that has received little attention to date is the role of glamour in his campaign. Columnist Virginia Postrel is author of the book *The Power of Glamour*. She discussed Trump, glamour, and presidential politics with Mitch Kokai for Carolina Journal Radio. (Head to <http://www.carolinajournal.com/radio/> to find recent CJ Radio episodes.)

Kokai: Before we get specifically into Donald Trump and his success during this campaign season, just how much of a role does glamour play in politics in general?

Postrel: First, we have to talk about what do I mean by glamour, and what is the bigger picture of glamour — because a lot of people, when they think about glamour, they think specifically about fashion or maybe they think about old movies. And those things can, indeed, be glamorous, but if you think about the word “glamorous,” what’s glamorous to you could be many different things. It could be a glamorous job, a glamorous city, a glamorous vacation resort.

And glamour is a form of visual persuasion, primarily visual. We see something, we look at it, we feel this sense of projection and longing. “If only I could live there.” “If only I could drive that car.” “If only I could be with that person, or be that person.” There’s a sense of “if only.”

So moving into politics, when we think about glamour and politics, we tend to think about maybe John F. Kennedy. We tend to think about glamorous politicians.

But glamorous individuals in politics are actually pretty unusual because glamour always contains this element of mystery and distance. And in a democracy, we tend to want to know a lot about our politicians. And so they may be charismatic, but they’re often not glamorous. They’re often too well-known to be glamorous.

In 2008, I would say, and I’ve written about this, Barack Obama was glamorous. He was this newcomer. People who supported him felt this sense of he represented what they wanted in a country, what they wanted in a president, what they wanted in a world.

And they projected onto him sort of their definition of that. And one of his friends I quote in the book, said, you know, “Barack has become a kind of Rorschach test.” And, of course, once he became president, it became much more specific and less mysterious.

More often in politics, we are talking about glamorous ideas, glamorous policies. I like to talk about I live

“I think what is more important in Trump’s appeal, vis-à-vis glamour, is this is a man who made his money in the real estate and travel industries. And the real estate and travel industries are really good at using glamour.”

Virginia Postrel
Columnist and
author of
The Power Of Glamour



in California, where the voters have committed, by initiative, enormous amounts — billions and billions of dollars — to this high-speed rail project. And policy wonks will write articles that explain how the ridership numbers don’t add up and it’s not going to work.

And then there will be these pictures of this beautiful, sleek train whishing through the landscape. And it’s like it doesn’t matter what you say. What a glamorous picture. Everybody wants that. Wow. Get out of the traffic.

So that’s the kind of thing we tend to see more in politics, is portraying a policy in a very glamorous way, or possibly a big idea. And some of these are ideas that I like, like the American Dream is a glamorous idea.

Some are very dangerous ideas, like “New Soviet Man” was a dangerous idea, and some fill it in, whatever you want: Change the world. Well, we all want to change the world, but we all have different ideas of what it should change to.

Kokai: This time around, though, we’ve seen glamour take on a different role in the campaign via Donald Trump. How so?

Postrel: Donald Trump, the glamour part comes into him in a couple of different ways. Most people, and even most Trump supporters, I think, probably don’t find him glamorous. Although he is extremely charismatic, which is a different thing.

But I have talked to Trump supporters who — particularly there was one very articulate small-business owner who said, “You know, I think Trump is glamorous. To me he represents the big time, the bright lights, everything I wish I were, but am not.”

So for some people, he’s glamorous. His style of being a rich guy is sort of a poor or working-class person’s idea of what it would be like to be rich. Very different from a Mark Zucker-

berg, Bill Gates, or you know, Warren Buffett or Charles Koch type of billionaire. It’s all that flash.

But I think what is more important in Trump’s appeal, vis-à-vis glamour, is this is a man who made his money in the real estate and travel industries. And the real estate and travel industries are really good at using glamour.

They show you the picture of the resort. They show you the picture of the house, the picture of the apartment. And you look at it, and you say, “Wow. Life would be perfect if I lived in that house.” Or, “I could get away from all my troubles at that resort.”

And glamour, whether it’s in this photograph or in general, always hides things. It hides the cost. It hides the trade-offs. It hides the cleaning of the house. It hides the bills on the kitchen table. It hides how you’re going to pay for it. All of those sorts of details.

OK, so Trump has sold Trump hotels. He has sold Trump resorts. He has sold Trump condominium complexes. Now he’s selling Trump America.

“Come to my America. It’ll be beautiful. It’ll be everything that you possibly could want.” And I’m going to leave out all the grubby details. So I’m going to tell you that we can just produce everything in America, and we’re going to cut off our trade with the rest of the world.

... Let’s forget about consumers. Let’s just talk about businesses. Businesses have these complex supply chains. Millions of Americans are dependent on those. Their jobs depend on maintaining those supply chains, being part of those global networks. He’s going to cut that off, but he’s going to make it sound very appealing, and that’s where the glamour comes in.

Kokai: Now, does the fact that the glamour proves to be so appealing, is that one of the reasons why people have a hard time, once they’re on that

Trump train, jumping off?

Postrel: Absolutely. And we saw this in 2008, where people were trying to puncture the Obama glamour. And not just Republicans, but you know, Hillary Clinton ... trying to say, “You know, you’re just projecting onto this person whatever you want.”

And it’s very hard to puncture that. Experience will do a very good job. But as long as it’s got that distance, as long as the person is not actually in office, as long as you don’t have your dream job, you can imagine it would be perfect. You don’t live in your dream house. You can imagine it would be perfect.

When you have experience, then you start to see the flaws. But it’s hard for somebody who isn’t sharing the dream to say, “Hey, let’s get specific here. Let’s think about what’s being left off.”

You can try to do it with details and facts, and remind people about what’s being left out. You can try to do it with the opposite of glamour, which is sort of horror and fear and, you know, think about how terrible it would be. And, certainly, there’s a lot of that in the attacks on Trump.

And maybe that’ll be what will motivate people to vote against him. Or you can try to do it with humor, and make sort of the illusion seem ridiculous as opposed to scary, or just not real.

Kokai: It sounds as if this would be something very successful during a campaign, [but] perhaps not quite as successful for someone in office. Is that what we’ve found?

Postrel: That’s right. I mean, if you look at Obama, it was very helpful to him that he was a glamorous candidate in 2008. It made him very difficult to counter. Once he got in office, a lot of people who voted for him ... were disillusioned because they imagined that he would do whatever it was that they wanted. CJ

COMMENTARY

Keep Tax Reform On Track

As the General Assembly continues to work through the 2016-17 budget, part of the final package should build on the tax reforms first implemented in 2011. The 0 percent tax bracket will be increased, offering a real tax cut to the 70 percent of N.C. taxpayers who file with the standard deduction, mostly middle- and low-income folks. There is talk of further sales tax expansion and lowering the personal income tax rate. North Carolina is on the right track.

But there is more to be done. Eliminating the bias in our tax code against savings, investments, and entrepreneurship is the next important step. Repealing capital gains taxes, changing the way business investments are deducted, and eliminating business-to-business taxes are worth serious consideration.

Capital gains taxes penalize saving, investment, and entrepreneurship by applying an extra layer of taxation on equity investment, discouraging the very activity we should be encouraging. North Carolina taxes capital gains from the sale of stocks and bonds, real estate, homes, and businesses at the same rate as regular income. Instead, the tax on capital gains should be repealed.

Complete repeal at one time might be too much of a hit to state revenue. Calculations by the Beacon Hill Institute of Suffolk University estimate that complete repeal at the current 5.75 percent personal income rate would result in a \$502 million revenue loss. Using next year's personal income rate of 5.499 percent, revenue loss would be about \$480 million. Understanding that, a prudent consideration would be phasing out the tax over several years or adopting the federal practice of taxing capital gains at half the rate of regular income. Another approach would be to exempt some capital gains from taxation — say 30 or 40 percent — as several other states do. Whatever the approach, North Carolina should encourage saving, investment, and entrepreneurship by changing the way we tax capital gains.

Changing how business

expenses are deducted is another worthy tax reform. Both the federal and state tax codes allow businesses to deduct from their taxes expenses and investments in assets that are meant to produce goods and services for sale — land, office equipment, machinery, buildings, vehicles, and such.

Companies can deduct these investments over time, depending on the kind of investment. For those classified as “long-lasting,” like an office building, the deduction is spread out over a long period of time. For a “shorter-lived” investment like computer equipment, the deduction is written off more quickly. This system creates an incentive to make investments in short-term assets rather than more durable ones.

North Carolina's tax code should treat all asset investments the same and allow business owners to make the best decision for their business. The decision to depreciate a tax deduction over time, or to expense that deduction in the year the investment occurs, should be up to the business owner, not written into the tax code. Restructuring how business deductions are taken will open options for business owners and help North Carolina attract new investment and additional capital and encourage economic growth.

North Carolina imposes a privilege tax on certain mill machinery and equipment at a rate of 1 percent with a maximum of \$80 on each article. The House budget repeals this tax. Forty percent of North Carolina's sales tax base comprises business-to-business taxes, which penalize investments and result in double taxation. With about a \$50 million revenue impact, repealing the tax will not affect the state budget significantly. To remain competitive with our neighbors — Virginia, Georgia, South Carolina, and Tennessee — North Carolina should exempt this equipment from the state sales tax, as our neighbors have done.

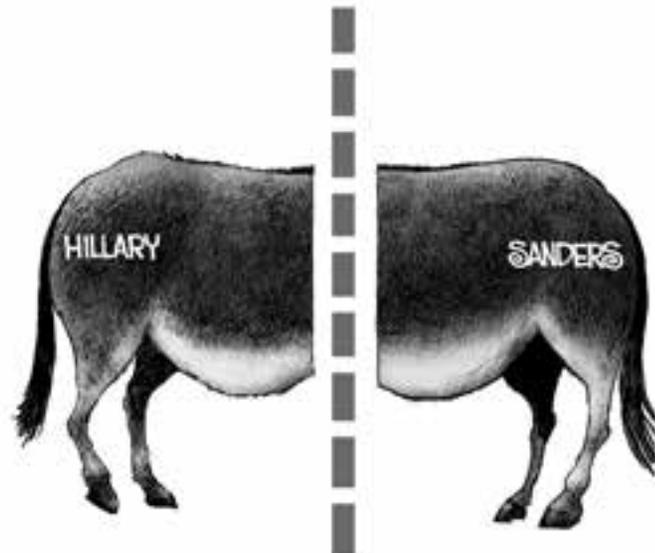
North Carolina's current tax code penalizes savings and investments while discouraging entrepreneurship. Let's fix that. *CJ*

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



BECKI GRAY

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The DIVIDED DEMOCRATIC PARTY

EDITORIAL

Taking a Sling Blade to N.C. Regulations

North Carolina regulators appear to be doing a good job to date of implementing a key regulatory reform measure enacted in 2013 by the state legislature.

It requires agencies to review regulations that currently are on the books. Officials must make an affirmative decision to 1) keep a rule, 2) run the rule through a lengthy “re-adoption” process, or 3) eliminate the rule.

Think of it as a mandate to use a sling blade on North Carolina's regulatory underbrush on a regular basis. So far, a good amount of the stuff either has been turned into mulch or piled up next to the shredder for future action.

Of the 6,225 state regulations already reviewed under the 2013 law, 690 have been removed and another 1,929 are being put back through the re-adoption process. A bit over half of the reviewed regulations have stayed in place, in other words. Not bad at all.

Of course, we still have a lot of work to do. The cost of doing business in North Carolina has come down over the past five years, thanks to a series of tax cuts and regulatory reforms that began in 2011. But it is still too expensive to start new enterprises and create jobs in the state.

A Pacific Research Institute study released last year ranked North Carolina 31st in the nation in regulatory costs, with No. 1 Indiana having the lowest costs and No. 50 California with the highest.

There are bills or budget provisions this session to reform the state's permitting system for medical services (called “certificate of need”) and to remove restrictions on venture capital.

The budget passed by the state House, for instance, removed the CON requirement for hospitals, mostly in rural areas, seeking to convert unused beds into space for some patients suffering acute problems with mental illness, substance abuse, or developmental disabilities.

The funding would come from the proceeds of the state's sale of the Dorothea Dix campus to the city of Raleigh, meeting a public health need, satisfying the historical purpose of the property and aiding rural hospitals that are struggling to keep their doors open.

Here's hoping the Senate leaves that provision — a priority for the McCrory administration — intact.

Next session, lawmakers will consider a bill to modify or eliminate some licensing requirements for occupations that North Carolina heavily regulates even when neighboring states such as South Carolina, Georgia, and Tennessee don't do the same.

Again, the goal here is not to eliminate all state regulation. Conservatives believe that state and local government should enact rules to protect the lives, health, and property of our residents from infringement by pollution, fraud, or negligence.

We simply believe that many current regulations don't meet such a test. They cost more to implement and comply with than they deliver in real benefits for consumers, workers, or the general public.

Let's keep swinging that sling blade and clearing the underbrush of needless and economy-sapping regulations. That will leave space for new ideas, companies, and jobs to grow. *CJ*

EDITORIALS

Private Sector Growing

State spending lower share of GDP

Over the past quarter-century, scholars have published hundreds of peer-reviewed studies examining the question of whether higher government spending boosts economic growth. The most recent one, by University of Wisconsin-Stevens Point economist Jerome Segura in the journal *Papers in Regional Science*, looked at revenues, expenditures, and gross domestic product for every state from 1977 to 2012.

Using a sophisticated model, Segura found that raising taxes to fund more government spending is a “growth deterrent,” not a growth enhancer.

His findings are consistent with the idea that “few public services are underfunded,” Segura wrote, “and further that, in terms of economic growth, most public services fail to justify the taxes needed to finance them.” His point is not that state and local governments provide no value. In the past, adding core public services likely created more economic value than was destroyed by the necessary taxes. But as governments got larger, they exceeded their optimal size — measured, as Segura did, by government expenditures as a share of GDP.

As it happens, state government in North Carolina is headed in the opposite direction. Although General

Fund spending has gone up every year since 2011 in dollars, this does not account for increases in population, prices, and the overall economy.

Based on our rough projections, the \$22.2 billion General Fund budget now working its way through the legislature would spend about 4 percent of GDP. At its peak, in 2008-09, North Carolina’s General Fund budget was just over 5 percent of GDP.

Some conservatives in our state say they are disappointed that Gov. Pat McCrory and the General Assembly have allowed state spending to grow at all in nominal terms. But if inflation is running at 3 percent and your employer gives you a 1 percent raise, you don’t conclude that you’ve come out ahead. If tax rates stay the same but you get a big raise at work, leading to higher taxes paid the next year, you don’t accuse politicians of raising your taxes.

By setting firm priorities, policymakers have funded core services, created fiscal space for a series of growth-enhancing tax cuts, and reduced state spending as a share of the state’s economy. In other words, North Carolina’s private sector is growing as a share of the overall economy. That’s fiscal conservatism — and wise policy. *CJ*

Paying Teachers

Reward performance, not just seniority

As state lawmakers finish up their 2016-17 spending plan, they aren’t likely to embrace the 5 percent average pay increase for public schoolteachers that Gov. Pat McCrory proposed a few weeks ago. But there will be a substantial teacher pay boost.

Most fiscal conservatives favor such a raise because it is the right priority given current fiscal and economic conditions.

Moreover, the General Assembly and the McCrory administration are led by politicians who recognize the limits of “average teacher pay” as a guide for good policy. If they simply raised the compensation of all teachers by an equivalent percentage — regardless of performance, duties, or the needs of hard-to-staff positions and schools — then fiscal conservatives would be skeptical.

The current leadership in Raleigh instead wisely has focused legislative attention on starting sala-

ries and pay raises for teachers in their early careers, which is when most improvement in teacher effectiveness occurs.

As a recent report from the National Education Association makes clear, North Carolina has raised teacher pay more than any other state since McCrory took office in 2013. And when John Locke Foundation research director Terry Stoops adjusted the latest NEA salary figures for cost of living, his preliminary analysis found that North Carolina ranked 33rd in average teacher pay in 2015-16. Adjusting for years of experience would move the state even closer to the national median.

McCrory and legislative leaders are boosting and reforming teacher compensation in order to attract and retain high-performing educators to some of the most essential and challenging jobs in the public sector. Makes sense to us. *CJ*

COMMENTARY

Road Policies Deserve Attention

When you ask North Carolina voters to name the top election issue in state politics, the most common answer — unless we are in the midst of a recession — is education.

That answer makes sense. North Carolina state and local governments combined spend more on education, from preschool to grad school, than on any other program or service. While we may disagree about how best to improve student learning, most of us see that goal as closely linked to the health of families, the growth of the economy, and the strength of our republic.

I’d also like to see candidates present and debate their views about the other major categories of government spending. One is transportation. North Carolina governments spend about \$4.5 billion a year on transportation, with about 90 percent of it devoted to roads and bridges.

The past 10 years have seen significant positive changes in state transportation policy. Beginning under former Democratic governors Mike Easley and Bev Perdue, and then accelerating under current Republican Gov. Pat McCrory, North Carolina has changed its funding formulas and explored new ways for motorists to fund the roadways they use.

The biggest change occurred in 2013, when McCrory and the state legislature enacted the Strategic Transportation Investments law. It changed the way states, regions, and localities set priorities. Projects now compete with each other based on clearly stated goals such as reducing traffic congestion, increasing safety, and moving people and freight more efficiently.

In practice, North Carolina’s new “Strategy Mobility Formula” will shift scarce road dollars from projects that would have transported relatively few people to those that will transport lots of people. That’s good for all North Carolinians — even those in less-populous communities, because congested urban interstates can deter business locations or expansions and keep rural residents from accessing jobs, retail, and other amenities in metropolitan areas.

North Carolina is helping lead a national movement to rethink

how transportation dollars are spent. A couple of months ago, the Congressional Budget Office released a study of federal transportation priorities. It found that if a rigorous cost-benefit test were applied to federal dollars, more would go to adding freeway lanes in congested urban areas, repairing other highways in and around metros, and repairing bridges on rural interstates and primary and secondary roads.

On the revenue side, policymakers have added hundreds of millions of dollars a year to North

Carolina transportation budgets. The most significant change was last year’s decision to end the transfer of gas tax revenue from the Highway Fund to the state’s General Fund. That followed efforts during the Easley and Perdue administrations to phase out similar transfers of gas and car tax revenue from the Highway Trust Fund. Lawmakers also increased

some Division of Motor Vehicles fees and changed the way North Carolina’s gas tax is calculated. The latter will allow collections to rise in the future in tandem with overall inflation.

Finally, the state reintroduced pay-for-use in roadways by constructing the Triangle Expressway, a toll road now in use along the southern side of the Raleigh-Durham metro, and contracting with a private firm to build and operate additional toll lanes on Interstate 77 north of Charlotte.

North Carolina voters do not like paying tolls, based on a recent High Point University survey, which found 32 percent saying yes and 63 percent saying no. But that was actually the least-unpopular option for raising road revenue. Respondents disapproved of hiking gas taxes by a margin of 72 percent to 23 percent and overwhelmingly opposed charging motorists per vehicle mile traveled (87 percent to 10 percent).

These findings suggest the first priority should be to spend existing transportation revenues more wisely — something that North Carolina is beginning to do. Stay on course. *CJ*

John Hood is chairman of the John Locke Foundation.



JOHN HOOD

MEDIA MANGLE

Calling It Both Ways

One of the best things an umpire can do to convince sports fans that he is unbiased is to be consistent: If you call something against one side, you need to call it on the other.

Being a journalist and an editor is a bit like being an umpire in an athletic contest. If you want a bunch of angry fans on your back, just violate the consistency rule a few times. They'll forgive you the occasional mistake, but if you make a habit of always ruling against one side, your integrity is toast.

I was reminded of this when news broke that Democratic Virginia Gov. Terry McAuliffe is the subject of a probe by the FBI and the Justice Department's public integrity unit.



**JON
HAM**

That's a big story, something you'd think *The Washington Post* would put multiple reporters on. After all, Northern Virginia is in the heart of the *Post's* circulation area, and news that the commonwealth's chief executive was under federal investigation is a big story, right? Well, not so much.

The McAuliffe story was not on the front page on May 24, when you would have expected it to be. It wasn't on page 2, or 3, or 4, or 5, or on any page in the 18-page front section. Instead, the editors of the *Post* put it in the Metro section, a placement that can only be described as "buried."

This is the same paper that ran 140 stories on then-Sen. George Allen's use of the word "macaca" in 2006, many of those on the front page. Allen was a Republican in a tight race against Democrat James Webb at the time, and many accused the *Post* of trying to drag down Allen's support in Northern Virginia. The editors protested that this was not the case, but the comparison to the McAuliffe story raises doubts.

Another news story that reminded me of the media's "umpire" role was the Trump campaign's reference a few times last month to the various Bill Clinton sex scandals of the '90s, and Trump's accusation that Hillary was Bill's enabler in those escapades and led the "Bimbo Eruption" effort to intimidate and silence Bill's victims.

Immediately, the mainstream media rushed to condemn Trump's effort. Andrea Mitchell of NBC, for instance, called the well-known instances "discredited" and "just allegations," when the public record shows plainly that they have been neither discredited, nor are they just allegations.

Liberal commentators on cable shows said Trump's references to Bill's past were a bridge too far because they happened so long ago, even as Hillary had announced just days earlier that she would give Bill the task of reviving the American economy should she win.

This is the same media that obsessed in 2012 over Mitt Romney giving a kid a noogie while in high school and going on vacation in 1983 with the family dog in a cage atop the family station wagon.

With "umpiring" like this, it's no wonder that polls show support for the media at an all-time low and sinking. CJ

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



Occupational Churn in N.C.

I'm up to my neck in jobs. However, don't contact me for a job — I don't actually have any to hand out. Instead, I've been looking closely at jobs in North Carolina — what kinds are out there and how they have been changing.

Our job market is constantly "churning," meaning there are always some existing jobs being cut while new jobs are being created. Even during recessions, there are new jobs added. It's just that in an economic downturn, many more jobs get the ax compared to those placed in the want ads.

My focus has been in looking at jobs in terms of what workers do — that is, their occupations. Specifically, I've looked at how North Carolina's occupational mix has changed since the early 2000s (2002). While much of what I have found was expected, I was also hit with a couple of surprises.

I divided the state's occupations into two groups — occupations gaining jobs, and occupations losing jobs. Over the period I examined (2002-15), more occupations in the state added jobs than cut jobs, with the margin of gainers over cutters being 15 percent.

But there was a stark difference in the pay of gaining occupations and shrinking occupations. The median hourly wage of occupations adding jobs was 10 percent lower than the median hourly wage of occupations reducing jobs.

Between 2002 and 2015 there were two growth periods and one recessionary period. I wanted to see if occupational change in North Carolina was different during these distinctive periods.

The short answer is yes, very much! During the two growth periods the number of occupations adding jobs exceeded the number of occupations decreasing jobs by a double-digit margin. Interestingly, the average yearly rates at which jobs increased for growing occupations and jobs declined for shrinking occupations were almost the same.

The big surprise for me was what happened to the occupational mix during the recession years. I had two preconceived expectations. One was that very few occupations would have added employment during this dismal period. The second was that those occupations that did add jobs would not be very good-paying.

I was wrong on both counts! While the number of declining occupations exceeded the number of expanding occupations, still almost 300 occupations in North Carolina increased their employment during the recession.

But here was the real shocker to me. The average wage rate of occupations adding jobs between 2007 and 2010 was 24 percent higher than the wage for occupations cutting jobs! In short, if an individual landed a job in a growing occupation during the recession, the wage rate was relatively good!

While both of these findings are counterintuitive to many, there are actually some logical explanations. Recessions are disruptive periods that force many people and companies to think "outside the box" to survive. As a result, economic historians tell us that bad economic times — like the Great Depression of the 1930s — can be very innovative and entrepreneurial periods. If successful, these actions can create new businesses and new jobs.

Also, even businesses cutting production and jobs may find it beneficial to hire more highly trained workers who might have a plan for navigating the company through the treacherous waters of the recession. The idea may be to hire people who are really good in order to keep the firm afloat, even if those employees cost more.

I discovered one other important fact. Occupations losing jobs in North Carolina are more likely to be those whose tasks can be performed by new technology.

What's the bottom line from my research? First, occupational churning is occurring in North Carolina. Second, even in the darkest days of a recession, there are some occupations that add jobs and pay well. Third, technology can eliminate jobs in some occupations.

The past can often help us prepare for the future. We know from the past that some occupations rise and others fall. We should get ready for the same in the future. CJ

Michael Walden is a William Neal Reynolds Distinguished Professor at N.C. State University. He doesn't speak for the university.



**MICHAEL
WALDEN**

How Republicans Might Survive Trump

What should Republicans do if, like me, they aren't exactly thrilled at the prospect of Donald Trump being their presidential nominee? It's not just that the New York financier advocates policies that contradict the party's freedom agenda. In every reputable national poll he loses a general election contest to Hillary Clinton, sometimes by double digits. Many forecast negative down-ballot effects that will cost the party seats in Congress and the states. Trump also may cause lasting damage as the GOP attempts to broaden support and construct a durable governing coalition at the national level. There are already signs he is driving middle-class Hispanics and suburban women away.



ANDY
TAYLOR

I think playing defense might be the best strategy. Despite Barack Obama's efforts, public policy remains to the right of where it was in the 1970s. The GOP controls both chambers of Congress — there are more House Republicans than there have been at any time since World War II — and 34 governorships, with the party also occupying a majority of seats in 67 of the 98 partisan state legislative

bodies. These are gains worth protecting. An all-in on the unpredictable and unprincipled Donald Trump gravely threatens them.

What does this advice mean in practical terms? On fundraising, Republican donors should funnel support to congressional and gubernatorial candidates and the state parties. Take Trump at his word when he says he's worth billions and is uncomfortable being "bought" by others — even if he recently turned a 180 and now is soliciting donations aggressively.

Republican candidates also should run their campaigns without regard to the presidential race. The Republican National Committee, House Speaker Paul Ryan, Senate Majority Leader Mitch McConnell, and the Republican Governors' Association should focus on bedrock GOP principles, making a solid conservative argument for restrained fiscal and regulatory policies and a prudent and strong national defense. Make the case that these will be pursued regardless of who the presidential candidate is and what comes out of his mouth on any particular day.

If the GOP congressional majorities survive candidate Trump, they will prove enough to block the Clinton agenda. If elected, she is likely to be the most unpopular newly inaugurated president in modern history. Her "negatives" are off the charts. In an April *Wall Street Journal*/NBC News

poll, 56 percent of respondents viewed her unfavorably, a score only "bested" among presidential nominees since the 1960s by Trump — whose name solicited the same response from 65 percent. Clinton will be elected because she is not Trump. Her mandate will be to do nothing.

If he did not lose Congress in 2016, President Trump almost certainly would lose it in 2018. Since 1934 the only president not to suffer losses in an initial midterm is George W. Bush, who in the aftermath of 9/11 won a paltry eight House seats for Republicans in 2002. The average number of House seats lost in off-year elections by a presidential party is 33, enough to bring back Speaker Nancy Pelosi. The record in the Senate is a little better, but at minus-five Republicans still would be forced to hand over the body to Majority Leader Chuck Schumer.

Under President Hillary Clinton and with Trump forgotten, Democrats are likely to suffer defeats like those experienced by Bill Clinton and Obama in their first midterms. They lost 60 seats in Congress in 1994, and 69 in 2010. In both years Republicans took back the House majority and in 1994 the Senate as well.

I have some confidence in these predictions. As for 2020, conservatives should realize that if Trump wins this year, he'll almost certainly be the Republican candidate in four years. I

think Bret Stephens of the *Wall Street Journal* is correct. Even if a Trump presidency is better than a Clinton one, it's hardly something you would want to own. We can survive liberal presidents, but Trump might destroy conservatism for a generation.

Many Republicans find this strategy unacceptable. Even I am not completely sold. It is possible the Supreme Court hangs in the balance — although it is anybody's guess who dealmaker Trump would nominate, let alone get through a Democratic Senate. Still, my conscience is clear.

The only persuasive argument made by the loyal Republican and reluctant Trumpeter is that we cannot have Hillary Clinton as president. For those of you who are willing to pay any price, however astronomical, to prevent that from happening, why didn't you work harder for Marco Rubio in the primaries — or, for that matter, John Kasich, Carly Fiorina, etc., etc.? If it was just about stopping Hillary, you would have done that because those individuals were much better positioned to win the White House than Trump. Now the GOP majorities in Congress are in jeopardy as well. CJ

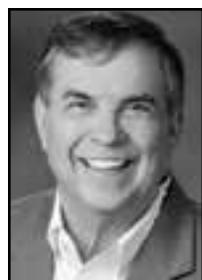
Andy Taylor is a professor of political science at the School of International and Public Affairs at N.C. State University. He does not speak for the university.

Hillary's Election Would Be Obama's Third Term

President Obama is at it again, issuing guidance to schools in the United States to ensure that transgender students be allowed to use the bathrooms that match their gender identity.

His spokesman, Josh Earnest, has declared House Bill 2 a "civil rights" issue so the Obama administration had no choice but to step in and give us common folks "guidance" even though — in the opinion of many — this is a solution in search of a problem.

Of course this is not the first time our commander in chief has used executive orders to circumvent Congress with the stroke of a pen. Executive amnesty is one example that comes to mind. And let



MARC
ROTTERMAN

us not forget rules issued by Obama's Environmental Protection Agency that have devastated the coal industry and thrown thousands of coal miners out of work.

Now it's being reported that Obama is just weeks away from jumping into the campaign to help Democratic presidential front-runner Hillary Clinton bolster her case against Donald Trump.

Conservatives and Republicans who underestimate Obama do so at their own electoral peril. Obama is a true believer, someone who understands that transforming policy translates into a citizenry that is more reliant on the federal government. And unlike another failed Democrat president, Jimmy Carter, Obama is a streetwise, tough politician who will not give an inch when it comes to his vision of a "New America" — one that is modeled after European socialism.

Make no mistake: Obama sees Hillary's election as his third term

and a confirmation that America is in step with his policies and legacy. His insertion into the presidential race will test both his appeal with the American public and his ability to raise funds. He will pay particular attention to Ohio and other rust-belt states as well as the South.

Expect to see him in North Carolina campaigning for the Democratic ticket. He will vilify Gov. Pat McCrory for intransigence on H.B. 2. He will be at the top of his oratory comparing the transgender issue to the civil rights struggles of the 1960s. His argument will be about equality, diversity, and fairness. In regard to Trump, he will define the "Donald" as unfit for the complex job he seeks.

Obama will forget to note that he had very little experience prior to his presidency. His only qualifications consisted of being a community organizer, a backbench Illinois legislator, and three years on the job as a U.S. senator.

Unlike Trump, Obama never has created a job in the private sector, nor

has he met a payroll. In his entire term he's never submitted a balanced budget to Congress, and he has tripled the size of our national debt since assuming office. Ninety-five million Americans have stopped looking for work, and millions more are on welfare and food stamps.

His signature issue, "Obamacare," is likely to go bankrupt in 2017, and his foreign policy is in chaos. Our foes don't respect the United States, and our friends feel they can no longer count on us.

To counter Obama and Hillary, conservatives have an obligation in messaging and advertising to illustrate in stark terms what Obama's transformation has done to America, its families, traditions, and culture.

In short, America must reject a third Obama term. CJ

Marc Rotterman is a senior fellow at the John Locke Foundation and host of "Front Row," a look at policy and politics on UNC-TV's NC Channel.

Perdue Calls For Cancellation of 2016 State, Federal Elections (a *CJ* parody)

BY JERRY MANDER
Political Editor

RALEIGH

Former Gov. Beverly Perdue, a Democrat, has been working privately with members of the state's Republican General Assembly majority to cancel the 2016 elections, *Carolina Journal* has learned.

It's a revival of an idea Perdue first mentioned four years ago, as her single term as governor wound down.

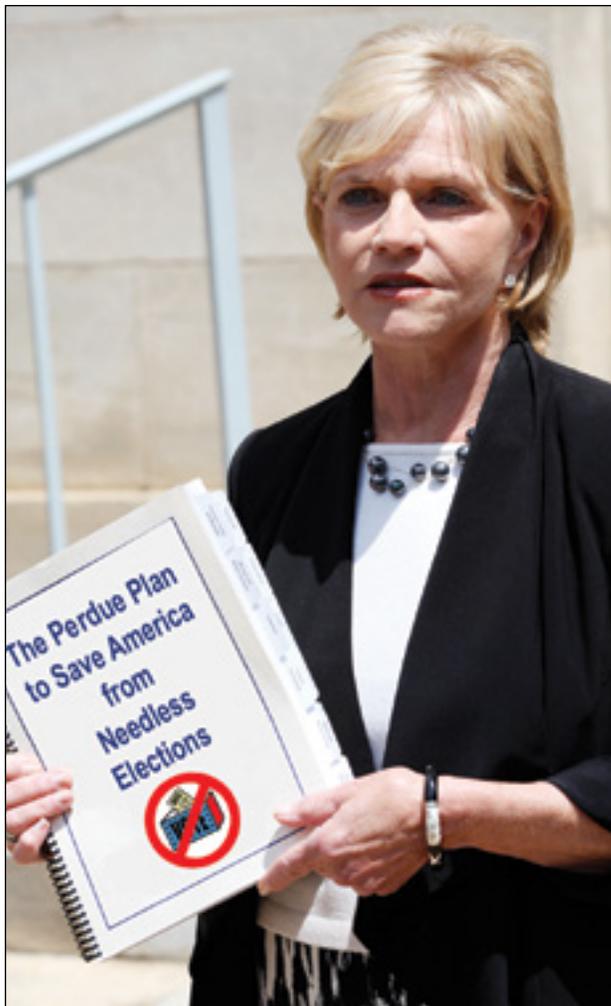
"I got a lot of grief when I suggested we cancel the congressional elections in 2012," Perdue told *CJ*, citing an answer she gave in September 2011 to a question about reviving the economy. "Maybe I was just ahead of the curve."

Perdue drew scorn locally — along with jabs from late-night talk-show hosts — when she said, "I think we ought to suspend, perhaps, elections for Congress for two years and just tell them we won't hold it against them, whatever decisions they make, to just let them help this country recover. I really hope that someone can agree with me on that. You want people who don't worry about the next election."

The 2012 elections ended up moving forward without Perdue, who became the first N.C. chief executive to decline to run for a second term since that option became available in 1980.

Canceling elections makes even more sense today than it did four years ago, Perdue said. "I mean, look at how crazy the situation is right now."

"You've got a likely presidential race between the two most loathed candidates in memory," Perdue explained. "You've got a governor's race with the



Former Gov. Beverly Perdue at a recent press conference announcing her plan for elections. (CJ spoof photo)

'change' candidate being a guy who's spent 30 years in the political establishment. Heck, we even have a General Assembly with a Senate that votes unanimously in favor of a tax cut and a House in which overwhelming majorities of both parties vote for the budget plan. What the heck is going on?"

Perdue is particularly perplexed about her fellow Democrats' approach today toward the state sales tax.

"I wish I would have known in 2012 that Dems were going to speak out against expanding the sales tax," she said. "Back then, we Democrats wanted higher sales taxes. It was the Republicans who wanted lower rates. For crying out loud, that was the whole reason I vetoed the budget two years in a row."

"We need a break from elections so we can get our ducks in a row," Perdue added. "Are we going to be the party of unsustainable higher spending and higher taxes, or are we going to move in another direction? We need some time to figure that out."

Perdue has been trying to line up additional high-profile support for her election cancellation plan. "Roy Cooper seems to be doing pretty well in fundraising and in the polls, but I don't know that he's figured out that being governor involves actual work," she said. "I've been telling him he can't just roll out crime stats once a year and say 'no comment' the rest of the time. He'd be better off sticking to his gig as attorney general."

"And Kay Hagan said she'd go along with me, but only if the plan included a retroactive cancellation of the 2014 U.S. Senate race," which Hagan lost to Republican Thom Tillis, Perdue said. CJ

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