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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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Amazon perpetuates misleading claims about wind farm

Operators refuse to share data on power use, costs

By DON CARRINGTON
Executive Editor

ELIZABETH CITY

Amazon claims its large-scale wind farm near Elizabeth City will produce enough electricity “to power more than 61,000 U.S. homes,” but neither the online company nor its wind farm operator Avangrid will share data supporting that claim.

Amazon continues to perpetuate the misleading notion that the electrical grid can take power from wind turbines, store it, and direct it for actual use by faraway data centers on the same grid.

But that’s not possible.

If Avangrid Renewables and online retail giant Amazon wish to prove that it is indeed feasible, then make the data public, several state lawmakers say. With data in hand, the legislators say, policymakers can evaluate the benefits of other proposed wind projects in North Carolina.

The operators have so far refused to do so.

Sen. Bill Cook, a Beaufort County Republican, represents all or parts of eight counties in the northeast, including the area containing the Amazon Wind Farm. Cook, a retired manager at Potomac Electric Power Co., told *CJ* the power from the wind farm is unreliable and can’t actual power any Amazon data center.

“They should share the output data and should also tell us what it costs to run those things” he said.

Avangrid Renewables is the second-largest developer of wind projects in the U.S., its website says. It’s part of the Iberdrola Group, “an energy pioneer with the largest renewable asset



The Amazon Wind Farm, the state’s first large-scale commercial wind-generation project, comprises 104 2-megawatt wind turbines each nearly 500 feet high. (CJ photo by Don Carrington)

base of any company in the world, with more than 14,000 mW of renewable energy spread across a dozen countries.”

Virginia-based Apex Clean Energy is exploring the feasibility of building a 300-megawatt project in Perquimans and Chowan counties.

The Amazon Wind Farm is the state’s first large-scale commercial wind generation project. It became fully operational in February. The 208-megawatt project comprises 104 2-megawatt wind turbines using three wind blades. Each turbine has a 305-foot tower and a wind blade radius of 187 feet, reaching a total height of 492 feet from the ground. The overall foot-

print of the wind farm encompasses about 22,000 acres.

Carolina Journal asked Avangrid spokesman Paul Copleman to share wind data or electrical output data for the wind farm.

Copleman’s answer was short and blunt.

“No,” he said.

“We treat that as competitive business information.”

Amazon did not respond to *CJ* requests to discuss the project.

The Amazon Wind Farm isn’t connected to the Amazon data centers near Dulles International Airport in Northern Virginia, which, the company claims, the North Carolina turbines

supply. The intermittent energy from wind generation can’t match the actual demand of the data centers.

Richmond-based Dominion Virginia Power provides retail electricity to Amazon’s data centers in Virginia, and those centers will continue to operate with the same mix of fuel types that power other Dominion customers. In 2015, that mix included 30 percent nuclear, 26 percent coal, and 23 percent natural gas. Renewables — including solar, wind, and hydro — constituted 3 percent.

“Keeping up with our commitment to 100 percent renewable ener-

Continued as “Amazon,” Page 12

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A citizen's guide to Gov. Roy Cooper's litigation blitz

A quick summary of the court action involving the governor, state lawmakers, and taxpayers

State Board of Elections + State Ethics Commission



Traditionally, the governor's political party held a one-vote majority on the five-member State Board of Elections and every three-member county board of elections. In a December special session, before Democrat Roy Cooper succeeded Republican Pat McCrory as governor, the GOP-led General Assembly passed Senate Bill 4, revamping the State Board of Elections and merging it with the State Ethics Commission. The new board would have eight members — four Democrats and four Republicans. Local election boards would have four members — two Democrats and two Republicans. GOP officials said they modeled the structure after the Federal Election

Commission, which has six members — three Democrats and three Republicans.

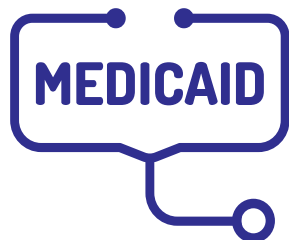
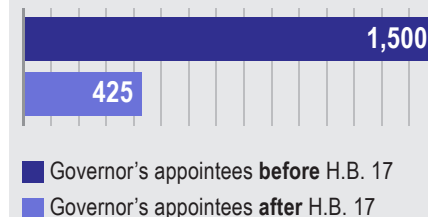
Cooper sued legislative leaders, claiming the new law violated the constitutional separation-of-powers principle. Cooper's lawyers argued that losing the ability to appoint a majority on the board would prevent the governor from fulfilling his role as chief executive of state government. In December, a Wake County Superior Court judge issued a temporary restraining order, blocking the law from taking effect. Later, a three-judge Superior Court panel placed the new makeup of the board on hold until the case goes to trial. After a separate appeal, the N.C. Supreme Court upheld the injunction, placing S.B. 4 on hold until the three-judge panel can decide the case in a trial, likely this spring.

Cabinet confirmations

In December, the General Assembly passed House Bill 17, which, among other things, restated a provision of the N.C. Constitution allowing Senate confirmation of the governor's Cabinet appointees. Another provision reduced the number of Cooper's political appointees to state government jobs from 1,500 to 425.

Senate leaders opened the 2017 legislative session preparing a process and schedule for confirmation of appointees. Cooper expanded his lawsuit against legislative leaders regarding the State Board of Elections, saying it was unconstitutional to require confirmation of Cabinet picks and reduce his political appointments. After initially granting Cooper's request for a temporary restraining order to block Senate confirmation efforts, the three-judge panel decided to let the case go to trial. They said Cooper's attorneys had not shown that the governor would suffer irreparable harm unless the Senate rejected one of his nominees — and if it did, Cooper could return to the court and ask it to stop additional confirmation hearings. For now, the confirmation process continues, but Cooper has not allowed his choices to attend committee hearings.

Governor's political appointments



Medicaid expansion

On Jan. 4, Cooper announced that he planned to file the necessary paperwork with the federal government to expand Medicaid coverage to more people under the Affordable Care Act. Two days later, Cooper filed the expansion plan with the Obama administration. But in 2013, the General Assembly passed a law barring expansion without the approval of the General Assembly. Outgoing Health and Human Services Secretary Sylvia Burwell suggested the plan would be approved before she left office Jan. 20 — when most expansion plans have taken at least six months for approval. On Jan. 14, legislative leaders filed a lawsuit in federal court against the plan. A day later, a federal judge issued a 14-day temporary restraining order barring federal officials from approving Cooper's plan. On Jan. 20, President Trump was sworn into office. That day he issued an executive order minimizing the effects of Obamacare and the costs to states, effectively putting the Medicaid expansion plan on hold.



Legislative redistricting



In August 2016, a panel of three federal judges ruled that 28 N.C. House and Senate districts were unconstitutional because the General Assembly used race as the predominant factor in 2011 when lawmakers drew the districts. The lawsuit was initiated by voters, not elected or appointed officials. In November, the judges ordered the General Assembly to redraw legislative districts by March 15, 2017, and hold special legislative elec-

tions in November 2017 for any districts where the lines changed from the 2011 plan. Cooper and the state Democratic Party reportedly have recruited candidates to run in the new districts, whenever they were drawn. Legislative leaders appealed that ruling to the U.S. Supreme Court. In January the justices blocked the lower court's order until it could decide whether to take the case on appeal. That case, the March 15 deadline for redrawing districts, and the 2017 special legislative elections remain on hold until the Supreme Court steps in. Republican legislative leaders say they are confident the Supreme Court will side with them and not force new legislative districts or new elections in 2017.

Bill would add criminal penalties to open-meetings violations

S.B. 77 inspired in part by exclusion of *CJ* reporter from wind farm talk

BY DAN WAY
Associate Editor

RALEIGH

Open government violations at a Feb. 7 North Carolina Military Affairs Commission meeting prompted legislation to make such offenses a crime. The incident could affect the Senate confirmation process of Larry Hall as secretary of military and veterans affairs, state Sen. Norman Sanderson, R-Pamlico, told *Carolina Journal*.

Sanderson said he co-sponsored Senate Bill 77 partly in response to a situation at the meeting, during which Hall objected to a *CJ* reporter being present. The meeting was not advertised, as the state's Public Meetings Law requires. The agenda was circulated to commission members and a few other parties by email.

The commission's chairman, Brig. Gen. Mabry "Bud" Martin, then pulled a discussion item off the agenda, only to add it back after the *CJ* reporter and others who came to hear that presentation had left.

Senate leader Phil Berger, R-Rockingham, has said the Senate advise-and-consent confirmation process of Gov. Roy Cooper's Cabinet nominees is needed to determine, among other issues, their willingness to obey the law.

As a result of Hall's involvement with closing portions of the meeting to the public, he may be asked why during his confirmation hearing, Sanderson said. "I think it's a fair question to ask because people do need to know where the people who are taking these very high-profile, very important positions ... stand on things like just simply obeying the law."

A spokeswoman of the Department of Military and Veterans Affairs told *CJ* the meeting was not advertised publicly on the Secretary of State's website as legally required. The situation drew the interest of *The News & Observer*, which reported on it.

S.B. 77 would make violations of state public meetings and open records laws a Class 3 misdemeanor, carrying a fine of up to \$200 and possible jail sentence of one to 20 days.

"The people of North Carolina want good government, which includes transparency and fairness. If government officials are concerned about open meeting penalties, they will go the extra mile to ensure transparency," said Sen. Bill Cook, R-Beaufort.



Larry Hall

"I filed a bill that would add some teeth to the state's open-meetings and public records laws to get their attention. Under the current statute, one can violate the law with impunity," Cook said. S.B. 77 is the same as a measure he co-sponsored in 2013.

"Open government is vital to an informed public," Cook said. "Currently, officials will knowingly close the door on the public because they most likely will not be held accountable."

Nationally recognized media law expert John Bussian, an attorney based in Raleigh, said Cook and Sanderson "deserve a medal of honor for filing it."

"North Carolina, in my view, still has one of the worst public records laws in the country," Bussian said. "With the exception of Mississippi, most Southern states have far better open government laws than we do."

Florida "is still the gold standard" for open government laws, Bussian said. "They have criminal and civil penalties [to punish violators], and we should, too."

When Florida implemented its laws two decades ago, some district attorneys filed charges against local elected officials for breaking the law, and one city commissioner was jailed, Bussian said.

"Since then you see far less open and flagrant violations of open-meetings and public records laws in Florida," Bussian said.

Sanderson believes S.B. 77 is vital to maintaining public trust in government.

"We still all take an oath to uphold the laws," Sanderson said. "We can't write laws and put them out there for the public to have to live by if we're not willing to live by the laws that govern what we do."

Without a stricter law, elected officials are "more apt to try to brush up against the line or to skirt the issue" of compliance, he said.

State lawmakers are hearing of increasing levels of open government violations, Sanderson said. They can't credibly blame ignorance of the law because government bodies usually have lawyers advising them at meetings, he added.

"The incident that happened with the Military Affairs Commission was one of several that I know about that's happened over the last several months," Sanderson said, and it "was not handled appropriately."

Hall's desire to prevent the public from seeing a presentation that was on the agenda was not the correct procedure, Sanderson said. "You [the *CJ* reporter] knew it, and he knew it."

However, Sanderson said, Martin was trying to get off on the right foot with Hall, a Marine and the former House Democratic leader, who would run the Department of Military and Veterans Affairs if confirmed as secretary.

Martin said he would allow the presentation to be offered at the meeting if the *CJ* reporter agreed not to report about it — a request the reporter rejected. Hall later told the reporter it would not be fair to other media to allow *CJ* to have a scoop, and he was not

comfortable with *CJ* being the only media outlet to report what was discussed.

"It was bad enough to take it off the agenda," Sanderson said. "I think that the biggest mistake ... is that they decided to turn around and put it back on. It was unfortunate because I think it's an issue that a lot of people need to know about."

The 15-point wind energy presentation included 10 topics related to military bases.

It included health and environmental concerns over giant wind turbines, net costs to host communities, consumer costs arising from a state law requiring purchase of renewable wind energy, weaknesses of state laws regarding wind energy, and federal legislation to consider.

The presentation also included discussion about potential negative impacts the Amazon Wind Farm project near Elizabeth City could have on a key military radar installation just inside the Virginia border, as well as adverse effects of proposed wind projects on military bases in eastern North Carolina.

"It's something that we're extremely interested in, especially those of us who have a military presence in our districts," and for military contributions to the state economy, Sanderson said. *CJ*

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Six N.C. city systems make list of 'broadband boondoggles'

BY BARRY SMITH
Associate Editor

RALEIGH
A North Carolina municipal broadband network has made the Taxpayers Protection Alliance's "Dirty Dozen" — 12 high-profile taxpayer-funded internet projects that have cost the public more than \$2 billion.

The North Carolina network is MI-Connection, which provides broadband service to the Charlotte suburbs of Mooresville and Davidson. MI-Connection — \$80 million in debt with an annual operating deficit of \$6 million, according to the Alliance — is one of six North Carolina municipal broadband systems profiled in a recent TPA report of government-run internet service providers.

Mooresville and Davidson borrowed \$80 million in 2007 to purchase a bankrupt cable television system and turn it into MI-Connection, the Alliance says. "Little did local taxpayers know that the massive outlay was just the beginning of tax dollars being used to subsidize the municipal broadband and telecom scheme — or that MI-Connection would threaten the financial stability of both towns," the Alliance says.

The Alliance report says municipal broadband networks frequently go over budget, customer subscription numbers rarely meet projections, and bonds used to finance the projects strain municipal budgets for decades, causing credit ratings to drop. The Alliance says there are "almost no circumstances in which it would be wise for government to build, manage, or control a broadband network." In nearly all cases, the Alliance says, the private sector is already providing a broadband network in the area where there is a municipal network, adding that those public networks compete unfairly against private enterprise. It says the best thing government can do to make sure residents and businesses are served by a competitive internet system is to reduce tax burdens and regulation.

Before policymakers decide to build a government-owned network, the Alliance urges officials to commission a study determining that the private sector is not able to provide internet service in the market, making government intervention the only fallback. The study should be conducted by a professional embraced by policymakers and the independent stakeholders in the community who would be affected by such an undertaking.

Rep. Susan Martin, R-Wilson, represents one area that is serviced

by a municipal broadband company. Greenlight provides broadband services to Wilson and surrounding areas. Martin said she doesn't disagree that many of the government broadband experiences haven't panned out but says there could be a role for government in broadband infrastructure.

"I think what we're seeing now is that the access to really high-speed and quality digital infrastructure is important for so many areas of life and it's not just a luxury anymore," Martin said. "I think making sure that infrastructure is in place could be part of government's role."

Martin has signed on as a primary sponsor to the BRIGHT Futures Act (House Bill 68), which seeks to boost broadband expansion in rural and underserved areas of North Carolina.

"What we're trying to accomplish with the BRIGHT Futures Act is to see if there are smarter ways that we can partner and really leverage whatever resources we do have," Martin continued. "Unfortunately, there's a lot of infrastructure that we have invested in across the state that is sort of dark fiber where we're not able to tap into it even though it's there."

Dark fiber refers to fiber optic cable that has been put in place but goes unused. Often, companies lay more lines than needed to curb future costs.

Martin said she hopes government won't take over the role in providing internet services. However, she said that often there's not a sufficient return on investment for the private sector to get more involved.

While Wilson's Greenlight municipal broadband network wasn't listed in the Alliance's "dirty dozen," it and MI-Connection were among more than 200 networks mapped out on the Alliance's webpage. The page, called "Broadband Boondoggles: A Map of Failed Taxpayer-Funded Networks," charts debt, waste, and broken promises left behind by the municipal networks.

The price tag for Greenlight, which started in 2008, has topped \$33 million, including a \$3.2 million subsidy from the city's gas fund, the Alliance says.

In addition to MI-Connection, the Alliance's "dirty dozen" includes Burlington (Vt.) Telecom, Cedar Falls (Iowa) Utilities, Click Network in Tacoma, Wash., CT Gig Project in Connecticut, Electric Power Board in Chattanooga, Tenn., Fibernet Monticello (Minn.), iProvo in Utah, KentuckyWired, Lus Fiber in Lafayette, La., Memphis (Tenn.) Network, and Utopia in Utah. CJ



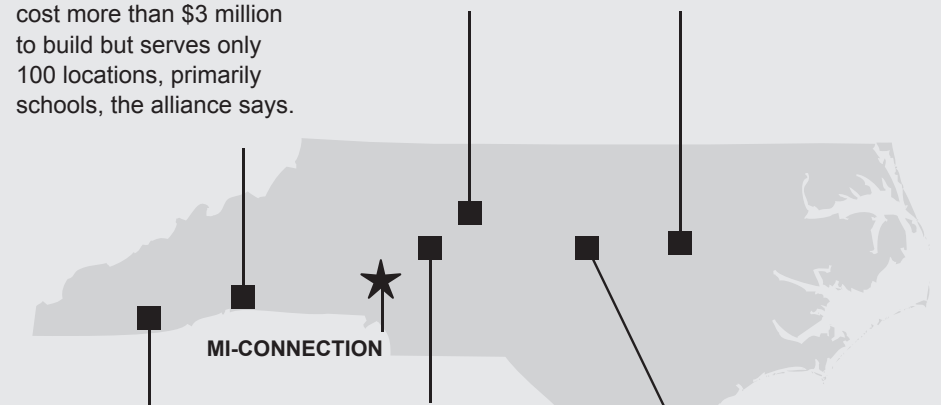
A new report from the Taxpayers Protection Alliance says municipal broadband networks frequently go over budget and that customer subscription numbers rarely meet projections.

N.C. government-run broadband systems profiled in the Taxpayers Protection Alliance report

PANGAEA, in the western North Carolina communities of Tryon, Columbus, Mill Spring, Saluda, Lake Lure, Rutherfordton, Spindale, Forest City, Ellenboro, Bostic, and Cliffside. The network, started in 2003, cost more than \$3 million to build but serves only 100 locations, primarily schools, the alliance says.

TRI-GIG in High Point. Started in 2015, Tri-Gig is a public-private partnership that adds additional expenses to a network that already costs taxpayers \$24 million, the Alliance says.

GREENLIGHT in Wilson. The price tag for the broadband service, which started in 2008, has topped \$33 million, including a \$3.2 million subsidy from the city's gas fund, the Alliance says.



ALTITUDE COMMUNITY BROADBAND in Highlands. The town offers fiber-to-home and fixed wireless service to residents and business in the downtown area, the report says. However, anyone living outside that specific area may be unable to access it. The program began in 2016 and has a total debt of \$250,000, the Alliance says.

FIBRANT in Salisbury. Fibrant, started in 2008, was launched in 2015 and has speeds of up to 10 gigabits per second. The Alliance lists \$32.1 million in total debt by Fibrant. It says the city council is looking at options to offload the fiber network by leasing parts out to third parties or completely sell the network.

HOLLY SPRINGS DARK FIBER. The project cost taxpayers \$1.5 million, with city officials acknowledging that the project likely will not pay for itself for at least 10 years, the Alliance says.

Appeals Court hears Boyce's complaint against State Bar

BY DON CARRINGTON
Executive editor

The 16-year legal battle between Raleigh attorney Gene Boyce and now-Gov. Roy Cooper continued Feb. 7 before the North Carolina Court of Appeals.

Boyce told a three-judge panel that it should overturn a Wake County judge's decision to dismiss his complaint against the North Carolina State Bar, the state agency that regulates attorneys. Boyce's complaint involves conduct that started in 2000 when Cooper first ran for attorney general. Boyce also told the court the case is important because it may affect the relationship between other state occupational licensing agencies and the people they license.

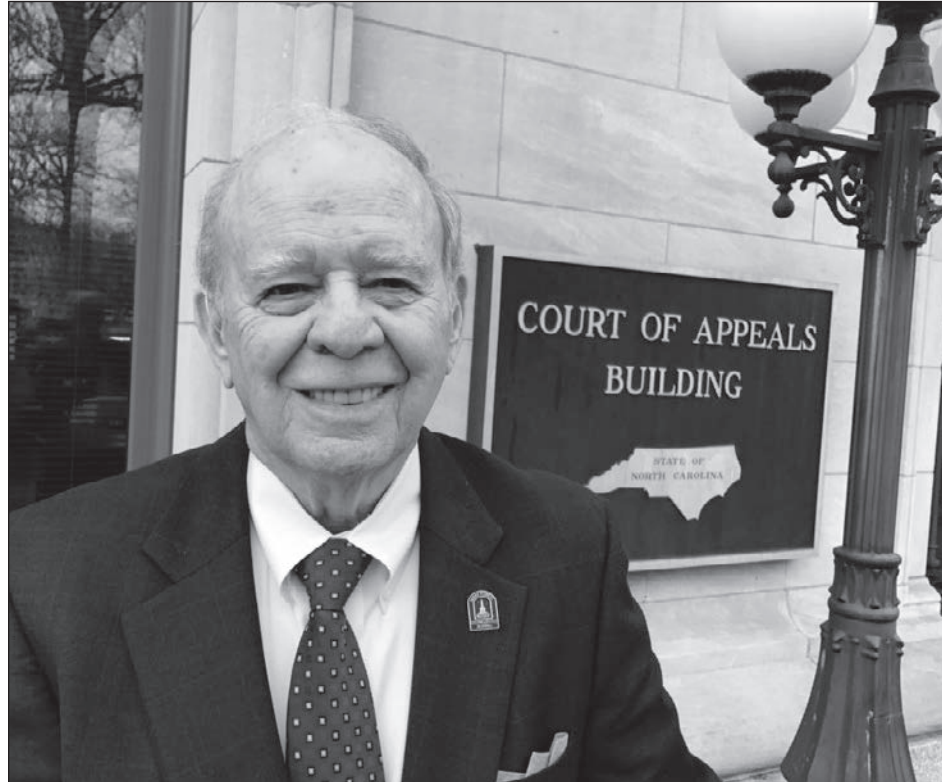
Boyce filed his complaint in January 2016, and in May Superior Court Judge Donald Stephens ruled that Boyce did not have standing in the matter. Appearing on behalf of the State Bar, attorney David Johnson repeated the argument that Boyce did not have standing in the matter and said the court should dismiss Boyce's appeal.

The three-judge panel included Judges Wanda Bryant, Robert Hunter, and Richard Dietz.

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 served as attorney general from 2001 until Jan. 1 of this year, when he took office as governor.

Boyce claims that during the 2000 campaign, Cooper knowingly made false statements in political ads that harmed the reputation of Boyce and his law partners. A trial court judge dismissed the lawsuit, but appellate courts ruled in Boyce's favor on several occasions, and in 2014 the matter



Raleigh attorney Gene Boyce, pictured outside the N.C. Court of Appeals building, has tangled with Gov. Roy Cooper in court since 2000. (CJ photo by Don Carrington)

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. The parties signed an agreement ending the civil action, but Boyce's complaint says that Cooper's conduct is a separate issue to be addressed by the State Bar.

In his complaint, Boyce wants the court to force the State Bar to acknowledge his claims of Cooper's misconduct; declare that the State Bar has a conflict of interest in the matter, because Cooper was the lead attorney for the State Bar; and refer the dispute to an alternative agency for investigation, findings of fact, and discipline if appropriate.

"There has to be some way to

get the Bar to do its job. Is that what you are seeking?" Dietz asked Boyce. Boyce said yes.

When asked by Hunter, Johnson said he agreed it was the State Bar's position that all attorneys, including those who work in the attorney general's office, are subject to the bar's rules.

Boyce told *Carolina Journal* that he expects the panel to issue a ruling within the next couple of months.

Precedent involves attorney who worked for Cooper

Boyce's remarks to the panel and his legal brief in the appeal argue that a precedent set in 2014 applies to Cooper's situation. The State Bar was handling a complaint involving Faison Hicks, an attorney who worked for

Cooper. Since Hicks previously had served as counsel for the State Bar, the State Bar referred the Hicks complaint for an independent review by the ethics counsel for the State Bar of Georgia for a probable cause determination.

In 2014 the State Bar became aware that on two occasions, Hicks signed forms stating he attended continuing legal education programs sponsored by the State Bar. Hicks claimed full credit for his attendance even though he had not attended enough hours to qualify for the credit he claimed.

Rule 8.4 of the N.C. State Bar provides in part that it is professional misconduct for a lawyer to "engage in conduct involving dishonesty, fraud, deceit, or misrepresentation." Hicks acknowledged that he had not attended all the credit hours he claimed, even though he signed the attendance forms.

Instead of handling the discipline through the State Bar, the matter was referred to Stephens in Wake County Superior Court.

"Attorney Hicks has no history of previous attorney misconduct resulting in disciplinary action and has admitted and expressed remorse for this misconduct. The court finds and concludes that attorney Hicks intentionally engaged in professional misconduct and that such was willful and did not result from mistake, inadvertence, or neglect. The court has considered all available sanctions and finds that a public reprimand should be issued in this matter. A public reprimand is a serious form of attorney discipline and is warranted for professional misconduct of this nature," Stephens wrote.

By issuing a reprimand, Stephens added, "This sanction shall serve as a strong reminder of the high ethical standards of the legal profession." Hicks is still employed by the N.C. Department of Justice. CJ



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Greensboro Civil Rights Museum still struggling financially

BY SAM A. HIEB
Contributor

GREENSBORO

Another Feb. 1 has come and gone for Greensboro's International Civil Rights Center and Museum. One can't help but wonder how many more years will pass before that historic date carries true significance.

Despite the museum's financial troubles, officials are optimistic.

"We are a civil rights museum today. We hope to be one 20 years from now, 50 years from now. That's what we're focused on," said John Swaine, the museum's chief financial officer, during an August meeting with the City Council.

But some council members expressed skepticism — to say the least.

"The museum as a business has no chance of making it," said council member Mike Barber.

For those unfamiliar, Feb. 1, 1960, is the day four North Carolina A&T State University students — Franklin McCain, Joseph McNeill, Ezell Blair, and David Richmond — took seats at the segregated downtown Woolworth's lunch counter, launching the "sit-in" movement that would add another spark to the civil rights movement sweeping through the South.

The 50th anniversary of that historic event was celebrated with the grand opening of the civil rights museum. Elm Street — Greensboro's main downtown corridor — was closed. Ceremonies were broadcast live on local television stations, and a special guest was in attendance — the civil rights icon the Rev. Jesse Jackson.

But since the grand opening, it's been a struggle of a different sort for the



The International Civil Rights Center and Museum in Greensboro, N.C. (Courtesy International Civil Rights Museum)

museum. While attendance increased from 60,000 in 2015 to 71,000 in 2016, the numbers are below expectations. In an effort to put a good face on attendance numbers, museum officials were touting the busloads of children visiting on school field trips.

Moreover, the nonprofit that operates the museum — Sit-In Movement Inc. — had to get a loan from the city to keep its doors open. Even with the public help, the museum's financial future is uncertain.

In 2013 the City Council approved a \$1.5 million forgivable loan to Sit-In Movement Inc. As part of the agreement, the city would match every dollar the museum raised through "fundraising," which is defined as "activities that directly raise money for the museum," not including admission fees.

Last August, museum officials came before the City Council asking for

an extension on the loan until February 2018. At times discussion and debate grew tense before the council passed the extension by a narrow 5-4 vote.

A recent telethon hosted by local television station WFMY brought in \$21,000, but — as the museum noted in a press release — "for each \$1 donated, the impact to the museum is \$2 because the City of Greensboro will match the funds donated, as part of our loan set-off. So the real beneficial impact to the museum for that day is \$42,600."

The urgency of the museum's financial situation was compounded by its participation in the federal New Markets Tax Credit program, which provides tax credits to entities rehabilitating inner-city areas. The catch — the entity must remain open for seven years, or else the federal government reclaims the tax credits.

Given the museum's financial situation, making it to that seven-year finish line was in question.

But now that the museum has reached that deadline, it can focus on raising enough money to satisfy its obligation to the city and increasing attendance.

As a condition of the forgivable loan, the museum installed two city representatives on its board of directors — Mayor Nancy Vaughan and City Manager Jim Westmoreland.

In an interview with *Carolina Journal*, Westmoreland confirmed local media reports that the museum had whittled the amount of the loan down to \$370,000.

"We've been able to effectively verify that they've been given credit for everything but about \$370,000," Westmoreland said. "I'm generally optimistic that the museum will be able to continue to fundraise, and that they should have sufficient time to whittle this down. But we will see."

Should the museum not meet its deadline, according to the agreement, it

will be responsible for paying back the entire \$1.5 million loan.

When asked about that possibility, Westmoreland suggested that was a bridge to cross when the city — and its taxpaying residents — got to it.

"Hopefully when the time comes, we know that either they've accomplished the goal or have some focus on what's outstanding," he said.

Westmoreland says he's "more optimistic about the long-term success of the museum than I have been in the past."

As a condition of the loan, the museum was required to submit a long-term sustainability plan.

Ideas for increasing attendance — and revenue — are wide and varied. One example is the museum's request that Congress authorize the minting of a coin honoring the Greensboro Four. According to the plan, then-Sen. Kay Hagan filed legislation to begin the process, but efforts stalled and Hagan was voted out of office in 2014.

Another idea was to establish a "Center for the Study of Racism and Contemporary Civil Rights Issues," which in theory will "examine the exportation of North American ideas regarding race and its pernicious impact on human societies."

But the museum appears to be well aware that exhibit expansion is the true key to long-term sustainability. Indeed, the museum has a new exhibit on the Tuskegee Airmen that runs through March 15.

Swaine told local radio station WFDD a \$50,000 grant from the National Park Service would go toward a new exhibition on the 14th Amendment.

The museum is also looking to leverage its relationship with Jackson, a 1964 N.C. A&T graduate.

The strategic plan identifies a new gallery installation titled *Jesse Jackson: An Emerging Voice in 1963 America*. The exhibition would include artifacts and documents about Jackson from that period.

But — as with most aspects of the museum's strategic plan — funding is an issue. With regard to the Jackson exhibit, "Rev. Jackson will identify funding sources," the plan stated.

Swaine, the chief financial officer, responded to questions from *CJ* by email.

"I will be meeting with the board on the strategic plan in April, so I will be less inclined to go into the plan at this time," Swaine wrote. "I am working this out with the board and would not want to get ahead of them."

Regarding the museum's efforts to present a Jackson exhibit, Swaine wrote: "I have not had any direct discussions with Mr. Jackson, that was a June 2013 discussion with the prior executive director. So, there is no need to continue to push this narrative at this point." *CJ*

CAROLINA JOURNAL

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Panthers' Davis, Clippers' Paul tout opportunity scholarships

BY KARI TRAVIS
Associate Editor

RALEIGH

Carolina Panthers Pro Bowl linebacker Thomas Davis and Los Angeles Clippers All-Star point guard Chris Paul have teamed up with advocates of school choice to raise awareness for North Carolina's Opportunity Scholarship Program.

The 33-year-old Davis and the 31-year-old Paul appeared in separate ads produced by Parents for Educational Freedom in North Carolina, a nonprofit group that backs school choice, to promote the state's private school voucher program.

"I love North Carolina, and those who call it home, so it was exciting for me to learn that parents like you can enroll their children in private school, thanks to the Opportunity Scholarship Program," Davis says in the ad.

The campaign kicked off in late January as enrollment opened for families who want to take advantage of the scholarships, PEFNC spokesman Brian Jodice said.

Paul, a Winston-Salem native, was a star point guard for Wake Forest University, where he was a first-team All-American on the court and an ESPN Academic All-American. He has been selected for nine NBA All-



Carolina Panthers linebacker Thomas Davis speaks to families about the state's Opportunity Scholarship Program. (Photo courtesy of Parents for Educational Freedom in North Carolina)

Star teams and eight All-Defensive teams.

"I was born and raised in North Carolina, where I received a great

public and a private education," Paul said, as he also urged parents to sign up for the Opportunity Scholarship Program.

"This is not a program that has been around for a long time, so there's still very much an awareness campaign that needs to happen. That's what we're doing," Jodice said.

Opportunity scholarships grant up to \$4,200 to low-income families who want to send a child to private school. The program — operational since 2015 — is under fire from Gov. Roy Cooper, who says he will not fund school vouchers in his 2017-19 budget.

Public support from figures such as Davis and Paul is critical to informing families of school choice programs benefiting kids, Jodice said.

The opportunity scholarship enrollment period saw more than 1,000 applicants in the opening days of the process.

PEFNC last year conducted a survey showing 64 percent of African-American voters support state-funded scholarships. It will take time to expand awareness of opportunity scholarships, Jodice said.

"We're thrilled to have Davis and Paul," Jodice said. "And here's the thing: These guys want to be a part of this campaign — because they've seen the power of school choice in their lives." CJ



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Governor's H.B. 2 proposal fails to address 'home rule,' 'cooling off'

BY BARRY SMITH
Associate Editor

RALEIGH

Campbell University law professor Greg Wallace says a simple repeal of last year's controversial House Bill 2 being pushed by Gov. Roy Cooper would put the state back in a "gray area" regarding municipal authority over nondiscrimination ordinances.

"I'm not sure either side really wants this dispute to come down to that issue."

Cooper and other Democratic leaders have advocated a straight-up repeal of H.B. 2, but, failing that, in February they offered a compromise. That compromise seems to be at odds with the position Democrats held on the contentious state legislation several weeks earlier. And it doesn't address an unsettled question about H.B. 2 and the Charlotte anti-discrimination ordinance that inspired it: How much power do cities have to enact local ordinances that are tougher than state laws?

The recent plan by the governor and fellow Democrats would increase criminal penalties for people who commit assaults in bathrooms and changing areas. In addition, it would require local governments to provide 30 days' notice to the public and the General Assembly if they planned to adopt an anti-discrimination ordinance that transcends state law.

Cooper and Democrats considered a somewhat similar arrangement proposed by Republicans in December a nonstarter. During a special session, Senate Republicans floated a proposal that would have prevented local governments from adopting anti-discrimination ordinances until 30 days after the General Assembly adjourned its long session in 2017.

Cooper's office failed to respond to a query about why his 30-day notice proposal was acceptable yet the cooling-off period proposed by Senate Republicans was not.

The LGBT activist group Equality North Carolina also failed to respond to a request for an interview.

Meanwhile, the aforementioned gray area existed before the General Assembly adopted H.B. 2 — negating a Charlotte anti-discrimination and bathroom ordinance — on March 23, 2016. Some lawmakers and analysts said H.B. 2 was unnecessary because North Carolina is not a home-rule state and cities didn't have the authority to adopt ordinances like Charlotte's. Others, citing the need for H.B. 2, said they needed to make sure legislative permission was granted before enacting and enforcing such an ordinance. Yet others who backed the Charlotte ordinance said H.B. 2 was unnecessary because opposition to the city's protections was primarily based on unwarranted fear.



Gov. Roy Cooper, surrounded by House Minority Leader Darren Jackson, at left, and Senate Minority Leader Dan Blue, at right, both Wake County Democrats, has offered a compromise on House Bill 2 that still leaves questions unanswered about the relative power of local governments versus the General Assembly. (CJ photo by Barry Smith)

And while requiring cities to give the General Assembly 30 days' notice before passing an ordinance like Charlotte's might be a nice courtesy to extend, it's not clear what legal difference that warning would make.

North Carolina is not a home-rule state, which allows some or most localities to pass laws and regulations that are stricter than state statutes without the approval of the legislature. But it isn't a "Dillon's rule" state either, letting local governments adopt only those ordinances specifically outlined by the General Assembly, said Frayda Bluestein, a professor of public law and government at the UNC-Chapel Hill School of Government.

Bluestein said the state's statutes governing cities and counties say the authority given local governments should be broadly construed.

"Courts in North Carolina have sometimes applied the broad construction and sometimes not," Bluestein said. "If the statute is clear, we don't use broad construction; we just look at the words on a page. If a statute is ambiguous, we apply broad construction."

Bluestein said the "police powers statute" gives cities more flexibility than they would have if North Carolina were a strict Dillon's rule state. "Even though we're not a home-rule state, cities and counties have broad authority to enact ordinances to regulate to protect health, safety, and welfare," she said.

"In terms of the use of bathrooms,

I think there's at least an argument that the health, safety, and welfare provision would support the authority to protect people who are going into restrooms so that they can be in the one that they look like they're supposed to be in," she said.

Bluestein also said an aspect of criminal law regarding trespassing in public bathrooms could come into play.

"The argument on the other side

would be, 'Is it a trespass and do the laws about who can be in a bathroom at the state level [apply]?' Bluestein asked.

Meantime, other professors at the School of Government have concluded that, absent H.B. 2, a transgender person using a bathroom not consistent with his or her biological sex would not be trespassing. "It's an open question of law," she said.

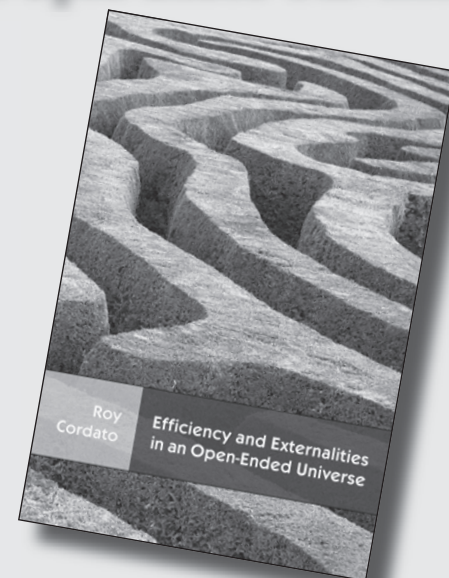
CJ

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By Roy Cordato
Vice President for Research
John Locke Foundation

Efficiency and Externalities in an Open-Ended Universe



"Cordato's book is a solid performance, demonstrating impressive mastery of both the Austrian and neoclassical literature."

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Survey shows major support to lift cap on craft beer distribution

By JOHN TRUMP
Managing Editor

RALEIGH

North Carolinians have an insatiable taste for craft beers, and they have little tolerance for lawmakers who want to tamper with how they get their stouts and IPAs.

A survey of North Carolina voters bears that out.

Brewers around the state, some 180 of them, simply want what's fair.

One goal of craftfreedom.org — a campaign by brewers to even the proverbial playing field with wholesalers — is, at least for now, eliminating a state law requiring brewers to procure a distributor once their beer output reaches 25,000 barrels.

The survey of 800 likely voters, prepared for Craft Freedom by Strategic Partners Solutions and overseen by Republican political consultant Paul Shumaker, finds the more voters learn about the impact of the production cap on North Carolina breweries, support for the production cap nearly completely vanishes.

That goes for people who voted for President Trump or his Democratic rival, Hillary Clinton.

"When the voters who favor the production cap learn that producers lose their brand and marketing rights," says the survey, "support for the cap diminishes to 1.6 percent" — two Republicans, three unaffiliated voters, and eight Democrats from the 800 voters surveyed.

Voters want the General Assembly to enact regulatory changes to help the microbrewery industry grow in North Carolina, the survey says.

"Removing the production cap



A forklift operator loads beer kegs at a brewery stockroom.

is not an issue about alcohol or beer — it is an issue about fairness and free-market principles. It is an issue overwhelmingly supported by Republicans, Democrats, and unaffiliated voters."

Brewers — like other business owners — want to keep control of their businesses. To watch them grow and thrive, without interference from lawmakers, regulators, or distributors who want to maintain their own brand of control.

Distributors, though important in providing services for many producers, represent multiple brands and serve many masters, Ryan Self, director of sales for Olde Mecklenburg Brewery in Charlotte, said at a December John Locke Foundation presentation. As a consequence, customer choice — the number of bars, taprooms, shelf space — becomes limited.

"When voters are informed that 96 percent of N.C. beer distributed by wholesalers are cheaper beer brands like Budweiser, Miller, and Coors, which are now owned by large foreign corporations, support for the production cap nearly vanishes among North Carolina voters," the survey says.

"Equal to the fairness issue is the issue of foreign-owned versus homegrown microbreweries. Lawmakers who support the production cap are taking a pro-foreign big beer stand over local homegrown business owners."

Last week, state Rep. Michael Speciale, R-Craven, filed a bill that would increase the amount of beer smaller craft breweries could brew and sell without having to contract with a wholesale distributor.

House Bill 67 would increase the cap from 25,000 barrels per year to 100,000 barrels per year. A barrel of beer is 31 gallons.

At least three North Carolina craft breweries — Red Oak in Whitsett, and Olde Meck and NoDa in Charlotte — are approaching the 25,000-barrel threshold. The brewers, Carolina Journal reported, want to continue control

over their distribution and plan to halt growth if the law isn't changed.

"Today, distributors are in a power position," says an August 2015 report on the website of the Center for Public Integrity, one of the country's oldest and largest nonpartisan investigative news organizations. "[Distributors] can stifle the growth of craft breweries or small wineries by refusing to distribute their products. Or they can foster them by helping them reach customers they couldn't efficiently reach on their own. Having separate distributors can also push up the price of alcohol."

The powerful N.C. Beer and Wine Wholesalers Association will continue to push back. The wholesalers say the current arrangement works well, and removing the cap would provide a competitive advantage to a small group of North Carolina breweries to the disadvantage of everyone else, including other small breweries that appreciate the convenience of having a larger company handle direct sales and marketing.

Though the fight undoubtedly will continue, the latest Craft Freedom survey speaks to the will of the voters — nearly two-thirds of whom (64.6 percent) said they would be more likely to support lawmakers or candidates who back policies that encourage the growth of North Carolina's microbrewery industry. Support crosses party lines, with 63.8 percent of Republicans, 64.1 percent of Democrats, and 67 percent of unaffiliateds standing with craft breweries.

The responses offer compelling evidence to "lift the cap."

"While Craft Freedom wholeheartedly supports Representative Speciale's efforts, we anticipate more legislation will be filed in the near future to holistically address the anti-competitive nature of our craft brewing regulations here in North Carolina," Todd Ford of NoDa Brewing Co. in Charlotte says in an email. "We look forward to working with the leadership in the legislature to help take our craft brewing industry in North Carolina to the next level, which includes additional jobs and investments in our great state. We ask those who support our efforts to go to craftfreedom.org to sign the petition and help support our effort."

The survey was conducted Feb. 8-9 and has an accuracy of plus or minus 3.46 percent at a 95 percent confidence level.

"Fairness and supporting free-market principles transcends social conservative concerns about beer," the survey says. "If a production cap is to exist, then they would most likely favor that cap on foreign beer interests as well." CJ

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Calling foul on Charlotte's soccer stadium plans

Before joining the John Locke Foundation, I spent 28 years in the sports industry as an executive, investment banker, and consultant. I've studied and worked with lots of the sports leagues and have been involved in various transactions and consultations — including several sports venue financings. I am a big believer in the future of soccer in the U.S. because I understand the incredible affinity people have for the sport all over the globe and because I've seen the ever-increasing values of Major League Soccer clubs and their content.



JON PRITCHETT

I'm also a big fan of Richard Luker, founder of the ESPN Sports Poll and a futurist who predicted this growth of soccer in the United States. Luker has excellent data on consumer trends in the sports and leisure industry. All of this is to say that I think an MLS club in North Carolina, whether it be in Charlotte or Raleigh, or both, is a good, long-term proposition for the league, the communities, and the club owners. There are smart ways to accomplish this goal ... and then there is the way the Charlotte bid has been moving forward.

Charlotte City Council took a positive step recently by canceling a meeting that had been scheduled to consider the proposal. It's not yet clear, though, whether the Charlotte plan will face any substantial changes.

From what I know about MLS, it has developed a very successful formula for how to select expansion markets. There are essentially three elements: 1) a growing market that has proved it can support soccer at the corporate, attendance, and development levels; 2) a credible local owner with significant financial wherewithal, operational strength, and a vision for the future; and 3) a soccer-specific, modern stadium, seating between 20,000 and 30,000 or a solid financing plan for how and where to build one.

In the case of Charlotte, there is no question that Bruton and Marcus Smith are excellent operators who know how to plan, promote, and manage events, and they certainly have the financial wherewithal as billionaires. As regards the soccer support component, I think Charlotte has the potential to be a strong MLS market in time, but it does not have a great history of supporting soccer at the professional level or even at the

developmental level — like Raleigh, for example. However, the migration of well-educated, professional, younger people to the area makes that less of a concern to me in the long run.

Now, let's get to the big issue. It's the issue that seems to be a problem in a lot of cities vying to be part of the future expansion: stadium development.

As my colleague, Julie Tisdale, correctly outlined in a recent column, the stadium financing plan proposed in Charlotte is a bad idea. It's also a bad deal. It's a bad deal not just because local billionaires don't need taxpayer subsidies to develop soccer-specific stadiums they will operate while their club is the anchor tenant. It's also a bad deal because said billionaires have asked county taxpayers to loan the money for their own private "contribution" to the stadium.

That's right. In a city known nationally for its banking acumen and considerable resources, Bruton and Marcus Smith want a loan from taxpayers in Mecklenburg County.

If you look at recent, major-market, stadium development projects, you'll see that a shift has occurred away from "public/private" financing toward private financing or mixed-use development partnerships with private developers committing significant financing costs, which has dramatically reduced the size of the public (taxpayer) commitments.

Take a look at what Raleigh's Steve Malik is proposing as an MLS stadium financing strategy for his North Carolina FC if you want to see a glimpse into the future of sports venue financing. While he hasn't said much publicly, it is widely believed that Malik and his partners will be financing their proposed stadium through a mixed-use, real estate development project that does not require "heavy lifting" from the public.

Even if the City of Charlotte and the County of Mecklenburg were to become the bankers for this MLS stadium and loan the funds, which would be a bad move in my opinion and in the opinion of many economists who've studied the economic benefits of sports facilities for decades, the return on the money for the public would be miniscule in comparison to the return on the valuation of the essential asset of the club itself. If you look at the compound annual growth rate of MLS club values since 1995, you find a healthy rate of 16 percent. Keep in mind, this growth rate has occurred during a period of time when MLS was without a major television contract and when almost all of the clubs were



Stadium development is a big part of MLS expansion in the United States.

struggling to turn a profit.

In 2014 MLS and U.S. Soccer signed a new, eight-year television and media-rights deal with ESPN, Fox Sports, and Univision. For the first time in MLS history, all three television partners feature an exclusive MLS match of the week. The new deal represents a 500 percent increase over the previous contract. MLS now has average attendance numbers (greater than 20,000 per match) surpassed in the U.S. only by the NFL and MLB. What's more, as the number of available markets diminishes with expansion (supply), the demand for the remaining markets will rise.

All of these factors point to rapid valuation increases of the individual clubs. An assumption that the Smiths' asset will increase over the next 25 years by around 400 percent is not unrealistic. Based on what has been widely reported, it appears the county would receive a total return on its loan of 40 percent after 25 years. That's a great deal if you can get it as the club owner, and I don't blame the Smiths for trying to

get their venue financed by others. They are making an investment of \$150 million to acquire the franchise and will likely have to spend more to develop all of the required resources to create a financial success.

But that's their decision. That's how the free market works. If the

Smiths believe in the long-term deal here, they should fund the majority of the project and reap the rewards, or they should find equity and debt partners and share the rewards. They should not ask the public to assume the risk

and fund a large portion of the deal. Nobody will complain about how much money the Smiths make as a result. All parties will win. Here's hoping the taxpayers and their elected representatives come to their senses in Charlotte. A 5-3 vote from county commissioners in favor of the plan offers a bad signal, but the City Council's later action offers some cause for optimism.

CJ

Jon Pritchett is senior vice president of the John Locke Foundation.

MLS now has average attendance numbers (greater than 20,000 per match) surpassed in the U.S. only by the NFL and MLB.

Opinion

Policy changes, not government interference, will improve connectivity

When legislators filed House Bill 68 in February, it caught my eye. It also has gotten a lot of support.

So far, 20 Republicans and nine Democrats have signed onto the bill. Five Republicans and two Democrats have signed onto the Senate version (S.B. 65).

The bill is titled the “BRIGHT Futures Act,” and its aim is to create public-private partnerships to extend higher-speed digital infrastructure throughout all of North Carolina, particularly the 85 counties classified as rural. It is important, the bill states, that the General Assembly involves itself in “adding the digital infrastructure necessary for economic development and innovation in key markets, including Broadband, Retail online services, Internet of things, Gridpower, Health care, and Training and education.” (Thus the BRIGHT acronym.)

Often we think of bipartisanship and broad support as marks of good legislation, but, in this case, I have some questions. I’ve read through the bill, and I find myself wondering if it’s really even necessary.

Undoubtedly, North Carolina’s rural counties have fewer options for

internet service and at lower speeds than their urban counterparts. Google Fiber just launched in Charlotte and the Triangle, but it’s not available in every community or in other parts of the state. AT&T Fiber is in more North Carolina cities, but it’s still mostly concentrated in metro areas — Charlotte, the Triangle, the Triad, Goldsboro, and Wilmington.



JULIE TISDALE

But does that mean that rural counties don’t have broadband access? It turns out, the Federal Communications Commission has mapped that. It took all the census data for the country and mapped them along with broadband availability. The result is a slightly complicated map, but, in a nutshell, the orange bits are where there’s fast internet, at least 25 mbps. (Darker orange to brown just indicates fast internet and high population density.) The yellow bits are where there’s still broadband, but it’s not quite as fast. (Again, lighter yellow is more rural areas, with the browner yellow indicating higher population density.) The only places where broadband isn’t available are the green bits. And those correspond to just two counties — Alleghany and part of Madison. The map shows 2014 data, which is the last year the FCC did this particular map, so I expect the

“Rather than stepping in and trying to do it better and faster, the General Assembly should leave this one alone.”

picture has improved since then.

House Bill 68 assumes that, without government intervention, rural North Carolina will be left behind. But it seems to me that the data don’t bear that out. Broadband is indeed available if people want to pay for it. And that’s where we hit a snag. Supporters of this bill will argue it’s too expensive, that the quality isn’t good enough, and that government intervention is necessary to overcome those obstacles. But I don’t buy it.

Just two days after House Bill 68 was filed, *Triangle Business Journal* ran a piece under the headline “How fiber has expanded in the towns Google Fiber forgot — Holly Springs, Wake Forest, Apex.” It highlighted smaller companies that are meeting demand in places where the bigger players aren’t yet active. It’s expensive, but the companies see an opportunity. Ting, CenturyLink, and Spectrum are all offering limited fiber, and those offerings are growing. Without H.B. 68, that sort of expansion will continue.

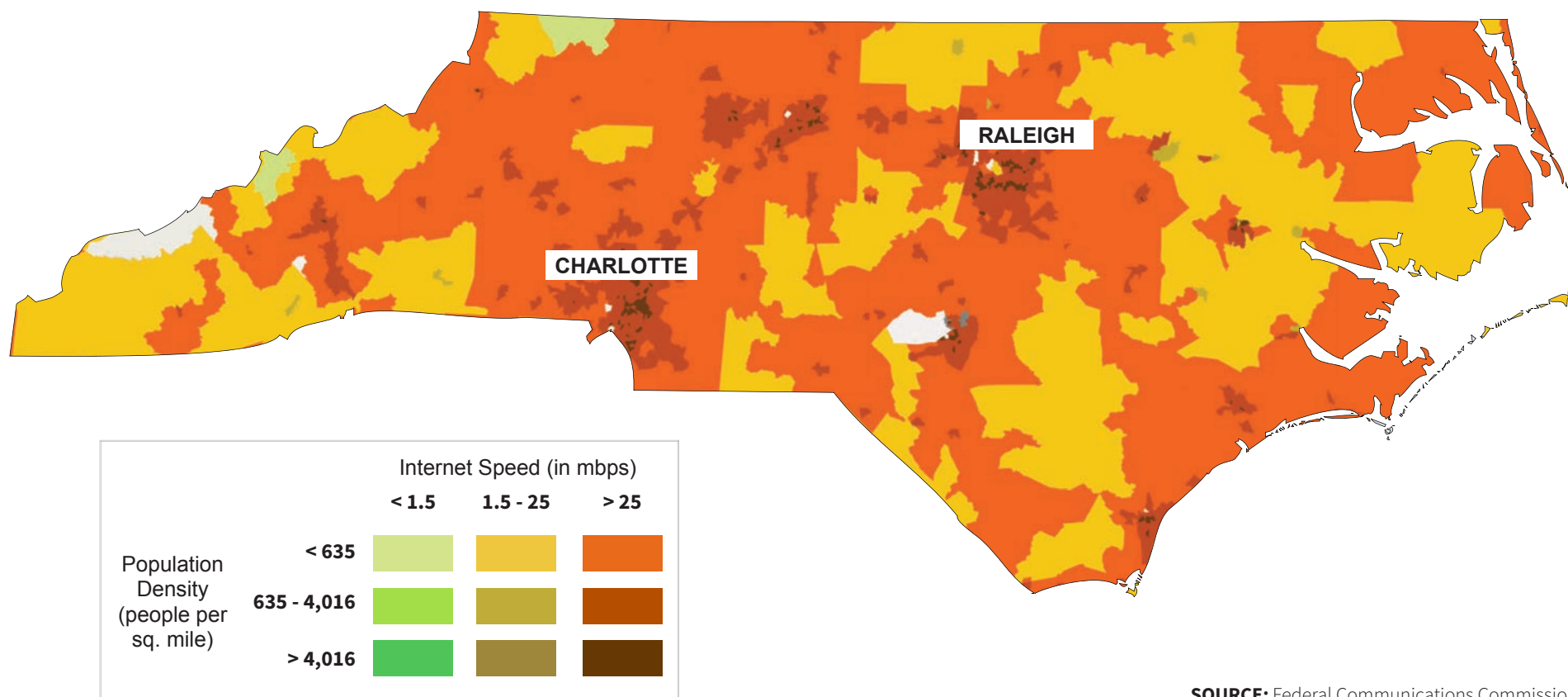
If H.B. 68 passes, however, those

companies will suddenly face competition they can’t possibly match. Public-private partnerships will use taxpayer money to offer broadband at a lower cost to customers. It’s pretty tough for Ting, CenturyLink, or anyone else to compete with taxpayer-subsidized broadband. And so we’ll end up driving that private investment away, opting instead for a big state solution.

Rather than stepping in and trying to do it better and faster, the General Assembly should leave this one alone. Rather than the new grants and state boards and adult education initiatives that are in this bill, the General Assembly should look at policy changes like lowering corporate income tax rates that would help free up the capital these companies need to invest in broadband expansion. That’s the best way to really help improve connectivity in rural North Carolina. *CJ*

Julie Tisdale is city and county policy analyst for the John Locke Foundation.

North Carolina Broadband Availability and Population Density



SOURCE: Federal Communications Commission

Amazon perpetuates misleading claims about wind farm

Continued from Page 1

gy,” reads a statement on the Amazon Web Services website.

“We’ve made a lot of progress on this commitment. At the end of 2016, more than 40 percent of the power consumed by our global infrastructure came from renewable energy sources, and we set a goal to be powered by 50 percent renewable energy by the end of 2017.”

The claims appear to be part of a marketing effort to persuade large data users that AWS cloud services are better for the environment than other providers, such as Microsoft and Google.

“Combining the fraction of energy required with a less carbon-intense power mix, customers can end up with a reduction in carbon emissions of 88 percent by moving to the cloud and AWS,” the website says.

Dominion Power considers only 13 percent of a wind farm’s output “firm capacity,” available for use on the regional electric grid. That amount would supply about 22,000 homes. But due to the unpredictable nature of wind power, no Amazon data centers or any actual homes will depend on this wind farm to supply their needs.

Iberdrola, a Spanish company, has been working on a North Carolina wind farm project since 2008. The company put the project on hold in 2012 after announcing it couldn’t find a buyer for the electricity expected to be generated from the project.

In 2015, Amazon announced it would buy the power from the wind farm through Iberdrola’s newly formed subsidiary, Avangrid.

But Amazon, at this site, isn’t in the power business, so its role is more like buying the naming rights to the output from the wind farm.

Amazon not talking

Amazon did not respond to several requests to discuss the completed wind farm and the company’s data centers.

In 2015, *CJ* tried to discuss the wind farm project with Amazon’s Global Communications operations manager, Mary Camarata, who asked for written questions. Among the questions *CJ* submitted: How much power is currently consumed at the Virginia data centers? How much would AWS be paying Iberdrola for power? And, what is the net cost to AWS for the project?

“We don’t disclose that level of detail. Sorry,” Camarata responded.

The environmental group Greenpeace called out Amazon in an April 2014 report about electricity consumption at large data centers.

“Among the major cloud providers, only Amazon refuses to provide

Individual Turbine Performance

Model: Gamesa G114-2 MW Turbine

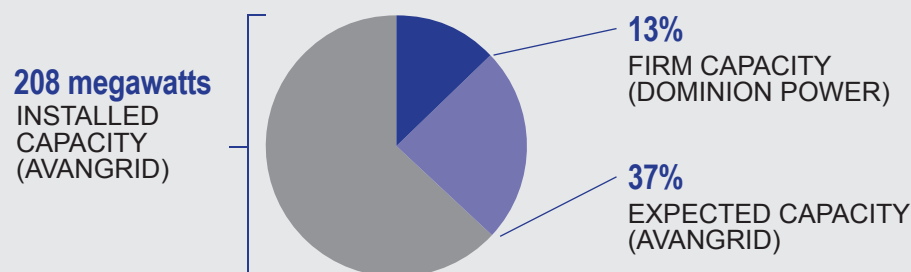
Location: Amazon Wind Farm, North Carolina

WIND SPEED NECESSARY FOR POWER OUTPUT

WIND SPEED IN MILES PER HOUR	OUTPUT AS PERCENTAGE OF CAPACITY
LESS THAN 7	no output
7	Begins generation
11	50 percent output
17 OR MORE	100 percent output

SOURCE: Paul Copleman, Avangrid Renewables

Wind Farm Expected and Firm Capacity as Share of Installed Capacity



any details on the energy performance and environmental impact associated with its operations,” the report says.

In November 2014, seven months after the Greenpeace report, AWS announced a “commitment to achieve 100 percent renewable energy usage for the global AWS infrastructure footprint,” according to the company’s website.

Greenpeace continues to monitor and to criticize Amazon.

In January, the group released “Clicking Green: Who Is Winning The Race To Build a Green Internet?” which said this about Amazon: “Cloud computing market leader Amazon Web Services took some important steps in the past year, including promising leadership in supporting clean energy policy. But given AWS’s continued lack of transparency and its rapid growth in Virginia and other markets largely served by dirty energy, it remains unclear whether the AWS cloud is actually on a path to becoming renewably powered.”

Estimating output

The Amazon Wind Farm uses the Gamesa G114-2.0 model turbine. According to Avangrid’s Copleman, that

model starts generating power when the wind reaches a speed of about 7 mph, reaches 50 percent capacity at about 11 mph, and reaches peak capacity at about 17 mph. Using a handheld wind meter, from Feb. 8-10, a *CJ* reporter took multiple wind readings at or near the site. The wind varied between 0 and 23 mph.

Amazon Web Services says, “Amazon Wind Farm US East is a 208-megawatt wind farm in Perquimans and Pasquotank Counties, North Carolina.” It “is expected to generate approximately 670,000 megawatt hours of wind energy annually — or enough to power more than 61,000 U.S. homes in a year.”

In 2012, the average annual electricity consumption for a U.S. residential utility customer was 10,837 kWh, an average of 903 kilowatt hours (kWh) per month.

The rated capacity of the wind farm is 208 megawatts. If the wind farm was operating a full capacity all the time, or 8,760 hours per year, it would generate 1,822,080 megawatt hours.

Amazon’s output estimate of 670,000 megawatt hours per year divided by the total potential of 1,822,080 comes to a useable percentage — or the

industry term capacity factor — of 37 percent.

But the 37 percent figure represents an average of what might be available based on the variable wind conditions at any particular wind farm. How much power can actually be used on the electrical grid depends on many factors, including what other sources, such as nuclear, coal, or gas are being used when the wind is available.

Dominion’s most recent Integrated Resource Plan provides some insight into the wind power output the utility considers reliable. Dominion in April 2016 filed the plan with the Virginia State Corporation Commission and the North Carolina Utilities Commission.

It says, in part: “Wind and solar resources are nondispatchable with intermittent production, limited dispatchability, and lower dependable capacity ratings. Both resources produce less energy at peak demand periods, therefore more capacity would be required to maintain the same level of reliability. For example, onshore wind provides only 13 (percent) of its nameplate capacity as firm capacity that is available to meet the Company’s PJM (grid) resource requirements.”

Using a 13 percent firm capacity would reduce the estimated number of homes from 61,000 to 21,857.

A 2008 study found a lack of sufficient wind to support a wind energy project at another site near Shawboro community, about 15 miles from the Amazon site. North Carolinian Dean Carrico and his partners doing business as East Coast Wind Power Inc. commissioned the study, conducted by Florida-based Wind Energy Consulting & Contracting. The author concluded that wind conditions were poor, “indicating that sufficient wind resource does not exist at the proposed site.”

Should data be public?

The Southeastern Wind Coalition is a North Carolina-based organization with a mission to “advance the wind industry in ways that result in net economic benefits to industry, utilities, ratepayers, and citizens of the Southeast.”

CJ asked the coalition’s president, Katharine Kollins, whether Amazon and Avangrid should share output data for the Amazon Wind Farm.

It depends, she said. “I think that sharing output data with the public should be entirely their choice. This is a private business deal involving those two parties, not our monopoly utility that is required to disclose prices in an effort to com-

Continued next page

Continued from Page 12

ply with utility laws. The amount of power generated from the facility and purchased by Amazon is not at all relevant to other electricity consumers," she replied.

Rep. Bob Steinburg, a Chowan County Republican, represents all or parts of six counties in northeastern North Carolina. A portion of the wind farm falls within his district, and he has been a strong supporter of the project. *CJ* asked him whether he thought Amazon and Avangrid should share output data.

He said no.

"I see no reason given the contractual agreement that is in place between Avangrid and Amazon that would necessitate either to release that information. No consumers of utilities are being negatively impacted price wise, regardless of what the financial arrangement is between the aforementioned entities. In fact, given that and the competitive nature of companies like Amazon vying to be the leader in the utilization of renewable energy, it is, in my view, similar to protecting trade practices and secrets from competitors seeking to gain an advantage over same from information they might not otherwise be entitled or privy to," he said.

Sen. Norman Sanderson, a Pamlico County Republican, believes otherwise.

The project, Sanderson said, received public grants or tax credits.

"We need to see the total picture so we can better evaluate future projects," he said.

Rep. Chris Millis, a Pender County Republican, is a civil engineer who also has closely followed the Amazon Wind Farm project. He agrees with Sanderson.

"The output numbers should be



One of the Amazon Web Services data centers in northern Virginia, roughly 200 miles from the Amazon Wind Farm in Elizabeth City. (CJ photo by Don Carrington)

made public. Private actions by private business should be kept as such, but when a private business makes a public claim, regardless of the motivation, it is only proper to back up the claim with hard evidence and proof. Since Amazon is claiming that they will be halfway to their goal of achieving '100 percent renewable energy usage' by the end of the year, it is both reasonable and proper for Amazon to be transparent to the very public their sustainability claims are targeting. Amazon and Avangrid have campaigned to the public with specific renewable generation figures; therefore, unless they have zero regard for being

guilty of false advertising, they should substantiate their public claims with hard evidence.

"If their claims are true, then what do they have to hide?" he said.

Should future projects share their output numbers?

Most certainly, he said.

"It should be disclosed for wind projects along with any other form of energy production. Transparency and accountability is always good, and there is no business advantage being lost in simply providing evidence to substantiate the claims of any energy provider. In regard to wind projects specifically, I consistently hear repeated lies from the media with false claims attempting to paint a better-than-actual picture of the unreliable and intermittent energy source; therefore, it would be healthy for the public to have the truth about the matter once and for all," he said.

News reports

When the project was announced in 2015, the Amazon press release said, "When completed, it will be the first utility-scale wind farm in the state of North Carolina, with the energy generated delivered into the electrical grid that supplies both current and future AWS Cloud data centers."

But most news reports advanced the notion that wind-generated energy could be directed to the Amazon data centers.

"The power generated by the wind farm, enough to power more than 61,000 U.S. homes, will be supplied exclusively to an Amazon data center," stated a July 2015 press release from Gamesa, the wind turbine manu-

facturer that would produce 104 turbines for the project.

"The Amazon Wind Farm U.S. East, to be built in Perquimans and Pasquotank counties, will power the online retailer's cloud-computing division, Amazon Web Services, as part of a corporate goal of achieving energy sustainability," wrote *The News & Observer* of Raleigh in 2015.

"Amazon Web Services, itself a multibillion-dollar enterprise, plans to hit a target of 40 percent renewable usage before 2017, a milestone toward its goal of one day operating solely on renewable power," wrote the *Daily Advance* of Elizabeth City in 2015.

"The project is expected to open in December 2016 when it will supply power to Amazon Web Service data centers," wrote Bloomberg Business in 2015.

"Before the ball drops on New Year's Eve, 104 wind turbines scattered across 22,000 acres of farmland near Elizabeth City, North Carolina, will be churning out electricity. It will be the South's first large-scale wind farm. At 208 megawatts, Avangrid's facility has the capacity to capture enough of the sky's kinetic energy to power 61,000 homes. But instead of homes, this electricity will run data centers for Amazon Web Services, a subsidiary of Amazon.com," Robynne Boyd wrote for EcoWatch in December 2016.

"Amazon is buying the power produced in rural, northeastern North Carolina to run its Virginia data centers," stated an Associated Press story that first appeared Feb. 10.

But this isn't the case, as we have continued to report. *CJ*



Dominion Powers considers only 13 percent of a wind farm's output to be reliable capacity. (CJ photo by Don Carrington)

Charter school was best choice for special-needs child

Stories about the value of school choice and the healthy competition it nurtures are ubiquitous yet salient. Proponents of traditional public schools often degrade charters and school choice in general by defining the schools and ideology as elitist, discriminatory, unaccountable, and a drain on funding for those traditional public schools.

None of that is true. I can personally attest that it isn't.

I have twin boys who will soon be 14. One of my boys was classified as mildly autistic, so, according to his standing in the public school system, he has "special needs."

He qualifies for a plan under the Individualized Education Program, which allows him to receive instruction and considerations afforded to children eligible for special education.

His brother, born eight minutes before, gets no special help. His grades are excellent, and he tests well, good things in the one-size-fits-all system of educating our children.

On end-of-grade tests, for example, the child with special needs is given extra accommodations, such as additional time to take the test and taking the test in a separate room.

The level of faith and trust in his teachers and the attention required of us in regard to monitoring his status and progress can't be discounted. Making sure the process works requires a concerted and committed effort by several people. One small

misunderstanding or misstep could lead to hours of conversations and corrections.

Is it unreasonable, then, to allow parents of special-needs students the privilege of choosing the people who will play such a significant role in teaching their children?



JOHN TRUMP

With the older child, we tend not to worry so much. We monitor his work closely and are confident he'll raise his hand to us when he foresees a problem. This isn't the case with the younger twin, who sometimes struggles with articulating his thoughts and needs and can't be relied upon to identify problems or issues.

Richard Vinroot, a former Charlotte mayor and Republican gubernatorial candidate, is a leading proponent of charter schools and school choice. He was a founder of Sugar Creek Charter School in Charlotte, which has 1,500 students and a waiting list of some 400. Ninety-nine percent of the school's students are African-American, and 98 percent receive free or reduced-price lunches.

"It's the go-to place to see how to educate poor, African-American children," Vinroot said Jan. 23 during a talk at the John Locke Foundation.

Competition spurs innovation and ensures accountability. School choice, says Vinroot, levels the playing field — for all children and all parents.

"Competition has made me a better lawyer," says Vinroot, who

Fast Facts

168

Current number of charter schools in North Carolina

32,000

Current number of North Carolina students on charter school waiting lists

spoke during National School Choice Week. "Competition has made our law firm competitive, and that's the way it ought to be in everything we do."

He called out media, specifically *The Charlotte Observer*, for publishing "fake news" about charter schools.

"All the growth in public education ... in my city, is occurring in charter schools.

"It's not a panacea," he admits. "They don't all work. When they fail, they go out of business, which is what ought to happen in a business."

Since the state lifted the cap on charter schools in 2011, more than 10,000 children are choosing charter schools, Vinroot says, and, in 15 to 20 years, half of North Carolina's students will choose charter schools. The state has 168 charter schools, with

32,000 students on waiting lists.

My wife and I pulled our boys out of a magnet public school in the middle of their fifth-grade year. A National Heritage Academies school near Greensboro, Summerfield Charter Academy, had two openings, but, because of an expansive waiting list, we had about a week to decide.

In our minds, placing the boys in the assigned middle school closer to home wouldn't work. We had heard too many stories, and looked at too much data, to think otherwise. The middle school was an amalgamation of several elementary schools, which dumped in too many students with parents who didn't care onto too few teachers. Teachers who spent too much time dealing with disciplinary problems and trying to maintain the status quo.

That wasn't good enough, especially for our youngest son, who doesn't necessarily "fit in."

We wanted more. He needed more. We had a choice of public schools, and we made it.

More than anything else, really, that's what matters. That, outside of private schools, we have a say in our boys' education.

Charter schools provide an option, says Vinroot, for children and parents desperate for something better.

"The ultimate accountability is what those children's parents think about the education their kids are getting or not getting."

It's as simple as that.

John Trump is managing editor of Carolina Journal.

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We all could use a little more Sowell

Economist and N.C. native Thomas Sowell's recent decision to end his syndicated newspaper column at age 86 has prompted this observer to revisit some of Sowell's most compelling observations.

"Many a foolish policy is based on trying to make the real world match the picture inside someone's head."

"Good things have costs, often costs out of all proportion to whatever good they might do.

But notions like trade-offs and diminishing returns seldom deter zealots, whose own egos are served by their zealotry in imposing their vision, however costly or counterproductive it may be for others."

"Trade-offs and diminishing returns are not the stuff from which heady visions and dramatic crusades are made. For that you need goals to be reached 'at all costs' and a clash between heroes and villains. This appeals to the young and those who remain adolescents all their lives."

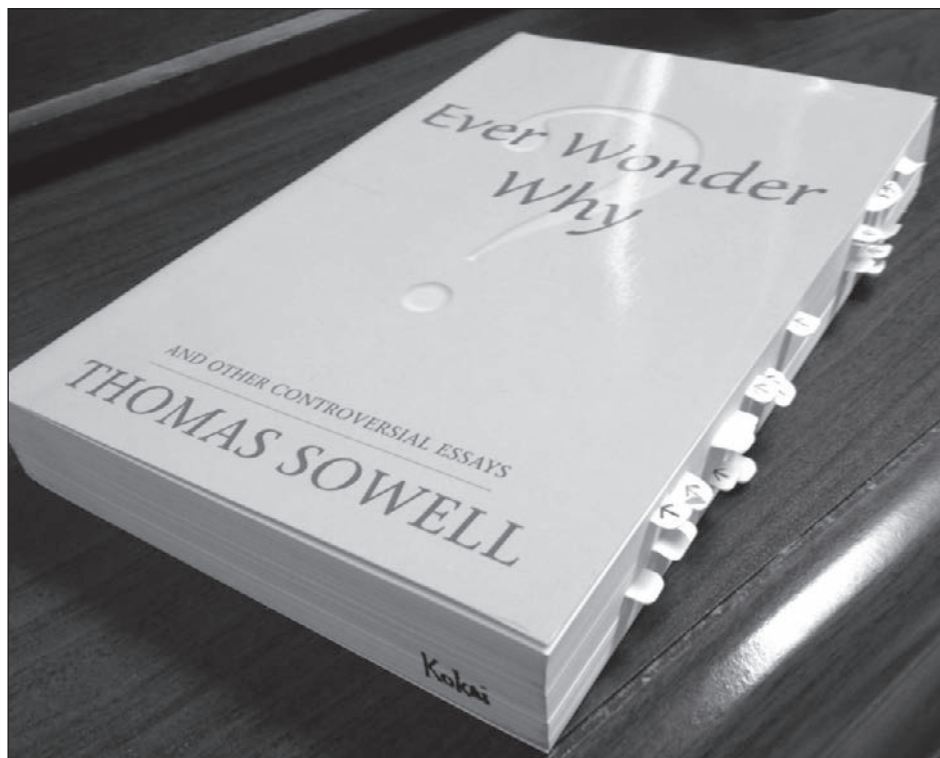
These are three of the nearly two dozen permanently flagged quotations in a well-worn copy of Sowell's 2006 essay collection, *Ever Wonder Why?* Many more deserved to be flagged. And that doesn't even consider the insights and expertise shared in dozens of other books and thousands of additional columns Sowell crafted over the decades.

His analysis will be missed.

One hopes, though, that Sowell's regular readers will remember his most valuable lessons. Apply those lessons to key public policy controversies of today — and tomorrow — and state and national



**MITCH
KOKAI**



Economist Thomas Sowell's 2006 essay collection, *Ever Wonder Why?*, includes a three-question test to determine when government should address a public policy dispute.

governments might generate better outcomes.

A fourth flagged quote from Sowell's 2006 book comes from a column titled "Hiroshima." The 60th anniversary of the nuclear bombing of that Japanese city served as Sowell's prompt. But the quote itself merits consideration beyond that context.

"Much of the self-righteous nonsense that abounds on so many subjects cannot stand up to three questions: (1) Compared to what? (2) At what cost? and (3) What are the hard facts?"

Those who advocate new or expanded government programs often lament some harm that the program will address. The problem exists, the argument goes, and the government program will fix it.

The program likely sounds reasonable on paper. Sowell's three

questions can help policymakers decide whether advocates' arguments withstand scrutiny. Starting with the third question first: What are the "hard facts"? Does a problem exist? If so, does the real problem mirror the arguments advocates are making for increased government involvement?

Back to the first question: What's the point of comparison? Is this problem new? Has it existed in perpetuity? Is the problem unique to this state or nation? If it's a long-standing problem, have conditions improved or deteriorated over time?

Sowell's second question addresses the critical concept of trade-offs. Perhaps government can address the problem, but how much will it cost? Would hundreds of millions of dollars in additional spending barely move the needle

in addressing the problem? Would new spending on this program necessitate less spending on another more effective program? Would new spending necessitate a tax increase that would stop people from spending their own money in ways that are more important to them than addressing the problem?

Policymakers ought to address all of these questions as they make decisions about proper use of tax dollars and government workers' time. And Sowell's framework, useful as it is, does not have to serve as the only template.

Arthur Brooks of the American Enterprise Institute has recommended a four-question test to determine when government action is appropriate. First, is there a source of "market failure," in which free markets fail to produce efficient outcomes? Second, is there evidence of actual failure? Third, can government reasonably solve the problem? Fourth, would the benefits of government action outweigh the costs?

Another framework, set out in a previous *Carolina Journal* column, mirrors Sowell by employing just three questions: Is there a problem? Can government do anything about the problem? Should government do anything about the problem?

People will disagree about the answers to these questions as they're applied to particular public policy disputes. But that's where disputes should take place — while answering critical questions about real problems and the trade-offs associated with addressing them.

As long as policymakers are asking the right questions, we're less likely to encounter as much of the "self-righteous nonsense" that attracted much of Thomas Sowell's attention for decades.

CJ

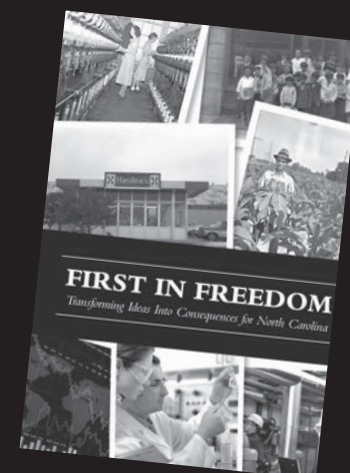
Mitch Kokai is senior political analyst for the John Locke Foundation.

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Opinion

No lessons learned: Campus intolerance intensifies in the Trump era

A sense of misgiving filled the conference hall during this year's meeting of the Association of American Colleges and Universities, held in late January in San Francisco.

Panelists raised, implicitly, the question of whether higher education has become out of touch with Donald Trump's America. They fretted over their belief that the current social and political climate is a threat to the liberal arts and, in a time of "fake news," to the pursuit of truth itself.

The association's president, Lynn Pasquerella, concluded it's the average American — giving in to the alleged anti-intellectualism of the day — who's misguided.

Higher education leaders, she argued, must therefore work to "destabilize the cultural attitudes at the basis of proposals that devalue liberal education."

While some speakers called for tolerance and understanding — including Wesleyan University president Michael Roth, who advocated greater respect for "traditional conservative religion and thought" — they were a mere footnote during the four-day gathering.

Rather, workshops such as "Reclaiming the Racial Narrative," case studies on implementing progressive agendas on campus, and strategies

on how to engage students in support of "racial and social justice" dominated the agenda.

Unfortunately, in these early days of Trump's presidency, similar politicization seems to persist throughout much of academia. Many leftist students, faculty, and administrators now seem to view themselves as combatants in an ideological war.



**ALEX
CONTARINO**

The recent rash of protests and temper tantrums in response to the president's inauguration and policy proposals reveals continued allegiance not to civil discourse but to identity politics and an intolerant strand of progressivism. Columbia University humanities professor Mark Lilla, writing in the *New York Times* in November, forcefully argued that such allegiance likely contributed to Democrats' embarrassing defeat in the 2016 elections.

"[It] has produced a generation of liberals and progressives narcissistically unaware of conditions outside their self-defined groups, and indifferent to the task of reaching out to Americans in every walk of life," he wrote.

In North Carolina, where progressive activists seem to control much of the campus political dialogue, it appears the election offered no learning lessons. For example, when UNC-Chapel Hill students walked out of classes to protest

President Trump's inauguration, it was a struggle to keep the seemingly like-minded group members focused and united, as students argued over who had the right to be the most outraged.

One organizer was quoted by the *Daily Tar Heel* complaining about "problematic people" who "co-opted the space at times and didn't really understand that it was not for them at this particular moment." When students began giving short speeches to voice their concerns about a Trump presidency, criticisms of "white America" and calls for dismantling "systems of oppression" were common refrains.

Furthermore, identity-obsessed lectures and workshops remain popular events across the University of North Carolina system. For example, UNC-Chapel Hill's Anthropology Department is hosting a "Race, Difference, Power" colloquium in early March.

At N.C. State, the GLBT center recently conducted two identity-based workshops: "What is Racial Justice?" and "Recognizing and Responding to Microaggressions." And Duke and N.C. Central are partnering in late March to host a daylong conference titled "Let's Talk Racism: Recognizing, Resisting, and Revising."

If there's a silver lining for North Carolinians, it's that the situation could be a lot worse. For example, a planned appearance by the conservative provocateur Milo


Yiannopoulos at the University of California at Berkeley resulted in violent protests, leading to the cancellation of the event and more than \$100,000 in damage to the campus. "No safe space for racists" was among some of the chants repeated by the roughly 1,500 protesters.

The more the intolerant Left ratchets up its efforts to censor and reproach those with alternative viewpoints, the more the general campus community — the reasonable majority — becomes alienated from them.

Speaking as a current UNC-Chapel Hill student, I can attest that most students — some of my friends who used to "Feel the Bern" — find the constant policing of "problematic language" and the progressive outrage machine to be tiresome and off-putting.

Any hope campus leftists have in terms of frustrating the goals of the Trump presidency relies on their ability to branch out to the reasonable majority. Unfortunately, they seem to be heading in the opposite direction, often with the tacit support and even direct involvement of faculty and administrators. One would think all of their hysteria — which is truly anti-intellectual — would have to end someday. As of now, that appears to be a long way off. *cj*

Alex Contarino is a research assistant at the James G. Martin Center for Academic Renewal.



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COMMENTARY

Bigger's better? In higher ed's amenities arms race, bigger is just bigger

Testifying before the U.S. Senate in 2013, University of Wisconsin professor Sara Goldrick-Rab described college campuses as "glorified summer camps." She said administrators were "engaging in an arms race to have the most impressive bells and whistles."

In North Carolina, the push to make every campus amenity bigger, better, and more impressive than the next has been on full display in recent years. N.C. State University has been especially intent on "keeping up with the Joneses."

Harrelson Hall, the iconic round classroom building that watched over the Brickyard for half a century, has been demolished. Gone too are the last vestiges of the old Riddick Stadium, which hosted its final football game in 1965. By 2000, only one set of concrete bleachers remained. Now those, too, have disappeared.

New or renovated classrooms, offices, and student gathering spaces have replaced many old N.C. State landmarks. Some of the changes seem to be overkill.

The Talley Student Union, which was recently renovated to the tune of \$120 million, is one example. This megastructure, now modern and attractive, is home to a 1,200-seat ballroom, art installations, and fireplace lounges. Its sleek meeting spaces host a vast array of programs and activities. It also provides students with nine high-quality dining options. Costs are being passed on to students in the form of increased fees.

But other lavish projects on the university's campus have required or will require significant funding from state taxpayers. For example, the behemoth, ultramodern Hunt Library, which opened in 2013, cost the public \$115.2 million, in addition to more than \$4 million in annual operating costs.

N.C. State's Physical Master Plan, released in 2014, outlines the university's vision of "world-class facilities and surroundings." It includes 17 key projects across the university's 2,000-acre campus:

"The built environment [will be] a source of pride for the community and measurably moves toward making N.C. State a better place," says the university's website. This "source of pride," if realized, will also be a source of significant future spending.

Unfortunately, in North Carolina, N.C. State is not alone in its belief that, in terms of construction, more and bigger equals better. Since 2005, High Point University, which enrolls just around 4,500 students, has according to *USA Today* "poured some \$700 million — with the majority financed by borrowing and student fees — into refurbishing and expanding its campus." The Connect NC bond, passed in 2016, will provide \$980 million for state-of-the-art buildings (or renovations) at the UNC system's 16 campuses.

So what's to be done about this amenities arms race? At the national level, Professor Goldrick-Rab has suggested the maximum amount that students can borrow should be lower. Allowing students to borrow large amounts of money, she says, enables colleges to overspend on amenities.

But public universities can — and should — do more. The UNC system can be a leader in this effort. The first step should be to improve its space utilization standards. At N.C. State, for example, noneducation-related buildings account for more than 60 percent of campus. The system should also exercise more oversight over capital projects. At the same time, legislators and schools should work together to continue to keep tuition and fees low, and to question more closely administrators' claims about the "need" for trendy new building projects.

Such reforms would refocus higher education from accessories to essentials. If these issues are ignored, expect more university debt and more questionable taxpayer spending in the future. *CJ*

Jenna A. Robinson is president of the James G. Martin Center for Academic Renewal.



JENNA A. ROBINSON

COMMENTARY

Bust bullying, boost school success

Mean girls and callous boys are nothing new. They've stalked school hallways and commandeered cafeterias for years. Yet bullies' arsenal of pain-inflicting tools has never been more relentless; smartphones and social media platforms have erased boundaries of time and space. Anytime, anywhere: So go the slings and arrows of the virtual schoolyard. Fortunately, awareness of bullying's harmful effects on mental health is widespread. But what about the ways bullying jeopardizes school performance? About this, we've known far less.

Until now.

A new longitudinal study from a trio of Arizona State University researchers, published in the *Journal of Educational Psychology*, reveals a powerful, persistent link between bullying and diminished math achievement. Bullying was tied to lower reading scores, too, but performance rebounded after the early school years. Compared to other students, bullied kids were less engaged in school and felt less competent.

It's hard to focus on fractions when the lunchroom looms as a place of rejection. What if stress never stops? Researchers found that 24 percent of students experienced "high-chronic" levels of peer victimization; bullying remained "a stable or enduring part of their educational experience throughout formal schooling." Think about that: For one in four kids, school was a consistently painful place.

What's the takeaway for educators? Take findings seriously, and act on them. This study's scope and focus are unprecedented. Researchers tracked the same kids from kindergarten through 12th grade. Families eventually dispersed to 24 states but, remarkably, more than three-fourths of the original 383 students stayed in the study. "We put people in cars or on planes to see these kids," noted lead author Gary Ladd in an American Psychological Association news release announcing findings.

Schools have even greater incentive to stamp out bullying early — and quickly. Students for whom bullying declined dramatically showed evidence of academic "recovery." Life improved; so did

their test scores. This is heartening news. Intervention has power.

How are schools tackling bullying? Todd Pipkin, Head of School at Rocky Mount Prep, a K-12 charter school, employs a strategy he describes as "more proactive than reactive." He focuses on educating parents through "parent universities," defining bullying clearly for the school community, and creating a safe climate that encourages open dialogue.

Student support is critical; this year Pipkin added two school counselors, for a total of three. And when bullying does occur, Pipkin looks for the teachable moment — "to make sure kids learn from their experience, good or bad."

Complicating matters today are the tools of technology. A boon to learning, they're also conduits for cyberbullying. Arizona State

University researchers studied traditional school-based bullying, but cyberbullying is pervasive among tweens and teens. According to 2016 Cyberbullying Research Center data, 34 percent of middle and high school students have been cyberbullied.

In 2009, state lawmakers passed legislation requiring local school boards to adopt policies prohibiting bullying; language covers cyberbullying. Policies must define bullying, outline reporting procedures, set consequences, and more. Such guidance is meaningful, but schools need help from home, too. Parents have a profound effect on a child's behavior, offline and online.

Pipkin works to keep parents informed about cyberbullying and lets them know supervision is essential. "We want parents to be aware that the technology piece is something you have to really monitor," he says. A constantly changing landscape of apps and social platforms makes this difficult — "What was new in December is now old," Pipkin says — but he and school leaders try to stay a step ahead.

It's important work. And its power for good, to heart and mind, endures. *CJ*

Kristen Blair is a Chapel Hill-based education writer.



KRISTEN BLAIR

Causey puts customer service at top of Insurance Department agenda

North Carolina's new insurance commissioner, Republican Mike Causey, is the consummate perennial candidate.

His persistence finally paid off.

Causey, a Guilford County native, is no stranger to Raleigh insiders or to the state's voters. He is a former insurance agency owner who most recently worked in the N.C. Department of Transportation as the state's Adopt-a-Highway coordinator. He has worked as a lobbyist, representing a number of interests, including the Independent Auto Body Association, the Farmland and Open Space Conservation Fund, and Citizens for Healthcare Freedom.

Causey in November unseated incumbent Insurance Commissioner Wayne Goodwin, a Democrat. Causey also unsuccessfully sought the insurance commissioner's post in 2000 and 2012. In 2014, he ran in a crowded field in an unsuccessful bid to become the GOP nominee for North Carolina's 6th Congressional District.

Carolina Journal's Barry Smith and Don Carrington sat down with Causey in his office and talked about his goals, insurance rates, the Rate Bureau, Obamacare, and social media.

CJ: What are your top goals as commissioner of insurance?

Causey: The No. 1 goal is to make the department more user-friendly. We have a good team of people on the phones now. We may add additional people to the call centers as they're needed. We're looking at all the different departments and streamlining in areas where we might have duplication. It looks like we have that to a large degree. The employees that are here now, for the most part, we want them happy to be here every day, and when they're greeting the public, make sure they have a smile on their face and a willingness-to-help attitude.

CJ: Are there any other goals you want to talk about?

Causey: We're looking at several different areas. In building inspections, we're looking at ways to bring about a more uniform interpretation of the State Building Code. We have a strong interest in criminal investigations. We're one of the few state agencies that have sworn law enforcement officers that we're responsible for. We're short of sworn law enforcement officers. [They investigate] white-collar crime, insurance fraud. We get anywhere from 400-500 a month [in] referrals from insurance companies. We have things that involve construction, roofing contractors, for example, staged accidents. They have a case they're working on that involves Medicaid fraud. There's a wide range of anything that would be under white-collar crime and insurance fraud. And then, another area that we want to strengthen is the Office of the State Fire Marshal, because the volunteer fire departments and all fire



Insurance Commissioner Mike Causey (CJ photo by Don Carrington)

departments are so important to their local communities. We want to make sure we have enough staff to adequately take care of the needs of our volunteer firefighters — the certification, the training, the inspections of the fire departments, our rescue squads need a lot of help and support. It's been written about recently how hard it is for volunteer fire departments to get volunteers these days. That's something we want to work on — to enhance the junior firefighter program, get it in all the schools, to let the students know about the opportunities as firefighters, whether it be career firefighters or volunteer firefighters.

CJ: How are you going to operate the office differently from your predecessor?

Causey: I don't see any major changes other than to maybe empower the employees to make it more transparent, to open up the lines of communication, and again to make it more user-friendly, not only for outside customers, but for the people who work here, for the employees. We're moving to a new building. We have the entire building — the Albemarle Building — it's being completely renovated. All 11 floors will be our building. We're not sure of the timeframe, but we think it'll be the end of March or first of April if they don't push it back any further. That will help us a lot, bring the department under one roof. Right now, we're scattered out.

CJ: How do you feel about the N.C. Rate Bureau, and do you want to see any changes? Do you think the legislature should make any changes with the Rate Bureau?

Causey: The Legislature will have to make any changes with the Rate Bureau because they're in charge of the Rate Bureau. We've had several meetings with the Rate Bureau. They've been positive. We're looking at different options. The insurance com-

panies are divided. They have varying opinions on what the role of the Rate Bureau should be. We're looking at all sides and trying to come up with a common-sense solution that would benefit the majority of people in North Carolina.

CJ: Four years ago, when you ran for insurance commissioner, one of the issues at the time was homeowner insurance premiums, particularly down on the coast. You had some problems with that. What are the issues today?

Causey: They still have serious issues. But the issues today are not as drastic as they were at that time. The issues today are lack of competition. There's too few companies that are willing to write homeowners coverage in the coastal counties. From everything that I've been told about the Beach Plan [a government-mandated, industry-run entity that sells insurance policies to homeowners who can't get coverage on the private market], currently it's on solid ground and solid footing. ... North Carolina will be hosting the Southeastern Regulators Association the last weekend in April. All of the insurance commissioners and insurance regulators in the Southeastern states will be coming to North Carolina, to Asheville. We have a wonderful opportunity to showcase North Carolina and play host to our neighboring states. We'll be discussing some of those things with the other coastal states. I'm sure later this year the Rate Bureau will have their own proposals on the coverage. We were fortunate. I think there was a plan to raise rates on the coastal counties. After some discussions with the Rate Bureau, they decided to hold off on any rate increases for now.

CJ: A lot of the auto insurance companies say they'd like to get some of the things changed as far as the Rate Bureau is concerned so they can offer marketing discounts. What do you think about that?

Causey: I do like the idea of consumers being able to get the discounts that are offered in other states. I also understand that there's other companies that like the system we have now. It works for them. But for some other companies, the system doesn't work for them as well. That's why this proposal that came up some years ago — I've heard some of the legislators say they may roll it out at some point in the future — to allow companies an opt-out provision, if they want to opt out of the Rate Bureau. I think it's worth looking at all sides. The car insurance rates right now, they're not a problem like some of the property insurance rates are in coastal areas. There's certainly always room for improvement.

CJ: What is your role with Obamacare? Will it change? What degree do you regulate health care now?

Causey: Right now, health care is primarily regulated at the federal level, because of the Affordable Care Act. That could change if Congress decides to kick it back to the states. We did get a request from [U.S. House] Majority Leader Kevin McCarthy. We had to send our proposal for health care. We did that. We got input from health insurance companies, from doctors, from health care providers, from health insurance agents. And we put together a three- or four-page letter, which is available to the public. We gave a copy to the Senate. The insurance commissioner still has to make sure agents are licensed properly. We [issue] over 660,000 licenses a year in this department. You've got all kinds of insurance, you've got insurance companies, you've got bail bondsmen, you've got security bondsmen, collection agents, a whole host of things. We provide information through the Seniors [Health] Information Program about Medicare health insurance. It's certainly an important regulatory role, but we don't have control over the rates like auto and homeowners.

In January, stories broke about a Facebook meme Causey shared that poked fun at some of the women involved in a recent march in Washington, D.C. He has since apologized.

CJ: Given your experience a couple of weeks ago, what do you think about social media. What are you going to do with that?

Causey: I don't have any social media. The only social media I have is what [communications director] Bob [Rosser] has. I did have a social media manager. We had Facebook, Twitter, and LinkedIn. We had it all over the state for the campaign. It served us well for the campaign. But people can get in trouble with social media, so we decided to do away with personal social media and let the Department of Insurance have social media. We have a website. CJ

DeVos to promote choice, defer to states as education secretary

RALEIGH

It took a tie-breaking vote from Vice President Mike Pence to get Betsy DeVos confirmed as the U.S. education secretary. Now that she's in the job, observers are assessing her potential impact on national education issues. Michael Petrilli, president of a Washington, D.C.-based education think tank, the Thomas B. Fordham Institute, offered his analysis during an interview with Mitch Kokai for Carolina Journal Radio. (Head to <http://www.carolinajournal.com/radio/> to find recent CJ Radio episodes.)

Kokai: This was a very contentious debate ... a lot of discussion. It took that tie-breaking vote from Mike Pence. But now we have Betsy DeVos as U.S. education secretary. What should we expect?

Petrilli: Yes. And it was a surprise. I don't think any of us expected that she was going to be the one nominee of President Trump's that would get this kind of backlash. And it was really quite amazing: millions of people writing in letters and calling into their senators. But now she is secretary of education.

I think we can expect a couple things. First, she has made it very clear that she agrees with the Republicans on Capitol Hill that we need to give power back to the states and to local communities when it comes to education. That's very much in line with this new — well, year-old now — law called the Every Student Succeeds Act. This is the law that replaced No Child Left Behind and very much is clear that states now are to have much more control over how they grade their schools, how they intervene in low-performing schools, and everything else when it comes to their education policies.

And I think that Betsy DeVos is very much going to be someone who, when asked about this policy issue, or that policy issue, she's going to say, "Well, go talk to your governor. That's not my decision to make."

Kokai: Is that going to be good for education with these decisions now more in the states rather than in D.C.?

Petrilli: I think it is, Mitch, I mean especially right now. We have such a polarized Washington, D.C. Of course, many states are polarized, too. But, you know, any time that we can send power and decisions back to the states, back to local communities — you know, let red states come up with their own decisions, and blue states come up with their own — I think it helps to take the temperature down a bit and — I hope — get back to the point where education is one of those rare issues that is not so polarizing.

It makes sense that the people closer to the action — the teachers, and the principals, and the parents — have more say over what goes on in their

"It makes sense that the people closer to the action — the teachers, and the principals, and the parents — have more say over what goes on in their schools."

- Michael Petrilli

Michael Petrilli, president of the Thomas B. Fordham Institute ▶



schools. I think there are some still important things that states need to do, like have accountability systems that grade schools and tell taxpayers how different schools are doing. But most of the action should be local. And I think this is going to be a good thing for American education.

Kokai: Is this also a way to have more experimentation in what works, and to find out what does and what doesn't work, as different states pursue different strategies?

Petrilli: That's right. I mean, absolutely. We've got our laboratories of democracy with the 50 states, and it does allow states to go their own way. Especially on issues like school accountability. You don't know that there's one best way to grade schools and to look at their performance.

There is still a federal requirement that states test students regularly and that they turn those test scores into some kind of rating for schools. They're supposed to look at things other than test scores now. I think that's all quite reasonable, but when you get into the details of how that is done, it's OK for different states to try different things. And we'll see what works.

North Carolina, once upon a time back in the '90s, was seen as a real leader in education reform and suddenly showed huge progress on the national assessment that tracked reading and math progress over time. And other states looked at North Carolina and said, "Hey, they're doing something right. We should figure out how we can follow along, as well."

I think that's healthy. We want to get back to that, where we let different states do different things, and then figure out if somebody hits on something that's working, then we can encourage other states to follow along.

Kokai: The main topic we started with was Betsy DeVos. I think among those who were her supporters, and

among those who were her critics, probably the thing she was most known for is support for school choice. How might that affect how things happen in the schools here in North Carolina and across the country?

Petrilli: That's right. And this is the big unknown. We are expecting the Trump administration and Betsy DeVos to come out with some big proposal on school choice. The president, on the campaign trail, talked about \$20 billion that he wanted to invest in school choice. That's a big number, even in Washington. And that could potentially help hundreds of thousands, maybe even millions of kids, go to private schools of their choice. Now, we're going to have to see what they propose.

[It] could be some kind of federal tax credit for people, for individuals, or maybe corporations donating to scholarship programs. You've got a program like that here in North Carolina, targeted at low-income kids. It could say that, "Hey, if you donate to that North Carolina program, you can take right off on your taxes." And that program then would have more money to turn around and make grants to make scholarships to low-income kids to go to private schools. ... We're not sure what that's going to look like, but that's something to wait for.

Kokai: You mentioned earlier that this was a bit of a surprise that Betsy DeVos turned out to be one of the Cabinet appointments that drew so much scrutiny and so much opposition. How surprised were you that people who are major advocates of the education establishment came out so forcefully against her?

Petrilli: Well, that part wasn't a surprise. There's no surprise that the teacher unions and many of the other educator groups came out against her, because she is mostly associated with private school choice. And they just hate that idea. They just have drawn

a red line when it comes to vouchers and private school choice. What was more surprising was that so many parents, and really, you know, teachers — whether driven by the unions or not — the way they responded.

Look, I think that part of that was about President Trump, and still a lot of fear and anger and backlash at him. Part of it, I think, is because she did not do that well in her hearing, and she came off as somebody who just didn't know a lot about public education. I actually think she knows more than she let on in that hearing, and that she's been around education policy and politics for three decades working on this issue of parental choice.

Kokai: As a person who works on education issues from D.C., what is one of the first things that you hope Betsy DeVos is going to do once she gets in there and starts rooting around and deciding what her priorities are?

Petrilli: First, I hope she makes it clear to the states, as they are implementing this new federal law, that they need to keep moving full speed ahead, and that they are going to have a secretary of education that's going to back them — that's going to basically stay out of their way as long as they stay within the lines of the law.

[The] second thing is she's got to really make some decisions around the Office for Civil Rights. That office, under the Obama administration, was very aggressive. I would say too aggressive in terms of trying to micro-manage the nation's schools. For example, they got into really telling schools that, "Hey, if you suspend too many kids, especially too many kids of color, we're going to come after you with some civil-rights investigations." Even if those schools were doing what they needed to do to keep order, and to keep safety. I think she's going to undo that pretty quickly, at least I hope so. And I think that's something that could have a big impact on schools right away. *CJ*

COMMENTARY

What's the problem? May be government itself

As hundreds of bills are filed in the General Assembly, I ask: What problem are lawmakers trying to solve? If there is one, what should government do about it?

For years, people around the state have discussed the best dates for schools to start and to stop. Lawmakers, as of press time, have filed 17 bills this session addressing school flexibility.

We should allow school districts to decide what works best for their communities and for their students. The needs, for example, are different in New Hanover, Wake, and Polk counties.

The same can be said for the problems of teacher aides, classroom sizes, and textbook and digital spending. Raleigh issues orders when the solution may be for state government to do less — issue block grants to local districts and allow them to choose.

When the N.C. education lottery was enacted 12 years ago, proponents claimed the state wasn't spending enough on education — as opposed to thinking about what the effects of that spending may be.

Per pupil spending at the time was at an all-time high of \$6,300. The recession hit, and adjustments were made. We've spent \$500 million more on education than last year, bringing average teacher pay to \$50,000, and tripling textbook spending since 2013. Accountability measures focused on outcomes in the classroom instead of inputs.

Turns out, state-sanctioned gambling isn't a solution.

What happens when government doesn't keep promises? When the lottery passed in 2007, 54 percent of the proceeds went to prizes, and 35 percent to education. Today, 64 percent goes for prizes, and only 24.5 percent goes for education. Over the years, lottery proceeds have supplanted regular education funding, have been transferred into the General Fund, and reverted from school construction funds (albeit later replaced).

More lottery tickets are sold in low-income counties. Get government out of the gambling business, restore responsible education funding in the budget — making it the priority it needs to be, as well as transparent and accountable.

Restrictive occupational licensing laws are keeping people away from their chosen professions. It's particularly problematic for military spouses who hold a nontransferable certification or license in another state. Senate Bill 8 would allow military families to practice under licensure from another state while they transition to requirements in North Carolina. A complete review of all occupational licenses — repealing, reforming, and moving to certification where possible — would be better.

It's a problem when government officials blatantly ignore or flout the law. The states' open meetings and public records laws were disregarded during a meeting of the Military Affairs Commission. Larry Hall, the governor's appointee for secretary of the Military and Veteran Affairs Department, oversaw the meeting, which wasn't advertised.

The agenda wasn't made public, the only reporter at the meeting was asked to leave, and the chairman removed an item from the agenda before putting it back when the reporter left.

North Carolina has some of the weakest public records and open-meetings laws in the country. Senate Bill 77 would make violations of those laws a class 3 misdemeanor.

Is there something standing in the way of entrepreneurship, creating small businesses that create most of the jobs and economic growth? Less government is better, and transformational reforms in taxes, regulations, infrastructure, and education since 2011 have strengthened the state's economy. The less burden government places on business, the more economic growth occurs. Taxing capital gains is a double taxation on investment in capital assets and biases investors against making such investments.

That's a problem. A complete repeal of the capital gains tax would be a \$500 million revenue hit, so phasing it out over several years, maybe with revenue triggers, may be more practical.

What's the problem? Often, it's government itself. Less is better. CJ

Becki Gray is senior vice president of the John Locke Foundation.



BECKI GRAY

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EDITORIAL

Open-meetings law toothless no more?

A government body can't block the media from reporting on one of its public meetings because its leader doesn't like the coverage he thinks it will get.

Nor can it list an item on its public agenda, remove the item until the audience leaves the room, and then discuss it once the public has vacated the space.

Yet the state's Military Affairs Commission did both those things — and more — in early February, flouting North Carolina's open-meetings law. And as a result of those (probably) illegal actions, the General Assembly is considering new legislation that would add legal penalties to rather toothless transparency laws.

At its Feb. 7 meeting, the military commission was slated to hear a presentation from retired physicist John Droz, a critic of state laws forcing utilities to purchase renewable energy and an opponent of the placement of large wind-powered generation plants in areas that could interfere with some military operations.

Droz's presentation was listed on the commission's agenda, which was emailed to members but neither posted on the commission website nor listed with the Secretary of State's office (additional transparency no-nos).

Carolina Journal learned of the meeting, and our Dan Way attended to observe the presentation.

But when Droz was ready to address the meeting, the commission chairman, retired Brig. Gen. Bud Martin, and Larry Hall, the new secretary of military and veterans affairs, balked. They didn't want Way to report on the meeting or two other

members of the public who were observing the proceedings to talk about what happened in the room. Way didn't agree.

Outside the meeting room, Hall told Way he didn't want a single media outlet covering the presentation.

It got worse. After Hall, Way, and the two other attendees departed, Martin let Droz make his presentation to the commission, quite aware that only the members and Droz witnessed and discussed the materials.

Shenanigans like this are why governments are expected to hold their proceedings in public, and why meaningful laws are needed to ensure that transparency.

Several media experts we talked to said the spirit if not the letter of the law was violated.

The good news: Some lawmakers are backing legislation that would make it a crime to violate open-meetings or public records laws.

Sens. Norm Sanderson, R-Pamlico, and Bill Cook, R-Beaufort, have co-sponsored Senate Bill 77. It would make a violation of those transparency laws a misdemeanor, carrying a fine of up to \$200 and a jail sentence of as much as 20 days. Sanderson cited the situation involving CJ and the Military Affairs Commission as part of the inspiration for the bill.

Good. As noted media attorney John Bussian told us, North Carolina has "some of the worst public records laws in the country." Everyone should applaud reasonable steps to strengthen those laws and punish public officials who knowingly keep the public in the dark about the operations of our government. CJ

EDITORIALS

Devolve transportation

States best suited to know their needs

With all the furor and protests accompanying the launch of the Donald Trump administration, you might assume there's little room for bipartisan cooperation in Washington.

That assumption is mistaken. The new president says he'd like to enact a 10-year, half-trillion-dollar program of infrastructure investment. Congressional Democrats and traditionally Democratic interest groups such as trade unions love this idea. Many congressional Republicans and traditionally Republican interest groups love the idea, too. So do some North Carolina politicians who hope the package will pay for long-needed improvements to our stretch of Interstate 95.

We don't love the idea. We worry that whatever emerges from Capitol Hill will be covered in regulatory strings and stuffed with pork-barrel projects. We want to see the federal government's role in infrastructure

reduced, not strengthened.

What should be done? Raising gas taxes or other user fees is a decent idea, although unpopular and prone to be a net waste of money. In any event, Washington shouldn't do it. If more revenue is needed, states and localities should raise it. That will make it less likely the money will be spent on low-priority projects.

The best idea of all, however, is to pay for new road investment by reducing government spending on other things. That's what North Carolina has been doing over the past decade, by ending about \$400 million a year in transfers into the General Fund out of the Highway Fund and Highway Trust Fund. These gas and car taxes will now be spent on road construction and maintenance. Good.

If Trump and Congress really want to improve infrastructure policy, they'll devolve it to the states as much and as soon as possible. *CJ*

Wimpy politicians

Lawmakers should pay for their promises

Other than new state Treasurer Dale Folwell, no North Carolina politician made a big campaign issue last fall of the condition of the health plan for teachers and state employees.

This unfunded promise, worth tens of billions of dollars to North Carolina teachers and state employees, is about to become a big political issue in 2017 — even though none of the alternatives is likely to make anyone particularly happy.

Unlike the state pension plan, the retiree health benefit has no piggy bank to break open. By 2020, the unfunded liability for retiree health benefits is projected to reach nearly \$38 billion.

Baby Boomers are retiring from government jobs in increasing numbers. This is a fiscal emergency. It is unfolding now.

There are basically three ways state policymakers can respond to the problem. One is to save lots more

money every year. Another is to change the terms of employment for new hires, so that we aren't promising future benefits we can't afford. The third is to reduce the cost of services for those already in the system, up to and including at least a partial repudiation of the benefit.

Expect lots of discussion about all three options.

At this point, eliminating the entire unfunded liability for retiree health benefits through additional state savings is unlikely. But simply stiffing state retirees isn't feasible — or ethical.

Folwell, Sen. Andy Wells, Sen. Joyce Krawiec, and others discussing remedies for this fiscal mess didn't create it. That was the handiwork of many former politicians who took the easy way out. Like Popeye's friend Wimpy, they promised to pay government workers on some far-distant Tuesday for a service delivered today. *CJ*

COMMENTARY

Fiscal uncertainty hurts state economy

Do governors and state legislators really have much to do with the performance of state economies? If governors and state legislators are to be believed, their policies are responsible for all good economic news — and rarely responsible for the bad news.

It's easy to ridicule the self-importance of politicians. But while everyone agrees that state policies can influence the growth of population, jobs, and incomes in the long run, many analysts believe that state decisions don't have much to do with economic fluctuations in the short run.

That's mistaken. North Carolina's experience during the Great Recession suggests otherwise. And a new academic study demonstrates that North Carolina's experience was hardly a fluke.

The story begins in early 2006, when then-Gov. Mike Easley and the General Assembly then controlled by Democrats learned the news that North Carolina had a budget surplus of about \$2.4 billion. After years of deficits or tight budgets during the early 2000s, it was a welcome relief.

Phil Berger, then minority leader of the state Senate, argued that the legislature shouldn't go on a spending spree but instead should shore up the state's reserves, pay down some debts, and roll back the Democratic tax increases that were partially responsible for the higher revenues. Other conservatives made similar arguments.

They largely were ignored. Although Easley and Democratic leaders did edge down the state's sales and income tax rates, they spent most of the surplus — increasing state spending by 10 percent. Making matters worse, the 2006-07 budget contained hundreds of millions of dollars of recurring spending funded by one-time money.

This became a recipe for disaster when the Great Recession hit. By the 2009-11 budget biennium, new Gov. Bev Perdue and Democratic legislators faced billions of dollars in deficits. They were forced to cut back the very areas that got gigantic spending hikes in 2006-07. They also resorted to economically destructive tax increases.

Here's where a new academic

study enters the picture. Published in the *Journal of Monetary Economics*, it explored why some states fared far worse than others during the Great Recession. Co-authors Daniel Shoag of Harvard University and Stan Veuger of the American Enterprise Institute examined the role of policy uncertainty — the extent to which business leaders, investors, and entrepreneurs had reason to believe some states were in better shape than others to ride out an

economic storm without adverse fiscal shocks such as budget gaps and tax hikes.

Shoag and Veuger used an archive of news stories from 2006 to 2009 to construct an index measuring increases in "policy uncertainty." They also looked at conditions that may have contributed to such uncertainty, such as state budget rules. The authors found that greater

policy uncertainty among states was associated with larger increases in state unemployment rates. According to the study, North Carolina had the eighth-highest "policy uncertainty" score in the country in the run up to the Great Recession as well as the sixth-largest jump in unemployment.

But what caused what? Perhaps some states were destined to have horrible recessions and just experienced more policy uncertainty as a result. The authors used other techniques to test this explanation and found it unlikely. "Uncertainty is likely to be not merely a byproduct of economic conditions, but an independent driver of outcomes," they concluded.

The lesson for North Carolina's current leaders should be obvious. Once again, we have a healthy revenue surplus this year. If used wisely — to build up savings, pay down liabilities, and address other critical needs — it will make North Carolina a more attractive place to live, work, invest, and create jobs. If squandered, that will create uncertainty about our fiscal future, with deleterious results. *CJ*

John Hood is chairman of the John Locke Foundation.



JOHN HOOD

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COMMENTARY

Pick your fights carefully, governor

By the time you read this, Gov. Roy Cooper will have dealt with the first piece of legislation passed by the 2017 General Assembly. The way he handles House Bill 39 could signal how combative the governor will be the rest of the session.

H.B. 39 would reduce the number of seats on the UNC Board of Governors from 32 to 24, with the board's size shrinking as current members leave the board voluntarily or their terms expire. The measure, designed to make the board more efficient, has the support of UNC system President Margaret Spellings and the vast majority of state lawmakers. It passed the House, 108-4, and the Senate, 38-7, with bipartisan support. Among Democrats who voted, 90 percent of House members and five of 12 senators backed the bill.

At press time, Cooper had not indicated if he would sign the bill, let it become law without his signature, or veto it. If he chooses the final approach, North Carolinians are in for a needlessly testy, confrontational summer.

Until now, the Democratic governor has chosen to express his opposition to the GOP-led General Assembly by going to court. Cooper has filed lawsuits challenging bills passed in December that would require Senate confirmation of his Cabinet picks (as allowed in the N.C. Constitution) and reduce his appointment powers.

In late February, Cooper and new Attorney General Josh Stein withdrew the state's support from a federal lawsuit challenging North Carolina's voter ID requirement and several other election reforms passed by the GOP General Assembly and signed into law by Cooper's predecessor, Republican Pat McCrory.

But those decisions dealt with laws that were on the books before Cooper became governor. Now the General Assembly is passing laws on Cooper's watch. How will he respond?

If he vetoes H.B. 39, the General Assembly easily could override the governor. The House can override with 72 votes, the Senate with 30; both bodies passed the measure with plenty of votes to spare. Moreover, a veto would indicate that the governor plans to fight everything the General Assembly does — even bills supported by members of his own party.

It would be a pugnacious stance, but pointless.

Governors, regardless of party affiliation, are not expected to be a rubber stamp for the General Assembly. A prudent leader, though, picks his battles carefully, expending political capital when there's a major philosophical difference at stake — or a decent chance to prevail.

H.B. 39 would take an unwieldy mess of a board and make it more manageable. Is that a figurative hill to die for?

Rick Henderson is editor-in-chief of Carolina Journal.



**RICK
HENDERSON**



How can we get to 4 percent growth?

One of the major goals of the new Trump administration is to increase the rate of economic growth from the 2 percent annual growth rate of recent years to 4 percent.

What exactly does this mean? Technically the national economic growth rate is measured by the annual change in "real gross domestic product." Translated from economic jargon, this is the growth in the country's production of both goods and services.

When the country's total production of goods and services accelerates, many beneficial things happen. More jobs are created, incomes rise faster, income inequality lessens, and government borrowing is reduced. Of course, negatives also may result, such as increased traffic congestion and pollution and potential rises in inflation and interest rates.

Still, many cite the relatively slow 2 percent annual growth rate of recent years as the reason numerous households have made little economic progress. With 2 percent growth, it takes 35 years for the average standard of living to double. Raising that growth rate to 4 percent allows the standard of living to double in 17.5 years.

While reaching the 4 percent benchmark was common in the 1950s and 1960s, it has been met only twice since 2000 and 11 times since 1980. Some economists contend the fast growth of the 1950s and '60s was due to a post-World War II economic bounce. Further, many analysts say recent slow growth results from demographics (an aging society and low birth rate) more so than public policy.

Some strong headwinds may be blowing against the Trump administration's goal of doubling economic growth. But if the White House maintains this goal, what policies should it pursue?

Economic growth results from two components: growth in the labor supply and growth in labor productivity. The labor supply grows when more people are available for work and working. Labor productivity — output produced per worker — grows from improvements in technology, machinery, and worker training.

Recent data reveal why economic growth has been slow. In recent years, the annual labor supply in the country has increased 0.7 percent, and annual labor productivity has improved by 0.8 percent annually. Added together, these two factors give a yearly growth rate of 1.5 percent, just shy of the 1.7 percent annual rate averaged since the end of the Great Recession.

Employing more of the 14 million working-age people who are either officially or unofficially unemployed would boost the labor supply. This represents almost 10 percent of the current number of workers. So, adding a tenth of these folks to the work force each year conceptually would increase annual growth by 1 percentage point over the next decade. Reducing tax rates on work earnings also would augment the labor supply.

Upgrading workers' skills to let them work more efficiently and improving the technology and machinery paired with workers would improve labor productivity. Formal education is important, but learning continues with students' interactions with businesses and job tasks. Some say the country is lacking in the business interaction component, implying a need for more apprenticeships and business-related educational curriculum.

There's also concern about whether productivity-enhancing developments have recently stalled, as more new tech applications have been applied to "fun" activities like videoing, gaming, and social media.

Excessive regulations may be impeding productivity. A recent academic study estimated the cumulative effect of all regulations imposed since 1980 has been to reduce the annual economic growth rate by almost 1 percentage point.

So the Trump administration could use several tools to boost economic growth. Whether it does, and how soon those tools work, will be worth watching over the next four years.

Michael Walden is a William Neal Reynolds Distinguished Professor at North Carolina State University. He does not speak for the university.



**MICHAEL
WALDEN**

Citizens United facilitates discussion, to chagrin of the left

Citizens United, or *Citizens United v. FEC*, is a 2010 case in which the Supreme Court struck down limits to independent political expenditures on First Amendment freedom-of-speech grounds. The ruling didn't affect lobbying activities and direct contributions to political parties and candidates that continue to be subject to regulation. It allowed individuals, corporations, and labor unions to spend what they wanted to enter the public debate about



**ANDY
TAYLOR**

politics and policy that inevitably surround elections and their campaigns. It gave rise to what has become a household term — “super PAC.”

The decision led to a torrent of criticism, mainly from the left. The essence was *Citizens United* enhanced political inequality by amplifying the voices of corporations and the rich. President Obama said at the time “this ruling strikes at the heart of democracy.” Indeed, the amount of such independent spending skyrocketed — “outside group” expenditures associated with presidential elections tripled from 2008 to 2012 — much of it advocating conservative-type poli-

cies and candidates. The presidential election saw an interesting decline, a “Trump effect,” if you will.

The First Amendment says nothing about equal speech, just that you can't prohibit it. The Constitution surely places a larger burden on the opponents of the decision than its supporters. But let's assume *Citizens United* poses a challenge to our democracy. Certain people and groups, by dint of their wealth, can make greater contributions to public debate than others. They join what John Adams called a “natural aristocracy,” a class of people distinguished by their ability to influence others' votes — a class already populated by educators and media, which are dominated by the left.

But it's critical to remember the behavior permitted by *Citizens United* — like other forms of salutary free speech — takes the form of persuasion, not coercion. It allows individuals to make a case to large numbers of people. There's no cost to rejecting the appeal. Surely political action designed to compel others to take a public position on a matter of policy or cast a vote for a particular candidate is considerably more harmful. Democracies should embrace advocacy but reject force.

Yet force is everywhere in politics today, much of it designed to exert economic pressure. Liberals across

the country have organized efforts to make North Carolinians who support House Bill 2 change their views or face economic harm. Businesses connected with Trump are threatened if they don't disassociate from his administration. Those who ran Super Bowl ads implicitly critical of his agenda face reprisals from the other side. The aim is to punish and constrain freedom. Economic and political liberties are inextricable. As Milton Friedman noted, free commerce allows humans to enjoy social and financial gains from exchange without letting political differences get in the way. Using economics as a political tool leads us down the road to authoritarianism.

Groups use intimidation in ways other than economic boycotts. The ostensible goal of the new left-wing anti-Trump “Indivisible” movement is to execute, like the Tea Party before it, a full-court press on members of Congress. But its greatest wish is to embarrass and harass nonconforming citizens — who we perhaps might call “deplorables” — into silence.

The target isn't always people with whom they disagree. Such groups also attack their own. Those who reject orthodoxy become pariahs. Pro-life women were barred from the marches immediately following the Trump inauguration because the organizers, as self-proclaimed definers of

female identity, believed they weren't “woman” enough.

Alexis de Tocqueville warned Americans of such “tyranny” nearly 200 years ago. He saw a tendency to evangelize and bully. All of this seems fresh and particularly intense again. We are deeply divided, in a kind of political “war.” For many who profess to embrace free speech, there's no longer room for broad and reasoned debate, for independence of thought.

Although they constitute a naked effort to compel subjects to behave in a particular way, these kinds of politics are surely protected under the Constitution. Besides, in practice, how would effective regulation work? The left therefore turns gleefully to advocacy and the ability of its opponents to make their case — something conservatives must do directly because the media, education establishment, and other “privileged” citizens with state-funded or protected megaphones won't. *Citizens United* facilitates broad public discussion of parties, candidates, and policies. But in the logic of the new left's morality, it's more harmful than efforts to force Americans how to think and act. *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.

Tribal warfare rules D.C. politics

Looking for civility from our elected officials in Washington, D.C.?

Forget about it.

Bipartisan cooperation is a phrase that is infrequently used and rarely practiced.

Obstruction, delay, and resistance are the tactics of the Democratic leaders in Congress: Sen. Chuck Schumer of New York and his counterpart in the House, Nancy Pelosi of California.

Hardly a day goes by that Schumer or Pelosi doesn't throw out an unsubstantiated charge with no bearing in fact, just to see what will stick.

Shocked by the election of Donald Trump, the Democratic leadership is reflecting the desire of its

base — which is to obstruct by any means and whatever the cost.

Exhibit No. 1 is stonewalling the confirmation of President Trump's Cabinet nominees. Several times during the confirmation process Democratic senators didn't bother to show up for confirmation hearings, nor did they meet with prospective Cabinet secretaries.

And gone is the day when the previous recent occupant of 1600 Pennsylvania Avenue refrained from commenting on his successor. Note former President Obama's statement through a press release just 10 days after Trump's inauguration:

“I'm heartened by the level of engagement taking place in communities around the country.”

Obama was, of course, referring to the organized protests that took place after Trump issued his executive order on immigration imposing a 90-day travel time-out for seven countries in the Mideast that the Obama administration identified as war-torn and/or failed states.

In his statement, Obama went on to say that he fundamentally disagrees with the notion of discriminating against individuals because of their faith and religion.

However, he failed to note that in 2011 — citing security concerns — his own State Department banned all refugees from Iraq for six months.

Make no mistake about it: Obama intends to stay active in national politics, and he will do it from our nation's capital.

The Obamas are now renting a posh, \$6.4 million home with 10 garage spaces in upper Northwest Washington.

The company line is they intend to stay there only for a year — so that their daughter can finish high school.

Don't bet on it. Call me cynical, but the temptation will be too great for Mr. Obama not to engage. My guess is, he will not wait long.

Most likely, the ex-president will do an in-depth interview with his old pal Steve Croft at “60 Min-

utes.” Croft will lob softball questions, and Obama will pontificate on the current state of affairs in America and around the world.

Prospective Democratic candidates for next year's U.S. Senate contest and the 2020 presidential race will seek him out, and he will dole out advice, complete with a photo op.

Obama's former political activist group Organizing for Action is up and running and already causing disruption.

With Obama's donor contacts and the indirect support of folks like billionaire leftist George Soros, OFA will be a potent political force in the midterm and the 2020 elections.

Resistance is the tactic — and who better to lead the “resistance” than the transformative figure of Barack Obama? *CJ*

Marc Rotterman is a senior fellow at the John Locke Foundation and the host of “Front Row” on UNC-TV. Follow him on Twitter @FrontRowmarc.



**MARC
ROTTERMAN**

Golden LEAF boosts wind farm/bird sanctuary center (a CJ parody)

By J.J. AUTOBAHN
Avian Correspondent

ELIZABETH CITY

Pasquotank County public officials learned in February they'll receive a \$9 million grant from the Golden LEAF foundation to build an Amazon Wind Farm Welcome Center and Bird Sanctuary Headquarters adjacent to the recently completed wind project. The total project budget is \$9.2 million, with the county and the wind farm developer each kicking in \$100,000. The center will be on a 10-acre site off U.S. 17 Bypass northeast of Elizabeth City near the state prison.

The wind project consists of 104 wind turbines, each nearly 500 feet from the ground to the blade tips. It's owned and operated by Avangrid, a subsidiary of the Spanish energy company Iberdrola. Amazon bought the naming rights to the electricity in hopes of convincing customers and the public that it is an environmentally responsible green company.

The county applied for the grant last year after a \$500,000 study, also funded by Golden LEAF, predicted a significant increase in tourism linked to the wind power project.

The General Assembly created Golden LEAF as an entity to receive some of the settlement funds from the multistate lawsuit against cigarette manufacturers. From those



This poster is being distributed by Golden LEAF to promote the Welcome Center.

funds the foundation makes economic development grants to nonprofits and government entities.

Golden LEAF President Dan Gerlach told *Carolina Journal* that some of his board members were concerned about the nature and size of this grant. "It's a lot of money. But frankly, after giving out money for the past 16 years, we are running out of legitimate projects to fund so we have had to make awards to some riskier ones. But I do

hope this succeeds," he said. "I also thought it was a clever idea to show some concern for birds that may be at risk."

Plans call for a 28,000-square-foot building featuring a 60-foot tall, fully enclosed observation tower accessed by two elevators. The center will have a full-service restaurant, bar, gift shop, and educational auditorium.

Due to the intermittent and unreliable nature of wind-generated elec-

tricity, the center won't be connected to the wind farm. It will receive service from the Albemarle Electric Membership Corp.

Elizabeth City is already a designated bird sanctuary, which — by state law — makes it illegal to hunt, kill, trap, or otherwise take any protected birds within the city limits. Local officials expressed relief that sanctuary designation will enhance the safety of birds that fly near the turbines.

The Golden LEAF grant is contingent on expanding the sanctuary to cover the 22,000 acres encompassing the wind farm, some of which is in neighboring Perquimans County. The boards of commissioners in both Pasquotank and Perquimans counties will need to pass ordinances adding the Amazon Wind Farm land to the Elizabeth City bird sanctuary.

Arrangements also will need to be made with the nearby Pasquotank Correctional Institution to make sure visitors at the observation tower don't violate the privacy of the inmates or use the tower to communicate with inmates and organize escapes.

As a condition of participation by Amazon and Avangrid, the state law establishing bird sanctuaries also will need to be amended so that the city, each county, Avangrid, and Amazon cannot be held responsible for any and all fatalities occurring when birds strike the turbines.

CJ

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