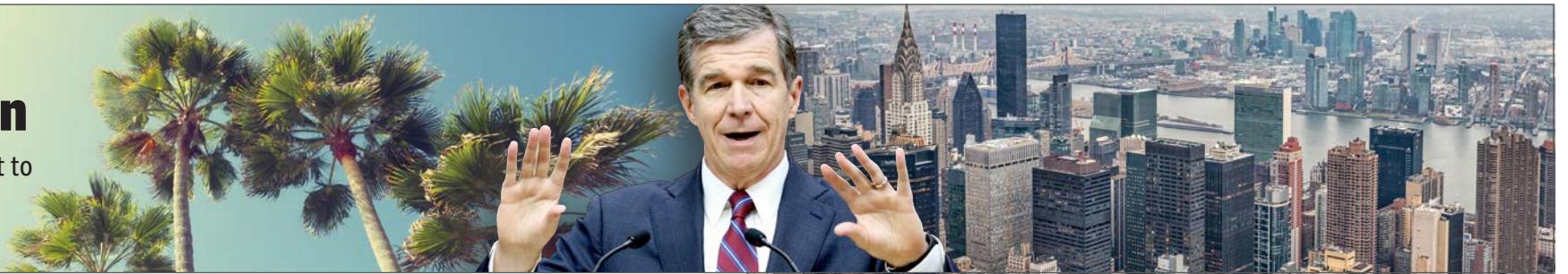


Cooper Campaign

Governor goes coast to coast for donations

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FOR DAILY UPDATES VISIT CAROLINAJOURNAL.COM

CAROLINA JOURNAL

AN AWARD-WINNING JOURNAL OF NEWS, ANALYSIS, AND OPINION FROM THE JOHN LOCKE FOUNDATION CAROLINAJOURNAL.COM VOL. 29 • NO. 3 • MARCH 2020 • STATEWIDE EDITION

Promises, promises

UNC schools advertise bargain tuition, but charge designer fees



KARI TRAVIS
ASSISTANT MANAGING EDITOR

In North Carolina, the golden ticket for resident college hopefuls is \$1,000 yearly tuition at a handful of public universities. But while the offer looks shiny, the final receipt may stun new students.

In 2016, the General Assembly made major tuition cuts at three University of North Carolina System campuses. The program, NC Promise, charges resident students just \$500 per semester tuition at Elizabeth City State University, UNC-Pembroke, and Western Carolina University. Out-of-state students get a break, too, with tuition locked in at \$2,500 each semester.

The program is lauded as a major success, granting more college access to rural and low-income students. When NC Promise kicked off in August 2018, enrollment jumped 20% at ECSU and UNCP. WCU got a 10% enrollment bump. That growth continued into 2019.



As the headcount ticks up, many applaud the state legislature and the UNC System for boosting college affordability.

But other costs, including mandatory student fees, room, board, books, and supplies, rack up an eye-popping total cost of atten-

dance. New estimates show NC Promise schools will average a total cost of \$16,628 annually during the 2020-21 school year.

With those costs far exceeding the price of actual time in the classroom, North Carolina's promise might be tough to keep.

The heightened costs of higher education

"Higher education as 'free as practicable' is something that we all take very seriously, and it's something our legislature has always

taken very seriously," UNC Board of Governors Chairman Randy Ramsey told *Carolina Journal* in an exclusive interview Feb. 19.

In North Carolina, affordable higher education is a constitutional right for

continued PAGE 8



Carolina Journal continues award-winning streak at N.C. Press Association

BY CJ STAFF

"SMART, INNOVATIVE." "Refreshing." "Compelling anecdotes and engaging tone." "A strong story in a solid field of competitors." "First-rate thinking and writing."

These are some of the terms judges used praising *Carolina Journal's* writers and editors, who collected a record seven awards in the N.C. Press Association's 2019 Editorial and Advertising Contest. It's the third straight year *CJ* journalists have been honored by the NCPA and the third straight time *CJ* has received more awards than the previous year.

The awards were announced Feb. 27 in Raleigh at the press association's winter convention. All *CJ* prizes were in the Online Editorial Division.

continued PAGE 3



Interview: Walter Lohman

Walter Lohman, director of the Heritage Foundation's Asian Studies Center, addresses China challenges for American foreign policy.

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CONSERVATIVE LEGISLATORS. The most conservative U.S. lawmaker resides in North Carolina, a new ranking from GovTrack shows. **U.S. REP. MARK MEADOWS**, R-11th District, earned the top spot on the 2019 Report Card. GovTrack analyzed the voting records and bill sponsorships of all U.S. lawmakers to determine a ranking of most- to least-conservative. Meadows took first place as the most conservative legislator, but it'll be the last time he's on the list. Meadows announced in December he won't seek re-election in the 11th District.



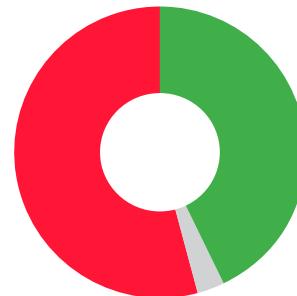
Social Media and Politics



Effect on the Country

Overall, when you add up all the advantages and disadvantages of social media, would you say that social media has been mostly a good thing or a bad thing for politics in this country?

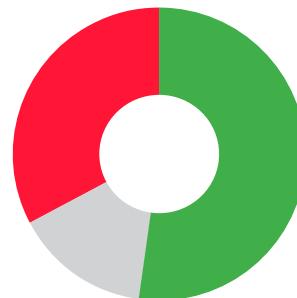
■ GOOD 19%
■ BAD 33%
■ SOME OF BOTH 41%
■ DON'T KNOW/REFUSED 7%



Social Media for News

Do you use social media like Facebook, Instagram, Twitter, or Snapchat to keep up with what is happening in politics?

■ YES 43%
■ NO 54%
■ DON'T KNOW/REFUSED 3%



Social Media Intimidation

Thinking about how people use social media to comment on politics, have you ever seen someone try to socially or physically intimidate another person through the use of social media because of politics?

■ YES 53%
■ NO 33%
■ DON'T KNOW/REFUSED 15%

High Point University Survey Research Center surveyed 1,100 N.C. adults using a mix of online and telephone interviews Jan. 31 - Feb. 6. The poll has a credibility interval of plus or minus 3.6%. Some answers don't add up to 100% due to rounding.

OPINION AND COMMENTARY



FROM THE PUBLISHER

Lessons for a newcomer

My first month in the Land of the Long Leaf Pine has been an incredible success. I've managed to avoid the newcomers' most feared, multipurpose saying, "Bless your heart." But I'm sure someone soon will usher me through this rite of passage.

What I love about North Carolinians is your generosity providing advice to outsiders like me on how to avoid those awkward situations that elicit the infamous phrase, which is slightly more polite than asking me why I don't have the common sense that God gave a houseplant.

Still, there's been a learning

curve coming from Colorado to North Carolina. Thanks to my new friends in the Tar Heel state, I'll share a few lessons I've mastered pretty quickly.

In Colorado, water is for fighting. In North Carolina it's barbecue. The meat is pig, and it's an all-day affair involving fire, alcohol, and some kind of sauce smack-down. Thanks to the John Locke Foundation staff, I had my first taste of "Eastern"-style barbecue, complete with oblong hush puppies and hot sauce. Absolutely delicious! Bring it on, "Lexington" style!

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COMMENTARY BY JOHN HOOD



State's economy flourished in 2019

Igather from my social-media feeds and hate mail that North Carolinians are supposed to be infuriated at the way things are going in our state. I have my frustrations with certain politicians, to be sure, but I'm not infuriated. Nor am I alone.

North Carolina continues to boast a thriving economy, prudently managed finances, and many popular places to move to for jobs, incomes, and quality of life. The growth isn't equally distributed, of course. It never has been. But compared to its peers, North Carolina is doing rather well.

Consider the latest job-mar-

ket data from the U.S. Bureau of Labor Statistics. North Carolina employers added about 94,000 net new jobs in 2019, up 2.1% from the previous year. That growth rate exceeds the national (1.4%) and Southeastern (1.6%) averages. Indeed, our state had the ninth-fastest rate of job creation in the nation last year.

Comparisons like these can vary over time. Did 2019 just happen to be a good year? If we look at a longer-term trend, the outcome is still positive. Since 2013, N.C. employers have added about 500,000 net new jobs, a 12.2%

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CAROLINA JOURNAL

Journalism awards

continued from PAGE 1

Assistant Managing Editor Kari Travis and Associate Editor Lindsay Marchello took top honors in the prestigious Duke University/Green-Rossiter Award for Distinguished Newspaper Work in Higher Education Reporting for their stories on transparency challenges at the UNC System. Editor-In-Chief Rick Henderson won First Prize in Editorials for the third consecutive year. Travis and Marchello won second place in News Feature Reporting for work on general transparency failures inside state government agencies.

Marchello also received second place nods in Education Reporting for her take on the 25th anniversary of the *Leandro* court decision, and General News Reporting for her account of the surprise Sept. 11, 2019, vote in the state House overriding Gov. Roy Cooper's veto of the General Fund budget.



EXCELLENCE. *CJ*'s Kari Travis and Lindsay Marchello took home the Duke Green-Rossiter Award for Excellence in Higher Education Reporting Feb. 27 from the N.C. Press Association's 2019 Editorial and Advertising Contest.

For the second straight year, Managing Editor John Trump nabbed second prize for Serious Columns as he discussed alcohol reform along with his own experience sending twin boys to Raleigh Charter School and the trade-offs the family has made to provide a better education for the boys.

CJ's newest associate editor, Julie Havlak, also won a second-place award in Beat News Reporting for a series of stories showing how regulations prevent Medicaid recipients from getting the benefits they're entitled to receive.

"Regular *CJ* readers know they're getting the best reporting



AWARD WINNERS. From left, Associate Editors Julie Havlak and Lindsay Marchello; Assistant Managing Editor Kari Travis; Editor-In-Chief Rick Henderson; and Managing Editor John Trump.

and analysis available of how politics and policy affects North Carolinians every day," said Amy O. Cooke, CEO of the John Locke Foundation and *CJ*'s publisher. "Recognition from their peers in journalism affirms that we, and our supporters, are keeping a promise we make to our readers, that being to cover

North Carolina politics, and the issues affecting North Carolinians, as consistently and fairly as possible. Every day."

To read *Carolina Journal's* award-winning journalism, visit <https://bit.ly/3cdxCoD>

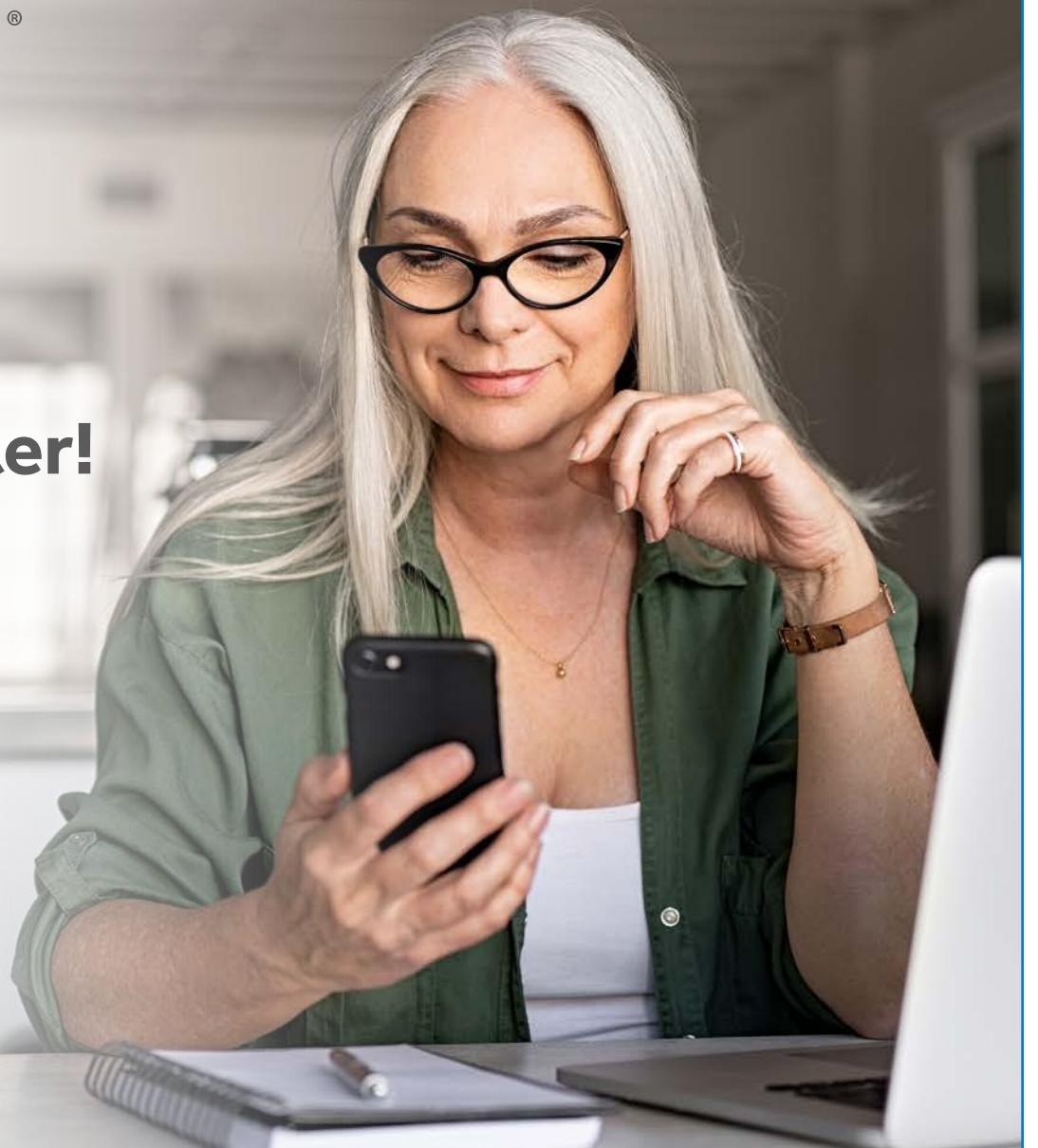


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CJ BRIEFS

Leandro compliance named top issue at Public School Forum event

Instead of the traditional top-10 issues in public education, the Public School Forum of North Carolina picked just one.

Fully complying with *Leandro*, North Carolina's long-running education funding lawsuit, is the top education issue for 2020, the education nonprofit announced Feb. 18 during its sixth annual Eggs & Issues Breakfast at the McKimmon Center at N.C. State University.

The state must immediately and intentionally move to meet the constitutional obligation to provide each child a sound, basic education, said Michael Priddy, the organization's interim president and executive director.

Leandro began in 1994, when five rural school districts sued the state over their inability to provide an education on par with wealthier school districts. Later court rulings cemented the state's constitutional obligation to provide a sound, basic education to all N.C. students.

Decades later, the state is still grappling with how to ensure students get the education they're entitled to receive.

The public release of a report by the WestEd consulting group reinvigorated discussions about how the state could meet its constitu-



tional obligation.

Superior Court Judge David Lee, the presiding judge in the case, issued a court order directing the parties to come up with a plan to satisfy *Leandro* using the WestEd report as guidance.

"The WestEd report made clear what many in this room have been saying for a long time. The state has not been complying with *Leandro*," Lauren Fox, senior policy director at Public School Forum, told the audience.

Fox and Priddy outlined five priorities for how the state should address *Leandro*:

- Redesigning the school finance system
- Overhauling educator compensation, recruitment, and development
- Revamping the school accountability model by eliminating or revising the A-F school performance grades
- Supporting a major state investment to fund North Carolina's more than \$8 billion in school infrastructure needs
- Establishing a plan to monitor *Leandro* compliance

From Staff Reports

Winston-Salem doctor may still prevail, despite procedural obstacles

A SURGEON'S LAWSUIT against state restrictions on medical equipment has fallen victim to an obscure procedural rule.

Dr. Gajendra Singh of Winston-Salem wanted to provide his patients affordable MRI scans, but he can't buy an MRI scanner without getting state permission under certificate-of-need laws. Singh challenged North Carolina's CON laws as monopolistic and unconstitutional, but he abandoned his broader constitutional challenge after his case got tangled in procedure.

By restricting his case, Singh narrowed his ambitions. He now hopes to set the stage for future constitutional challenges against CON laws, not only in North Carolina but also across the nation, said Josh Windham, Singh's attorney from the Institute for Justice.

If successful, his broad constitutional challenge could have toppled the CON regime, breaking or weakening state caps on hospital beds, ambulatory surgery centers, dialysis centers, and medical equipment. But an obscure requirement sank the viability of that broad challenge.

The legislature required broad constitutional challenges to go before a three-judge panel. Singh's lawyers feared the panel would keep the case delayed for months. They've already spent more than a year and a half plodding through procedural roadblocks to determine whether the case will reach a courtroom.

The case could hit the courtroom by next fall. Singh will try to prove only that the CON law is unconstitutional in his specific case with the MRI scanner.

Defenders of CON laws warn that weakening the restrictions could hurt rural health care and incentivize overprescribing.

"CON laws in North Carolina only serve to protect incumbent providers," said Jordan Roberts, John Locke Foundation health policy analyst. "CON laws assume that government bureaucrats know the health needs of a community better than those who live in that community. Removing CON laws will give the power back to the individual communities to determine their health needs."

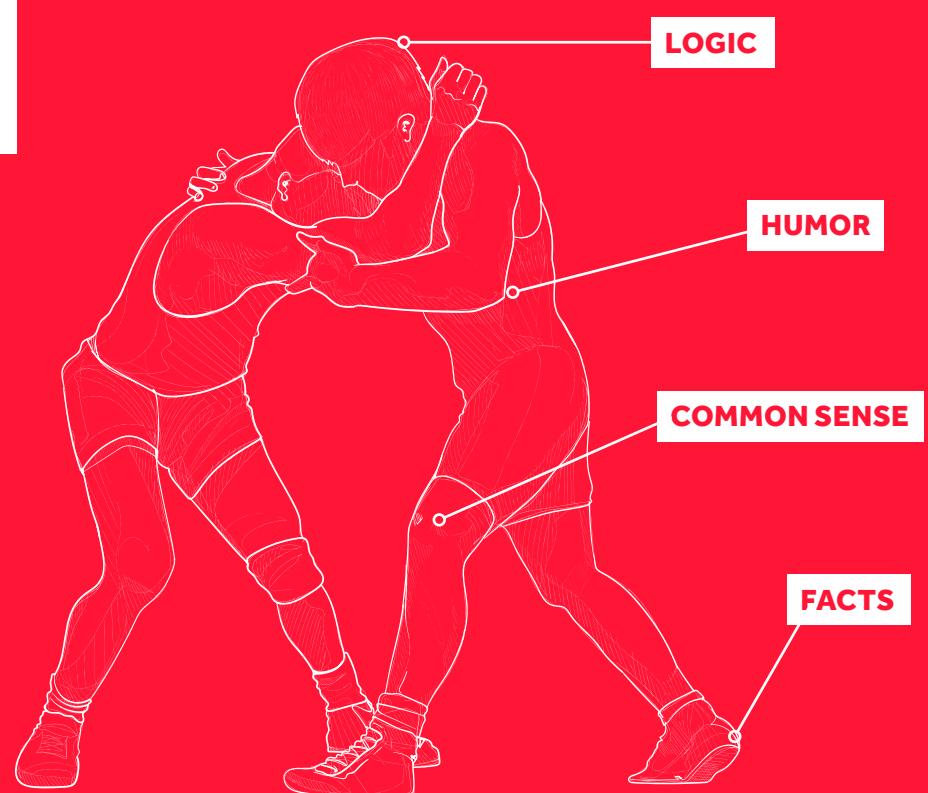
From Staff Reports

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CJ BRIEFS

A faction of N.C. Association of Educators wants to veer further left, embrace activism

A WING OF THE N.C. Association of Educators wants to move the organization in a more left-leaning, radical direction.

Members of the NCAE Organize 2020 Racial and Social Justice Caucus shared their vision of the NCAE's future in a webinar Feb. 5. *Carolina Journal* obtained a copy of the webinar's audio and a transcript. Tamika Walker Kelly, NCAE Region 6 director; Bryan Proffitt, president of the Durham chapter of NCAE; Todd Warren, president of the Guilford County chapter of NCAE; and his wife, Valerie Warren, gave the presentation.

Kelly and Proffitt are running together for president and vice president of NCAE, respectively. The election is in April.

If Kelly and Proffitt win, they would likely take the organization in an even more left-leaning, activist direction, said Terry Stoops, vice president for research and director of education studies at the John Locke Foundation.

Mark Jewell is the current NCAE president. Kristy Moore is vice president.

Jewell is stepping down at the end of his term. Moore is running for president.

Neither Jewell, Kelly, nor Proffitt responded to requests for comment by press time.

"Organize 2020 is the radical wing of the N.C. Association of Educators," Stoops said. "If their

members are elected to one or both officer posts, then I suspect that the NCAE will initiate more aggressive, union-inspired actions against Republican elected officials."

Organize 2020 members said as much during their webinar, which provided hints at what NCAE led by Organize 2020 would look like, including an escalation of union-like behavior.

"When we think about escalating and building towards action, one of our most important questions is how high can we make the price of no?" Warren asked.

North Carolina law bans government agencies from making contracts with unions and public employees from striking.

While NCAE is an advocacy organization with voluntary membership, members often refer to the group as a union.

For the past two years, NCAE has hosted a teacher walkout, with thousands of teachers leaving the classroom for a day to march on the General Assembly.

In January, the teacher advocacy group floated the possibility of a teacher strike.

NCAE members were sent a survey to gauge interest in taking more extreme action. A strike would raise the stakes even higher.

But the NCAE board of directors didn't give its blessing for a strike.

Roper says budget impasse is hurting N.C. public universities

North Carolina's budget stalemate is seriously affecting its public universities and may even cause enrollment cuts at three institutions participating in a reduced tuition program, say leaders of the University of North Carolina System.

UNC's Board of Governors is worried about the future of the 17-campus system after lawmakers failed to override Gov. Roy Cooper's veto of the General Assembly's 2019-21 budget bill. That measure — stalled due to partisan disagreement over Medicaid expansion — included hundreds of millions of dollars for authorized construction and repairs across multiple UNC campuses, among other priority items.

In January, the board passed a resolution asking lawmakers to quit stalling and pass an updated budget. But the legislature isn't scheduled to meet again until the end of April, and consequences of the impasse are reaching UNC schools in every corner of the state, UNC Interim President Bill Roper said during a board meeting Feb. 21.

"I say this without being political and without placing blame on any party or any state official," Roper said. "My concern for the UNC System is, pure and simple, non-partisan. There is just too much at stake to quibble over how our budget gets enacted — I am passionate about seeing that it does get enacted, one way or another."

NC Promise, the state program that provides \$500 per semester in-state tuition at Elizabeth City State



PROMISE MONEY. Margaret Spellings tours Western Carolina University's antiquated steam plant in 2016 while president of the UNC System. WCU is counting on \$16.5 million to repair the plant, built in the 1920s.

University, UNC-Pembroke, and Western Carolina University, is endangered, Roper said.

The state's new budget included a tuition "buy down" to fill in the cost gap between what students pay and what the universities normally charge for tuition. Without that money, ECSU, UNCP, and WCU "are all facing the very real likelihood that they will have to limit or reduce enrollment for fall 2020 and 2021."

UNC is officially postponing opening the N.C. School of Science and Math's new Morganton cam-

pus, Roper said. Under the vetoed budget, the school was set to open in 2021. Now, NCSSM doesn't have money to pay for faculty or operations. The opening is reset for 2022.

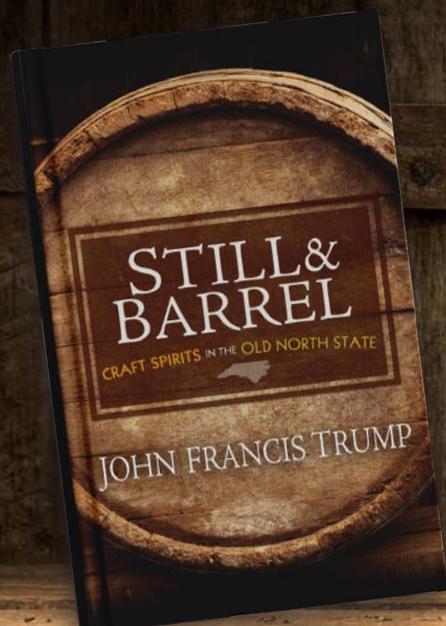
WCU is counting on \$16.5 million to repair its steam plant, which is failing, Roper said. N.C. A&T State University is waiting to renovate a classroom building in need of air conditioning and heating upgrades. UNCP is stalled on a plan to build a new health sciences and STEM building.

That's part of the list, Roper said.

BOOKS BY JLF STAFF



John Trump
Managing Editor,
Carolina Journal



Still & Barrel: Craft Spirits in the Old North State

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— John T. Edge,
Author of *The Potlikker Papers*

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CJ BRIEFS

North Carolina a model for OPEB retiree health benefits

North Carolina is a model for states looking to defuse a looming debt crisis over unfunded health care benefits for state retirees, the Manhattan Institute says in a report.

State and local governments have a \$1.1 trillion hole in their promises to state employees, as of a 2015 Federal Reserve estimate. North Carolina alone bears \$34.4 billion in unfunded liabilities for retirees' health care.

But North Carolina has attacked its unfunded liabilities for "other post-employment benefits" by raising qualification thresholds for health care and cutting benefits for future retirees. The report prescribes North Carolina's "tough medicine" approach to other states with big liabilities and small public-sector unions, such as Alabama, Georgia, and Texas.

"If you're backloading more compensation for your public employees into retirement, that means you're paying more for people who are done working," Daniel DiSalvo, Manhattan Institute senior fellow, told Head Locke, a John Locke Foundation podcast. "There's less money on an annual basis ... [for other]



UNFUNDED LIABILITIES. Daniel DiSalvo, Manhattan Institute senior fellow, told the Head Locke podcast that backloading more compensation into retirement ties governments' hands when it comes to paying for other priorities.

priorities, whether that's improving trash collection, offering more protection with police and firefighters, improving schools. ... It just ties governments' hands."

North Carolina began targeting its unfunded liabilities in 2005. It stopped offering full state-funded retiree health care benefits to employees who worked for the state

for five years and raised the threshold for full state-funded health care to 20 years.

But the legislature softened those measures by giving retirees with 10 to 20 years' experience 50% premium subsidies, while retirees with five to 10 years could pay a full premium. The reform only projected \$13 million savings over a decade.

Once Republicans took control of the legislature, the reforms became more strict. The legislature introduced monthly premiums, and, in 2017, it decided to cut off future state employees from retiree health care benefits, starting for workers hired after 2021.

"It sounds draconian," DiSalvo said. "But it was already a little bit of a false promise to lots of workers who might come and work for the state for 10, 15 years. If they're not making the full 20, they're not going to see the benefit anyway."

The future cuts could narrow the divide between private and public-sector retirees. Only 15% of private-sector workers access employer-provided retiree health benefits today, while 70% of state and local workers are eligible for employer-provided retiree health benefits.

JAMES MADISON PROGRAM IN AMERICAN IDEALS AND INSTITUTIONS

Quick Takes

DEATHS: Former Lt. Gov. Bob Jordan, a Democrat, and Rep. Linda Johnson, a Cabarrus County Republican, died during the past month. Jordan, 87, died Feb. 16 at his home in Montgomery County. He served four terms in the General Assembly and was lieutenant governor from 1984-88. He lost an attempt in 1988 to defeat incumbent Republican Gov. Jim Martin. Johnson died Feb. 18 after a brief battle with cancer. Johnson served in the House for 19 years. She was co-chair of the joint education oversight committee and a senior appropriations chair. Johnson announced earlier this year that she wouldn't run for reelection, instead opting to spend more time with her family.

SCHOOL CHOICE: U.S. Rep. Virginia Foxx, R-5th District, took to the House floor to praise school choice on Jan. 27. Foxx, who is the senior Republican on the House Committee on Education and Labor, pointed to the thousands of school choice events happening in North Carolina for National School Choice Week, which ran Jan. 26 to Feb. 1. "Unfortunately, the media continues to conjure up misleading claims about school choice, and it's time we corrected the record," Foxx said. "School choice is not about picking winners and losers. It's about letting families choose the educational options that meet the unique needs of their children."

DEBT REPORT: Gov. Roy Cooper touted a new Debt Affordability Advisory Committee report as evidence the state should issue school construction bonds. Not so fast, said State Treasurer Dale Folwell. "The report's increase in debt capacity is more related to a change in methodology than any real change in the state's ability to issue debt," Folwell said in a news release. Just because the state has a higher borrowing ability doesn't mean it should borrow more, Folwell said.

TEACHER TURNOVER: The annual State of the Teaching Profession report found 7.5% of N.C. teachers left the profession in 2018-19, continuing a downward trend from 8.1% and 8.7% in previous years. Of 94,672 North Carolina teachers, 7,115 left in 2018-19. A little over 60% left for personal reasons. The higher retention is the result of consecutive teacher pay raises, Senate leader Phil Berger, R-Rockingham, said in a news release. Berger took a swipe at Gov. Roy Cooper for vetoing the state budget, which included an average 3.9% pay raise over the biennium. "Teachers should have already received their sixth and seventh consecutive pay raises, but Governor Cooper vetoed that stand-alone pay raise bill," Berger said.

DIT CHANGES: As Eric Boyette moves to the Department of Transportation, he'll be succeeded as secretary of the Department of Information Technology by Tracy Doaks, now chief deputy state chief information officer. The news comes as DIT oversees a contract dispute between two competing K-3 reading assessment companies, Amplify and Istation.

Removal of work requirements leaves Republicans little room to reform Medicaid

THE POSSIBILITY of a Republican version of Medicaid expansion has died in North Carolina.

Republicans in the House had flirted with a version of Medicaid expansion that would extend coverage only to low-income working adults.

But now that a federal appeals court has struck down work requirements on Arkansas' Medicaid program, Medicaid work requirements across the nation are legally vulnerable, and N.C. Republicans are backing away from House Bill 655, or N.C. Health Care for Working Families.

"The key word there was working families," said Rep. Donny Lambeth, R-Forsyth, the bill's sponsor. "If the work requirement is struck down, I have no interest in pursuing that bill. It will die in the short session."

A three-judge panel Feb. 14 unanimously declared the federal approval of Arkansas's work requirements "arbitrary and capricious." They shot down work requirements for "implicat[ing] the 'core' objective of Medicaid: the provision of medical coverage to the needy," wrote Judge David Sentelle in the decision of the U.S. Court of Appeals for the District of Colum-



GOP MEDICAID REFORM. House Speaker Tim Moore, R-Cleveland, and Republicans in the House had flirted with a version of Medicaid expansion that would extend coverage only to low-income working adults.

bia.

The fate of the work requirements has sunk the chances of a Republican alternative to Medicaid expansion. Lambeth's bill would add some 600,000 people to the state's Medicaid rolls, with the federal government picking up 90% of

the tab for residents earning less than 133% of the federal poverty level. Premium fees and a new hospital assessment would cover the rest.

H.B. 655 made it onto the House calendar during the budget stalemate, when Gov. Roy Cooper vetoed

the 2019 budget and called for Medicaid expansion. But the bill disappeared into committees, and Lambeth says he won't try to resurrect it after the federal court decision.

The Trump administration has approved 10 states for Medicaid work requirements, but only Arkansas put the work requirements in place. Kentucky originally was part of the lawsuit, but it dodged litigation by dropping its work requirements.

It's not yet clear if the Trump administration will appeal the latest decision about Medicaid work requirements to the U.S. Supreme Court.

In North Carolina, the uncertainty makes it too "risky" for Republicans to pass H.B. 655, Lambeth said. State House leaders have maintained their opposition to traditional Medicaid expansion.

"A federal appeals court striking down Medicaid work requirements, like ... Governor Cooper's decision to block Medicaid transformation, adds additional uncertainty to the future of Medicaid and makes clear North Carolina should not expand the program until these critical factors are resolved," said Joseph Kyzzer, a spokesman for House Speaker Tim Moore, R-Cleveland.

AP POOL, FILE PHOTO

TRANSPORTATION

NCDOT circus train sits alone in Nash County

BY DON CARRINGTON

P.T. Barnum once said there's a sucker born every minute. Step right up, North Carolina.

Part of a train once owned by the Ringling Bros. and Barnum and Bailey Circus is sitting on an abandoned rail line in Nash County woods.

The N.C. Department of Transportation bought the circus train about three years ago, and before Carolina Journal got a tip about the train's location, few people seemed to know it existed.

Markings on the train cars — deep into the woods and not easily visible from any road — indicate it's part of "The Greatest Show on Earth." There's no locomotive.

The cars, nine in all, sit on tracks about 4,000 feet from the town limits of Spring Hope. Ringling Bros. closed in 2017.

NCDOT spokeswoman Katie Trout told CJ as part of a Strategic Transportation Initiative in 2017, NCDOT bought the nine rail cars for \$383,000.

The cars rest on state-owned

BY THE NUMBERS

\$383,000

Cost to the NCDOT to purchase the nine-car circus train.

track due to limited space at the active rail facilities in Raleigh.

After buying the circus train, NCDOT applied for and was awarded a \$77 million federal grant to purchase new rail cars.

"At this time, NCDOT is evaluating its rail fleet and will make recommendations on the department's rail fleet future needs, including the disposition of nine rail cars purchased in 2017. The assessment should be complete by the end of this calendar year," Trout told CJ.

Spring Hope Mayor Buddy Gwaltney said the train has become the talk of the town, though he isn't sure why it's there.

He first heard about the lone-some train in late February.

"We haven't seen any elephants or giraffes running around ... monkeys swinging in the trees yet, but we've got our eyes open," he joked.



CIRCUS TRAIN. Images of circus attractions remain visible on the rail cars NCDOT bought and stored in Nash County.

CIPHO BY DON CARRINGTON

Public Affairs, Policy Issues & Perceptive Commentary

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HOST: *Marc Rotterman*

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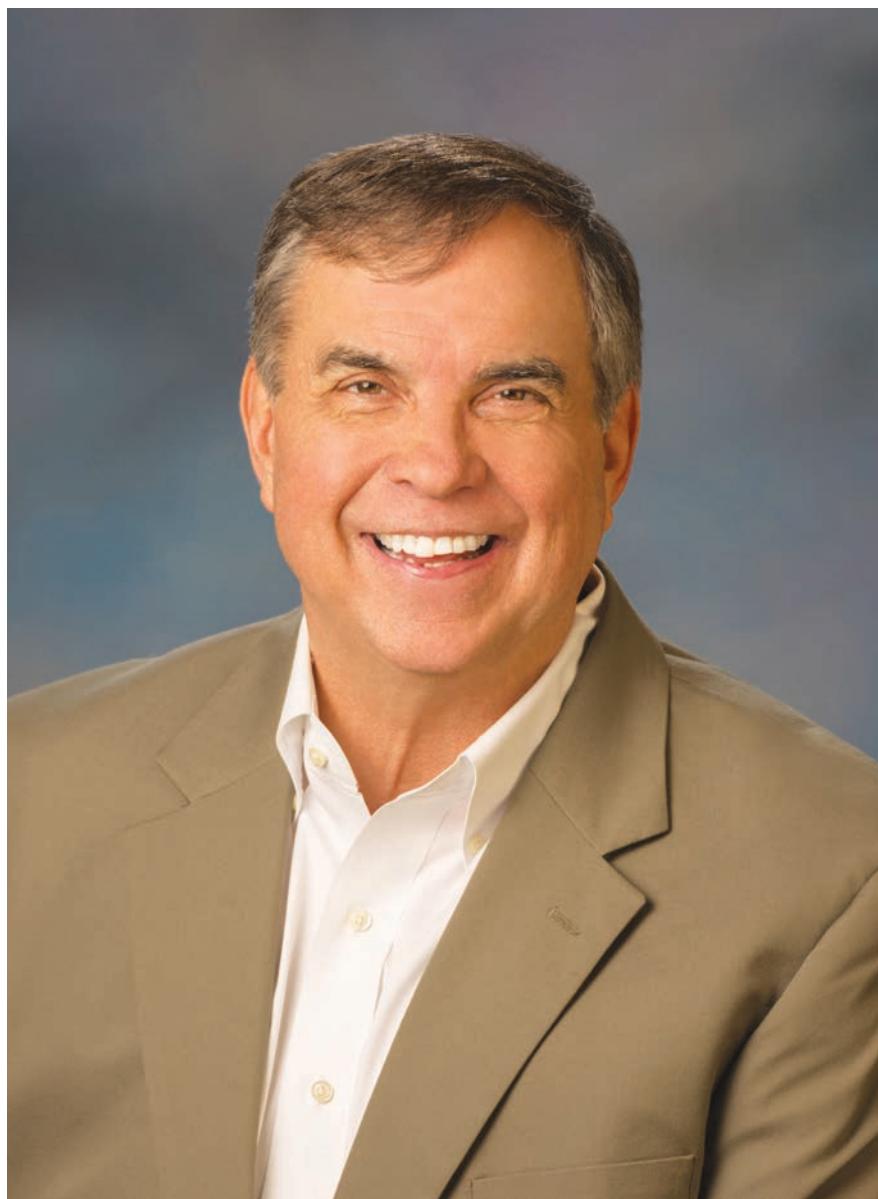
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HIGHER EDUCATION

Promises, promises

continued from PAGE 1

residents, and several cost regulations are in play. In addition to passing NC Promise in 2016, the General Assembly capped student fee increases at 3% and enacted fixed tuition for resident students who complete their degree in four years.

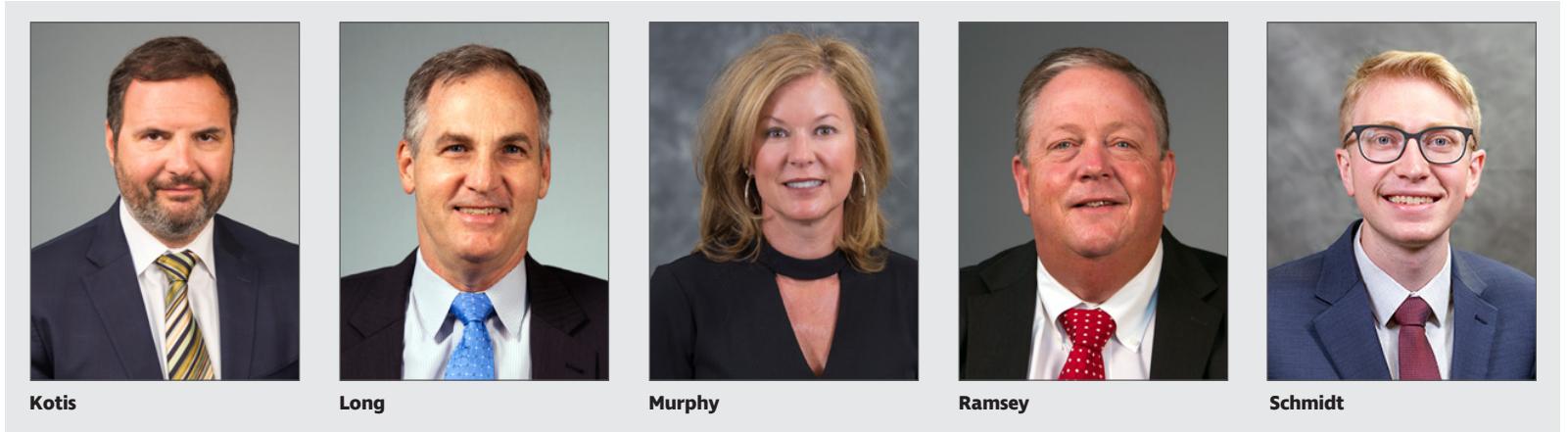
Still, prices are on the rise, albeit by a relatively small amount. This year, UNC is considering proposals to raise tuition an average of 2.7% for new resident undergraduates. Mandatory student fees are set to go up by an average 2.4%.

It's those fees, especially, that deserve scrutiny, some experts say.

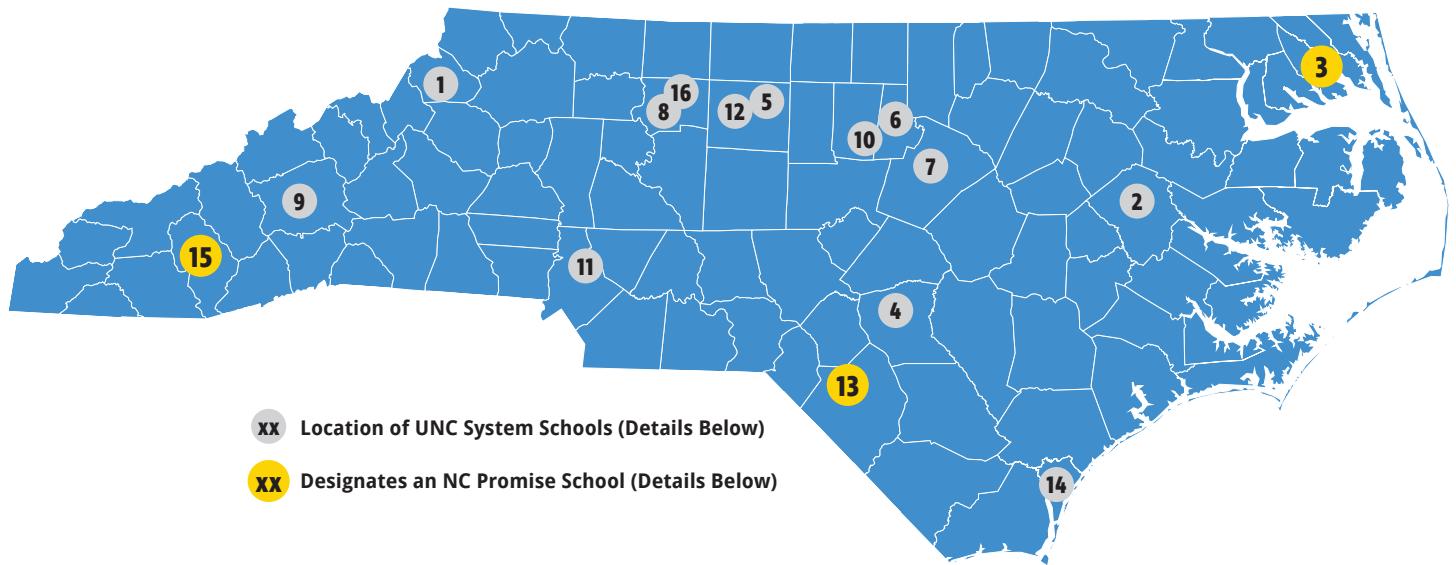
Student fees, while separate from tuition, are charges that cover things such as new buildings, health services, campus security, and athletics. In the case of NC Promise schools, fees are more than double the \$1,000 yearly resident tuition bill. At WCU, fees are \$2,825. At UNCP and ECSU, fees total \$2,489 and \$2,589, respectively.

NC Promise schools aren't the only campuses with eye-catching tuition/fee ratios. Several other UNC schools charge mandatory fees, which, when stacked against resident tuition, seem inordinate.

At North Carolina A&T State University, annual mandatory fees are \$3,010, while resident tuition is \$3,540. UNC-Charlotte charges \$3,093 in fees; its resident tuition is \$3,812. Fayetteville State University



University of North Carolina System Schools (with NC Promise Schools Highlighted)



- xx Location of UNC System Schools (Details Below)
- xx Designates an NC Promise School (Details Below)

sets mandatory fees at \$2,327, while its resident tuition bill is \$2,982.

Of the multiple fees billed to students, athletics and debt-service fees are the most egregious, said Joe Coletti, senior fellow for

fiscal and tax policy at the John Locke Foundation.

The highest athletics fee in the UNC System is charged by ECSU, a school that's not in the esteemed and profitable Atlantic Coast Conference. At \$899, the athletics fee

alone is nearly equal to the school's \$1,000 per year resident tuition.

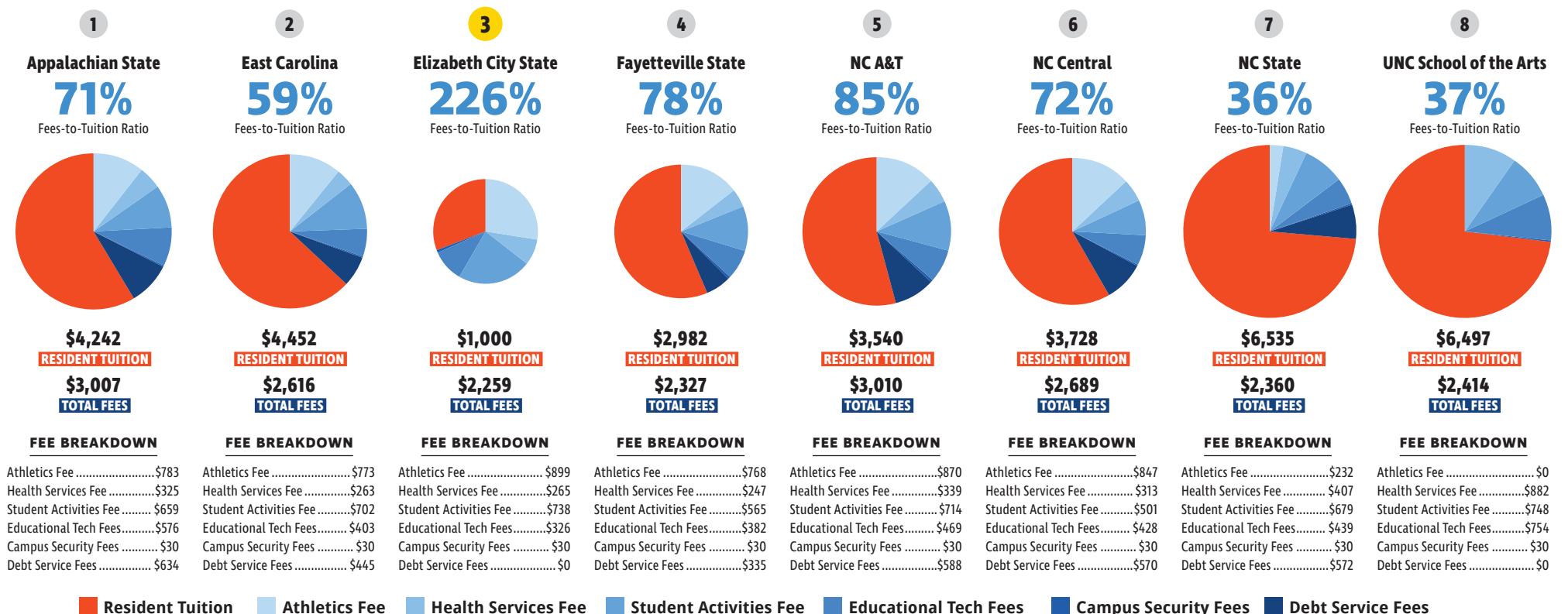
The average athletics fee for all UNC schools not in the ACC is \$808, Coletti said.

"In other words, the schools that attract smaller crowds for

their sports turn around and take the money from students, whether those students care about sports or not," Coletti said. "All this while N.C. State University and UNC-

continued PAGE 9

Fee-to-Tuition Ratio for University of North Carolina System Schools (2019-20)



HIGHER EDUCATION



ELIZABETH CITY STATE UNIVERSITY ATHLETICS

ATHLETICS FEES. Elizabeth City State University's Dajuan Greene catches a pass. At \$899, ECSU charges the highest athletics fee in the UNC System.



UNC CHARLOTTE

DEBT-SERVICE FEES. Rendering of the Marriott Hotel and Conference Center currently under construction on the campus of UNC-Charlotte. UNCC bills students \$720 for debt-service fees, which are used to pay for construction projects.

continued from PAGE 8

Chapel Hill consider whether to pay their athletes and subsidize nonrevenue sports with earnings from basketball and football.”

Debt-service fees — charged to students to pay for construction projects approved by the General Assembly but not funded in the state budget — also present a sizeable cost, Coletti said.

For example, UNCC bills students for \$720, the highest annual debt-service fee in the system.

UNC-Greensboro sits in the second spot with a yearly debt fee of \$707. Appalachian State University is third, charging its students \$634 annually. Only two UNC schools, ECSU and UNC School of the Arts, don't have a fee for debt service.

These fees are more costly than voter-approved general obligation bonds, Coletti said. They're also unfair, he said, since students are paying for buildings they won't be around to use.

On the flipside, current students benefit from buildings paid

for by previous students, say supporters of debt-service fees.

This year, UNC is asking the legislature to remove the 3% cap from debt-service fees. Without wiggle room to increase those fees, small schools can't raise enough money to build dining halls and student life centers, UNC's proposal says.

That's a terrible idea, said Jenna Robinson, director of the James G. Martin Center for Academic Renewal. The cap on fees has done a lot of good, she says. Removing it encour-

ages universities to shove costs into the fee category because “it gets less attention than tuition.”

“Everybody's watching the tuition number, and it's like the Wizard of Oz behind the curtain,” Robinson said. “[Campuses] are raising fees, and nobody's paying attention.”

Rising costs, raised eyebrows

When a student enrolls at a university, they aren't expecting a slew of charges separate from tui-

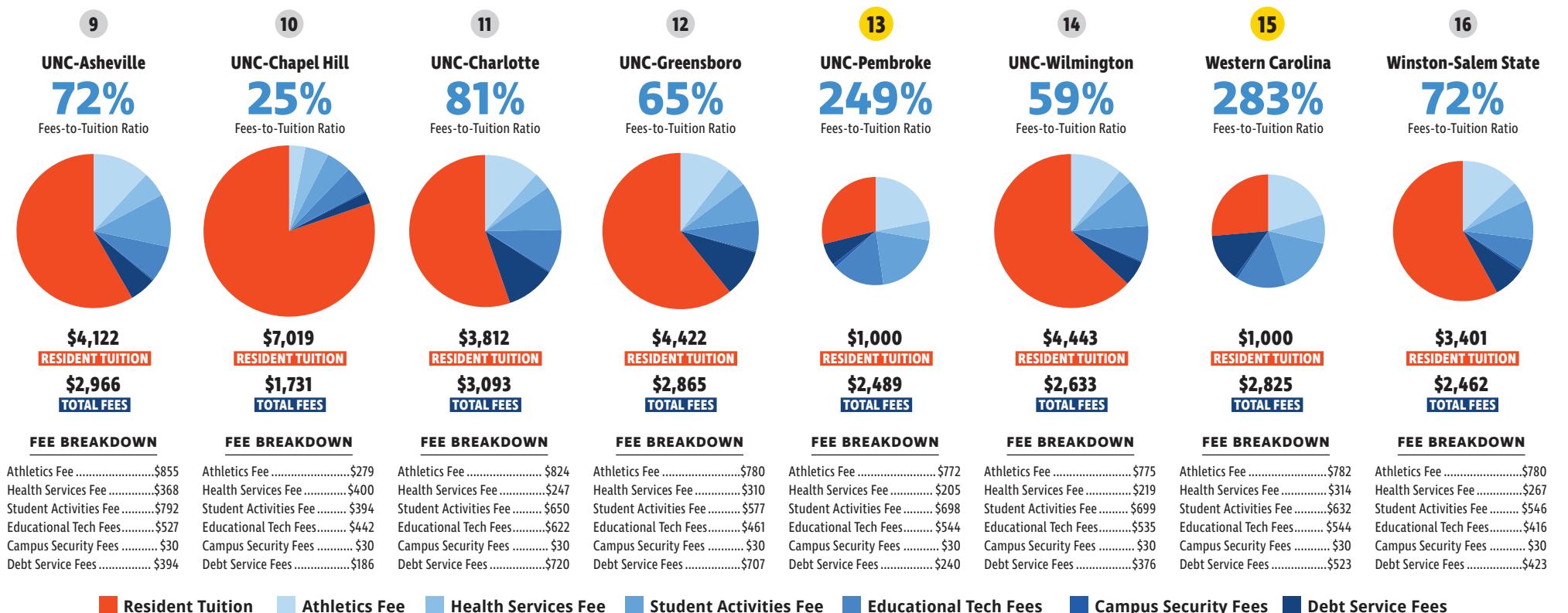
tion, said Richard Vedder, an Ohio University economics professor and author of the book *Going Broke by Degree*.

“Why aren't these [fees] included in the general, basic tuition fee that the schools have? Well, I think the answer is that the schools are trying to create the image that they're cheaper than they really are,” Vedder told *CJ*.

The reality is more complicated, Ramsey said.

continued PAGE 10

Fee-to-Tuition Ratio for University of North Carolina System Schools (2019-20)



Resident Tuition Athletics Fee Health Services Fee Student Activities Fee Educational Tech Fees Campus Security Fees Debt Service Fees

HIGHER EDUCATION

continued from PAGE 9

In-state tuition — significantly lower than tuition charged to non-residents — is offset by appropriations in the state budget. Mandatory student fee charges are the same for both in-state and out-of-state students, however. Room and board, too, is billed at the same rate to residents and nonresidents alike.

By charging fees, universities have more flexibility in covering costs — like new buildings, health care, activities, or athletics, Ramsey said.

Still, those charges deserve some careful consideration, the BOG chairman said. The UNC board, set to vote on new tuition and fee proposals in March, isn't sitting on its hands.

"I am concerned that people don't understand how much those fees are," he said. "The real number that's important, I think, is not what the tuition is, not what the fee is, but total cost of attendance."

During a three-hour tuition-and-fee workshop Feb. 19, UNC board members hashed out several ideas on controlling costs.

While student fees are capped, other expenses aren't, said BOG Vice Chairwoman Wendy Murphy. The average proposed cost of room and board for the 2020-21 school year is \$5,621 and \$4,054, respectively. Combine those tickets with the average cost of books, supplies, and other expenses, and the total is \$13,582.

That's double the proposed resident tuition-and-fee average for all 16 UNC campuses for 2020-21: \$6,663.

Not every UNC student will live on campus, but those numbers are worrisome, Murphy told the board.

Multiple board members are driving for answers, Ramsey said, asking whether universities are providing essential services, or if some of those services are unnecessary.

"Is it important enough to spend that money on?" Ramsey asked. "Many of our board members, including me, are not sure of that."

"I think we've got to find out, 'OK, did you go to this university because it has two student unions? Did you go there because it has this kind of dining facility?'"

The board is constantly told amenities attract students, Ramsey said.

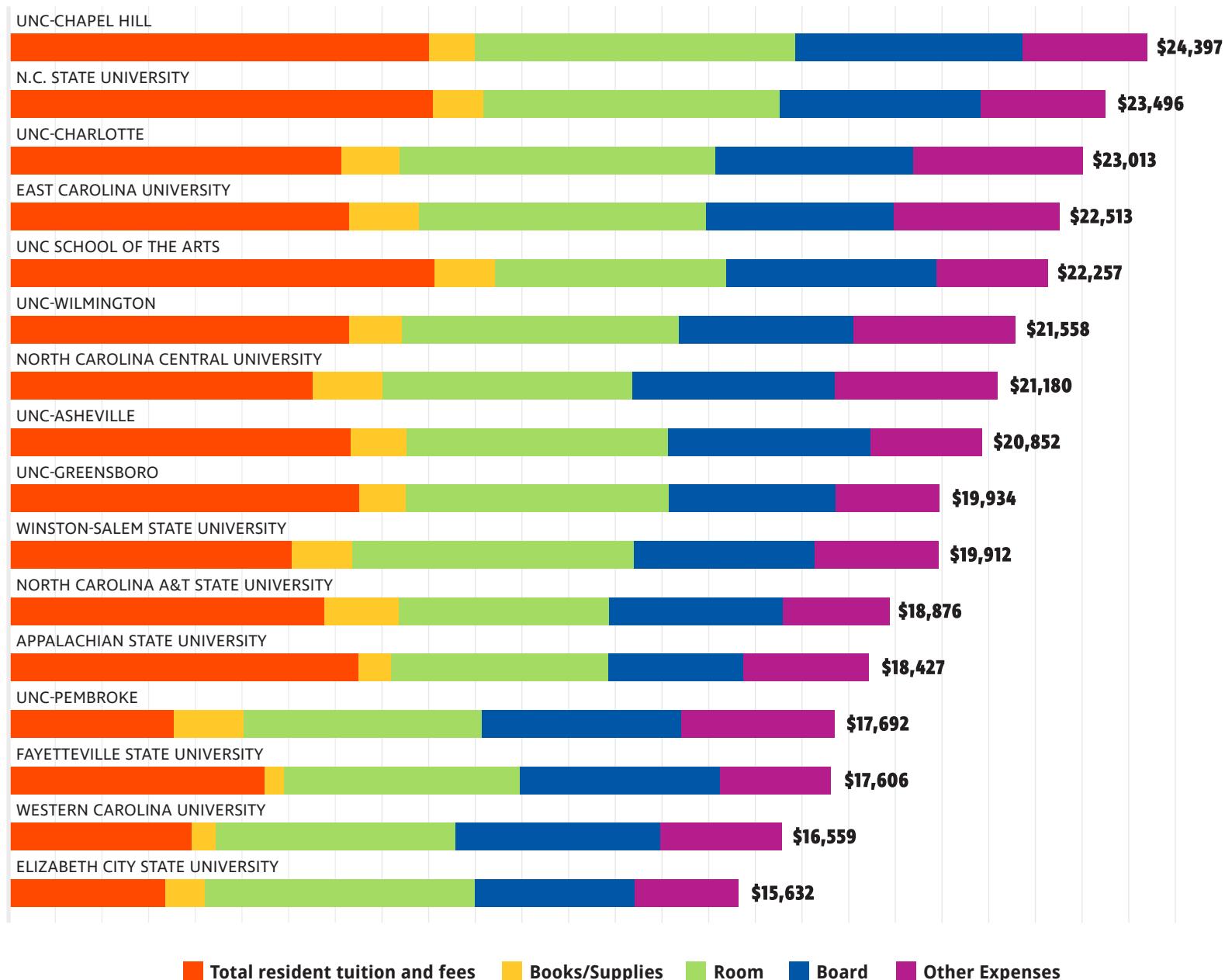
"Maybe they're right. But our board is not going to sit idly by and take that answer. Our board is very focused on, 'Tell me exactly why this is.'"

Fee'd up

One such board member is Steve Long, a Raleigh tax lawyer who many times has said he's "fee'd up" with rising costs at UNC schools.

In 2015, Long called out admin-

Total Estimated Cost of Attendance for UNC System Schools (Academic Year 2020-21)



istrators at UNC-Chapel Hill for devoting part of a \$436 health fee to hire "sexperts" and employees working on social diversity projects. The money paid for stage skits about racism, homophobia, and sexual assault, Fox News reported.

Those fees were supposed to cover health needs, not social advocacy, Long said.

Fee hikes are out of control, Long said, pointing to the BOG's official policy, which says across-the-board increases should happen just once every other year. The board isn't abiding by that rule, he said.

"We've now adopted this pattern where every year [campuses] come in with another bite at the apple," Long told *CJ*.

Slowing the machine will take a lot of work, he said, but the board should start by studying how campuses finance new buildings. The BOG needs to understand whether construction projects are truly worth the costs to students, he said.

"There is a little Roman emperor in every university administra-

There is a little Roman emperor in every university administrator who wants to build new buildings. ... I suffer from the same condition. I like nice new buildings. But you know, there has to be a limit.

- Steve Long
Member,
UNC Board of Governors

tor who wants to build new buildings," Long said. "And quite frankly, I suffer from the same condition. I like nice new buildings. But you know, there has to be a limit."

The board should pressure UNC's president and administra-

tive staff to control fees and should set better parameters for how those fees are used, Long said.

Another suggestion, brought by BOG member and Greensboro real estate developer Marty Kotis, is the board ditching one-size-fits-all fees that load students with potentially unwanted services.

"If you want to build a rock-climbing wall, great," Kotis said. "You know, do it like the free market would, and charge for use of the rock-climbing wall. But instead, we have the socialist approach. Everybody pays for it, and then some people use it."

Problem is, some services will never draw enough users to become self-funded, Kotis said.

Simply put, the best way to cut costs is to stop spending, he said.

Robinson agrees.

"I think that at this point it's time to really be putting on the brakes in every category so that the number at the bottom of the bill isn't going up every year," Robinson said.

The point is well made, Ramsey said, but a "silver bullet" answer may not exist. Small campuses like ECSU and FSU need money to demolish condemned buildings. The entire system faces a backlog of more than \$1.5 billion in maintenance needs, he said.

North Carolina's failure to enact a new state budget — which would've included \$130 million for some of those projects — presents a challenge, too.

Ultimately, the board must find a way to balance the costs of higher education against capital needs, he told *CJ*.

The UNC board is committed to keeping its promises about affordability, Ramsey said. For now, that means asking the right questions about student fees and any other burdensome costs.

"We need to address that today," Ramsey said. "Because just continuing to raise fees, or raise tuition, or build new buildings without an end plan, is just not very good governance."

HIGHER EDUCATION

Purdue University's tuition freeze sets example for UNC

BY KARI TRAVIS

Tuition and fees aren't going up at Purdue University in West Lafayette, Indiana.

In March 2013, university President Mitch Daniels, former Republican governor of Indiana, announced the school would freeze tuition, holding prices at 2012-13 levels until at least the 2019-20 school year. In 2019, Daniels extended the freeze through 2020-21.

Student fees also haven't been increased under Daniels' watch, although a "grandfathered" fee increase, promoted by students and approved by the Purdue's Board of Trustees in 2011, remains in effect.

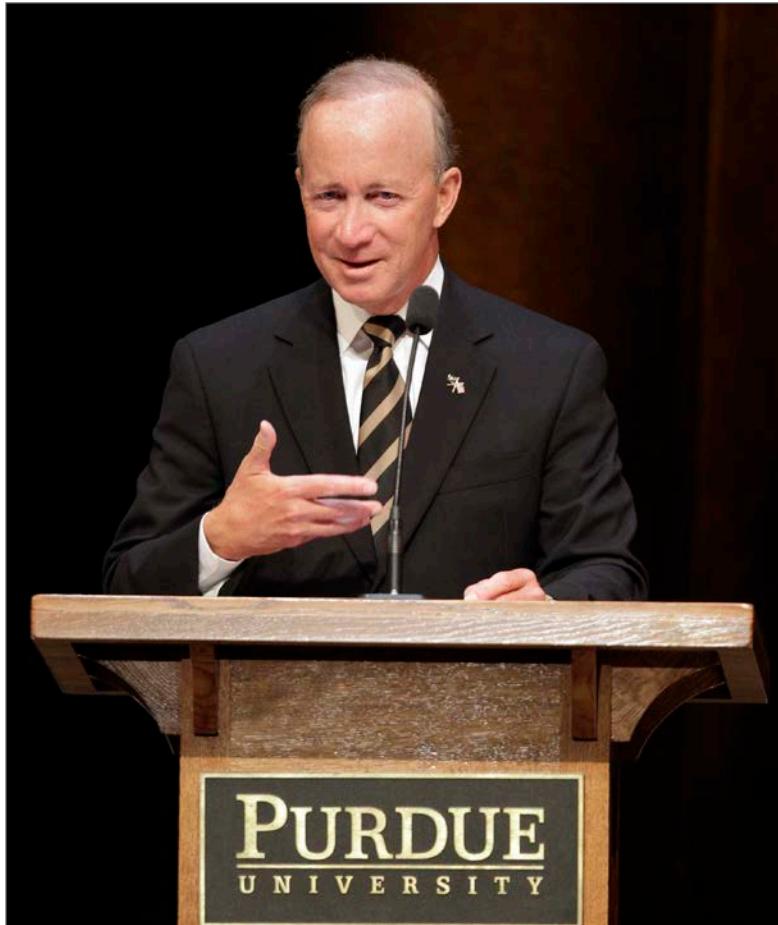
So far, six classes have graduated from Purdue without suffering spikes in tuition or fees, the university reports. That's a big deal, say experts such as Richard Vedder, an economist, Ohio University professor, and senior fellow at The Independent Institute.

Student and parent borrowing at Purdue dropped 31% since 2012. That's a savings of about \$57 million, the university says.

While Purdue's net tuition declines, the price of a degree at North Carolina's top public universities is rising. In 2016-17, the net cost to attend N.C. State University for in-state students hovered around \$13,442 per year, according to data from the National Center for Education Statistics. Purdue's net price for that same year was closer to \$12,117. During the 2017-18 school year, Purdue's ticket dropped to \$11,898; NCSU's net cost rose to \$14,771.

UNC leaders aren't sure Purdue's model would work for North Carolina.

"You know, Purdue's model isn't exactly like ours, and I think that consequently there should be some discussion there about how we do that," UNC Board of Governors



MITCH DANIELS. In March 2013, Purdue University President Mitch Daniels, former Republican governor of Indiana, announced the school would freeze tuition, holding prices at 2012-13 levels until at least the 2019-20 school year. In 2019, Daniels extended the freeze through 2020-21.

Chairman Randy Ramsey told *Carolina Journal*.

Some universities run on 40% to 45% out-of-state tuition, which provides higher revenue, Ramsey said. UNC institutions cap out-of-state students at 18%.

"That's a lot of money. There's a big funding gap there. Some universities in the Southeast are using that to fill in their funding shortfalls."

But some of Purdue's reforms are worth looking at, said Joe Coletti, senior fellow for fiscal and tax poli-

cy at the John Locke Foundation.

Purdue cut its administrative costs by 5% between 2012-13 and 2016-17, simultaneously boosting its instructional spending by 25%, Coletti said, a strategy that UNC should also consider.

"Freezing tuition and fees does not mean finding other sources of revenue to increase," Coletti said. "Following Purdue's example, committing to flat tuition and fees, may be one of the only sources of real financial discipline that a public university faces."

Student involvement in setting fees

Students at every UNC campus have a say when it comes to fee increases, said Adam Schmidt, president of the UNC Association of Student Governments. As leader of the ASG, Schmidt is an ex-officio member of the UNC Board of Governors. His role allows him to participate in discussion, but he's not allowed to vote.

The level of student input depends on the campus, Schmidt said. Each year, the UNC System office lays out expectations for how universities collect feedback from the student body. Campuses then form a tuition-and-fee committee including students, faculty, and staff. The committee holds forums, and a certificate of student involvement is required before institutions can finalize fee proposals and submit those to the campus Board of Trustees.

"In general, I would say that the committees are receptive to student feedback," Schmidt said.

Student interest in the process varies by campus, Schmidt said. He estimates anywhere between 30 and 70 students are

actively involved in discussions about costs.

Most students aren't huge fans of athletics fees, said Schmidt. But programming and health services are widely valued.

"In the end, I think students really kind of give and take in different places," Schmidt said. "Maybe they use the student center a lot, or maybe health services. Maybe they use the recreation center all the time. So I think it does kind of balance out."

"I wish fees weren't so high, and I wish students could be involved earlier in the conversation," he added. "Like, how are we planning to expand resources, and what finances are associated with that?"

Student government naturally goes through rapid turnover, he said. That means the student body often isn't looped into long-range plans.

"I've heard from students at several campuses that they would love to be involved in the budget and fee discussions long before it ever goes to committee," Schmidt said.

How tuition and fees work in N.C.

UNC TUITION is fixed for first-time resident undergraduates and transfer students who finish their degree in four years. The General Assembly enacted the program in 2016.

But that doesn't stop tuition from going up each year for incoming freshmen, bringing higher costs for each new class of UNC students. The university system's goal is to raise tuition only as much as the percentage increase of North Carolina's median household income. This year, the UNC Board of Governors will consider an average tuition bump of 2.4%.

Mandatory student fees — extra costs that include health

care, student activities, debt service, and athletics, are capped so UNC schools can't raise them more than 3% every year. In March, UNC leaders will vote, not only on tuition increases, but also on an average student fee increase of 2.7%. This year, UNC is asking the state legislature to lift the 3% cap from two fees: campus security and debt service.

The highest undergraduate student fees in the system go to UNC-Charlotte, with total fees of \$3,093. Second highest is N.C. A&T State University in Greensboro, with fees of \$3,010. Third belongs to Appalachian State University in Boone, where fees are \$3,007.



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CAMPAIGN FINANCE

Cooper armed with bicoastal campaign donations

Percentage of governor's 2019 war chest from N.Y., California sources; GOP challenger Forest got \$

BY DON CARRINGTON

Democratic Gov. Roy Cooper raised \$605,649 — 7% of his 2019 campaign funds — from residents of New York and California, based on a *Carolina Journal* analysis of his campaign finance reports. But details about Cooper's fundraising trips to those states are hard to come by.

Two trips to New York are at the heart of a lawsuit by Charlotte television station WBTV, filed Jan. 3 in Wake County. WBTV thinks Cooper is withholding public records showing how he traveled.

Incomplete or inaccurate reporting of campaign-related air travel got North Carolina's past two Democratic governors in legal trouble. Mike Easley's campaign committee was fined \$100,000, and he later took a felony plea in state court for concealing a free flight that should have been paid by his campaign. Easley successor Bev Perdue's campaign was fined \$30,000 for failing to report flights. Several of her associates faced legal sanctions for their roles in campaign activities.

In December, Cooper campaign spokesman Morgan Jackson declined to tell WRAL of Raleigh whether Cooper attended any fundraising events when he was in San Francisco on Dec. 2 and Dec. 3 for a Democratic Governors Association annual meeting. Jackson did not return a phone call from *CJ* seeking information on travel to other states for fundraising trips.

Candidates receive donations of all amounts. And while campaign committees must collect personal information on every donor who gives as little as \$1, those who give \$50 or less don't have to be identified on public disclosure reports. In this year's race for governor, small-level donations to Cooper dwarf the totals reported by his Republican challengers, Lt. Gov. Dan Forest and Rep. Holly Grange of New Hanover County.

Among out-of-state contributors, Cooper received 503 contributions totaling \$420,484 from New Yorkers. He received 417 contributions amounting to \$185,165 from Californians. Some individuals gave several times, and each contribution is reported as a separate event.

Cooper's notable New York do-

nors include billionaire George Soros, his son Alexander Soros, and fashion designer Ralph Lauren. Each made the maximum \$5,400 contribution for the primary election. Individuals may contribute another \$5,400 for the general election after the March 3 primary.

Forest received no contributions from New York or California. Grange, R-New Hanover, received three contributions totaling \$5,200 from New York and none from California. Ernest Reeves of Greenville is challenging Cooper in the Democratic primary. He reported raising and spending \$1,641, all his own money.

Campaign reports on the N.C. State Board of Elections' website show Cooper received 32,996 contributions totaling \$8,770,322. He had \$8,281,562 on hand at the end of 2019. Forest received 5,674 total contributions totaling \$2,743,594 and had \$932,687 on hand. Grange received 263 total contributions totaling \$159,539 and had \$27,329 cash on hand.

The candidates also will benefit from spending by outside groups not affiliated with the campaigns. WRAL recently reported Forest chairs a group named the Republican Council of State Committee that has more than \$1 million on hand. He also has a political action committee, Truth and Prosperity, with \$1.7 million.

WRAL reported the N.C. Democratic Leadership Committee plans to spend on Cooper's behalf. According to WRAL, eight donors to that committee each gave more than \$100,000. One is Dr. Karla Jurvetson, a California physician. Another is Clay Kenan Kirk, a retiree from New York.

Small donations

Cooper's campaign donations included 7,830 contributions of \$50 or less in 2019. N.C. campaign finance laws require campaign treasurers to collect the name, address, occupation, and employer of all contributors. But they aren't required to disclose that information for individual donors who've given no more than \$50 during an election. Those low-dollar donations are labeled "Aggregated Contributions from Individuals," and only the date, form of payment, and amount of each contribution are reported. The address isn't disclosed, so the public cannot tell which state those small contributions are from.

Forest's 2019 reports listed 1,187 contributions of \$50 or less totaling \$34,568; Grange reported 38, totaling \$1,237.

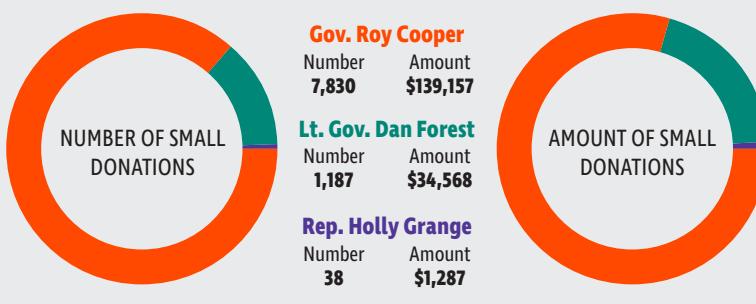
Fundraising travel

Even though the governor's office and his campaign officials share

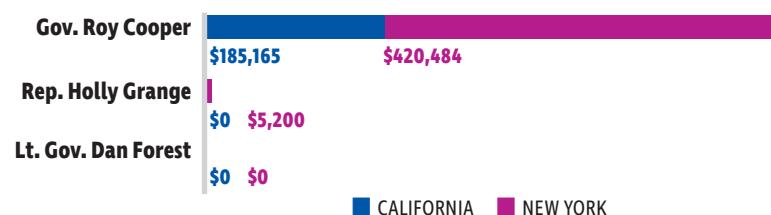


ELECTION MONEY. Gov. Roy Cooper received 32,996 campaign contributions totaling \$8,770,322 and had \$8,281,562 on hand at the end of 2019.

Campaign Contributions of \$50 or Less (2019)



Contributions Received From New York and California (2019)



SOURCE: North Carolina State Board of Elections

little information about his travel to fundraising events in New York and California, his campaign reports offer some insight.

Cooper's latest report shows a \$1,140 payment Oct. 25 to the Los Angeles Lakers for event tickets, suggesting Cooper or campaign staff attended a basketball game. The report also showed an in-kind catering donation Oct. 29 from Robert Anderson, listed as a filmmaker from San Francisco, for \$2,200. In-kind catering contributions typically are listed for an event at the donor's house featuring the candidate. Anderson also provided a second donation by credit card Nov. 18 of \$3,200.

Cooper's report shows \$993 spent Dec. 17 for lodging in Los Angeles and the same day \$312 for lodging in New York City. The campaign also paid for lodging in New York City in July, October, and November.

Lawsuit

In October, WBTV chief investigative reporter Nick Ochsner reported Cooper and the Highway Patrol refused to provide answers or all documents relating to the governor's travel to New York City for fundraisers. WBTV maintains the governor's travel records on state business are public records, and

that air travel spending associated with campaign business must be reported on campaign finance reports, eventually becoming public records.

The Highway Patrol provides the governor's Executive Protection Detail, driving him to meetings, to events, and to airports for air travel. WBTV wants to know how Cooper traveled to New York City for fundraisers Jan. 31 and June 20 of 2019. WBTV's reporting suggested records or documents should exist describing how Cooper traveled to New York.

Cooper's 2019 midyear campaign finance report included no travel expenses associated with those days. If Cooper traveled on private aircraft, the value of the trip must be reported as a campaign contribution, and the contributor would have to be listed. Corporations and business entities are prohibited from directly or indirectly making campaign contributions.

Unreported travel expenses have caused legal troubles for the past two Democratic governors. In 2009, the State Board of Elections fined Easley's campaign committee \$100,000 for free flights the governor took and didn't report. The next year, Easley became the first N.C. governor convicted of a felony for actions connected to his official duties when he filed a guilty plea in state court for campaign finance violations related to the flights.

Travel-related campaign finance problems also dogged Perdue. In 2010, the elections board fined Perdue's committee \$30,000 for unreported campaign flights, and several of her campaign officials and associates faced legal problems related to the flights.

WBTV continued its pursuit of travel records by filing a complaint in January with Wake County Superior Court. The complaint names Cooper, Public Safety Department Secretary Erik Hooks, and Highway Patrol Commander Glenn McNeill as defendants. The patrol is under the Public Safety Department. WBTV is asking the court for an order compelling defendants to appear and provide the travel records for inspection and copying.

Lawyers for Cooper and the other defendants responded to the complaint Feb. 10. Through his lawyers, Hooks submitted a motion to dismiss the complaint, saying he isn't the relevant records custodian and there were no more public records concerning the governor's travel.

McNeill also submitted a motion to dismiss claiming no more public records related to the governor's travel exist. Cooper also submitted a motion to dismiss the complaint stating he was not the custodian of the records WBTV sought.

COURTS AND ELECTIONS

State Appeals Court blocks voter ID, jeopardizing use in general election

BY BROOKE CONRAD

A second court has blocked voter ID in North Carolina—a move policymakers and analysts denounce as riddled with substantive and procedural problems.

A three-judge state Court of Appeals panel has temporarily banned a law requiring voter ID in N.C. elections. This comes after a U.S. District Court judge blocked the same law in federal court in December, citing the impending March primaries.

The voter ID amendment was approved by 55.5% of voters in a 2018 ballot referendum. Opponents of the law say it's racially discriminatory.

With the law enjoined at the federal and state levels, it's unlikely photo ID will be required in this year's general election, said Mitch Kokai, senior political analyst at the John Locke Foundation.

If the federal court issues a final ruling to block the law, the state court case is moot, said Mike Schietzelt, JLF legal fellow. If the federal court approves the law, the state court can still block it.

Regardless, the preliminary injunctions send a strong signal as to how the courts will rule in their final orders, Schietzelt said.

Plaintiffs haven't proven discriminatory intent

The Appeals Court order echoed plaintiffs' statements that black voters are more likely than white voters to lack an acceptable ID. Black voters, in that argument, would likely have to rely more on the reasonable-impediment provision. This allows people to submit a provisional ballot, which would be counted unless the county board deems the stated impediment invalid.

Even though defendants contend it's not "overly burdensome," it's "still one more obstacle to voting," the court opinion states.

"[A] voter using this provision must still undertake the addition-



ID REQUIREMENT UNLIKELY IN 2020. The voter ID amendment was approved by 55.5% of voters in 2018. But with the law enjoined at the federal and state levels, it's unlikely photo ID will be required in this year's general election.

al task of filling out the reasonable-impediment form and submitting an affidavit verifying its veracity to cast a provisional ballot, which is subject to rejection if the county board believes the voter's affidavit and reasonable impediment are false."

Plaintiffs still haven't proved discriminatory intent, Kokai said.

"Anything that has disproportionate impact on African Americans is cited as proof of discriminatory intent," Kokai said. "Nothing about this voter ID law shows real discriminatory intent. The court and the plaintiffs are trying to use statistics to help fight voter ID."

The Court of Appeals cited past voter ID laws, which shouldn't have standing in this case, said Jeanette Doran, president and general counsel of the N.C. Institute for Constitutional Law, in a news release.

"If the courts always look back to previous attempts to pass voter ID laws and say that because those were unconstitutional so is this one, no voter ID law will ever survive a

legal challenge," Doran said. "That subverts the will of the voters. People should be deeply troubled by that."

Appeals Court had no jurisdiction

The Court of Appeals probably should not have been allowed to hear the case in the first place, Schietzelt argues.

The state trial court originally declined to issue an injunction on the voter ID law in July 2019, saying that the case should proceed to trial.

Eager for an injunction, plaintiffs appealed the case to the Court of Appeals, even though a final order hadn't been issued. It's called an interlocutory appeal, which usually isn't allowed. One exception is when the case would affect a "substantial right" of a plaintiff.

The court cherry-picked through legal precedents to prove this substantial right, Schietzelt says. The Court of Appeals cited the U.S. Su-

preme Court case *Dunn v. Blumstein*, which says "a citizen has a constitutionally protected right to participate in elections on an equal basis with other citizens in the jurisdiction." The court left out the critical part of the text that follows: the equal right to vote is "not absolute" and "states have the power to impose voter qualifications, and to regulate access to the franchise in other ways."

After obtaining the interlocutory appeal, the Court of Appeals on Feb. 18 sent the case back to the trial court with a temporary injunction to ban voter ID.

The state-level injunction doesn't carry a whole lot of practical impact in the short term, Schietzelt said.

The federal court already had blocked voter ID for the primaries. But pushing the injunction in separate courts was a tactical maneuver by the plaintiffs, he said.

"It makes defendants continue fighting this on two different battlegrounds," he said.

If the federal court issues a final ruling to block the law, the state court case is moot. If the federal court approves the law, the state court can still block it.

- Mike Schietzelt,
John Locke Foundation

Lawmakers say ruling violates voters' opinion

Republican lawmakers and party leaders say the injunction overturns voters' decision in 2018 to require voter ID in elections.

"Three elitist Democratic judges just decided that the people cannot amend their own Constitution, even though the voter ID amendment received more votes than any of the judges," said Sen. Warren Daniel, R-Burke, and Sen. Joyce Krawiec, R-Forsyth, in a statement. "Democrats and their allies on the judiciary will have to answer for overturning the clear will of voters come November."

More than 30 other states have enacted similar laws, which federal courts have upheld, N.C. Republican Party Chairman Michael Whatley said in a statement.

"An overwhelming percentage of North Carolinians of every demographic support voter ID, and we are very disappointed to see a panel made up of three Democratic judges overturning their votes by judicial fiat," he said.

House Speaker Tim Moore, R-Cleveland, said General Assembly leaders will continue pushing for a "common-sense voter ID law" to be put in place.

"We will not be deterred by judicial attempts to suppress the people's voice in the democratic process," Moore said in a statement.



INTERNATIONAL RELATIONS

Chinese challenge offers no easy answers for American foreign policy

Q & A



Walter Lohman
Director
Heritage Foundation's
Asian Studies Center

China continues to create challenges for American foreign policy. Those challenges present no easy answers.

Walter Lohman, director of the Heritage Foundation's Asian Studies Center, addressed those challenges during a speech last fall in Raleigh for the Jesse Helms Center. Lohman discussed key themes from his presentation during an interview with Mitch Kokai for Carolina Journal Radio.

MK: Just how different are the United States and China?

WL: Looking at it just right at this moment, where each side is, we just see the world from different perspectives, opposite perspectives in many ways. The relationship between the state and citizen foremost, the idea of natural rights that the United States has and has really internalized. You don't have to read John Locke to understand that as an American, because as an American you have internalized it. It's a part of the way you look at the world, and we take it for granted that governments around the world are going to look at it in the same way.

It's universal, so you do have Chinese people that understand it and see it that way, but you don't have the institutions in China to support it. So on the other hand, the Chinese have a one-party, one-state system that doesn't believe in the rights of man, or natural rights, or anything like that. So we look at things from very, very different perspectives.

And then there's historical differences. There's differences in the way we think the world should be managed, and different interests that we have in parts of that that conflict very directly.

MK: Some people are talking about decoupling the American and Chinese economies.

WL: I think the biggest problem with this is a basic human inability to deal with scale. You've got to look at the scale of what's going on, the half-million foreign companies that are invested in China, the \$1.6 trillion we have in trade with the region as a whole, and the fact that you have thousands of suppliers going back and forth across borders, and everything else. It's just way too big to decouple.

I think what will happen if we try to decouple — we can take action intended to do that, [but] we won't decouple. What we'll do is we will separate the United States from a lot of these networks, and the European-



DECOUPLING THE AMERICAN AND CHINESE ECONOMIES? Shoppers walk past a store of U.S. tech giant Apple in a retail district in Beijing. A half-million foreign companies are invested in China, and the U.S. has \$1.6 trillion in trade with the region as a whole.

ans will be a part of it. The Japanese will be a part of it, the Taiwanese, the Australians, they'll all be a part of it. We will have set up barriers for our own engagement in all of these networks.

So the bottom line is, yeah, we have some fundamental problems with the Chinese, just like we just talked about, whether it's values or whether it's our really concrete interests. But we've got to live with them at the same time, especially on the econ side of things. So there are no easy answers. You've just got to be able to slog through it.

MK: In your speech, you mentioned a riddle linked to American relations with China.

WL: The riddle is that we have to look at Asia, we have to look at the Indo-Pacific as being more than just about China. We're not dealing with these countries just to deal with China. But on the other hand, if we're going to effectively deal with China, we've got to deal with all those other countries.

So that's the riddle. It is more than about China, but in order to address the China problem, we have to be there with all these other countries telling them it's not just about China, that we care about the way that they're being inundated by refugees, or the way that



We can take the Chinese on head to head, but it's not going to be that easy. We're going to have to slog through these issues.

they are dealing with drug trafficking, or development issues, or things like that.

Because the Chinese are there, too, and the Chinese are there in a very big way, diplomatically, politically. They go to all these events that they have in the region, all the different conferences, and they are now becoming aid donors to the region. So we have to be there, too, being actually a part of the life of the region.

I always point this out, this difference, that in the Middle East, conflict is such a part of politics in the Middle East, right? You have people waking up every day, and their first thought is, "How am I going to get my land back," or, "How am I going to kill that guy who killed my sister?" You know, it's a lot about conflict.

It's not like that in Asia. For the most part, it's about making money. People wake up every day, from the guy in the street that's selling trinkets to the CEO or tycoon in Hong Kong,

they're thinking about ways to make money. And if the U.S. isn't there helping people make the best of their lives, then we're missing half of the equation.

We can have 15 U.S. aircraft carriers in the region, and it is not going to make a difference. And the Chinese are the ones that are helping people make money and helping people better their lives. They're going to get the advantage. We're not. And they're going to benefit their own vision for the region, and we won't benefit ours.

MK: You also called the American-Chinese relationship a "long, complex struggle." How so?

WL: You can see it playing out now with this technology issue. How do you separate out security threats that come with Chinese investment, or with Chinese trading relationships, like with microchips, and developing the 5G technology, and that sort of thing? How do you separate those things out from the broader economic relationship? How do we attack China on cybertheft and [intellectual property rights] violations, without jeopardizing an entire economic relationship? How do we speak up about what they're doing in western China with the Uighur Muslims, putting them

in basically concentration camps, but at the same time, not jeopardize or exacerbate other problems that we have?

So that's where the complexity comes in. And I think a natural American recourse is to try to simplify it, and to come up with something that's more, let's say, elegant. That's the most charitable way to put it, is an elegant approach that can kind of reconcile this, and we can take the Chinese on head to head, but it's not going to be that easy. We're going to have to slog through these issues, and we're going to have to prioritize over the long term without any clear outcome.

MK: You said during the speech, "There's no board-game solution."

WL: ... A lot of the academics and other people that are looking at this, they're looking at it as this great power struggle with the Chinese, almost a new Cold War with the Chinese. And it's just not going to be that simple of a way to approach it. You just look at the other countries on the board, OK? During the Cold War, we didn't fight it on our own. We had allies all over the world. We had allies in western Europe. We had allies in Japan and Australia. In Southeast Asia we had allies.

So what happens in this Cold War? Are all those guys still on our side this time? I don't think so. I mean, maybe a couple of them, but I think they're going to have to choose. If you're in Germany, even if you're in the U.K., or if you're in Japan — you know, Japan's on the front lines. Are you going to choose — especially Southeast Asia is the most at risk here — are you going to choose a sort of geostrategic struggle that America leads, some sort of theoretical construct about how to confront China, or are you going to choose economic benefit?

A lot of people are going to choose economic benefit. We're not going to have the same sort of coalition that we required to win the Cold War. That's why it's important to look at it in some of its complexity.

COMMENTARY

N.C. teacher turnover matters, but there is no crisis



DR. TERRY STOOPS
VICE PRESIDENT FOR RESEARCH
JOHN LOCKE FOUNDATION

Teachers may be walking out of their classrooms to protest Republican education policies, but most are walking right back in and staying there.

Every year, the N.C. Department of Public Instruction publishes the “State of the Teaching Profession” report, which includes attrition, mobility, and vacancy data for the state’s teacher work force. The great — and underreported — news is teacher attrition declined for the fourth straight year, and mobility and vacancy rates are consistent with recent trends.

The overall state attrition rate for the 2015-16 school year was 9.04%. It dropped to 8.7% in 2017 and to 8.09% in 2018. Last school year, the attrition rate fell to 7.5%. This means that a larger proportion of teachers are staying in the profession.

According to the report, much of the state’s teacher attrition is due to personal reasons or is beyond the control of the school district or state. Retirement remains the top reason people left their teaching position last year. Nearly one in five teachers who resigned last year did so to retire with full benefits. Career change, family relocation, and family responsibilities/child care, and teaching in another state round out the top-five self-reported reasons for leaving the classroom. Dismiss-



als, compelled resignations, and layoffs were rare.

Some may worry our schools are losing our best teachers, but DPI researchers found that teachers who leave are less effective than those who remain. They write, “On average, teachers who left employment in N.C. public schools had lower EVAAS index [growth] scores than those teachers who remained in employment during the measurement period.” We should want bad teachers to leave, better teachers to take their place, and great teachers to stick around. This kind of improvement cycle would help to mitigate the adverse academic effects and additional costs associated with teacher attrition.

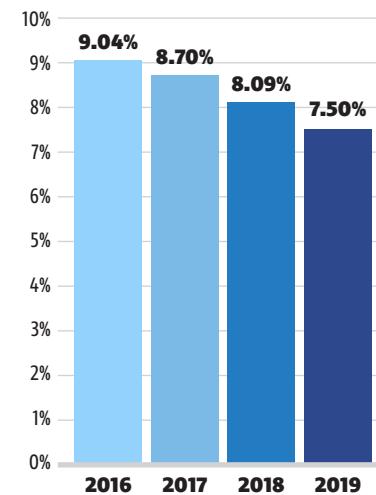
The mobility rate captures the percentage of teachers who relocate from one public school to another within North Carolina. Over the past four years, the

mobility rate ranged from a low of 4.4% in 2016 to a high of 4.8% in 2017. Last year, around 4.5% of teachers switched schools.

Finally, DPI reports that there were 1,698 vacancies on the 40th instructional day of the last school year. This figure reflects the number of instructional positions “for which there is not an appropriately licensed teacher who is eligible for permanent employment.” As the authors of the report point out, these positions are usually staffed by long-term substitutes, retired teachers, or provisionally licensed teachers.

The vacancy count sounds troubling. But there are nearly 2,500 district schools in the state, so that figure represents fewer than one vacant position per school, on average. Of course, vacancy rates aren’t evenly distributed across schools, districts, grades, or subjects. For example, North Carolina

North Carolina Teacher Attrition Rate



SOURCE: N.C. Department of Public Instruction

has relatively few vacant social studies and English language arts jobs. Teachers for exceptional children and for elementary schools appear to be in shorter supply.

So, do attrition, mobility, and vacancy rates indicate that North Carolina has a teacher recruitment and retention crisis? North Carolina’s attrition and mobility rates are lower than available national and state averages. In a report published in 2015, the National Center for Education Statistics found 8% of teachers leave the profession every year, and another 8% move to other schools. A more recent U.S. Department of Education study of teacher turnover in Colorado, Missouri, and South Dakota indicated that 10% of teachers in those states left the profession, and another 8% moved to other schools. While some may be alarmed by those rates, the most recent Job Openings and Labor Turnover

Survey data from the U.S. Bureau of Labor Statistics show public education employee attrition is low, relative to other professions.

Statewide figures and trends are positive, but there’s significant variation across school districts. Thirteen school districts, mostly those in eastern counties and the Sandhills, had double-digit attrition rates, while districts in counties in the western part of the state generally had the lowest attrition rates. Ten school districts had double-digit mobility rates, while a handful had virtually no teachers moving to other N.C. public schools. School districts in Washington, Hoke, and Anson counties had alarming vacancy rates to go along with relatively high attrition and mobility rates.

One shortcoming of the “State of the Teaching Profession” is it fails to capture the specific personal and professional reasons teachers decide to leave the profession or switch schools. After all, no two teachers will base career-defining and potentially life-altering decisions on identical criteria because no two individuals have the same experiences, values, and goals.

The absence of simple explanations for why teachers choose to leave the teaching profession complicates the process of developing a public policy response. Simply increasing teacher salaries may prompt some educators to remain in the classroom, but additional compensation won’t address dissatisfaction with working conditions or quality of life. In the end, the best recruitment and retention strategy is for elected officials to create and maintain conditions that make teaching and living in North Carolina as appealing as possible.



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EDUCATION

In the information age, civic literacy matters more than ever



KRISTEN BLAIR
COLUMNIST

How much do Americans know about government or the nation's founding principles? Not nearly enough. A recent poll from the Annenberg Public Policy Center, querying 1,104 adults, found just two in five could name all three branches of government; 22% couldn't name one. Earlier Annenberg polling found 37% of Americans couldn't identify any First Amendment rights. Students are similarly uninformed: The most recent National Assessment of Educational Progress data show less than a third of fourth-, eighth-, and 12th-graders were proficient in civics.

Such numbers reveal a worrisome lack of knowledge about foundational American ideas, freedoms, documents, and structures. Ignorance is especially concerning in a digital and politically fraught culture, pulsing with information and innuendo, fact and fiction.

What helps winnow wheat



from chaff? Civic knowledge.

In his year-end report on the federal judiciary, U.S. Supreme Court Chief Justice John Roberts lamented the decline of civics education, noting, "In our age, when social media can instantly spread rumor and false information on a grand scale, the public's need to understand our government, and the protections it provides, is ever more vital."

Will civics education be revital-

ized in North Carolina? It's early to say, but changes are coming. The Department of Public Instruction is revising K-12 social studies standards. Legislation, enacted in 2019, will require high schoolers to take two new social studies classes: a personal finance course and a reimagined civic literacy class covering founding principles.

The law caps required high school social studies courses at "no more than four," so students

will take one American history course instead of two, a change the State Board of Education approved in January. Will American history be shortchanged? I hope not. Educators have voiced concerns. In a recent press release, State Superintendent Mark Johnson sought to relieve fears, promising, "Not only will we keep all America(n) history standards, we will improve our efforts to teach the founding principles of our nation."

DPI is soliciting additional public comment on social studies standards later this spring, so stay tuned. Outside the classroom, would-be constitutional scholars can build knowledge by participating in North Carolina's first-ever Constitution Bee. Set for May, the bee is open to public, private, and homeschool students in grades eight through 12.

Created by Michael Leahy, owner of Star News Digital Media and CEO of Star News Education Foundation, the bee first launched in Tennessee in 2017. This spring, seven states will host bees; an "at-large" bee is open to students in states without a bee.

A constitutional guide, authored by Leahy, forms the basis for the bee's questions. It's written from the perspective of "originalism,"

a legal philosophy of interpreting the Constitution "by determining what its language meant to the people who originally ratified it," notes the Bill of Rights Institute. That view offers a refreshing balance and counterpoint to the notion of a "living," evolving Constitution — and the progressivism that can pervade classroom teaching on this topic.

The bee, Leahy says, is an outgrowth of his "personal commitment and interest in civic literacy." Civics education is often lacking, he notes, with impacts on the future electorate; today's students are tomorrow's voters. "The idea," he says, "was to get them engaged and provide opportunities for college scholarships."

Kids, take note: Top-three finishers at state bees win scholarships, advancing to the National Bee in Washington, D.C. There, top-three finishers earn scholarships; the champion wins \$25,000.

Engaging youth and incentivizing civic literacy? It's a winning combination for the information age, helping to make the mind a threshing sledge — sharp enough to winnow wheat from chaff, fact from fiction.

Kristen Blair is a Chapel Hill-based education writer.

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EDUCATION

Court decision erases a huge student debt: Good or bad?



GEORGE LEEF
COLUMNIST

For years, a contentious and sometimes emotionally heated debate has raged over the issue of letting people discharge their student loan debts in bankruptcy. A recent decision opens the door for individuals with high levels of student debt to have their burdens discharged in bankruptcy.

Should we cheer?

Until 1976, the bankruptcy law made no distinction between student loan debt and other kinds. In that year, however, Congress amended the law so as mostly to exclude student loan debts from bankruptcy, even though the level of college debt was vastly lower than it is today.

Student loan debts could be considered for bankruptcy discharge only if the debtor filed an “adversary proceeding” in court to demonstrate that repaying the debt imposed “undue hardship.”

In 1987, from the case of Marie Brunner, the court announced that student loan debts should be dischargeable only if this three-part test was satisfied: “(1) That the debtor cannot maintain, based on current income and expenses, a ‘minimal’ standard of living ... (2) that additional circumstances exist indicating that this state of affairs is likely to persist, ... (3) that the debtor has made good-faith efforts to repay the loans.”

That language came to be known as the *Brunner* test, and most federal appeals courts have adopted it. It has been widely regarded as an almost insurmountable barrier to using bankruptcy to wipe out student loan debts.

But a decision by federal bankruptcy judge Cecilia Morris on Jan. 7 has people rethinking the



The easier we make it to escape paying off student loans, the more we encourage careless borrowing for dubious degrees.

conventional wisdom that there’s no escape from student loan debts short of death.

The case involved Kevin Rosenberg, who accumulated \$116,000 in debt. After completing his law degree in 2004, he worked briefly in the legal profession, but soon decided he wanted to become an entrepreneur. He met with some success, but since 2008 has suffered from financial hardship.

His case came before Morris, who concluded that he should be allowed to discharge his student

loan debts since they did impose undue hardship on him. In her decision, Morris argued the courts have made bankruptcy relief for student debtors much harder than Congress intended. She wrote, “*Brunner* has received a lot of criticism for creating too high of a burden for most bankruptcy petitioners to meet.”

With that ruling, Morris set off a wildfire of discussion about using bankruptcy to eliminate student loan debts.

It is possible that *Rosenberg* will be reversed on appeal, as the initial bankruptcy decision in favor of *Brunner* was, but what if the decision stands?

Let’s hold the applause. Bankruptcy for student loan debtors solves their problems but exacerbates the nation’s.

Our problem is that we have created strong incentives for people to borrow excessively for college (and grad school) costs. Permitting borrowers who face “undue hardship” to wipe out their educa-

tional debts simply shifts the cost burden from those borrowers to the taxpayers.

The easier we make it to escape paying off student loans, the more we encourage careless borrowing for dubious degrees.

The big question for our political leaders isn’t how can we help people like Kevin Rosenberg, but rather how can we keep cases like his from happening again and again? We shouldn’t talk about bankruptcy until we have first adopted a “skin-in-the-game” requirement for schools and done all we can to encourage nondebt alternatives like income-share agreements.

If any good comes of the pro-debtor decision in *Rosenberg*, it will be to get Americans to question why the federal government should be in the business of college lending in the first place.

George Leef is the director of editorial content at the James G. Martin Center for Academic Renewal.

GPA or SAT? Two measures are better than one



SHANNON WATKINS
COLUMNIST

AT A TIME WHEN only 41% of college students graduate in four years — and just 56% in five years — colleges and universities across the country are phasing out the only truly objective measure of academic excellence and student success in the application process: standardized tests.

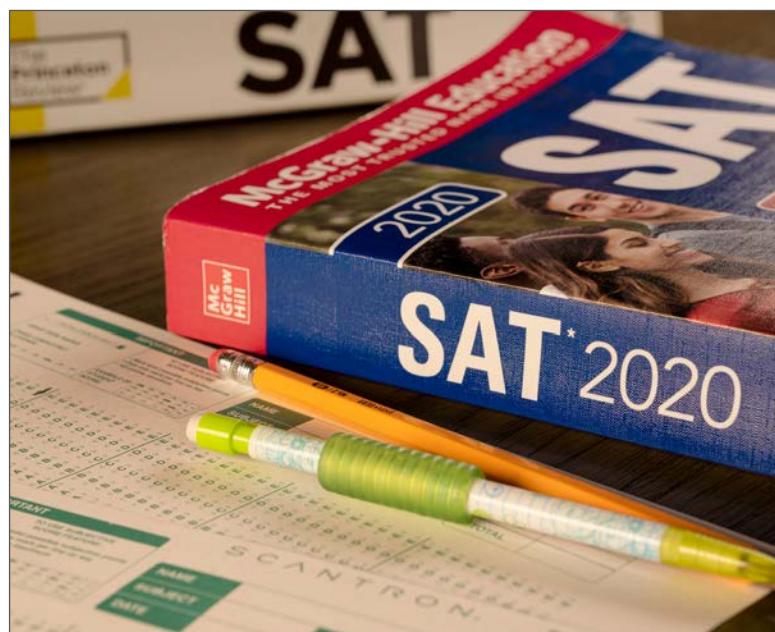
For example, the University of North Carolina Board of Governors is set to vote on a policy that would significantly diminish the role of test scores in the admissions process.

To do so, however, would be a blow against academic standards for the 16 UNC System schools.

Now, even to be considered for admission at any UNC institution, applicants must have a minimum grade point average of 2.5 and an SAT score of 880 or an ACT score of 17.

The proposed revisions are subtle, but significant. Instead of requiring GPA and test scores, the new policy would require a minimum GPA of 2.5 or an SAT score of 1010 (or ACT score of 19).

The proposed policy comes as a controversial pilot program nears



its conclusion. In 2014, the board passed a resolution for a program testing whether students’ GPA was a better predictor of academic success than standardized test scores.

Three UNC System schools participated in the pilot study: Elizabeth City State University, Fayetteville State University, and North Carolina Central University.

The pilot was set to last three years, from fall 2015 through fall 2017. But in 2018, the board voted to extend the pilot another three years (through fall 2020).

In a January meeting, Kimberly van Noort, the system’s senior vice president for academic affairs and

chief academic officer, and her colleagues discussed a report compiling the pilot’s findings. According to the report, academic outcomes of the pilot students were similar to those of nonpilot students.

Both groups had similar GPAs of 3.2, had similar retention rates, and completed a similar number of credit hours.

Even so, several compelling reasons should stop the board from approving the policy recommendation.

The fact that the pilot students had similar academic outcomes to the rest of the student bodies at each of the universities doesn’t necessarily mean success. That’s

because the universities themselves are in large part failing to graduate their students. For example, each of the three universities that participated in the pilot has dismal graduation rates.

In fact, between 2014 and 2015, ECSU and FSU’s graduation rates decreased. ECSU went from 20.6% in 2014 to 19.4% in 2015, while FSU went from 22.7% in 2014 to 21.4% in 2015.

If system officials wanted to measure the predictive power of GPA over test scores, why didn’t they conduct the pilot at higher-ranked UNC schools where the majority of students do graduate?

By running the pilot in schools where graduation rates are already very low, it virtually guarantees that pilot students won’t perform worse than an already-failing student body.

The academic performance of the three schools points to a need for stricter standards, not more “flexible” ones.

Many education leaders, including those in the UNC System, draw a false dichotomy between the SAT and GPA. They seem to think it’s an “either/or” question: Either the GPA is a better predictor of success, or standardized tests are.

In a sense, what UNC System leaders say is true: If only one measure could be used to predict student success, evidence does suggest the GPA is a more reliable measure than test scores.

But why would UNC System

leaders want to limit themselves to only one measure? There’s strong evidence GPA and test scores together offer an even better predictor of student success.

In sum, despite continuing claims that testing isn’t a fair measure of current abilities or future accomplishments, the overwhelming conclusion across decades of research is that tests are not biased against women and racial/ethnic minority group members in terms of their use in predicting subsequent academic performance.

Some members of the board might be inclined to vote for the policy change because they want to give students a second chance — especially if students come from struggling school districts.

But, however good-intentioned board members and system staff might be, admitting underprepared students isn’t compassionate.

Instead, it puts vulnerable students in an impossible situation: They will likely take on burdensome debt for a degree they aren’t likely to finish for reasons often outside of the university’s power to control.

It’s time UNC officials realize that introducing more subjectivity into the admissions process is more likely to hurt students than help them.

Shannon Watkins is senior writer at the James G. Martin Center for Academic Renewal.

COMMENTARY

Twenty suggestions for N.C. candidates in 2020



BECKI GRAY
SENIOR VICE PRESIDENT
JOHN LOCKE FOUNDATION

Since 2008, I've been involved with statewide and legislative elections. Not offering political advice. Quite frankly, I know nothing about the political side of things — but offering policy recommendations and advice for candidates. I've seen candidates win and lose, some only to come back to win later. I've seen some take missteps and others find their sweet spots. There's a lot that goes into a successful campaign, more that makes a winning candidate, and even more required of a public official. I don't endorse candidates but applaud anyone who puts themselves and their families on the line and makes the sacrifice required of public service. In that light, I'd like to offer 20 suggestions for our state's 2020 candidates. Good luck to each and every one of you.

1. Know the requirements and responsibilities of the job.
2. Be realistic about the pay. Chances are, you won't be able to change it once you've been elected. So don't start out complaining about it. If you can't afford it, don't do it. If you're only doing it for the money, don't do it.
3. Understand the work required. It takes time to serve. Plan accordingly.
4. Any public service involves your family, so loop them in and get a commitment up front. Public service is a team sport. And it can be brutal. You'll need a supportive team, and your service will be better with a committed team.
5. When looking for solutions to problems, don't just accept what you've inherited. The first thing you should ask is this: Is it working as well as it can, and can we do better? Most things need some level of fixing. Fix it first, then consider the appropriate level of support and funding.
6. It's not your money. None of it. Your responsibility is to be a fiduciary of the taxpayers' money. Don't spend it like you'd spend your own. Spend it better.
7. Don't keep secrets. Nothing breeds suspicion like closed doors. Sunshine is the best disinfectant. Open the curtains wide, and keep them open.
8. Admit when you're wrong. Apologize. Make right what needs to be made right. Learn from your mistakes. Be better. Get on with it.
9. It starts with a fruit basket. Then it's a dinner, a golf trip, rides on private planes, cash in paper sacks, and high-priced favors. Don't take the fruit basket.
10. Don't drink too much on the campaign trail. Being called

stick-in-the-mud is preferable to other names. Share this with your spouse.

11. Stay anchored. Yes-men and political groupies will appear out of nowhere telling you whatever you want to hear. Keep at least one person close who will tell you what you need to hear and keep you anchored.
12. Read the bill.
13. It's OK to say you don't know. But then do the research, study the issue, talk to the experts. Based on facts and data, come back with an answer.
14. It's OK to change your mind. See No. 13.
15. Get out of the vacuum. Talk to people you disagree with. Everyone's trying to solve the same problems. There are just different ways to get there. Understanding someone else's road map will make yours better.
16. Read. Find trusted sources from a variety of viewpoints, and rely on them regularly.
17. Good policy makes good politics.
18. Worry less about attacking your opponent and more about selling your case.
19. Be true to yourself, your constituents, and your political party, in that order.
20. Respond to your constituents. They may not have all voted for you, but you represent them all. Good constituent services are not only your duty but the smartest thing you can do politically.

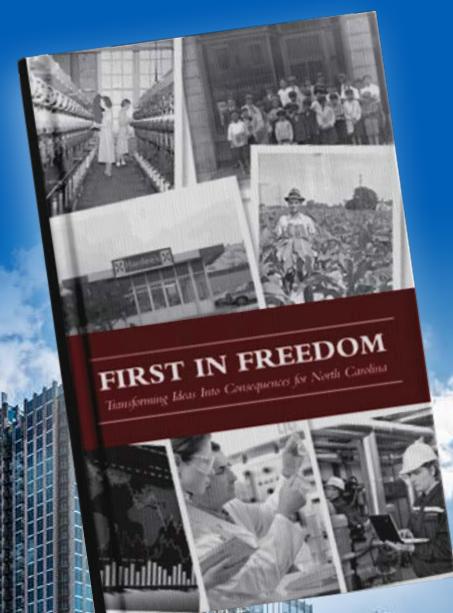


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COMMENTARY

Two recent cases highlight importance of 2020 N.C. Supreme Court elections



MITCH KOKAI
SENIOR POLITICAL ANALYST
JOHN LOCKE FOUNDATION

Voters in this state will help decide this year whether Donald Trump wins a second term as president. They'll decide who represents North Carolina in the U.S. Senate for the next six years, who lives in the governor's mansion for the next four, and who controls the General Assembly for the next two.

With all of those important decisions on tap, it could be easy to lose track of three races for seats on the N.C. Supreme Court.

But two recent cases emerging from the state's second-highest court might prove helpful. They remind us about the importance of the seven Supreme Court justices who serve as ultimate arbiters of state constitutional matters.

Both cases produced 2-1 splits within panels of the N.C. Court of Appeals. That helps the cases stand out in two ways. First, it's clear that neither case constituted a constitutional slam dunk. Judges reviewing the same set of facts reached different conclusions. Variations in judicial philosophy, interpretation of precedent, and understanding of the cases' basic elements all played roles in the outcomes.

Second, the state Supreme Court is likely to consider both cases. Unlike the U.S. Supreme Court, which has broad discretion in deciding which cases to take, our state's highest court must address



ULTIMATE ARBITERS. The current Supreme Court justices are Anita Earls, Samuel Ervin IV, Michael Morgan, and Mark Davis, standing from left to right. Paul Newby, Chief Justice Cheri Beasley, and Robin Hudson are seated.

a split Appeals Court ruling if the losing party seeks such a review.

In addition to these two factors, the two cases touch on important public policy issues. The first deals with school safety. The second addresses public safety for the community as a whole.

The Appeal Court's Jan. 7 ruling in *Deminski v. State Bd. of Educ.* focused on bullying and sexual harassment among students at an elementary school. The panel's two-judge majority determined that North Carolina's state constitutional guarantee of access to a sound basic education did not include protection from persistent bullying and sexual harassment.

Reviewing precedents, including the landmark *Leandro* school-funding case, the majority concluded that the constitutional guarantee focused solely on issues related to academics. Neither

repeated abuse nor an "abusive classroom environment" violated the state constitution's guarantee of education access.

Nonsense, replied the dissenting judge in *Deminski*. "[T]he instructional environment may be so disordered, tumultuous, or even violent that the student is denied the opportunity to receive a sound basic education." At minimum, the dissent argued, the three student plaintiffs should be allowed to proceed with their case.

Our state's highest court could decide in the months ahead whether this case lives or dies.

Two weeks after *Deminski*, a different Appeals Court panel ruled against a convicted Columbus County murderer in *State v. Campbell*. Defendant Antiwuan Tyrez Campbell attempted to have his 2017 first-degree murder conviction tossed. His lawyer argued

that racial discrimination in jury selection tainted the trial.

The two-judge majority found no error in the original case. They rejected arguments from Campbell's lawyer, who relied on the fact that prosecutors used three of their four "peremptory" challenges to remove African Americans as potential jurors. (Unlike a removal "for cause," a peremptory challenge does not require a prosecutor to provide a reason for striking a potential juror.)

Those numbers alone failed to convince the two appellate judges in the majority. As they noted in their ruling, "we do not know the victim's race, the race of key witnesses, questions and statements of the prosecutor that tend to support or refute a discriminatory intent, or the State's acceptance rate of potential African-American jurors." Furthermore, "we see

nothing in the record from which we can ascertain the final racial composition of the jury."

That lack of basic information proved no deterrent to the dissenting judge. He wanted the case sent back to the trial court for a new hearing. He would have ordered the original judge to look further into arguments about potential racial bias.

Other than bare statistics, nothing within the majority or dissenting opinion shows any evidence of bias from prosecutors. Nor does either opinion offer details about the actual criminal deed. No parties raise questions in this case about whether Campbell actually shot Wilbur Allen Davis Jr. to death in 2015 after an argument.

Yet the 2-1 ruling means the N.C. Supreme Court is likely to see the case. The seven justices sitting on the state's highest court could determine whether Campbell will continue to serve a life sentence behind bars or get a new hearing that could throw out his conviction.

It would be a mistake to claim that 2020 N.C. Supreme Court elections will determine the outcomes of these two cases. It's possible that the current high court could dispose of either or both cases between now and the end of the year.

But the two cases remind us that the people serving on the state's highest court matter. They can determine issues like the N.C. Constitution's role in protecting students from abuse. They can decide whether a claim of racial bias in jury selection can help a defendant beat a murder charge.

Perhaps those issues might prompt voters to spend time thinking about more than just the marquee match-ups on this year's election ballot.

NORTH CAROLINA

BUDGET IN PICTURES

ONLINE NOW AT JOHNLOCKE.ORG

A visual exploration of the current N.C. budget: How does state government get its money? How does it use that money? How has that changed over time? And how might that change in the future?

John Locke
FOUNDATION

FROM THE PUBLISHER

Lessons for a newcomer

continued from PAGE 2

Speaking of alcohol, I thought Colorado's liquor laws were a bit odd. That is until I got to North Carolina. I struggle with the ABC store concept and still haven't visited one. Probably because I don't want to enable a government monopoly. Fortunately, a couple of staffers took pity on me and brought me some vodka. If the staff keeps bringing me vodka, I'll never have to find one. That's a strong hint!

On the flip side, being able to grocery shop while enjoying a glass of wine is genius! And it explains my frequent grocery store visits and high food bills.

Weather here is a bit of an enigma. North Carolinians will face down a hurricane like it's Tuesday but prepare for the possibility of one to three inches of snow like it's the wrong AOC on a climate-change doomsday bender complete with "Team Coverage" from all the news channels and gubernatorial advice to have three days worth of food and extra batteries.

While chuckling about this with a Colorado friend, he reminded me that they're expected to be at



One thing I've quickly come to appreciate about North Carolinians, you are excellent storytellers.

work after an eight-inch snow, but the Department of Transportation shuts down Interstate 70 for sunshine. That shut me up.

College rules the North Carolina sports scene. Since no one likes the SEC (I'm a Mizzou graduate) and even fewer people care about the PAC 12, I must pick my ACC team. I was warned — know your audience before you pick. Two weeks ago, I was an N.C. State fan. This week I'm wearing "Carolina blue." Next up? Duke. Feel free to pitch me which should be my adopted team.

The line from the official toast "where the weak grow strong and the strong grow great" must have been penned for North Carolina drivers. Tar Heel residents are Ryan Newman tough (except for snow), and you embrace the state's bootlegging-NASCAR roots. I know you all are thrilled

that I'm a fast learner.

One thing I've quickly come to appreciate about North Carolinians, you are excellent storytellers. Everyone has a story, and "it will only take a minute," which explains why I ran 15 to 20 minutes late to everything my first couple of weeks. The lesson here is don't rush when it comes to being with people. I've learned to budget more time between meetings and just enjoy the conversation.

The loveliest difference between natives and newcomers is North Carolina's natural graciousness. Whether it's at the bank or the wine bar, the park or the parking lot, I love the sincerity and gentleness of "Yes, ma'am" and "No, sir."

My mother taught me good manners never go out of style, so neither will this great state. I'm looking forward to mastering more North Carolina culture. Thank you for making this newcomer feel so welcome.

Amy O. Cooke is CEO of the John Locke Foundation. Follow her on Twitter @TheRightAOC and friend her on Facebook, <https://www.facebook.com/TheRightAOC>. Please send suggestions for her N.C. bucket list to ACooke@JohnLocke.org.

CARTOONS

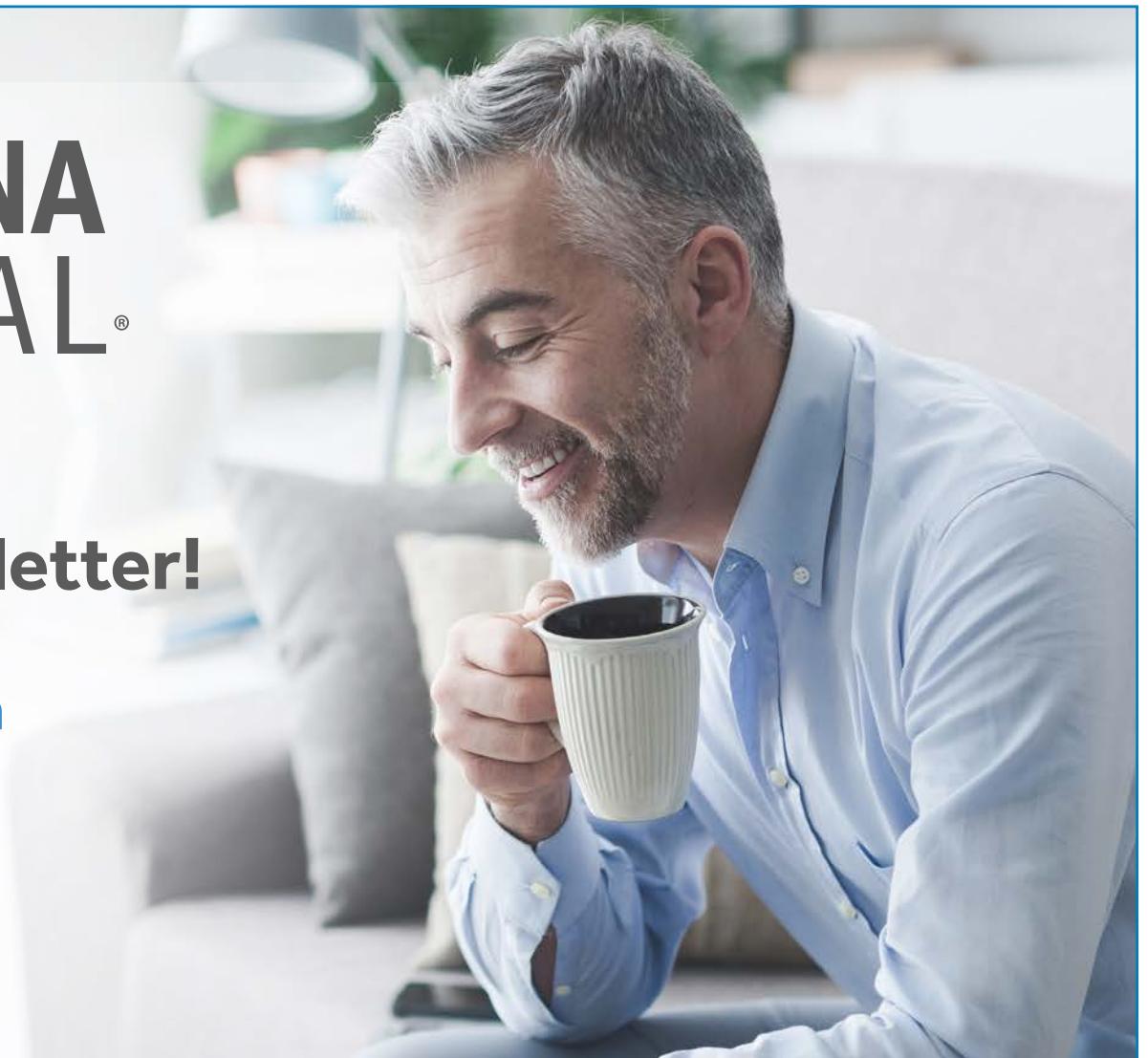



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COMMENTARY BY JOHN HOOD



State's economy flourished in 2019

continued from PAGE 2

increase in overall employment. That rate exceeds the nation's (10.9%) and the region's (11.7%).

We mainly desire a strong economy because of the benefits it confers on private individuals and households. But if you want your government to deliver necessary public services at an economical price while saving against a rainy day and otherwise leaving you alone, a flourishing economy is highly preferred to a floundering one.

According to the latest figures from the state controller's office, revenues to the state's General Fund for the first six months of the 2019-20 fiscal year are up \$471 million over the same period of the previous year. General Fund spending is up, too, by \$317 million. (The lack of a final budget agreement between Gov. Roy Cooper and the General Assembly doesn't mean expenditure levels were entirely frozen.)

On a cash basis, the General Fund budget has run a \$542 million surplus halfway through the fiscal year. Keep in mind that revenue and expenditures don't distribute evenly across all 12 months, however.

Still, it would be fair to say that North Carolina's financial picture was solid as we began 2020. The state has \$1.2 billion in its rainy-day reserve plus hundreds of millions in various other reserve accounts. It also has a whopping \$2.15 billion unreserved credit balance in the General Fund.

Conservatives may see these figures and conclude some additional tax relief would be a good idea. Progressives may see these figures and conclude there would be no financial risk if North Carolina expanded Medicaid and other entitlement programs.

I agree with the former and disagree with the latter, no doubt shocking no one. However you think state policymakers should respond to the current moment, I think you should take seriously the idea that North Carolinians who reject apocalyptic rhetoric from both parties are being quite sensible.

They can see things are good and getting better.

Freedom grows in North Carolina

North Carolina has become a freer state over the past decade. But if we want to make our license plate slogan "First in Freedom" more than just a lofty aspiration, plenty of work is left to be done.

I am using the term "freedom" here in its political context. To be free is to enjoy the right to make your own decisions, to transact business and associate with other free people at your discretion, and to live according to your own values.

When I say North Carolina has become freer over the past decade, then, here are some examples of what I mean.

Taxes are necessary to fund basic government services. But excessive taxes, and taxes applied selectively in an attempt to engineer economic or social outcomes, have the effect of reducing our freedom.

Three nonpartisan think tanks — the Tax Foundation, the Cato Institute, and the Fraser Institute — issue regular rankings of state tax codes. According to all three, North Carolina has



FREEDOM AND PUBLIC POLICY. Freer economies grow more rapidly and produce higher living standards over time.

improved its ranking since 2010. In the Tax Foundation's State Business Tax Climate Index, for example, North Carolina was far below average at the start of the decade. Now we rank 15th. On the Fraser Institute's tax measure, North Carolina improved from 39th in 2010 to 19th in the most recent year available (2017).

Another key indicator is educational freedom — the extent to which states regulate homeschooling and private education and enable or constrain parental choice and competition among schools. According to the Cato Institute's reckoning, North Carolina now ranks sixth in educational freedom, up from 15th in 2010.

When it comes to freedom in the workplace, North Carolina gets mixed marks. We are a right-to-work state where employees cannot be compelled to join unions. That's one reason the Fraser Institute ranks North Carolina ninth in labor-market freedom, up from 19th in 2010.

On the other hand, our state makes it harder than the average state does to choose your line of work. Thanks to strict licensing laws and other regulations, North Carolina ranks 37th in Cato's occupational-freedom index, worse than our 33rd ranking in 2010.

While I recognize that other values matter in public policy, I place the highest priority on

maximizing freedom. I do so for both foundational and practical reasons.

In the first case, North Carolina's constitution explicitly authorizes institutions of state and local government so that "the great, general, and essential principles of liberty and free government may be recognized and established."

Among the "inalienable rights" of North Carolinians protected by the state constitution is "the enjoyment of the fruits of their own labor."

The practical argument for freedom is simply this: It works better. People usually make better choices for themselves than politicians can make on their behalf. Freer economies grow more rapidly and produce higher living standards over time. Freer societies give people greater opportunity to opt into the communities and relationships that are most consistent with their deeply held beliefs and values.

Fair warning: I plan to keep pressing my case until North Carolina is truly First in Freedom.

ENERGY AND THE ENVIRONMENT

Fracking has reduced carbon emissions

IN 2018, Gov. Roy Cooper signed an executive order on climate change that, among other things, established a goal of reducing greenhouse gas emissions in North Carolina by 40% below 2005 levels by the year 2025.

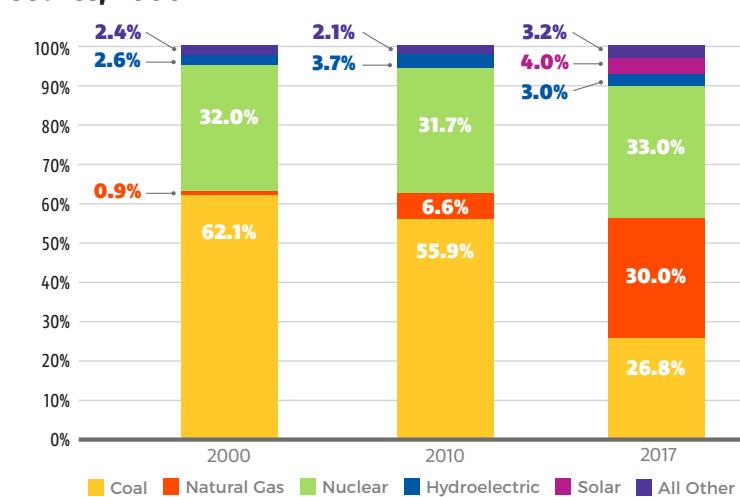
If our state meets the goal, the main cause will be the fracking revolution.

From 2005 to 2017, total carbon-dioxide emissions from electricity generation in North Carolina fell by 36%. There are other sources of CO₂ emissions, and other greenhouse gases. Nevertheless, if present trends continue, it could well be that the decline in greenhouse gas emissions will be in the neighborhood of 40% by 2025.

Is the growth of solar and other renewable energy sources a major explanation for the decline in emissions? Not really. Solar (2.1%) and hydroelectric dams (3.7%) produced 5.8% of our electricity in 2010. By 2017, solar (4%), hydro (3%), and other alternatives (3.2%) made up 10.2%. That's a noticeable increase. It explains a part of the emissions decline.

But the vast majority is attributable to the fact that natural gas went from 7% of North Carolina's

Change in Electricity Generation in North Carolina, By Source, 2000 – 17



SOURCE: U.S. Energy Information Administration

electricity generation in 2010 to 30% in 2017. Nuclear stayed about the same (33% in 2017). And coal dropped dramatically from 56% in 2010 to 27% in 2017.

Gas and coal are both fossil fuels. But gas burns a lot cleaner than coal. We've been able to make the switch from coal to gas without burdening power customers because the fracking revolution made it economical to drill for and recover large amounts of natural gas from within the

United States. It has made America a net energy exporter rather than a net importer. And it is the primary reason for the emissions reduction the governor and his allies may soon take credit for.

This bothers them greatly, of course. They'd like to limit — and, as soon as possible, roll back — the growth of natural gas generation. Indeed, some of them are also rabidly opposed to nuclear power, an emissions-free technology that remains our largest

single source of electricity.

Instead, they argue that solar, wind, and other renewables can do the trick, using new-generation batteries to store the power so North Carolina won't need gas or nuclear capacity to keep the lights on when the sun isn't shining and the wind isn't blowing.

This is fanciful nonsense. If taken seriously and translated into public policy, it would result in massive increases in energy prices and massive reductions in energy reliability. Fortunately, I suspect it will never be taken seriously as a guide to public policy.

Production costs have, indeed, fallen for solar and other renewables. Because backup generation is still needed, however, the real costs haven't yet fallen far enough to make truly large-scale investment a reasonable approach. We're going to need natural gas for decades. We're going to need nuclear power pretty much forever.

On this issue, as on others, Cooper has chained himself to an extreme position that doesn't reflect his previous reputation for moderation. If the state meets his emissions goal, it would be largely because of fracking. He'll never admit it.

COMMENTARY

We'll miss newspapers, but we need journalism more than ever



JOHN TRUMP
MANAGING EDITOR

I used to live in Canonsburg, Pennsylvania, when I was young and could barely remember anything of substance. Just snippets of ragged memories. Things such as Roberto Clemente's home run in the seventh game of the 1971 World Series. My grandparents' grocery store, just off their kitchen, where I would steal "pop" and baseball cards, which I would hoard in one of the rooms upstairs. My grandfather, a Marsh Wheeling cigar hanging from a corner of his mouth, walking down Pike Street, to a newsstand and a copy of that morning's Pittsburgh *Post-Gazette*. Every day.

That I became a journalist and spent most of my life in newspapers is probably nothing more than a happy accident. Still, I often think of my grandfather and of his love for newspapers. I miss him a lot.

I miss newspapers, too.

Recent news that McClatchy Co., which owns the *News & Observer* of Raleigh, filed for bankruptcy protection wasn't as much a surprise as it was an inevitability. Print newspapers have spent the past several decades in free fall, chained by an ancient business model that makes N.C. liquor-control laws seem futuristic. Newspaper companies — for the most part — tried and failed to monetize the internet, at the same time giving away proprietary content like koozies at a beer festival.

The McClatchy move is expected to put an end to the family's 163-year-long control over the publisher and turn the hedge fund behind the current owner of the *National Enquirer* into its top shareholder, the *Wall Street Journal* reported. McClatchy also publishes the *Charlotte Observer*, as well as the *Miami Herald* and *Kansas City Star*. The company, the *WSJ* reports, "has struggled under a heavy debt load since its ill-timed \$4.5 billion acquisition of Knight Ridder in 2006 — a stretch during which its stock price plunged from \$496 to 75 cents."

It was a trend starting, oh, 30 years or so ago, for large newspaper companies to gobble up small ones, cutting and consolidating and gorging off the proverbial cash cow, in other words thriving off a vibrant market. Until that cow was picked clean, the leftover bones and gristle barely suitable



AN INEVITABILITY. McClatchy Co., which owns the *News & Observer* of Raleigh, recently filed for bankruptcy protection. The hedge fund behind the current owner of the *National Enquirer* will be McClatchy's top shareholder.

for stock and broth.

Newspaper companies — big and small — saw the internet more as annoyance than imminent threat. As though that light in the tunnel creeping toward them was from the flashlight of a wandering hobo blocking the tracks as opposed to a 300,000-ton locomotive of technology barreling full-speed ahead to smash a longstanding industry.

Since 2005, a PEN America report says, newspapers have lost more than \$35 billion in ad revenue. Since 2004, the report goes on, newspapers have lost 47% of newsroom staff, and more than 1,800 newspapers — about 20% of the estimated national total — have closed.

Last month, Warren Buffett's Berkshire Hathaway Inc. announced it would sell its portfolio of newspapers — including those in Greensboro and Winston-Salem — to Lee Enterprises Inc. for \$140 million, "a rare admission by the billionaire investor that he views his current newspaper business as unsustainable," the *WSJ* wrote.

Myriad factors are to blame for newspapers' collective demise, including the emergence of free advertising through internet sites such as Craigslist and Realtor.com,

BY THE NUMBERS

\$35 billion

Ad revenue lost by newspapers since 2005. Newspapers have lost 47% of newsroom staff, and over 1,800 newspapers have closed.

and a retreat from newspapers by retailers once willing to spend thousands on full-page print ads. Newspapers lacked the foresight to capitalize on internet paywalls and digital subscription, committing much of their budgets to costs associated with newsprint, production, and delivery.

So here we are, rattling aimlessly around in a barren, forgotten building that was once home to an important, respected newspaper.

About three years ago, in a column for *Carolina Journal*, I wrote that newspapers are necessary and indispensable. My faith isn't shaken, but I'd now like to replace "newspapers" with journalism, which — as I said — is crucial in maintaining the ideals of individual freedom and liberty and in upholding the tenets of our Constitution.

As far as traditional print newspapers, I say let them go.

As it stands, hedge funds and short-term investors are buying

up the scrap lumber in the hope of cobbling together enough of something to sell to the next investor ... and so on and so on. Which has nothing to do with sustaining journalism, particularly local journalism. People from inside and outside the news business will bring forth ideas and proposals, probably some that have been tried before, others nonsensical and inane, such as one allowing people to use tax dollars for vouchers, which they can direct toward investigative work by nonprofits. Or directly subsidizing for-profit journalism with, gulp, tax money. No potential for conflicts there, right?

One chance I see for traditional newspapers, with the exception of a few national papers, is to return to the communities. Not necessarily on a daily basis, but maybe weekly, or even monthly. Grass-roots efforts by established publishers or local entrepreneurs, in places such as Cary, or Garner, or even the neighborhoods of Raleigh. Covering community boards, rec sports, schools. Covering things we all care about, as opposed to the beloved all-things-to-all-people model to which pretty much all newspapers still cling — albeit with weakened hands.

Jeff Bezos of Amazon and Shel-

don Adelson of The Venetian hotel and casino bought *The Washington Post* and the *Las Vegas Review-Journal*, respectively. Maybe they believe supporting journalism is a philanthropic duty, as Andrew Carnegie did with literacy and his libraries. Maybe they think they can still make money off the enterprise. More power to them. Let's hope others step forward.

The column you're reading comes from a nonprofit journalism venture, with a focus, to be sure. We certainly appreciate the donors who think what we do is worthwhile enough to send a few (or many) dollars our way.

But enough with the hand-wringing and knee-jerk proclamations of doom, of lamenting the loss of jobs that, in truth, have fallen out of date. Of jobs that continually pay less despite expanded duties and unrealistic expectations. Come on, people. You saw this coming.

This is a free-market issue, so let the market sort things out.

One day, many, many years ago, the Pennsylvania state government declared eminent domain over my grandparents' store and home, with plans to raze it for a highway. Obviously, my grandfather stopped walking to the newsstand. His love for newspapers never waned, however, even though his life had changed dramatically. I still love newspapers, and I always will. I've worked for many, including several in North Carolina. I feel your pain. Still, the people who work for struggling newspapers — reporters, editors, and photographers — should stop walking, day after day, to that same old newsstand, pretending nothing has changed and maybe, just maybe, things will be better this time around.

They won't.

We must continue working, however, toward finding another way of doing great journalism. Even if that means doing things a bit differently. Whether by employing different methods of reporting and researching, or by looking for different ways in which to publish and to deliver our work. Or by looking for altruistic benefactors dedicated to their communities.

Ways that, in some cases, may at first seem foreign or uncomfortable.

Chuck Noll, the Hall of Fame Pittsburgh Steelers' football coach, often turned to a familiar phrase after cutting a player from the team. It went something like this: "It's time he got on with his life's work."

Newspapers, as we've known them throughout our lives, are done. Just let them go.

COMMENTARY

Take a breath: State government is functioning well



ANDY TAYLOR
COLUMNIST

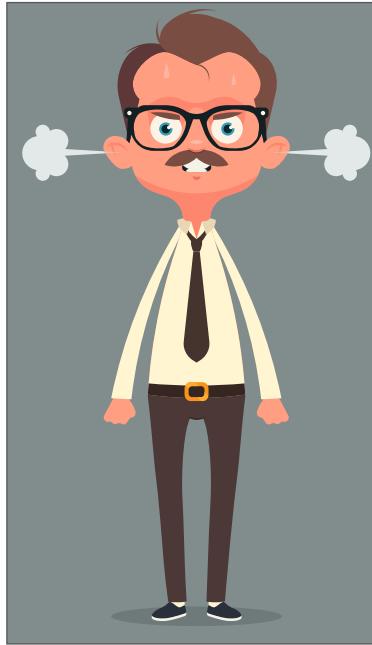
MUCH MEDIA coverage of the budget standoff between Gov. Roy Cooper and the Republican-controlled General Assembly characterizes it as a disaster. The deadlock is fraught with political risks for both parties as we move through a year when all state executive and legislative offices are up for election. The economic costs for the state are described as worse. Teachers are going without pay raises, and residents who rely on state services and financial support are suffering. The broader macro-economy is likely to take a big hit.

We really should just take a breath. First, despite some minor hiccups — a scheduled transition within the state's Medicaid program has been disrupted — it is important to note state government is functioning well. In 2016, the legislature passed a bill triggering an automatic continuing resolution — or immediate extension of the budget at existing amounts — should

any new spending plan be stymied. With the exception of a very small fraction of overall expenditures subject to mini-budgets enacted last summer, the fiscal 2020 budget is therefore one that became law in the regular fashion. The money the state is now spending comes from legislation approved by both legislative chambers and then presented to the governor. Enacted over Cooper's veto June 12, 2018, it is, at 20 months, still very young for a state law.

What's more, North Carolina's is supposedly a biennial budget. It should really be subjected to meaningful change every two years. It's only in recent decades that we have gotten used to an activist General Assembly overhauling fiscal policy on an annual basis, as Congress does. As recently as the late 1980s, the second year of the budget cycle was strictly one of minor adjustments and tinkering. To be sure, July 1, 2019, was — as an odd-numbered year — supposed to begin the two-year cycle. But other than that, the current impasse in Raleigh has in effect merely returned us to our traditional ways.

How has the broader economy been injured? As John Hood has written in these pages, not much if at all. The state enjoys a



roughly \$550 million surplus and added nearly 100,000 net jobs in 2019. According to preliminary 2019 gross state product numbers, there may have been some minor slippage compared to peer states. But the N.C. economy continues to expand at a healthy rate.

What about political damage? The answer here is less clear. Both Cooper and the Republican legislative leadership seem to be calculating the stalemate will

not hurt them with base supporters. By holding out for Medicaid expansion, Cooper is feeding into continued insecurity voters feel about health care. A plurality of Americans and, depending on the poll, sometimes majority of Democrats, put the issue at the top of the list of the most important problems facing the country.

The governor is also relying on the state's version of a teacher's union, the N.C. Association of Educators, to provide cover for his veto. Mark Jewell, NCAE's president, was silent about the budget fight during much of the summer, just in case Republicans were able to override Cooper and give his members a raise. Now the dust has settled, it's clear his organization — if not necessarily teachers in general — has fallen in line.

The Republicans believe any damage will be negated by their good-faith effort to pass a budget — and a generous one at that. It was a \$24 billion package containing a 3.9% teacher pay raise, an aggregate \$1.4 billion increase in education spending, 5% raise over two years for most other state employees, and a slight increase in the standard tax deduction for married couples.

It's true that Cooper proposed an 8.5% increase in educator pay.

But, as the General Assembly leadership points out, the effect of Cooper's veto has been to give teachers nothing.

So will anyone pay a political price for the gridlock? Somewhat counterintuitively, it might be those challenging the status quo, those seeking to unseat the episode's protagonists. Divided government — where one party occupies the governor's mansion and the other holds majorities in the General Assembly — diffuses accountability until it becomes very difficult for voters to know who to blame. Fingers are pointed everywhere, nobody admits culpability.

Bernie Sanders might yet prove me wrong, but with Donald Trump now an insider, the 2020 presidential race does not have the potential to upend state politics in the way the explosive 2016 race could. If the Republican gubernatorial candidate — likely Lt. Gov. Dan Forest — and legislative Democrats want to blow up Raleigh by using the budget gridlock as evidence of its dysfunction, they are not going to get a lot of help.

Andy Taylor is a professor of political science at the School of International and Public Affairs at N.C. State University.

Why do we have property taxes?



MICHAEL WALDEN
COLUMNIST

Sometimes we receive news that's both good and bad. I did recently when I was informed of the new tax value of our home. It had gone up more than 25% in the past four years.

The good news is my wife and I will likely get more money when we sell our house. The proceeds from the sale will be an important part of our retirement nest egg. The bad news is we'll likely pay more property taxes to our local governments in the meantime.

Notice, I said "likely pay more property taxes." This is because your property tax bill depends on two factors.

One is the value of your property, the most important of which is usually your home. The second factor is the tax rate per dollar of property value set by locally elected officials.

This means it's possible your property tax bill could not change at all if local leaders reduce the property tax rate to counter the rise in property value. Yet while the tax rate is often lowered, it's usually not reduced enough to prevent a jump in property tax payments.

There's a reason for this, which goes to the core of why property taxes are used. Property is one of several economic bases that can be tapped to generate public revenue. These include income, spending or sales, and wealth. Property is a type of wealth.

There's a natural tie-in between property taxes and local governments. Two of the major functions of local government — police and fire protection — involve protecting private property. Therefore, levying a tax on the value of a household's property provides revenue proportionate to the amount of property protected.

Additionally, in North Carolina county governments are responsible for constructing and maintaining public school buildings. Building new schools usually



Two of the major functions of local government — police and fire protection — involve protecting private property. Therefore, levying a tax on the value of a household's property provides revenue proportionate to the amount of property protected.

involves buying land and paying for building materials and labor.

These are the same inputs that go into the value of local residential and nonresidential buildings. Once again, it's therefore logical to use the same private source — here private property values — to fund public property.

There are, however, challenges in using local property as a

financing source for local governments. One challenge is measuring property values. Certainly, when a property sells, the sales value can be used as the same value for tax purposes.

But most properties like homes don't sell every year. Our home last sold 34 years ago, when we bought it. Hence, in the years between sales of a property, local governments must estimate the value.

Estimating property values is a tedious process, which is one reason N.C. counties are only required to do it every eight years. Yet this long lag between property revaluations creates another problem.

In many counties, but especially those that are growing, property values rise over time. Using outdated property values to provide revenue paying for the current costs of land and construction materials creates shortfalls.

To close the shortfalls, local leaders often increase property tax rates until the next property revaluation. This can create confusion among property owners over why the tax rates are rising.

When I served on a Wake Coun-

ty citizens' group a dozen years ago, we addressed this issue by recommending the county cut in half — from eight to four years — the time between property valuations. Wake County commissioners adopted the recommendation, and several other counties also have shortened the time periods between the revaluations of local property values.

Some experts think modern information technology could eventually allow inexpensive annual revaluations of local properties. If this could be achieved in an acceptable way for property owners, it could allow property tax rates to remain more stable over time as values rose to keep pace with the property-related expenses of local governments.

Property taxes are the most important local tax in North Carolina. Understanding how and why they work can help you decide if they should be kept or changed.

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

HEALTH CARE

New solutions to American health care



JORDAN ROBERTS
HEALTH CARE POLICY ANALYST
JOHN LOCKE FOUNDATION

What comes to mind when you think of the term “health care delivery?” Most people probably think of entities like doctors’ offices, insurers, hospitals, and pharmacies. These are the most common ways in which people access the health care system, as this has been the status quo in health care for some time. But health care delivery is changing, and regulations often stand in the way.

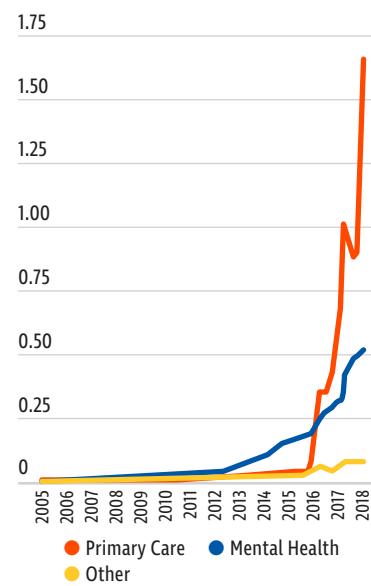
In any given sector of the American economy, there will be natural innovations that stoke hesitation and fear in people’s minds. We have seen examples of this throughout history — trains, the telephone, TV, and the internet all scared people upon their creation. Now they’re engrained in our lives. I see some similarities in the way innovators are changing health

care now. Skeptics may be hindering innovation with an insistence on regulation.

Consider telemedicine. If you told someone from the year 2000 they would be able to access a doctor for diagnosis and treatment through a video conference on a smartphone, they probably couldn’t imagine this. But now this is more common, and telemedicine usage is on the rise. A 2018 report in JAMA found telemedicine visits grew by 52% annually from 2005 to 2014, and increased by 261% from 2015 to 2017. Some are skeptical of this practice, but telemedicine has the potential to supplement the traditional delivery of care by connecting patients to physicians all around the country in real-time. Yet telemedicine licensing laws restrict a patient from only seeing a physician who’s licensed in their state. Knocking down the artificial state barriers to accessing physicians through telemedicine will bolster access for patients across the country.

Primary care is another area in which the delivery of health care is changing. America suffers from declining numbers of physicians who choose to enter primary care. Furthermore, many Americans live

Growth in Telemedicine Visits from 2005 to 2018



NOTE: Measured as number of telemedicine visits per 1,000 members per quarter

SOURCE: JAMA

in a medical desert, where there aren’t enough primary care doctors. Nurse practitioners are helping fill this void. According to a recently published study in Health Affairs, the nurse practitioner workforce

grew from 91,000 in 2010, to 190,000 in 2017. Yet 12 states, including North Carolina, impose strict supervisory requirements on how a nurse practitioner can practice. Freeing nurse practitioners and other advanced practice registered nurses from these unnecessary regulations would grant them the opportunity to practice where they want, including in more rural areas that desperately need extra personnel.

Another example of where health delivery is changing is the rise in outpatient surgery centers. Traditionally, any major procedure that could not be performed in a primary care setting would have to be done in a hospital. Hospitals have become some of the most expensive facilities to receive care. Given this trend and advances in medicine, many surgeries that could traditionally have required an inpatient stay can be done in a much cheaper outpatient facility, such as an ambulatory surgery center. These facilities have grown in number in recent years. According to a report from industry group Bain and Co., ASCs performed more than half of all outpatient surgeries in 2017, up from just 32% in 2005. Furthermore, research shows the

ASC market will grow 6% to 7% annually through 2021. However, many states, like North Carolina, still require permission from the government to build a new ASC through the certificate of need programs. Removing these requirements on ASCs will give patients, and insurers, access to much lower cost surgery centers.

The point of this is to say health care regulations may be harming natural medical innovation. Just like in other sectors of the economy, innovators are creating new ways to meet demand. But this isn’t innovation for innovation sake. These are attempts by private actors to solve complex problems within our health care system that can drastically lower costs, extend access, and improve health. But these innovators are often hamstrung in how they can practice medicine because of restrictive regulations.

There are severe shortfalls in the current structure of the American health care system that makes it expensive and difficult to use. Allowing private innovators, free from burdensome regulations, to create new solutions in the American health care system will be the way to a better future.



Shaftesbury Society

A PROGRESSIVE ROAD MAP FOR SOAKING THE MIDDLE CLASS

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MARCH 16
12:00 PM

4800 SIX FORKS ROAD, #220
RALEIGH, NORTH CAROLINA

— **FEATURED SPEAKER** —

ADAM MICHEL

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