

Upheaval at UNC

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SHIFTING SANDS



LINDSAY MARCHELLO
ASSOCIATE EDITOR

We continue to build and live along the N.C. coast, even despite the risks and the costs. But should we?

Coastal communities are no strangers to the heavy winds and the massive storm surges hurricanes bring.

Hurricane Dorian was no different when it hammered North Carolina's barrier islands at the start of September.

The people are resilient. They will rebuild, as they always do, after each hurricane. But should they?

That's the question local officials should be asking, a professor specializing in shoreline management says.

Rob Young, a geology professor at Western Carolina University and director of the Program for the Study of Developed Shorelines, is ringing the alarm on coastal development.

"Hurricane Dorian caused the most geomorphological change on

continued PAGE 4



Obituary: Beverly Lake

Former N.C. Supreme Court Chief Justice left a lasting legacy.

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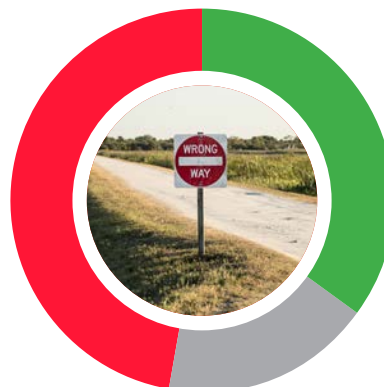


North Carolina's budget stalemate

Harper Polling, on behalf of the Civitas Institute, surveyed 500 likely North Carolina voters Sept. 9-11 using landlines and mobile phones. The margin of error is plus or minus 4.38%. Totals may not amount to 100% because of rounding.

North Carolina headed in the wrong direction?

"Do you feel things in North Carolina are generally headed in the right direction, or have things gotten off on the wrong track?"



■ RIGHT DIRECTION 35%
■ WRONG DIRECTION 47%
■ UNSURE/REFUSED 18%

Budget stalemate

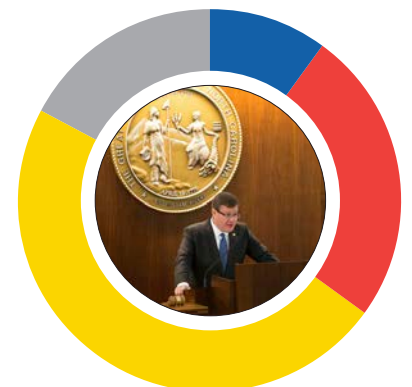
"The deadline for the state government to pass a new budget passed on June 30. Since then, lawmakers in Raleigh have been in a stalemate on passing a new budget. Which of the following best describes your level of awareness about the budget stalemate?"



■ GREAT DEAL OF AWARENESS 15%
■ FAIR AMOUNT OF AWARENESS 30%
■ NOT MUCH AWARENESS 33%
■ NO AWARENESS 15%
■ UNSURE/REFUSED 8%

Who is responsible for the budget stalemate?

"Who do you think is most responsible for the state government budget stalemate?"



■ GOV. ROY COOPER 10%
■ N.C. GENERAL ASSEMBLY 25%
■ BOTH 48%
■ UNSURE/REFUSED 17%

Bishop, Murphy win, but Republicans shouldn't relax, political science professor says

N.C. state Sen. Dan Bishop on Sept. 10 won the state's 9th Congressional District race against Democrat Dan McCready.

But Republicans shouldn't relax in 2020, said David McLennan, a professor of political science at Meredith College.

Bishop and McCready were locked in a special "do-over" after the N.C. State Board of Elections found ballots in 2018 subject to tampering. The scandal riveted national and local audiences.

Mark Harris, McCready's Republican opponent in 2018, said he wasn't involved in or aware of the fraud, but he dropped out of the race after the elections board refused to certify the initial election.

Bishop defeated McCready in the special election by 2 percentage points. President Trump won the 9th District by 12 points in 2016.

The narrowing gap shows the district slowly turning from red to blue, McLennan said.

"The closeness of the race should cause Republicans to be concerned, not only about keeping the 9th District, but also about how suburban precincts are trending," McLennan told *Carolina Journal*.

McCready, a 36-year-old Marine Corps veteran and small business owner, is a strong candidate for Democrats and may be encouraged to run yet again in 2020, McLennan said.

"A more liberal candidate would



AP POOL PHOTO
Donald Trump campaigning with Dan Bishop in Fayetteville.

have far more difficulty," he said.

McCready will accumulate support in 2020 — especially from younger voters, he added.

North Carolina's 3rd Congressional District, where Republican state Rep. Greg Murphy won over Greenville Democrat Allen Thomas, remains uncompetitive for Democrats, mostly due to its rural constituency. Smaller cities like Jacksonville will remain red, while sprawling metropolises like Raleigh and Charlotte turn bluer, McLennan said.

Trump campaigned for Bishop and Murphy on Sept. 9 in Fayetteville, a move McLennan said may have boosted Bishop's votes in eastern North Carolina.

Kari Travis

COMMENTARY BY JOHN HOOD



Uncertain policy has economic cost

Progressives and conservatives argue about economic policy all the time. At government's current size and scope, would it better promote long-term growth to raise taxes and spend more or to lower taxes and spend less? During a recession, should government try to bolster demand by running large budget deficits, or should it economize to keep debt from exploding?

These are important questions. As you can guess, I find the conservative case more persuasive. While more public investment in some areas may have net economic benefits, I think the rate of return is likely to be larger if those resources are privately invested instead.

But whatever you think government's economic policies ought to be, consider this: There's an emerging body of evidence suggesting the uncertainty of economic policy is itself harmful to the economy. When people can't predict with at least some degree of confidence what economic policies their government will follow, they often delay consequential decisions and park their resources in safer, lower-yielding investments.

That may be a rational re-

sponse to a loss of business confidence. Still, the broader costs can be considerable. Market economies thrive on risk-taking — be it an entrepreneur trying out a new idea, an investor taking a chance on an emerging technology, or a talented worker willing to move to another city or state to take a job at a startup company.

Some, perhaps even many, of these endeavors will fail. The ones that succeed, however, produce gains not only for the risk-takers but also for those to whom they sell goods and services or from whom they buy labor and materials.

Government policy certainly influences these decisions, positively or negatively. Even when the effect is likely to be negative, it's still helpful to economic actors if they can predict the effect with some confidence.

For example, if there is a strong and predictable likelihood that a regulator will disallow a particular practice, a business can begin to develop an alternative. That alternative may well be costlier in time or money than the one the government will dis-

see HOOD PAGE 21

HEALTH CARE

Conway out at Blue Cross; mega-deal with West Coast Blue pending

BY JULIE HAVLAK

The chief executive officer of BlueCross N.C. has resigned amid charges of drunken driving and misdemeanor child abuse.

Dr. Patrick Conway was arrested in June after he sideswiped a truck driving on Interstate 85. His two young daughters were in the back of the car. The Blue Cross N.C. Board of Trustees asked Conway for his resignation Sept. 25, and he complied.

“BlueCross N.C. is committed to doing business with honesty, integrity, and fairness. The details that recently emerged related to Dr. Conway’s arrest depict behavior that falls short of our standards,” the insurer said in a statement. “Despite Dr. Conway’s many successes during his tenure at BlueCross N.C., we feel that our constituents are best served by naming an interim CEO and beginning a formal search for a permanent replacement.”

A police report says Conway drove erratically for more than 90 miles along Interstate 85. He refused to take a breathalyzer test, and he could not compete sobriety tests without swaying and stumbling.

According to the report, Conway was “absolutely belligerent” when taken to jail. Officers wrote that Conway cursed at them, threatening to get them into trouble with Gov. Roy Cooper and demanding to be released.

The board said it was unaware of the notes from the arresting officers.



Former Blue Cross N.C. CEO Dr. Patrick Conway, reportedly driving the black SUV, resigned after his arrest came to light.

Conway’s departure has imperiled one of the more ambitious health care deals of the year. Conway had planned an affiliation between Blue Cross N.C. and the Pacific coast Blue Cross plan Cambia Health Solutions.

The move would be unprecedented. Linking two Blues of such size and across such distance was daring, even in today’s flurry of mergers in health care. Together, the two Blues would constitute a \$16 billion enterprise covering 7 million people across five states.

The affiliation would have launched Conway into national prominence. He would have taken over as CEO of Cambia Health Solutions, as well as holding on to his role as the CEO of Blue Cross N.C.

But after a video surfaced that showed Conway weaving for miles before crashing into an 18-wheeler, Cambia began pulling back.

The company distanced itself from Conway, saying it was “deeply troubled by the emerging details of the situation.” As it put the deal on hold, Cambia stressed how “transparency and integrity of leadership are imperative to Cambia.”

Even so, Cambia seemed reluctant to give up on the affiliation.

“The merits of the Strategic Affiliation are sound and built on a shared strategic vision to make health care better, simpler, and more affordable for individuals and their families,” the company said in a statement.

Any deal would have to clear N.C. Insurance Commissioner Mike Causey, who had called for Conway’s resignation. Causey said he would shoot down any deal so long as Conway remained CEO.

Causey could not force the company to fire Conway, but by opposing any affiliation led by Conway, he gave Blue Cross N.C. a choice

between its CEO and a multibillion-dollar deal.

“Until they get this situation with the CEO resolved, I see no path forward for the deal under the current CEO. They failed to disclose to me what they had an obligation to disclose,” Causey said.

Further complicating matters, Conway had been essential to the deal.

Before the crash, Conway was the industry’s golden child. Within the health community, he had cultivated a reputation as a “small-town doctor from Texas” and family man, who valued his faith and his four children. Just weeks ago, he was speaking at a health affairs conference in Washington, D.C.

And Conway wasn’t your average health insurance CEO. He was the first practicing physician to head a Blues plan — and the first physician to lead a plan of such scope.

He was one of the so-called stars of the Obama era: he held two directorships at the Center for Medicaid and Medicare Innovation, where he shaped the health care of more than 100 million people. At Blue Cross N.C., he hatched an ambitious plan to move providers over to value-based care — a new payment model aimed at paying for value instead of services.

Insurers and providers have been switching to value-based care since the Affordable Care Act became law. Advocates sold it as a way to reduce the cost of health care by creating new incentives.

Under the model, physicians share insurers’ risk: They earn more if patients remain healthier, and lose money if patients’ health declines.

In most places where value-based care has been implemented, providers have been rewarded only when patients’ health improved. Conway was one of the few who added teeth to the model, strengthening his reputation as an innovator.

“The deal hinged on Conway being the CEO of the proposed new partnership,” said Jordan Roberts, John Locke Foundation health care policy analyst. “Conway has a history in the Innovation Office at CMS, and BCBSNC has been at the forefront of innovative new payment models in North Carolina.”

Causey said that before he learned of the arrest, the deal with Cambia was “moving along.” But after Conway’s arrest, he accused Blue Cross N.C. of breaking his trust and covering up Conway’s legal troubles. “We hope that this action begins to rebuild a trusting relationship with our regulators and customers,” BCBSNC said in a press release.

Chief Operating Officer Gerald Petkau will step in as interim CEO. For now, the future of the deal between Blue Cross N.C. and Cambia Health Solutions remains on hold.

“It depends,” Causey said. “We’ll see how this comes out, how the court case comes out, and what happens with the leadership’s decisions on what to do with the CEO.”



A power-hungry president, a constitutional crisis, and a democracy in peril...

President Jerome Elliott was elected with overwhelming support from the American people. His populist platform and soaring promises captivated voters. But now, after a series of increasingly unorthodox policy decisions and suspicions of sinister motives, a shadow gathers over the White House.

When thirty-four state governors call for a constitutional convention to reform the federal government, Elliott fears losing control. In a desperate attempt to maintain power, he orders the revered 82nd Airborne Division to march on the convention and arrest its participants as domestic insurgents. The Georgia National Guard mobilizes to stop them, and the two forces clash in the small town of Madison. These actions echo across the nation, polarizing the populace and threatening to erupt into violence between the people and their government.

Meanwhile, television reporters Nicole Marcel and Luke Harper race to discover the truth behind the president’s actions, while United Nations investigator Percy Leach digs deep into Elliott’s past. Chasing facts and whispers alike, they uncover the roots of dark truths that, if realized, risk sundering the very fabric of American democracy.

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HURRICANES



CI PHOTO BY DON CARRINGTON

DORIAN. William and Michelle Carter of Bluefield, West Virginia, fish at North Topsail Island several days after Dorian brushed by the N.C. coast.

Shifting Sands

continued from PAGE 1

any barrier island in my 30-year career,” Young said during a Sept. 17 Crucial Conversations event sponsored by N.C. PolicyWatch.

While breaches on the coast aren’t uncommon, and inlets come and go, Young said Dorian’s effect on the coast was unprecedented. Dorian overwashed massive amounts of sand, and some of the breaches may persist.

“I fear we have reached some sort of threshold here on Cape Lookout that has changed the regime of this island,” Young said. “There’s just not as much sand as there used to be.”

Young said Cape Lookout may be sending a message to all North Carolina’s barrier islands.

It’s time to talk about managed retreat from the coast, the WCU professor said. Instead of repeatedly rebuilding on the coast after each storm, Young proposes the government buy properties in high-risk zones and demolish them, allowing the coast to revert to its natural state. Coastal properties are at risk of flooding from storm surges and are made even more vulnerable by beach erosion.

In a recent study focused on

North Topsail Beach, the Program for the Study of Developed Shorelines identified about 400 properties that could qualify for a targeted acquisition program.

“This should be a tool in this toolbox regarding managing the coast,” Young said. “This is not a crazy idea. This is something that needs to be examined every time we do a coastal protection project.”

State and local officials need to start considering managed retreat, Young said, as constantly rebuilding

the coast through beach-nourishment projects and by elevating properties with Hazard Mitigation Grants isn’t sustainable.

That’s ridiculous, Rep. Pat McElraft, R-Carteret, said.

“No, Professor Young, there will be no retreat from our homes — no retreat from the coast,” McElraft said.

McElraft, who represents a district composed of coastal communities, said the state and local governments have taken good care of the beaches and, in turn, they continue to be one of the

state’s greatest assets.

“Had we not kept up our healthy beaches, we may have had a few homes engulfed by the ocean,” McElraft said. “But we have kept up the maintenance of these public trust beaches, mostly at local taxpayer expense.”

Part of that maintenance includes beach nourishment, a process that sees tons of sand sucked

For many, damage from Dorian is just beginning

BY JULIE HAVLAK

Hurricane Dorian might be over, but the damage really is just beginning.

Behind the visible wreckage, the floodwaters have left a slew of cleanup-related injuries, disease risks, and mounting concerns for residents’ mental health.

Only after a storm has finished ravaging communities does its full effect on residents’ health emerge. More than half of the injuries from hurricanes occur after the storm, as people try to repair the damage, and this year has been no exception.

“There’s a lot of people who use chainsaws safely, but we see the ones who don’t,” said Bryan Kitch, East Carolina University assistant professor of Emergency Medicine. “But if you live independently, you’ve got a tree lying on the roof, what can you do? A lot of people don’t have the money to call an independent company.”

In Ocracoke, where people waded through murky water, health departments made distributing tetanus shots a priority as the number of puncture wounds climbed. And as the waters recede, they leave behind new health problems. Stagnant water in puddles, old cans, and flooded fields breed mosquitos, and parts of the mainland don’t spray for the pests. In Hyde County, the health department has issued warnings, calling the mosquitos a “huge nuisance.”

“We’ve tried to educate the public about things they can do to avoid mosquito exposure, such as wearing long sleeves, long pants, not being out after dusk,” said Luana Gibbs, interim health director of Hyde County. “Without a mosquito control program, we need to reinforce that people need to be safe to prevent getting disease from mosquitos.”

Responders were grateful that Dorian largely spared the mainland, unlike Florence. That storm flooded medical providers in Wilmington, causing delays in care and driving more people to emergency rooms.

from the ocean and dumped on the beach to replenish what’s lost. Across the country, billions have been spent on nourishment projects. Again, with taxpayers footing the bill.

Young says it would be more cost-effective to ditch beach-nourishment projects and instead buy-out properties along the coast. In the Program for the Study of Developed Shorelines report, North Topsail Beach could save some \$2.8 million if it implemented targeted acquisitions, instead of investing in beach-renourishment projects. The report estimates the buyout program would cost \$57.6 million — as compared to the \$54.8-million cost of future coast stabilization projects and sandbag maintenance. This assumes the properties are purchased at their full assessed values.

But Young sees other unquantifiable benefits to employing a managed retreat approach. Municipalities could redirect resources to a larger part of the community that’s not in a high-risk zone. For North Topsail Beach, managed retreat would shift the focus away from 7% of the tax base to the other 93%. Additionally, the local ecosys-

tem could flourish in the absence of beach-nourishment projects and other artificial coastal protections.

Managed retreat isn’t a completely new approach to managing disasters. Targeted acquisitions aren’t uncommon for communities that lie in flood plains.

Canada, for instance, has started to take the approach that, if you choose to build in a high-risk zone, then you’re on your own when it comes to recovering after a storm.

“If people deliberately rebuild in danger zones, at some point, ‘they are going to have to assume their own responsibility for the cost burden,’” Ralph Goodale, the Canadian public security minister, said, as reported by WRAL. “You can’t repeatedly go back to the taxpayer and say, ‘Oh, it happened again.’”

R. J. Lehmann is a senior fellow at R Street, a nonprofit, nonpartisan, public policy research organization. Lehmann says people need to understand the full risk of developing in high-risk zones, such as on the coast or in floodplains. Government insurance programs, such as the National Flood Insurance Program and the state’s Beach Plan, can distort risk for property owners.

“With the river flooding, people were isolated from medical care,” Kitch said. “We had people who had run out of their oxygen, their medications.”

For those with chronic conditions, such delays can cause more health issues.

“It depends on how medically fragile they are. For patients who are on dialysis, if they go without their treatment for a couple of days, it can be fatal,” Kitch said. “Or it might worsen the progression of a chronic disease, where it can take weeks or months for them to become stable again. Small interruptions in medical care can lead to weeks or months of complications.”

But this time around, the main concerns revolve around the hurricane damage that can’t be seen. The state is increasingly concerned for residents’ mental health.

After three years of storms, battered coastline communities have yet to recover financially.

“A lot of people think we’ve recovered from Florence, and we haven’t,” CarolinaEast Health System spokeswoman Megan McGarvey said. “If you walk through downtown New Bern, it looks good from the outside, but if you look at some of those storefront windows, half the walls are still missing. You go out into the more rural areas, and there’s still a lot of blue tarps on roofs.”

But the physical damage is only the most obvious wreckage left by the storm.

“Mental health is a huge issue in America, especially in eastern North Carolina. Our access to mental health resources is sparse at baseline,” Kitch said. “And when a storm comes along, it disrupts people’s access to what they do have. ... People who are somewhat stable may completely slide into a major mental disaster.”

Responders stress the importance of the state’s crisis-counseling services.

“These people have lost everything,” Gibbs said. “Mental health is an area that needs to be addressed.”

When the market is able to fully consider risk, the price will signal whether building in certain areas is worth it, Lehmann said.

“I think we get a little ahead of ourselves when we talk about retreat. The first thing we have to do is stop providing incentives to build in those places in the first place,” Lehmann said. “First, do no harm. Then, we can move on to the next phase of what to do with people who are there now.”

The availability of coverage with the National Flood Insurance Program, zoning and land use regulations that don’t acknowledge the level of risk, as well as outdated flood maps, contribute to the perception that certain places are safe for development. North Carolina’s flood maps are up to date, but, Lehmann said, developers don’t always consider them when deciding where to build.

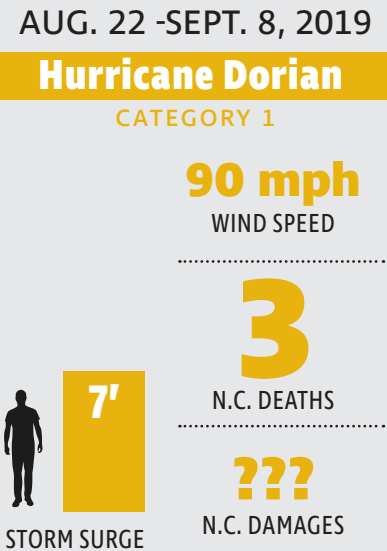
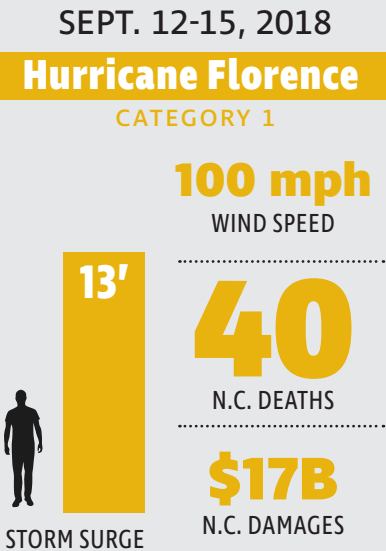
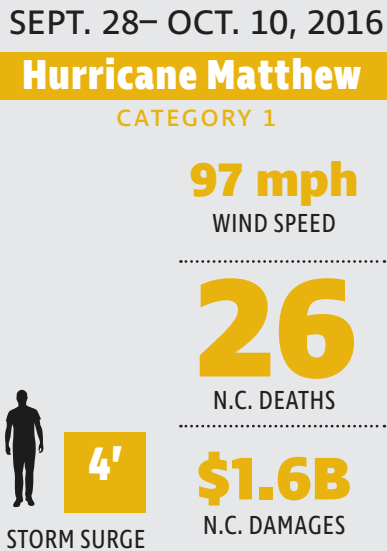
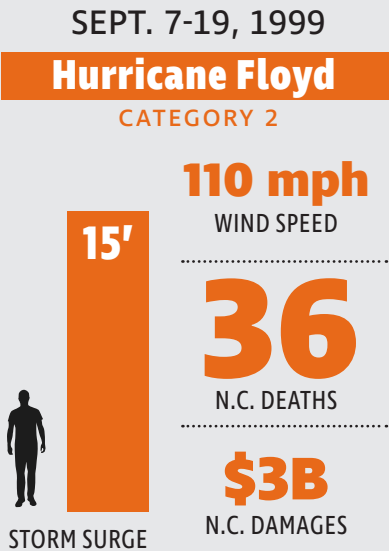
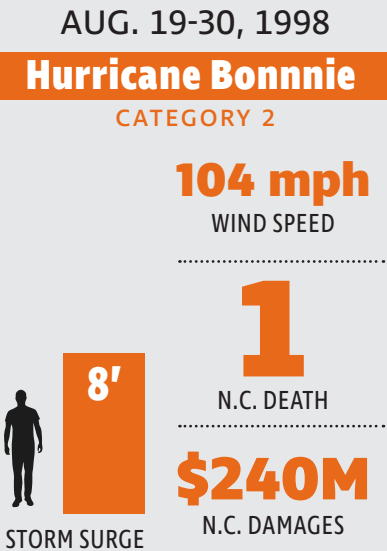
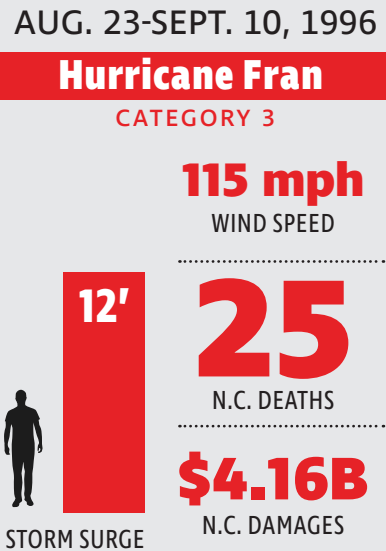
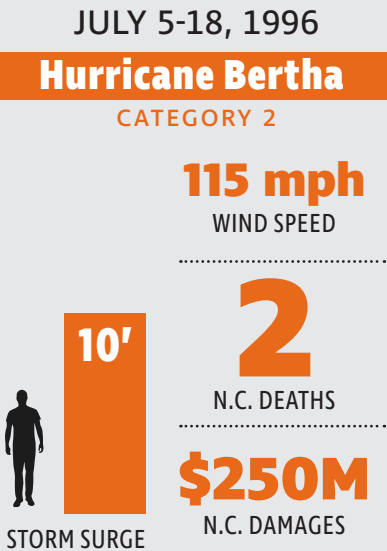
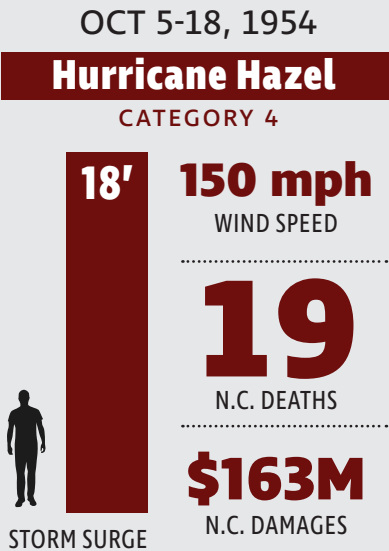
Managed retreat should be an option, the R Street senior fellow said, but the government should also consider other mitigation efforts — building sea walls, elevating properties above the flood ele-

continued PAGE 5

HURRICANES

Major Hurricanes to Hit North Carolina

North Carolina is no stranger to hurricanes. The powerful storms have long ravaged the state with storm surges, intense winds, and heavy rain. Here are just a few examples of the devastating hurricanes to strike the Tar Heel state:



continued from PAGE 4

vation level, and constructing dams or levees.

“There are any number of tools that will have to be implemented to deal with this problem,” Lehmann said. “I prefer using those tools that align the market with the proper incentives, so if the market can accommodate risk through insurance and incentives to build stronger and more resilient structures, that is always going to be the preference.

“There are some communities that have multiple, repetitive, severe losses that should be targeted for some kind of change, whether that’s buyouts or mitigation,” Lehmann said. “But you have to be cautious. It’s a powerful tool, and the government shouldn’t use it recklessly. It should be used wisely.”

The Natural Resources Defense Council estimates more than 36,000 buildings across the U.S. are subject to repeated flooding. Of those buildings, 10,000 are in North Carolina.

Laura Hogshead, director of the Office of Recovery and Resiliency, said targeted acquisitions are just one of many ways the state is work-

ing to prepare people for future natural disasters.

The Office of Recovery and Resiliency was created in 2018 to streamline the process of getting disaster relief to affected communities.

“The Office of Recovery and Resiliency is working towards streamlining all the programs, including becoming the official grantee for the HUD funds,” Hogshead said. “One of the most significant things we have been able to do in the last few months is to be recognized by HUD as the grantee for these funds.”

Hogshead said her office is reviewing the processes and procedures to ensure they comply with federal and state law, while at the same time keeping an eye on expediency.

Mike Sprayberry, director of N.C. Emergency Management, said the state is learning ways to better deliver relief after each and every hurricane.

“I came here in 2005, and I can tell you we are a lot farther ahead than we have been. Our programs are a lot bigger, too,” Sprayberry said.

The Natural Resources Defense Council estimates more than 36,000 buildings across the U.S. are subject to repeated flooding. Of those buildings, 10,000 are in North Carolina.

The NCEM director said the state has already spent more than \$2.8 billion on relief efforts after Hurricanes Matthew in 2016 and Hurricane Florence last year, including money from Federal Emergency Management Agency Hazard Mitigation grant program.

Through the Hazard Mitigation Grant program, properties can either be elevated to withstand future flooding — or they can be acquired. Depending on the severity of the damage, properties can either be relocated — or demolished. Money from the U.S. Department of Housing and Urban Development’s Community Development Block Grant Disaster Recovery program can also

be used for a buyout program.

Some North Carolina properties have already been approved for buyouts with disaster-relief money. In 2018, NCEM and FEMA awarded \$88.1 million in Hazard Mitigation Grants to local governments for Matthew. On Aug. 16, North Carolina and FEMA approved \$19 million to acquire 130 residential structures in natural floodplains after Hurricane Florence. On Aug. 29, \$4.1 million was awarded to acquire 25 flood-prone properties in Pender County. Properties approved for buyouts will be converted into open spaces.

“We are doing a lot of buyouts, hundreds in fact, and we are doing elevations,” Sprayberry said. “That’s how we make sure we are getting people out of places with repetitive flooding.”

Hogshead said priority zones for buyouts are mapped using data-driven methods.

“The priority zones for buyouts were mapped with all previous storms. When you lay everything out on a map together with where there has been severe repetitive loss, where there have been FEMA applications, where there have been

HUD applications, the hotspots really pop out,” Hogshead said. “We are focusing on those areas.

“We give all the information that we have to the homeowner. It’s the homeowner’s choice,” Hogshead said. “We are talking with communities and homeowners very strongly about the fact that the storms are coming more frequently.”

When the state gets money from HUD for Hurricane Florence, Hogshead said, it will offer buyouts in coastal communities.

While managed retreat has gained traction when addressing development in flood plains, Young said, the same can’t be said for coastal development. Coastal communities are reluctant to leave prime beachfront property. But, Young said, people don’t have to entirely abandon the coast.

“The reason you do this is to protect your coastal economy and protect your community,” Young said. “You do that by taking a little step back from one hotspot where there’s erosion and focusing all your energy and resources on the parts of your community that are sustainable.”

HURRICANES

Building on barrier islands



HURRICANE DORIAN. A block on Emerald Isle shows localized damage from Hurricane Dorian. (One looks fine. The other was leveled.)

CI PHOTO BY DON CARRINGTON

Should we stay or should we go? Hurricanes will continue changing the state's coastline

BY BROOKE CONRAD

Taking one look at Google maps, it's easy to see why North Carolina endures more hurricane damage than some other states along the Atlantic shore. Not only does the mainland jut out farther into the ocean, but it's also surrounded by a much wider fringe of offshore sands — known as barrier islands.

To many North Carolinians, barrier islands are vacation resorts, or in some cases, permanent homes. But they're also in a constant state of flux, as Hurricane Dorian demonstrated this summer when it surged across Ocracoke Island. The millions of taxpayer dollars it takes to rebuild housing and replenish sand on the beaches have led some experts to advocate for more locally based financial responsibility, or even a human retreat from the coastline altogether.

Continually battered by hurricanes

Even the name, "barrier islands," suggests they're better operating as environmental shields than permanent beach resorts.

North Carolina's coastline is composed almost entirely of barrier islands, and they're particularly susceptible to huge storm surges, such as Dorian, explained Orrin Pilkey, professor of geology and earth and ocean sciences at Duke University. When a hurricane first comes in, it pushes water into areas behind the barrier islands, like the Pamlico or Albemarle sounds. When the hurricane leaves, it rushes over the islands from behind.

"All that water comes roaring back," Pilkey said. "And that's what did all the damage on Ocracoke Island. The water was flooding from behind."

Barrier islands also protect North Carolina's marshes and lagoons — located between the islands and mainland — from ocean waves and saltwater, said Rob Young, a geology professor at Western Carolina University. Those habitats are important to the fishing industry, specifically shrimp, crabs, and oysters.

From rising seas to modern beach fronts

Barrier islands form when sea levels rise, Pilkey said. When water flows into the mainland, it floods

the valleys and makes the ridges stick out, chiseling the shoreline into an irregular shape. The water then erodes the ridges, causing sediment to trickle out from the mainland to form new bodies of sand that eventually become islands.

Today, 98% of beach-front homes in North Carolina are investment properties, or resort communities, not primary residences, Young said. That sort of vacation development didn't occur until around the 1960s and 70s. Previously, people lived on the islands in small fishing or whaling communities. Native Americans also used to inhabit the islands, albeit seasonally, Young said.

Exorbitant costs

Barrier islands don't naturally stay in one place, due to waves and storms that move the sand. So today, with gigantic vacation homes to maintain, the federal government and state governments along the Atlantic coast are constantly funding "beach-nourishment" projects to preserve the shifting shoreline. These involve pumping up sand from North Carolina's continental shelf — the shallower area surrounding the coast — onto the island.

These projects are happening constantly, Young emphasized. If a bad storm comes immediately after a project, the new sand could disappear in a couple of months. Pilkey

estimates nourishment projects cost a million dollars or more per mile and last an average of three years.

Another solution to shifting coastlines would be seawalls. The problem is, the water will continue to erode the beach until all the sand is gone, Pilkey said. Regardless, seawalls are illegal across the Carolinas and other Atlantic coast states, with occasional exceptions.

Who pays the bills?

This all leads to the big political question: Who should be held responsible for the shoreline maintenance? Should the locality pay for its own risk, or should the risk be transferred to the public sector, where federal taxpayers can fund the projects?

The latter is largely the outcome, and it only incentivizes people to continue building in risky areas, Young says. If left to the localities to cover, the market might naturally rule out a lot of barrier island property as too risky.

"So, many times, these communities make this argument to their congressional delegation. They say, 'We're really important to the economy, so you need to support us with these federal dollars and projects and things like that.'" Young said. "That's not how that's supposed to work."

Many taxpayers think the system is unfair, Pilkey said.

"More and more, the attitude

of the taxpayer in North Carolina is becoming, 'Why should I pay for beach nourishment? I wasn't imprudent enough to build a house right next to an eroding shoreline,'" he said.

The risks of staying put

Pilkey says residents who live next to the beach need to be prepared to move or abandon the structure.

"I think the general response has always been, 'We're not scared of this storm. We're going to rebuild and rebuild better.'" he said. "The tendency is not to move unless the house is really destroyed."

He finds it "distressing" to see the number of homes damaged by homes that are insured by the federal government on multiple occasions.

"It is a form of madness, in my opinion, to think we can hold the shoreline still," Pilkey said.

Although Hurricane Dorian flooded several homes and businesses on Ocracoke, it's not one of the more heavily developed parts of the shoreline, Young said. And overall, despite the intensity of the storm, Hurricane Dorian only minimally affected most North Carolinians.

"They should remember that it's going to happen again, and we're not always going to be so lucky," Pilkey said. "We were very, very lucky on this one."

HURRICANES

With fewer patients during storms, hospitals must adjust financially

BY JULIE HAVLAK

On Ocracoke Island, the streets stink of dead fish, and water still laps at houses.

People walk through dirty water in bare feet and flip flops. That will breed its own health problems, as snakes, sewage, and debris swim in that same water.

"The first floor of every home and building has water in it," N.C. Department of Public Safety spokesman Keith Acree said. "Most people on the island probably lost their vehicles. Everywhere you go, you see cars and trucks with doors standing open and hoods up, trying to dry out."

The Ocracoke Health Center was flooded, but some 60 miles north, the Outer Banks Hospital remains undamaged. And in New Bern, at the confluence of the Neuse and Trent rivers, CarolinaEast hospital is unscathed.

"We dodged a bullet. It could have been so much worse. Look at the Bahamas," CarolinaEast Health System spokeswoman Megan McGarvey said. "We just hunkered down, and when the storm died down enough, patients came into

our [emergency room] to get treated."

CarolinaEast Medical Center regularly sees people from Carteret County, and it treated one man from Ocracoke Island.

"We're pretty full. We have 44 patients in our ER right now," McGarvey said. "I would think that there might be some relationship, but we also have times when our people need us. It doesn't take a hurricane for us to be a full ER."

The hospital never had to stop running its ambulances during the storm. It never even left the city power grid. Some 300 extra workers came into the hospital to work, where they rolled out 200 sleeping cots, and accountants baked cookies.

It's a far cry from the devastation Florence unleashed, when the hurricane smashed into the coast near Wilmington, killing more than 50 people and leaving some \$24 billion in damage to the state.

Last year, when they stayed at CarolinaEast, at least two hospital workers knew they wouldn't have anything to go home to.

"She came in as a Category 1, and she sat on top of us. She didn't

move. So many people lost their homes," McGarvey said. "Florence was absolutely — I've been here all my life, and I've been through a lot of hurricanes, and while she wasn't the strongest, she was the worst."

Florence took its toll on New Hanover Regional Medical Center, as well.

There, more than 1,800 staff stayed to work at the hospital, while 259 employees suffered property damage from the hurricane. The storm also delayed the opening of its newest hospital after the water damaged construction.

"The amount of water was insane. We got inundated," said Dr. Robert Cortina, chief of NHRMC medical staff. "It was supposed to open up now, but they had to gut it from the 30 hours of pure rain."

Three years of storms have played havoc on the revenue for rural hospitals along the coast. Many of them qualify as critical access hospitals.

The hospital in the Outer Banks sees most of its patients in the summer, when the resort destination fills with tourists. Hurricanes usually land as the season draws to a close, but whenever the storms



The Outer Banks Hospital

VIDANT HEALTH

come, patients don't.

"Any time there is a storm and patients are not coming into the hospital, we aren't generating any

revenue," Outer Banks Hospital Director of Marketing Wendy Kelly said. "We make it up by tightening the belt."

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HIGHER EDUCATION

TIMELINE OF EVENTS

UNC Board of Governors searching for new leadership

BY KARI TRAVIS AND
LINDSAY MARCHELLO

The University of North Carolina System's Board of Governors is seeking a new leader roughly one year after Harry Smith took his seat as chair of the governing body.

Smith, a hands-on leader prone to controversy and misunderstanding, resigned Sept. 24, 2019. The Greenville businessman said leading a 28-member board wouldn't allow him to focus on his business.

As the board looks ahead, all eyes turn toward Vice Chairman

Randy Ramsey, whom Smith has tapped for the board's top job. The BOG should think about taking "a load off the chairman," as it moves ahead to tackle policy issues, board member Marty Kotis told *Carolina Journal*.

The job can be overwhelming, Kotis said.

"I think decentralizing some of that workload and power might be helpful overall, as well as having more [board] consensus on a regular basis — instead of just leaving it up to someone to carry the water and then have everybody else complain about it."



Harry Smith



Dr. Bill Roper

Aug. 3, 2018

Smith flatly denies the notion Staton's job is in jeopardy. UNC never will "overrun the [ECU] trustees" and wouldn't fire Staton without direction from ECU and Spellings, though "I know that rumor was flying ... but that rumor never should've gotten any legs, and the world is full of rumors, as you know," Smith says.

Kieran Shanahan, chairman of ECU's Board of Trustees, says Staton's job is secure.

CJ continues to receive information from other sources that Staton has experienced pressure to leave his job.

Aug. 8, 2018

The board showed "clearly bad governance" in its handling of the WCU chancellor search, 10 former members write in an op-ed for *Higher Education Works*. Fetzer's move to hire a third-party background check on Spellings' candidate is unacceptable, they say. A BOG committee chair also inappropriately allowed a candidate — who was unanimously approved by her committee — to be overturned without returning the matter to Spellings or the committee for input, the op-ed states.

Aug. 20, 2018

Silent Sam, the controversial Confederate statue on UNC-Chapel Hill's campus, comes down at the hands of 250 protesters. The action is illegal, and consequences are inevitable for those who committed the crime, Smith says.

"The law is the law. We can't allow anarchy on any of our campuses."

Aug. 28, 2018

The board meets in closed session to discuss Silent Sam's fate. State law says the statue must be restored within 90 days. The board tasks UNC-Chapel Hill's Board of Trustees with developing recommendations to be presented to the BOG Nov. 15. The board also plans an independent investigation into what went wrong, Smith says.

Oct. 10, 2018

The board officially changes the way it selects new chancellors. Searches will remain strictly confidential, and board members will have more time to review candidates. No BOG members or university trustees can be considered for a chancellorship unless they resign, the new rules say.

Smith says the board is still dealing with "high emotions," and he vaguely references "robust phone calls [with board members] that were loaded" but doesn't offer details.

"I ask that if you want to be critical of the Board of Governors, make some phone calls first. Have a conversation with me."

Nov. 15, 2018

In an email exchange, Smith accuses *CJ* of intentionally publishing false information on the outlet's website.

"Public Service is a great thing, and there should be criticism on policy decisions and actions taken," Smith writes to *CJ* Editor-in-Chief Rick Henderson. "What has happened on this story has been a targeted attempt by you, Kari, your firm [sic] as well as a few others to defame and malign me falsely with that intent with little to no effort to get the facts and at the same time intentionally ignoring the obvious."

Jan. 7, 2019

CJ learns Smith has continued communicating with ECU officials, despite his earlier statement that he would cut all communications with the university. The Greenville businessman was photographed on the Greenville campus Jan. 7 at the opening of the university's new Main Campus Student Center.

"I'm happy to be a part of a healthy process and healthy discussions," he said.

The recusal letter of Nov. 9 was an attempt to alleviate attacks from some who have a personal vendetta against him, Smith said.

Smith says he would continue communication with the school, and that "I'm not anti-ECU, and I'm not anti-Cecil Staton [the ECU chancellor]. I'm not anti-trustees. When you're being targeted, and targeted unfairly, it's difficult to be successful."

Jan. 15, 2019

Dr. Bill Roper officially takes his seat as interim president of the UNC System. UNC-Chapel Hill Chancellor Carol Folt removes the remnants of Silent Sam from the university's campus, then submits her resignation to Smith and the board. The body, during an emergency meeting, agrees, and tells Folt she has until Jan. 31, 2019.

March 18, 2019

Staton announces his resignation as chancellor of ECU. *CJ* had learned of the news a day earlier. Board member Steve Long releases a strongly worded letter stating that Smith forced Staton from his job.

Smith sought the chancellor's removal ever since Staton nixed Smith's 2016 plan to buy a student housing complex near ECU and lease it to the university, Long says.

"Since that time, he has become obsessed with removing the chancellor."

Kel Normann, an ECU trustee, told *CJ* that Smith threatened multiple times to replace ECU's entire Board of Trustees, because, "'We couldn't get out of our own way.' That's a quote. And he said it many times."

March 22, 2019

Long opens the monthly UNC BOG meeting at Appalachian State University with an apology about how he handled his criticisms of Smith. "I did not handle this matter in the right way," Long said. "It was not civil or respectful to you and the Board of Governors, and for that I sincerely apologize."

Smith said Long approached him two days earlier to have a private discussion about the dispute.

Neither Roper nor Smith would say at the monthly meeting who initiated the ECU chancellor's resignation.

HIGHER EDUCATION

May 24, 2018

Harry Smith is unanimously elected chairman of the University of North Carolina System's Board of Governors. He officially assumes the role July 1.

July 12, 2018

CJ hears raised voices coming from a special, two-hour closed session. Board members refuse to vote on an appointee presented by UNC President Margaret Spellings for the chancellorship at Western Carolina University — a job that opened when former Chancellor David Belcher died of brain cancer June 17.

The board's decision not to vote is unusual, and email records later show that one board member, former Raleigh mayor Tom Fetzer, stalled the process by hiring an outside firm to investigate Spellings' candidate. The action was permissible under state law requiring any state employee to be thoroughly vetted, Fetzer said.

July 16, 2018

Spellings' candidate for the WCU job, whose name remains private, withdraws his candidacy. Smith says the board will make changes in the chancellor search process. It's the chairman's first big leap into revising university operations.

July 17, 2018

Despite the appearance of public tension, the relationship between Spellings and the board isn't strained, Smith tells *CJ* in an interview.

"My goal is to make Margaret the most successful president in history," Smith said. "I serve at the will of the board. I'm always going to engage the board — and the officers — and I'm going to work in a really healthy manner with the president and her team."

"It'll be a little bit of a different approach, not that the past approach was bad, but it's going to be a lot more teamwork."

Aug. 1, 2018

CJ receives reports about tension between Smith and East Carolina University Chancellor Cecil Staton, one of Spellings' first executive hires in 2016. Trusted sources tell *CJ* Staton's job is on the line. A July 15 email from Smith to Rep. Gregory Murphy, R-Pitt, and Rep. John Bell, R-Wayne, reveals concerns about an op-ed by Staton published in the *Raleigh News and Observer* July 14. In it, Staton writes that ECU suffered a large budget cut at the hands of state lawmakers.

"It's been a scandalous couple of years at ECU that has and continues to embarrass our great university," Smith wrote. "Leaders take accountability, and they don't point the finger. I'm happy to sit down with Cecil and explain in great detail the many issues we have had under his leadership that he was in direct control over that has greatly hurt and divided ECU."

CJ also obtains a July 25 letter from the ECU Board of Trustees to Spellings, defending Staton and expressing support for his "bold leadership, vision, and direction that this chancellor has provided East Carolina University."

Oct. 26, 2018

Spellings announces she's leaving UNC after just three years on the job.

The former U.S. secretary of education offers her resignation, effective March 1, 2019. She had signed a five-year contract with the university.

Times change, and "those changes demand new leaders and new approaches," she says.

Nov. 5, 2018

ECU's Staton plans to leave his job Jan. 1, weeks before Spellings vacates her office, *CJ* learns from sources familiar with the situation in Greenville. Staton and Shanahan deny the report, pointing to an "incredibly positive 360 review" — a performance review of Staton ordered by Spellings and conducted by university employees and community members — as evidence the chancellor's job isn't in trouble.

Representatives of the UNC System refuse to confirm or deny the situation. *CJ* stands by the accuracy of its reporting and requests a copy of Staton's 360 review from ECU and UNC officials after Staton's declaration that he would be happy to see it made public.

Nov. 7, 2018

Smith contacts *CJ* via phone, claiming defamation for its reporting on his interactions with Staton and ECU. He offers to sit down with staffers for an in-person interview to correct the "false narrative" he says is being spun by the paper. *CJ* tells Smith it retains full confidence in the accuracy of its reporting, which is based on public records and interviews, while welcoming his proposal for a meeting. A time is set for Nov. 14.

Nov. 9, 2018

At a regular meeting of the UNC board, Smith says UNC-Chapel Hill trustees will submit recommendations on Silent Sam Dec. 14, pushing action past the 90-day limit prescribed by law.

That same day, Smith, in a letter to the chairman of ECU's Board of Trustees, announces he is cutting all communications with ECU.

"There has clearly been an organized effort from a very small, but vocal group to create a false narrative, and it's being done through petty, personal attacks intended to harm or malign me," Smith writes. "The ECU Board of Trustees has stated that Chancellor Staton has their support, and I fully respect their position."

Nov. 12, 2018

Smith changes his Nov. 14 meeting with *CJ* to a phone call, including UNC System attorney Thomas Shanahan and UNC public information staff. The call later is canceled by a UNC System spokesman.

May 14, 2019

After months of discussion about Silent Sam, Smith announces the board won't consider the fate of the toppled confederate statue — as planned — at its May meeting.

"A small group of Board members is prepared to review and discuss options at an appropriate time," Smith said in a statement. "However, our board and the universities have also been focused on a number of other issues, including the legislative session, and there is nothing to report at this time. Therefore, the monument issue will not be on our agenda for the May meeting."

No date is set for future consideration of the monument.

August 7, 2019

In an interview with *CJ*, Smith appeared to answer a direct question about whether Roper should permanently lead UNC, given the news about the interim president's failure to disclose high-paying board positions on his statements of economic interest.

"Does this rule Roper out as a candidate for permanent UNC system president?" *CJ* asked Smith in a phone interview.

"You know, in my mind at this point, Kari, it does," Smith answered.

Less than two hours after *CJ* published that quote in a story, Smith texted *CJ* saying he had been "grossly misquoted."

"What I said was it does not preclude Bill at all from being a successful candidate," Smith wrote.

A recording of the conversation shows Smith never made that statement. He did offer comments supporting Roper after answering the initial question about Roper's eligibility for the permanent job.

Sept. 19, 2019

UNC chancellors say during the monthly BOG meeting that the new system president should offer leadership and stability.

"Getting some stability in the administration is really critical right now," UNC-Charlotte Chancellor Phillip Dubois said.

Sept. 24, 2019

Smith resigns, effective Oct. 1, saying he's too busy with his business to continue as board chairman. He remains on the board as a non-ranking member and recommends Vice Chair Randy Ramsey as the next leader of the board.

Sept. 25, 2019

Roper announces his intention to leave UNC June 30, 2020. He also says he's not interested in the permanent president's job.

"Setting a clear time frame is the right course of action to allow our system time to plan for a successor. I have no plans to be a candidate for president beyond June 30," Roper writes to the board.

Aug. 6, 2019

WBTV reports Roper failed to disclose his seats on the boards of major corporations between 2011 and 2019. Records show this was at the same time those corporations were doing business with the state.

REDISTRICTING

Given constraints, new maps as fair as possible, experts say

BY BROOKE CONRAD

Redrawn election district maps from the N.C. General Assembly, in their current form, would largely even the playing field for 2020, experts say.

Both chambers passed the others' maps Sept. 17. Redistricting analysts have since evaluated them through a relatively new technology, Planscore, which attempts to measure partisan favorability. The metric shows a decrease in the overall partisan skew of the new maps compared with the old ones, but it fails to account for other factors — such as residential geography and candidate likability.

In the end, several analysts agree the resulting maps are about as fair as they could have been, given the time constraints and complexity involved. Any remaining partisan bias likely results from two other factors. First, geographical districts generally favor Republicans, who are dispersed more evenly than Democrats throughout the state. Second, many district lines were redrawn to protect incumbents.

The court's appointed referee, Stanford law professor Nathaniel Persily, will ultimately decide whether the maps comply with a court order. His evaluation may not come until mid-October, at the earliest. The State Board of Elections was told to inform the court by Oct. 4 of any administrative limitations relating to 2020 primary elections, since candidates will have to file for office in December.

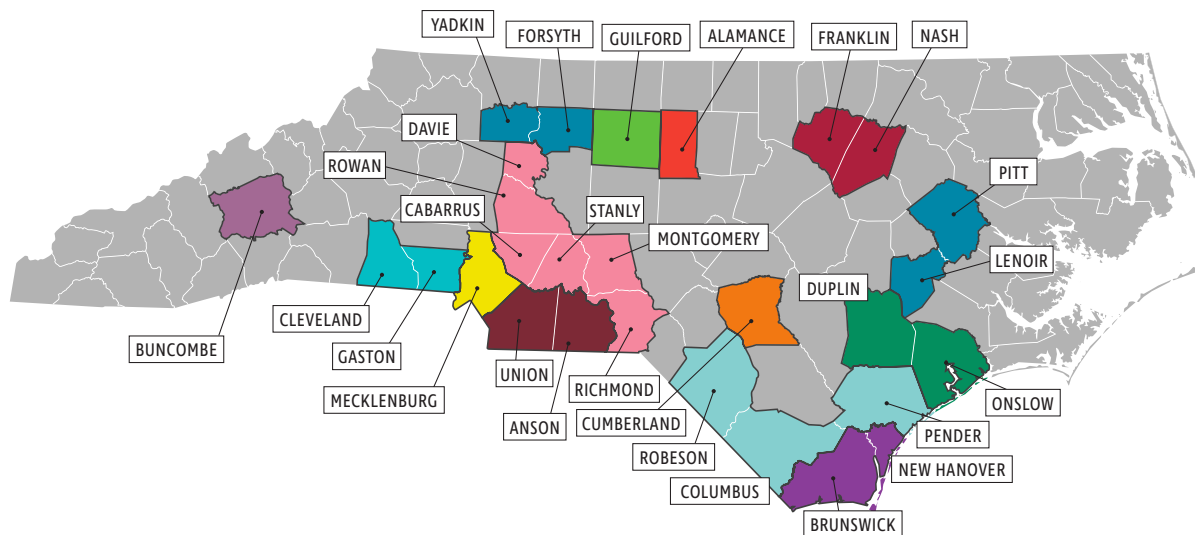
How Planscore measures partisanship

Though legislators weren't allowed to use partisan data when drawing maps, analysts can use it to evaluate maps after the fact.

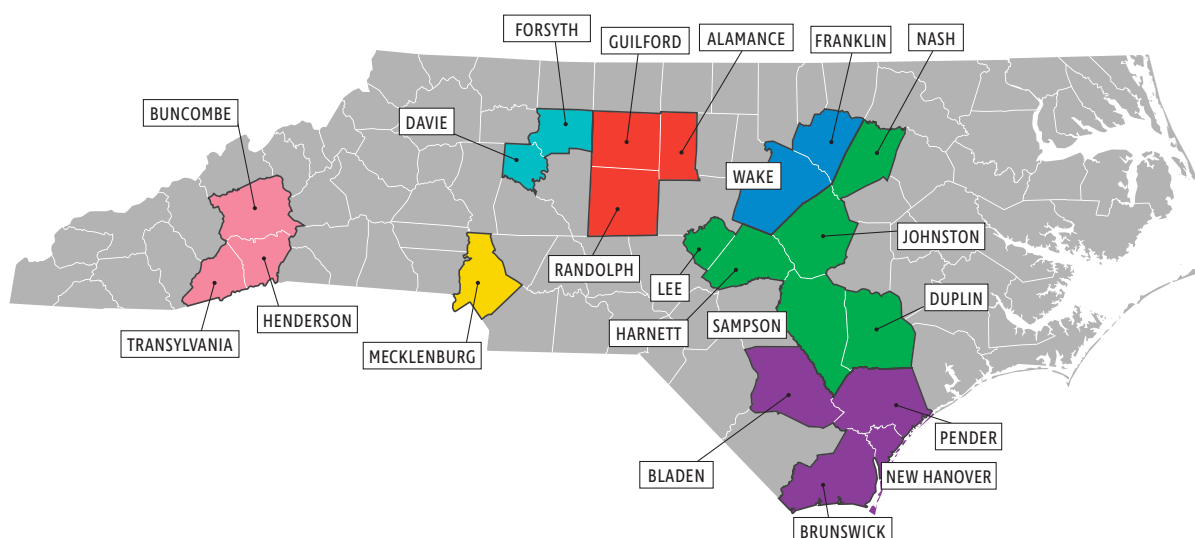
Planscore calculates an "efficiency gap," or the percentage of votes that would be wasted by packing more voters than necessary into one district and not enough into another. In other words, when one party has a higher efficiency, it's wasting fewer votes than the other party. Comparing the 2016 election maps with the current ones, the Republican efficiency gap would tighten from 9% to 5% in the House, and from 11% to 3% in the Senate.

Planscore calculated a similar drop in favorability toward Republicans by calculating "partisan bias," or the number of extra seats one party would be able to win in a hypothetical, perfectly tied election. Comparing 2016 and current maps, the number of extra Republican seats dropped from 7% to 3%

Counties with N.C. House districts affected by court ruling



Counties with N.C. Senate districts affected by court ruling



in the House and from 6% to 2% in the Senate.

What Planscore doesn't calculate

Michael Bitzer, professor of politics and history at Catawba College, said residential geography plays a "huge role" and might be part of the reason Planscore's maps still tilt in favor of Republicans. Democrats tend to cluster in cities, while Republicans are more evenly distributed, resulting in a natural "gerrymander," if you will, against Democrats.

The problem with the "efficiency gap" metric is that it operates as though elections should be based on proportional, and not geographic, representation, said Mitch Kokai, senior political analyst for the John Locke Foundation.

If elections used the proportional system, you would simply count statewide votes and assign a cer-

tain number of seats to each major party accordingly.

But that's not the way elections work when they're based on geography, with one member representing each district. With geographical representation, if every district were divided among the two major parties 51% to 49%, one party could win every election in the state. With proportional representation, 51% of the votes means roughly 51% of the seats.

The "efficiency gap" metric also completely ignores the fact voters don't always choose their candidates based on political party. A candidate from the district's majority party who's unlikable, or who has ethical or legal problems, could lose an otherwise winnable race. An incumbent with strong name recognition could win in a district that looks unfavorable on paper.

Such metrics also fail to account for so-called "wave" elections like the one in 2010. Republicans at the

time swept Democrats from their General Assembly majorities, even though GOP candidates ran in districts gerrymandered to favor Democrats, Kokai said.

"That doesn't make the efficiency gap metric necessarily inaccurate, but it also doesn't make it useful as far as challenging the constitutionality of election districts," Kokai said.

Another metric: The Chen maps

Planscore isn't the only way to evaluate new maps. Comparing them with plaintiff expert Jo-wei Chen's data yields slightly different results, and shows favorability toward Democrats, per an analysis from University of Chicago law professor Nicholas Stephanopoulos.

For the House, Chen's data suggest his maps would result in 43 to 51 Democratic districts with a median of 46, based on a 48% Dem-

ocratic vote-share. The remedial map produces 49 Democratic-leaning House districts. Similarly, Chen's Senate map produces 19 to 22 Democratic districts with a median of 20, and the remedial plan shows 22 Democratic-leaning districts.

Stephanopoulos notes that placing the new maps alongside Chen's doesn't produce a "perfect apples-to-apples comparison."

Both use the same 48% Democratic vote-share, but Chen combined data from 10 statewide elections between 2010 and 2016, while Planscore used only 2016 data.

Bitzer noted that it's better to use an aggregation of various years of data, if possible, to smooth out election anomalies. Calculations based off only one election year, like Planscore's, could have skewed results.

Nevertheless, every data set should be taken with the proverbial grain of salt.

"I don't think anyone should take my data or anyone else's and say, 'This is how elections will pan out in 2020,'" Bitzer said.

Experts agree: an overall fair process

Despite bipartisan and occasionally unanimous committee votes and praise for the fairness of the mapmaking process from both sides of the aisle, some Democrats renewed concerns that members put too much effort into protecting incumbents and did not allow enough time for public comment. Votes in both chambers ran along near-perfect partisan lines, except for the Senate's 38-9 vote on its own map. Thirteen Democrats voted for it.

In its ruling, the court allowed for "reasonable" attempts to protect incumbents, that is, to draw lines to prevent incumbents from running against each other in the next election.

"Operating in that kind of an environment, people will contend some things should have been done differently," Bitzer said. "I don't think they were necessarily big issues that would call into question the process."

David McLennan, a political science professor at Meredith College, says time was a factor.

"Given the time constraints — that is, a two-week window — the maps were probably as inclusive and transparent as they could have been," he said. "We're having partisans draw the maps, with Democrats voting against both the House and Senate maps. That would suggest it's not perfect, but it's better than it was."

BUDGET AND TAXATION

N.C. budget timeline ... so far

BY LINDSAY MARCHELLO

The N.C. General Assembly has spent the summer locked in a budget stalemate as Democrat Gov. Roy Cooper and Republican legislative leaders wrestle

over Medicaid expansion. Cooper vetoed the 2019-20 state spending plan, saying it handed out tax breaks but didn't do enough to raise teacher pay or expand Medicaid. Cooper tried to force the legislature's hand over Medicaid expansion before. In 2017, he tried to circumnavigate the legislature and expand Medicaid by getting from the Obama administration an amendment to the state's Medicaid plan. The Republicans have shot down attempts to expand Medicaid in the

years since, but they lost their veto-proof supermajority in 2018 elections. While the legislature once bulldozed through Cooper's vetoes, now Republicans need Democrats' help for an override to succeed. Republicans overrode his budget veto

in the House only when most Democrats were absent from the chamber, provoking outrage from the minority party. Cooper condemned the action, and Democrats unsuccessfully appealed to void the budget veto override.



EDUCATION

Reading scores stagnant despite efforts to boost performance

BY LINDSAY MARCHELLO

Newly released school performance grades show reading scores have remained stagnant despite millions spent on reading interventions.

The N.C. State Board of Education in its monthly meeting Sept. 4 released the 2018-19 Accountability and School Performance Grades report. The report includes test data for a variety of subjects, school growth data, and the number of low-performing schools in the state.

While North Carolina public schools have made some gains, particularly in science, the percentage of students scoring proficient on reading tests hasn't moved much over the past few school years. The recent math scores can't be compared to past scores because of changes in mathematics reporting standards.

Terry Stoops, vice president for research and director of education studies at the John Locke Foundation, said reading scores, overall, have stagnated.

A little more than 57% of students in grades three through eight were considered grade-level proficient in terms of reading, while only 45.2% of students scored at or above a 4, classifying them as "career or college ready." Stoops said this is 0.1% lower than the year before. It's slightly lower than the 2016-17 score of 57.5%.

Read to Achieve, a statewide reading intervention program for K-3 students struggling to learn to read, was implemented during 2013-14. The intent of the program was to boost reading scores across the state by focusing on early intervention from kindergarten to third grade.



State Superintendent Mark Johnson.

Millions of dollars were poured into Read to Achieve, but significant gains in reading have been elusive.

Senate leader Phil Berger, R-Rockingham, a major proponent of Read to Achieve, introduced the Excellent Public Schools Act of 2019 in April to reform the statewide reading program. Senate Bill 438 would mandate individual reading plans for students struggling to read, improve literacy training for teachers, and encourage further data collection.

During a news conference announcing the legislative reforms, Berger said Read to Achieve was working well in some places, but adjustments in other areas were needed.

The bill passed Aug. 8, but Democratic Gov. Roy Cooper vetoed it. Cooper argued the legislation was a

bandage for a program in which implementation has failed.

"Teaching children to read well is a critical goal for their future success, but recent evaluations show that Read to Achieve is ineffective and costly," Cooper said in his veto message.

Bill D'Elia, a spokesman for Berger, said lawmakers worked with a bipartisan group of stakeholders, including Cooper's administration, to write legislation to improve Read to Achieve.

"That legislation, the Excellent Public Schools Act of 2019, passed the Senate unanimously," D'Elia said. "But Gov. Cooper chose to veto a children's reading bill, written in part by his own administration, because of his obsessive Medicaid-or-nothing standoff."

D'Elia was referring to the im-

passe between the governor and the legislature over the General Fund budget, which Cooper vetoed June 28.

D'Elia said he doesn't necessarily agree the scores have remained flat.

"For the first time in years, we saw an increase in the passing rate on the third-grade reading exam, albeit a slight one," D'Elia said.

Stoops said the state has failed to identify factors that contributed to inadequate reading instruction and low reading scores.

"The General Assembly provided funding for a range of problems that were never clearly defined," Stoops said. "Is the problem with inadequate literacy training, or is the problem with the classroom environment, class size, or instructional materials?"

News of the stagnant reading scores comes when State Superintendent Mark Johnson is fighting to switch schools to a new reading diagnostic tool, Istation. Since the start of Read to Achieve in 2013, the state has used Amplify's mClass to monitor reading scores and help inform literacy instruction.

In June, Johnson announced the \$8.3 million reading diagnostic contract would go to Istation. The decision brought complaints from Amplify, which claimed Istation was developmentally inappropriate. Amplify filed a protest challenging the decision and argued the evaluation committee tasked with awarding the contract settled on staying with mClass.

Johnson has brushed aside talk that the evaluation committee came to any consensus and instead says Istation is the superior choice. He said the evaluation process was mired by conflicts of interest and

breach of confidentiality, which led to the cancellation of two request-for-proposal applications. Instead, DPI directly negotiated with both Amplify and Istation.

Internal DPI documents obtained by WRAL show Istation was less expensive than Amplify. The assessment cost for Amplify was about \$12 million for three years, compared to about \$8.3 million for Istation.

The contract award recommendation letter says that while Istation is less costly, it includes 3,000 teacher-directed lessons, remote student and parent access, and professional development.

"While Amplify was able to submit an offer to satisfy the agencies' needs, it was not cost-effective," the contract award recommendation letter reads. "As the incumbent the progress made by students in reading is not significant. ... The current test scores do not support the inflated cost offered by Amplify."

Although DPI reaffirmed the contract would go to Istation, Amplify turned to the N.C. Department of Information Technology to block implementation of the new reading diagnostic tool. DIT granted a temporary stay Aug. 19, but Johnson filed a motion to dissolve the injunction.

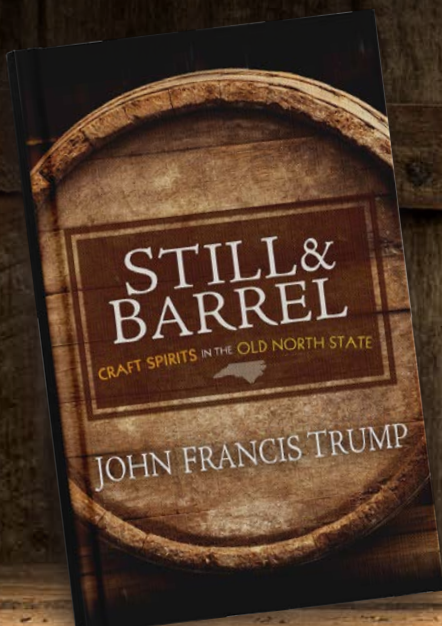
Johnson on Sept. 4 praised the N.C. Department of Public Instruction K-3 literacy department for handling the confusion caused by the conflict between Amplify and DPI.

"It's very exciting to see that we are bringing changes to these programs, because if we are not moving the needle for students, then we need to do something different," Johnson said.

BOOKS BY JLF STAFF



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Managing Editor,
Carolina Journal



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COMMENTARY

Indiana Medicaid unsound, not a good model for N.C.



BECKI GRAY
SENIOR VICE PRESIDENT
JOHN LOCKE FOUNDATION

In 2007, the federal government granted Indiana and then-Gov. Mitch Daniels a waiver to administer Medicaid to an expanded population. Indiana launched the Healthy Indiana Plan in 2008 with a five-year federal waiver.

HIP was to be the nation's first consumer-directed health plan for low-income residents. The intent was to encourage personal responsibility and accountability. But it hasn't worked as planned. Other states, including North Carolina, should heed the warnings and not use Indiana as a model for Medicaid expansion.

There were two HIP versions. The first HIP, enacted under Daniels, was actually more generous because it extended eligibility to low-income parents and childless adults with incomes up to 200% of the federal poverty line. There was a cap on childless adults who

could join the program.

The second version (HIP 2.0), enacted during the tenure of Gov. Mike Pence, adopted Medicaid expansion eligibility guidelines in Obamacare, covering people from 0-138% of the FPL. Many low-income parents and adults who were once on HIP 1.0 transitioned to marketplace coverage (people between 100-138% of the FPL). HIP 2.0 was adopted in 2015.

Under HIP 2.0, the first \$2,500 of medical expenses for eligible services were covered by a special savings account called POWER, for Personal Wellness and Responsibility. Every HIP member has a POWER account. The enrollee shares those costs, capped at 2% of their income, or about \$25 per month. The federal government allowed Indiana to lock out enrollees with incomes between 100-138% FPL for six months if they didn't pay the premium.

Even with the "required" contribution, the state winds up paying most of the \$2,500 for enrollees. There are a lot of opt-out waivers, and the state often fails to check the income eligibility of enrollees.

Additional provisions have been added to the original HIP, including a work requirement, wellness incentives, and dental,



The better way to go is by lowering the costs of health care and reducing mandates and other government regulations.

vision, and chiropractic services.

When Pence announced the plan, he anticipated about 350,000 uninsured residents would be covered. Instead, 650,000 Indiana residents are eligible for the current version, HIP 2.0.

As of 2015, taxpayers have ended up funding about 95% of the HSA-like accounts.

Only 10% of HIP 2.0 — including the Medicaid expansion population — had incomes above the poverty line and were required to make the 2% monthly premium payment. The other 90% of new enrollees haven't had to pay anything.

Even among the 10% who are supposed to pay, so many exemptions are in place that a mere 0.2% of enrollees have been kicked off Medicaid for failure to pay.

As a result, taxpayers are paying

more. State actuaries project that HIP 2.0 will cost \$366 million more in the first year than it would have if they'd just done a traditional Medicaid expansion.

Indiana increased costs again by increasing optional benefits beyond the standard Medicaid package. People living below 100% of the federal poverty level have the choice of paying \$3 to \$15 a month, depending on income, to obtain dental or vision coverage. North Carolina's Medicaid already covers dental and vision.

Indiana is expected to spend \$1.5 billion on the plan by 2020, paid with cigarette taxes and money from a hospital assessment fee program — which will be passed on to patients or through higher insurance premiums.

As we've seen in other expansion states, loosening eligibility requirements and lax oversight have expanded Medicaid so much that it's no longer a safety net program for the most vulnerable. Instead, it's a taxpayer-funded health insurance program for many who could pay their own way.

As Senate leader Phil Berger, R-Rockingham, said recently of Gov. Roy Cooper's insistence on holding up the state budget in exchange for Medicaid expansion in

North Carolina: "A full accounting of the facts leads to the inescapable conclusion that expanding Medicaid would be a mistake that not only will fail to solve the problems its proponents claim it solves, but will create new problems and rekindle problems that have just recently been put to rest — such as Medicaid cost overruns and yearly budget deficits."

Public programs of this magnitude are hard to control. They increase costs and reduce access. They put the vulnerable populations Medicaid was designed to serve at greater risk.

North Carolina has about 2.1 million Medicaid enrollees. Medicaid covers one of every two babies born in the state. Adding an anticipated 643,000 additional participants — and in every case, the actual enrollment is higher than anticipated — to an already overloaded, fragile program is irresponsible.

The better way to go is by lowering the costs of health care and reducing mandates and other government regulations that make health policies needlessly expensive, so people can afford the health insurance that best fits their needs, not what the government decides to hand them.

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COMMENTARY

Taking inventory of social justice teaching in public schools



DR. TERRY STOOPS
VICE PRESIDENT FOR RESEARCH
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Last month, Wake County parent Dina Bartus garnered national attention for exposing a controversial assignment given to her child and other 10th-graders at Heritage High School in Wake Forest.

The “diversity inventory” assignment was a worksheet that inquired about the gender, race/ethnicity, age, sexuality, ability, religion, and socio-economic status of students and their classmates, teachers, close friends, doctors, household, and neighbors. In an interview with Fox News’ Todd Starnes, Bartus observed that asking teenagers to reveal details about their private lives to their classmates put them in “very uncomfortable and possibly dangerous situations.” That’s the kind of foresight and common sense the teacher apparently did not possess.

It’s not known how the teacher planned to use the information or why she believed it was necessary to collect it. Bartus believed the English teacher wanted to use the information for a lesson on “privilege,” the notion that physical characteristics, material circumstances, and other factors impart unearned advantages at the expense of those who do not possess those attributes.

	In my environment	Gender	Race/Ethnicity	Age	Sexuality	Ability	Religion	Socio-economic Status
Name: _____ Date: _____								
I am								
My elementary school was predominantly								
My teachers are mostly								
Most of my close friends are								

DIVERSITY INVENTORY. It’s not known how the teacher planned to use the information or why she believed it was necessary to collect it.

The 10th-grade English Language Arts Standards for N.C. public schools certainly don’t ask teachers to incorporate sensitive personal information into reading and writing instruction, nor do they direct teachers to explore the issue of privilege.

Perhaps those who drafted the standards naively assumed that educators would exercise good judgment and adhere to research-based methods for boosting literacy and fluency.

Much like their counterparts in higher education, certain English teachers in middle and high schools believe educators should use their position to advance progressive social and political ideals.

“My primary goal as a teacher is to combat unjustified cultural, racial, and socio-economic stereotypes within the high school

setting,” another Heritage High School English teacher proclaims on her school website. “My second goal is to lead my students in identifying and strengthening their individual voice and reasoning skills. I view teaching literature and writing on a daily basis as a perk of the job.”

Perhaps the state needs to specify that teaching literature and writing on a daily basis is more than a perk of the job. It is the job.

Online comments revealed that a troubling number of N.C. public school teachers endorsed the goals of the “diversity inventory” assignment, even as many took issue with the way that the English teacher delivered the lesson.

One teacher declared, “And I certainly agree that the field of education has become obsessed with what parents want from edu-



Much like their counterparts in higher education, certain English teachers in middle and high schools believe educators should use their position to advance progressive social and political ideals.

cators, rather than what educators know is best for kids.”

A subsequent commenter directed his comment to Bartus’ teenage son. “Toughen up, snowflake! Adulthood is two years away! And it’s a lot more stressful than a questionnaire.” “Sounds like a case of White Fragility to me,” another teacher observed. “This looks like a good activity for creating awareness.”

The activity created so much awareness that the Heritage High School principal asked the teacher to discontinue the lesson and released a statement about his commitment to inclusiveness, privacy, and parental involvement.

Drew Cook, assistant superintendent for academics, and Rodney Trice, assistant superintendent for equity affairs, later told Wake County teachers that students “should not be asked or encouraged to reveal information about their identity or other sensitive, personal information. Students should not be asked to complete any surveys without the approval of the principal and only in compliance with applicable law.” That

includes the federal Protection of Pupil Rights, or Hatch Amendment, a law passed by Congress 41 years ago restricting the collection of certain information from minors without parental consent.

I suspect most parents would not consent to high school teachers using scarce classroom resources to impose their social justice ideology on impressionable students. They simply want their children to acquire the academic skills and knowledge needed to be successful after graduation. But a majority of high schoolers are falling short. Last year, only around 39% of 11th-grade students met the ACT performance benchmark in English. Even more concerning is the fact that only one-third of high school juniors met the ACT benchmark in reading, while just under 30% met writing standards.

Heritage High School students fare better than state averages on the state-mandated ACT tests. Even so, only around half of all 11th-graders at Heritage High met the performance benchmark in English. Six out of every 10 juniors at the school failed to meet the ACT benchmarks for reading and writing. Roughly eight out of every 10 black, Hispanic, and low-income students who took the ACT tests last year failed to meet reading and writing standards.

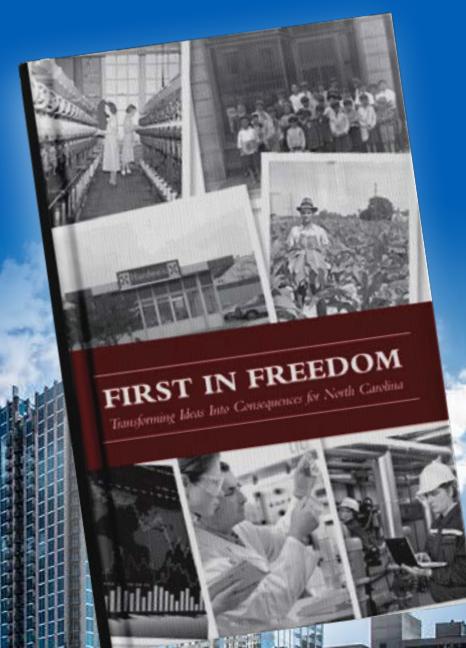
The field of education is not obsessed with what parents want from educators. But it should be. Thankfully, parents like Dina Bartus are speaking out and standing up to a public school establishment that seems to have forgotten that parents, not educators, know what’s best for their children.

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EDUCATION

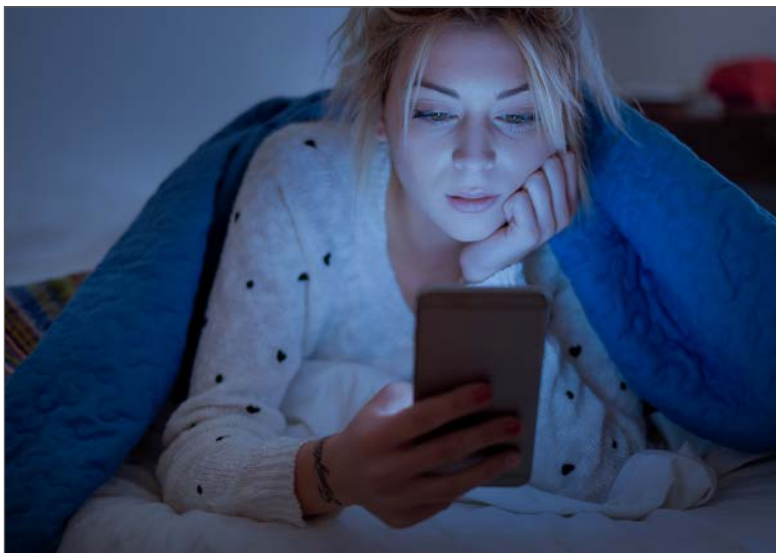
This is your brain (drain) on smartphones



KRISTEN BLAIR
COLUMNIST

Anyone with a smartphone knows these devices are devilishly distracting. But can taking a break with smartphones cause brain drain? A new study shows it might, depleting cognitive capacity for challenging work. This is significant news for educators and parents, since most tweens and teens own smartphones. Many are on them constantly. If there's a dumbing-down effect from phones, there are implications for learning environments everywhere.

This new study from Rutgers scientists Terry Kurtzberg and Kang Sanghoon, published in the *Journal of Behavioral Addictions*, assessed cognitive costs of media during a break from rigorous work. College students tackled the same challenging task — solving word puzzles — but were randomly assigned to different break conditions. All spent the break compil-



ADDICTIVE. The finding supports the theory that people are more cognitively and emotionally attached to their phones than to other devices.

ing a grocery list, but some used computers, some used paper, and some used cell phones. Then they returned to word puzzles. A control group went without a break.

What happened? "Participants who took a break on their cell phone took 19% longer to do the rest of the task and solved 22% fewer problems than did those in the other break conditions combined," noted Rutgers' press release. Their brains? Slower. Duller.

There's no ammunition here for an all-out rant on screens: Computers caused no cognitive depletion. But there's something about that phone. It's addictive, magnetic, researchers write: "This finding supports the developing theory that people are more cognitively and emotionally attached to their phones than they are to other devices, including other electronic tools such as computers."

Findings are relevant for schools. Many have taken steps already to protect dedicated class time, implementing strict policies around personal phone use in class. But this study offers new caution, showing even breaktimes matter. Checking notifications on a smartphone right before a test? Not so smart.

What could explain phones' lingering effects? That mechanism isn't clear. It could be that students are still processing what they saw on the device, says physician and filmmaker Dr. Delaney Ruston. Producer of the award-winning documentary "Screenagers," Ruston also launched Away for the Day, encouraging elementary and middle schools to become cell phone-free zones.

Evidence is on her side. "We know from science that when devices are put away for the day that grades actually improve in the school setting," Ruston says. She's also deeply concerned about social-emotional impacts, which she covers in her forthcoming documentary. "Younger kids and middle-schoolers are more likely to experience some sort of emotional hit during the day when they have access to a phone. ... It can set them into a tailspin," she adds.

As studies accumulate, the message of digital restraint is resonating. Last year, France banned cell phones in schools for students younger than 15. Schools in the United States and elsewhere are choosing to move toward more restrictive policies. Some require younger students to put phones completely away during school hours, bell to bell.

Is the goal to banish all devices? Of course not. There's ample evidence supporting the strategic use of digital tools in learning environments. But setting phones aside during the school day could help protect younger students' concentration and well-being. The big idea behind Ruston's movement, she says, is to share science and experience with young people, helping them become mindful and engaged themselves. An Away for the Day school poster validates kids' struggle to set phones aside — but raises their sights, saying, "It's not easy ... but it's worth it."

Isn't that true of many good things requiring restraint? Education, like life, is a long game. Kids need to be present — emotionally and cognitively — to win.

Kristen Blair is a Chapel Hill-based education writer.

Advising and peer connections: Helping transfer students earn a degree



SHANNON WATKINS
COLUMNIST

JUMPING RIGHT into a four-year university after high school isn't for everybody. There are numerous reasons, for some students, that attending a community college and then transferring to a four-year university is the most prudent decision.

But navigating the transfer process can be daunting — even for the most driven students. Successfully transferring to a four-year school requires a lot of guidance and proactive planning.

While most community colleges offer advising services, there's a program in North Carolina that goes above and beyond in its efforts to ease students' transition to a four-year university. The program is called the Carolina Student Transfer Excellence Program.

The Martin Center spoke with Wake Tech C-STEP adviser Derrick

Nantz to learn more about the program and how it has helped North Carolina's students.

How long has the program been around? Can you tell us a little bit about how the program works?

C-STEP has been around since 2006; it started with five community colleges. And it was started with a grant from the Jack Kent Cooke Foundation. I've been with the program for five years. It now has 13 community colleges. We serve 800 students from all the 13 community colleges, plus the ones that have already transferred to UNC.

What requirements do students need to meet to participate in the program?

It requires an application. We often get students in their first year, or often they apply in their senior year of high school. They have to have a 3.2 GPA. The application requires essays and two letters of recommendation. Originally, the program was targeted at students who are first-generation or low-income students, but we've really been able to accommodate whoever we find who is a great student who's a good fit. There are meetings where we have administrators



C-STEP students at Wake Tech that transfer to UNC have an 81.6% graduation rate after three years at UNC.

from UNC come and tell students what life is like at UNC: what opportunities exist, how to fill out financial aid, what kind of opportunities there are in study abroad, or what scholarships are available to them. We have UNC advisers come twice a year to advise students on what the transition is going to be like and what classes they are going to need to take.

We also have programming at UNC, so sometimes we go there. At UNC, there's a C-STEP kickoff event in September where they meet students from the other community colleges and they hear from an array of speakers — several of them being students.

We also do a shadow program where we pair students with someone who is their major at UNC, and they go to a day of classes with them.

In one of our meetings, we have Wake Tech students who are currently at UNC come back to Wake Tech and sit on a panel and let our current students ask them whatever they want as far as the challenges they saw, or mundane questions like, "What's your favorite place to eat on Franklin Street?" Just a series of questions that are of general interest to ask them.

How has the program helped students?

I find the benefits of the C-STEP program to be two-fold. One: It gives students a cohort of friends or peers — people who are going to hold them accountable and help motivate them. It's a cohort to transfer with, of friends they can rely on. Second: We ease their transition by giving them contacts, by helping them already know the campus, and by helping them understand what the requirements and expectations are at UNC.

How successful are C-STEP students — during the program and after they transfer? Are there any data on how many students participate and what schools they transfer to?

C-STEP students at Wake Tech that transfer to UNC have an

81.6% graduation rate after three years at UNC. That's in comparison to 68.3% for the rest of the community college transfer population to UNC. We just calculated this data recently.

The final GPA from Wake Tech C-STEP students is a 3.1 when they graduate from UNC, as opposed to a 2.8 for non-C-STEP community college students. Part of it might be self-selective: Students who are motivated, are goal-directed, our program is something they look into and apply for.

We probably have a 5% or 10% dropout rate. And this can be for a variety of reasons. I had two students drop from last year to this year, and it was both because they moved to another state.

What I love most about this program is that these students are very self-motivated. They have big dreams and big goals, and part of what I love about advising the program is seeing students grow from high school age just getting to Wake Tech to becoming researchers.

Shannon Watkins is a policy associate at the James G. Martin Center for Academic Renewal.

EDUCATION

Donors beware: College officials have their own ideas about using your money



GEORGE LEEF
COLUMNIST

It is quite common: A successful college alum decides to donate a large sum of his accumulated wealth to his alma mater, but wants the money to be used in a specific way. School officials want the money. They don't, however, care for the conditions attached to it. What to do?

The honorable course of action, of course, would be to say, "Thanks, but we'll have to decline unless you are willing to change your conditions." But often, they decide to accept the donation, knowing they aren't going to fully comply with the donor's intentions.

The most recent instance of a university accepting an alum's donation and then using it in ways inconsistent with his wishes involves the University of Missouri.

Sherlock Hibbs graduated from Missouri in 1926 and pursued a successful business career. Late in his life, he approached the university's Trulaske College of Business with a proposition. He offered \$5 million to support six faculty po-



TRULASKE COLLEGE OF BUSINESS. The most recent instance of a university accepting an alum's donation and then using it in ways inconsistent with his wishes involves the University of Missouri.

sitions. Those positions, however, were not to be filled with just any scholar. Hibbs wanted only people who would conduct their teaching and research from the analytical perspective of the Austrian School of economics.

Professor Peter Boettke explains the key aspects of the Austrian School as, "The primary task of economic analysis is to make economic phenomena intelligible by basing it on individual purposes and plans; the secondary task is to trace out the unintended consequences of individual choices."

The problem was that officials

at TCB thought hiring a cadre of Austrians would make it too radical. That's because the Austrians argue that nearly all governmental interventions in the economy are counterproductive.

Missouri's provost, Brady Deaton, feared that if the Hibbs bequest were strictly followed, it would create the perception "the university was held hostage to a particular ideology."

University officials were determined to take Hibbs' money and avoid his conditions. So in 2003, Bruce Walker, dean of the college, announced it had accepted the be-



Sherlock Hibbs did everything imaginable to try to guarantee his school would devote his money to the purposes he had in mind.

quest and would use the funds to hire professors with "evident commitment to the tenets of a free and open market economy, coinciding with the Austrian School of Economics, including such principles as innovation, creativity, change, entrepreneurship, private property, competition, pricing through markets, individual choice, and market processes."

Despite the tiny bow toward Austrian theory, Walker's description meant the university could hire any business professors so long as they were not leftists.

But there was a catch. Under the terms of the bequest, Hillsdale College was to oversee Missouri's use of the funds. Hillsdale would be a third-party beneficiary of the Missouri bequest. If the money was not used according to Hibbs' desires, the funds would go to Hillsdale.

It was up to Missouri to certify to Hillsdale that it was using the Hibbs bequest in accordance with

his desires by sending a letter every four years attesting that it was doing so.

But in 2014, Missouri did not send Hillsdale the required letter, causing the latter to investigate the "Austrianness" of the faculty holding the Hibbs professorships. Hillsdale scholars familiar with the Austrian School had no trouble discerning that not one of the Missouri faculty members could remotely be described as Austrian.

In 2017, Hillsdale filed suit against the University of Missouri in a state court in St. Louis. It seeks a ruling that Missouri must turn over the \$5 million given by Sherlock Hibbs — plus interest — because it failed to comply with his conditions. The case has yet to come to trial.

Sherlock Hibbs did everything imaginable to try to guarantee his school would devote his money to the purposes he had in mind. If the university should convince the jury it has done nothing wrong and may keep his money, it's hard to imagine that any prospective Missouri donor who wants to target his donation will ever again do so.

TCB is helping to further weaken the trust that philanthropy depends on.

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

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COMMENTARY

Centuries-old legal idea could help fight N.C. health care restriction



MITCH KOKAI
SENIOR POLITICAL ANALYST
JOHN LOCKE FOUNDATION

No one had access to an MRI machine in 1603. But a legal principle dating back at least that far could help some N.C. patients get easier, less expensive access today to this vital modern-day medical device.

The principle involves the ban of state-sponsored monopolies. It's one piece of Winston-Salem surgeon Dr. Gajendra Singh's ongoing challenge of North Carolina's certificate-of-need law.

"The anti-monopoly clause was originally adopted for the specific purpose of forbidding government-granted monopolies such as the one created by North Carolina's CON law," writes the John Locke Foundation's Jon Guze in the latest issue of *Political Economy in the Carolinas*. "Fortunately for Dr. Singh — and for the thousands of other North Carolinians whose right to earn a living has been violated by state laws that confer monopoly privileges on politically favored groups — the anti-monopoly clause can still serve that purpose today."

Before turning the clock back to the early 1600s, let's revisit basic details of the Singh case. He opened a diagnostic-imaging center in Forsyth County in 2017. Offering X-rays, ultrasound, and CT scans, Singh also wanted to provide his patients access to low-cost magnetic resonance imaging at the same location.



LAWSUIT. At a July 31, 2018 press conference, Dr. Gajendra Singh, a Forsyth County surgeon, discusses the lawsuit he has filed challenging certificate-of-need laws. At left is Raleigh attorney Denton Worrell and at right is Institute for Justice Attorney Renee Flaherty.

He couldn't. The state CON law blocked Singh from buying an MRI machine. Only a health care provider with a government permission slip could add new MRI equipment in Forsyth or any other N.C. county.

Singh filed suit in July 2018 to challenge the CON restriction. His case is scheduled for a courtroom hearing Oct. 21.

Lawyers working with Singh contend that the CON law violates multiple provisions of the N.C. Constitution. Among them: The Declaration of Rights' proclamation in Article I, Section 34 that "Perpetuities and monopolies are contrary to the genius of a free state and shall not be allowed."

The anti-monopoly clause "has been part of North Carolina's constitutional endowment from the very beginning," writes Guze, JLF's director of legal studies. It was part of the original state constitution in 1776 and has remained part of each succeeding version, including

Opposition to government-granted monopolies had a lengthy history before the American revolutionary era.

the current governing document ratified in 1971.

Opposition to government-granted monopolies had a lengthy history before the American revolutionary era. Those who placed the anti-monopoly clause into North Carolina's first constitution would have relied on lessons from the "great 17th-century jurist" Sir Edward Coke, Guze reports.

A "widely read" report from Coke documented a 1603 case involving Queen Elizabeth, playing

cards, and two men fighting over the right to manufacture, import, and sell those cards. An English court tossed out a monopoly the queen granted to one of the antagonists. The court ruled that "the end of all these monopolies is for the private gain of the patentees." Moreover, the monopoly was "against the Common Law."

More than 20 years later, still 150 years before North Carolina's first constitution, Coke drafted a Statute of Monopolies, which declared them "altogether contrary to the laws of this realm, and so are and shall be utterly void and of none effect."

Despite those precedents, monopolies persisted. American colonists had firsthand experience with them, including the infamous monopoly that led to one of the key events on the path to the American Revolution: the Boston Tea Party of 1773.

Guze concludes "there can be little doubt that the members of the Fifth Provincial Congress had government-granted monopolies specifically in mind when they added the anti-monopoly clause to the state constitution in 1776." They meant to block those monopolies in order to secure "the right to earn an honest living by engaging in a lawful occupation," he writes.

The definition of "monopoly" has changed in the past 240 years. It now includes businesses that gain power over an economic sector without government involvement. But that new meaning has expanded — not replaced — the original meaning, Guze writes.

In fact, the N.C. Supreme Court ruled as recently as 1973 that the state prohibition on monopolies applied to another government-granted monopoly. It was



Sir Edward Coke
British Jurist
1552-1634

British jurist and politician whose defense of the supremacy of the common law against Stuart claims of royal prerogative had a profound influence on the development of English law and the English constitution.

an earlier version of the CON law. Deciding a case in favor of a private hospital that wanted to build a new, larger facility, the court wrote that a CON restriction "establishes a monopoly in the existing hospitals, contrary to Art. I, Sec. 34 of the Constitution of North Carolina."

Does this precedent mean Singh is bound to win his case? No.

The fight against government-granted monopolies "can never be decisively won," Guze concludes. "The potential rewards are huge, and would-be monopolists and politicians will never stop trying to secure and share those rewards."

But as "those who wish to exercise their right to engage in lawful occupations" continue to wage their courtroom battles, they have more than 400 years of legal history on their side.

NORTH CAROLINA

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IN MEMORIAM

Beverly Lake dies, leaves legacy of justice and reform

BY KARI TRAVIS

Former N.C. Supreme Court Chief Justice Beverly “Bev” Lake Jr., the criminal justice reformer known for his leadership of the N.C. Actual Innocence Commission, died Sept. 12, 2019. He was 85.

Lake, a tough-skinned believer in the justice system, was known to wear a pistol in court, and once had a defendant’s mouth duct-taped shut, reports say. But his background poised him as a catalyst for major criminal justice reforms, even when those policies made him unpopular with his own party.

Ultimately, a balance of justice and kindness defined Lake, said Richard Rosen, a retired UNC law professor, board president for the N.C. Center on Actual Innocence, and one of the original members of Lake’s commission.

The AIC pulled together police, prosecutors, defense attorneys, and law professors, somehow melding a cacophony of ideas.

“He kept everybody together,” Rosen said of death penalty arguments that nearly splintered the group. Lake, who began establishing the body in 2002, wanted input from all sides. New DNA science was shattering his views on guilt and punishment. Evidence showed innocent people were being tried, convicted, and locked away.

Lake’s commission was groundbreaking, Rosen said. It was a place of action — a place where laws originated, and where 15 wrongly convicted people were exonerated from their crimes.

Getting there wasn’t easy, Rosen said, but Lake handled conflict with aplomb.

“The thing that sticks in my mind most is we had a victims’ rights advocate [in a commission meeting] who was very angry about what we were doing,” Rosen said. “Justice Lake turned to him



and said, ‘Innocent people who are convicted of crimes are victims.’”

“And I thought, ‘I couldn’t have said it better myself.’”

Born in Raleigh Jan. 30, 1934, Lake, a tough-on-crime politico, drew inspiration from his father, Isaac Beverly Lake Sr., an American jurist, law professor, and politician.

Lake was a private lawyer for several years, but a desire to promote justice drew him to public service, said Raleigh attorney Gene Boyce, who practiced law with both Lake and his father. The younger Lake inherited his appreciation of the law from the elder Lake, Boyce said. This respect for justice drove Lake Jr. throughout his long career, though his father’s racial views — and unsuccessful segregationist campaign for governor in 1960 — would become problematic later in life.

In the late 1960s, Lake took a job as deputy attorney general for North Carolina. A registered Democrat, he served two terms in the N.C. Senate. He switched parties in 1980 and ran — unsuccessfully — as the Republican nominee against incumbent Democratic Gov. Jim Hunt.

In 1984, Lake served as legislative liaison for Republican Gov. James Martin, and then was appointed as a judge for the state Superior Court in 1985. Lake, who wished to serve on the N.C. Supreme Court, ran and lost in 1990. Martin would appoint Lake to the state’s highest court for a brief stint in 1992, but the Raleigh native wouldn’t be elected to hold a seat until 1994.

Lake was elected to be the high court’s chief in 2000, running against Henry Frye, the first African-American to hold the seat.

In 2015, Lake described the campaign to Marshall Project reporter Eli Hager as having left “a cold grip on my stomach, a feeling of pure reluctance and dread.”

Lake was afraid his father’s segregationist views and his own anti-crime record would sully the campaign. He ran as “Bev Lake,” opting out of the name that would evoke memories of Lake Sr.’s legacy.

It was a transition point for Lake, who would go on to watch DNA evidence disprove criminal conviction after criminal conviction. The case of Ronald Cotton, a North Carolina man who served 10 years in prison for a rape he didn’t commit, pushed Lake to investigate.

Lake’s conservative friends “believed I’d had a turnaround, a change of heart, but I just kept trying to explain that this was an expansion, not a reversal,” he told Hager while eating crab cakes at a Raleigh cafe in 2015. “My primary objective was to restore society’s confidence in justice.”

Countless meetings, lunches, and arguments were required, but the AIC yielded results. Lake and his commission wrote one of the first laws in the U.S. requiring police to record interrogations. They drafted the first law to create hefty standards for eyewitness identifications like lineups and photo arrays. They set guidelines to protect DNA evidence.

Lake would never say his anti-crime views had softened or changed, Rosen said, but his legacy is his stalwart belief that justice is for all, and, more important, that it isn’t a partisan conversation.

“This was an issue for anybody who really cared about justice. He really believed that,” Rosen said. “He saw it as important for the entire criminal justice system that we had — that we had to do what we could to make sure that we convicted the guilty, and not the innocent.”

“I think it is something that has had an impact on many lives in the state already, and I think he deserves credit.”

Innocent people who are convicted of crimes are victims.



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Political polarization affects support for free speech

Q & A



Thomas Cushman
Professor
Wellesley College

Political polarization generates many negative consequences for society. Among them: There's a divide within the American population about protecting important classically liberal values, including free-speech rights. Thomas Cushman, professor of sociology at Wellesley College, highlighted that issue during his recent work as a visiting senior research fellow at Wake Forest University. Cushman discussed his research with the John Locke Foundation's Shaftesbury Society. He shared highlights from the speech during an interview with Mitch Kokai for Carolina Journal Radio.

MK: Political polarization, we know, is causing major changes in the United States. You say it's also affecting how people view free-speech rights. How so?

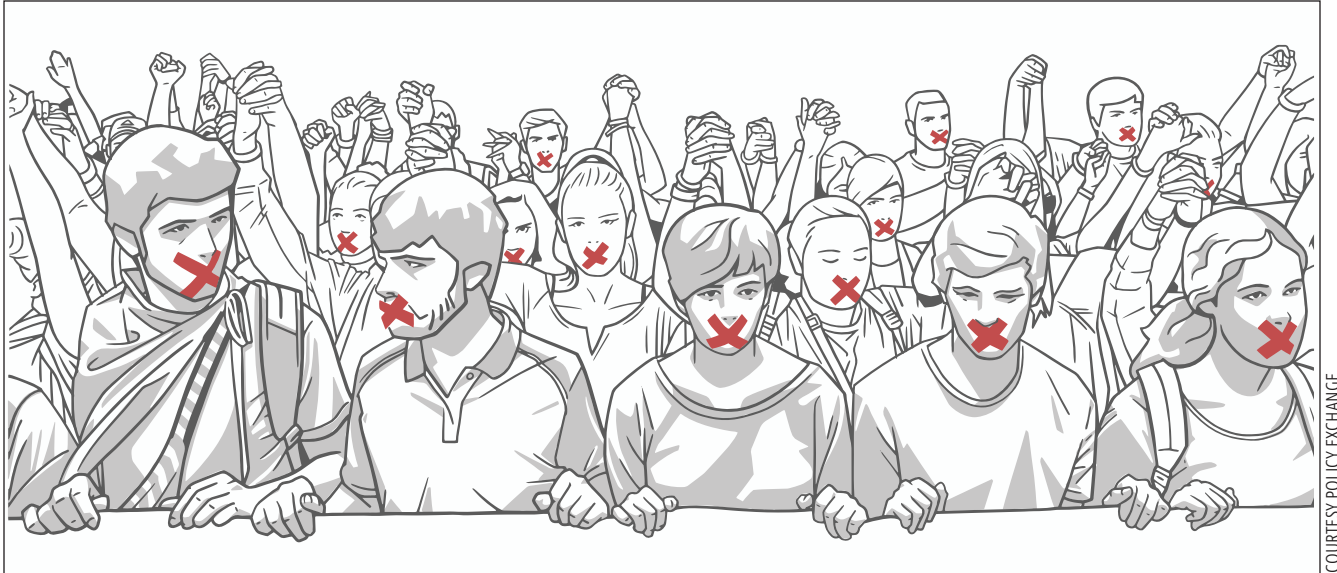
TC: ... The polarization has to do with competition over competing values. So if you ask young people, for instance, in college surveys, about which values they would like to see more protection of, there's a fairly strong divide that breaks down around gender, political party, race. And in a recent survey done of college students, a very good survey, a Knight-Gallup poll, I believe it is, you can see the divides among the young people especially.

So that, for instance, if you ask students the question, "Which do you prefer to have more protection: inclusion and diversity, or freedom of expression," there are very strong divides on that — in fact, by significant percentage points. So, for instance, Democrats, women, African-Americans — those three particular groups tend to favor diversity, equity, and inclusion, which are three important values in American history.

But if you look at white men who are Republicans, it's completely the opposite. So you can see it on college campuses at least — which is where I work — that there's a very strong divide.

It's not like they don't care about the other values. It's just they prefer protection of one value set over another. And I do believe that's also very apparent in the survey data for the general American population. As a sociologist, I pay fairly careful attention to that same breakdown. Women who are Democrats ... liberal Democrats, white women who are liberal Democrats, African-Americans who are Democrats tend to favor diversity, equity, and inclusion. White male Republicans, conservatives, tend to favor the defense of free-speech rights. And the percentage differences are quite stark, actually.

MK: And this, I suspect, is a change. If we looked back some years ago, you would see more general support for free-speech rights.



A GENERATIONAL DIVIDE: "I'm starting to get up there in years, and I see generational differences. And I never thought, for instance, as a college professor, I would have to explain why freedom of expression was important to young people. I just assumed they all learned that somewhere. But evidently, they're not really learning that somewhere."

TC: Well, exactly. And, you know, I'm starting to get up there in years, and I see generational differences. And I never thought, for instance, as a college professor, I would have to explain why freedom of expression was important to young people. I just assumed they all learned that somewhere. But evidently, they're not really learning that somewhere, because ... many of them come in with very little knowledge, very little understanding of the scope of the First Amendment or the jurisprudence about the First Amendment in the last several hundred years.

And so, you can't assume students coming into even the most elite colleges have a strong appreciation. That was just assumed by people of my generation. We just didn't question it, and we were taught that. I think now, in the high schools, the students [are] getting more, I think, of the diversity, equity, and inclusion value system, which means you shouldn't say things that "harm people" or make them feel offended or uncomfortable.

And that's more enforced, say, in a high school setting, which is a much more disciplinarian setting. So when they get to college, they just keep adhering to the same value systems. And it's hard work to convince them that freedom of expression helps everybody, especially if you want diversity, equity, and inclusion. The only way to get that is by saying why

you're not included, why you're not being treated equally. And I think that's the argument I try to make.

MK: If a substantial portion of our young people, or the American population at large, values freedom of expression less than some of these other values, what sorts of problems does that create for our society?

TC: One claim that I make, and the first claim that I ever make when I talk about the right of freedom of expression, is that it's a reason that is in the First Amendment. Because my view is at least that the founders understood that freedom of expression, being able to make rights claims, or to complain about the violation of your rights, necessitated freedom of expression. It's the right from which all other rights evolve, or are articulated.

And you can't make any other rights claims, whether it's about equality, or progressive values, or any kinds of claims, without having that right of freedom of expression. But what you tend to see is people essentially not understanding the connection between the fundamental, we would say in law, "non-derogable" right of freedom of expression, and its connection to any kind of rights claim of injustice, or violation of civil rights, or anything like that. So it has

to be the starting point for all other rights claims.

I think with some persuasion, you can persuade people with that. How could Martin Luther King have ever fostered the civil rights movement without freedom of speech? And I had a very interesting African-American young man tell me, when I said that, he said, "Well, he shouldn't have had to die for it." And I thought, "Well, that's a pretty good response," that you shouldn't have to die for expressing your right of freedom of speech. But that's what struck me, is that it is dangerous to speak freely, especially in a climate where there is hatred, there is violence, and that kind of thing.

MK: So we have this divide. We see this from the survey results. What do we do about it?

TC: Everybody asks me that, but I think some of these things are generational. I'm already seeing in some of the younger generations who come in, say, to the college, who are four years younger than maybe the students who have really pushed this. These values seem to be prominent among the millennial generation. And we sociologists have waves of generations. I'm never going to say time will tell, but I do know that there are generational shifts in beliefs and value systems.

So, for instance, when anybody asks me that

question, I generally tell them that if you went back in time to Berkeley in the 1960s, that that's where the site of student radicalism was, including in my own field, sociology. They took over buildings and created havoc, and they wanted to create a revolution. I had a professor that was teaching there at the time, and he said, "Well, what comes after the revolution?" They said, "Well, we don't know. We just want to have the revolution." It's never a good idea to have a revolution and not kind of know where you're going, because then you don't end very well.

But the reason I bring up this story is that if you look at the data later on, in 1980 — if my memory serves me right — over 50% of the students at Berkeley voted for Ronald Reagan. So I don't think it's a one-way trajectory. I don't think freedom of speech is on the way out. If you asked the whole population, it's about 50-50. When you break down these ethnic differences, and racial differences, and gender differences, it becomes more pronounced.

But I do think there's something like a pendulum, that there's a swing back and forth, and that we might be in a diversity, equity, and inclusion pendulum [swing] right now. And I think that — it's my hope, anyway — that maybe people might see that it's really not a very pleasant state to exist in a situation where you're constantly afraid to say what you think.



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EDITORIAL

Reform should accompany new districts

Whatever else we might say about redistricting in North Carolina, it's clearly the opposite of boring. In June, when the U.S. Supreme Court refused to strike down North Carolina's congressional districts as unconstitutional partisan gerrymanders, Republicans celebrated and Democrats fumed.

Then, in early September, the emotional roles were reversed when a three-judge panel of state judges concluded that much of North Carolina's legislative district maps constituted an "extreme partisan gerrymander" in violation of the state constitution. It ordered the General Assembly to redraw them immediately.

Legislative leaders chose not to appeal the trial-court decision. They redrew maps under a court order that mandated openness, fresh and compact districts, and no use of party registration or election results. Democrats were delighted with the court order, if not the result of election maps.

But even if the court accepts the newly drawn maps, neither legislative Democrats nor their Republican counterparts should

conclude that North Carolina's perpetual and costly problems with redistricting are over.

In the state court case, *Common Cause v. Lewis*, the three-judge panel ordered a remedy to a specific set of districts drawn in 2017. It did not and could not make a permanent change in the way North Carolina adopts its electoral maps. It didn't set binding precedent.

Moreover, the decision didn't describe a clear standard for distinguishing "extreme" partisan gerrymandering, which the judges deemed to run afoul of the state constitution, from run-of-the-mill favoritism for incumbents or parties, which apparently does not.

Although the court-ordered remedy may well make legislative districts more competitive in 2020, we won't really know until after the election. Staring into the rear-view mirror is no way to drive a car forward. Policymakers must know the rules of the road ahead of time. They need clear standards for redistricting written directly into North Carolina's constitution, standards that elevate the interests of voters above those of incumbents or parties.

That's why the General Assembly should make sure the new districts required by the trial court are accompanied by enactment of House Bill 140, known as the Fair Act (for Fairness And Integrity in Redistricting). Its provisions are entirely consistent with the ruling but go further to ensure that future districts are compact, respectful of local boundaries, and produced in the light of day.

H.B. 140 authorizes a statewide referendum to place redistricting criteria into the state constitution. Its accompanying statute has nonpartisan legislative staff rather than lawmakers draw the maps. It entrusts the authority to answer questions from staffers drawing maps, and to hold public hearings on them, to a balanced advisory commission made up of two Democratic appointees, two Republican appointees, and a fifth member chosen by a majority of the other four.

When it comes to redistricting, each party has historical reasons to be skeptical of the other's intentions. Now is the moment to come together for the good of North Carolina.

Neither side can know who will control the legislature after the 2020 elections. What if you end up in the minority? Shouldn't you take out an insurance policy against the catastrophic loss of adverse redistricting in 2021?

Lawsuits can produce specific remedies to specific harms. They are no substitute for reform enacted with bipartisan supermajori-

ties in the General Assembly and approved by North Carolina voters in a referendum.

Let's end the costly cycle of litigation, oscillation, and recrimination.

Let's embrace the opportunity to reform our redistricting process, and to set a new and better example for how to resolve public disputes. Let's lead.



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COMMENTARY BY JOHN HOOD



Uncertain policy has economic cost

continued from PAGE 2

allow. Nevertheless, the certainty of regulation helps the business adjust to new conditions at the lowest possible cost.

Similarly, when it comes to tax policy, it's better for the economy in the long run to keep tax rates as low as possible, consistent with the need to deliver basic government services. Redistributive tax policies are a net drag on job creation and growth, as the preponderance of empirical research confirms.

But also important is the stability of future tax rates. If investors can't predict with some confidence the future tax consequences of current decisions, they may just hold onto existing assets or keep funds in cash. If a business owner can't predict with confidence whether a lower tax rate in another jurisdiction will stay that way, she's less likely to start or relocate an operation there.

In a paper just published in the *Journal of Economic Dynamics and Control*, two professors at the Singapore Management University used state corporate tax systems in America to test the proposition that policy uncertainty affects economic performance. Following the lead of previous scholars, who used searches of media databases to create state-by-state measures of policy uncertainty, the Singapore researchers generated state statistics on media coverage of corporate tax debates and then looked for a relationship with economic outcomes.

They found one. For every standard-deviation increase in policy uncertainty surrounding corporate taxes in a state, the growth in new business establishments went down by about two-tenths of a percentage point.

"Our result clearly shows that tax uncertainty has a significant, negative impact on business activity in the United States," they concluded.

I know we are going to continue to engage in spirited debate about taxes and other controversial issues. But lawmakers ought to take seriously the growing research literature on policy uncertainty. They should seek consensus when possible. When it's not possible, they should strive for simplicity and predictability as they make policy changes.

Time to make voter ID work

Most North Carolinians think it's reasonable for voters to show identification before casting a ballot. A solid, although not overwhelming, majority voted last fall to place a voter-ID requirement in the state constitution, although a vocal minority continues to see it as dangerous and discriminatory.

I've long argued that both sides of the voter-ID dispute tend to exaggerate the consequences. Most studies of actual elections held under voter-ID requirements find little effect on the number of votes cast.

One reason may be that the number of people who both intend to cast ballots and lack ID is minuscule. Consider a recent study by Mark Hoekstra of Texas A&M and Vijetha Koppa of Dubai's Institute of Management Technology. It examined election results for more than 2,000 races in Florida and Michigan. Hoekstra and Koppa chose those states because they allow ballots to be cast without IDs and then track those ballots separately.

The researchers found that at most the share of votes cast without IDs were in the range of 0.10% to 0.33%. "Thus, even



VOTER ID is the law of the land. Now it's time to make it work.

under the extreme assumption that all voters without IDs were either fraudulent or would be disenfranchised by a strict law," they wrote, "the enactment of such a law would have only a very small effect on turnout."

The effect was so small, in fact, that it would have been highly unlikely to flip races. "Even if the worst fears of proponents or critics were true," Hoekstra and Koppa wrote, "strict identification laws are unlikely to have a meaningful

impact on turnout or election outcomes."

The empirical evidence undercuts claims made by both sides. If turnout isn't much affected by an ID requirement, its usefulness as a "voter-suppression" device is rather unimpressive. On the other hand, if requiring ID doesn't significantly reduce turnout, there must not be that much illegal voting going on.

To my way of thinking, there are three reasons an apparently low-stakes ID requirement for

voting remains a reasonable policy. The first is that it will at least modestly increase public confidence in elections, even if the public is mistaken about the prevalence of voter fraud.

The second is that "minuscule" is not "zero." Occasionally we see races settled by dozens of votes or fewer. Could preventable voter fraud tip the balance in such races? It's a low-probability scenario, to be sure. But as long as the net cost is also low, why not take out insurance against it? (A similar argument applies to absentee-ballot fraud, which North Carolina is now taking more seriously, as it should.)

The third argument is, indeed, that the net cost is low — because implementing the ID rule has ancillary benefits. Those who lack photo IDs face other impediments in modern society. It may not be impossible for them to use financial services, public buildings, and certain forms of transportation, but it's certainly more cumbersome than it needs to be.

Voter ID is the law of the land. Now it's time to make it work, and to move on to more productive public-policy debates.

POLITICS AND ELECTIONS

Special election offers three lessons

WHEN ALL WAS said and done, North Carolina's special congressional elections this year proved not to be particularly special.

Republican state Rep. Greg Murphy easily defeated Democrat Allen Thomas in the contest to replace the late Walter Jones in the 3rd District. And in the closely watched 9th District, Republican state Sen. Dan Bishop defeated Democrat Dan McCready by 51% to 49%.

These outcomes were predictable. They ratified trends already evident (rural areas becoming more Republican, suburbs somewhat less so). And I doubt they tell us anything new about the presidential race. Still, I do think North Carolinians can draw some lessons. You can think of them as the three "remains" of the day, so to speak.

One is that partisan polarization remains an immensely powerful force. President Trump has a loyal following within the GOP core but turns off quite a few "soft" Republicans and right-leaning swing voters. Most



U.S. Rep. Greg Murphy, R-3rd District

voted for him in 2016, anyway, because they viewed Hillary Clinton as unacceptable.

During the 2018 midterms, some of these voters were willing to vote for moderate-sounding Democrats. It cost Republicans dearly in dozens of seats where they had previously enjoyed an advantage. McCready and Thomas tried to work the same magic this year. It didn't materialize. Polarization reasserted its pull.

In Thomas' case, the electoral demographics were always heavily against him. Donald Trump won 59 percent of the vote in

North Carolina's 3rd District. Four years earlier, Mitt Romney won 58 percent. There were once many ticket-splitters in eastern North Carolina. Now few see Democrats as plausible representatives of their views.

As for the 9th District, stretching from Charlotte to Fayetteville, Dan McCready stressed during his first campaign that he would be an independent voice and wouldn't vote for Nancy Pelosi for speaker. This message helped propel his 2018 candidacy to near-victory. He repeated the message this year, surely to positive effect once more. A narrow loss in what was until recently a Republican-friendly district is noteworthy.

It is, however, still a loss. I suspect somewhat fewer voters this year than last found McCready's pledge of independence compelling enough to jump ship. Power is already divided in Washington. Sending another Democrat wouldn't have changed that. But it might have strengthened the hand of a Democratic Party many

see as increasingly left-wing, despite McCready's protestations to the contrary.

A second lesson is that pocket-book issues remain salient. Bishop and the Republicans used the energy issue effectively against McCready, a precedent that other conservative candidates should take to heart. Although voters are certainly concerned about the environment, they do not favor regulatory responses that will make them pay significantly more for electricity and gasoline. Associating McCready with costly energy mandates hurt him.

Finally, the special elections show that state legislators remain a good pool of potential candidates for higher office. Murphy and Bishop were experienced campaigners who made good choices and exercised message discipline.

Not exactly earth-shattering lessons, I grant you. But that's my point. Don't read too much into these special elections. The 2020 cycle will have its own dynamics.

COMMENTARY

Defenders of state ABC system inadvertently show why it needs replacement



JOHN TRUMP
MANAGING EDITOR

Walter Harris, chairman of the Chatham County Alcoholic Beverage Control board, told WUNC's Frank Stasio he's been told North Carolina is among the country's best at selling hard liquor.

Taken without context, Harris may well be correct.

North Carolina controls every aspect of the statewide liquor market, including storage, distribution, and sales. The state, so far, has yet to open its own distillery, but it oversees all other aspects of the liquor trade in North Carolina.

Taken with context, that North Carolina sells liquor according to many rules enacted just after Prohibition and favors control over consumer choice and free-market ideas, then what Harris told Stasio is complete nonsense.

Harris was among the panelists recently on Stasio's "The State of Things" radio hour. The theme of

the topical show was the state's alcohol history and culture and the passage this year of legislation that will help the state's craft distillers to survive and even thrive. Senate Bill 290, most of which became effective Sept. 1, aligns rules for N.C. craft distilleries more closely with those governing wine and craft beer.

My colleagues at the John Locke Foundation, including people such as Becki Gray, Jon Guze, and Jon Sanders, have for years worked hard to fix the archaic way North Carolina governs alcohol. I've written about the subject myself, including a book specifically about the state's craft distillers and its distilling history. I think it's fair to say we've had more than a little influence in pushing the subject to the fore and in helping to shape legislation and reform liquor laws to the benefit of producers and consumers alike.

The producers at "The State of Things" chose not to invite us to the show, but that's their decision and one beyond our control. We can, however, speak to comments and some declarative statements from the broadcast, which, at the very least, are inaccurate and do little to move the issue forward. And, to avoid confusion, the issue



North Carolina is one of 17 control states but the only state with independent, local control over liquor.

is moving forward.

The real question is whether the N.C. Alcoholic Beverage Control Commission wants to lend its expertise in the transition or, rather, choose to tighten its grip on a system that's splintering in its blistered hands.

Another guest on Stasio's show talked about the history of North Carolina's complicated liquor history, including the "bootleggers and Baptists" scenario, which encompasses the ideas of eliminating the competition and prohibiting alcohol altogether.

Rep. Jon Hardister, R-Guilford, who was on the show, will pick up in the General Assembly where a linchpin of ABC reform in North Carolina, Rep. Chuck McGrady, R-Henderson, left off. McGrady will retire next year.

House Bill 971, which McGrady sponsored, had stalled in the leg-

islature, but McGrady managed a hearing for a proposed committee substitute in the House's Alcoholic Beverage Control Committee in July. The Modern Licensure Model for Alcohol Control, originally filed April 25, basically clears a path for private liquor stores in North Carolina. H.B. 971 would eliminate the state-run alcohol warehouses in Raleigh and phase out local ABC boards and stores.

Of course, the state's politically entrenched ABC boards want to hear nothing of the sort. Harris, not surprisingly, talked about all of the money localities get from alcohol revenue. It's the ABC's primary argument against reform, and it's really the only one that matters. N.C. craft distillers have their concerns, as well, chief among them is a fear of getting pushed out by the so-called "big boys." Their concerns are valid, and lawmakers won't dismiss them out of hand.

Hardister, though, rightly points out that government can regulate the private sector better than it can regulate itself. Enforcement, and, yes, control, will remain under the purview of the state ABC, and lawmakers, he said, will work to ensure those entitlements to local governments with ABC don't go away.

"We want to make sure the local government is held harmless, as much as possible," Hardister told Stasio.

Harris, and ABC boards around the state, won't budge or compromise. With full sarcasm, Harris told Stasio, if it's not broken, then fix it until it is.

But, Mr. Harris, broken it is.

North Carolina is one of 17 control states but the only state with independent, local control over liquor. That's 170 boards with that

many opinions, misconceptions, and grudges. North Carolina, Harris told Stasio, is 44th in the nation in consumption of liquor, but seventh-best in revenue collected from alcohol sales. That's a dichotomy, yet proponents of control use it as a singular point of praise.

It's now a cliché, but the debate here has little if anything to do with alcohol.

"It's about jobs, it's about business," Hardister said.

It's also about consumers and a free market. Yeah, it's mostly about that.

North Carolina is among a handful of states that prohibits liquor sales on Sunday. So, with Labor Day, state ABC stores were closed for two consecutive days, one of which is especially lucrative for alcohol sales.

Here's the thing: If it's Sunday and I want a chicken sandwich, I know Chick-fil-A isn't an option, as those stores will be closed. But I do have options. Many private businesses — Popeyes, Wendy's, Bojangles — will sell me a chicken sandwich on a Sunday. Just not Chick-fil-A, and I'm fine with that.

But if I'm entertaining friends on a Sunday or other holiday and someone wants a drink of tequila, we're just plain out of luck, unless someone wants to drive across the border.

Apparently we're incapable, according to certain state laws, of choosing for ourselves.

"I don't think we ought to be in the business of babysitting our citizens," Hardister told Harris and Stasio.

I couldn't have said it better myself. If, that is, "The State of Things" would have given me — or one of my colleagues — the chance. Maybe next time.

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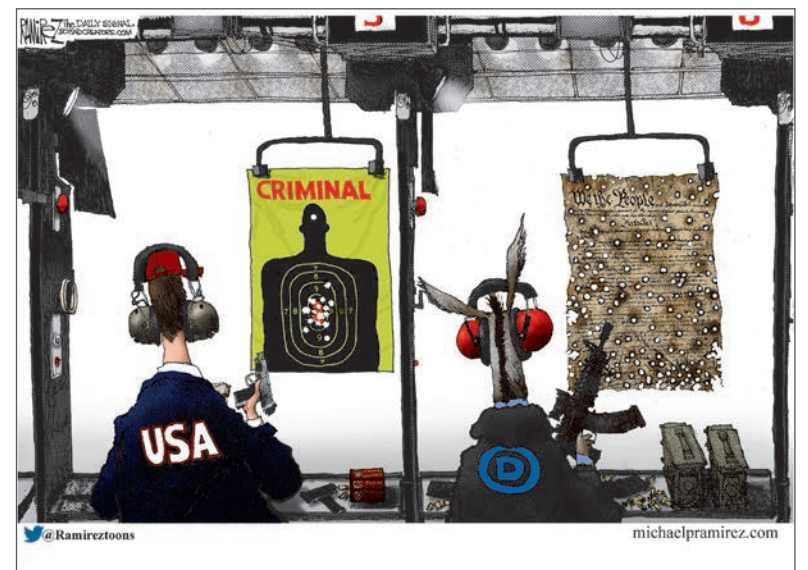
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COMMENTARY

Putting rightward nature of political polarization to rest

ANDY TAYLOR
COLUMNIST

Partisan polarization has been a fixture of American politics for several decades now. Recently, analysts have argued it's asymmetric. To be sure, Democrats have moved to the left. But they have not drifted from the middle ground as much as Republicans have to the right.

Political scientists offer several explanations. Republican lawmakers tend to exaggerate the conservatism of their constituents. The decline of the labor movement and candidates' hunger for campaign funds have weakened the influence of working-class progressives. Some data tell a similar story. The widely used NOMINATE technique that gives each member of Congress an ideology score reports Democrats were routinely further away from the midpoint of the scale than Republicans in the 1960s and 1970s. Since the mid-1980s, it has been the other way around, with Republicans appearing more ideologically extreme.

Yet an analysis of the Democratic presidential field and the candidates' policy positions and rhetoric suggests the party is mov-



ing rapidly to the left. The shift is illustrated most vividly by the U.S. senators in the race. Several are undergoing ideological transformations. As mayor of struggling Newark, New Jersey, Cory Booker encouraged private investment and doubled the number of children attending charter schools. Once elected to the Senate in 2013, he worked with Republicans Rand Paul and Tim Scott on issues like criminal justice reform. But with a presidential run in his sights, he veered leftward. He now supports debt-free college, the Green New Deal, and a single-payer government-run health system.

Kamala Harris, the junior senator from California, has shown a conservative temperament — a major reason why many Republicans fear her. She was a tough

district attorney and took a practical approach to many of her state's biggest challenges as its attorney general. Since she has arrived in Washington, however, Harris says she wants to abolish ICE and is all in on single-payer and slavery reparations.

Even Elizabeth Warren from Massachusetts has undergone an ideological makeover. She is continually ranked the most liberal senator by the NOMINATE scores, and Republicans have warned she is a threat to American capitalism since her first successful Senate campaign in 2012. But Warren was a Republican up until the mid-1990s, and her academic background is in the technicalities of bankruptcy law. Now she's more inclined to overhaul than modify. She has criticized the Obama lega-

cy. She proposes a punitive wealth tax, a comprehensive fracking ban, and breaking up large banks. As an intellectual heavyweight, her ideas are likely to shape any Democratic administration, even if she's not the head of it.

The transformation of New York Sen. Kirsten Gillibrand was particularly dramatic. You can see why former staffers called her campaign "performative and obnoxious." As a congresswoman from upstate New York, she supported a robust border, joined the fiscally conservative Blue Dog caucus, and received a perfect score for her votes from the NRA.

She then ran a campaign in the feminist lane, focusing almost exclusively on a "Me Too" — she was instrumental in forcing Al Franken out of the Senate — and Equal Rights Amendment agenda. Perhaps Democrats saw through her. She's out.

Only three of the Democratic senators running for president have not turned appreciably leftward. Amy Klobuchar was supposed to be the moderates' great hope. From the purple state of Minnesota, she has been a pragmatic senator working regularly across the aisle with Republicans. According to the ideology scores I referenced above, she was the 34th most liberal Democrat in the last Congress. She has stood her ground on matters like health care and on foreign affairs, but she's going nowhere.

Moderate Michael Bennet from Colorado, talented as he is, has also had a hard time gaining traction by sticking to his record. He is against single-payer health care, reducing military spending, and decriminalizing currently illegal entry into the United States. He is at about 1% in the polls.

The reliable democratic socialist Bernie Sanders hasn't turned to the left, either. He was always there and is in fact seeing the party — one he has never been a formal member of — come to him. He was the first to promote the positions his rivals have adopted. It's notable that he joins Harris and Warren — and, of course, former Vice President Joe Biden — in the top tier of candidates.

Would the senators pursue these policies as president? For most, perhaps all, we will never know. But the conversation and candidate pledges suggest those Democrats thinking seriously about the presidential nomination and congressional leadership in the post-Obama age must be devoted progressives with socialist leanings. Any argument about the asymmetric and rightward nature of partisan polarization in American politics is about to be put to rest.

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

How's the North Carolina economy doing?



MICHAEL WALDEN
COLUMNIST

THERE'S PLENTY OF uncertainty recently swirling around the national economy. Trade tensions, stock market ups and downs, and movements in interest rates have all captured headlines and editorials.

But let's get closer to home and talk about the N.C. economy. I constantly watch our state economy. For example, I release a monthly leading economic indicator for North Carolina. Also, twice a year I do a "deep dive" into the state's economic statistics to expand my understanding of what's happening to our companies, workers, households, and regions.

A few weeks ago, I finished my

mid-year review, and here's what I found.

Importantly, North Carolina's economy has continued to expand. In the past year — measured from July 2018 to July 2019 — the state added more than 75,000 jobs, and the pace of job growth was slightly faster than in the nation.

Here's another good trend. One issue in North Carolina — indeed, an issue in most states — has been sparse growth in jobs in the middle of the wage distribution. For most of the past decade job growth has occurred in high-paying jobs and in low-paying jobs, with little growth in middle-paying jobs, such as in manufacturing, construction, transportation, and health care support. This has contributed to the issue of widening income inequality.

The good news is that, in the past year, increases in the three pay categories of jobs in North Carolina have been relatively balanced. This is important for several reasons, not the least of which is

that addition of middle-paying job rungs on the income ladder is essential for the economic mobility of workers.

The average wage rate (pay per hour) of North Carolina workers also continued to increase in 2019, and the gain exceeded the average increase in the prices of products and services workers buy. In other words, improvements in worker pay outpaced inflation.

Of course, job growth rates aren't even across all regions of the state. During the year including the second half of 2018 and the first half of 2019, the Asheville, Charlotte, and Winston-Salem regions experienced the strongest growth in jobs. At the other end of the spectrum, Jacksonville, Burlington, Greensboro, Greenville, and New Bern lost jobs.

Interestingly, rural areas — defined as those counties outside of metropolitan regions — had a job growth rate comparable to the state total.

As most people know, technolo-

gy continues to be a growth sector in the economy. North Carolina already has a significant tech sector. Happily, for the most recent year that data are available, our state's tech sector grew significantly faster than at the national level.

Unfortunately, there are some worrying aspects of the recent state economy. Farm output in North Carolina has suffered a large reduction in production. While there can be many reasons for this, clearly one is the ongoing trade tensions with China.

Another concern is construction. Residential building permits are on track to decline in the state in 2019. If it's any comfort, the same trend is occurring in the nation. Perhaps lower interest rates later this year will turn around this decline.

All this information shows where North Carolina has been. But where is the state economy going in the future? What is the economic forecast for North Carolina?

Of course, recognize that fore-

casts are just an educated guess, and no forecast is guaranteed. To add to the uncertainty, economists often disagree about the future.

With that background, here are my views about the future economy. North Carolina will continue to grow and add production and jobs. However, the pace of growth, while positive, will slow. Rather than expanding at close to a 3% annual rate, growth will be nearer to 2%.

This doesn't imply a recession. A recession means the growth rate is negative and the economy is contracting — that is, getting smaller. That scenario is not in my projection. Certainly, however, if conditions change, I can change my forecast.

Of course, in 2020 the economy will play another role as an important factor in most elections.

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HEALTH CARE

Trump administration spearheads health care reform



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As we near the end of President Trump's third year in office, it's worth looking back at some of the health care policies enacted by this administration so far. Given that next year is an election year, it's a safe bet that leaders from both parties won't try to bring any major health care legislation to Congress. Setting aside the failure to repeal and replace the Affordable Care Act, or Obamacare, the Trump administration has produced a decent slate of health care policies that increase Americans' choices for health coverage.

The Trump administration's most substantial piece of health care policy was done through the legislative process — the repeal of Obamacare's individual mandate.

The individual mandate was a provision in Obamacare, which required every person in America, unless an exemption applied, to

buy and retain health insurance coverage, or else pay a tax penalty. The repeal of the individual mandate was a part of the Tax Cuts and Jobs Act of 2017. Starting at the beginning of 2019, no one would have to pay the tax penalty for not possessing health insurance and instead could decide for themselves whether to obtain health insurance.

Ideally, Congress would use its constitutionally delegated authority to advance consumer-friendly health care reform bills. But partisan gridlock and disagreement about the future of the U.S. health care system have impeded efforts to do so, prompting the Trump administration to use executive authority to bring Americans relief.

The next three pieces of health care policy changes came via one executive order. In this order, the president directed specific federal agencies to issue new rules that would expand access to association health plans; short-term, limited-duration insurance; and health-reimbursement accounts. The Obama administration thwarted the use of all three of these arrangements.

Association health plans are large group health plans sold through an association to em-



The Trump administration has created meaningful new choices for American consumers and businesses.

ployer-members. Under this arrangement, small businesses and self-employed owners can band together and buy health insurance as a large group plan. Purchasing plans as a large group offers those who would traditionally buy health insurance in the small or individual group market new opportunities to buy coverage as a large group. North Carolina recently changed its insurance laws to accommodate the sale of these plans. Short-term, limited-duration insurance has traditionally been used to supplement gaps in coverage, such as following a college graduation or the time between jobs. Historically, you could have short-term insurance for 12 months until the Obama administration limited it to a duration of three months.

Short-term insurance isn't subject to nearly as many insurance

mandates as ACA-compliant plans, so these plans are generally a lot cheaper, but they don't cover as many benefits. The Trump administration increased the duration back to 12 months and included the option to renew the plan for up to 36 months.

Health reimbursement accounts are like health savings accounts. They are a tax-advantaged account that can be funded by an employer to be used for qualified medical expenses. Before the Obama administration, HRA contributions could be used to purchase nongroup health insurance. This option was curtailed by the essential health benefits and annual and lifetime limits placed on insurance plans. The new Trump rule would allow HRAs to be used again to buy health insurance separate from the group plan for the individual, thereby giving employees an extra choice of where to get health insurance other than their employer group plan.

Another executive order was signed in June. It focuses on many issues, but one on patient choice was the change to make a direct primary care membership fee a qualified health expense for a health savings account. Under current law, a patient could only use HSA dollars on certain "qualified

health expenses." DPC physicians, doctors who don't accept insurance and charge a small monthly fee to see patients, weren't previously a qualified health expense. But given that monthly fees for DPC doctors vary from \$50 to \$200, paring this arrangement with an HSA makes sense.

President Trump directed the Treasury secretary to change the rules and allow that a DPC membership be considered a qualified expense. This means those who have an HSA, or who would prefer to see a DPC doctor, can use the already operational HSA to pay for the monthly membership.

Whether you support the president or agree with him politically, whether you support Obamacare, and whether you support a single-payer system, the Trump administration has created meaningful new choices for American consumers and businesses to purchase health insurance that better fits their needs. One of the most significant flaws in Obamacare was treating each patient's health care needs — a characteristic unique to each patient — with one-size-fits-all government plans. The Trump administration has increased the choices Americans have in buying health insurance.

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