



NC VOTE TRACKER SPOTLIGHTS ELECTION TRENDS

BY SUSAN MYRICK

On the June 7 Election Day in North Carolina, even before the polls opened at 6:30 a.m., 88,637 people had already voted in the special primary.

There's a way to find more about who voted and where in early voting and on Election Day: The Civitas Institute's interactive NC Vote Tracker can show you the key data, online, in this year's crucial balloting.

Part of our Carolina Transparency project, www.ncvotetracker.com will help you visualize and understand voting trends across the state. NC Vote Tracker features the latest data about voter turnout in graphs and numbers. All the facts in NC Vote Tracker are derived from State Board of Elections data, which we put in a more user-friendly format and uploaded to our site.

According to NC Vote Tracker, 73,507 voters had voted at in-person, early-voting sites (one-stop voting). The rest of the early voters, 15,130, voted by mail.

By the time you read this,

NC Vote Tracker is expected to have the vote tallies from Election Day itself.

Unofficial results from the State Board of Elections showed

November ballot, which will feature elections for president, U.S. senator, the U.S. House of Representatives, governor, the Council of State offices, and

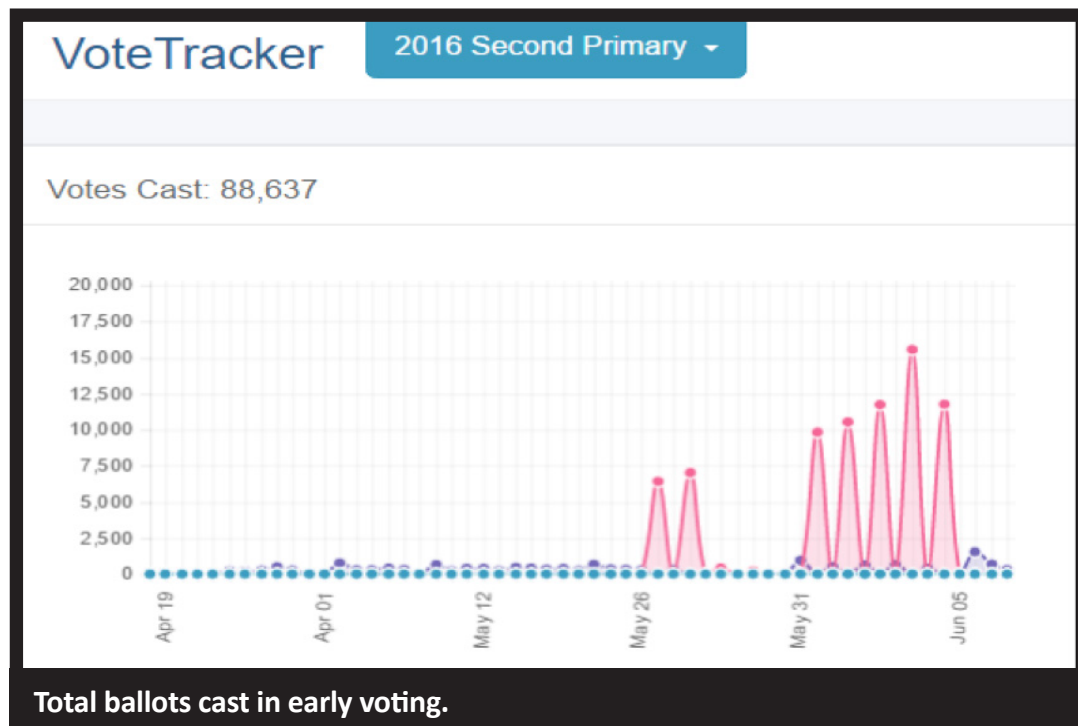
of 36,357 Democrats voted early in the June 7 primary. Democrats, who comprise 40.2 percent of the total eligible voters in North Carolina, made

With only 18,588 unaffiliated voters voting early, this set of voters seems to be the least enthusiastic group this election. While unaffiliated voters make up 28.6 percent of the total eligible voters in North Carolina, they made up only 20.9 percent of early voters.

Mecklenburg County had the highest number of voters with 12,227, while Wake County was a distant second with only 6,920 people voting early.

With congressional races on most voters' ballots across the state, it stands to reason that those would be the contests to watch this election. At press time, Vote Tracker showed the highest turnout in a congressional district was District 13, where 9,127 residents voted early. It's worth noting that the Republican primary in District 13 included 17 candidates and the Democrats had five candidates on their ballot in the same district. Congressional District 12 had the next highest

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that more than 505,000 people cast ballots, which is only about 7.7 percent of the nearly 6.6 million registered voters in the state. (More on the election is found elsewhere in this edition of NC Capitol Connection.)

The June 7 vote was of course just one more step toward the

the General Assembly. Keep an eye on ncvotetracker.com as the 2016 election proceeds for more insights into what North Carolina voters are doing.

Turning back to the early-voting numbers, Democrats outnumbered Republicans in turnout, if only slightly. A total

up 41 percent of the turnout in the early-voting period.

While Republicans only make up 30.4 percent of the total eligible voters in North Carolina, they comprised 37.9 percent of the total turnout in the early-voting numbers with 33,643.

June Primary Shuffles NC Congressional Landscape

BY MATT CAULDER

While high-profile races in the 2nd and 12th congressional districts got much of the attention in the June 7 primary, in the newly reconfigured 13th District an outsider, Republican Ted Budd, was able to defeat three sitting state legislators for a chance to take on Democrat Bruce Davis in the General Election.

Budd collected more than 6,000 votes in the primary, beating out state Rep. John Blust (R-Guilford), who came in second, state Rep. Julia Howard (R-Davie), who came in fourth, and state Sen. Andrew Brock (R-Davie), who came in sixth.

Budd's victory over the field of 17 candidates was a combination of his ties to politics in that part of the

state, providing him with the funding he needed to mount a campaign, plus his status as someone who has never run for office, according to Susan Myrick, elections analyst for the Civitas Institute.

Myrick spoke during the "What Matters in North Carolina" radio show following the election.

With the rise of presumptive Republican nominee Donald Trump's popularity as an outsider coming into government, candidates without political office experience are finding more support than in past years.

"Ted Budd won the 13th District congressional race with 17 people running," she said. "It didn't take much, a little over 6,000 votes (20 percent),

and the next highest vote-getter was Rep. John Blust with 3,000 votes (10.4 percent)."

Budd was able to pull 20 percent of the vote among the crowded field.

"He's [from] Davie County, he comes from a pretty influential political family in Winston-Salem and Davie County, so it appears people know him in the 13th District," she said.

Budd ran a lot of ads in the district painting him as the down-to-earth candidate running for office for the first time, showing him as the anti-establishment outsider trying to do his part, which is resonating this political season.

He was able to raise hundreds of thousands of dollars to run campaign advertisements in the

district, giving him stronger name recognition than other candidates, even, it appears, well-liked state lawmakers from the area.

"Money talks when it comes to politics," she added. "A lot of people don't want to admit that." Budd raised nearly \$1 million and had a strong financial backer in the Club for Growth. The super PAC spent nearly \$500,000 in ads supporting him.

In other races, Republican U.S. Rep. George Holding ousted Rep. Renee Ellmers in the redrawn District 2. Holding had filed to run in District 2 against Ellmers, that district's incumbent, after his original district was reconfigured to include Mecklenburg County

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Light-Rail: A Fast Way ... for Cronies to Profit

BY GREG PULSCHER

If there is a need to get from point A to point B, the shortest distance between the two is typically the one most traveled and most desired. Google Maps tends to think so too, but it does tend to offer up some unique alternate routes.

So why are there plans being cooked up to spend North Carolina taxpayers' money on transportation schemes that are far from the best way to get from point A to point B? One reason may well be that political cronies have gotten involved.

Which is why you and I should be asking North Carolina legislators why they want to waste our time and money suggesting slower, more expensive alternate routes of transportation.

North Carolinians' taxes are subsidizing "light-rail" — billion-dollar alternate routes in Charlotte, Durham and Chapel Hill. Yet legislature passed a law that charges ride-sharing companies such as Uber \$5,000 annual fees just to be in existence.

The contrast is striking: legislators on the one hand force taxpayers to subsidize wildly expensive and inefficient light-rail lines while simultaneously imposing charges on wildly popular and efficient transportation alternatives developed by free market entrepreneurs.

So what's really going on?

Last year the North Carolina legislature quietly pushed through a bill that codified practices already implemented by ride-sharing companies

such as Uber and Lyft. They were not against this, but had actually helped draft the bill and endorsed the language inside of it as common sense.

In addition to these unneeded regulations, there was a stipulation that any ride-sharing company wanting to operate in North Carolina will now have to pay a \$5,000 annual fee. The reason for the fee was never mentioned, but it's obvious

less efficient, more centralized sources of transportation, it is evident lobbying, cronyism, and corruption are involved.

I recently came across a quote on Twitter that said, "Uber is so obviously a good thing that you can measure how corrupt cities are by how hard they try to suppress it." Well North Carolina is heading there, but ironically it is via slow, outdated, and indirect light-rail systems.

chief executive John Lewis actually advises riders to use Uber as a way to bring people to the light rail stop to wait for the train, then after riding the light-rail to the next train stop to hop back onto an Uber to get where they wanted to go all along. This could only come from government, an institution that asked individuals to send physical letters as a faster solution to the internet.

away due to the rising cost of real estate.

Light rail is used to benefit politicians and well-connected developers and construction companies by using billions of taxpayer dollars on feel-good projects. These businesses and jobs supposedly created by light rail would more than likely have been created elsewhere if left to the voluntary choices of consumers and producers.

If light-rail were capable of providing a valuable service for commuters at an affordable price, private sector entrepreneurs would invest in the projects. The fact that light-rail relies so heavily on taxpayer subsidies tells us that society puts a value on light-rail services that is far less than the actual costs of providing the services.

Jobs and other scarce resources are wasted building light-rail projects. Such resources should and could have been utilized elsewhere by productive businesses and entrepreneurs who provide higher value for their customers than light-rail does.

If our state's leaders were serious about transportation, they wouldn't spend billions on projects that only their political cronies. Our leaders instead would eliminate barriers to affordable and direct transportation North Carolinians are already choosing in spite of government.

But then again ... I guess politicians would be out of a job if that happened. ■



it was a way for the existing ride-sharing industry to keep out competition.

Standing alone, this law severely limits innovation and creativity for new ride-sharing ventures. It slows if not prevents start up competition entering the market that would otherwise challenge the status quo of Uber or Lyft.

When the ride-sharing restrictions are coupled with the state's insistence on spending billions of dollars on slower,

Recently an article out of Charlotte highlighted how consumers are choosing ride sharing over light rail due to speed, affordability, and convenience. It should come as no surprise a service offering value because commuters won't have to walk dangerous routes, wait in the rain, figure out connectors, or even find the stops is outperforming a behemoth billion-dollar state project that offers none of that. Charlotte's light-rail service

The sad part about this story is that women and families in low-income neighborhoods could benefit directly from the very ride-sharing opportunities the government penalizes. These are the same people allegedly helped by light-rail, but in reality are shoved out of their neighborhoods by gentrification. Wherever light-rail stations go up, families who depend upon affordable rental homes near their work or schools are displaced further and further

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Education Bills To Watch in Session

BY BOB LUEBKE

While most capitol watchers are focused on the short session's main responsibility, developing and passing a state budget, it's good to remember other significant education legislation has already been passed or continues to work its way through the General Assembly. As of press time, here is a quick review of some of the major education bills:

HB632 – Sponsored by Rep. Jason Saine (R-Lincoln), and Sen. Chad Barefoot (R- Wake), the bill tightens protections on student privacy. The bill further defines what data students can expect to remain private. It also spells out regulations for data collection and how student data can be distributed and used.

Status: House: Passed, Senate: Passed; Signed by Governor McCrory 6/8/2016 (S.L. 2016-11)

SB867 – Sponsored by Sen. Chad Barefoot (R-Wake), the bill compels the State Board of Education to require all candidates for teacher licensure to have a criminal background check. The bill also requires public school personnel and board members of charter schools that are seeking initial approval to also have criminal background checks.

Status: Senate: Passed; House: In Committee

HB1080 – Sponsored by Rep. Rob Bryan (R-Mecklenburg), the legislation creates a special Achievement School District (ASD) to provide flexible and innovative ways to help turn around some of North Carolina's worst performing schools. (See more on page 6).

Status: House: Passed; Senate: In Committee

HB 657 – Sen. Jerry Tillman (R-Archdale) is the primary sponsor of legislation that offers students the opportunity to choose their math track. (See more on page 6.)

Status: House: Passed, Senate: Passed; Conference committee appointed.

SB536 – Sponsored by Sen. Chad Barefoot (R-Wake), this bill calls for creation of a website to provide prospective students relevant information on North Carolina public and private colleges regarding job market information, labor markets, degree programs, graduation information, median salaries, financial aid and the like. The bill also calls for centralizing questions of residency in one office rather than by individual campuses.

Status: Passed Senate, Passed House, Presented to governor for signature.

HB539 – Sponsored by Rep. John Szoka (R-Cumberland), this legislation would allow charters to receive a greater share of tax money, grant money and federal appropriations currently reserved for traditional public schools. The bill states that gifts or grants expressly designated for a specific school would not be shared with charter schools. However, the bill requests that monies received from indirect costs, reimbursements, sales tax revenue, unrestricted gifts and federal grants and appropriations to LEAs be shared with charter schools. Status: Passed Senate; Passed House, Differences Being Reconciled.

SB 873 – Sponsored by Sen. Tom Apodaca (R-Buncombe). This legislation freezes tuition for resident undergraduate students for eight semesters for students seeking a baccalaureate degree at UNC institutions. Legislation also rolls back the fee charges 5 percent from their 2015 levels and reduces tuition at all UNC institutions. Tuition would be rolled back to \$500/semester at Western Carolina University and state funds would be provided to make up for the loss of tuition revenue.

Status: Senate: In Committee.

SB554 – Sponsored by Sen. Jerry Tillman (R- Moore), the bill allows school districts to redirect state money originally designated for personnel costs to be used to help pay the costs of long-term leases. The bill is beneficial for cash-strapped rural districts that are downsizing or consolidating, but still need newer facilities. The State Treasurer's Office has come out strongly against the bill, saying it will increase local debt and it puts the interests of developers ahead of taxpayers.

Status: Senate: In Committee. ■

Monthly Petition

Petition to Reject Federal Blackmail

On May 13, the Obama administration issued a directive to public schools across the country that students must be able to choose which gender-specific facility to use based on their personal gender identity and not the sex they were born.

The edict was contained in a joint letter penned by the Department of Justice and the Department of Education that also told schools that they must treat students as the gender they desire and allow them to participate in sex-segregated activities such as sports.

The implicit threat is that Washington will withhold millions of dollars in education funding for our children unless HB2 is repealed.

We Reject Federal Blackmail

We, the undersigned, reject this federal blackmail and urge Governor McCrory and our state leaders to stand firmly behind HB2 and say "no" to federal funding if it means putting our privacy and safety at risk.

Name (First, M.I., Last)

Street Address

City State, Zip County

Email

Phone Cell Home Business

Signature Date

Name (First, M.I., Last)

Street Address

City State, Zip County

Email

Phone Cell Home Business

Signature Date

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 or Email to: signups@nccivitas.org Please make copies of this form for others to sign

NC Vote Tracker Spotlights Latest Election Trends

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turnout at 8,292 voters. One-term incumbent Alma Adams had five challengers in her first re-election effort.

The polls were open from 6:30 a.m. until 7:30 p.m. on Election Day, and all registered voters (who hadn't already voted) could cast a ballot in their county precincts.

The June 7 primary came about after a federal court ordered the legislature to redraw the congressional map drawn in 2011. That map was approved by the U.S. Justice Department and the North Carolina Supreme Court and used in the 2012 and 2014 elections.

But while the legislature redrew the map and submitted it before the court's deadline, the revised map was not formally approved by the court in enough time before the March primary. That necessitated a quick redrawing of all the districts statewide and pushed the primary to June.

Because of that, the low voter turnout was entirely

predictable. Remember, the congressional election was the second in three months. Many citizens probably figured they had already voted, and didn't understand the March congressional balloting didn't count. Candidates had little time to file and campaign. The new districts probably also confused the situation.

Also, the second primary got little publicity. Finally, with only two races on most ballots, there was less to draw people in to vote.

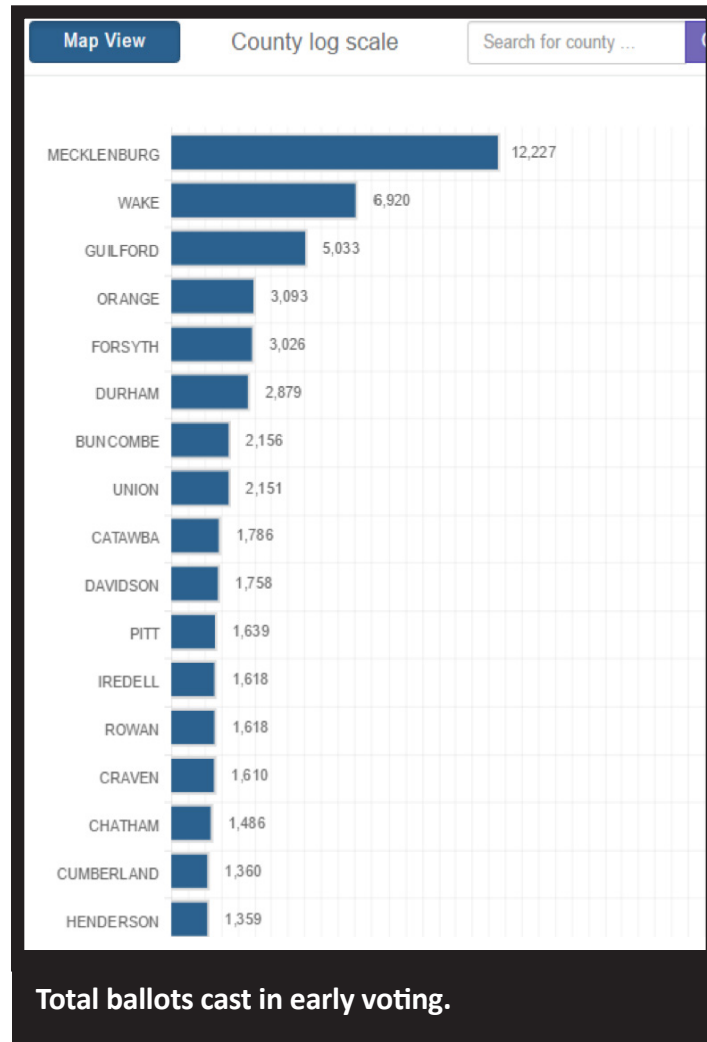
For voter registration numbers and comparisons visit: <http://www.carolinatransparency.com/voterregistration/>

This data on early voting for the June 7 primary is the first look at the Civitas Institute's updated, faster NC Vote Tracker (www.NCvotetracker.com), complete with a fresh look.

"We take the early voting data straight from the State Board of Elections website and put it in a format that is useful and easily accessible for

everyone," said Civitas Election Analyst Susan Myrick. "The

won't have to wait so long for the next day's results."



new version not only has a new look, it also promises to be faster on the upload, so users

The interactive NC Vote Tracker (the only one of its kind in North Carolina)

was introduced during the November 2010 one-stop period and has been widely used in elections since then.

NC Vote Tracker is updated daily during the in-person, early-voting period to allow citizens to view early-voting statistics. It helps citizens search for voting numbers in categories such as counties, precincts and legislative districts. The results also include voting trends and turnout broken down by party, race, age, and major election jurisdictions. NC Vote Tracker also includes charts and graphs for visual comparisons.

The new NC Vote Tracker includes the data from the 2016 March primary and the newest data from the June 7 primary.

The state Supreme Court seat was originally set to be a retention election. However, a state court ruled that violated the North Carolina constitution, forcing the second primary. ■

All Graphs in this story are from: www.ncvotetracker.com

Do NC Democrats Have Their Own Gender Gap?

BY SUSAN MYRICK

Early turnout numbers point to what may be an ominous trend for Democrats.

With the help of NC Vote Tracker, it was easy to spot something that may spell trouble for the Democrats in North Carolina. Early voting numbers show 21,824 Democrat women (60.8 percent of the total) voted in the early voting period of the June 7 special primary – compared to only 13,896 men (38.7 percent).

NC Vote Tracker also allowed us to look back at previous elections to see if this finding was an outlier or something the Democrat party had experienced previously. Surprisingly, the percentage disparity between men and women in the Democrat Party appears to be the norm, at least since the 2008 General Election.

The gender gap appears to be missing in the Republican party and among unaffiliated voter turnout in the June 7 special election and previous elections back to 2008.

On the Republican side of the June 7 early voting turnout, there was only a 162-votes difference

between men and women: 16,660 Republican women voted early in this election – that's 50 percent of the Republican vote compared to 16,498 GOP men (49.5 percent of the party's vote.)

Then there's the unaffiliated voters, where men out-voted women in voter turnout. According to NC Vote Tracker, 9,380 (51.1 percent) unaffiliated men voted early compared to 8,765 (47.7 percent) women.

Couple the gender disparity

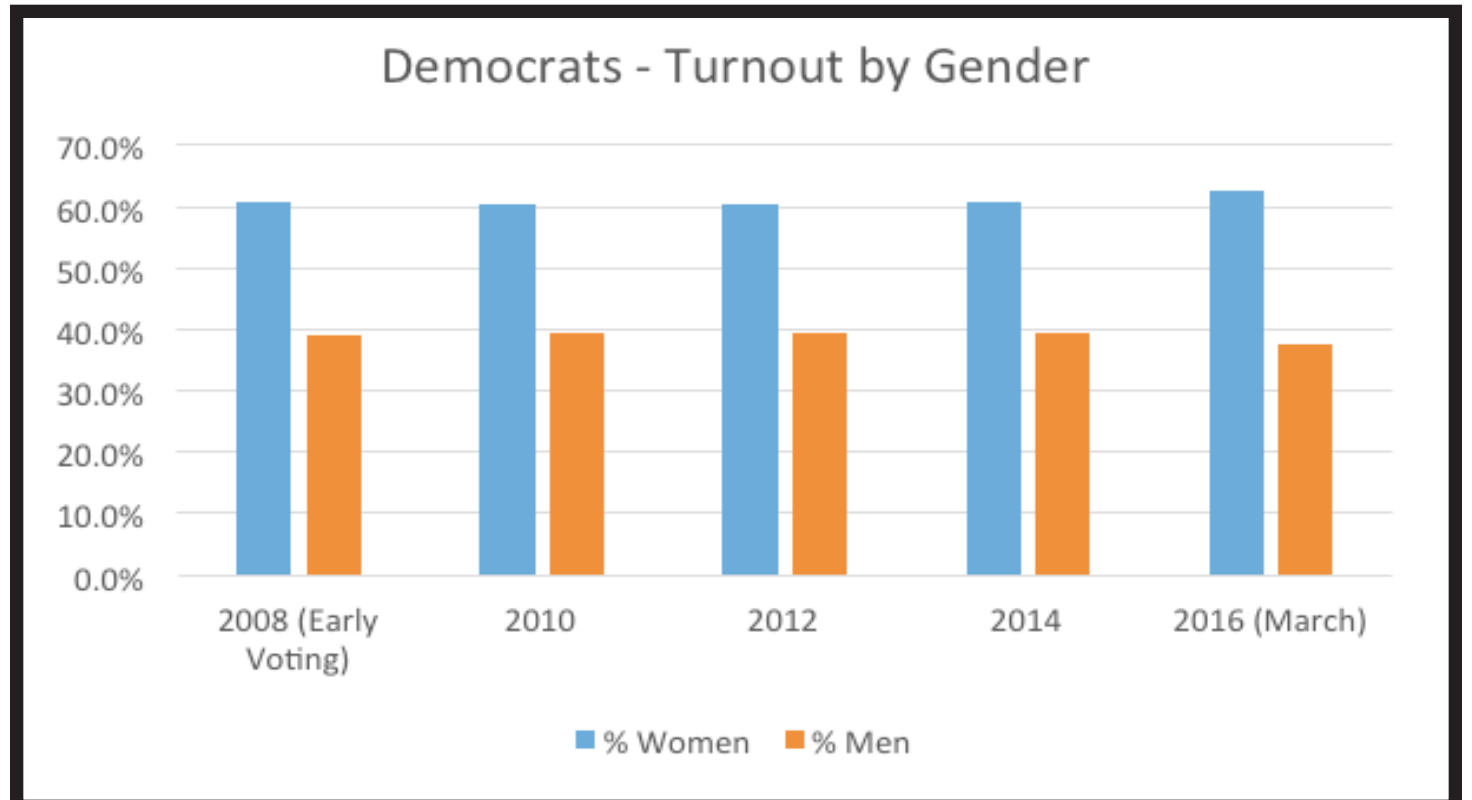
in election turnout with the tremendous decline in the Democrat party's voter registration in North Carolina and these findings cannot bode well for the Democrats this year. According to the Civitas' voter registration database, found on www.carolinatransparency.com/voterregistration, Democrats made up over 45 percent of the electorate in January 2009. But they now make up 40.2 percent of eligible voters in the state.

Republican percentages have slipped too; in 2009 they made up 31.9 percent of voters. compared to today when they make up 30.5 percent of eligible voters.

With the voter rolls having grown by nearly one-half million voters in the past eight years, it's easy to see, using Civitas' voter registration database, that voters are choosing the unaffiliated ranks over the two political parties.

(See pages 10 and 11 for more on recent voter registration trends.)

No one can deny North Carolina's political landscape has changed since 2008. Democrats are no longer in charge in the legislature or the Governor's Mansion, and the voter registration numbers and voter turnout seem to tell a story about how that is happening. ■



Poll Takes Pulse of North Carolina Voters

BY NCCC STAFF

The May Civitas poll reveals North Carolina voters' views on national and state races as well as current events in our state.

The actual questions on key political races, and results from both the April and May polls, were:

If the election for president were being held today and you had to make a choice, for whom would you vote between...

April May

37%	39%	Donald Trump, the Republican,
49%	36%	Hillary Clinton, the Democrat,
--	8%	or Gary Johnson, the Libertarian?
10%	14%	Lean/Undecided

If the election for U.S. Senate were being held today and you had to make a choice, for whom would you vote between...

April May

37%	40%	Richard Burr, the Republican,
35%	35%	Deborah K. Ross, the Democrat,
6%	4%	or Sean Haugh, the Libertarian?
21%	20%	Lean/Undecided

If the election for governor were being held today and you had to make a choice, for whom would you vote between...

April May

36%	45%	Pat McCrory, the Republican,
46%	40%	Roy Cooper, the Democrat,
5%	3%	or Lon Cecil, the Libertarian?
12%	11%	Lean/Undecided

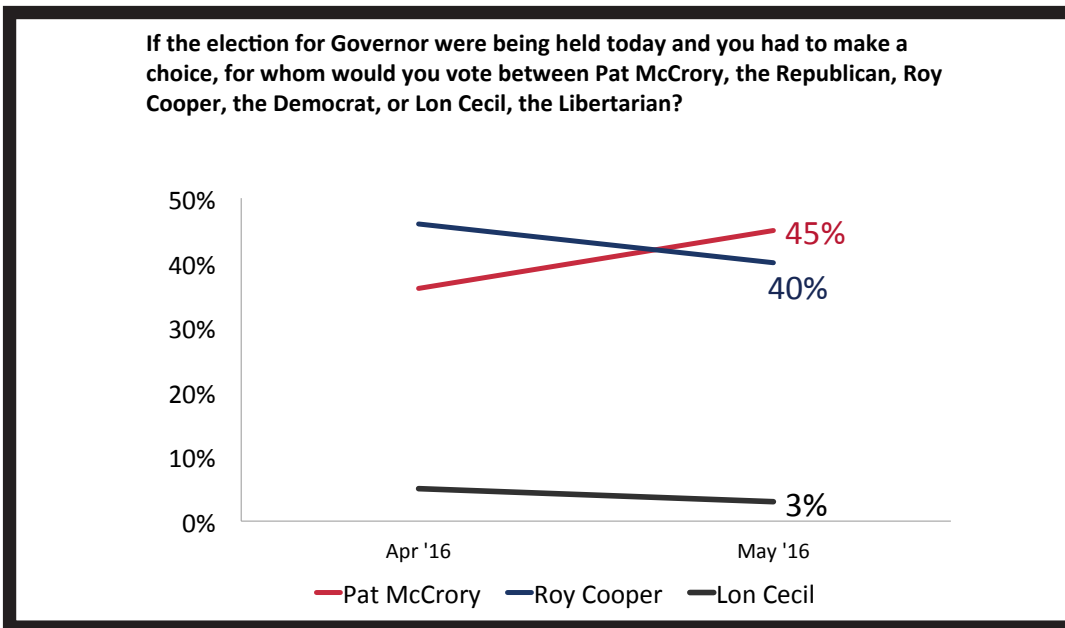
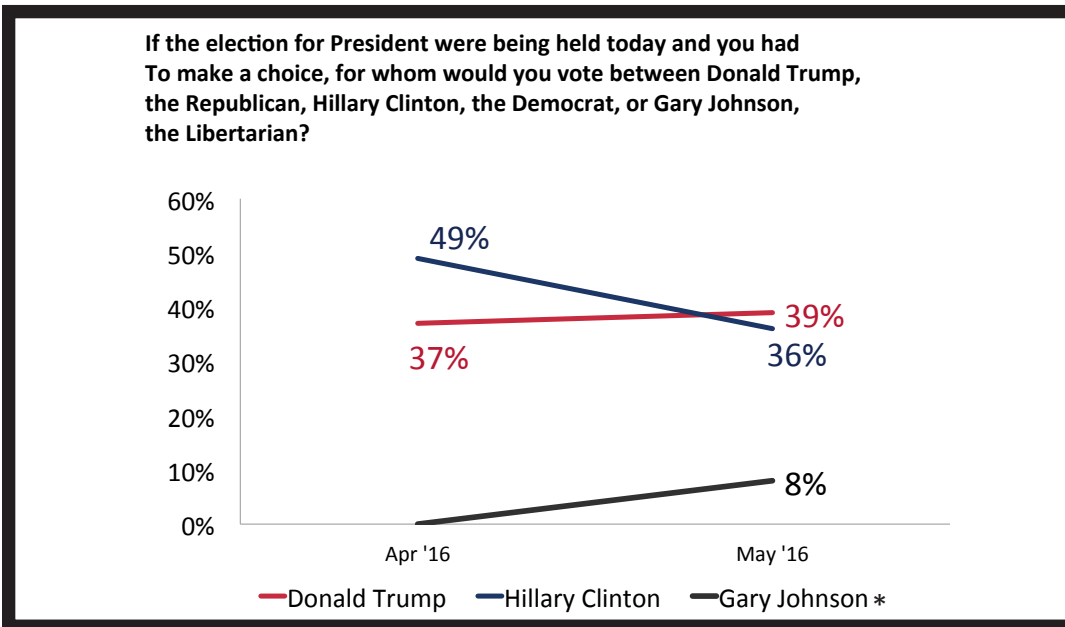
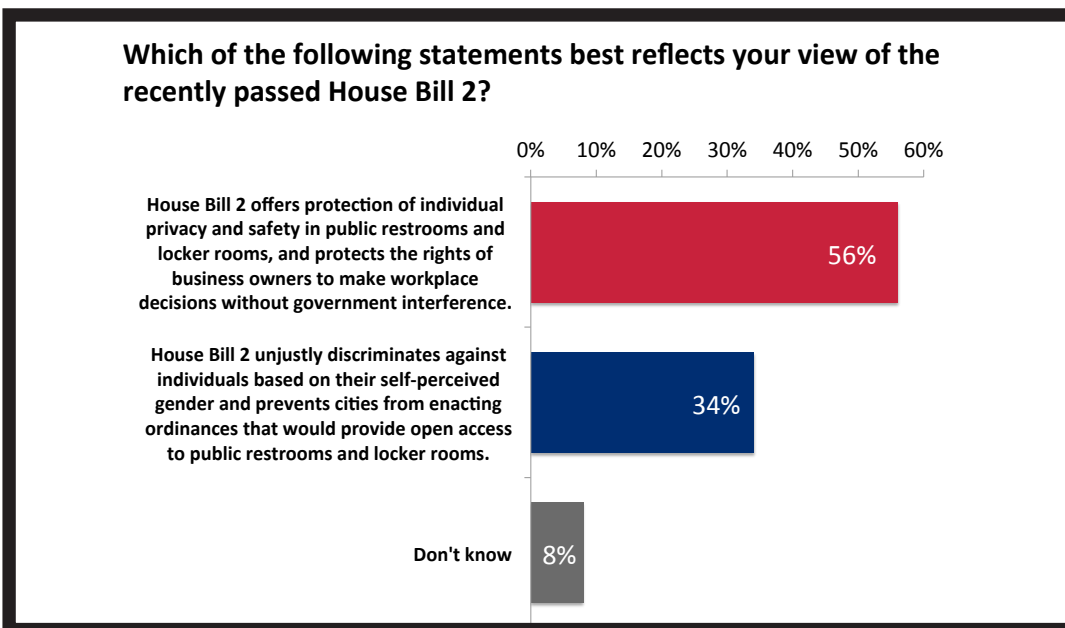
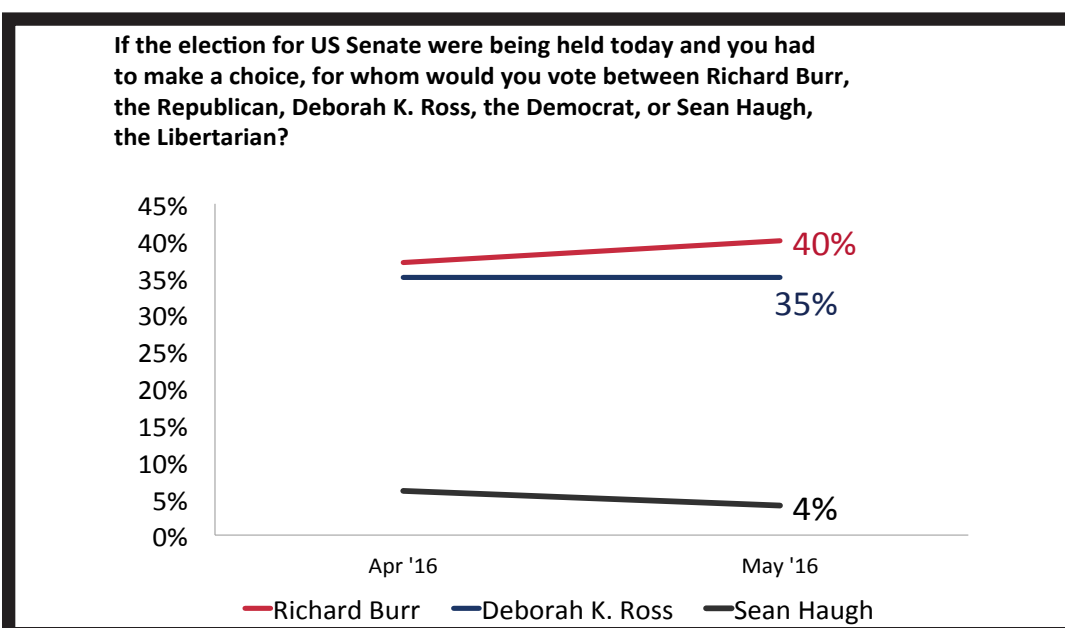
On another key issue, we asked, "Which of the following statements best reflects your view of the recently passed House Bill 2?"

56% House Bill 2 offers protection of individual privacy and safety in public restrooms and locker rooms, and protects the rights of business owners to make workplace decisions without government interference.

34% House Bill 2 unjustly discriminates against individuals based on their self-perceived gender and prevents cities from enacting ordinances that would provide open access to public restrooms and locker rooms.

8% Don't Know
1% Refused

The poll surveyed 600 registered, likely voters (30% on cell phones) with a margin of error of +/- 4.00%. This survey was taken May 21-23, 2016. For more information, check out the Polling Spotlight section at nccivitas.org.



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New Idea Could Give Boost to Struggling NC Schools

BY BOB LUEBKE

North Carolina's worst public schools continue to fail too many children, but there's a new idea that might help: Achievement School Districts (ASDs).

As for public schools failing, the statistics are staggering: Only 36 percent of African-Americans are proficient in eighth-grade reading and only 23 percent in math. For Hispanics, the numbers aren't much better: 41 percent are proficient in eighth-grade reading and 33 percent in math.

If you're a child trapped in one of these schools. You can enroll in a charter or private school. If you do, you manage to escape the problem, but the problem remains for others. True school reform in many of our most troubled schools is often a casualty of entrenched bureaucracies resistant to change.

But there is hope. New models of how school districts are governed, managed and operated are emerging to address these concerns.

ASDs, in particular, have helped to improve failing schools in Louisiana and Tennessee. The results of these new school district models in Louisiana (Recovery School District) and Tennessee (Achievement School District) have caught the attention of policymakers and given hope to a new generation of students and parents.

According to a study by the National Bureau of Economic Research and the Massachusetts Institute of Technology, "Charter school takeovers in the New Orleans Recovery School District appear to have generated substantial achievement gains for a highly disadvantaged student population that enrolled in these schools passively."

In Tennessee, ASDs report modest gains after just two

years and more impressive gains in high school. In ASDs that used the phase-in approach of taking over schools on a grade-by-grade level, schools averaged a 22-point gain in reading proficiency on the state assessment.

Can these models help to turn around failing schools in North Carolina?

State Rep. Rob Bryan (R-Mecklenburg) and many others seem to think so. That's

responsible for drawing up and executing a plan for improving academic results. He or she would have five years to meet those goals and also have the authority to waive State Board of Education (SBE) regulations and policies. In many ways, ASD schools would be similar to charter schools.

Schools that are members of the ASD will be directly managed by an individual operator, subject to the approval

can request that the SBE create local "Innovation Zones" for up to three consistently low-performing schools within the local district. Innovation Zones are designed to create an environment where schools can creatively apply innovative techniques and practices in the classroom.

To ensure individual autonomy, Innovation Zones would be exempt from many of the same regulations and

Under the legislation, the SBE is given the authority to hire up to 10 turnaround principals for schools across North Carolina.

ASDs provide a pilot program for changing how school districts are governed, managed and operated. Critics say ASDs suspend local control in favor of state control, and that conservatives ought to be wary.

That's not a fair critique. Although the SBE directs much of the process, ASDs are driven by local input and effort. This is necessary because, for whatever reason, the local schools have failed to produce the right results. ASDs respect local control and build in safeguards to ensure local voices are heard.

Conservatives have been right to champion charter schools and school choice as remedies for students trapped in failing schools. The growth of these options as well as an emerging body of favorable research outcomes validate the wisdom of these choices. The promise of charters and school choice also helps to infuse needed reforms into the public school system.

For many, that hasn't happened as quickly as hoped. Too many children are still trapped in schools that fail students and are resistant to reform. That's where this new idea comes in. ASDs can give policymakers an important new tool for helping students when traditional teaching methods and the bureaucracy fail.

HB1080 is not a perfect bill. However, it does offer better ways to improve some of North Carolina's worst schools in ways that can foster both success and accountability. It's an option that is far more attractive than the alternative – continuing to do something that isn't working. ■



why Bryan introduced House Bill 1080. The bill was approved by the House in early June. As of press time, the measure was being considered by the Senate.

Whatever the bill's fate, it provides a good look at what ASDs might be able to do.

Simply stated, ASDs, as put forward in HB1080, would provide North Carolina with a number of new options for turning around failing school districts.

First, the legislation would create a district comprised of achievement schools and run by a superintendent who must have a proven record of success. The superintendent would be

of the superintendent and the SBE. Achievement school operators are responsible for selecting staff members for the school.

After five years, if the achievement school doesn't meet its state goals, it will either be closed or given an extension to meet the goals. If goals are met or exceeded, the school would be given the option to convert to a charter school.

A second way HB1080 can improve failing schools involves local education agencies (LEAs) that have transferred a qualifying school to an ASD. In cases when the LEA does so, the local board of education

policies that charter schools are.

A third and final way HB1080 offers to improve failing schools is by allowing schools that have not been selected as an achievement school to petition the SBE to adopt any one of five models to improve academic performance.

The principal turnaround model may be the most visible of these models. It allows schools to hire new principals with proven records in turning around failing schools. Principals are given five-year contracts, the ability to hire staff, and the authority to develop and execute a plan for meeting academic goals.

Bill Would Let Students Pick Between Math Programs

BY BOB LUEBKE

On June 16, the Senate passed legislation (HB 657) that allows high school students to choose either the current integrated math sequence based on the Common Core math standards or the traditional sequence of mathematics courses (Algebra I, Geometry, Algebra II) that schools offered prior to the implementation of Common Core. After a technical correction to one of the amendments, the bill

was expected as of press time to go back to the House. This is good news for conservatives since – beginning in 2017-18 – parents and children who found Common Core math not to their liking would have the opportunity to choose other courses.

What conservatives won't be so thrilled about is that the same legislation also calls on the State Board of Education to conduct "a comprehensive

review of the North Carolina Mathematics Standards Course of Study for grades kindergarten through grade 12." If that all sounds familiar, it should.

It was the same task the legislature gave the Academic Standards Review Commission (ASRC). As was the case with ASRC, provisions in the bill say that standards are expected to be rigorous, increase students' level of academic achievement, to be age-level and

developmentally appropriate, to be understandable to teachers and parents, and to be among some of the highest in the nation. For whatever reason, that didn't happen with the ASRC. At the final meeting of the ASRC, recommendations were adopted that seemed to be at odds with the direction and tenor of much of the commission's work. Concerned citizens are still waiting for someone to tell the full story

of what happened at the December 2015 meeting.

The real question is: If the bill is passed by the House and signed by Gov. Pat McCrory, can we expect the State Board of Education to revise the current math standards and develop standards that satisfy these criteria? Considering the board's embrace of Common Core, conservatives have plenty of reasons to be concerned. There is more work ahead. ■

June Primary Shuffles NC Congressional Landscape

CONTINUED FROM PAGE 1

during redistricting. That left the field open, without a true incumbent to overcome to gain the nomination. The new District 2 included much of Holding's previous district.

Holding took 53 percent of the vote, showing the dissatisfaction with Ellmers among voters who voted her into office for the first time just five years ago. Ellmers gathered 25 percent of the vote, and Tea Party hopeful Greg Brannon took 24 percent.

Five Democrats were competing in the 2nd District. John McNeil, a Raleigh lawyer, won convincingly with 46 percent of the vote.

In District 12, Rep. Alma Adams was able to beat back Democratic challengers after Greensboro, her longtime home, was left out of the redrawn 12th, now centered around Mecklenburg County.

She did lease a condo in the new boundaries of her district, but some question whether she actually resides there. Federal candidates are not required to live in the congressional district

they run in. Adams did battle with six other Democrats and managed to draw 42 percent of the vote. She will run against

results showed Pittenger with a 142-vote lead. Former Union County Commissioner Todd Johnson was about 1,200 votes

those maps on February 17, two days before the deadline. At that time, however, the March primary ballots had been

race, sitting Justice Bob Edmunds will take on Michael Morgan, a Wake County Superior Court judge, in the General Election.

Edmunds took 48 percent of the vote in the June election, while Morgan garnered 34 percent.

The other two candidates were attorneys without judicial experience.

Low turnout statewide plagued second primary

Unofficial results from the State Board of Elections showed about 505,000 people cast ballots, which is only about 7.7 percent of the nearly 6.6 million registered voters in the state.

Comparing the second primary with other primary turnouts is a difficult proposition, because the June 7 election is so unusual. However, in the first primary of the year in March, 2.3 million votes were cast, and in 2012 nearly 2.2 million votes were cast. ■



The nearly empty parking lot outside the Clayton Fire Department Station 2 in Clayton, NC was typical for polling station at the June 7 Primary Election.

Republican Leon Threatt, a Charlotte pastor, in the General Election.

In District 9, at press time, Rep. Robert Pittenger was ahead of primary challenger Mark Harris, a Charlotte pastor and a former local elected official, but will have to wait for a recount to get an official ruling after the election came down to less than 150 votes. Unofficial

back. The winner will take on Democrat Christian Cano in November.

The two races on the June 7 ballot came about after two separate court decisions. The congressional primary became necessary when a federal court's ruling forced the legislature to draw new congressional districts.

The legislature submitted

printed and voters were already voting by mail, necessitating the June 7 vote.

The state Supreme Court seat was originally set to be a retention election. However, a state court ruled that violated the North Carolina constitution, forcing the second primary.

High court primary

In the state Supreme Court

Short Session Puts Spotlight on Lawmakers' Priorities

BY MATT CAULDER

In the General Assembly, sometimes the debates are as important as the final result, and that may well hold true for this year's Short Session.

As of press time, the House and Senate were working out differences in their budget proposals. North Carolina conservatives should be alert to what those differences were.

The two plans both proposed roughly \$22 billion in General Fund spending, but differed in the areas of growth in spending, tax changes and state savings, as well as adjustments to salaries and benefits of state employees and retirees.

A large part of the difference came from the cost to give widespread raises to all state employees and also bolster the state Medicaid system.

The Senate budget is the more conservative of the two, refraining from some of the broader pay increases seen in the House budget.

The House budget included a 1.6 percent cost of living adjustment for retirees as well as a 2 percent across-the-board raise for state employees,

whereas the Senate budget did not.

The Senate budget, however, did include a plan to get the average teacher salary in the state up to nearly \$55,000 over a two-year period.

The Senate budget included major tax changes to increase standard personal income tax deductions in the state over a

prepare for the next recession.

The House budget provided more funds for economic development programs and "job creation" programs in the state, which was a sticking point in past budget negotiations. In the past, the House has been more apt to hand out corporate incentives than the more frugal Senate.



two-year period to \$17,500 for married couples. The House budget included the same provision, but to be phased in over four years.

The House budget funneled \$300 million into the state savings fund, whereas the Senate budget included \$583 million for the piggy bank to

The Senate budget included a section that would repeal the \$500,000 cap on funding for light-rail and install a limit of state funding of 10 percent of the estimated total project costs for light-rail. That funding cap applies to other public transportation projects that span two or more counties.

The House budget simply repealed the cap but did not install any other restrictions.

CON laws repeal

Another key issue in the Senate was the repeal of Certificate of Need (CON) laws in the state, which are a major obstacle to choice and competition in medical care.

Senate leaders held off on voting on a proposed committee substitute (PCS) on the issue following discussions in the Health Committee early in June. A similar bill that would have repealed the law was passed last session, seemingly a good harbinger for the passage of this bill.

The PCS called for the complete repeal of CON laws in the state January 1, 2021, giving nearly five years of lead time before a certificate of need was no longer required for new health facilities or for expansion to existing ones.

The law was originally meant to control the cost of health care by making health providers prove there was a need for a service or facility before it could be built or added. Opponents

of CON laws say they limit supply, forcing prices higher.

Cap on state income tax

Early in June, Senate leaders moved a bill off the calendar that would, if passed, put a referendum on the ballot in November's General Election to lower the cap on the income tax rate in the state Constitution.

Senate Bill 817 would put the choice to voters to decide whether to lower the current 10 percent Constitutional income tax rate cap to 5.5 percent, starting in 2017. After being approved in committee, however, the Senate moved a vote on the legislation to June 25, a Saturday.

As of press time, it was unclear what would happen.

The bill is the latest move in a rising call for states to install legislation to limit the taxing and spending of state governments.

The current state income tax rate is 5.75 percent but is scheduled to fall to 5.499 percent in 2017, below the planned 5.5 percent threshold. ■

Policy Guide Has The Real Story of NC Budget

BY NCCC STAFF

You'll be seeing a lot in the news about the current state budget – but there's only one place you'll see the whole story: our updated public policy guide "Unlocking the State Budget 1985-2015," which can be found at tinyurl.com/CivitasBudgetGuide.

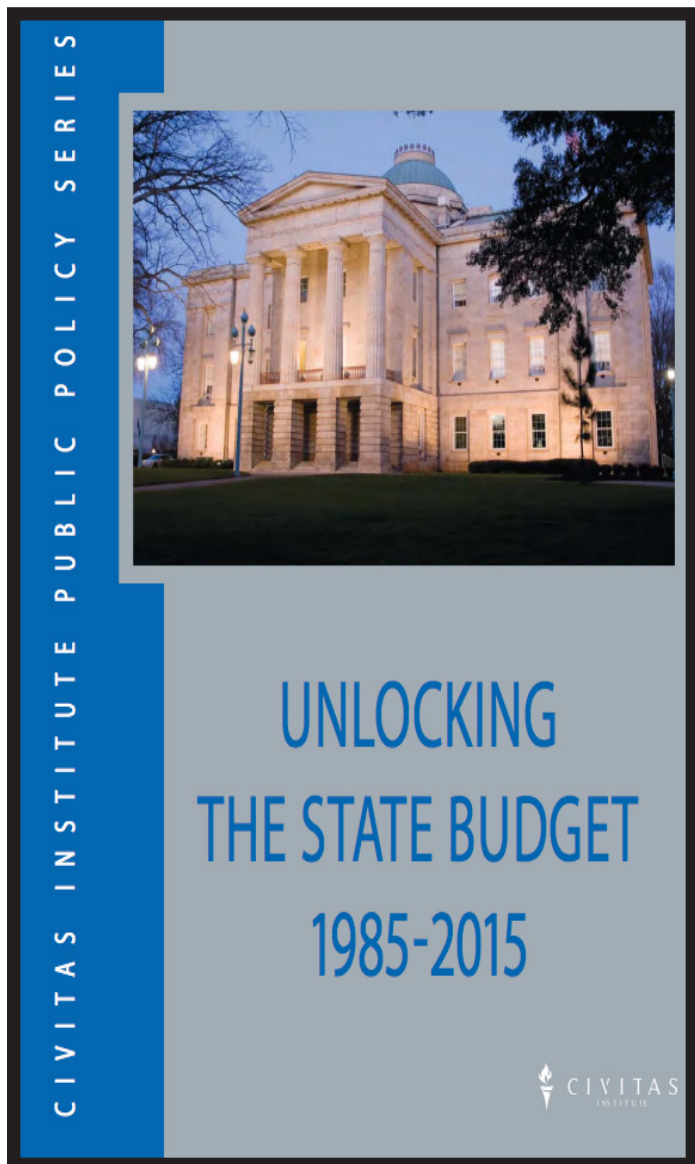
To really understand what North Carolina's state government spends and why, check out "Unlocking the State Budget" for the whole 30-year story of intrigue, deception, corruption, boundless optimism and money. Want high-stakes drama? At \$20 billion a year, the stakes don't get much higher.

And looking at what has happened is a real eye-opener, as this policy guide reveals that over three decades:

- Spending has increased nearly 400 percent;
- Tax revenues have increased by roughly 400 percent; and
- Per capita state debt has risen by about 700 percent

These numbers, however, only tell part of the tale. It is the budget process – the politics of how certain priorities and programs get funded over others – that is the full story. With that point in mind, the current guide not only provides a detailed analysis of spending and taxation trends in North Carolina but also a year-by-year narrative that identifies the people responsible for making these decisions.

Coming soon: updated policy guides on transportation, education and health care. Keep an eye on nccivitas.org and other Civitas media for more news about them. ■



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SB818 - Bill Would Raise Standard Deduction

5/24/16

Senate Bill 818 would raise the standard state income tax deduction over two years. This in effect would be a tax cut for the overwhelming majority of North Carolina taxpayers.

INCREASE THE ZERO TAX BRACKET

SB 818 – SECOND READING

SUPPORT

Senate Republicans (34)

Alexander; Apodaca; Ballard; Barefoot; Barringer; Berger; Bingham; Brock; Brown; Cook; Curtis; Daniel; J. Davis; Gunn; Harrington; Hartsell; Hise; B. Jackson; Krawiec; Lee; McInnis; Meredith; Newton; Pate; Rabin; Rabon; Randleman; Rucho; Sanderson; Tarte; Tillman; Tucker; Wade; Wells

Senate Democrats (14)

Bryant; Chaudhuri; Clark; D. Davis; Ford; Foushee; J. Jackson; Lowe; McKissick; Robinson; Smith-Ingram; Van Duyn; Waddell; Woodard

OPPOSE

None.

EXCUSED ABSENT

Senate (2)

Blue (D); Smith (D)

SPONSORS Rucho **ROLL CALL** S-791

HB169 - Bill Would Rein In Regulation

6/13/16

House Bill 169 would, among other things, make it more difficult for state agencies to adopt rules that impose significant financial costs on those affected.

REGULATORY REFORM ACT OF 2016

HB169 – SECOND READING

SUPPORT

Senate Republicans (29)

Apodaca; Ballard; Barefoot; Berger; Bingham; Brock; Brown; Cook; Curtis; Daniel; J. Davis; Gunn; Harrington; Hise; B. Jackson; Krawiec; Lee; McInnis; Meredith; Newton; Pate; Rabon; Randleman; Rucho; Sanderson; Tillman; Tucker; Wade; Wells

Senate Democrats (1)

Lowe

OPPOSE

Senate Republicans (1)

Barringer

Senate Democrats (14)

Bryant; Chaudhuri; Clark; D. Davis; Ford; Foushee; J. Jackson; McKissick; Robinson; Smith; Smith-Ingram; Van Duyn; Waddell; Woodard

EXCUSED ABSENT

Senate (5)

Alexander (R); Blue (D); Hartsell (R); Rabin (R); Tarte (R)

SPONSORS Hager **ROLL CALL** S-840

Bill Would Remove Need for Concealed Carry Permit in NC

BY MATT CAULDER

Following a controversial ruling limiting concealed carry rights in a California federal court, legislative leaders are looking to expand gun rights with a bill that would eliminate the need for a permit to conceal a handgun.

House Bill 1148, sponsored by Rep. Larry Pittman (R-Cabarrus), would open up concealed carry in the state to any U.S. citizen that is 21 years old and meets the qualifications for obtaining a concealed handgun permit it would make a change to the state Constitution to allow this.

The bill would put a referendum in front of the people, presumably in the General Election in November, to choose whether or not to remove a portion of the state recognition of the right to bear arms that says, "Nothing herein shall justify the practice

of carrying concealed weapons, or prevent the General Assembly from enacting penal statutes against that practice."

That section was added following the 1971



recodification of the state Constitution. Concealed carry was passed in the state in 1995.

If approved, then coupled with the section opening up concealed carry, citizens would be able to freely conceal their handguns wherever it is legal.

This would not just apply to residents of North Carolina but to all U.S. citizens.

"We support the bill, we have supported constitutional, or permitless, carry for some time," said Paul Valone, president of Grass Roots North Carolina (GRNC). "The

concept of permitless carry is something we support." Some of the opposition to the change seems to be coming from people who are making money on the process, from sheriff's offices to private businesses that are teaching the required classes.

"A lot of people are making money on concealed

handgun permits," Valone said. "This does not eliminate the concealed carry permit system."

Under the draft bill, the permit process would still exist, as well as the pistol purchase permit (PPP) system.

A concealed handgun permit would still allow a resident to bypass the National Instant Criminal Background Check System (NICS) to buy a firearm and would remove the need for a state PPP to get a handgun, as well as allowing concealed carry in states that maintain reciprocity with North Carolina.

"Essentially, permitless concealed carry has caused problems in none of the 13 states that have adopted it," Valone said. "As usual, predictions of mayhem have fallen short as it does every time carry rights are advanced. GRNC very much supports

Larry Pittman's bill."

The bill would essentially also have the effect of recognizing the right to conceal a firearm as part of the state Constitution, the exact opposite of the 9th Circuit Court of Appeals decision.

In a 7-4 decision, the court ruled "the right of a member of the general public to carry a concealed firearm in public is not, and never has been, protected by the Second Amendment."

Under this ruling, the court also ruled that any "prohibition or restriction a state may choose to impose on concealed carry" is permissible, which would include as it says, prohibition on concealed carry.

Gun rights advocates are up in arms over the move, especially in a state like California, which bans open carry. ■

Bad Bills Plunder School Funds, Add Hidden Taxes

BY BRIAN BALFOUR

Our Bad Bill of the Week feature has tracked some of the more harmful legislation that the General Assembly has considered, and this year's Short Session was, unfortunately, no exception.

Raiding school choice funds

North Carolina families are hungry for school choice. To wit: the state's Opportunity Scholarship Program has had more than 15,000 eligible applicants since its inception just two years ago. But only about 5,000 total scholarships were granted for the current school year. Thousands remain on waiting lists.

Already far too many families are denied the opportunity to escape failing schools and take control of their child's educational needs. Disappointingly, legislation introduced last month would reduce funding for the Opportunity Scholarship Program even further.

House Bill 1095, Use of Excess Opportunity Scholarship Funds, would raid \$11.8 million of the state funds designated for the opportunity scholarship program and redirect the money toward school construction. The state budget is slated to allocate a total of \$24.8 million for

scholarships in the coming fiscal year, so nearly half of those families hoping for a lifeline to a better educational opportunity would be denied under HB1095.

There is a long line of North Carolina children desperately hoping and waiting on the chance to be awarded an opportunity scholarship. But is there really a shortage of funds for school construction? If so, why?

Remember how the North Carolina Education Lottery was going to bring a windfall to the state's education needs?

According to its website, the lottery has contributed nearly \$4 billion to the state's educational institutions, primarily K-12, since 2007. More specifically, the lottery's funding formula mandates that 19 percent of funding earmarked for education must go toward school construction.

This translates into about \$740 million in supplemental funding for new schools across the state in nine years – that's above and beyond the normal school construction funding amount. Where has that money gone?

Because it would deny educational opportunity to the neediest children and families

across our state in order to protect a status quo that is failing far too many of our students, House Bill 1095 has been named a Civitas Bad Bill of the Week.

NC's costly hidden tax

North Carolina has a hidden tax, and it's probably the most expensive one you've never heard of: It's called health insurance mandates.

Health insurance mandates are laws that require health insurance companies to pay for something. They force insurance plans offered in the state to cover certain providers, drugs, procedures, etc. Normally, mandates only cover the needs of a small segment of the population, but the high cost of that coverage is spread out evenly over insured individuals, raising premiums across the board.

North Carolina has 57 mandates, more than the majority of states in the country, and as a result our state features some of the highest insurance premiums in the country. It's easy to get angry at the insurance company for raising rates, but more difficult to understand how the state is actually forcing them to raise rates.

A new mandate bill, HB

1048, would require health insurance companies to bypass a cost saving measure called "step therapy" and would increase access to what's known as "abuse deterrent opioids".

What is step therapy? Step therapy is one way that health insurance companies try to reduce healthcare costs. A step therapy program requires a patient to try the cheaper option before moving on to a more expensive, name-brand drug. According to the Congressional Budget Office, step therapy holds down health insurance premium costs by 5-10 percent.

What are Abuse Deterrent Opioids? Abuse deterrent opioids or opioids with "Abuse Deterrent Formulations", ADF's, are opioid drugs with certain characteristics that make them more resistant to crushing, melting, or other methods that make abuse easier. The drugs are no less addictive, and the Centers for Disease Control (CDC) maintains that there is no evidence that these formulations are effective at preventing abuse. However, they are 500-1000 percent more expensive than non-abuse-deterrent versions of the drugs.

With all that in mind, HB 1048 would force health insurance companies to exempt ADF's from the step therapy programs, allowing the more expensive drugs to be used first, without first trying the less-expensive, more readily available formulations of the drug. Such a decision should be left up to the health insurance carriers, and not be forced upon them by government.

State health insurance mandates are proven to increase health insurance premiums, especially on individuals and small businesses. North Carolina already has more mandates than most states with 57 mandates on the books. Forcing insurers to change how they use step therapy for managing drug costs and exempting ADF's from step therapy will raise costs and provide very little – if any – benefit to a tiny portion of the population. Therefore, HB 1048 was also named a Bad Bill of the Week.

After the dust settles from the Short Session, keep an eye on nccivitas.org for our regular Bad Bill of the Week Contest to give us your opinion of which of these measures was the absolute worst. ■

Study Shows NC State Finances Have Improved

BY NCCC STAFF

A new study from the Mercatus Center highlighted improvements in our state's fiscal performance from fiscal 2013 to 2014.

"Ranking the States by Fiscal Conditions, 2016 Edition" listed North Carolina's fiscal performance for the 2014 fiscal year as 21st in the nation. That was a jump of six places from its ranking of 27th in the 2013 fiscal year.

The new study ranks each U.S. state's financial health based on short- and long-term debt and other key fiscal obligations, such as unfunded pensions and health-care benefits, according to the Mercatus Center at George Mason University.

Looking more closely at the ranking, the Old North State was a "big mover" in two key

areas:

- North Carolina, along with Maine, experienced significant shifts in their long-run solvency rankings. **North Carolina improved by seven spots**, while Maine fell by eight spots.

- There was little movement in the service-solvency ranking [how much "fiscal slack" a state has to raise spending if needed], **except in the case of North Carolina, which improved its position by six places.**

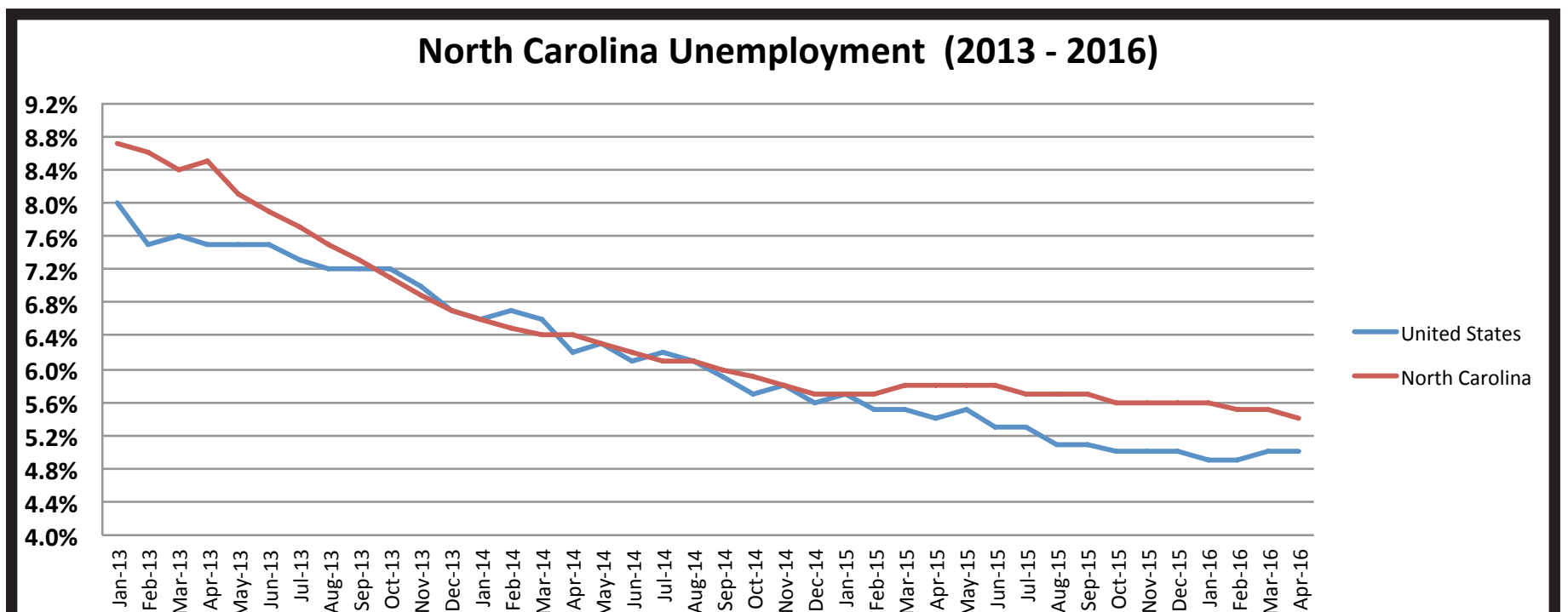
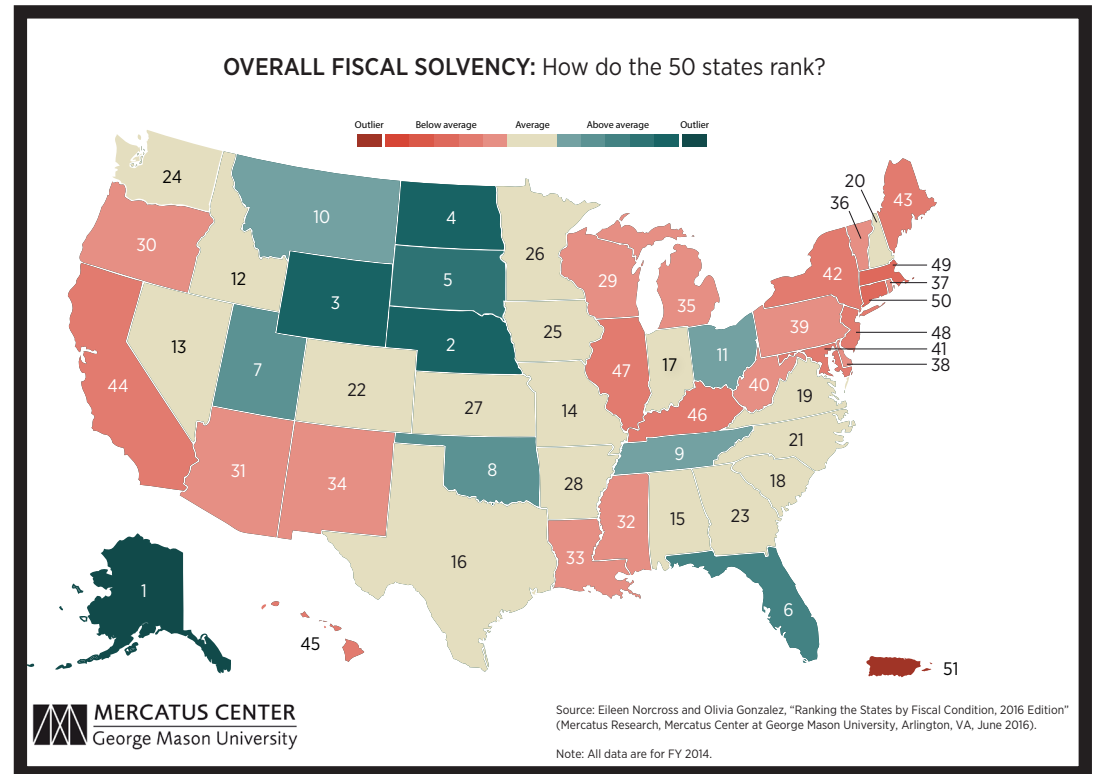
Note that the improvements happened from the 2013 to 2014 fiscal years, after key conservative reforms were implemented by the legislature and governor.

Don't break out the champagne just yet, however. Mercatus noted that almost all states, including North

Carolina, still face severe fiscal stress. A lot more needs to be done to ensure our state's finances are put on a truly

sound footing. But the new study shows North Carolina has been making important strides forward.

To find out more about the study, go to mercatus.org/statefiscalrankings. ■



State's Jobless Rate Drops

North Carolina's seasonally adjusted unemployment rate in May was 5.1 percent, decreasing 0.3 of a percentage point from April's revised rate. The national rate declined also declined 0.3 of a percentage point, to 4.7 percent.

The state's May unemployment rate was 0.7 of a percentage point lower than a year ago. The number of people employed increased 6,870 over the month to 4,618,342 and increased 142,023 over the year. The number of people unemployed decreased 13,589 over the month to 250,544, and decreased 25,278 over the year.

Latest Voter Figures Show Registration Shifts Continue

BY SUSAN MYRICK

In the time period between May 14 and June 11, North Carolina saw a net loss of 2,845 voters. Adding to the voter rolls, the unaffiliated voter demographic grew by 1,051 voters and the Libertarian Party gained 40 voters.

In the negative column, Democrats lost 2,955 voters while Republicans lost 981 voters in the same time period.

By using the chart on the opposite page, you will see that Democrats lost voters in 80 counties, Republicans lost voters in 63 counties, and the unaffiliated ranks lost voters in

44 counties in the four-week period.

The fact that there were so few changes in voter registration during this period can be attributed to the June 7 special election for Congress and the state Supreme Court.

Officially, the voter rolls close 25 days ahead of an election. May 13 was the voter registration deadline ahead of this year's special election. Standard registration is stopped until after election day. However, there were a few changes and some of them can be attributed to the fact that

same-day registration (SDR) was continued through this last election.

In the months leading up to the November 8 General Election, it will be interesting to see how voter registration shifts across the state.

In January 2009, Democrats made up 45.73 percent of total voter registration in North Carolina, Republicans accounted for 31.91 percent and unaffiliated voters 22.29 percent.

Today, Democrats make up 40.24 percent of North Carolina's eligible voters

and the Republicans 30.48 percent, while the unaffiliated ranks have grown to 28.86 percent of total registered voters. Democrats have the most voters in 60 counties, followed by Republicans having more voters in 32 counties and unaffiliated voters outnumber Democrats and Republicans in eight counties.

The unaffiliated ranks continue to grow by leaps and bounds. Today, eight counties have more unaffiliated voters than either Democrats or Republicans. They are: Camden, Currituck, Dare,

Henderson, New Hanover, Polk, Transylvania and Watauga. In 52 counties, unaffiliated voters are the second highest bloc in voter registration numbers.

For these statistics and more, visit www.carolinatransparency.com/voterregistration. (It is the source of chart on page 11.)

The website is updated each week using voter registration statistical data from the State Board of Elections (SBE) and uses the latest voter registration statistics from the SBE. ■

Changes represent the difference in voter registration between May 14, 2016 and June 11, 2016

County	Total Voters	Total Change	Democrats	Democrats Change	Republicans	Republicans Change	Libertarians	Libertarian Change	Unaffiliated Voters	Unaffiliated Change
STATE TOTAL	6,589,127	-2,845	2,653,500	-2,955	2,008,321	-981	27,639	40	1,899,667	1,051
ALAMANCE	96,129	-89	38,125	-33	31,885	-28	351	-2	25,768	-26
ALEXANDER	23,806	-13	6,612	-7	10,498	-6	57	0	6,639	0
ALLEGHANY	7,247	-7	2,836	-4	2,416	-2	28	0	1,967	-1
ANSON	17,182	-67	11,959	-46	2,351	-11	17	0	2,855	-10
ASHE	18,514	-1	5,670	-1	7,810	-8	51	1	4,983	7
AVERY	11,613	-13	1,447	-1	6,901	-17	43	0	3,222	5
BEAUFORT	32,384	-7	13,879	-6	10,401	-2	87	0	8,017	1
BERTIE	14,187	14	10,440	3	1,486	5	16	1	2,245	5
BLADEN	22,407	-9	13,696	-3	3,158	1	28	0	5,525	-7
BRUNSWICK	90,440	-53	26,455	-37	33,429	-1	292	-1	30,264	-14
BUNCOMBE	189,486	-114	75,758	-96	46,523	-34	1,116	3	66,089	13
BURKE	57,016	173	19,265	7	19,966	55	235	-2	17,550	113
CABARRUS	125,256	-83	39,520	-34	47,455	-35	565	2	37,716	-16
CALDWELL	53,894	-11	15,175	0	24,029	-5	308	0	14,382	-6
CAMDEN	7,435	-6	2,532	-1	2,181	-5	35	0	2,687	0
CARTERET	50,981	40	12,889	-17	21,247	19	211	-2	16,634	40
CASWELL	15,307	30	8,264	5	3,528	8	30	0	3,485	17
CATAWBA	101,079	-78	27,098	-36	43,453	-33	336	1	30,192	-10
CHATHAM	48,803	32	20,174	-7	12,659	13	188	0	15,782	26
CHEROKEE	23,247	63	6,585	-1	9,619	21	106	-1	6,937	44
CHOWAN	10,199	5	5,083	2	2,561	2	17	0	2,538	1
CLAY	8,753	12	2,232	1	3,478	4	34	1	3,009	6
CLEVELAND	60,934	-58	26,520	-31	19,147	-10	188	-1	15,079	-16
COLUMBUS	35,475	-12	21,390	-9	6,230	-2	52	0	7,803	-1
CRAVEN	69,179	-112	25,052	-60	23,603	-38	312	0	20,212	-14
CUMBERLAND	198,848	-787	96,091	-529	46,832	-211	805	-2	55,120	-45
CURRITUCK	18,218	-2	4,175	0	6,395	-2	115	0	7,533	0
DARE	28,542	31	9,216	-21	8,546	12	170	2	10,610	38
DAVIDSON	102,176	-61	27,494	-34	47,405	-13	370	-1	26,907	-13
DAVIE	28,730	-1	5,690	0	14,808	1	77	1	8,155	-3
DUPLIN	29,343	-34	14,434	-22	7,759	-12	82	0	7,068	0
DURHAM	214,214	-104	122,179	-52	28,632	-37	888	-3	62,515	-12
EDGECOMBE	38,048	-67	27,427	-54	6,044	-12	69	-1	4,508	0
FORSYTH	242,211	-26	101,742	-55	74,966	-23	987	2	64,516	50
FRANKLIN	41,437	-64	18,364	-35	12,564	-17	161	0	10,348	-12
GASTON	135,106	201	44,849	44	51,644	61	503	3	38,110	93
GATES	8,391	14	4,720	6	1,630	0	19	0	2,022	8
GRAHAM	6,366	-26	2,056	-12	2,745	-6	20	-1	1,545	-7
GRANVILLE	36,634	-134	18,883	-102	8,775	-1	125	1	8,851	-32
GREENE	11,232	9	6,774	-1	1,953	6	26	0	2,479	4
GUILFORD	345,410	-545	160,623	-358	93,345	-109	1,472	0	89,970	-78
HALIFAX	38,053	26	25,946	16	4,544	3	73	0	7,490	7
HARNETT	69,290	-103	26,411	-50	23,949	-35	406	1	18,524	-19
HAYWOOD	42,562	-55	17,399	-30	12,535	-14	178	1	12,450	-12
HENDERSON	79,180	-159	17,752	-42	30,529	-65	330	1	30,569	-53
HERTFORD	14,859	10	11,113	-8	1,390	7	31	2	2,325	9
HOKE	30,515	-8	14,939	-13	6,383	5	140	0	9,053	0
HYDE	3,436	12	2,099	4	518	3	8	0	811	5
IREDELL	113,113	-14	30,719	-48	46,878	9	464	1	35,052	24
JACKSON	26,725	24	10,306	-7	6,842	13	116	1	9,461	17
JOHNSTON	116,193	-401	38,041	-228	44,597	-82	538	-1	33,017	-90
JONES	7,410	-15	3,856	-12	1,737	-2	25	0	1,792	-1
LEE	33,608	-39	14,658	-36	9,572	-8	121	-1	9,257	6
LENOIR	38,700	30	21,748	11	9,398	6	85	1	7,469	12
LINCOLN	53,258	-64	14,421	-21	22,917	-32	179	0	15,741	-11
MACON	24,753	-2	6,912	0	9,853	-1	89	0	7,899	-1
MADISON	16,273	-4	6,756	-5	4,226	3	86	-1	5,205	-1
MARTIN	17,022	5	10,569	-3	3,241	6	42	0	3,170	2
MCDOWELL	28,313	-53	8,907	-20	10,331	-11	102	1	8,973	-23
MECKLENBURG	664,109	467	297,935	172	167,172	22	3,116	8	195,886	265
MITCHELL	10,998	-1	1,143	0	6,757	-2	28	0	3,070	1
MONTGOMERY	15,843	22	7,398	-2	4,646	13	42	1	3,757	10
MOORE	63,807	-384	16,767	-95	26,185	-151	276	-2	20,579	-136
NASH	64,806	-26	33,618	-27	18,398	-8	155	0	12,635	9
NEW HANOVER	160,437	-82	53,124	-76	51,702	-30	991	3	54,620	21
NORTHAMPTON	14,646	-16	10,864	-18	1,355	-2	13	0	2,414	4
ONSLow	99,708	-26	28,511	-21	35,455	-4	660	-2	35,082	1
ORANGE	109,194	168	52,402	39	17,033	15	587	6	39,172	108
PAMLICO	9,527	4	4,055	1	2,940	1	29	0	2,503	2
PASQUOTANK	27,565	-27	13,472	-24	5,626	-8	135	0	8,332	5
PENDER	38,087	-216	13,098	-115	13,902	-47	194	-2	10,893	-52
PERQUIMANS	9,900	2	4,309	-1	2,527	2	34	-1	3,030	2
PERSON	26,040	-27	12,431	-12	6,309	0	80	0	7,220	-15
PITT	116,400	-152	55,140	-97	30,458	-31	550	0	30,252	-24
POLK	15,620	-12	4,599	-5	5,395	0	69	0	5,557	-7
RANDOLPH	89,984	-107	19,942	-44	44,700	-49	351	0	24,991	-14
RICHMOND	29,963	-40	17,462	-36	5,450	-4	63	1	6,988	-1
ROBESON	74,082	98	51,045	-122	9,091	66	164	2	13,782	152
ROCKINGHAM	59,021	-11	23,933	-12	19,873	-13	187	0	15,028	14
ROWAN	91,553	-8	28,690	-12	37,060	-4	272	-2	25,531	10
RUTHERFORD	43,892	44	16,057	-14	15,384	18	173	3	12,278	37
SAMPSON	36,818	11	16,743	-26	13,345	2	92	0	6,638	35
SCOTLAND	22,239	-3	13,195	2	3,449	-1	41	0	5,554	-4
STANLY	39,591	147	11,669	8	17,178	59	104	2	10,640	78
STOKES	30,511	145	8,338	-3	14,591	62	134	3	7,448	83
SURRY	44,089	-8	14,725	-10	18,131	-4	123	2	11,110	4
SWAIN	10,238	4	4,137	-1	2,586	-2	33	0	3,482	7
TRANSYLVANIA	24,611	10	6,919	5	8,049	0	108	-1	9,535	6
TYRRELL	2,453	-12	1,499	-7	328	-1	4	0	622	-4
UNION	144,791	-9	38,928	-19	61,368	-9	557	0	43,938	19
VANCE	29,541	-22	20,028	-21	4,287	-4	54	1	5,172	2
WAKE	666,859	356	255,435	-15	185,092	-116	3,604	12	222,728	475
WARREN	13,394	-18	9,482	-15	1,682	-1	34	0	2,196	-2
WASHINGTON	8,565	-33	6,005	-29	1,066	0	21	0	1,473	-4
WATAUGA	43,519	-50	11,901	-12	13,791	-11	402	-1	17,425	-26
WAYNE	73,625	-124	33,004	-88	23,468	-32	228	0	16,925	-4
WILKES	41,885	-65	10,380	-28	21,469	-29	113	0	9,923	-8
WILSON	54,825	11	29,525	-9	13,563	14	113	1	11,624	5
YADKIN	23,594	-9	4,333	-3	13,120	-1	62	0	6,079	-5
YANCEY	13,675	-76	5,334	-34	4,843	-24	38	-1	3,460	-17

Scandal

Cowell Board Seats Reveal the Wide Gulf between the Legal and the Ethical

BY BOB LUEBKE

Hoping to clear the office of pay-for-play allegations that had dogged her predecessor, one year after winning election as state treasurer in 2009, Janet Cowell took several steps to ensure the office adhered to the highest ethical standards.

Some praised Cowell's actions as an attempt to clean up some of the pay-for-play allegations that followed her predecessor, Richard Moore. Moore invested about \$500 million of the state pension fund in Relational Investment Funds, a San Diego-based firm. Three months after failing to secure his party's gubernatorial nomination, Moore went to work for Relational in San Diego.

Cowell should be credited for her actions. But fast-forward seven years. Now with less than a year left in her term as Treasurer, Cowell finds herself at the center of a similar and growing ethics controversy.

It stems from Cowell's decision to serve on the board of directors of ChannelAdvisor, an e-commerce company based in Morrisville, NC, and on the board of James River, a specialty insurance company based in Bermuda, with a U.S. headquarters in Raleigh.

Cowell will receive a \$50,000 retainer from ChannelAdvisor and restricted stock valued at \$150,000. James River will pay Cowell \$75,000 a year and \$25,000 in restricted stock. Cowell's salary as treasurer is

\$125,676. So her board salaries for part-time work will roughly equal her treasurer salary, and she'll also get valuable stock.

The \$90 billion State Pension Fund, which Cowell controls, does not have holdings in either company.

Before agreeing to serve on either board, earlier this year Cowell requested an opinion from the State Ethics Commission. In its opinion the Commission noted, "Although the Ethics Act would not restrict Treasurer Cowell's service on corporate boards of directors or her acceptance of compensation, food and beverages, and travel expenses directly related to that service, the conflict of interest provisions of the Ethics Act may restrict her from taking action on certain matters affecting those companies."

While the opinion seemed to give Cowell a cautious green light, it didn't stop others from commenting and questioning the wisdom of allowing a public official to sit on a corporate board – much less someone who has control over \$90 billion in pension funds and helps to regulate state banks.

Charles Elson, director of Weinberg Center for Corporate Governance at the University of Delaware, told WUNC that he wasn't aware of any states or municipalities where elected officials sit on private boards. "For-profit service by a full-time public official is highly problematic and I think

should be avoided – period. It's problematic on both sides. It's a problem for the full-time office holder. And it's a problem for the company," Elson said.

Cowell's predecessor Richard



Janet Cowell

Moore also chimed in and told the same interviewer, "I think if you stopped the average person on the street and said, 'Hey does this pass the sniff test?' I think almost everyone would say no."

In hopes of blunting some of the expected criticism, Cowell signed a pledge in February in which she agreed to recuse herself from State Treasurer's Office business concerning ChannelAdvisor and James River. Cowell also said, "I will recuse myself from any discussions or decision-making at the Department that could reasonably be viewed as directly or indirectly related to my corporate board service."

While Cowell seemed to be winning the legal battle, she wasn't winning over the public. In May, the State Employees Association of North Carolina

called for Cowell to either quit as treasurer or step down from the boards. A resolution from the SEANC board of directors said, "Her position as the sole fiduciary of the \$90 billion Teachers and State Employees Retirement System and as chairwoman of the State Banking Commission are in direct conflict with her position in these boards. Her influence on these state regulatory boards should not be afforded to a corporate board member."

Cowell has correctly noted that North Carolina has no funds directly invested in either James River or ChannelAdvisor. However a growing web of indirect relationships raises yet other concerns.

Andrew Siltan, a former chief investment officer for the state pension fund, noted that Wellington Management manages more than \$4 billion in funds from the state pension plan and is one of the largest shareholders in James River.

If that weren't enough, consider that James River's chairman, Adam Abram, owns a 1 percent control in a Charlotte-based bank, a bank that Cowell's office is responsible for regulating. And — oh yeah — Abram made \$11,000 in campaign contributions to Cowell.

Remember: With salary alone

for part-time work, Cowell is making as much she makes as treasurer, and she also receives valuable stock. Are we to expect that her judgement will remain objective? If you do, you may have a higher opinion of human nature than most people.

So is Cowell guilty of influence peddling or engaging in what is commonly known as pay-to-play? In a 2012 article, Brian Balfour of Civitas says the charge is nothing new. In 2008, Cowell received \$225,000 in New York-based campaign contributions. Balfour wondered: why so much financial support from far-away places? Is there a connection between the campaign donations and the high management fees going to Wall Street investment firms?

As Balfour noted, "When a politician is empowered with control over such a large pot of money, this is the inevitable result: interest groups will donate money in hopes of getting a slice of the pie. In this case, it seems that Cowell is all too happy to accept donations from out-of-state law firms."

The never-ending temptations of outside money makes a good case why North Carolina's pensioners and taxpayers need additional protections. Merely watching what is happening – or not happening – is an option that is far too expensive. ■

Scandal is a regular column in Civitas Capitol Connection that will explore public corruption in NC Government.

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