NC Capitol Connection

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Budget Backsliding

HOUSE HIKES SPENDING $1.25B

BY CIVITAS STAFF

The state House of Representatives in May passed a budget bill that would raise annual state spending by $1.25 billion, with pork barrel projects and favors for cronies helping to fuel the spending binge.

The House's plan called for the state government to spend $22.1 billion in the fiscal year that begins July 1. Current year actual spending is projected to come in at $20.85 billion, so the spending plan would mark a 6.3 percent increase.

The House passed the budget in a 93-23 vote. To find out how your representative voted, see the vote box on HB 97 on p. 9.

Eleven Republican representatives stood fast against the budget: John Blust (Guilford); Dana Bumgardner (Gaston); Justin Burr (Stanly); Jeff Collins (Nash); Debra Conrad (Forsyth); Carl Ford (Rowan); Julia Howard (Davie); Chris Millis (Pender); Larry Pittman (Cabbarus); Mitchell Setzer (Catawba); and Michael Speciale (Craven). (A dozen Democrats also voted against it, some on the grounds that it didn't spend enough.)

Some Republicans defended the spending plan. "Prudent, responsible budgeting has already allowed North Carolina to expect a $400 million surplus and pay off our recession debt," Speaker Tim Moore (Cleveland) said in a statement quoted by the News & Observer.



"Because of that success, today's House budget will allow us to further invest in critical state infrastructure and services," he said. "We are affirming our commitment to our children's future by expanding access to digital resources, textbooks, personalized learning time and quality teachers."

But aside from a few compromises, the House budget was packed with unnecessary pork spending and handouts to well-heeled corporate cronies. Indeed, no fewer than five former Civitas Institute Waste of the Week features receive increased taxpayer funding in the House budget, and – thanks to an amendment – a recent Civitas Bad Bill of the Week was included as well.

Following is a list of 10 items that helped to make the House budget itself a Civitas Bad Bill of the Week:

1. $200,000 for a youth baseball tournament in Speaker Moore's district.

2. $40 million per year for film production taxpayer handouts (down from $60 million in the original proposal).

3. $1 million for the Healthy Food Small Retailer Fund, a program shunting taxpayer dollars to corner stores for refrigerators and shelving to sell fruits and vegetables. This measure is a recent Civitas Bad Bill of the Week.

4. $10.3 million (in FY2016-17) for renewable energy tax credits.

5. $50,000 for a museum dedicated to the history of the town of Stanley, located in Rep. John Torbett's district.

6. $8 million for historic preservation tax credits.

7. $2.5 million more for The Support Center (formerly The Minority Support Center, a previous partner in Moral Monday protests).

8. $3 million per year for data center tax breaks.

9. $50,000 more in funding for the Tryon Palace, another former Waste of the Week feature.

10. $5 million more in funds for the NC Biotech

CONTINUED ON PAGE 8

PAC Funnels Cronies' Cash to Candidates

BY SUSAN MYRICK

In two previous articles, we examined how Republican political consultants in North Carolina have pushed the agenda of Big Solar – the solar power companies and their millionaire owners — in order to protect renewable power source mandates, thus driving up electricity bills and hampering the economy.

In part one of this series, we took a first look at these consultants, who created a business model that involves advising GOP legislators to take up the cause of more government mandates, political favoritism and higher electric bills by opposing any bill that would have frozen Renewable Energy Efficiency Portfolio Standard (REPS) mandates at current levels or roll back subsidies for the solar industry.

Part two of the series explored the web of organizations pushing for solar energy in the state, including the North Carolina Clean Energy Business Alliance (NCCEBA) and its Political Action Committee (NCCEBA PAC); the NC Sustainable Energy Association (NCSEA); and Conservatives for Clean Energy. We also attempted to decipher NCCEBA PAC's campaign finance reports filed with the State Board of Elections since February 2013. We found the reports to be full of errors and inconsistencies and ultimately extremely difficult to understand and follow.

In part three, we will look to highlight one of Big Solar's key channels for spending on political campaigns – and what Big Solar's success would do to North Carolina.

The focus will be on the NCCEBA PAC. Its finance reports provide a revealing

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From the Editor

Seeing Walker in Person Illuminates 2016

BY JIM TYNEN

On a mild, overcast June 5 in Raleigh, Wisconsin Gov. Scott Walker stepped up to the microphone in the garden of a private home. He was there to discuss what he had done in Wisconsin, and, implicitly, what he could do for the nation.

As important, he was there to give the crowd attending the Civitas-sponsored event an up-close look at who he really is. After all, politicians can say anything they want in a speech. Conservative voters, however, are painfully aware of how often candidates shy away from conservative stands once they get in office. So we conservatives especially want to know: What kind of person is this who is asking for our trust, and our vote?

"We can make America great again," he told them. "We just need leadership."

Is he the one to do it? Though he has not declared his candidacy for the presidency, he is a leader in polls of possible Republican candidates in 2016. In person, how does he measure up?

Walker, 47, looks surprisingly youthful. (Although maybe that's my age: I'm a few years younger than Hillary Clinton.) Also, he seems more upbeat and cheerful than he seems in media coverage.

That may be because most media images come from the times when 100,000 activists protested the reform movement he led in Wisconsin, and when he was fighting a recall effort. No doubt that would make anyone look serious.

In speaking to our Civitas event, however, he had good reason for looking more upbeat. He stood up to the protestors, continued to lead a reform drive, and ended up winning three elections – two regular elections and the recall – in four years.

"We took the power out of the hands of big government and put in the hands of the hardworking taxpayers," he said. Underlining that: Wisconsin has long been a bastion of progressive politics. "If conservative, common sense reforms can work in a blue state like Wisconsin, then they can work anywhere," he said.



Scott Walker in Raleigh.

He came into office with a state budget deficit of $3.6 billion; since then the state has had a surplus every year. Property taxes are lower; the unemployment rate has fallen to below the national average.

Reforms in other fields have brought other benefits, he said. "We've empowered local governments to work better," he said.

For example, Wisconsin instituted a slate of education reforms. Since then, Walker said, "Graduation rates are up, third-grade reading scores are up, ACT scores are second highest in the country."

That is the underlying theme of his campaign, in essence. As he said here, "If we can do it in Wisconsin, we can do it the nation's capital."

At the same time, seeing him in person showed he's a likeable guy who can explain what he's done and what he wants to do in a way that could connect with voters. That's essential in today's politics.

That he has been able to face down bitter opposition surely stokes conservatives' interest. Any review of recent campaigns shows that in 2016 any conservative candidate will have to withstand a withering barrage from the opposition, then, if victorious, push through real reforms. Walker has shown he's done both things in Wisconsin.

That he could do the same in the White House is, of course, the big question. That's why trying to figure out what kind of person he really is so essential.

He is the fifth possible candidate to appear at a Civitas event this year, and each has been revealing. At a Charlotte town hall in January, Mike Huckabee revealed a range of values that doesn't often come up in the media image of him.

At Civitas' Conservative Leadership Conference in March, Rick Santorum showed he still is passionate about the rights of all people. Carly Fiorina proved she has the depth and conviction to match other national leaders. Ben Carson displayed the low-key confidence that can win over voters to conservative values and policies. Seeing them in person was invaluable for everyone at those events.

And of course there are plenty of other candidates who are apparently in the hunt. It's a safe bet more will be coming through North Carolina for months to come. If you have a chance to see them in the flesh, try to take it. It's a great way to find out more about those who want to lead us in the crucial years to come.■

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4 Reasons to Back Ed Savings Accounts

BY ROBERT LUEBKE

School choice remains a top education priority for the Republican-dominated North Carolina General Assembly. While much of the focus this legislative session has been on stabilizing and expanding existing programs and quietly waiting on the state Supreme Court to decide on the constitutionality of the Opportunity Scholarship Program, North Carolinians may be getting a peek at what the future of school choice may look like.

HB 916, Personal Savings Accounts/Disabled Students, introduced by Rep. Bert Jones



(R-Rockingham), establishes the "Personal Education Scholarship Savings Program" for special-needs students. It's the first attempt by the legislature to develop what are commonly called Education Savings Accounts, or ESAs for short. Although HB 916 may not be passed this session, you can be sure ESA legislation will be reintroduced in subsequent legislative sessions.

There are strong reasons why policymakers and parents should support ESAs.

1. **They can save money.** ESAs work by providing parents control over a state-authorized savings account. A percentage of – usually ranging from about 85 to 95 percent – of per pupil state-based funding is transferred to the account. . Parents can use the money to purchase approved educational expenses, such as tuition, books and tutoring. Administrative costs are covered by designating a percentage of the remaining funding for such expenses. Administrative costs usually range from the 3 to 8 percent range. Since ESAs can be a vehicle for helping children to attend private schools, and since the costs of educating children in many private schools is less than at public schools, ESAs can produce real savings for states and local school districts.

2. ESAs fill a need.

To date, aside from Arizona, ESAs have been mostly focused on special-needs populations. That recently changed when Nevada became the first state to approve a universal ESA. ESAs work for many special-needs students because many are inadequately served in schools. Schools lack the resources and staff to address their educational needs. ESAs empower parents to select the school that best fits their child's educational needs.

3. ESAs offer value and efficiency.

Our system of public education is broken. North Carolina spends more than $8 billion annually on K-12 public education, yet student achievement has been disappointing. Policymakers and parents agree that schools need to be run more efficiently. Perverse incentives riddle the current system and are a drag on efficiency. ESAs offer parents an opportunity to control what they spend on education and how much. As such, parents have an incentive to maximize the educational value their children receive – especially if the ESA includes a provision that any savings can be kept and rolled into a college fund.

4. ESAs can spur educational innovation. ESAs empower parents with the ability to customize educational markets. In so doing, ESAs will help propel educational innovation. Market forces will come to bear on all schools, public and private. If school suppliers are responsive to these changing forces, they will adapt and survive. If not, they will fail. Parents will drive these changes.

The added pressures could propel significant changes in the educational marketplace in North Carolina in the same ways that higher education has been revolutionized by educational options such as skills-based training and Massive Open Online Courses (MOOCs), which provide education to many without the students actually being on campus.

"ESAs offer parents an opportunity to spend their own money on the educational needs of their children."

ESAs offer many advantages to parents who wish to expand educational opportunities for their children. However they face challenges. They mostly concern implementation. Yet ESAs offer families significant advantages over the traditional school choice programs. Parents control spending. ESAs incorporate incentives to seek the greatest value for the dollar and create incentives for educational providers to customize services in response to the needs of a changing student population.

For all these reasons, ESAs are likely to be part of the educational landscape in North Carolina and across the country for years to come.■

Monthly Petition

Term Limit Petition

to

Impose Term Limits on Elected Legislators

The founders of our nation never intended elected office to be a career. Public service was meant to be offered for a specific term and then individuals would return to their chosen profession and private life.

Government at all levels suffers when legislators serve too long in office. They become accustomed to the perquisites of office and wielding power, and they lose touch with the people who originally elected them. Meanwhile, legislatures are denied an influx of new ideas and energy.

I urge our elected leaders to enact term limits for the North Carolina General Assembly. Such limits will help keep our elected officials connected with the people and will ensure a flow of fresh voices to represent us.

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NCAE's Dues Checkoff Faces Audit

BY ELLIOT ENGSTROM

Neither the North Carolina Association of Educators (NCAE) nor the Office of the State Auditor is any stranger to media attention. Between the NCAE's dues checkoff litigation and the state auditor's recent report on corruption at Department of Health and Human Services, both organizations have seen their share of the limelight. But an impending audit of the NCAE, required under North Carolina law, could once again put both of these organizations front and center.

The NCAE is the state's largest association of educational employees. It is also the state affiliate of the National Education Association (NEA), one of the most powerful lobbies in national politics. Both organizations have decisively leftist policies and goals. The NCAE is the closest thing to a teachers' union that exists in North Carolina, which is a right to work state.

Under North Carolina law, the NCAE receives a state-administered benefit informally referred to as the "dues checkoff." This is where members' dues can be withheld from their paychecks and paid directly to the organization by employers. This way, members do not have to pull out their pocketbooks to write a check, and the NCAE spends less money than it otherwise would from processing the membership fees.

Technically, the dues checkoff is considered an assignment of a state employee's claim against the state. So, the state employee has a "claim" in the form of their salary, and they "assign" a portion of that claim to the NCAE. Such assignments are void unless otherwise explicitly authorized by statute. The assignment better known as the "dues checkoff" is authorized in N.C. Gen. Stat. § 143B-426.40A(g).

An employee of any local board of education who is a member of a domiciled employees' association that has at least 40,000 members, the majority of whom are public school teachers, may authorize in writing the periodic deduction each payroll period from the employee's salary or wages a designated lump sum or sums to be paid for dues and voluntary contributions for the employees' association.

So, the statute confers a right not on the NCAE, but rather on its members. It allows them to designate a portion of their salaries as membership dues.

While the right is conferred on the employees, the validity of the assignment still turns on the NCAE's membership numbers. The organization must have at least 40,000 members, and a majority of these members must be public school teachers. While this requirement has been in effect since July 1, 2007, the statute lacked any meaningful enforcement mechanism – until now.

In August of 2014, a small change was made – a small change with potentially massive ramifications. That was the passage of House Bill 1133. The Senate used the bill as an opportunity to add language requiring an annual audit by the state auditor certifying that the NCAE has at least 40,000 members, the majority of whom are public school teachers. As of this writing, we are fast approaching the end of North Carolina's fiscal year, which is July 1. This means that the state auditor will soon be issuing a report that will determine whether or not the NCAE continues to benefit from the dues checkoff.

This all raises the question – what are the NCAE's membership numbers? The Civitas Institute has made an effort to gather these numbers both by asking local boards of education and by directly asking the NCAE. Answers from local school boards have been scattered and incomplete, and the NCAE has so far not provided a response – though to be fair, the Civitas request for their membership numbers was only sent on May 27, and the organization is under no legal duty to respond. Mike Antonucci of the Education Intelligence Agency estimates that during the 2011-2012 academic year, the NCAE had 49,142 members, but was losing members at a rate of over 10 percent each year. While past data cannot be used to project the future, it certainly is within the realm of possibility that the organization is dangerously close to the 40,000-member threshold.

If the audit were to find that the NCAE both has 40,000 members and that a majority of these members were "public school teachers," then the organization would continue to benefit from its dues checkoff. If instead the audit finds that the NCAE's numbers are lacking, its dues checkoff would immediately become void and illegal under state law. The NCAE would be forced to collect its own dues, rather than having them automatically deducted at the taxpayers' expense. Despite all this uncertainty, one thing is clear – the impending audit has the potential to once again put both the NCAE and the Office of the State Auditor front and center.■

Waiting Period for Guns, Not Abortions?

BY MATT CAULDER

While Democrats have a long history of opposing waiting periods on abortions, they do tend to favor a different kind of waiting period — on firearms purchases.

The topic came up this session when the General Assembly debated a bill, HB 465, that will increase the state-mandated waiting period before an expectant mother can get an abortion from one day to three, among other changes.

The question is: Why do Democrats think possible gun violence is important enough to warrant waiting periods on some or all firearms purchases, but when it comes to abortion, they do a 180 and think a pause to fully consider the full ramifications of taking that action is suddenly wrong?

This bill only extends the existing waiting time meant to ensure that she will have all of the pertinent information, and time to process that information, before making a decision that cannot be unmade.

Currently state law requires a woman looking to get an abortion be notified of a checklist of information 24 hours before having the procedure, including information about medical assistance benefits, public assistance programs, alternatives such as adoption, the knowledge that the father is liable to assist in supporting the child, and that she is free to withdraw her consent at any time in the process without giving up her right to government assistance programs to support her child.

This bill only pushes that out to 72 hours.

Waiting periods let gun buyers "cool off"

According to the Law Center to Prevent Gun Violence, one of the two reasons for waiting periods on firearms purchases is to give purchasers a "cooling off period to help guard against impulsive acts of violence."

The other is to let police have time to do full background checks, but today that is done instantly through the National Instant Criminal Background Check System (NICS) by all federally licensed firearms dealers at point- of -sale.

"Here in North Carolina, legislators have taken shots at installing a waiting period of their own over the years."

Here in North Carolina, legislators have taken shots at installing a waiting period of their own over the years.

Twice in his 18-term career at the General Assembly, Rep. Henry Michaux (D-Durham) has tried to get a waiting period for handgun purchase permits put in place that would be more than twice as long as the proposed 72-hour waiting period on abortions.

HB 983, filed in 1993, would have put a mandatory seven-day waiting period in place for a first permit, and then for any subsequent permits in that same year a 14-day waiting period, with only one active application allowed at a time.

Would Michaux ever think to advocate for doubling the waiting period on abortions if a woman wanted two abortions in a year?

That bill was shot down on second reading, in a Democrat-controlled legislature.

In 1994, Michaux, along with Rep. Paul Luebke (D-Durham), sponsored a bill including that same waiting period language, as well as including statewide firearm registration.

That bill didn't even make it out of committee.

Michaux and Luebke both voted against increasing the waiting period on abortions in the House last month.

When there is not any dire medical reason to perform an abortion for the safety of the mother, which state law already allows for, it is hard to argue against pausing to consider ending a child's life while also saying that handgun purchasers should have to wait a full week to get a handgun because they might have the intention of hurting themselves or someone else.

Finally, the argument can be made that a week isn't a huge inconvenience for someone who does just want the handgun for recreation or self-defense — but isn't the same true of an expectant mother wanting an abortion?■

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PAC Funnels Cronies' Cash to Candidates

CONTINUED FROM PAGE 1

look at how contributions made to the PAC ultimately found their way into political campaign coffers before the 2014 election.

According to the summary page of the last amended report filed by the Fourth Quarter, 2014 Amended (10/19/2014 through 12/31/2014), it had $11,861.39 cash on hand at the beginning of the fourth quarter reporting period and $10,578.72 on hand at the end of the reporting period.

Using the reports listed on the State Board of Elections website, we found the amount of contributions to the PAC from individuals to be $77,644.75.

Who is contributing to this PAC? Are these average people who just want to save the planet?

Not exactly. Of the NCCEBA PAC contributors during the 2014 election cycle, 121 worked directly with the solar/energy industry. These contributors hold a wide range of titles and occupations, including owner, president, partner and sales manager.

Of the other 46 individuals who did not willingly associate with the solar/energy industry, eight identified themselves as attorneys and five as consultants. The remaining contributors identified themselves as CEOs, CPAs, presidents, and project and district managers working for various companies, most of whom would likely benefit from the success of the highly subsidized solar industry.

Since conservatives don't typically receive funding from environmental activist groups, it's interesting to note that the NCCEBA PAC's disbursements show Republicans received 81 percent of the total. Republican candidates/committees received $53,750 from the NCCEBA PAC, while Democratic candidates/committees received $12,750. Of the 47 NCCEBA PAC contributions, 35 were Republican candidates or committees and 12 were associated with the Democratic Party.

One candidate received more PAC money than any other, with a total of four $1,000 contributions — Speaker of the House Tim Moore.

Undeniably, the "real money" bankrolling the radical environmental agenda comes from a cadre of radical foundations and elite activist organizations. Consider, for example, a $350,000 grant made to Conservatives for Clean Energy/NCSEA in 2014 by the left-leaning Energy Foundation.

The Energy Foundation is the largest recipient of grants from the Sea Change Foundation, which in turn relies on funding from a foreign company with undisclosed donors.

Given that radical left-wing environmental funders historically do not see value in giving to right-of-center candidates, why would this PAC choose to bankroll a group of Republicans in the North Carolina General Assembly?

A March 16, 2015 article in American Spectator sums up environmental activists' strategy and reveals it is working in other states also: "Progressives have for years been laying the groundwork to co-opt conservatives on energy policy, paying existing right-of-center groups to help them communicate with the rest, creating new organizations and heading them with a conservative or two for appearances, and ultimately using the jargon of markets and freedom in the service of cronyism."

In 2014, the same year Conservatives for Clean Energy was created, the Left spent millions of dollars in the Tar Heel State in the form of TV and radio ads and direct mail to defeat Republican legislators and the Republican nominee for U.S. Senate.

Two national radical environmental activist groups, the Natural Resources Defense Council (NRDC) — the nation's largest environmental non-profit law firm — and the Southern Environmental Law Center (SELC), spent more than $3 million to defeat six Republican North Carolina legislators.

When the environmental machine moves into North Carolina in advance of the 2016 election to target certain Republican legislators, the governor and even the U.S. Senate nominee, will the "conservative" consultants continue to work for both sides?

Unlike in 2014, will the renewable energy "conservative" legislators step up to the aid of their fellow legislators who are targets of one of the most powerful and well-funded political machines in the world?

The Cost of Solar

Perhaps the better question is: What do the people of North Carolina have to look forward to if we continue to offer Big Solar and the millionaires behind it a steady supply of tax subsidies at the taxpayers' expense? Maybe we should look to Germany, the country considered the global leader in solar power.

In 2013, Spiegel Online International reported it was becoming apparent how "renewable energy subsidies redistribute money from the poor to the more affluent." The publication gave the following example to illustrate this regressive aspect of Germany's green energy system: "When someone living in a small rental apartment subsidizes a homeowner's roof-mounted solar panels through his electricity bill."

Liberals and, unfortunately, now some "conservatives," will argue that the expense to the taxpayers to subsidize solar power is minimal, but the same article explained how the cost for residential electricity had skyrocketed in Germany and that, in 2013, "more than 300,000 households a year are seeing their power shut off because of unpaid bills."

That could be a preview of what happens in North Carolina if Big Solar and the political insiders it employs get their way. In addition to raising electric bills for consumers, the higher rates brought about due to renewable mandates make us less competitive for landing big industrial plants like the Volvo or Mercedes plants that choose South Carolina over North Carolina.

North Carolina is the only state in the Southeastern U.S. to have Renewable Portfolio Standards. According to the Institute for Energy Research, states that have such mandates have higher electricity prices than states that don't.

As electricity rates increase due to the renewable mandates and subsidies, North Carolina will likely see more large employers pass over our state in search of cheaper electric bills.■



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Civitas Poll

Looking at a Decade of Civitas Polling

BY CIVITAS STAFF

The most recent Civitas Poll of North Carolina voters compared their current views with the positions of voters in May 2005, when Civitas took its first poll.

To see the whole poll, go to www.nccivitas.org/2015/maypoll/

The state experienced marked population growth over that span, yet many beliefs remained strongly entrenched. For example, voters continue to favor cutting spending rather than raising taxes to control state spending.

Asked the reason for tight budgets, an overwhelming majority of voters, 78 percent, said the cause was government spending that is too high.

When asked how for the best way to cut budgets, 57 percent said the state should cut government spending or stop spending on new programs. Only 8 percent favored raising taxes.

Another question was about the Taxpayer Protection Act. Such a law, which would limit the growth of state government spending, was supported by 64 percent of voters; only 19 percent opposed it.

As for which fiscal policy was best, 61 percent answered, "Tax cuts for all businesses in North Carolina.

In the poll, President Obama's job approval ratings were underwater, while Gov. Pat McCrory and U.S. Sen. Richard Burr had positive ratings. Asked if they approved of the job Obama is doing, 46 percent approved, 52 percent disapproved. McCrory's rating was 53 percent approved, 37 percent disapproved. Burr's rating was 41/31, with 28 percent saying they didn't know.

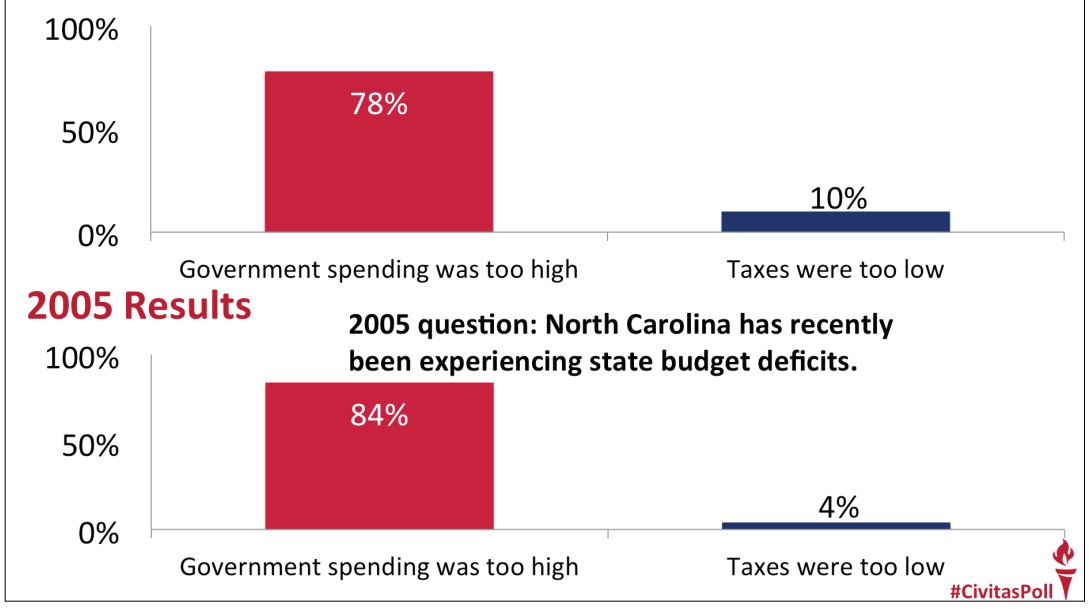
The 2015 poll surveyed 600 registered North Carolina voters, 30 percent of whom were reached on cell phones. The survey was taken May 5-7, and had a margin of error of plus/minus 4 percent.

The May 2005 poll was taken by Tel Opinion Research. In it 1,000 voters were surveyed, and it had a margin of error of plus/minus 3.1 percent.■

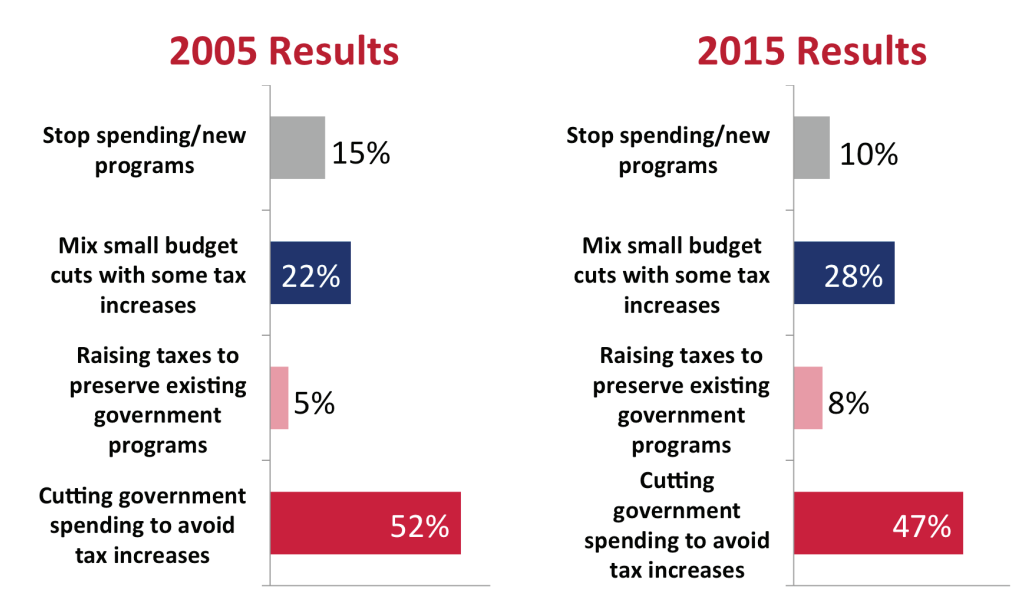
TO SEE MORE OF THE POLLS DISCUSSED IN THIS ARTICLE, GO TO:

WWW.NCCIVITAS.ORG/2015/MAYPOLL/

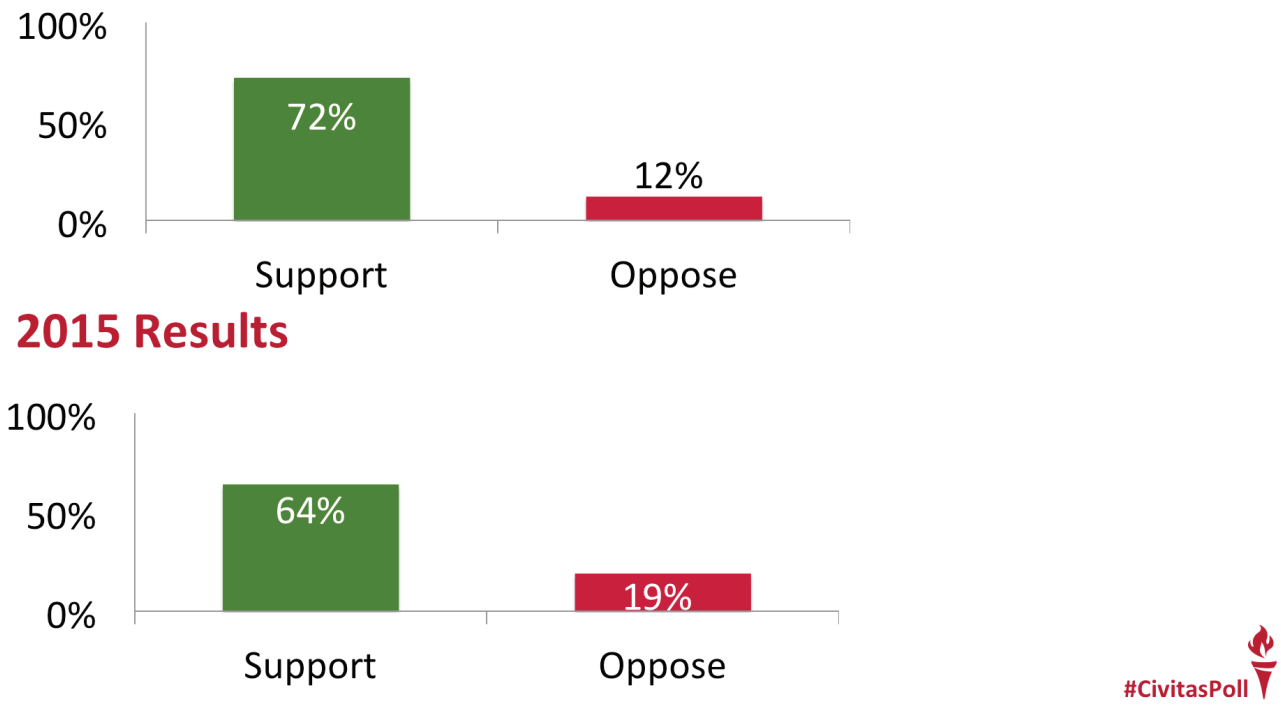
North Carolina has recently been experiencing tight budgets. In your view, which was the single most important cause of budget problems:



Which policy for balancing North Carolina's budget would you most support:



The Taxpayer Protection Act would limit the growth of spending by North Carolina's State government. State spending would be allowed to grow only enough to keep up with inflation and population growth. Do you support or oppose the Taxpayer Protection Act?

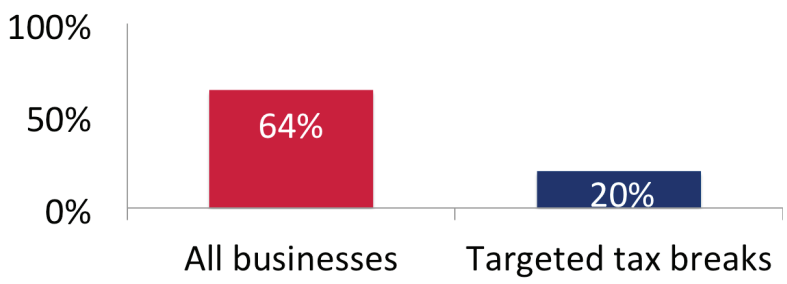


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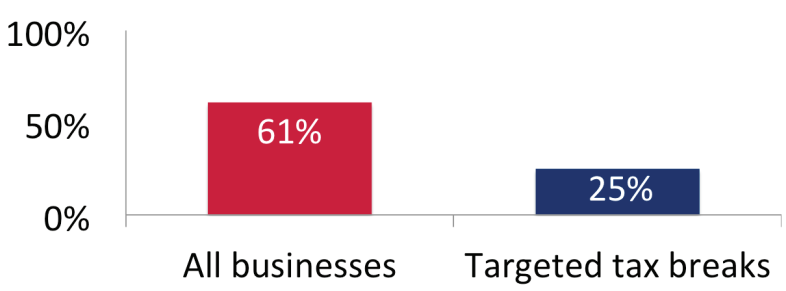
Civitas Poll

Which of the following policies for promoting economic growth do you prefer: tax cuts for all businesses in North Carolina, or subsidies and tax breaks for a few targeted businesses?

2005 Results

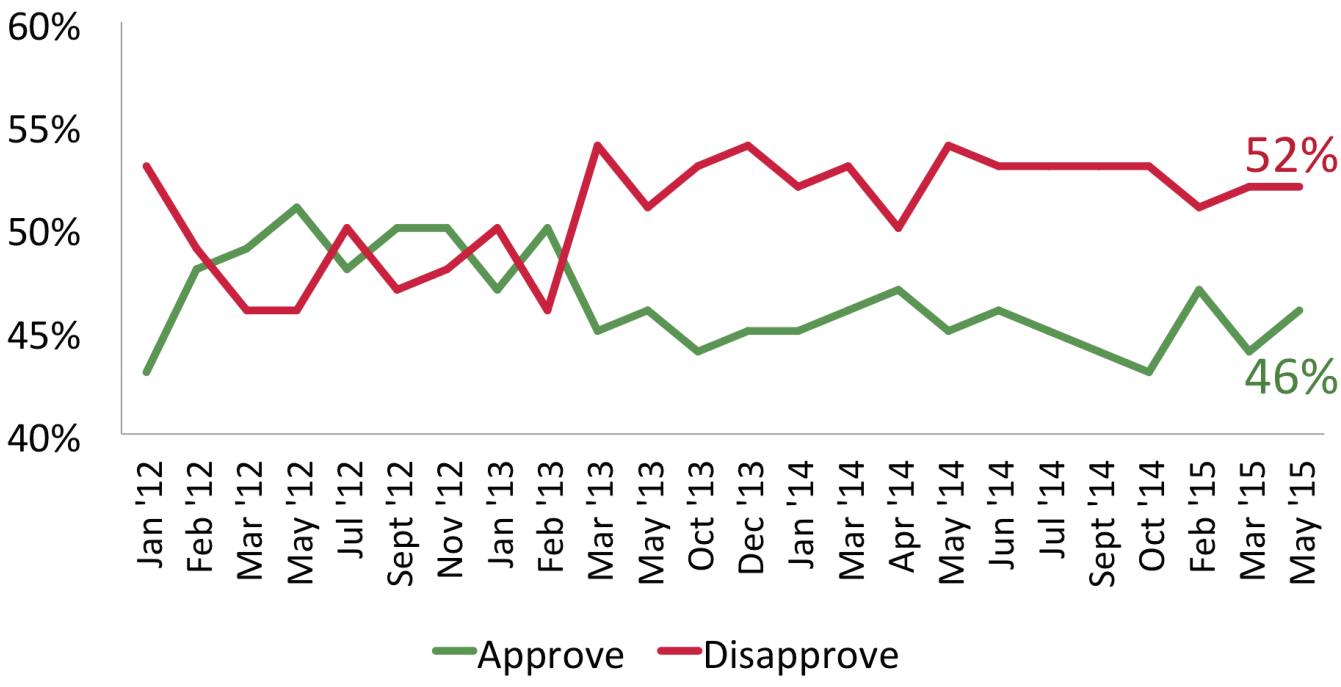


2015 Results



#CivitasPoll

Now, please tell me if you approve or disapprove of the job Barack Obama is doing as President of the United States.



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Tuesday, June 30th

Guest Commentator Chad Adams

11:45am-1:00pm

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NC House Hikes Spending $1.25B

CONTINUED FROM PAGE 1

Center, yet another former Civitas Waste of the Week.

Also, in the UNC budget is an increase of $2.5 million for the Research campus at Kannapolis – yet another Civitas Waste of the Week

There is also included a $2 million "challenge grant" for the NC Symphony (i.e. taxpayers pay $2 million to the symphony if it raises $9 million on its own). This was another Waste of the Week.

Moreover, there are plenty of targeted tax credits and direct taxpayer handouts to politically favored businesses, with just a few being:

- $3 million per year for data center tax breaks.
- $5 million for One NC Small Business program (taxpayer handout).
- $1 million for Main St. Solution Fund (more government handouts).
- $10 million expansion for Rural Economic Development grant programs (more crony handouts).

As of press time, the state Senate was readying its own budget. Dickering over the competing proposals is expected to continue in coming weeks.

After lengthy debate, the House did approve a few improvements to the original proposal, which apparently help – gain support for the final version. "These changes make a big difference for a lot of us," House Majority Leader Mike Hager said, also according to the N&O. "We want to make sure we're funding the core principles of what we need to do."

Among these items were:

- Several DMV fee increases were reduced from 50 percent to 30 percent.
- Elimination of the R&D tax credit.
- The film production grant program was reduced from $60 million per year to $40 million.

As might be expected in a budget for a state of 10 million people, other parts of the bill addressed a range of issues.

HB 97 expanded the tax deduction for medical expenses.

Also included in the budget is a $35,000 base salary for all new teachers, fulfilling a promise legislative leaders made last year to educators.

The budget also included 2 percent raises for all state employees, as well as a 2 percent cost-of-living adjustment for state retirees.

In answer to calls for funding increases from North Carolina Supreme Court Justice Mark Martin, the House budget provided nearly $35 million in additional funds to the Judicial Department in the next fiscal year.■

Key Points of NC House 2015-2016 General Fund Budget

The House general fund budget put forward in HB 97 outlines proposed state spending and revenue for the 2015-2016 fiscal year that begins July 1, plus plans for the following fiscal year that will be re-examined in the next legislative session. However, the House general fund budget doesn't include federal funding for Medicaid, education, transportation and other items that push the complete state budget to about $50 billion. As of press time, the state Senate was preparing its own budget, and debate over the proposals is expected to dominate much of the legislature's activity until its scheduled conclusion on July 1.

- Total, General Fund Budget: $22.1 billion
- 2014-2015 actual spending: $20.85 billion
- 2015-2016 increase: 6.3%
- 2015-2016 increase: 1.25 billion
- Public Education funding : $8.4 billion
- UNC System funding: $2.7 billion
- Dept. of Health and Human Services funding: $5.3 billion
- Increases in salaries for teachers: 2 to 6 percent
- Raises for state employees: 2 percent
- Cost-of-living increases to state retirees: 2 percent
- Debt service: $715 million
- Funding for Judicial Department: $487 million

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House Approves $22.1B Budget

5/22/2015
House
Passed Third Reading
The House approved a budget that would spend $22.1 billion over the next fiscal year and $22.4 billion for the 2016-17 fiscal year.

2015 APPROPRIATIONS ACT. HB 97

SUPPORT

House Republicans (61)
Adams; Arp; Avila; Bell J.; Bishop; Blackwell; Boles; Bradford; Brawley; Brody; Brown, B.; Brown R.; Bryan; Catlin; Cleveland; Daughtry; Davis; Dixon; Dobson; Dollar; Elmore; Faircloth; Fraley; Hager; Hardister; Hastings; Holloway; Horn; Hurley; Iler; Jeter; Johnson L.; Jones; Jordan; Lambeth; Lewis; Malone; Martin S.; McGrady; McNeill; Moore T.; Pendleton; Presnell; Riddell; Robinson; Ross; Saine; Schaffer; Shepard; Stam; Stevens; Szoka; Tine; Torbett; Turner R.; Warren; Watford; West; Whitmire; Yarborough; Zachary

House Democrats (32)
Adcock; Ager; Alexander; Baskerville; Bell L.; Brisson; Brockman; Carney; Cotham; Cunningham; Farmer-Butterfield; Floyd; Graham C.; Graham G.; Gill; Glazier; Goodman; Hall D.; Hamilton; Hanes; Holley; Hunter; Johnson R.; Lucas; Moore R.; Pierce; Reives; Richardson; Salmon; Turner B.; Waddell; Wray

OPPOSE

House Republicans (11)
Blust; Bumgardner; Burr; Collins; Conrad; Ford; Howard; Millis; Pittman; Setzer; Speciale

House Democrats (12)
Earle; Fisher; Hall L.; Harrison; Insko; Luebke; Martin G.; Meyer; Michaux; Queen; Terry; Willingham

EXCUSED ABSENCES (4)
Jackson (D); Langdon (R); McElraft (R); Steinburg (R)

SPONSORS Dollar (R) **ROLL CALL** H- 652

House Approves Amendment to Fight 'Food Deserts'

5/21/2015
House
Amend Adopted A3
The House approved a budget amendment to allocate $1 million for local governments to pay small stores to buy refrigeration equipment and shelving for "nutrient-dense foods" such as fruits and vegetables.

2015 APPROPRIATIONS ACT. HB 97, AMENDMENT A3

SUPPORT

House Republicans (22)
Brawley; Brown B.; Catlin; Davis; Dobson; Dollar; Elmore; Horn; Howard; Hurley; Jeter; Lambeth; Lewis; Martin S.; McGrady; Ross; Saine; Setzer; Stam; Tine; Warren; Whitmire

House Democrats (45)
Adcock; Ager; Alexander; Baskerville; Bell L.; Brisson; Brockman; Carney; Cotham; Cunningham; Earle; Farmer-Butterfield; Fisher; Floyd; Graham C.; Graham G.; Gill; Glazier; Goodman; Hall D.; Hall L.; Hamilton; Hanes; Harrison; Holley; Hunter; Insko; Jackson; Johnson R.; Lucas; Luebke; Martin G.; Meyer; Michaux; Moore R.; Pierce; Queen; Reives; Richardson; Salmon; Terry; Turner B.; Waddell; Willingham; Wray

OPPOSE

House Republicans (49)
Adams; Arp; Avila; Bell J.; Bishop; Blackwell; Blust; Boles; Bradford; Brody; Brown R.; Bryan; Bumgardner; Burr; Cleveland; Collins; Conrad; Daughtry; Dixon; Faircloth; Ford; Fraley; Hager; Hardister; Hastings; Holloway; Iler; Johnson L.; Jones; Jordan; Malone; McNeill; Millis; Pendleton; Pittman; Presnell; Riddell; Robinson; Schaffer; Shepard; Speciale; Stevens; Szoka; Torbett; Turner R.; Watford; West; Yarborough; Zachary

House Democrats (0)
None

NOT VOTING (1)
T. Moore (R)

SPONSORS Holley (D) **ROLL CALL** H - 595

SCHOOL CHOICE: THE ENGINE OF A GROWING ECONOMY?
A review of recent research on school choice's impact on economic development and regional prosperity.

July 15, 2015 | Free Admisson
Optional Reception 5:15p **Program** 6:00p
Thales Academy – Raleigh
schoolchoiceprosperity.com

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House Supports Solar Tax Credits

5/21/2015
House
Amend Failed A12
The House rejected a budget amendment that would have allowed solar energy tax credits to expire at the end of the year.

2015 APPROPRIATIONS ACT. AMENDMENT A12 **HB 97**

SUPPORT

House Republicans (38)
Arp; Avila; Bishop; Blackwell; Blust; Brody; Brown B.; Brown R.; Bumgardner; Burr; Catlin; Cleveland; Collins; Conrad; Elmore; Ford; Hardister; Holloway; Howard; Hurley; Jones; Jordan; Malone; Martin S.; McNeill; Millis; Pittman; Presnell; Riddell; Schaffer; Shepard; Speciale; Stam; Stevens; Torbett; Turner R.; Warren; Whitmire

House Democrats (0)
None

OPPOSE

House Republicans (32)
Adams; Bell J.; Boles; Bradford; Brawley; Bryan; Daughtry; Davis; Dixon; Dobson; Dollar; Faircloth; Fraley; Hager; Hastings; Horn; Iler; Jeter; Johnson L.; Lambeth; Lewis; McGrady; Robinson; Ross; Saine; Setzer; Szoka; Tine; Watford; West; Yarborough; Zachary

House Democrats (45)
Adcock; Ager; Alexander; Baskerville; Bell L.; Brisson; Brockman; Carney; Cotham; Cunningham; Earle; Farmer-Butterfield; Fisher; Floyd; Graham C.; Graham G.; Martin G.; Gill; Glazier; Goodman; Hall D.; Hall L.; Hamilton; Hanes; Harrison; Holley; Hunter; Insko; Jackson; Johnson R.; Lucas; Luebke; Meyer; Michaux; Moore R.; Pierce; Queen; Reives; Richardson; Salmon; Terry; Turner B.; Waddell; Willingham; Wray

NOT VOTING (2)
Pendleton (R); Moore T. (R)

EXCUSED ABSENCES (3)
Langdon (R); McElraft (R); Steinburg (R)

SPONSORS Avila (R) **ROLL CALL** H-595



Civitas Center Pushing for Transparency

BY ELLIOT ENGSTROM

In April, I wrote in an editorial at the Burlington Times-News that North Carolina attorneys needed to step up to the plate and enforce our state's public records law. Since then, the Civitas Institute Center for Law and Freedom (CLF) has aggressively pursued any and all legal means of enforcing these laws, whether on our own behalf or that of third parties. The narrative surrounding one recent Civitas public records request is informative as to how and why CLF, as North Carolina's conservative public interest law firm, goes about pressuring state agencies.

In January, the University of North Carolina at Chapel Hill facilitated a dinner between high-ranking university officials and several student groups. However, a number of student groups were excluded from the dinner, many of which had conservative or libertarian leanings. While this may have been a legitimate oversight, CLF followed our basic rule of thumb when dealing with questionable government activities – trust, but verify.

On February 9, a Civitas policy analyst filed a public records request with UNC asking for any and all communications generated among several university officials during the buildup to this event. Almost immediately, our analyst received an acknowledgment of her request from one of UNC's public records specialists. However, that was the only thing she received for quite some time. CLF followed up in early March and was told simply that the request was "being processed."

Knowing when to press harder on a pending public records request can be a difficult decision. While the only cause of action provided for in the general statutes is for the denial of a records request, the statutes also make clear that agencies must provide copies of public records "as promptly as possible." By early May, CLF felt that enough time had passed to apply additional pressure.

On May 11, we sent a letter to several UNC officials stating that if our request was not fulfilled in a timely manner, we would be filing suit in Orange County Superior Court. One week later, UNC's counsel informed us that they would work to fulfill the request quickly, which they did. We received records responsive to our request on May 26.

"The Center for Law and Freedom is ready and willing to aggressively pursue public records requests, whether on behalf of the Civitas Institute or anyone else."

After reviewing the records, our verdict is that the university certainly did err by excluding several non-political conservative-leaning groups from the dinner event. However, this error seems to have arisen out of the event planners' inherent bias in favor of certain groups, rather than some master plan to exclude conservatives from the discussion.

Two important lessons can be taken from this saga. The first is that the Center for Law and Freedom is ready and willing to aggressively pursue public records requests, whether on behalf of the Civitas Institute or anyone else. The second is that we will do so in a respectful manner whenever possible. Our long-term goal is to open up North Carolina's public records laws by challenging a status quo full of unreasonably long delays and bureaucratic red tape. This is best done by keeping the law, rather than political theater, at the center of the issue.■

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Unemployment Update

State's Jobless Rate Takes Blip Upward

BY MATT CAULDER

According to a North Carolina Department of Commerce news release, North Carolina's April smoothed seasonally adjusted unemployment rate was 5.5 percent, a 0.1 increase over March's unemployment rate.

The April unemployment rate was 0.9 percentage points lower than a year ago.

The national unemployment rate decreased 0.1 percentage points to 5.4 percent.

The number of people unemployed increased 7,457 over the month to 260,760 with the total number of unemployed decreasing by 34,427 over the year.

The number of people employed increased 25,712 over the month to 4,481,112, bringing the total change in employment for the year to an increase of 143,339.

In April, unemployment rates, not seasonally adjusted, decreased in 89 counties, increased in six and remained unchanged in five.

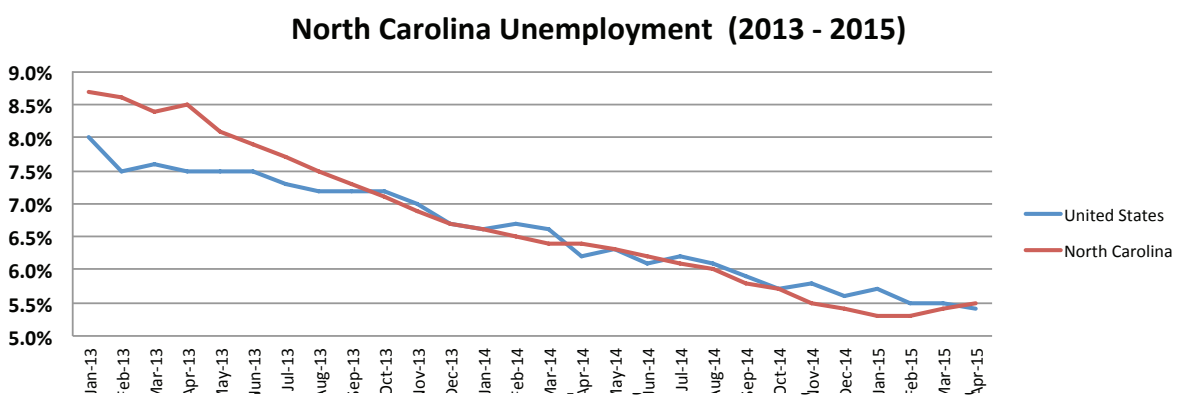
Orange and Buncombe counties had the lowest unemployment rate at 3.9 percent.

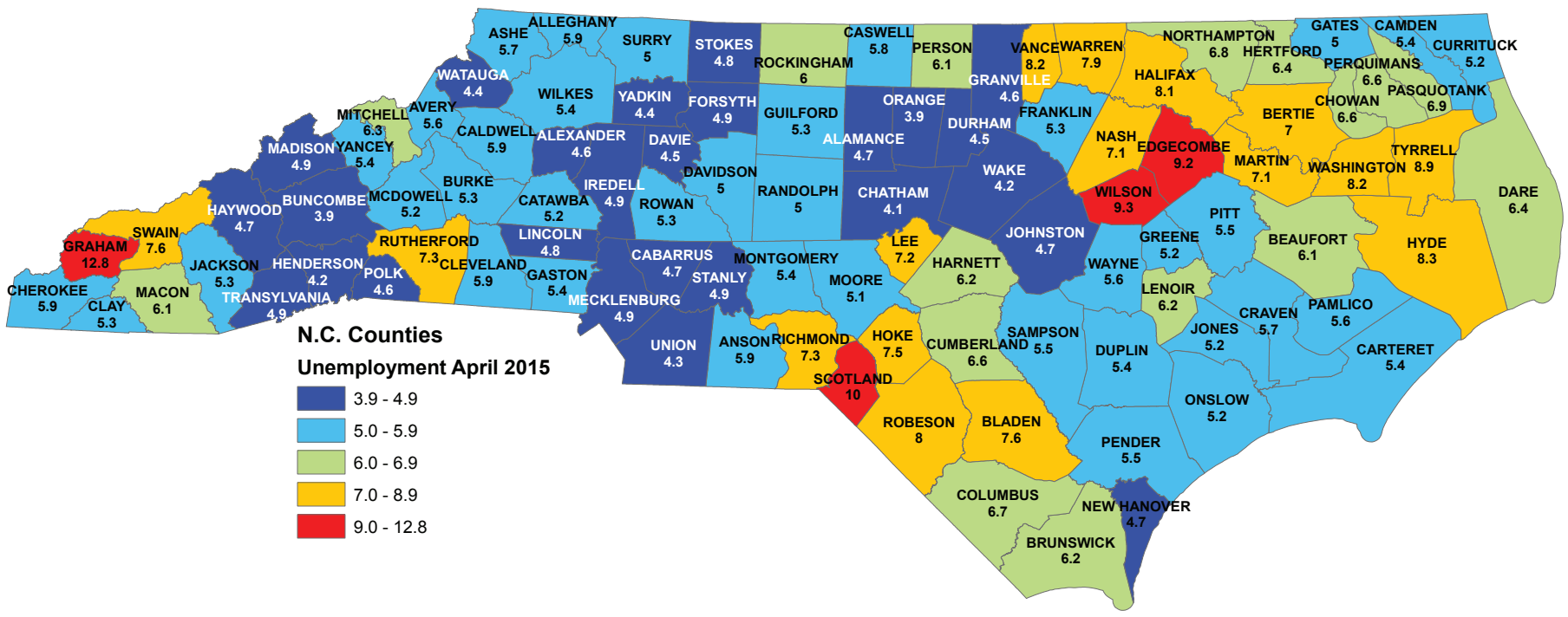
Graham County had the highest rate in April with a 12.8 percent unemployment rate.

The not-seasonally adjusted unemployment rates decreased in 95 counties when compared with the same month last year, increased in one and remained unchanged in four.

All 15 of the state's metro areas experienced rate decreases over the year.

Among metro areas Rocky Mount experienced the highest unemployment rate at 7.9 percent and Asheville, at 4.1 percent, had the lowest unemployment rate.■





2008 - 2013 - 2015 N.C. Unemployment Rate Comparison

County	10-08	1-13	4-15	County	10-08	1-13	4-15	County	10-08	1-13	3-15	County	10-08	1-13	4-15
Alamance	7.1	10	4.7	Cumberland	6.8	11	6.6	Johnston	6.1	8.9	4.7	Randolph	6.7	11.1	5
Alexander	7.9	10.2	4.6	Currituck	3.6	10.5	5.2	Jones	6.8	10.7	5.2	Richmond	9.5	13.6	7.3
Alleghany	6.6	12.6	5.9	Dare	4.2	20.1	6.4	Lee	8.2	12.7	7.2	Robeson	8.1	13.9	8
Anson	9.5	12.8	5.9	Davidson	7.4	10.7	5	Lenoir	7.8	10.8	6.2	Rockingham	7.9	11.7	6
Ashe	6.3	13.8	5.7	Davie	6.9	9.3	4.5	Lincoln	7.2	10.8	4.8	Rowan	7.2	10.3	5.3
Avery	5.6	13.7	5.6	Duplin	5.9	10.6	5.4	Macon	5.3	13.3	6.1	Rutherford	8.7	14.7	7.3
Beaufort	7.3	11.8	6.1	Durham	5.4	7.9	4.5	Madison	5.7	10.1	4.9	Sampson	5.4	9	5.5
Bertie	7.5	13.5	7	Edgecombe	11.4	16.6	9.2	Martin	6.9	12	7.1	Scotland	11.7	17.8	10
Bladen	8.1	13.6	7.6	Forsyth	6.3	9.4	4.9	Mcdowell	8.1	11.9	5.2	Stanly	7	10.1	4.9
Brunswick	6.9	12.2	6.2	Franklin	6.7	9.6	5.3	Mecklenburg	6.6	9.7	4.9	Stokes	6.1	9	4.8
Buncombe	5.1	8.1	3.9	Gaston	7.7	11.1	5.4	Mitchell	7.7	15.5	6.3	Surry	8.3	11.1	5
Burke	8.6	11.6	5.3	Gates	5.2	8.3	5	Montgomery	8.3	11.1	5.4	Swain	5.5	19	7.6
Cabarrus	6.4	9.4	4.7	Graham	8.2	20.4	12.8	Moore	6.4	10.1	5.1	Transylvania	5	11.5	4.9
Caldwell	8.3	12	5.9	Granville	7	10.3	4.6	Nash	8.6	12.7	7.1	Tyrrell	6	13	8.9
Camden	5.4	9.4	5.4	Greene	7	9.8	5.2	New Hanover	5.4	10.4	4.7	Union	6	8.6	4.3
Carteret	5	10.6	5.4	Guilford	6.7	10.3	5.3	Northampton	7.7	12.1	6.8	Vance	9.8	13.8	8.2
Caswell	8.2	10.4	5.8	Halifax	9.7	14.7	8.1	Onslow	5.8	9.6	5.2	Wake	5	7.8	4.2
Catawba	7.9	11.6	5.2	Harnett	7.1	11.5	6.2	Orange	4.2	6.6	3.9	Warren	9.7	12.9	7.9
Chatham	5.5	7.5	4.1	Haywood	5.7	10.2	4.7	Pamlico	5.7	11.2	5.6	Washington	7.2	13.5	8.2
Cherokee	8.7	14.1	5.9	Henderson	5.1	7.9	4.2	Pasquotank	6.4	12.4	6.9	Watauga	4.1	9.5	4.4
Chowan	8.5	11.3	6.6	Hertford	6.6	11.5	6.4	Pender	6.4	11.5	5.5	Wayne	6.3	9.8	5.6
Clay	6	10.6	5.3	Hoke	6.3	9.7	7.5	Perquimans	6.7	11.1	6.6	Wilkes	8.2	11.7	5.4
Cleveland	8.5	11.3	5.9	Hyde	4.6	15.7	8.3	Person	7.3	11.1	6.1	Wilson	7.9	13	9.3
Columbus	8.1	13.8	6.7	Iredell	6.5	10.4	4.9	Pitt	7	9.9	5.5	Yadkin	6.1	10.1	4.4
Craven	6.2	10.8	5.7	Jackson	4.3	11.3	5.3	Polk	5	8.2	4.6	Yancey	7.2	13.8	5.4

***Data is from the North Carolina Department of Commerce Labor and Economic Analysis Division**

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Scandal

Common Sense Lacking in Claims About State's Supposed 'Teacher Shortage'

BY BOB LUEBKE

North Carolina has a teacher shortage – or so we're told. However, the numbers deserve a closer look.

Those claiming there is a teacher shortage point to the 4,310 vacancies on the DPI teacher job site. That sounds like lot of openings. However, when you consider there are approximately 95,000 teachers in North Carolina, it doesn't seem like a large number. The vacancies represent only 4.5 percent of all jobs.

Declines in teacher preparation programs are given as another reason for



concern. Enrollment in UNC teacher preparation programs is down 20 percent since 2010. This is troubling … until you realize between 2008-09 and 2012-13 there was a 30 percent drop in enrollment in education schools nationally. Yes, North Carolina had net enrollment losses in schools of education – like 44 other states.

Educators also point to the results of teacher satisfaction surveys as evidence for teacher shortages. This is problematic. The survey is given annually to identify factors that cause teachers to leave the profession, and hence impact the supply of teachers. Yet too often press reports concentrate on the overall teacher turnover rate without scrutinizing the details.

It is true teacher turnover rates have climbed in recent years. . However, in 2013-14 the actual teacher turnover rate declined 0.21 percentage points. Moreover, respondents can provide various reasons for leaving a position.

One of the most popular was "dissatisfied with teaching or career change. The response garnered about a thousand votes out of the approximately 13,600 respondents." The information is interesting but it is of limited value since it fails to identify specific factors that led to teachers to leave

"We have been systematically overproducing teachers in most subject areas for years."
- Kate Walsh

So is there a teacher shortage? Recently Kate Walsh of the National Council on Teacher Quality (NCTQ) took up the topic on the NCTQ blog. She said, "We have been systematically overproducing teachers in most subject areas for years." Walsh pointed to data (2012-2013) from the U.S. Department of Education that shows states produce approximately 81,000 elementary school teachers each year for approximately 50,000 open jobs, an oversupply of about 63 percent. Of the 50 states and the District of Columbia, 42 states had an overabundance of teachers, one state had neither a shortage nor surplus (Maryland), and eight states had a shortage of teachers. North Carolina had produced 1,682 new elementary school teachers for 1,427 jobs, an oversupply of 18 percent.

Of course, this is not to deny that we have problems filling certain teaching position in areas, such as math and science, and special education. There are also problems when it comes to filling positions in certain rural or urban areas. However, these problems derive from certain subject or geographic factors. They are not reflective of overall shortages.

Any discussion on teacher shortages must also consider population growth. Since 2007, the U.S. birth rate has declined by 9 percent. Over the last six years, 48 states have experienced birth declines, including North Carolina (9.2 percent). While there are always exceptions, declining populations have already arrived in many rural counties.

A review of 2012-13 DPI county population estimates suggests that by 2020-21 the K-12 student population will decline by 12,000. In addition, DPI projects that only 32 of North Carolina's 100 counties are expected to have larger populations in 2023-24 than 2013-14.

So what are we to do? Let's not panic and overreact and think we have a big problem when we don't. If we have an oversupply of teachers, a decline in teacher population should not be viewed as a bad thing.

Chronic teacher supply problems in certain fields do not mean we need to keep churning out generalist teachers in all fields. We need to develop new ways of resolving these problems. Many of the so-called "shortages" are self-created. There are many talented people who – if given a chance – could prove themselves great teachers in the classroom. They are kept out of the classroom by burdensome and arbitrary regulations. Alternative certification needs to be expanded to allow talented individuals bring their skills to the classroom. Schools must also be more willing to pay market wages for talent in specific disciplines. Technology can also be used to help school districts share teachers and provide enhanced opportunities to smaller school districts.

All these factors suggest fears about an overall teacher shortage are overblown. There are shortages in specific fields and geographic areas. However, there are already practical solutions available to address those concerns. Let's hope lawmakers have the courage to come to the same conclusion.■

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

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