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Midterms Showing Signs of Tightening Races; High Turnout

BY RAY NOTHSTINE

According to the latest Civitas Poll, Donald Trump's favorability is now evenly split at 46 percent in North Carolina. Trump's approval ratings in North Carolina and across the nation appear to be on the rise headed into November's midterm elections.

An NBC News / Wall Street Journal poll released in late October showed Trump's approval rating at 47 percent, the highest ever measured for the president in that particular poll. The numbers could potentially be good news for Republicans running in tight Congressional races, which include three very close races in North Carolina. Democrats are relying on Trump's unpopularity to help recapture the U.S. House of Representatives and install Nancy Pelosi as Speaker.



"President Trump has said that the 2018 midterm elections are a referendum on him, and that might be true," said Civitas Institute President Donald Bryson. "However, if this year's elections are a referendum on the Trump presidency, then numbers are breaking at the right time for Republicans as President Trump's job approval among Republicans is higher than disapproval among Democrats. More tellingly, unaffiliated voters have shifted from a net disapproval in our October poll, to a net approval of nearly 17 percent."

Republicans closed the gap with Democrats on the generic ballot poll results, albeit only by one point for state legislative races. For House races, they closed the deficit by three percentage points since the previous September Civitas Poll. That now stands at 43 percent to 39 percent for U.S. House races, while the state legislative races show a gap of five points, with 39 percent saying they will vote Republican and 44 percent for Democrats. The undecided voters measure just over double digits in both polls, showing their decision will play a determining factor in close races.

More North Carolinians say they support the confirmation of new Associate Supreme Court Justice Brett Kavanaugh than oppose it. Forty-six percent were in favor while 42 percent opposed his confirmation. A high number, 37 percent to be exact, said the confirmation hearings made them more likely to vote in the midterms and 57 percent said the hearings made no difference in their decision. A recent NBC / Wall Street Journal poll that just looked at Congressional Districts nationwide that were rated either "toss up" or rated a competitive "lean" by the Cook Political Report polled this question too, and found that 43 percent favored Kavanaugh's confirmation and 33 percent opposed it.

Trump has been aggressive on the campaign trail crisscrossing much of the country in an effort to save the House from Democrat control and attempting to boost Republican candidates in competitive Senate races. Trump has called Democrats "angry mobs" and accused them of "moving so far left, they don't even know that they are over there."

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FROM THE EDITOR

There are notable close Congressional races for citizens in North Carolina who live in the 2nd, 9th, and 13th districts. Voters headed to the polls across the state will also have the chance to vote on six state constitutional amendments as well. North Carolinians will decide on whether they want to enact voter I.D. and lower the cap on the income tax from 10 percent to 7, among other important changes to our constitution.

Just as important are the sometimes neglected state legislative races. In a system of federalism, our state legislators are often some of the closest representatives to the people. State representative races are extremely important, making it is essential to do the research on candidates. Local elected officials are really becoming the only sound buffer between citizens and an out of control federal government whose intent is to shrink liberties and bankrupt us through continual deficit spending.

Brian Balfour has written an important piece on how demographic changes in North Carolina not only threaten the economy but also our climate of lower taxes going forward. We live in a political culture now where the can is continually kicked down the road. Tragically, spending problems are exacerbated and passed on to younger generations. Clearly, more courage and virtue are needed from lawmakers.

Leah Byers hits on this theme too with the unfunded state retiree health obligations. She makes a great point about lawmakers needing to weigh the full scope of the state's financial situation when making decisions on spending.

There is a lot more content in this issue, much of it concerning the midterm elections. We appreciate your support and civic engagement in helping us to break down barriers to freedom.

In his writings, Thomas Jefferson often emphasized that liberty ultimately rests with the people. That is one of the great things about elections, it can be a barometer for not only holding elected officials accountable, but it can also offer us a glimpse into the political health and vitality of the citizenry in our state and across the nation. We should always remember we are the ones who give consent to the governed.

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CYAN MAGENTA YELLOW BLACK

Demographic Change Poses Threat to Strong NC Economy

BY BRIAN BALFOUR

There is a significant demographic change occurring in North Carolina that virtually no one is talking about. A change that will have major implications for the state's fiscal health for decades to come.

With the ageing of the baby boom generation (born 1946-1964), North Carolina is witnessing a meaningful shift in the income source of its residents, as retirement income replaces wage income for more and more seniors in the Tar Heel State.

State budget writers need to pay attention to this shift, as it has serious implications for budget and tax policy in the coming years.

Research provided in a legislative memo from the Fiscal Research Division's chief economist finds that in North Carolina "retirement income has nearly doubled as a share of total Federal Adjusted Gross Income from 5.7% in 1991 to 10.3% in 2013."

Moreover, the research showed that our state's population of residents over 65 as a share of total population grew from 12.2 percent in 2006 to 15 percent in 2015. The memo added "The State Data Center projects that by 2030 over 20% of North Carolina's population will be 65 or older."

In just a dozen years, one in five North Carolinians will be age 65 or over.

In short, in just a dozen years, one in five North Carolinians will be age 65 or over. A significant share of which will be fully or partially retired.

What impact will this have on North Carolina's economy?

According to the memo, "The aging of the population will be a drag on the economy. Simply, an aging population is expected to generate less economic output per capita, all else equal. This will directly impact State revenues because retirees earn and spend less."

Fewer people in the labor force means lower income, as retirement income typically does not fully replace prior wages. Making matters worse, the memo goes on to say, "(w)eak savings and insufficient asset portfolios such as 401(k)s coupled with high debt obligations" will "significantly constrain this aging population in retirement."

The result is a smaller tax base for the state's largest revenue source: the personal income tax.

The memo suggests that other factors such as population growth and overall economic conditions can offset the declining tax base, but concludes the likeliest scenario will be tax revenue growing at a "slower pace."

For state budget writers, this is especially troubling news in light of the rapid growth of unfunded state pension and retiree health care benefits.

For instance, annual minimum required payments for state pension and retiree health benefits total nearly $2.5 billion. That figure is up roughly 87 percent from just five years ago.

The pension fund's total unfunded liability of $7.9 billion is up a whopping $11 billion over 13 years ago (there used to be a surplus), while the retiree health benefit liability totals nearly $33 billion – up $9 billion over its 2005 amount.

These trends indicate severe upward pressure on budgetary obligations for years to come, at a time when our changing demographics tell us there will be a smaller tax base from which to finance these obligations.

How will legislators continue to balance a state budget with growing spending obligations funded from a shrinking tax base?

Some will no doubt resort to their solution to every fiscal problem: tax the rich. But this is problematic for several reasons, including 1) the "rich" are not significant enough in numbers, especially retirees, to generate adequate revenue, and 2) wealthy people, especially retirees, are not stationary targets. Wealthy individuals are highly mobile and will move to more financially hospitable states, shrinking our tax base even further as they take their income and consumption spending elsewhere.

This leaves legislators with the choice of pension and retiree health benefit reform. On the pension side, transitioning current and new employees from the current defined benefit program to a 401(k)-style defined contribution plan makes the most sense. Employees will have ownership of their retirement funds and taxpayers will be off the hook for any liabilities.

Regarding retiree health benefits, reforms could include asking retirees to pay a small percentage of the premiums, amounting to perhaps $65 to $130 per month depending on the plan in which they are enrolled. More than thirty states require retirees to contribute a significant share towards their health insurance premiums, while fourteen states require retirees to fully fund enrollment in their state health plan.

Offering high-deductible plans coupled with a Health Savings Account (HSA) to retirees can also yield noticeable savings.

North Carolina's aging population, combined with dramatically rising state retiree liabilities, presents our state with a significant challenge. There is no more time to kick the can down the road. The longer we wait to address these concerns, the more painful the solutions will be.

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North Carolina one of 40 States that 'Can't Pay its Bills'

- ***North Carolina was identified as one of 40 states that has more outstanding financial obligations than funds available to meet them.***
- ***Unfunded pension and retiree healthcare liabilities are the leading cause of the state's unfunded taxpayer burden.***
- ***Outstanding debts should caution policymakers against growth to government spending and highlights the need for state retiree benefit reform.***

BY LEAH BYERS

The nonprofit and nonpartisan organization Truth in Accounting (TIA) recently released its "Financial State of the States" report. The report ranks states based on their ability or failure to meet outstanding financial obligations.

North Carolina ranked 27 out of 50 and received a "D" grade on the report.

TIA estimates that North Carolina has over $56 billion in outstanding obligations and only $31.7 billion available to pay those obligations. This leaves a $24.3 billion shortfall, which equates to an approximately $8,100 obligation per North Carolina taxpayer, according to the report. Thirty-nine other states are also estimated to have more outstanding financial obligations than available money to meet them.

This may be shocking to the average North Carolinian, considering the state's balanced budget requirement. How can the state be so far in the negative if each year's budget has to balance?

That's because each year's budget merely needs to include that year's minimum required payment for debt obligations and unfunded liabilities. It's sort of like making the minimum required monthly payment on your credit card debt. The minimum payment meets the legal annual obligations, but the bulk of the money owed remains.

The primary reason for North Carolina's low grade is its unfunded state retiree healthcare obligations.

The primary reason for North Carolina's low grade is its unfunded state retiree healthcare obligations. This is no surprise to government finance researchers, such as Civitas Executive Vice President Brian Balfour. On the subject of liabilities, Balfour explains that fully funding pension and retiree healthcare obligations would cost the state $4.2 billion annually, which is about 18 percent of the state's current $23.9 billion annual budget. That huge annual expense is the result of ballooning costs with which the state has not been able to keep up.

One way to reduce the unfunded health care liability going forward is to reduce costs from healthcare providers. State Treasurer Dale Folwell expressed that his office has had ongoing difficulty getting straight-forward answers about the actual cost of services for which state insurance plans are paying. Adding transparency to healthcare costs is one way to help consumers make more informed healthcare decisions, saving individuals and the state money in the long-term. In addition, price transparency may also increase competition, which can help drive down the price of healthcare.

Another significant portion of the state's outstanding financial obligations is the state pension unfunded liability. According to Folwell, the state pension plan has underperformed for the past 20 years in terms of expected returns. This is no small discrepancy since currently 18 percent of state payroll goes into the pension system. State employees contribute 6 percent of their salaries and the state contributes an additional 12 percent. This amounts to around $1.5 billion in taxpayer contributions, up from $800 million just six years ago.

In response, Folwell says they have lowered the expected rate of return for the pension fund to more realistically plan for future pension performance and obligations. This is useful in illuminating the true amount that taxpayers will be obligated to subsidize.

Reversing the Trend

Financial obligations that are not factored into the balanced budget requirement should not be ignored by the public or state policymakers. If anything, they should warn against frivolous spending on recurring general fund expenses. How can policymakers consider a $5 billion increase to the state's General Fund expenditures when we have $24 billion outstanding financial obligations? To do so would be extremely irresponsible.

Some may cite this looming financial threat as a reason to oppose the proposed constitutional amendment to cap the income tax rate at 7 percent. That's muddled thinking because the current personal and corporate income tax rates are well below the proposed 7 percent ceiling at 5.25 and 2.5 percent, respectively, effective 2019. Even under the lowered cap, an additional $5.5 billion could be generated through income tax increases. However, raising taxes is not an effective long-term solution to the unfunded liabilities problem because it

(Continued on page 10)

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3 Ways to Expand Freedom in NC Immediately

BY RAY NOTHSTINE



In 1788 Thomas Jefferson wrote that "The natural progress of things is for liberty to yield, and government to gain ground." It's a dilemma that has plagued governments long before our own. The concentration of power inevitably leads to corruption and tyranny. Our almost $22 trillion debt exposes the catastrophic mess that has been made out of our national government.

But if there is one advantage of a broken federal government it can highlight the fact that reform is taking place at the state level. We've seen some of that in North Carolina and other states. Of course, welfare reform and scores of other innovative reforms were championed by states. While the federal government is boxed in by a mammoth bureaucracy and crippling debt, the onus is on the states and its citizenry to expand freedom.

Here are a few things we can do (and continue to do) in North Carolina to expand freedom now:

1) Lower the tax cap:

Voters have an opportunity in November to approve a state constitutional amendment to cap the income tax at 7 percent. This is lower than the current 10 percent cap. Unfortunately, state lawmakers did not approve the originally proposed cap of 5.5 that passed the state Senate. Still, 7 percent is better than 10. While lowering the cap doesn't reduce any taxes now it obviously shields citizens from higher rates like the 8 percent that some experienced during the tenures of governors Mike Easley and Bev Perdue.

North Carolinians should continue to demand low taxes. Lower taxes not only stimulate economic growth and prosperity but it's the morally right thing to do to allow people the fruits of their labor. North Carolinians should never tire in petitioning their representatives for lower taxes.

2) Reform Occupational Licensure Laws:

North Carolina licenses almost 200 occupations. A locksmith is just one profession. But when qualified applicants are discouraged from practicing their skills because of arcane barriers, it diminishes human flourishing. Not only when it comes to vocational fulfillment but the satisfaction of providing for one's family or loved ones. The cash needed to purchase licensing certificates are often unavailable to those out of work even though they may have the necessary skills to perform the job. Consumers are hit hard too through higher prices because of lower competition and the cost disproportionally falls on those in lower income brackets.

Thus, the growth of occupational licensing tends to look more like cronyism instead of promoting public safety.

The Goldwater Institute in Arizona has wisely suggested states enact a "Right to Earn a Living Act," which puts the onus on government to show how licensing protects the public health and the common good, thereby diminishing unnecessary barriers to employment. There is virtually no reason to continue to retain occupational licensing for most professions and scrapping many of them will only improve the overall economic vitality in the state. North Carolina could easily promote human flourishing by enacting the "Right to Earn a Living Act." More opportunities for vocational fulfillment and higher income would be immediately within reach for so many North Carolinians.

3) Civic education:

Okay, while this proposal may not show immediate dividends, it's too important not to make the list. Most of us are in need of more civic education. Freedom, the rule of law, and natural rights don't just exist in a vacuum. A Republic requires responsible and virtuous citizens not just the right policy prescriptions. We can't merely continue on so divided politically and not face serious fragmentation as a nation.

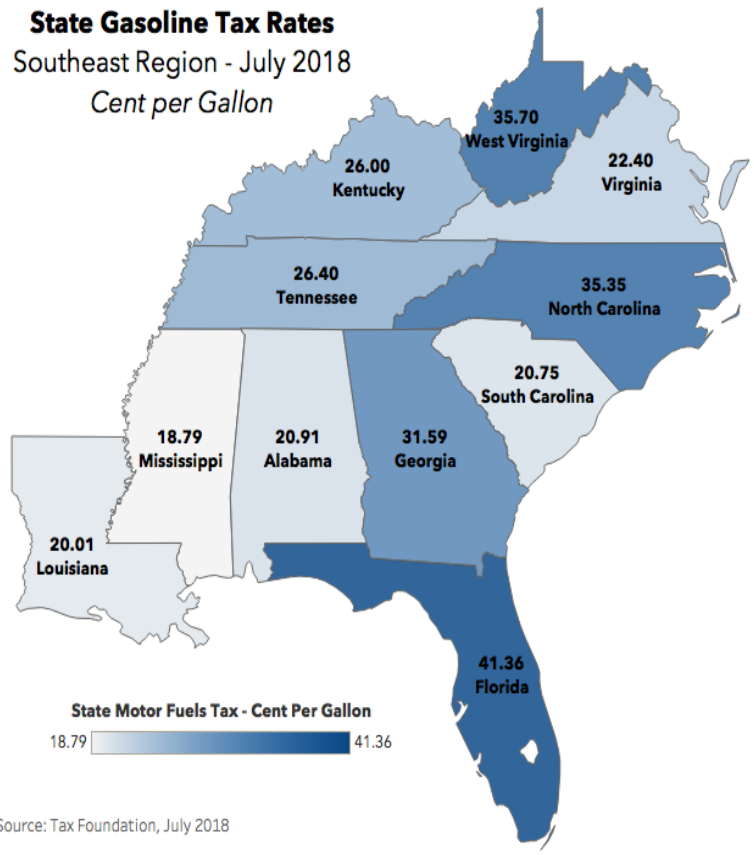
A good place to start might be the "Federalist Papers." The Gideon edition from Liberty Fund is a great version. "A Student's Guide to Political Philosophy" by Harvey Mansfield is superb and for a narrative related to our revolution, I can't think of a better book than "Washington's Crossing" by David Hackett Fischer.

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Changes represent the difference in voter registration between September 1, 2018 and October 13, 2018										
County	Total Voters	Total Change	Democrats	Democrat Change	Republicans	Republican Change	Libertarians	Libertarian Change	Unaffiliated Voters	Unaffiliated Change
Totals	7,049,452	50,790	2,672,111	8,485	2,102,943	11,980	37,009	663	2,236,170	29,253
Alamance	102,486	871	38,272	149	33,370	208	518	17	30,312	490
Alexander	24,489	125	6,119	-25	10,847	59	88	1	7,432	88
Alleghany	7,447	21	2,595	-12	2,626	8	33	-2	2,192	26
Anson	17,409	33	11,567	-23	2,494	20	22	1	3,298	35
Ashe	19,137	57	5,268	-19	8,168	39	69	0	5,631	37
Avery	12,025	200	1,440	41	7,016	51	50	3	3,519	105
Beaufort	33,457	177	13,181	12	10,910	89	89	0	9,271	75
Bertie	14,210	21	10,043	-10	1,550	-1	27	1	2,589	30
Bladen	23,124	144	12,463	-31	4,070	94	40	0	6,549	81
Brunswick	102,709	1,167	27,489	149	38,528	490	387	9	36,292	516
Buncombe	197,381	1,941	75,675	603	46,275	187	1,451	17	73,911	1,101
Burke	58,518	230	18,034	-92	20,955	183	270	3	19,249	133
Cabarrus	137,696	1,157	41,809	301	49,631	228	811	14	45,417	609
Caldwell	54,864	279	13,890	-47	24,735	190	365	6	15,861	125
Camden	7,899	35	2,194	-12	2,497	12	48	2	3,159	33
Carteret	52,753	177	11,944	-28	22,462	91	250	11	18,094	101
Caswell	15,734	48	7,845	-39	3,342	46	35	-1	4,510	41
Catawba	105,401	669	25,334	61	44,940	222	414	2	34,703	380
Chatham	53,806	584	20,984	162	13,105	161	240	2	19,466	257
Cherokee	23,415	114	5,544	-26	10,110	65	130	3	7,629	71
Chowan	10,320	53	4,823	-3	2,663	16	23	0	2,811	40
Clay	8,694	82	1,849	-3	3,652	57	49	2	3,141	26
Cleveland	64,763	324	25,535	-143	21,269	237	256	9	17,696	218
Columbus	37,512	151	20,467	-15	7,315	70	60	-1	9,668	97
Craven	69,950	495	23,150	77	24,438	179	378	7	21,976	230
Cumberland	218,758	982	98,762	113	49,808	241	1,221	9	68,945	613
Currituck	20,038	159	3,970	21	7,434	62	166	3	8,462	69
Dare	30,160	274	8,769	27	9,348	104	224	8	11,814	134
Davidson	108,837	635	25,753	9	50,818	289	461	2	31,788	327
Davie	29,860	156	5,393	-14	15,171	105	115	4	9,179	61
Duplin	30,402	172	13,927	-2	8,182	62	120	0	8,169	110
Durham	226,837	2,647	124,220	936	27,710	65	1,132	14	73,724	1,620
Edgecombe	38,354	111	26,624	15	6,235	21	85	3	5,405	70
Forsyth	260,916	2,375	105,976	774	76,143	406	1,297	29	77,449	1,150
Franklin	44,636	484	18,146	91	13,518	163	207	5	12,759	222
Gaston	145,441	1,214	44,847	189	54,898	380	733	23	44,945	614
Gates	8,785	63	4,582	-8	1,799	19	29	1	2,375	51
Graham	6,424	14	1,881	-9	2,835	10	26	0	1,682	13
Granville	38,923	351	18,699	40	9,508	113	146	8	10,567	188
Greene	11,514	39	6,473	-25	2,117	33	23	1	2,899	30
Guilford	375,040	2,976	169,292	768	95,135	73	1,840	30	108,717	2,093
Halifax	39,034	198	25,444	54	4,683	30	92	1	8,812	112
Harnett	76,058	777	26,520	157	26,379	240	522	18	22,630	359
Haywood	44,898	337	16,444	-17	13,755	197	259	8	14,429	146
Henderson	85,588	837	18,221	182	31,982	248	460	8	34,910	394
Hertford	15,555	77	11,220	18	1,483	11	36	0	2,813	47
Hoke	32,921	313	15,375	114	6,850	38	205	2	10,485	154
Hyde	3,420	-4	1,944	-13	537	3	13	0	926	6

Iredell	121,279	1,246	30,375	181	49,949	473	595	9	40,343	577
Jackson	28,895	423	10,156	22	7,692	104	182	9	10,858	286
Johnston	128,356	1,402	38,971	214	48,944	489	739	14	39,672	678
Jones	7,294	-25	3,502	-33	1,845	1	24	2	1,922	4
Lee	36,782	221	14,652	-7	10,465	102	182	7	11,477	117
Lenoir	38,674	99	20,698	-76	9,662	90	113	-4	8,199	88
Lincoln	58,154	519	13,672	17	25,600	279	263	4	18,612	214
Macon	26,307	277	6,529	31	10,655	122	132	2	8,988	121
Madison	17,185	181	6,542	38	4,450	20	109	3	6,079	116
Martin	17,093	33	10,012	-22	3,309	3	40	1	3,728	50
Mcdowell	29,565	123	8,189	-57	11,250	89	153	2	9,965	83
Mecklenburg	736,909	4,953	321,429	1,574	171,144	212	4,552	69	239,645	3,053
Mitchell	11,084	45	1,154	5	6,655	10	30	1	3,245	29
Montgomery	16,598	81	7,085	10	5,101	28	62	4	4,347	39
Moore	68,251	635	16,562	107	27,691	266	351	6	23,636	250
Nash	66,953	340	33,176	-3	18,865	111	214	-3	14,689	233
New Hanover	171,058	1,316	53,285	253	53,494	233	1,187	-5	63,062	822
Northampton	14,596	-8	10,382	-41	1,464	20	25	0	2,723	13
Onslow	109,096	908	27,788	84	39,447	332	975	15	40,863	468
Orange	114,702	923	52,984	403	16,383	23	735	19	44,582	474
Pamlico	9,747	32	3,774	-15	3,204	30	41	2	2,728	15
Pasquotank	29,116	104	13,086	-3	6,228	56	168	-3	9,626	52
Pender	41,484	194	12,585	8	15,584	70	251	4	13,058	111
Perquimans	10,136	71	4,014	-9	2,783	36	30	-1	3,306	45
Person	26,829	122	11,944	-17	6,692	39	97	1	8,093	98
Pitt	124,722	1,027	56,067	169	32,088	158	721	-1	35,813	690
Polk	16,088	70	4,380	12	5,637	50	80	0	5,982	3
Randolph	92,194	509	18,640	-13	46,206	282	489	4	26,843	229
Richmond	30,425	79	16,308	-91	6,019	55	77	1	8,017	112
Robeson	77,026	378	48,493	-78	9,584	78	199	6	18,739	369
Rockingham	60,425	376	22,305	-39	20,985	174	238	13	16,887	224
Rowan	95,665	619	27,756	11	38,525	171	404	8	28,965	422
Rutherford	45,314	245	14,180	-112	17,192	210	222	1	13,710	144
Sampson	38,288	136	16,207	-11	14,013	76	122	7	7,941	64
Scotland	22,854	146	12,795	23	3,777	36	60	7	6,219	79
Stanly	41,818	207	10,857	-61	18,500	136	145	6	12,310	124
Stokes	31,244	141	7,558	-34	15,144	94	159	3	8,376	76
Surry	45,984	177	13,389	-59	19,431	80	122	4	13,037	150
Swain	10,396	71	3,929	1	2,722	33	34	3	3,709	34
Transylvania	26,119	301	6,720	38	8,385	108	123	2	10,889	151
Tyrrell	2,424	1	1,359	-17	356	4	9	0	700	14
Union	156,487	1,240	39,780	128	64,272	316	723	28	51,689	759
Vance	30,340	188	19,739	35	4,420	40	69	0	6,109	112
Wake	734,774	3,920	271,275	1,112	188,520	90	4,876	68	269,961	2,606
Warren	13,611	51	9,215	-9	1,840	12	37	1	2,518	46
Washington	8,782	-26	5,851	-20	1,147	1	25	-1	1,759	-6
Watauga	47,388	958	12,467	245	14,288	165	543	29	20,081	515
Wayne	75,382	347	32,152	10	24,002	97	322	12	18,896	224
Wilkes	42,977	221	9,720	-18	22,099	115	143	2	11,012	121
Wilson	56,550	551	29,297	152	13,589	98	168	13	13,488	284
Yadkin	24,182	108	4,018	-8	13,344	76	79	3	6,737	36
Yancey	14,252	192	5,112	8	5,006	73	55	3	4,077	107

A Closer look at the Gas Tax in North Carolina



There has been a lot of progress and support for tax cuts in North Carolina in recent years. Tax cuts spur economic growth and promote a culture where the private property of citizens is protected from the state.

But when it comes to the state gas tax, you have to go to Florida or West Virginia to find a higher tax in the Southeast (assuming you count West Virginia as the Southeast).

Unfortunately, our rising fuel costs and the taxes on that fuel hit lower income individuals and families the hardest. The gas tax, like the sales tax, is regressive.

This gas tax map shows what North Carolinians pay per gallon compared to other states in the Southeast.

In a 2015 article, Brian Balfour explained North Carolina's gas tax formula too, which isn't always one flat rate:

North Carolina's state gas tax is comprised of two portions: a specific set amount combined with an adjustable amount that varies according the average price of gasoline. As gas prices rise, so too does the adjustable portion of the gas tax, increasing the overall state gas tax. And vice versa when gas prices drop. The variable portion is adjusted every six months based upon the average gas prices of the previous period.

At any rate, the tax can no longer fall below 34 cents per gallon, due to legislation implementing a legal floor, effective since January 1, 2017, according to the North Carolina Department of Revenue. North Carolina's gas tax was last under 30 cents in 2009.

North Carolina's Fiscal Health Continues to Improve

BY BOB LUEBKE

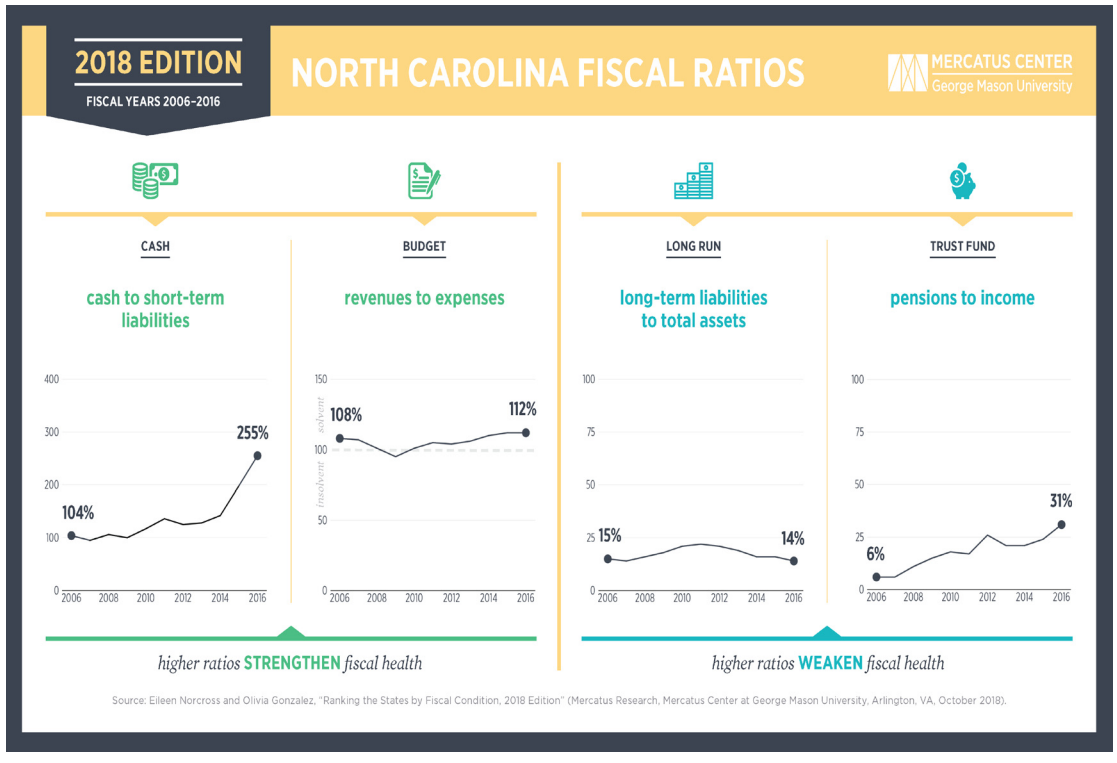
North Carolina is now ranked 9th among the states for fiscal health. That's the finding of the Mercatus Center at George Mason University which conducts the annual study. Rankings are a product of the health and solvency of state finances in five key dimensions: cash, budget, long-run, service-level and trust fund.

Among states in the southeast, only Tennessee (#3) and Florida (#4) have a higher ranking than North Carolina.

North Carolina's ranking represents an improvement of six spots over last year's ranking of 15.

As recently as 2014, North Carolina was ranked 38th among the states for fiscal health. However, in the four years since then, the Tar Heel state has improved its ranking each year; climbing 29 places in four years.

That's impressive. Our state still faces significant fiscal challenges, as pointed out elsewhere in this paper, but thanks go to our legislators and policymakers and their dedication to fiscal discipline.



CYAN MAGENTA YELLOW BLACK

Angry Tribal Rhetoric Harms us All

BY DONALD BRYSON

In a recent campaign stop in Georgia, former United States Attorney General and potential 2020 presidential candidate Eric Holder believed he was setting the tone for the Democratic Party and the progressive movement in 2018. Holder, when talking about Republicans and conservatives, said, "When they go low, we kick them."



While Holder denies he was speaking of actual physical violence, he embodied the tone of the political Left in this election year, and the toxic environment that voters have been forced to withstand. The extremist rhetoric and sometimes physical violence that has been seen from the Left has sent politics into uncharted waters nationally, and here in North Carolina.

Earlier this year, in North Carolina, Democratic state Sen. Jeff Jackson compared the lack of conservative resistance to President Donald Trump to the Vichy French government that collaborated with Nazi Germany.

And again in North Carolina, the Rev. T. Anthony Spearman, president of the North Carolina NAACP chapter, referenced Nazi Germany when commenting on one of President Trump's judicial nominees. Spearman likened the nomination of Thomas Farr to the federal bench as, "tantamount to Adolf Hitler wreaking havoc among our Jewish sisters and brothers." At the same time, many noted Farr's outstanding qualifications, including the American Bar Association.

These comparisons were made by elected officials and a leader of a respected organization, and they are all disgraceful. However, as hyperbolic and appalling as the statements are, they are part of a growing trend of extremist rhetoric in our nation's political dialogue.

Unfortunately, this trend is likely to continue.

Just this month, former Democratic presidential candidate and Secretary of State Hillary Clinton endorsed the current uncivil nature of American politics. She went so far as to say, "if we [Democrats] are fortunate enough to win back the House and/or the Senate, that's when civility can start again."

In fact, a progressive think tank – a group whose purpose is to be a thought leader on public policy – in North Carolina published an article titled, "When the future of the country is at stake, civility may have to suffer for a while."

The translation is clear: progressives will stop running public officials out of restaurants, rioting, and holding the governance of the country and state hostage, if they get the power they want.

In his book "The Righteous Mind: Why Good People are Divided by Politics and Religion," author Jonathan Haidt writes, "People bind themselves into political teams that share moral narratives. Once they accept a particular narrative, they become blind to alternative moral worlds."

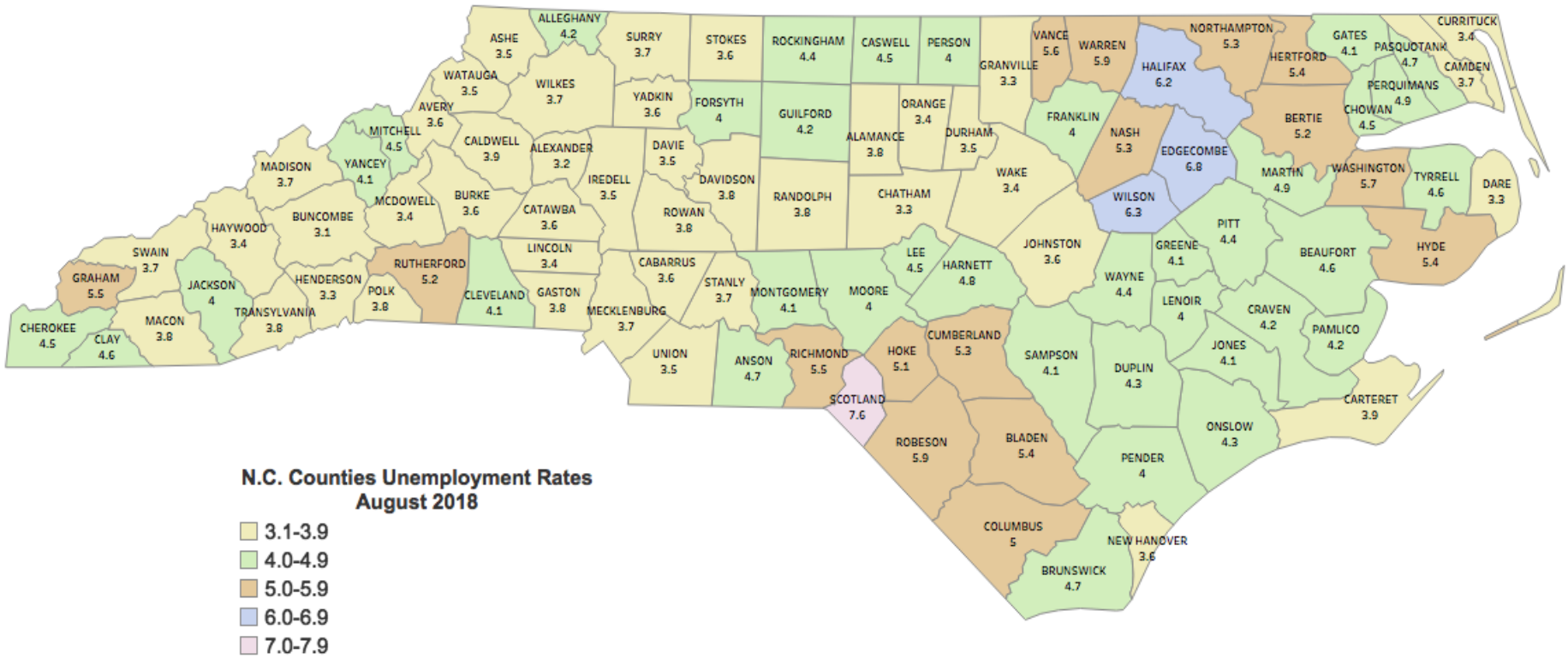
Though written five years ago, Haidt describes the partisan political tribalism that we find ourselves mired in now. Such extreme and outlandish language and actions damage debate on serious societal and public policy issues at a time when we need grown-ups to make essential decisions for the common good. It ultimately squashes thought and coerces our citizens into silence.

Indeed, why would public officials or private citizens stick out their necks to propose innovative policies or ideas in an environment where tax policies are compared to Armageddon, and political leaders promise a corrosive environment?

In this environment, politicians have little incentive to make serious policy proposals. Serious proposals get little debate in state capitals or Washington, but plenty of criticisms. However, good debate makes good policy, and good policy makes good politics. Unfortunately, Americans have not seen either lately, as the 115th Congress has been rated as the fourth least productive in the last three decades, and the lack of production lies squarely at the feet of extreme tribal rhetoric.

If we want to see good policy from our public officials, the political Left should tone down the apocalyptic rhetoric and engage in rational debate about the proper scope and size of government. Both sides of the political aisle are prone to extreme language from time to time, but the Left seems to be bent on making headlines with accusations that smear character and ruin dialogue. Can you imagine walking into work and claiming your co-worker was a slaveholding racist because they proposed a different sales strategy? It would be absurd and would inevitably lead to an earnest human resources discussion. Isn't it time voters asked for a serious human resources discussion with their leaders? Voters deserve better and shouldn't settle for anything less than civility, inquiry and serious debate.

This is an updated version of an article that ran in NC Capitol Connection in April, 2018.



The above map shows the August 2018, (not seasonally adjusted) unemployment rates for North Carolina counties. (data from N.C. Department of Commerce) The August statewide unemployment rate was 3.9 percent. It's the first time the unemployment rate has been below 4 percent since September of 2000. It also matches the national unemployment rate for the first time in a year. The unemployment rate for the previous month of July was 4.1 percent in North Carolina.

Scotland County reported the highest unemployment rate at 7.6 percent, while Buncombe County had the lowest at 3.1 percent. Fourteen of the state's metro areas saw decreases from last month, while one remain unchanged. Asheville had the lowest at 3.2 percent and Rocky Mount the highest with 5.8 percent.

Eighty-eight counties saw a decrease in the unemployment rate from last month, while four counties saw increases, and eight remain unchanged from July.

North Carolina one of 40 States that 'Can't Pay its Bills'

CONTINUED FROM PAGE 4

does not address the root of the problem: overpromising of retiree benefits.

Ultimately, the unfunded liability problem originated with the overpromising of retiree benefits, not the underfunding of the pension and health plans. From 2013 to 2016, the state's pension liability grew by 80 percent. For comparison, the state's GDP grew at only 66 percent during that same time period. This disparity illustrates that taxpayers simply cannot continue to support a pension system that is growing at that rate. Systemic reform is needed to reverse this alarming trend.

Legislators should continue to support efforts by the state treasurer to better manage the unfunded liabilities. Additionally, budget writers should consider the full scope of the state's financial obligations when making spending decisions. Limiting government spending allows the state to avoid exacerbating the unfunded liabilities problem, but larger reforms are the only true long-term solution. That involves overhauling the current system of pension and retiree healthcare benefits to find a workable solution to improve the state's unfunded liabilities problem.

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NC Voters Support Conservative Policies

BY LEAH BYERS

- *Democratic advantages in recent Civitas Poll generic ballot questions do not translate to more progressive policy positions of NC voters.*
- *The results seem to reflect voters' frustration with incumbent Republicans more than actual support for progressive policies.*
- *Conservative candidates should resist the temptation to move Left in their policy positions, instead sticking to conservative values.*

The September Civitas Poll reveal Democrats to have an advantage going into this November's federal and state elections. These results show Democrats pulling ahead in generic ballot questions when compared to past Civitas Polls, which have showed near ties or narrow Democrat leads. Does increasing voter support for Democrats on the generic ballot indicate an electoral shift toward the Left? A closer look at the poll results reveals why that is unlikely.

Democrats enjoyed a six point lead on the generic ballot question for state legislative races and a seven point lead on the generic Congressional ballot question in the September Civitas Poll. One interpretation is that North Carolina voters are growing more open to or supportive of Leftist ideas. Voter ideological distribution and sentiment on specific policy proposals from the same poll, however, cast substantial doubt on that interpretation.

North Carolina tends to lean right-of-center. When asked about their ideology, 45 percent of respondents identified as somewhat or very conservative. This is a significant stronghold compared to only 24 percent that identify as somewhat or very liberal. Twenty-seven percent identify as moderate. Conservatives have comprised a plurality of North Carolina voters in the last three Civitas Polls.

The September Civitas Poll asked voters their opinion on two of the six constitutional amendments that will be included on the November ballot. The constitutional amendment to require a photo identification to vote has 65 percent support with 32 percent opposition. Lowering the state's income tax cap to 7 percent was supported by 60 percent of respondents with only 22 percent opposition.

When asked about the United State Immigration and Customs Enforcement agency, also known as ICE, only 20 percent of voters supported abolishing it. In contrast, 67 percent opposed abolishing ICE.

Respondents were also asked their view on the vandalism of the Silent Sam Confederate statue on the campus of UNC-Chapel Hill. Seventy percent of voters opposed the vandalism, compared to 22 percent who supported it. When asked about the removal of Confederate monuments more generally, 50 percent opposed removal and 30 percent supported it.

The mismatch between voter's policy preferences and political party choices is significant. It should be a wakeup call for Republicans if they hope to remain North Carolina's conservative party. If Republican proposed policies are popular with voters, why is there a disconnect with how voters intend to vote in this November's elections?

The recent and predicted electoral success of North Carolina Democrats may have more to do with voters' frustration with incumbent Republicans than actual support for liberal policies. North Carolina saw this play out in 2016 when Democratic challenger Roy Cooper beat incumbent Republican Governor Pay McCrory, despite Republican President Donald Trump winning the state.

Incumbents from either party face a negative stigma associated with being a "politician" or "part of the establishment." Republicans have maintained legislative majorities in both chambers of the General Assembly since 2010 and currently enjoy majorities in the US Senate and House. This election cycle, they will have to overcome the establishment stereotype if they hope to win competitive races.

At the September Civitas Poll Lunch, Civitas President Donald Bryson pointed to an interesting trend in the poll data. The General Assembly's favorability ranking tends to be negatively correlated with the amount of time that they spend in session. This is likely tied to negative media coverage. Republicans in particular tend to face harsher scrutiny from left-leaning media outlets. Republican leadership at the state and federal levels each have their own problems with scandals or lack of action on campaign promises. These behaviors play into the "career politician" images that may be hurting Republican incumbents going into this year's election.

There have been calls by the Left at the national level to shift the ideological "center" substantially to the Left. Civitas Poll results suggest that North Carolina voters do not seem to be receptive to such an idea, at least when gauging how receptive respondents are to specific policy proposals. Such results give both hope and guidance to conservative lawmakers and candidates this November. Voters support a conservative policy platform, but they have demonstrated a willingness to hold lawmakers accountable, as well.

Bryson Teams with David Lewis in Voter ID Debate

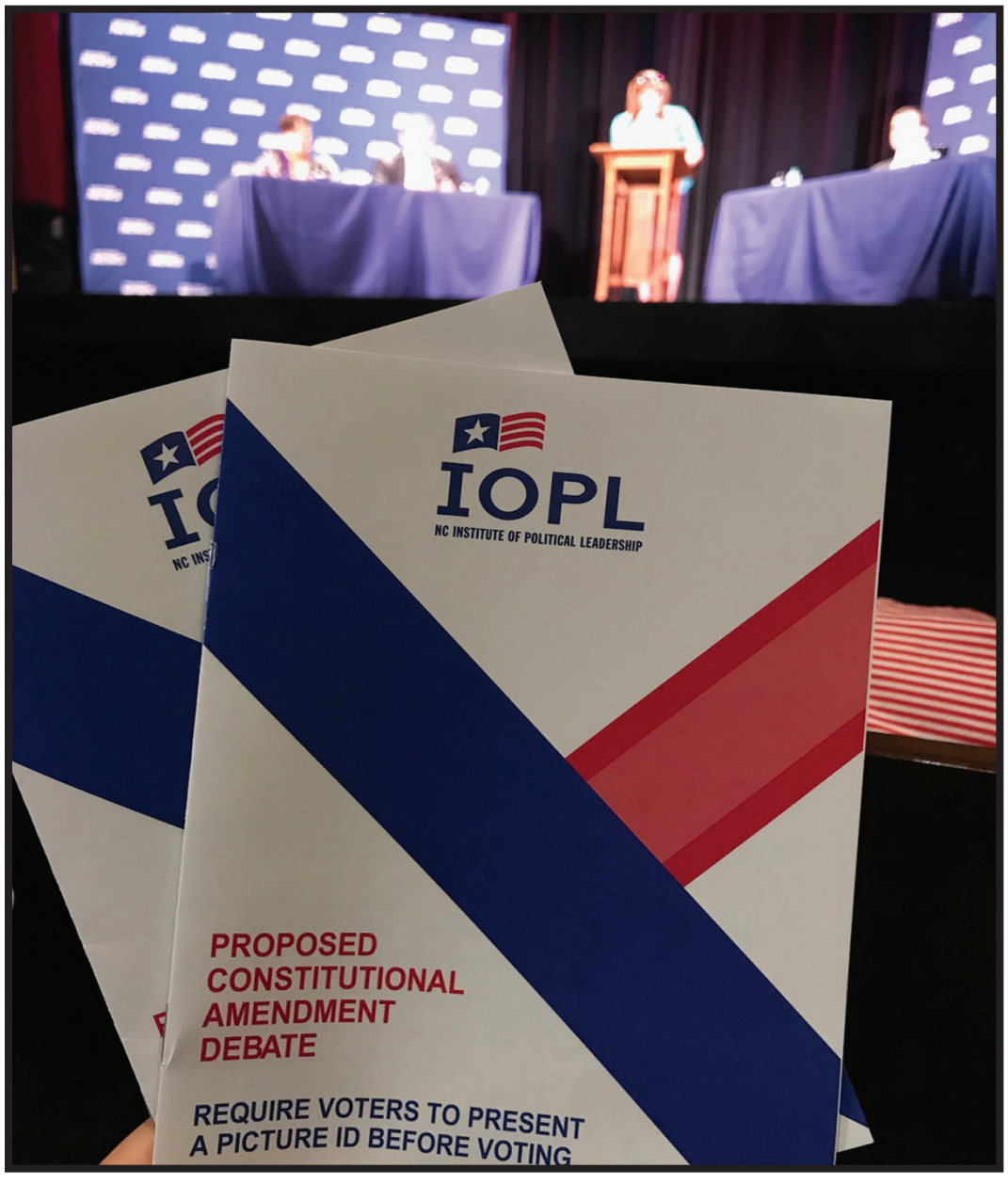
BY LEAH BYERS

In October, Civitas President Donald Bryson participated in a debate on the merits of the voter ID constitutional amendment that will be on the ballot this fall. The debate was the second of the four-part Hometown Debate Series hosted by the N.C. Institute of Political Leadership and was held in Washington, N.C.

Rep. David Lewis (R-Harnett), House Rules Committee Chair and prominent election law leader in the General Assembly, joined Bryson to speak in favor of the proposal. The panel also included Sen. Erica Smith (D-Northampton) and Kareem Crayton, director of the Southern Coalition for Social Justice, who each oppose the amendment.

Bryson pointed out that North Carolina voters consistently support photographic voter identification requirements. The most recent Civitas Poll found 65 percent of voters support the proposed constitutional amendment.

One argument in particular that the opposition panelists levied against the amendment does not hold up under closer scrutiny. The opposition stressed the fact that the amendment requires a photographic ID but does not specify which types of photo ID will be accepted. Crayton called this a "blank check" and implied that voters should not trust the legislature to set the laws.



The General Assembly will be responsible for writing the implementing laws of constitutional amendments. The state's constitution, by design, serves as a framework for all state laws. It is not intended to encompass the full scope of the state's laws. That is the role of the legislative branch.

Some argue that the General Assembly should have passed implementing language for the amendments before they were put on the ballot. While this is a perfectly reasonable suggestion, it is worth noting that it would have done nothing to cement that language from future changes.

Critics claim that the implementing language is needed for voters to "know what they're voting on," but this is a mischaracterization. Voters are weighing in on the amendment itself on the ballot this November. Any implementing legislation is not subject to direct voter approval, but is instead developed through the traditional representative lawmaking process of the General Assembly. And since any implementing language will not be in the state's constitution, the General Assembly has the power to change it at any point in the future. This is true whether those statutes are passed before or after the amendment itself.

Although no implementing language has been passed for the voter ID amendment, a 2013 voter ID law in North Carolina could provide some insights into the types of ID the General Assembly may consider.

Critics of the amendment have claimed that voters should reject the amendment because they "don't know what they're voting on." But the truth is that North Carolinians have consistently stated that they support requiring a photographic identification to vote in person. That is a simple step that can go a long way in adding security to our elections. This November, North Carolina voters will get to decide for themselves.

The Voter ID debate aired on In Focus with Loretta Boniti on Spectrum News.

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