

The Old North State ... Anew

A Progressive Platform for Effective Government

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Effective government helped make North Carolina a business leader, but we've strayed from our best traditions. It is time to make the "Old North State" new again by fundamentally changing the way we think about government and its relationship to the private sector. As Lt. Governor, I will ensure that our state government offers North Carolina businesses large and small a climate they can succeed in and, more importantly, that it makes North Carolina citizens proud.

My government reform plan consists of *four major pillars*: (1) stop offloading public responsibilities to the private sector; (2) stop assuming economic development-related financial risks better left to the private sector; (3) direct public spending more toward long-term infrastructure than company-specific programs; and (4) improve government transparency and accountability.

To hold these pillars steady, we must erect them on a *foundation of political reform* that includes expanded public financing of elections, limits on political giving and fundraising by major beneficiaries of government action, elimination of campaign finance loopholes, and tighter donation limits.

Government Reform...

I. Cut outsourcing, privatization, and the use of for-profit consultants.

Taxpayers fund state and local government, and they deserve to know that their money is being used effectively on the things that matter most. Real government reform means returning state government to its core competencies and making sure it does them well. For example, state officials—relying on the advice of a private consulting firm—rejected the best bid for office supplies in favor of a bid that would have cost the state millions of dollars more while benefiting a major client of the consulting firm. Paying a for-profit company to devise a selection system that results in government overpaying for office supplies makes absolutely no sense. State government increasingly relies on outside for-profit consultants to do work that used to be the responsibility of government agencies. In practice, consultants often work behind closed doors, and are not subject to the same ethics laws as government employees. This eliminates the transparency that is the hallmark of good government, hinders businesses that bid on contracts related to the consultants' work from knowing whether they received a fair shake, raises the risk of conflicts of interest, and prevents taxpayers from being able to hold the government accountable for its work. Ground rules must be set to prevent such problems.

- *Require state agencies to publicly and fully disclose contracts with consultants.* Agencies should also include a clause in contracts that compel consultants to issue a written report of their findings and recommendations before receiving final payment.
- *Reduce the role of economic incentive consultants who receive contingency fees.* North Carolina already bans lobbyists from taking contingency fees. I hope that the current legislative study panel will consider extending that rule to cover economic incentive consultants as well. As Lt. Governor, I will continue to fight for that change.
- To ensure that the abuse of outside consultants does not recur, I will work with the State Auditor to provide an *annual report* detailing what consultant contracts state agencies had entered into during the previous year and whether those agencies had acted on the consultants' recommendations.
- *Better utilize existing public resources like universities and public research facilities.* Our universities and public research facilities are among our greatest resources, and they already have much of the knowledge needed to address state government challenges.

While saving millions of dollars on outside consultants—and highest bidding ones at that—will not free up all the money we need to fulfill basic government responsibilities, it will be a good start. In just six months, I was able to identify \$11 million in tax payer money being wasted on office supplies and law enforcement equipment. As Lt. Governor, I will do everything I can make sure that public funds are spent where they're needed, and not where they're not.

II. Stop assuming financial risks better left to the private sector.

While it outsources jobs it should be doing, North Carolina government is assuming unnecessary financial risks it shouldn't, like operating and taking major on-going financial responsibility for entertainment venues.

The misuse and overuse of tax credits and other incentive packages forces state taxpayers to take on the risk of major investment projects that may never pan out. The entertainment center at Roanoke Rapids, which was constructed with more than \$20 million of public funding, is only the most prominent example of taxpayers' dollars being too heavily used to subsidize the risk of private development.

Absent some compelling reason, state government shouldn't step in to start businesses where the private sector fears to tread. When it comes to economic development, state government should focus on addressing market failures and providing the foundation for private businesses to grow, not using taxpayer money to assume the risk of private investment. The primary risk for business developments should rest with the businesses that stand to profit if they succeed.

III. Direct public spending towards long-term infrastructure instead of company-specific programs.

We need to get our focus back on the things that made North Carolina an attractive business climate in the first place: great schools, a healthy environment, a strong workforce, quality and affordable health care—including mental health and dental care—and engaged and sustainable communities. Without significant improvements in infrastructure and education, even the richest incentive package can't make our poorer counties nationally (not to mention globally) competitive. And without a renewed commitment to regional partnerships and entrepreneurship, North Carolina won't be ready for the challenges of the New Economy.

A. Develop a more strategic, long-term economic development and incentive policy that prepares us for the New Economy.

1. Develop economic development policies that are strategic, forward-looking, and proactive, rather than reactive and focused on yesterday's issues. We are spending a lot of money putting out intense but relatively small fires. I believe we must pay more attention to economic development issues that may seriously affect our grandchildren. We should create and implement an economic development policy that is less focused on yesterday's problems and more focused on tomorrow's jobs.
2. Support "business incubators" and other mechanisms that help small businesses and entrepreneurs get off the ground. There are thousands and thousands of small businesses in North Carolina—an increasing number of them owned by women. These businesses contribute immeasurable innovation and billions of dollars to the state's economy, and state government should do more to help them along. According to the Council for Entrepreneurial Development's most recent survey, entrepreneurs' top two concerns are access to a qualified workforce and qualified management—two things that a renewed statewide commitment to education can help provide. Entrepreneurs point to North Carolina's research universities as our most attractive asset. We can do more to facilitate effective partnerships between universities, specialized research centers, and innovative entrepreneurs. I would also substantially expand our Green Business Fund, which helps small business owners and entrepreneurs develop green technology.

B. Build regional partnerships and emphasize "clusters" of development.

1. Build regional partnerships to deal with regional-level challenges like water conservation, energy allocation, and travel initiatives. Many of the challenges we face today do not recognize the borders between our counties, cities, and towns. But while much of the infrastructure for regional cooperation already exists, the regional

lines are often inconsistent and the mechanisms nonfunctional. We don't need to reinvent the wheel, just get it rolling.

2. Develop "clusters" of industrial and market strength. We need to do more to connect *all* communities to the internationally competitive advantage enjoyed by our metro areas, without folks having to pick up and move to Raleigh or Charlotte.
3. Work to better support local governments. I will make the office of Lt. Governor a recognized center for information about local and state affairs. We can also do much more to make the internet a valuable resource for local government officials seeking information about the state laws and agencies that directly impact local governance.

IV. Improve transparency and accountability.

Democracy works only when citizens have the opportunity to be fully informed about what their elected officials are doing, and our state has not done enough to make public records requests easily accessible.

1. Ensure quick processing of public records requests. The Better Government Association and the National Freedom of Information Coalition gave North Carolina a grade of F for our overall response to Freedom of Information Act requests, noting the state's lack of expediency and the failure to sanction those who do not comply with requests.
 - Create an Open Records Council to assist the public in obtaining public records. Citizens or media could petition the Council to intervene upon the denial of a public records request or to determine if a request was being processed in a reasonable amount of time. The Council would be made up of a combination of members appointed by the Governor and General Assembly leaders, along with those appointed by the North Carolina Press Association. The Council could be available to answer questions from the public and records custodians and would provide other education services related to public records laws. The Council would also review all public documents before they were destroyed to make sure that all relevant documents were being retained. The Council's initial charge would be to launch a Government Accountability Project similar to that in Florida in order to make government more open and accountable. The Council should look at ways to increase public access to legislative branch materials. Greater public access to public employee personnel records is also warranted, particularly in areas touching on public integrity and public safety.

- Hold state officials accountable if they unreasonably fail to comply with requests for public records. Public officials should be subject to sanction, including fines and the possibility of the loss of their position, if they do not comply with reasonable public records requests. There should also be a presumption in favor of the awarding of attorneys' fees for a prevailing non-government party in a public records case to ease the burden of litigation for legitimate requests.
2. Create a permanent email retention policy. Email from government officials should be automatically and permanently retained, no matter what the subject or when the email was written or received. All emails should be open to public inspection with exceptions only for well-defined legal or privacy reasons.
 3. Support a constitutional amendment requiring a supermajority for bills reducing public access to information. Any legislative bill that reduces the public's access to information, whether through access to records or meetings, should require a two-thirds majority to pass.

In recent years, our state government has paid too much attention to what expensive outside consultants are paid to say and too little attention to what North Carolinians think. By listening more to our own people, by calling on the experience and expertise of the people who know our system best, we can most effectively figure out what works and how to fix what doesn't.

1. Give North Carolinians a voice by creating moderated comments sections on the web pages of government agencies. Commenters could choose whether to make their names public, and agencies could dedicate a person to monitor the comments and respond to posted concerns. A similar system has already proven useful for the federal Transportation Security Administration.
2. Explore the creation of a state-level False Claims Act, which would allow citizen whistleblowers to bring suits against contractors who defraud the government.

We need increased transparency at all levels of government and on every aspect of economic development. Advances in technology have given us powerful new lights to shine on the inner workings of state government, and I believe that we can do more to take advantage of them.

1. Make the state budget available online, in searchable form, before the General Assembly votes on it. The Pew Center recently released a report saying that North Carolina lacks transparency in its budgeting process. (*Report: N.C. Budgeting Process Lacks Transparency*, News & Observer, 3/3/2008) Posting the budget online in a searchable, electronic form would open up the inner workings of the legislature

to a degree that wouldn't have been possible just a few years ago. No more backroom deals. No more secret government.

2. Create a searchable database modeled after www.usaspending.gov to make it easy for voters to see up-to-date information on grants, loans, incentives packages, and other government spending. Increasing transparency with respect to government contracts promotes accountability and responsible spending. I agree with the proposal to allow citizens to easily find information—including any campaign contributions made by company officials or employees—about state contracts or grants.
3. Webcast meetings of the General Assembly, Council of State, Board of Award, and other important meetings. Webcasting is an inexpensive and efficient way for the public to see exactly what its government is doing.
4. Create listservs for the release of public records. We should be proactive in getting information to the public, not waiting for public records requests to be filed. Citizens should be able to join listservs or sign up for email notification through which government agencies will distribute public records and links to webcasts, legislative votes, and other information. Citizens should also be able to track records requests and to share information on public records laws and procedures.

...Built on a Foundation of Political Reform

The detailed proposals above will help ensure that state government spends money effectively on the things that matter the most. But in order to rebuild and protect our reputation as a state that is business-friendly for all the right reasons, we must also regulate the flow of money between the private sector and public officials, and reform the way the legislature operates.

1. Ban political giving and fundraising by business leaders whose companies receive government incentives and contracts, and by appointees to major boards and commissions. The new rule in North Carolina should be: you can be a major beneficiary of government action or you can be a major political fundraiser, but you cannot be both. Under my plan, we will:
 - *Ban political donations from recipients of major incentive grants.* If a company receives a major economic incentive, its directors, officers, and the company itself (through any political action committees) will be barred from contributing any money or pledging to contribute any money, including any

in-kind contributions, to the elected officials who approved the package for the duration of its receipt of the economic incentives and for two years afterwards.

- *Ban political giving and fundraising by appointees to major boards and commissions, including the Department of Transportation.* Increased transparency is a good start, but it is not enough to fix a system that is fundamentally broken. We need a fresh start, and the best way to do that is by simply prohibiting certain appointees from political giving and fundraising.

2. *Eliminate the legal loophole that allows elected officials to direct massive political donations to individual candidates.* State law allows candidate committees, through political parties, to make unlimited contributions in targeted races. As much as 25% of the money flowing into legislative campaigns passed through this loophole, and it's high time we closed it.
3. *Eliminate the use of special provisions in the budgeting process.* The risks associated with special provisions outweigh their benefits. I propose that the Senate follow the House and adopt rules prohibiting the use of special provisions in the budget. Legitimate proposals that are meritorious have nothing to fear from public debate and sufficient time for analysis by committees and members on the floor of the House and Senate.
4. *Expand public financing of elections at the state and local levels.* Over 90% our citizens believe that our elected officials are influenced by campaign contributions, and over 80% believe our elected officials are more concerned with the needs of their campaign contributors than their other constituents. I support "Voter-Owned" elections that allow candidates to qualify for public financing if they decline special interest funds, respect spending limits, don't engage in untrue or personal attacks, and demonstrate their base of support by obtaining a large number of small contributions from voters—elections that can limit the influence of special interests, increase the competitiveness of elections, and build public trust in elected officials. The Council of State Public Financing pilot program is encouraging. Based on the success of our judicial public financing program, I am confident that the current pilot program will succeed, and I support the similar program that has been proposed for state legislative races. I applaud Chapel Hill for taking the initiative on the local level, and I hope that other towns will take advantage of the recent legislative reforms allowing them to publicly finance elections in 2009 and 2011 as a step toward the goal of offering public financing for every election in the state.

5. Lower the maximum political donation from \$4,000 to the federal limit of \$2,300.
There's no good reason why well-heeled donors need to be able to donate more to the North Carolina governor's race than they can to the presidential race.

Now more than ever, North Carolina needs state-level officials who make transparent, effective government a top priority. The office of Lt. Governor is well-suited to coordinate that effort, and I'm eager and able to lead it. I believe that our need for open government and for economic development can be complementary. We must make sure that state government invests its energy and money in doing the jobs it should, instead of throwing money at jobs it shouldn't be doing in the first place. As Lt. Governor, I will work to ensure that state government commits itself—fairly and effectively—to the things that matter most.