

Unfunded pension, health benefits undercovered story

STATESVILLE — Judging by what makes the front pages, the top of the newscasts, and the list of “what’s trending” on social media, North Carolina politics consists of spirited debates about House Bill 2, spirited debates about voting laws, spirited debates about teacher pay, and spirited debates about why we aren’t talking more about HB 2, voting laws, and teacher pay.

All three issues are important and worthy of attention. But there are others at least as important and worthy of attention. How about this one: Did you know that, by some credible estimates, North Carolina owes public employees some \$71 billion in compensation for which the state has no money set aside?

I’m talking about non-wage benefits. When they retire, most government workers are expecting to receive a monthly pension as well as supplemental coverage from the state employee health plan.

It’s been a key consideration for many who might otherwise have taken a higher-paying job in the private sector but place a higher value on those promised (and tax-advantaged) benefits.

To attempt to fund these benefits on

a pay-as-you-go basis would be foolish, illegal, and doomed to fail.

So, with regard to the pensions, North Carolina has used taxes, employee contributions, and investment returns to build up a portfolio of assets with a market value approaching \$90 billion. Unfortunately, nothing comparable has been done to accumulate assets to offset the state’s liability to pay retiree health benefits. Virtually that entire liability is unfunded. And I’m told that, according to a new state estimate, it is now approximately \$33.5 billion, up from a \$26.6 billion valuation last year.

There’s still more bad news. That pension fund of \$90 billion comes close to funding North Carolina’s pension liabilities in theory. But the theory the state has been using — that the pension fund will realize a long-term average rate of return of 7.25 percent on its assets — appears to be far removed from reality.

According to Andrew Biggs, an American Enterprise Institute scholar and

former deputy commissioner at the Social Security Administration, if state pension plans were required to use the same rate-of-return projections that private plans use, North Carolina would have an unfunded pension liability of about \$37.6 billion.

Just to be clear — that would still give North Carolina, at 70 percent, one of the highest funding ratios for state pension plans in the country. But it still represents a very big hole in the state’s finances. Even a more liberal estimate, using a higher discount rate, would yield an unfunded liability in the many billions of dollars.

The two candidates for the office of North Carolina’s state treasurer, Republican Dale Folwell and Democrat Dan Blue III, met in Statesville on Sept. 27 to discuss these and other issues at a “Hometown Debate” co-hosted by the N.C. Institute of Political Leadership and the Greater Statesville Chamber of Commerce.

“The state health care plan is bankrupt, and our state pension plan, one of the

largest pools of money in the world, has tremendous headwinds that have to be attacked and solved,” said Folwell, a certified public accountant who previously served as a state representative and assistant secretary of commerce.

Blue, a bond attorney, agreed that the unfunded liability for retiree health benefits was a big problem, but said North Carolina’s pension fund was “95 percent to 96 percent” funded and getting “adequate returns on its investments, although the last couple of years have experienced a very dicey market.” He called for “incremental change,” not the fundamental changes Folwell advocates such as slashing investment fees and building up state assets more quickly.

If you don’t work for government, perhaps you don’t think these matters don’t affect you.

You are mistaken. If North Carolina’s next state treasurer, legislature, and other officials don’t take immediate action on these unfunded liabilities, you’ll be among those stuck with a larger bill in the future — in the form of higher taxes and fewer government services.

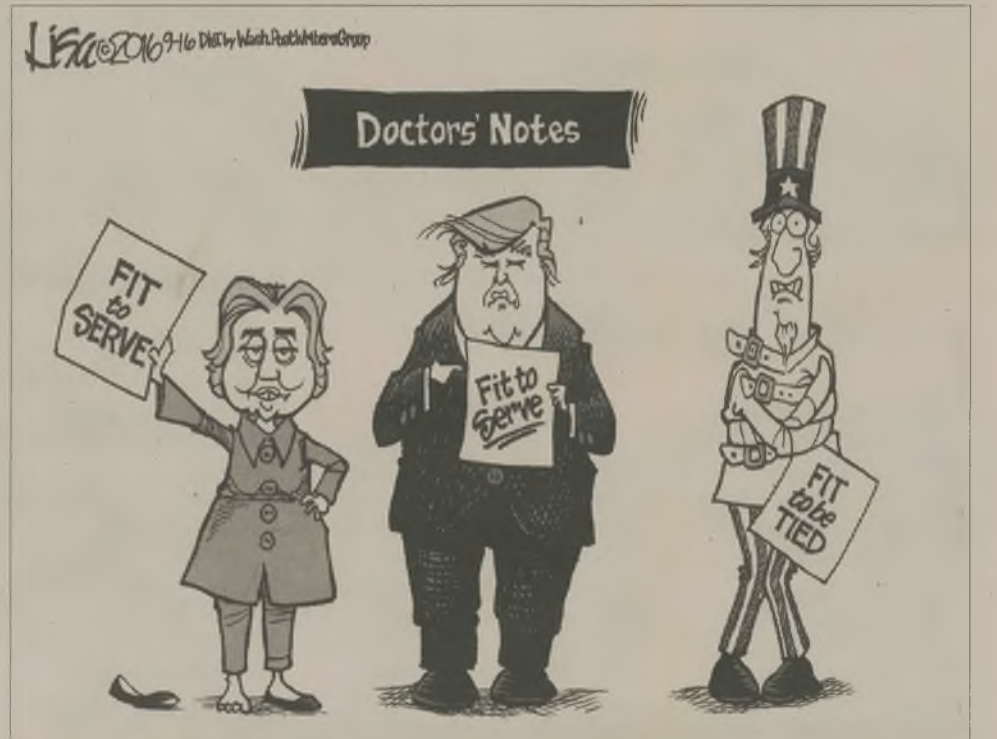
The stakes here are massive. Alas, the media coverage is puny.

John Hood is chairman of the John Locke Foundation.

COLUMNIST



JOHN HOOD



Letters to the Editor

Conspiracy theories are all around Trump’s campaign

Dear Editor,
I guess it was bound to happen sooner or later. Unbelievably, some idiot said that Donald Trump’s campaign has caused the outbreak of terror attacks in the United States and it may have gained some traction in Democrat circles. After reading that comical comment I decided to ask Google for the skinny on Hillary’s fat figure and this popped up.

Hey, sports fans and Conspiracy buffs—Hillary’s lack of stamina has spawned a whole new industry of what may be wrong her all built around her hacking cough and other incidents that may be pointing to some very serious health

issues. The following is just a sampling of what’s out there.

Here’s the craziest theory of all times. Starting with Hillary’s swooning and collapse at the 9/11 event and having to be removed some people began speculating that Hillary has died and there’s two body doubles filling in for her. Theorists point to how quickly Hillary re emerged full of energy and laughing as if nothing had happened. Others say that they shot her full of cocaine to get her back on her feet. Whatever the case Hillary had the most miraculous recovery of all times.

Here’s the best one yet. Theorists believe the Democrats plan

to replace Hillary with Michelle Obama if she continues to perform badly because Michelle would win by a landslide. Barack would, in essence do what no one has done since FDR—have a de facto third and fourth term as president. Think of all the paradigms destroyed and the new ‘firsts’ things.

Then there’s the one that goes.. Hillary is near death and being kept alive with medication and illegal drugs and that’s why she’s so fat. I researched her weight and height and found she weighs between 150-200 pounds and that may signal diabetes or cancer and the overnight weight gain is edema—fluids that the body doesn’t ex-

crete. That’s the main reason for puffy eyes and swollen features.

All of the above is nothing more than conspiracy theories but why does Hillary have the glassy bulging eyes and crazy head gestures, cackling laughter and quirky body movements? And why, at one event did an aide need to grab her by her shoulders and repeatedly tell her to ‘keep talking’ and she responded by laughing and saying ‘keep talking’—keep talking?

Don’t believe a thing she says folks ‘cause Hillary’s no E.F. Hutton.

Calvin Lacy
Hertford

What’s wrong with message of love, mercy?

Dear Editor,
What’s wrong with a message about love, mercy and justice? Ask Mr. Warren Boisselle and Mr. Claude Milot, who both seem to have a problem with that message delivered by a man of God at the Democratic National Convention. I don’t get it, but then I don’t get a lot of what Mr. Boisselle and Mr. Milot write in this paper.

Nancy Theodore
Hertford

Community shows support in fight against ALS

Dear Editor,
We would like to thank everyone who donated, worked or helped in any way with our Jim “Catfish” Hunter ALS Walk on Sept. 24 and the Jim “Catfish” Hunter ALS softball tournament on Sept. 31-Oct. 2.

Thanks to the police department for leading and getting us safely through the walk and the rescue squad. We want to thank the Perquimans County Board of Education, Superintendent Matthew Cheeseman and Perqui-

mans County High School Principal Melissa Fields for letting us use the school facilities. Thanks to Donald and Dina Hurdle and Ashley and Brad Stoop for all their hard work for the walk and breakfast.

We had approximately 250 walkers and raised more than \$26,000 this year. Thank you to team captains for getting your walkers on your team and being there for ALS each year. Many thanks to all of our walkers and ALS patients who turned out for

the walk. A special thanks goes to all our T-shirt sponsors, Planters Ridge for donating the flowers for the walk, Kenny Hanes for the Sunflowers and the Perquimans Weekly for their coverage of the walk.

Thanks to everyone who baked, played, helped or donated to the ALS softball tournament. The umpires deserve many thanks for volunteering their time. Joan Hunter, Guy Webb and Keith Rountree did a great job. Thanks to all the ball teams and

their sponsors for playing ball.

We could not have raised the money for our walk without such a caring, sharing group of people in our area and all over the United States.

The money we raise from the walk and the softball tournament will help support the ALS clinic in Greenville, help with ALS patients needs, wheel chairs, lifts and help with research.

We are thankful that Wallace Elliott, Jim Dixon, Billy Baker, James Hall and Jimmy Baker,

who are battling ALS were there to cut the ribbon for our walk. Our prayers go out to all ALS patients and their caregivers.

My family and I feel so blessed to be living in such a great area with such caring and loving people. Let us all pray for a cause and cure for this terrible disease. God bless each of you from the Jim “Catfish” Hunter ALS Foundation and the Hunter family.

Helen Hunter
Hertford

The Obama administration is full of corruption

Dear Editor,
I don’t know about anybody else, but to me the incessant cacophony in the media before the first presidential debate was the very definition of excess. I don’t think the media could have placed a greater importance on any event short of the Big Bang. Unfortunately, its absorbed frenzy totally obliterated another story of perhaps greater import: the Friday night FBI dump of information

that revealed why Hillary Clinton was never indicted (the Friday night in question being just three days before the debate).

The reason FBI Director James Comey decided against recommending an indictment of Secretary Clinton — even after laying out a solid case for it—is that it would have exposed President Obama as a direct participant in the case, making him liable to prosecution himself for a viola-

tion of the law. The facts are really quite simple.

We all remember President Obama announcing that he had first heard about Hillary’s illegal use of a private server from a news story in the press. That was a lie. We now learn from the information turned over by the FBI that Obama not only knew about Clinton’s server, he sent classified email(s) to her on it. Even more telling, he used a pseudonym

so as not to be identified as the source of the information. According to former federal prosecutor Andrew McCarthy, “He not only engaged in the same type of misconduct Clinton did; he engaged in it with Clinton.”

Are we starting to get the picture? Had Comey recommended a Clinton indictment, the prosecutorial process would have revealed the President’s own culpability and brought public

embarrassment to the President, the Justice Department, and the FBI. Hence, the need for a massive cover-up, beginning with “straight-shooter” Comey squashing the indictment.

The stench of corruption pervades this administration. The old saying has never been truer: A fish rots from the head down.

Claude Milot
Hertford

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