

PA PAC Questionnaire for North Carolina State Treasurer – 2020

Please return the completed questionnaire along with your resume or biographical statement describing education, work history, community service, and prior political experience as soon as possible, but by January 1 at the latest.

You may e-mail your responses to Tom Miller at tom-miller1@nc.rr.com or you may send a printed copy of your responses to PA PAC c/o Tom Miller 1110 Virginia Avenue, Durham, NC 27705-3262

Please note that following the January 1 deadline, the People's Alliance PAC may publish your responses to this questionnaire and your resume.

When answering this questionnaire, please repeat the questions in your response document with each question numbered and organized as it appears here. Type your responses in italics, bold, or a different font to distinguish your responses from the questions. Do not use colors or shading.

Please try to confine your responses to no more than 300 words unless another word limit is indicated. Do not feel obliged to exhaust the limit for each question.

If you use words or ideas from another person, please attribute your source.

Thank you for completing this questionnaire and your willingness
to serve the people of North Carolina.

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Why Are You Running?

1. What do you see as the most important issues facing the treasurer's office? If elected, what are your top three priorities in addressing those issues?

Below, I detail my three priorities for addressing the most important issues facing the Treasurer's office.

1. *Too few North Carolinians have access to high-quality and affordable health care. I will advocate for the expansion of health care in North Carolina and ensure that the state health plan (managed by the Treasurer) refocuses on affordability and quality of care for our 720,000 state employees. Specifically, I will actively support the expansion of Medicaid across North Carolina. Expanding*

Medicaid will in turn provide a foundation to reform the State Health Plan. I will ensure that the State Health Plan pays for healthcare in smarter and more transparent ways. The overarching goal should be to align the billions we pay each year in health care costs with healthy outcomes for North Carolinians.

2. *We must help more of our fellow citizens save for retirement. As Treasurer, one of my legislative priorities will be the creation of individual retirement accounts for every North Carolinian. These accounts will be managed by the Treasurer's office and all North Carolina employers who do not currently offer a plan will be automatically enrolled. Employees can opt-out at any time and the Treasurer's office can leverage our expertise and scale to manage the accounts at low cost. We will incorporate lessons from other states that have been piloting these programs to ensure we offer the best possible product to the people of our state.*
3. *I will modernize and improve the North Carolina Retirement Systems, returning it to world-class standards of fiscal responsibility and risk management. I will carefully review the portfolio and hire the right talent to ensure that we are investing our funds efficiently, with prudence, and with an appreciation for the economic implications of diversity and environmental sustainability.*

Your Qualifications and Fitness

2. What in your record as a public official or other experience demonstrates your ability to be effective on the issues you've identified? Please be as specific as possible in relating past accomplishments to current goals.

The State Treasurer is effectively the chief economic and financial officer for our state. S/he has a wide-ranging set of responsibilities and unusual authority for a state government official. My background as an economist, business school professor and adviser to President Obama makes me uniquely qualified to do this job. I have spent my career using reliable data and sound judgment to advance economic policy that benefits everyone.

When voters elect a Treasurer, they are looking for someone who has the expertise to manage the \$95 billion pension fund, the state's largest health insurer, and all of our state and local bonds. With a Ph.D. in economics and a track record of peer-reviewed publications and policy pieces in national media outlets, I believe I have the demonstrated expertise to serve North Carolina in this role. Further, my government experience, working for President Obama in both of his campaigns and the White House, along with my work for Governor Cooper on two statewide commissions, will allow me to hit the ground running on my first day in office.

With respect to the substantive issues described above, I have significant experience in health economics and policy, authoring several papers in this area

and recently leading a project with the American Heart Association. Much of the work I did in the Obama Administration was with small businesses, exactly the kind that we will enroll in the Auto-IRA program. Finally, I conducted some of the most well-known academic studies on socially responsible investing and have been a frequent speaker on this topic to policy, business, and community audiences over the last decade.

Public Policy and the Treasurer's Office

3. Is the current system of state taxation and fees fair and adequate to meet the needs of North Carolina residents? What changes should be made, if any?

No. I believe we place too much burden on North Carolinians who are middle or lower-income and we do not ask enough from those who are doing well. Our current system is the result of a sharp turn in North Carolina and around the country, sparked by the 2010 election. The lessons from that election and others in the last decade is that local and state elections have a tremendous impact in determining how our government and economy operates. I want to be our next Treasurer because we need people with the right values and expertise running for under-the-radar, but crucial positions. Recruiting more diverse candidates who can win elections in Durham, and statewide, is the first step in changing our current system. Next, we need to expand health care access via Medicaid, increase our investments in education in the state budget, and spur economic mobility through a set of innovative policy solutions. Finally, we need to reform our electoral process through fair and transparent redistricting, protecting voting rights, and shining a light on state campaign financing. These initial steps will be the beginning of a long-term effort to reform the current system and make sure that the needs of North Carolina residents are being met. We will still need to do more work to prepare for the future, whether dealing with the effects of climate change or helping our workforce adjust to automation, among other key priorities. While the Treasurer can have more impact on some of these areas than others, I hope to be a constructive voice on each of these topics.

4. Should state investment policies be changed, if at all, from current practice?

Yes, I would adopt a different approach to managing the investments of our state. First, I would hire a permanent Chief Investment Officer and replace the employees who have departed in recent years to make sure the Treasurer has the best possible team to manage our state's funds. Second, I would call for a comprehensive review of our asset allocation to understand if we are adding too much risk to the portfolio and estimate the impact of the Treasurer's decision to hold billions of dollars in cash during the recent market boom. Finally, I would task my staff with incorporating environmental, social, and corporate governance concerns into our investment strategy. I would also implement a redesigned emerging managers program to increase the diversity of fund managers.

I would also be more active in using my power as a shareholder to influence the way companies to operate. Managing \$95 billion is like having 95 billion votes on how the economy works and who benefits from economic growth. I will support shareholder resolutions to increase transparency around corporate involvement in elections by asking all companies that we invest in to disclose their political giving, including their dark money contributions. I will also support resolutions to diversify boards of directors. Finally, I will recommend that corporations that the pension fund owns increase the voice of workers in board elections by allowing workers to elect 40% of board members. These ideas are just a few of the many ways we can use our shareholder power for the good of people in North Carolina and across the country.

5. How should the State Treasurer influence the pace and composition of state spending?

The State Treasurer is active in all 100 counties through the State Health Plan, the pension fund and managing state and local bonds. With this kind of reach, s/he can play a key role in influencing the pace and composition of state spending.

As the chief economic and financial officer of the state, the Treasurer should advocate for the smartest investments our state can make, whether in school construction, infrastructure, or increasing benefits for educators and provide a cost-benefit analysis. In these calculations, it will be crucial for the Treasurer to accurately estimate long-term benefits that accrue from having a high-quality teacher in a kindergarten classroom or connecting rural and urban areas via new transportation infrastructure.

In these discussions, I will follow the model I used in the White House and on Governor Cooper's commissions. Analyze the right data, develop genuine insights and influence people with the facts. I hope to leverage the Treasurer's large staff and my own quantitative bent to play an influential role in discussions on the state budget. In doing so, I will have a say in what our priorities ought to be and ensuring we have the financial capacity to address them.

More broadly, I plan to work closely with Governor Cooper and the rest of the Council of State to advocate for policies that increase investments in public education, expand healthcare and create high-quality jobs. I also want to provide timely and transparent assessments of our liabilities and data-driven recommendations for how state spending should be adjusted to address them. Finally, as the official who oversees state and local bonds, I will provide my input on the best ways to use debt financing to achieve our statewide goals.

6. What policy changes do you recommend on bond issues and other forms of government debt?

The Treasurer chairs the Local Government Commission which approves and issues all statewide bonds. This is a key role, often overlooked, given that we can use debt to finance everything from water, communications and transportation infrastructure to school construction. If elected, I would like to review the Commission's process to ensure that it accounts for the varying financial and technical expertise available to municipalities around the state. I would favor more flexibility for a given municipality's unique circumstances over a "one-size-fits-all" approach that may curb innovation. Second, I would like to convene a set of municipalities interested in green bonds and pay-for-success bonds. While these markets are still quite small, they are growing rapidly and I want to assess whether North Carolina can do more to take advantage of the accelerating investor interest in sustainability and social impact.

7. Should public employees have the right to bargain collectively in North Carolina?

Yes. My parents are both public employees, in a state where collective bargaining is legal. This is an important tool for public sector workers to voice their concerns and will help increase productivity in the public sector. I would proudly support the option for public sector employees to collectively bargain. While the Treasurer cannot pass legislation, I plan to be an advocate for the rights of public employees and will explain why I think public employees should have a greater voice on key economic issues facing the state.

8. The State Treasurer is an ex officio member of the North Carolina State Board of Education and the State Board of Community Colleges. If elected, what would you do to affect education policy in North Carolina?

While it is often overlooked, the Treasurer can play a key role in education through membership on the North Carolina State Board of Education and the State Board of Community Colleges. First, I would start by simply attending their meetings regularly, seizing an opportunity to be a constructive voice rather than simply a silent, ex officio member. Second, I would use my voice to advocate for evidence-based policies on issues like educational technology, class sizes, and new school construction. Having worked on some of these issues extensively, I believe that we are not using the best evidence available when we promote virtual learning and large hardware investments without considering their demonstrated impact on outcomes.

Most importantly though, I will be tasked with managing the pension and health benefits of our educators. For my parents and so many others, these benefits were a key part of what attracted them to teaching and retained them over the span of their careers. If I manage these benefits well, we will attract the most effective educators to North Carolina and keep them here. This outcome would

be the most consequential impact I could ever have on education policy in our state.

9. What is the state government's role in its citizens' financial literacy? What can the treasurer's office do to increase that literacy and how would you measure the results?

The Treasurer can play a leading role in promoting financial literacy. Particularly as financial products are increasingly being offered digitally, it is important to increase civic knowledge in both areas. If North Carolinians increase our financial literacy, we will make smarter financial decisions that will keep families afloat during hard times, facilitate investments in education or starting a business, provide for a stable retirement and ultimately enhance economic mobility.

Given current efforts to incorporate financial literacy into high school curriculums, I would pursue a two-pronged approach. First, I would advocate that North Carolina set up a formal evaluation procedure to test the effectiveness of these programs in high school. I would work with relevant parties to seek government or philanthropic support and design an evaluation to tell us whether our investments here are paying off.

Second, I would focus on other parts of our population who are not enrolled in these courses, our military personnel and veterans and those out of the workforce for example. Working together with partners, likely a foundation and/or a financial services company with investments in North Carolina, I would seek to design a financial literacy program that could be delivered over mobile platforms, in short, modular sessions. Alternatively, we could adopt an evidence-based approach from another state or country. We could test many different variants and explore whether these programs actually impact financial literacy and subsequent decision making. Without these kinds of evaluations, we simply do not know whether or not these programs work. An evidence-based Treasurer would advocate for rigorous evaluations of how government money is being spent. This is what it means to be a fiscal steward for North Carolina.

10. As member of the Council of State, you would have input on the issue of the death penalty. Do you feel qualified to vote on such issues? If so, how would you vote on the execution protocol and other death penalty matters that may come before the Council? Is the Council of State an appropriate body to deliberate these issues?

While my own background is on economic and financial policy issues, I am aware that the Council of State votes on the execution protocol. As a citizen, I am personally opposed to the death penalty because my understanding is that there is a lack of evidence it is an effective deterrent to crime and there are disturbing patterns of racial bias in its application. That is why I would heavily scrutinize any execution that came before the Council of State. If elected, I would work hard to educate myself further on this issue and consult with experts from across the spectrum.

Because the Council of State is composed of many positions that have little or nothing to do with criminal justice issues, I would personally be open to considering the establishment of other bodies to deliberate on these issues. However, I would want to know the composition of that alternative body and the process of election or appointment before favoring any change.

11. How can the State Treasurer leverage investments to generate additional environmental and social returns, including race equity, gender fairness, and climate change and environmental sustainability?

As discussed elsewhere in this questionnaire, I believe this is one of the crucial untapped powers of the State Treasurer and why all voters should care about this race. With the rise of socially responsible investing, impact investing and related approaches, large institutional investors are shaping how capital is allocated and influencing society beyond what even federal and state legislation can accomplish in some cases. As Treasurer, my first responsibility is as a fiduciary. I believe that considering environmental and social issues can be part of winning investment strategy and will dedicate at least one staff member to assessing our portfolio's performance in these domains. I will use these assessments to engage with companies on business risks arising from environmental and social concerns. Where possible, I will work with other large pension funds and institutional investors to recommend changes and will, if necessary, file shareholder resolutions on issues such as political spending, diversity, and worker representation on boards.

This template offers a theory of change for a Treasurer who has the requisite expertise, can build coalitions with other large investors, and will be persistent on the issues that matter most to their beneficiaries. I want to reiterate that having \$95 billion under management is akin to having 95 billion votes on the future of how the economy works and who benefits from economic growth. I want North Carolina to be a leader in that conversation and make sure that we are building a portfolio that will perform well over the long-term, as issues like climate change, racial diversity and gender equity only become more important.

Retirement

12. Are the state's retirement systems sustainable? Should they be modified or discontinued? In your answer please address issues such as eligibility, health benefits, and cost of living increases.

The retirement system is well-funded in comparison to other states, typically ranking highly on conventional measures, such as the funding ratio. The health plan is facing a more significant challenge, driven in part by demographic trends and rising health care costs. My first priority would be to address the challenges in the State Health Plan by working together with all the stakeholders in our healthcare system to more closely align payments with health outcomes as

opposed to the fee for service model. In doing so, we could both improve the quality of care and affordability over time. More information on quality and price would also add much-needed transparency to our healthcare system.

Based on the numbers I reviewed, I believe we must first address the cost of healthcare for North Carolinians insured under the state health plan if we hope to see tangible benefits from any cost of living increases or eligibility changes.

13. North Carolina has the tenth largest public pension fund in the country. How should the State Treasurer best manage these funds? Should these policies on pension fund investments be geared to strengthening the North Carolina economy and/or addressing specific North Carolina issues?

The State Treasurer, by virtue of the size of the pension fund and the sole trustee model, is one of the most powerful institutional investors in the country. While this office has rarely been framed this way, our next State Treasurer can truly be an agent of change through their investment authority.

In managing funds and making asset allocations, the Treasurer ought to recruit and rely on a top-notch staff, beginning with a permanent Chief Investment Officer. A pension fund has a long-term orientation by design, which ought to influence the balance between risks and rewards in assessing any investment opportunity. The Treasurer and CIO should adhere to provisions around rebalancing and other asset allocation decisions that are designed to ensure that the Treasurer and their team do not make unwise bets with North Carolina's pension fund.

The Treasurer and their investment team should be deeply familiar with North Carolina's economy and meet regularly with a wide variety of stakeholders. The Treasurer should use their office to encourage entrepreneurship across North Carolina, through business accelerators and capital programs. In managing such a large portfolio it is also necessary to have a global perspective of investment trends and opportunities to avoid concentrating investments in the same sector or geography. Finally, the next State Treasurer should consider the impact of environmental issues like climate change and human capital issues related to diversity and inclusion that will impact the value of their investments.

14. Fewer than half of private sector workers in our state (47%) have access to a workplace retirement plan. What can the State Treasurer do to increase the number of private sector workers that have an opportunity to save for retirement through their employer?

As noted above, we must help more people save for retirement. As Treasurer, my number one legislative priority will be the creation of individual retirement accounts for every working North Carolinian. These accounts will be managed by the Treasurer's office and all North Carolina employers who do not currently offer

a plan will be automatically enrolled. These programs can increase savings for working families and help build a solid foundation for retirement. Employees can opt-out at any time and the Treasurer's office can leverage our expertise and scale to manage the accounts at low cost. We will incorporate lessons from other states that have been piloting these programs to ensure we offer the best possible product to North Carolina workers. A program like this which is universal, market-based and low-cost ought to appeal to a wide swath of voters, regardless of party or ideology. Along with advocating for legislative solutions, the Treasurer can also advance automatic IRAs by commissioning a research study and building pilot programs with companies, universities and philanthropic foundations.

Personal and Political

15. How do you define yourself politically, and how does your political philosophy show itself in your past achievements and present campaign platform?

I fundamentally believe smart and efficient government programs and policies can make a difference in improving our lives. That is why I worked for Democratic Presidential candidates in every cycle since 2004. My most active involvement was in President Obama's 2008 and 2012 campaigns. These experiences, along with my service in his White House, defined me politically and greatly influenced my political philosophy.

President Obama's victories gave us all an example of what was possible in the country. Choosing to work for an African American candidate in 2008 (and again in 2010 for Ken Lewis running for U.S. Senate) demonstrates my conviction that diverse candidates can win at all levels of politics.

My career path reflects my philosophy as well. I became a researcher because I wanted to use data to inform decision-making in public and private sector organizations. I became a teacher because I wanted to disseminate that knowledge to as many people as I could. I am running for public office so I can translate these insights in action and make a positive impact on society. I aim to develop all of my policy positions using the best available evidence.

The last piece of my philosophy is I believe that we often undervalue the importance of state and local offices. States like North Carolina receive plenty of national attention in Presidential years, but we need committed and compelling candidates running for less glamorous offices if we want to advance causes important to us all. I am thrilled that the People's Alliance is tracking this race and believe that your endorsement will be critical in electing the next Treasurer. I also believe that your members will see how impactful this position could be with the right person in it and energize Durham and beyond for the 2020 campaign.

16. For whom did you vote for in the 2012 and 2016 presidential and gubernatorial elections? For whom did you vote in the 2016 U. S. Senate election?

2012

Presidential - President Barack Obama

Gubernatorial - Walter Dalton

2016

Presidential - Hillary Clinton

Gubernatorial - Governor Roy Cooper

U.S. Senate- Deborah Ross

Thank you for completing this questionnaire.

Please do not forget to provide us with your resume or biographical statement.