

Gauging Pence's first year, and next

Fledgling governor faces comparisons as he heads into his second year

By **BRIAN A. HOWEY**

NASHVILLE, Ind. – As Indiana Gov. Mike Pence stands at the threshold of his second year in office, he is dogged by two comparisons, with himself and his predecessor, Mitch Daniels.

The contrasts will vividly come to the fore in 2014 with ramifications that potentially will extend far beyond his first foray into executive power.

The echoes of his own past career of public service include his oft stated self-description: "I'm a Christian, a conservative and a Republican in that order." Yet his emergence into the gubernatorial sphere finds Pence at odds with his own historic mission. Long seen as a champion of the social conservative movement, he has sought separation during his 2012 campaign and his first year in office, persistently saying his priorities are jobs and education.



Yet, he is set to watch his state enter perhaps the most divisive chapter in its modern history when it comes to a likely referendum on HJR-6, the constitutional marriage amendment. The wink and a nod opt-in by Gov.

Continued on page 3

Rhetorical GOP shift in DC

By **BRIAN A. HOWEY**

BLOOMINGTON – When it came to the Ryan/Murray budget that passed the House last week and the Senate on Tuesday, what was striking was not what a baby step the package was, but the shift in the rhetoric.

"No' can't always be the answer," Rep. Luke Messer, a Republican from Shelbyville who had opposed the October deal, told Gannett News Service. "Reality is that we have a Democratic president and a Democratic-led Senate. Given that reality, this is a solid deal. And virtually everyone agrees we don't need another government shutdown."

Rep. Marlin Stutzman, R-Howe, said last week, "While



"What this session will probably be is a learning session. We will all encourage local government to be part of the solution and that may be difficult but it's a necessity."

*- State Sen. Jim Merritt,
on the business tax repeal*



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this bipartisan agreement isn't perfect, it stops President Obama's dangerous habit of governing from one budget crisis to the next. Each of the President's manufactured crises brought new calls for more taxes and higher spending and that's exactly what I'm working to prevent."

For Rep. Susan Brooks, it was constituents repeatedly telling her "the political uncertainty coming from Washington makes planning for their own futures increasingly difficult. That's why it's so important for Congress to reach a budget deal that provides much-needed stability for businesses and families trying to improve their standing in a tough economy."

For Rep. Todd Young, it was "a good first step." For Rep. Todd Rokita, it was a "step in the right direction." Rep. Jackie Walorski reasoned "Hoosiers sit around their kitchen tables and make tough choices to keep a budget, and they expect Washington to do the same."

Of that group, Brooks and Young were the only two votes against a national default last October after the federal government shut down for 16 days.

The reality is, the government shutdown was a political disaster for the House Republicans. What saved them from it becoming an epic disaster was the tortured rollout of Obamacare.

U.S. Sen. Dan Coats, who voted against the budget on Tuesday, cited the shutdown as a game-changer for his House colleagues. "I think that goes to the reality we're facing that crisis to crisis and shutdown to shutdown is not the solution," Coats told Howey Politics Indiana just before his nay vote. "I understand what (Paul) Ryan was trying to do. There was very little leverage after the

shutdown debacle. I know why House Republicans did what they did. But it was a bitter pill to swallow."

The Ryan/Murray budget would restore \$63 billion to defense and domestic programs that were lost during sequester. The New York Times reported Tuesday that over 10 years the plan would decrease cumulative deficits slightly by trimming military and federal worker pensions, extending a 2 percent cut to Medicare providers into next decade and making other changes, like ending federal research for some fossil-fuel discovery efforts.



U.S. Rep. Luke Messer said the GOP can no longer just be the party of "no."

Coats wouldn't call it a "baby step." "It's basically calling a truce," the senator said. "The deficit reduction in there comes in 2022 and 2023. The spending comes immediately. Congress has a way of not getting to the cuts made years ago."

In a statement earlier Tuesday, Coats said, "While I recognize the short-term stability this budget deal offers, I could not overcome the fact that this plan once again allows Congress and the administration to avoid the tough choices we must make to stabilize our long-term fiscal future. I will remain committed to working with my colleagues to address this challenge."

Those "tough choices" are entitlement reform. Coats said that President Obama and Senate Democrats are unwilling to look at any means testing or benefit reductions.

"We put our last offer on the table with his minimalist entitlement reform changes," Coats said of President Obama. "It was a change in cost of living adjustment of Social Security. There were some changes in the Medicare program. He even re-

jected his own proposal. It proves his budget last February was just a sham."

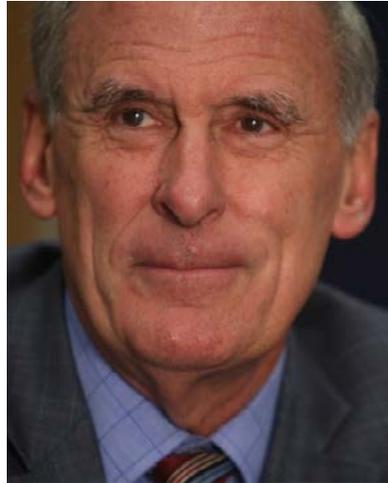
"We asked, 'Could you at least do this?' He said, 'Without tax increase, no.'"

As for the shift of House Republicans, this could be a strategic pattern developing.

"Watch the Ways and Means Committee in the first quarter of next year," Chairman Ryan said in an interview that aired Sunday on NBC's "Meet the Press."

"We're going to be advancing tax reform legislation because we think that's a key ingredient to getting people back to work, to increasing take-home pay, to growing this economy," Ryan said.

HPI asked Stutzman if he was hearing from constituents that Congress needed to get things done. "The Republican Party has to figure out something on immigration," Stutzman said. "It impacts agriculture, medical devices,



Sen. Coats said the House GOP had little options after the shutdown.

health care. There are jobs at both ends of the scale."

The reality facing House Republicans is that continued fights that lead to shutdowns or potential default only play into the narrative against them.

The New York Times reported on Monday that 2014 campaigns are shifting: This time they have shelved their incendiary remarks about President Obama and the national debt in favor of a narrower focus on the Affordable Care Act, which they hope will attract moderate voters from both parties, even in heavily Democratic districts, who are disenchanted with its rollout. The campaigns, if successful, could be an indication of change in some corners of the Republican Party as many former firebrands mellow

their messages. ❖

Pence, from page 1

Pence and his social conservative allies in the Indiana Senate and House is to "let the people decide" on whether marriage should be not only between one man and one woman, but with a permanent road block to prevent any type of civil union. That comes with the troubling second sentence. It comes as public attitudes on the marriage question have quickly and sharply evolved into a far more tolerant zone, not only across the United States but within Indiana as well.

The notion that the "people will decide" ignores the lessons from the 2012 U.S. Senate race in Indiana, where Richard Lugar, Richard Mourdock and Joe Donnelly essentially lost control of their campaigns, as more than \$30 million of national money spilled into the state from an array of special interest groups. Hoosier voices will almost certainly be drowned out by national advocacy groups who will pounce on the issue and keep focus until the mid-term elections begin to take shape next September. And at that point, the marriage referendum will reach a zenith of scrutiny.

While job creation is largely agreed upon as the most emphatic mission at hand, the nation and world will get a front row seat to division and policy that half the population will see as essential, and the other half regressive. Indiana will attempt to land a massive Boeing plant at the very time this battle is stoking up.

HJR-6 will be debated in the Indiana General Assembly between January and March during a period of which a political lull across the nation will mean America's

eyes will be affixed to the Hoosier state as it grapples with a power struggle between the the 20 percent far right and left political spectrums, and the evolution of the emerging millennial voters that are turning away from President Obama. At this very moment the voting bloc of the future will find the reinforcing element of an intolerant Republican wing prepared to double down, with consequences be damned.

The political consequences for Gov. Pence and Indiana Republicans are potentially enormous. In a mid-term election that normally would see voter turnout in the upper 20 to lower 30th percentile, it will instead find the ideological bookends fully engaged with consequences that could impact the reelection bid of U.S. Rep. Jackie Walorski and suburban legislative Republicans. It has the potential to crystallize an opposition front to the Pence 2016 reelection bid, with informed and reliable sources telling Howe Politics Indiana that former governor and senator Evan Bayh is preparing to move back to Indiana this summer after his twin sons graduate from high school.

In a short legislative session, it has the potential to distract Pence's ambitious but lightly defined agenda that will need an array of varied alliances to achieve.

A defeat of HJR-6 this fall would not only galvanize a centrist component in the 2016 elections, but would reinforce the 2012 results that had Pence going from an expected landslide to the first governor in half a century to win office with less than 50 percent of the vote when he defeated the lackluster and underfunded John Gregg campaign by less than 3 percent.

The second dynamic in place here is Mitch Daniels. "It's hard not to compare Mike Pence to Mitch Daniels,"

one veteran Statehouse observer told HPI on background. "It's his Achilles heel. Daniels was such a forceful leader."

It was evident at the Indiana Society dinner in Chicago earlier this month, where Daniels was honored as "Hoosier of the Year" while Gov. Pence and First Lady sat at the end of the table. The applause contrast was evident.

The scenario here is that after eight years of largely following the Daniels agenda, House Speaker Brian Bosma, Senate President David Long, Senate Appropriations Chairman Luke Kenley and Ways & Means Chairman Tim Brown are expressing their independence. As the Associated Press reported over the weekend, the sketchy cost details of the Pence education legislative agenda has Kenley suggesting action delayed to 2015. Brown has "cautioned" that he is not inclined to reopen the biennial budget.

Pence acknowledged that his 2014 agenda is light on details by design. "I want to give legislators the broadest possible range to develop how they think this might work best giving consideration to all of the interests involved," Pence said. "Articulate a vision that we think reflects the priorities of the people of Indiana. Articulate policies that we believe will advance their priorities. And suggest ways those policies can be formulated, but to work in a collaborative way with members of the General Assembly and the leadership of both chambers."

Legislative leaders have learned that they can push back at the new governor, as they did on his proposed 10% income tax cut in 2013 which ended up as a multi-year phased-in 5% reduction. "I say without hesitation I think the final product was better than what I first proposed," Pence told WISH-TV.

Repressed legislative leaders will almost certainly see that as an invitation to take control of the initiative. They also know that the income tax cut has been minuscule relief for most Hoosier voters, with many unaware of exactly what they got in a deal that saw a full repeal of the inheritance tax for the wealthy, as well as corporate and financial institution tax reductions.

In a state where per capita income has been stagnant over the past generation, the political opening for someone like Bayh – who left office with full-employment and robust surpluses – is there to be exposed.

The "light on details" element is becoming a common thread. Pence will passively back HJR-6 and when asked simply says, "You know where I stand." On his call for repeal of the business personal property tax, his replacement solutions to prevent harm to local governments have been sketchy (on Tuesday he suggested removing the 30% depreciation floor or preventing the tax to apply to new equipment).

The previous option - local income taxes - feeds

into a potential Bayh wheelhouse with the Republican cutting corporate taxes while the middle class picks up the tab.

It also has the potential of dividing Indiana Republicans. Some 80% of county officials are Republican, and when it comes to cities and towns, the scenario is probably similar to the 70 GOP mayors (compared to 49 Democrats). Pence saw great opposition to his income tax cut from the Indiana Association of Cities and Towns and the Association of Indiana Counties, and the business tax repeal only stands to exacerbate intra-GOP tensions.

The Ritz 'civil war'

Another component in Gov. Pence treading lightly comes with what Bosma has characterized as the "civil war" between the administration and Democratic Supt. Glenda Ritz.

Pence has hovered over this dynamic, consistently praising and reaching out to Ritz while the Daniels/Pence appointed State Board of Education has engaged in a series of power plays. To the general public, and with a potential erosion of support if the "civil war" continues, it looks like adults setting a poor example for the students they are supposed to lead and prepare.

When HPI pressed senior Pence officials on pushing for legislation that would make the superintendent an appointed position, which is the platform position of both the Republican and Democratic parties, they defer, expressing fear of a perceived power play.

The SBOE and legislative Republicans view the governor and the board as in charge of initiating policy, and the superintendent charged with implementation. In the past quarter century, only four years (2009-12 under Daniels and Supt. Tony Bennett) have we seen the two elected leaders charged with the formulation of education policy making and implementation fully on the same page. For 21 of those years, the two were of different parties. The education buck does not stop with the governor, and Indiana companies are seeing the fruits of that dynamic with an unprepared workforce.

By not pushing for a permanent change, Pence risks getting the worst of both worlds on education.

It is on this front that Pence has set in motion the most promising success story of his fledgling administration. His regional work council legislation passed with unanimous support and the idea of matching curriculum to the needs of local business and industry has a high upside. As the Wall Street Journal observed this week, vocational school is no longer auto and wood shop these days.

Another huge policy arena is the Affordable Care Act. Here, Pence has the backing of most Republicans in opting not to set up a state exchange, though Chairman Brown told Howey Politics earlier this month that the state should monitor the other state exchanges and be prepared to adopt a successful model.



But other Republicans are concerned over leaving an estimated \$10 billion of ACA Medicaid expansion funds on the table, while other GOP governors such as Wisconsin's Scott Walker have found innovative ways to steer that money toward poorer segments of the population. Pence is pushing for the U.S. Department of Health and Human Services to allow Medicaid expansion on a "consumer-driven" basis via the Healthy Indiana Plan. But, once again, details are light on what the cost of an expanded HIP would be. There is divided opinion among health economists as to whether HIP can accommodate an even modest expansion, and Democrats and some Republicans are pointing out that around 200,000 lower income Hoosiers may end up with no insurance alternatives.

Like Chairman Brown has, Speaker Bosma told the Indiana Chamber legislative luncheon, "I know there are people without insurance we have to address, but this needs to be thoughtful, it needs to be foresightful, we need to understand the consequences fully before we jump in."

How the Pence administrative ultimately responds to the Obamacare era will have implications that will extend far into the future.

Judging a first year

Many Statehouse observers HPI has talked with see Pence's first year in office in the B- range (letter grades are vogue these days).

A Public Opinion Strategies Poll released Tuesday by Pence ally Americans For Prosperity puts the governor's approval at 63% (37% disapprove) and he gets 56% approval from independents. The right/wrong track numbers are 54/38%. On local option income taxes, 35% support and 62% disagree.

Statehouse Republicans express concern that the Pence legislative team is not fully engaged, and that is not entirely his fault. The notion of having to build an administration and forge an initial biennial budget in a two-month time span is a tall order for even the most poised and prepared Statehouse veteran.

Pence has the congressional pedigree and there is a growing perception that his administration is being run like a congressional office, and not the executive stature required. Most give him a mulligan for 2013, but there are hints that the same scenario is developing for 2014.

And it will be the 2014 session that begins to set up a longer term perception. It is far, far too early to come to any such judgments. In modern Hoosier history, Gov. Bowen saw his signature legislative achievement barely pass the General Assembly. Bayh had to grapple with 50/50 Houses and he and predecessor Frank O'Bannon were dogged by a GOP Senate. Like Pence, Gov. Robert Orr was buffeted by one of the worst economic downturns of the century.

Of the modern governors, the Daniels contrast is

the hardest to ignore. He left office as a widely perceived "transformational" governor and even Democrats readily admitted that while they disagreed on much of his policy, there was no question on who was calling the shots and who had the firmest grip on the yoke.

All were reelected.

The national context

The other element in play in the Daniels and Pence eras is national politics. For a period of three or four months in late 2010 and early 2011, the two were on a collision course when it came to the 2012 presidential nomination. The wide perception is that Daniels cleared the decks for Pence to bone up on his executive credentials.

While many Hoosier Republicans were hopeful of a Daniels presidential run once Pence stood down, and were crestfallen when he took a pass, there is not the widespread perception that Pence is up to that stage at this point in his career.

Pence's presidential ambition stalked him during his first legislative session, and given a chance to clearly delineate his four-year path with his nose on the Hoosier grindstone, the messages between senior staff and him have been muddled.

Daniels was cunning, fluid, witty and in control. Pence is seen as working off the Daniels policy platform.

Considered a substantive communicator throughout his Congressional career, the perception of Pence is of a public servant held hostage to his talking points and handlers, repeating those points over and over when there are so many questions to ask, and his press accessibility has been truncated, with his preference to go directly to the people. Senior staff talk only on background

Daniels was from the school of good policy makes good politics and he expended his political capital like a riverboat gambler with vivid dividends. Pence is widely viewed as very political, with the policy underpinnings tepid.

If you're into metaphors, the 2004 Daniels breakthrough over an incumbent Democratic governor, the only one to lose election for a second term, was celebrated in a hot and packed back room at Butler University's Hinkle Fieldhouse. Daniels had used the legendary sports imagery and prose of spirits there to knock down a war hero, Notre Dame catcher.

In November 2012, Pence celebrated his 49% victory at cavernous Lucas Oil Stadium, where the crowd seemed minuscule. The stage was ambitious and oversized.

The challenge for this young governor is to find the right coordinates, context and force of action that creates the success still within his grasp. ❖



Crouch continues GOP 'pocket' wellspring

By **BRIAN A. HOWEY**

NASHVILLE, Ind. – Call it the Indiana Republicans' pocket wellspring.

In just two years, two southwestern Indiana legislators have gone from representing House districts into statewide office. On Monday, it was the ascension of Rep. Suzanne Crouch to the state auditor's position. In 2012, it was Rep. Sue Ellspermann who received the call from Mike Pence to run on his ticket.

It is a flourish for the southwestern Republicans who for the past generation have produced a series of progressive, independent-minded, female legislators. It began with Vaneta Becker's election to the Indiana House in 1981, and then her move to the Indiana Senate in 2005 after Sen. Greg Server retired. Crouch, a

former two-term Vanderburgh County auditor and commissioner, ran for Becker's seat and won.

In 2010, Ellspermann and Wendy McNamara won House seats in a fashion that raised eyebrows on the way to the GOP forging a 60-40 majority. The common thread there is that both were graduates of the Lugar Series of Public Excellence, a program developed by the former senator to prepare females for public office.

Ellspermann upset House Majority Leader Russ Stilwell in the GOP wave election that year and did so in a fashion that ultimately caught the eye of Pence. She refused to go negative, with both Ellspermann and Stilwell signing a campaign pledge vowing to do so. At the same time, McNamara had originally intended to challenge State Rep. Trent Van Haaften. But after Sen. Evan Bayh abruptly decided to retire in February 2010, U.S. Rep. Brad Ellsworth filed for the Senate race, Van Haaften shifted to the 8th CD, and State Sen. Bob Deig took the unusual course of shifting to the House, where McNamara picked up the seat with a razor-thin margin. In 2012, she successfully defended the seat after Van Haaften attempted a comeback.

Stilwell, who writes a column for Howey Politics Indiana, observed, "I know Sue Ellspermann well enough to know that you should not ever underestimate her and her ambitions. She defeated me for my SW Indiana legisla-

tive seat fair and square in the 2010 elections. And she did so without the standard negative campaign mode of operation that most challengers rely on to win. Actually, we both signed a "no negative campaign pledge" and to the best of my knowledge we both held true to our pledge. When folks ask me about Ellspermann, I often use different adjectives to describe her. Words like hard working, motivated, smart, ambitious and good on her feet. She can speak and work a room standing up, sitting down, using a podium, sitting in a chair or just walking through the audience. When campaigning for the 2010 primary, Ellspermann actually knocked on my front door looking for votes. She and her campaign team ran a most efficient campaign that had scores of volunteers and motivated supporters."

As for choosing Ellspermann for the ticket, Pence said, "Sue Ellspermann has the integrity, business background and experience in state government that will make her a great lieutenant governor. She is uniquely qualified. She has the values, the experience and the character to meet the demands of that office, and should the need arise, to lead Indiana as our governor."

Gov. Pence said of his latest selection, "Suzanne Crouch has a lifetime of experience and a heart for public service. Suzanne's fiscal leadership in the Indiana General Assembly, her distinguished public career in local government, and financial background will be valuable assets to our state."

When you survey the resumes of this trio of public servants, the nexus is a combination of business, academic, educational experience, health care and innovative government service.

As a Vanderburgh commissioner, Crouch worked to televise weekly commission meetings. As commission president, she applied for and received a first-ever federal transportation grant. Ellspermann holds a PhD. in industrial engineering. She was the founding director of the University of Southern Indiana's Center for Applied Research and in the year she rose to the GOP statewide ticket, Ellspermann became the director of strategic engagement for the strategic marketing firm Transformation Team, Inc.

McNamara holds a degree in educational leadership from the University of Southern Indiana, is director of Early College High School

where she is developing a model for high school students who simultaneously earn both a high school diploma and an associate's degree or two years of college credit toward a bachelor's degree (a subject near and dear to Gov. Pence's public mission), and is an executive board member of the Indiana Association for Supervision and Curriculum



State Rep. Suzanne Crouch after Gov. Pence named her state auditor on Monday.

Development. She has been a department head at Bosse High School and an assistant principal at Evansville North High School.

Crouch and Becker have used their legislative careers to address public health issues. Becker chairs the Senate Public Health Committee and Crouch had been vice chair of the House Public Health Committee.

Perhaps the most revealing and courageous aspect of these legislators came in 2008 and 2009 when Sen. Becker and Rep. Crouch essentially flagged the troubled reforms at the Family Social Services Administration. The Daniels administration had attempted to shift the state's welfare caseload from individual caseworkers to a call center operated by IBM.

"There is not one person you can go back to to determine the chain of command," Becker said of the \$1.16 billion program that Gov. Daniels unveiled in 2006. "There is no longer a certain person you talk to. It's whoever answers the phone (at the call center) when you call,

and that has led to all kinds of duplication."

By late 2008, Crouch and Becker filed legislation addressing the problem of people falling through the cracks. "This bill does not attempt to tell the administration what to do, it does not attempt to do anything other than hold them accountable for what they've undertaken," Crouch told the Evansville Courier & Press for a story published Wednesday.

Gov. Daniels was not pleased, telling the Courier & Press, "Let me just say, they'd better come here first because we are not turning around on this very important reform."

But that October, the Daniels administration canceled the contract. "I think the real challenge for the administration will be to meld the human contact from the old system with the new technology of the new system," Crouch said. "If we err, it should be on the side of providing enough human interaction for people." ❖

McNamara sees the cost of meth epidemic

By MAUREEN HAYDEN
CNHI Statehouse Bureau

INDIANAPOLIS – State Rep. Wendy McNamara knew methamphetamine was a scourge in her district in southwestern Indiana, but the damaging effects of the drug really hit her when she met a real estate appraiser who'd suffered lung damage after visiting a meth-contaminated house.

The appraiser had no idea the house was once the site of a clandestine drug lab. Gone were the containers of chemicals used to cook the meth, but left behind were the toxic contaminants that permeated the carpets, walls, drains and ventilation.

That appraiser now carries protective breathing gear when he's on the job, but McNamara thinks he and others need more protection.

The Posey County Republican plans to introduce legislation to increase public disclosure requirements for properties contaminated by meth labs and to give local officials more authority to force quicker cleanup of those properties.

"We have to find a way to protect us from people who use meth and who don't care about anybody else," McNamara said.

Meth labs are a big problem throughout Indiana. The state came in a close third in the nation in 2012 for

the number of meth lab busts, at nearly 1,700. State police say the state is on pace for nearly 1,900 meth lab busts this year.

The state doesn't track how many of those labs are located in homes, but police say that's where many are. That's because the vast majority of homemade meth is now concocted by mixing pseudoephedrine and other



ingredients in a soda bottle – the so-called "one-pot" method – which makes it simple to manufacture on a kitchen counter or bathroom sink, police say.

McNamara is among a bipartisan group of legislators who want pseudo-

ephedrine returned to its earlier status as a prescription drug. They face strong opposition from pharmaceutical companies and retailers, and their measure has gained little traction.

So now lawmakers are using what they call "reactive legislation" to address problems created by meth.

"We think of meth as a health issue, but it's also an economic issue in our local communities," said McNamara. "Think of the local resources that go into fighting meth and its consequences."

Police are supposed to notify local health officials when a meth lab is found in a home. The health department is then supposed to post a notice ordering the house be evacuated and remain vacant until the dwelling is



decontaminated by a state-certified cleanup crew.

But the cost of decontamination can run into the thousands of dollars, leading property owners to delay or simply abandon the cleanup.

While the law forbids property owners from selling the house or letting anyone move back in until the health department declares the dwelling habitable, violating the law is a misdemeanor and rarely enforced.

And owners of properties where meth labs have been found are not required to disclose that when they sell or transfer the home.

"We just don't know the number of homes out there that are contaminated," said Scott Frosch, safety director for the state Department of Environmental Management. "People don't really know what they're buying or occupying."

Another problem: Laws covering the cleanup and monitoring of meth-polluted homes came with no extra dollars for enforcement.

"It's an unfunded mandate from the state," said Mindy Waldron, administrator of the Fort Wayne Allen County Department of Health. "And there are really no penalties if no one cleans up a house. It can just sit there and be a blight on the community."

Waldron said county health departments don't have the power to condemn a house and have little power enforcing the evacuation notices they're charged with posting.

"Just today, somebody ripped down a notice we just posted on a house," Waldron said earlier this week. "We don't carry guns, we're not the police. How are we supposed to enforce this?"

State officials are compiling an online database of every meth lab busted by address. The database will include information about whether a location, if a dwelling, has been decontaminated by a certified cleanup company.

But police and environmental officials say that database is still months away from being operational.

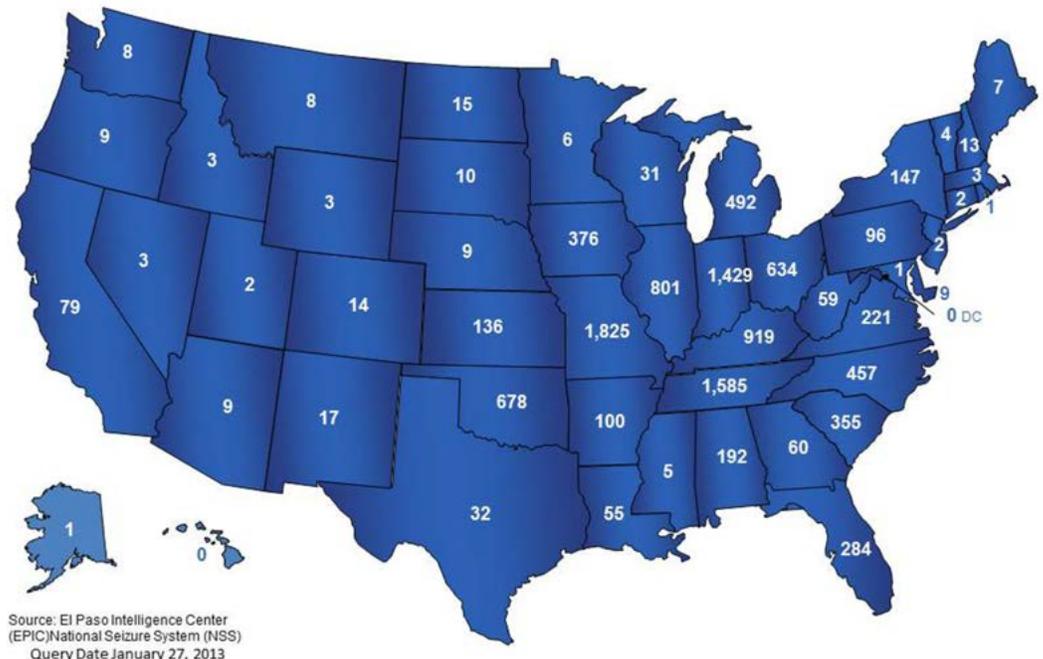
Meanwhile, local officials worry that as the number of meth lab busts rise, there will be more vacant, contaminated houses in their communities.

"I have two houses like that within a block of my office that have been sitting vacant since July," said Plymouth Mayor Mark Senter, a former state trooper who served on a clandestine drug lab team. "There's nothing I can do about them."

Senter is worried that the houses may revert to the county tax rolls and be bought by a speculator who won't invest money in cleanup. He supports a measure to require anyone buying a meth-contaminated house through a sheriff's sale to pay cleanup costs so that the

**Calendar Year 2012
Total: 11,210**

**Total of All Meth Clandestine Laboratory Incidents
Including Labs, Dumpsites, Chem/Glass/Equipment**



burden doesn't fall on the county or city.

McNamara's legislation is still a work in progress. She hasn't filed her bill yet, but she wants to include language that would require sellers of meth-contaminated houses to disclose that information in the buyer's purchase agreement. She also wants to find a way to strengthen the enforcement powers of county health departments and help state officials track contaminated houses to see if they're getting cleaned up.

One significant concern she has is for innocent property owners who've unwittingly rented homes to meth-makers "who do the damage but don't have the money to fix the damage they cause."

"It just shows how terrible meth is," she said. "It just leaves a lot of victims in its wake." ❖

Maureen Hayden covers the Statehouse for the CNHI newspapers in Indiana. She can be reached at maureen.hayden@indianamedia.com

Help forge the 2014 HPI Power 50 list

INDIANAPOLIS – The year of 2014 will bring about the next round of mid-term elections, the second year of the Pence administration, and either the demise of fitful revival of Obamacare.

There have been big changes in both Indiana General Assembly chambers (40% of the Indiana Senate has changed since 2005), and newer members are beginning to acquire power.

As we have every year since 1999, we ask our readers to help us forge the 2014 Howey Politics Indiana Power 50. In the past, readers have nominated individuals, and in many cases, come up with their own list. We ask that this year be no different.

In 2013, HPI received unprecedented feedback from our readers on the list. Those wanting to participate should contact me at bhowey2@gmail.com.

We will present the 2014 Power 50 in our first January edition.

Here is the 2013 Power 50, to lend you some historical perspective. All of the Power 50 lists from 1999 through 2012 will soon be posted on the HPI website.

2013 Power List

1. Gov. Mike Pence
2. Speaker Brian Bosma
3. Senate President David Long
4. State Sen. Luke Kenley
5. District Attorney Joe Hogsett
6. U.S. Sen. Dan Coats
7. U.S. Sen. Joe Donnelly
8. U.S. Rep. Todd Young

9. Ways & Means Chairman Tim Brown
10. Purdue President Mitch Daniels
11. Indianapolis Mayor Gregg Ballard
12. Bill Smith
13. U.S. Rep. Marlin Stutzman
14. State Rep. Eric Turner
15. State Rep. Bill Davis and State Sen. Ron Alting
16. Secretary of State Connie Lawson
17. Hammond Mayor Tom McDermott Jr.
18. Evansville Mayor Lloyd Winnecke
19. U.S. Rep. Todd Rokita
20. Evan Bayh
21. Supt. Glenda Ritz
22. Fort Wayne Mayor Tom Henry
23. Kokomo Mayor Greg Goodnight
24. Republican Chairman Eric Holcomb
25. U.S. Rep. Pete Visclosky
26. Chamber President Kevin Brinegar and IMA President Pat Kiely
27. Lt. Gov. Sue Ellspermann
28. State Rep. Judd McMillin
29. U.S. Rep. Larry Bucshon
30. John Gregg, Jonathan Weinzapfel, Baron Hill and Woody Myers
31. South Bend Mayor Peter Buttigieg
32. U.S. Rep. Susan Brooks
33. U.S. Rep. Andre Carson
34. Chris Atkins
35. State Sen. Brandt Hershman
36. Gary Mayor Karen Freeman-Wilson



V18, N20 Weekly Briefing on Indiana Politics Thursday, Jan. 10, 2013

HPI Power 50: The Pence era begins

Dramatic changeover at Statehouse and Congressional delegation

By BRIAN A. HOWEY in Indianapolis and MARK SCHOEFF JR. in Washington
You would have to go back to years like 1995, 1981, 1975 and 1965 to experience the kind of "change of the guard" feeling that exists in the Indiana political and public policy sectors today.

We have a new governor and same-party super majorities in the Indiana House and Senate for the first time in the television age. For the first time in half a century, there is no Bayh or Lugar in the U.S. Senate from Indiana. U.S. Rep. Marlin Stutzman, at age 34 and with two years and two months of tenure is the "dean" of Indiana's Republican congressional delegation. For the first time in history, there are two Indiana Republican congresswomen. They part of an unmistakable trend of more Hoosier women moving up the state's political ladders. Indiana Democrats have been reduced to an urban and college town party when it comes to the Indiana General Assembly. Scattered across the political landscape are the 20- and 30-something neophytes as



Incoming Gov. Mike Pence (above) and U.S. Sen. Joe Donnelly (left) have changed the Indiana political dynamic.
well as promising entrepreneurs who could forge the next generation of political leadership, though most of them won't make the Power 50 list (few freshmen

Continued on page 4

Pence talks his agenda

By BRIAN A. HOWEY
INDIANAPOLIS – Gov.-Elect Mike Pence stopped by the offices of Howey Politics Indiana on Wednesday morning and participated in this interview:

HPI: Talk about the transition from being a legislator to being a governor.
Pence: This was something I was pondering two years ago. I hope the fact that I've been a legislative leader will make me a better executive. But I do understand the different types of leadership. As a legislator, you are an advocate. You represent your constitu-



"It's already illegal. What's to be gained other than ostracizing a whole section of the population?"
- State Sen. Pete Miller, one of a growing number of Republicans opposing the proposed Constitutional gay marriage ban

37. Marion Mayor Wayne Seybold
38. Attorney General Greg Zoeller
39. John Hammond III
40. Karen Pence
41. Joel Elliott
42. Heather Neal
43. Mike Schmuhl
44. Chris Crabtree
45. U.S. Rep. Jackie Walorski
46. U.S. Rep. Luke Messer
47. State Rep. Rebecca Kubacki
48. St. Joseph County Republican Chair Deb Fleming
49. Club For Growth Chris Chocola
50. Whiting Mayor Joe Stahura



Lugar's stand put U.S. on right side of history

By **MARTY MORRIS**
MARK HELMKE and **ANDY FISHER**

WASHINGTON – The world has been blessed with an extended opportunity to celebrate the remarkable life of Nelson Mandela and the country he changed as political prisoner and president.

It is hard to believe today, but 27 years ago, the U.S. could have ended up on the wrong side of history had Sen. Dick Lugar not led Republicans – against tremendous pressure from short-sighted conservatives within the Reagan White House – to override President Reagan's veto of South Africa sanctions.

In 1985, the world was coalescing against the hardline government of South Africa and its practice of apartheid, a racial segregation of the country that gave the 10% white minority control of the country, denying rights to 85% of the population.

The Reagan administration opposed economic sanctions against South Africa. White House Chief of Staff Donald Regan told The Baltimore Sun that divestiture in South Africa would deprive Americans of many raw materials, including diamonds, adding: "Are the women of America prepared to give up all their jewelry?"

Lugar knew the administration was on the wrong course. As the senator who supported President Reagan on the most votes during the eight-year presidency, Lugar considered opposing the President with a heavy heart. He did so after exhausting every attempt to bring the administration along. Lugar even pulled the bill from Senate consideration in 1985, much to the chagrin of Democrats.

But the administration remained intransigent. By 1986, action could no longer be delayed. Lugar led a lengthy Senate-House conference committee broadcast on C-SPAN for all the world to see. Differences were worked out and a consensus held in the face of a presidential veto and intense political pressure from all sides.

On the Senate floor Lugar said, "We are against tyranny. And tyranny is in South Africa. Tragically our influence may be so limited that the government of South Africa will pursue headlong a course bound to lead to

destruction of that government. We are not destroying that government. That government is self-destructing. At this point, as a friend of that government, we are saying, "Wake up."

The Lugar consensus was overwhelming. The Senate rejected the Reagan veto by a vote of 78-21 and the House did so by a vote of 313-83.

Even though Lugar was Reagan's top supporter in the Senate, White House officials were not happy. Back at the campaign office in Indiana, some of Lugar's top donors phoned to withdraw their support, suggesting he was finished in politics. But in fact, two years later he won reelection by record margins and remained in office for another 26 years after his anti-apartheid stance, maintaining the longest run of popular political success in the state's history.

The anti-apartheid stance that prevailed in Congress, in unity with the rest of world, led to Nelson Mandela being released from prison four years later and elected president just four years after that in 1994.

On a visit to the U.S. Capitol after becoming president, Mandela told Lugar in a private meeting that "there would not be a relationship" between our two countries had Lugar not succeeded in leading the override of the Reagan veto. The U.S. now has an ally in South Africa and influence throughout the emerging economies of Africa.

As he did many other times during his career, Lugar was able to calculate the future and build a winning consensus.

Both Mandela and Lugar succeeded by seeing brighter futures and being determined to succeed with calculated patience, understanding of human nature and a sense of political grace. Mandela laid his life on the line and endured 27 painful years in prison. Lugar risked his political career. Neither backed off from doing the right thing.

The world, in these impatient times, has much to learn from leaders like Lugar and Mandela. Democracy and republican governance counts on individuals like them. Such leadership legacy leaves our world in a better place.



In 1986, Morris was Lugar's campaign manager, Helmke his press secretary, and Fisher his executive assistant.



Why can't Congress aim higher?

By **LEE HAMILTON**

BLOOMINGTON – The country needs gradual deficit reduction that avoids disrupting the economy or harming the vulnerable. Congress should craft a long-term solution to problems that have held economic growth far below its potential.

Congressional budget negotiators were moving to meet a December 13 deadline to produce, well, something. For weeks, we've been told to keep expectations low. There'll be no "grand bargain," negotiators say. Commentators believe that even the narrowest agreement will be a signal achievement. So here's my question: Doesn't that seem like an awfully low bar to you?



Yes, I know. The atmosphere on Capitol Hill is poisonous. The two parties — even the various factions within the parties — can barely stand to be in a

room with each other. Expecting a sizable budget accomplishment from Congress right now is like expecting water from a rock. It would take a miracle.

Yet there are consequences to not producing an agreement capable of clarifying fiscal affairs. Right now, government agencies cannot plan ahead; they can't consider long-term projects; they have trouble with staffing; they can't set priorities; they're forced to fund programs that have outlived their usefulness and cannot fund programs they know are necessary. And that's just the federal bureaucracy. Contractors and people who depend on federal spending can't plan, either. Our economy can't achieve liftoff, and millions of ordinary Americans remain mired by its slow growth. Washington faces tough choices about spending, taxes, and entitlements, and Congress isn't making them.

Things are not wholly bleak.

Republican Paul Ryan of Wisconsin, the lead House negotiator, and Democrat **Patty Murray** of Washington, who heads up the Senate team, worked at least to address the sequester. As you'll recall, this is the draconian set of across-the-board budget cuts put in place in 2011. At first, many agencies were able to defer maintenance, spend money they'd squirreled away, and cut staff by attrition. This next year will be much tougher, agencies are out of easy options, and defense spending faces an immense, \$21 billion cut. That will be felt in every congressional district in the country, given how adept the Defense Department has been at spreading its largesse around. Not surprisingly, pressure is coming from both sides of the

aisle to ease the impact.

The sequester is a cleaver, cutting good and bad government spending without rhyme or reason. If congressional negotiators can take a smarter approach, that's all to the good.

But if they're going to do that, shouldn't they address the real problems? The country needs gradual deficit reduction that avoids disrupting the economy or harming the vulnerable. It needs reforms to Social Security and Medicare that put them on a solid footing for decades to come.

These are daunting challenges, but Congress's toolbox is hardly empty. It could limit itemized tax deductions, increase Medicare premiums for the well-to-do, place caps on spending, shave federal employee benefits to bring them in line with the private sector, increase government fees, sell public assets, put more of the wireless spectrum up for bid, increase the Social Security contributions of higher-income earners, change the consumer price index.... There are literally scores of possibilities, none of them easy, but all of them offering adroit negotiators the chance to craft a long-term solution to problems that have beset Capitol Hill for years and held economic growth far below its potential.

By addressing these issues head on, Congress could move beyond the political machinations that have deeply frustrated so many Americans, and play a constructive role in the economy: Promoting growth by investment in infrastructure and basic research, providing incentives for entrepreneurship and job creation. It could create a responsible framework for reducing spending as the economy grows. It could reform a tax code that everyone agrees is broken.

At some point, Congress will have to put the federal budget on "a sustainable path for the long term," in the words of the CBO. So long as it does not, the economic consequences hurt everyone. Congressional leaders seem blissfully unconcerned about this and aim only for low-hanging fruit, but Americans know that Congress can and should do better, and are rightly tired of careening from crisis to crisis. As members of Congress continue to make politically attractive suggestions that don't come close to achieving a lasting solution, let's urge them to get real. It's time for Congress to go big. ❖

Hamilton is Director of the Center on Congress at Indiana University. He was a member of the U.S. House of Representatives for 34 years.

The historic auto payoff for Hoosiers

By **BRIAN A. HOWEY**

KOKOMO – Indiana is the “Crossroads of America.” We are the second ranking automobile manufacturer in the nation.

Five years ago, we just about lost much of the industry that helped forge the Hoosier middle class.

Our leadership from then-Gov. Mitch Daniels to Treasurer Richard Mourdock were indifferent to whether General Motors and Chrysler survived as they teetered on the brink of oblivion. When the Bush43 and Obama administrations infused Toxic Asset Relief Program funds to help these two companies survive the Wall Street meltdown, the ensuing Great Recession, and their own mismanagement over the previous generation, the political reaction was the Tea Party, which opposed the “bailouts.” There was widespread skepticism from Indiana Republicans.



On Dec. 9, General Motors announced that it was making a final payment on the \$49.5 billion it borrowed from the U.S. government in 2008 and 2009 to keep it out of liquidation. Taxpayers lost \$10.5 billion on that deal.

But of the \$80 billion in TARP that went to automakers, about \$93 million has been paid back. NBC News reported that of the \$421.8 billion spent on bailouts, \$432.7 billion has been recovered.

“With the final sale of GM stock, this important chapter in our nation’s history is now closed,” Treasury Secretary Jack Lew said.

“It’s been a long, hard road with the label of ‘Government Motors,’” said GM North American Division President Mark L. Reuss.

“**When things looked** darkest for our most iconic industry, we bet on what was true: The ingenuity and resilience of the proud, hardworking men and women who make this country strong,” President Obama said Monday. He and Vice President Biden made a rare joint trip to a Kokomo Chrysler transmission plant in November 2010, and the President said then, “We decided to make a stand. We made the decision because we had confidence in the American worker.”

As GM and Chrysler stood on the brink in 2008, analysts from Brookings Institute and the Center for Automotive Research told a forum in Indianapolis that a bankruptcy and liquidation could have cost up to 150,000 Indiana jobs, including 40,000 at GM, and billions of dollars in wages, as well as personal and corporate tax

revenue. According to a white paper released by U.S. Sen. Joe Donnelly, Indiana had 102,000 workers in the auto industry, or 5 percent of the total workforce in 2008. Within a year, 30,000 of those jobs were gone.

Asked where Kokomo would be now without the auto rescue, Mayor Greg Goodnight observed, “It’s hard to say, but we’d be in much worse shape. How much worse is anyone’s guess.”

Today, 102,000 Hoosiers are working in the auto industry, back to 2008 levels. At GM, Chrysler, Honda, Toyota, Subaru and Cummins Engines, the direct employment is 31,703. Scattered across the Hoosier prairie and dozens of cities and towns, more than 70,000 of us produce auto parts and sell cars at dealerships. Factor in the multipliers – businesses ranging from restaurants to construction, to services – and you see the huge impact of the industry.

It is hard to calculate where Indiana’s economy might have fallen had GM and Chrysler liquidated. Some brands of the two companies such as Jeep would likely have survived. But Indiana’s jobless rate spiked at 12% in 2009, rose to close to 20% in Kokomo, and stayed in the 8% range through this autumn. Had 150,000 Hoosiers been forced out of work, Indiana’s economy certainly would have sunk into depression.

Today, these six companies have invested in the \$2 billion range in Indiana facilities, including \$1.6 billion at Chrysler’s Kokomo complex and \$467 million at GM plants in Bedford, Marion, Fort Wayne and Kokomo.

The decisions Obama made in 2009, initially pumping in TARP funds, rejecting an outright bailout in the spring, forcing an expedited bankruptcy that summer and a restructuring that saw Chrysler merging with Italian automaker Fiat and the UAW pension fund gaining partial ownership were controversial here in Indiana, even with so much investment and legacy.

Mourdock tried to thwart the Chrysler/Fiat merger, saying it perverted two centuries of bankruptcy law, with the U.S. Supreme Court rejecting the case. Daniels characterized the bailouts as “good money chasing the bad” while GM was in the “handout business.”

Republicans such as former U.S. Rep. Mark Souder, with the Fort Wayne GM plant in his district, reluctantly backed the deal. “As long as they have a fighting chance, I’m willing to give them a fighting chance,” Souder said at the time.

In times of crisis, American presidents have made tough calls, ranging from Lincoln’s suspension of habeas corpus, to FDR’s misguided internment of Japanese-Americans. They have also leaned on our steel and production. During World War II, the auto industry became the “arsenal of democracy.” And it will still be with us in the future.

The payoff for Obama on this particular issue will come in the history books and his second term decision to increase fuel use levels to over 50 mpg within the decade, even though he lost Indiana to Mitt Romney in 2012 with only 42.4% of the vote. ❖

The Studebaker nightmare & pensions

By JACK COLWELL

SOUTH BEND – Before looking ahead, after looking back at Studebaker’s 1963 closing, here’s one more word about Studebaker:

Pensions.

We sometimes hear that perhaps the impact of the Studebaker automotive demise in South Bend 50 years ago wasn’t that terrible, maybe even a blessing in disguise.



After all, Studebaker employment was down to 7,000 or so at the time auto production ended, a far cry from way over 20,000 in prior boom times.

After all, the local economy became more diversified thereafter, not so dependent on manufacturing. After all, grass didn’t grow in deserted streets of a South Bend ghost town, as predicted by doom-sayers of five decades ago.

Not that terrible? Blessing in disguise? Joy of economic diversity? Happiness is lack of weeds in the streets?

The most devastating impact of the decision by Studebaker management, or mismanagement, if you see it that way, was on the long-time, loyal automotive workers, the ones who themselves bought Studebakers, promoted the brand and carried on the tradition of family reliance on and devotion to an employer in South Bend for 111 years; an employer of workers whose parents and grandparents and even great-grandparents toiled there, making carriages for horses.

Devastation struck beyond loss of jobs with unimagined loss of something else.

Pensions.

At Studebaker, they worked hard, most of them. Did some give less than 100 percent? Did some Ford, Chrysler and General Motors employees give less than 100 percent? Do some in corporate management, law, medicine, education, the clergy, the news media – even in our beloved Congress – give less than 100 percent?

No workforce or profession is perfect. But most Studebaker workers were good citizens, turning out vehicles that owners swore by, didn’t swear at, as happened with some other brands that broke down as those old Studebakers rolled on.

The workers were good citizens. Most with well maintained homes on which they were paying off mortgages. They were living the American dream, with decent middle-class compensation enabling them to plan to send

kids on to higher levels of education and an even better life.

Dream became nightmare.

It wasn’t just some 7,000 workers suffering. That in itself was a staggering blow for South Bend. Many more former workers still were hoping to be recalled as assembly lines speeded up again, as they had after past layoffs. Hope also vanished for them.

The impact also hit Studebaker parts suppliers and firms providing other services. Thousands of auto-related jobs were lost. The impact also hit merchants who sold clothing, shoes, groceries, furniture and other things to those workers. The impact hit restaurants, motion picture theaters and the building trades. Many small businesses, and others not so small, folded when hit by the ripple effect of mass unemployment.

Because it was mainly workers with 15 years or more of seniority who still had Studebaker jobs, most of those laid off were in their 40s or well beyond. Their jobs were gone. At least they still had something to count on.

Pensions.

In contract negotiations, the union sometimes agreed to concessions on pay increases in return for better pension benefits. And then the workers who lost jobs were to find they also lost something else.

Pensions.

The pension plan was underfunded. Hardly funded at all. Studebaker was to provide no pension or just a minute amount of what had been promised, counted on by its workers.

Studies found increased health problems, marital problems and suicides among many laidoff workers for whom no new jobs existed in the depressed local economy.

Many an obituary in The Tribune began something like this: Mr. Hurting, 58, a long-time Studebaker employee, died at his home. Suicide wasn’t mentioned, and was of course not always the cause of death. Too often it was. Family, friends and neighbors knew. They knew.

They knew of a last hope that wasn’t there.

Pensions.

And now, other workers in other places, especially in the public sector, such as police, firefighters and teachers, face loss of something similar, long-promised, part of their American dream. ❖

Colwell has covered Indiana politics over five decades for the South Bend Tribune.

Voodoo economics returns to Gov's office

By SHAW R. FRIEDMAN

LaPORTE – Just when many Hoosiers were relieved that the state's chief advocate for funny numbers and trickle-down economics – Mitch Daniels – had decided to impose his will on a particular educational institution rather than an entire state, his predecessor seemingly picked up the baton and has apparently returned voodoo economics to the Governor's office.



Just as Mitch Daniels pushed for tax cuts for the very wealthy when he was George Bush's OMB Director and maintained with a straight face that the "tax cuts would have no impact on the deficit," now we have his successor drinking the same kool-aid served up by State Chamber of Commerce President Kevin Brinegar.

Yes, it was the State Chamber of Commerce that recently cried alligator tears over the inability of the state to increase personal income and lift so many out of poverty that first came up with this doozy of a proposal to eliminate the business personal property tax which provides nearly 20% of the property tax funding for local schools, county and city government as well as public libraries around the state.

Mind you, this is a State Chamber that didn't bother to poll local Chambers of Commerce before they rolled out this proposal. As longtime Goshen Mayor Allen Kauffman stated "it appears there is a big disconnect between local chambers which care about quality of place and understand its connection to economic development and the State Chamber which is championing the elimination of the business personal property tax with no suggestion for replacing lost revenues and doesn't seem to understand that cities can't be economic engines if local government and schools suffer."

When it was pointed out to our new governor that such a proposal would cripple local government, Mr. Pence uttered vague generalities about doing it in such a way that it doesn't "unduly harm" local government. Huh? These are the same local governments that have suffered under years of tax cutting all done in the name of creating a favorable business tax climate that now ranks in the top five in the country.

Though corporations now pay less state corporate income tax, are not paying inventory tax and even profitable financial institutions have seen their state taxes reduced – it's apparently not enough for the supply-siders who again believe in fairy tale stories that businesses make decisions on taxes alone, and that other factors such as education, skilled workforce, transportation access and a cheap source of dependable power have no role in busi-

ness siting decisions.

With the understandable howls from Republican and Democratic mayors around the state that such an elimination of \$1 billion statewide in property tax revenues will have catastrophic effects on communities and the services provided, now we hear the governor and legislative leaders like House Speaker Brian Bosma back-tracking and perhaps imposing local option income taxes as a way to make up the lost revenue.

Come again? This was a governor who said as part of his 2012 campaign that 10% income tax cuts were required to help free Hoosiers from what he viewed as an unsustainable income tax burden. Now it's apparently OK if communities are forced to adopt 1 or 2% local income taxes on working stiffs to make up for the revenue that he wishes to divert to favored industries. Democratic House Minority Leader Scott Pelath spoke for many when he said, "this trend toward more corporate giveaways is going to end up hurting families who will not find much protection from the property tax caps and local units of government that again will be forced to choose to cut services or increase fees to pay for them."

Why are we throwing a billion dollars of new tax breaks at certain well heeled corporations with no assurance of new jobs or economic development? Why not pick up on ideas like that thrown out there by David Bottorff, executive director of the Association of Indiana Counties who suggested that state economic development officials offer to reimburse companies that are hit with the personal property tax in return for adding "x" amount of jobs or new development?

Isn't this what conservatives always claim that liberals want to do – "throw money at the problem?" Isn't throwing a billion dollars of tax cuts at well heeled corporations like utilities, steel mills and casinos just hoping with a wish and prayer that through the "magic of the marketplace," good things will trickle down?

As former I.U. economist Morton Marcus pointed out, advocates of elimination of the \$1 billion business personal property tax can cite no studies anywhere in the country attesting to a change in the economic development climate as a result of eliminating this type of business personal property tax.

But do we know – such a draconian cut in revenues will mean a "disaster" for local communities as Mayor Kauffman rightly termed it. Batesville Mayor Richard Fledderman was equally apoplectic when he termed the concept "crazy" and Maureen Hayden of CNHI Statehouse Bureau reported that mayors gathered from around the state at a recent meeting were "vehement" in their opposition.

That's good if local officials are finally making their voices heard as their communities have taken it on the chin year after year with the elimination of the inventory tax, inheritance tax, tax caps and other reductions in state support for communities and schools.

Mayor Kauffman is right – we've already got the

5th or 6th most favorable business tax climate in the country. It's simply not a deterrent to business growth. But what will be a deterrent and a turn-off to prospective business is if we continue choking off needed revenue to invest in our schools, our parks, our bridges, streets and sewers that are all equally important to business and the employees who work there.

If we need to send the fumigators into the Gov-

ernor's Office to rid the place of the stench of voodoo economics left over from Gov. Daniels, let's do it and hope that Governor Pence wakes up from the spell that Kevin Brinegar and the supply-siders who run the Indiana Chamber have apparently cast on him. ❖

Shaw R. Friedman is a LaPorte attorney and long-time HPI columnist.

The trouble with political jokes

By **CRAIG DUNN**

KOKOMO –You've all heard the old political joke about the candidate who stumped the state both before and after the election. Well, the problem with some political jokes is that they get elected!

State School Superintendent Glenda Ritz has most of us laughing at her antics, like the embarrassed laugh

when a friend has spinach in his teeth. In a desperate attempt to look relevant as an education leader, she has quickly moved from a political novelty to a cause of derision. For Glenda Ritz and her outdated views on education, the train has left the station and she is not on board.

As my mother would drill into me time and again, "Idle hands are the devil's workshop." With very little authority or actual job duties to occupy

her time, Ms. Ritz has had to content herself with reading stale emails from the previous administration of Dr. Tony Bennett, filing frivolous lawsuits against the State Board of Education and throwing public tantrums by storming out of Board of Education meetings in the middle of key issues discussion. She may have been schooled in bad organizational behavior during her tenure on the fraud-ridden ISTA board of directors, but her recent behavior makes bankrupting the teacher healthcare insurance fund look like the minor leagues.

Make no mistake about it, Glenda Ritz did not get elected superintendent of public instruction because of her academic background, experience or political acumen. She was elected because she was not Tony Bennett. While I believe that Dr. Bennett was on the right track and was working in close cooperation with the wildly popular Gov. Mitch Daniels, it is safe to say that he had a personality that would make Dale Carnegie cringe. Al Capone used to say that you could get farther with a gun and a smile than

you could with just a gun alone. Dr. Bennett might have been wise to follow that advice. He didn't and it cost him the 2012 election.

That is all water over the dam. What do you do now with Glenda? The simplest answer is potentially the most complicated. The Indiana legislature could merely recognize the ridiculous nature of having a superintendent of public instruction working against the governor of Indiana and vote for the elimination of the position. This would place the responsibility for education solely in the governor's lap.

The simple solution of eliminating the position, an elected office in only 10 states, would create some political risk. I'm sure that the Democrat Party would paint the change as mean-spirited and spiteful. It would take a pathetic superintendent and turn her into a heroic damsel in distress. That would be a colossal error!

The best course of action would be to address the problem for the long run. I believe that in the 2015 legislative session, the Indiana legislature should eliminate the elected position of superintendent of public instruction to be effective January 1, 2017. This would give the public the opportunity to evaluate their gubernatorial candidates on the merit of their positions on education as well as other issues and vote accordingly. The governor taking office on January 1, 2017, would start with a clean slate and full responsibility for education in Indiana.

There would be nothing earth shattering about this. In fact, more states have an elected agriculture secretary than have an elected superintendent of public instruction.

In the meantime, we could channel the efforts of David Galvin, Ritz's spokesman, away from reading eight years of emails to and from every employee in the Department of Education and toward creating a website soliciting ideas for things to keep Glenda Ritz busy.

No, there is not much that the citizens of Indiana can do with Glenda Ritz for the next three years except ignore her childish antics. It's a lot like a ride at the Indiana State Fair; you get sick to your stomach but you know the ride will eventually end. The end of this can't come soon enough. ❖

Dunn is chairman of the Howard County Republican Party.



Is the party over?

By **MORTON J. MARCUS**

INDIANAPOLIS – “The sky will fall. Inflation will soar. Money will be worthless. Stocks will crash. Auto sales will plummet and Indiana’s economy will go into the tank again.” That is the dire prediction of many who fear the Federal Reserve (the Fed) cutting back its Quantitative Easing (QE) policy.

If my experience is correct, very few Hoosiers know about QE other than as shorthand for Queen Elizabeth. This QE is how our federal central bank has been fighting to keep our financial institutions from failing, and to stimulate the economy. The process can be complicated, but the idea is simple. Remember when the stocks, bonds, mortgages and other financial assets owned by banks, insurance companies and others crashed in value in 2008? The Treasury Dept. and the Fed went in to relieve those institutions of their “toxic assets.”



After that was done, the Fed found the economy was not returning to health fast enough and decided on a buying program under the name of Quantitative Easing. Thus the Fed went shopping for bonds, mortgages and other bargain assets, boosting their prices.

When the Fed makes such a purchase, it transfers money to the seller’s bank account. Either the money sits there or is spent on something. If the money sits, the bank may lend it to a borrower who spends it on something. But what if the bank does not lend the money? Perhaps, the bank cannot find a risk-free borrower. Possibly, the bank is intimidated by new regulations intended to protect customers.

Similar points can be made about other financial institutions who sell assets to the Fed. An insurance company, for example, might take the money out of its bank account and pay it out as profits to its shareholders or bonuses to its executives.

Under QE, \$84 billion a month is pumped into asset markets and prices rise, as we have seen on the stock market. Owners of stocks, who tend to be among the richest Americans, become wealthier and spend a little of it on baubles or boats. The balance they reinvest in a rising stock market to make more money.

When the Fed talks of slowing (tapering) its buying spree, negative anticipations grow. Hence, the “sky is falling” scenario.

The nation cannot undo what has been done. We, however, could do what so many oppose. We could spend money on national needs instead of shifting funds to already wealthy asset owners.

What are America’s and Indiana’s needs? You, I and

our neighbors have lists. Pre-school education? Safer roads and bridges? Environmental protection and restoration? Worker training?

Now, as for the last five years, is the time for aggressive fiscal policy, spending money that becomes jobs and paychecks in ways benefit our future. In the early stages of the recession, monetary policy saved the banks and financial asset holders from ruin. That was good. But once accomplished, we depended on those institutions to move the economy along. They did not. QE paved the way for a few to be enriched while the nation’s needs went unmet. ❖

Marcus is an independent economist, writer and speaker. Contact him at mortonjmarcus@yahoo.com.

The Illiana twist

By **RICH JAMES**

MERRILLVILLE – The votes of the mayors of Lake County’s two largest cities on the Illiana Expressway likely have highway and urban planners shaking their heads. And the political twist may be the most interesting. The highway, which will connect Interstate 65 in Indiana and

I-55 in Illinois, will run east and west just north of Lowell.



Hammond Mayor Thomas McDermott, who opposed the expressway, called for weighted voting, meaning the value of each municipality’s vote was based on its share of the population of Lake, Porter and LaPorte counties. Being the largest city in the region, Hammond’s vote was worth more than 11 percent of the total.

The weighted vote was 76-20 in support of building the new highway. The individual vote was 29-8 in support of the highway. McDermott said he opposed Illiana because it would hurt his city.

“I think it will further contribute to sprawl and to disinvestment from the city of Hammond, and that’s my responsibility,” McDermott said, adding that he also felt for the farmers who would lose some of their land and have their lifestyles changed forever.

In the city of Gary, which has almost as many residents as Hammond, Mayor Karen Freeman-Wilson supported construction of the Illiana. Freeman-Wilson said she was sensitive to the people who will lose their property, then added, “But we really have to think of the greater good.”

Some 300 people turned out for the vote. The crowd consisted of south county people opposed to the highway, and trade union people who want to build it.

That divide made McDermott’s vote even more in-

teresting. Besides being Hammond mayor, he also is Lake County Democratic chairman. And the assumption is that the party chairman has to look out for the common good of all the people of Lake County.

That clearly is what Freeman-Wilson said drove her vote. The mayor said Gary's interests are aligned with those of the region and that's why she backed the highway.

U.S. Rep. Peter Visclosky, D-Merrillville, who represents Northwest Indian, supported the highway, as did Gov. Mike Pence.

At least McDermott is being somewhat consistent in protecting northern Lake County. He continues to rail against the South Shore Convention and Visitors Authority's decision to move the annual air show from Gary to Fair Oaks Farms in Newton County.

Perhaps the only remaining question is whether McDermott's stance on the Illiana will make him vulnerable when he comes up for re-election as county chairman. ❖

Rich James has been writing about state and local government and politics for more than 30 years. He is a columnist for The Times of Northwest Indiana.

Chris Cillizza, Washington Post: What does Paul Ryan want? And that is a surprisingly difficult question to answer. Here's why. Ryan is just not someone with a group of political people around him. Unlike, say, Rubio (R-Fla.), who has built a sort of 2016 campaign-in-waiting by recruiting top talent to his Senate office, Ryan seems allergic to building that sort of operation. Ask around about who in the political world is close to Ryan and you get a bunch of blank stares. Wisconsin Gov. Scott Walker (R) and Republican National Committee Chairman Reince Priebus, who served as chair of the Wisconsin GOP previously, are two of the only known Ryan political confidants. That lack of a political inner circle creates a sort of echo chamber of uninformed voices when it comes to Ryan's future plans. Six months ago, all of the chatter inside Republican circles was that Ryan was more serious about running for president than most people thought. In the past month (or so), however, the general consensus is that he has little interest in a bid. It's uniquely possible that Ryan's stance on running for president hasn't changed in that time, but no one would know, because he isn't talking and he doesn't have many people who can (or will) talk for him. "I've decided I will consider this later," Ryan told the Des Moines Register in November. "Once I'm through with this term, then I'm going to give a hard look at it." That doesn't give the political class much to work with. But there are a few reasons to believe that Ryan is ramping up his role in Congress rather than prepping a presidential

bid. First, if he wanted to win the GOP nomination in 2016, putting his face on a budget agreement opposed by leading outside conservative groups — and the tea party faction in Congress — isn't the smartest play. Second, Ryan's lack of a political team is, at least in part, due to the fact that he is much more of a policy head than a political one. And though there is always an "ideas" slot in the primary race — we call it the honorary Newton Leroy Gingrich position — Ryan's aversion to raw politics could make it tough for him to prosper even there. So it looks like the House route for Ryan. ❖

Gary Daily, Terre Haute Tribune-Star: "If you had the opportunity to escort two renowned athletes on a tour of Terre Haute's world-class Eugene V. Debs Museum, which two athletes would you choose?" Maybe you would opt for two guys with personal integrity and grit (like Debs). Maybe your draft choices would lean toward team players (like Debs), guys who could lead (like Debs) but guys who knew sacrifice for the whole is a quality every leader possesses (like Debs). Maybe you would choose guys like Bill Walton and Larry Bird. Good choices. It was my personal pleasure to guide Walton and Larry and Dinah Bird through the Debs Museum. (We were accompanied by the able director of this local jewel of a museum, Karen Brown.) This visit took place on the Sunday morning immediately following the Saturday dedication of the Larry

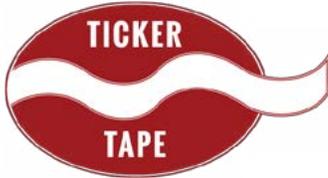


Bird statue at Hulman Center. Thanks go out to Tribune-Star reporter David Hughes. He had written a story on Bird's years with the Celtics, mentioning Walton's knowledge and interest in Debs. Walton was contacted and offered a tour of the Debs Museum. The Big Red Head jumped at the offer. When I arrived to pick up Walton for the tour, I was slightly floored to hear him ask if it was all right if Larry Bird and his wife Dinah (a graduate of Schulte High School and Indiana State University) could come along. Needless to say, this was one of the easiest "coaching" decisions I've made in my life. What was this museum visit like for these celebrity sports heroes who, at least in our minds, live and work in such different worlds? I can't speak for Walton and Bird, of course. I can only report that they both showed deep interest and fascination in Debs' home and his personal and political life. Bird seemed particularly interested in the fact that Eugene V. Debs was a native Hoosier, born and bred in Terre Haute, and that as a young man had worked for Hulman & Co. Walton spent some time looking over the list of distinguished recipients of the Debs Award, an honor bestowed on a person whose life work has been in concert with the ideals of Eugene V. Debs. He noted the names of people given this award each year over the past 51 years (what a great tradition this is!) by the Debs Foundation. Walton specifically pointed out the names of Pete Seeger, Correta Scott King and Howard Zinn. ❖

Pence bullish on tax repeal

INDIANAPOLIS - Gov. Mike Pence made a pitch Tuesday for his plan to phase out a property tax on business equipment but he stopped short again of saying how local governments could replace the lost revenue (Weidenbener, Statehouse File).

Talking to entrepreneurs at a center for business start-ups, Pence said the state can't compete with its neighbors for private investment without eliminating the tax, which generates \$1 billion annually for cities, counties, schools, libraries and other local governments. "As we look at phasing out this tax, we must do so in a way that does not unduly burden local government," Pence said. "And I think we can." But Pence said he won't be laying out a financial plan for eliminating the tax. Instead, he said his job as governor is to provide a vision and let lawmakers decide how to make it happen. "I believe it's essential that the Indiana General Assembly have a broad and robust debate about all the options for accomplishing that goal," Pence said. "There are lots of good ideas about how we could do this in ways that are fiscally responsible and protect all those concerned." And for the first time, he also outlined a few ways that lawmakers could begin to eliminate the tax - giving local officials the option to act first, exempt new equipment purchases, or some combination of ideas. "There are lots of good ideas about how we can do this in a way that's fiscally responsible and protects the interests of all concerned," Pence said. "However we go about it, I think we should not shy away from recognizing the burden this tax creates on the state of Indiana." But the governor didn't outline any ways that local governments might make up the revenue. Pence called his



proposal "tax reform," a term Indiana policymakers have typically used to talk about tax shifts or increases in one tax to pay for cuts in another.

Supremes uphold Rockport deal

INDIANAPOLIS - The developers of a controversial coal-to-gas plant planned for Rockport say the Indiana Supreme Court has handed them a decisive victory in a battle over whether a deal to build it complied with state law (Weidenbener, Statehouse File). But a utility company that's been fighting the project argues the opposite. The 5-0 ruling appears to eliminate a significant hurdle for Leucadia National, the plant's developer, which had all but given up the project after legislative action made it likely it would need a new review. The Supreme Court's decision essentially makes that need for review moot, said Leucadia project manager Mark Lubbers. "We won a complete and total victory," Lubbers said. Still, company officials weren't ready to talk Tuesday about when or if they'll move forward with the plant. Instead, Lubbers pointed to an April 30 statement in which the company said that even if it won in the courts, "only a clear reversal of position by the governor would enable the project to go forward." The statement came just after Gov. Mike Pence had said he would sign a bill into law that was meant to provide a new review of the project. On Tuesday, a spokeswoman for Pence didn't elaborate on the governor's position on the plant or the decision. "We are reviewing the case, the contract and the relevant law," said press secretary Kara Brooks.

Snemis to head BMV

INDIANAPOLIS - Donald M. Snemis, a partner at Ice Miller LLP's

Indianapolis law office, has been named commissioner of the Indiana Bureau of Motor Vehicles by Gov. Mike Pence, the state announced Tuesday (Indianapolis Business Journal). Snemis will take over the position Jan. 6, replacing interim commissioner Kent Schroder. Schroder, former BMV chief of staff and chief information officer, has been interim leader since late November. He replaced Scott Waddell, who announced his resignation in October after three years at the job.

Porter County opposes HJR-6

VALPARAISO - The Porter County Board of Commissioners on Tuesday joined some of the region's mayors in taking a stand against House Joint Resolution No. 6, which would amend the state constitution to ban same-sex marriage (Lavalley, Post-Tribune). Valparaiso Mayor Jon Costas and Hammond Mayor Thomas McDermott have already taken a stand against the resolution in recent weeks.

Obama approval below Nixon's

WASHINGTON - President Barack Obama is ending his fifth year in office with the lowest approval ratings at this point in the presidency since President Richard Nixon, according to a new Washington Post/ABC poll released Tuesday (Business Insider). Obama's approval rating in the poll stands at 43%. By comparison, President George W. Bush had a 47% approval rating at the end of the fifth year of his presidency. And all other Post-World War II presidents had approval ratings above 50% - with the exception of Nixon, who, amid the Watergate scandal, had a dreadful 29% approval rating. Obama's average approval rating, according to Real Clear Politics, slipped below 40% for the first time in his presidency.