



Daniels' sine die: legacy of 8 sessions

Governor's legacy will include education, transportation & jobs, but it will take years to assess true impact

By **BRIAN A. HOWEY**

INDIANAPOLIS - The final bills of Gov. Mitch Daniels' career are being signed this week. From a policy standpoint, Daniels promised a "freight train of change" and delivered much. He demanded and received four balanced budgets without smoke and mirrors, passed Major Moves, telecommunications reform, funded full-day kindergarten and avoided educational funding cuts like most other states, set up the Healthy Indiana Program and the Indiana Economic Development Corporation, and then sprawling education and labor reforms.

As with any governor, the historical verdict on the exact impact of his tenure will be years away. HoweY Politics Indiana was able to establish a review of Gov. Evan



Freshly inaugurated Gov. Mitch Daniels directs the Newton-Jasper Community Band at the Indiana State Fair Pepsi Coliseum in January 2005. Daniels would have an oversized impact on the Indiana General Assembly in eight sessions. (HPI Photo by Brian A. HoweY)

Bayh's tenure a decade after he left office in 1996 as he was gearing up for a presidential run. Next year will mark a decade since the death of Gov. Frank O'Bannon, and such

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Dominguez was 'the man'

By **RICH JAMES**

MERRILLVILLE - There was a time - and not all that long ago that Rogelio "Roy" Dominguez was THE MAN in Lake County Democratic politics.



And that can be a pretty prominent place to be. Dominguez was elected Lake County sheriff in 2002 and reelected four years later. The limit of two consecutive terms prevented him from seeking a third.

So pricey was his stock, that early in his second term as sheriff, Dominguez was dead serious about running



"That's like asking somebody that has a thorn in their foot, if it's removed, will they miss it?"

- House Minority Leader B. Patrick Bauer, asked if he would miss Gov. Daniels



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for governor in 2012.

For more than a year, he traveled the state drumming up support for the governor's nomination. While Lake County never has produced a governor, few were writing off Dominguez.

He had a lot going for him. He had a smile and personality to win over a voter in a split.

And besides, there wasn't anyone emerging as a front-runner for the gubernatorial nomination.

Soon after hooking up with Hillary Clinton during the 2008 presidential primary, whatever support Dominguez had for governor began eroding.

And when Sen. Evan Bayh suddenly abandoned the Democratic Party in early 2010, Dominguez's last hope had faded. Bayh was Dominguez' entrée to state politics.

It probably was just as well.

In early 2011, shortly after Dominguez had left office, scandal brushed the former sheriff.

The U.S. attorney indicted some of those Dominguez had entrusted to run the sheriff's department while he wandered Indiana in a quest for what turned out to be the impossible dream.

The scandal that involved the illegal sale of guns didn't hint at any wrongdoing by Dominguez. And he denied any knowledge of what was going on. Yet it all didn't paint a pretty picture for the top cop in the county. So Dominguez left office at the end of 2010 as one of the county's most unpopular sheriffs, a far cry from eight years earlier when he was elected and placed on a pedestal.

Yet, there is one thing about being on top in Lake County politics and later falling from grace.

The urge to reclaim what one had – both in terms of power and ego – is undeniable.

Dominguez could run for sheriff again in 2014, but he likely couldn't beat incumbent Sheriff John Buncich,

who has gained the respect of politicians across the county.

Instead, Dominguez is running for county commissioner in the May primary election.

Dominguez is challenging Commissioner Gerry Scheub who is seeking a fifth term.

For Dominguez, there are a couple of things wrong with this picture.

Although Scheub has picked up barnacles, as any incumbent does, he is a constant campaigner and is liked by south county Democrats and Republicans, largely for the work he does in trying to solve drainage problems.

Dominguez, in part, is targeting Scheub for his support for the garbage-to-ethanol plant that just fizzled. Perhaps it never had a chance. But what Dominguez may be forgetting is that the plant was to be the alternative to the proposed Hickory Hills landfill in southeast Lake County. Hickory Hills was the most volatile issue ever in the southern part of the county. And, people won't forget that Scheub was one of the opponents.

There is a second reason why Dominguez isn't likely going to climb back up the mountain.

There was a time when Democratic voters embraced county politicians who played the musical chairs game of running for a new county office when term limits forced he or she out of their current office.

Thanks in large part to indicted county coroner Thomas Philpot, who was a master at musical chairs until he ran fourth in his 2010 bid for the Democratic sheriff nomination, musical chairs would never make it on reality TV today.

Buncich, for instance, could have run for another county office and probably have won when he left the sheriff's office in 2002. But he chose not to because his focus was law enforcement, not simply holding an office.



If Dominguez thinks the voters will embrace a former sheriff running for county commissioner, he likely will be in for a rude awakening.

That would be a real free-fall for a guy who once

thought he could be elected governor. ❖

Rich James is the former editorial page editor and columnist for the Post-Tribune in Merrillville.

Gov. Daniels, from page 1

a review will be published in 2013, when the community college program he pioneered, for instance, can be aptly placed into context.

It will be well into the third decade of the century before the true thrust of the Daniels era can be weighed. Daniels will leave office with national prominence despite passing on a presidential run. He is championed by his Republican Party as a prolific jobs creator, though the state's jobless rate has been mired between 8.5 and 10% for almost all of his second term and isn't expected to dip below 6% until 2014. The state is facing troubling trends in births to single mothers, obesity and educational attainment.

A classic example of the preamble rhetoric surrounding legislation and the actual law would be Major Moves. Passed in the 2006 session with a one-vote margin in the House, Daniels presented it as the "jobs bill of a generation." House Speaker Brian Bosma said just hours after passage, "We will put 130,000 Hoosier families to work over the next decade. That is a record investment in infrastructure."



Gov. Daniels said that Rep. Bauer had "car bombed" the 2005 session. He became less emotional in later sessions. (HPI Photo by Brian A. Howey)

Under Major Moves, the state received \$3.8 billion for a 75-year lease of the Indiana Toll Road, which allowed it to accelerate an array of projects that were unfunded, including the U.S. 31 freeway, the I-69 extension from Indianapolis to Evansville, the completion of the Hoosier Heartland Highway,

and Ohio River bridges. But heading into the sixth year of the decade, the construction jobs have yet to be realized. In 2010, Howey Politics Indiana reported that while U.S. Department of Transportation formulas expected 47,000 jobs created per \$1 billion spent – or 117,500 project jobs – estimates revealed just 28,500 jobs that year, or less than one-fifth supporters had hoped.

"That was never the central point," Daniels told HPI intern Bryan Ault from Franklin College. "It was never about construction jobs. It's about having a first class infrastructure over which the private sector over the long haul will invest and create the big number of jobs."

Thus, once the Great Recession subsides into a truly dynamic job growth economy, the real success of Major Moves should emerge. The completed infrastructure could propel Indiana as a national leader in job creation, but it hasn't happened yet.

Other impacts impossible to gauge now also come into play. U.S. Sen. Jeff Bingaman, D-New Mexico, authored a successful amendment to the Senate's version of a transportation bill that removes privatized highways from the calculation used to distribute federal highway funds to states. Bingaman said it doesn't make sense for a state to get federal funding to maintain a road "once it has been shifted out of the public sphere." Daniels called it a "backward and senseless proposal" that he hopes the House will put "directly in the wastebasket of bad ideas."

Critics of Major Moves see the Macquarie-Cintra consortium making huge profits over the final five decades of the lease, suggesting it was a bad deal. But should the consortium go bankrupt, ownership and profit would revert back to the state, which would create a historic win.

Ditto with the sprawling education reforms passed in 2011. They changed things from grading schools on an A to F scale, altered collective bargaining, brought a limited voucher program, and introduced new teacher and principal evaluations and pay for performance schemes. It will be at least a half decade before the impact of the new program can be gauged.

Here is a year-by-year rundown of Daniels and the Indiana General Assembly:

2005: Balanced budgets, DST and regional governance

HPI described Gov. Daniels' first session by saying: Daylight Saving Time was merely the glitzy wrapper that



cued in the short attention spans of TV news, with his economic “shovel ready” reforms something far more substantive that he believes will usher in a new era of growth. For the first time in Hoosier history, regional governance aimed at the state’s two biggest population areas, Indianapolis and Northwest Indiana, brought stadiums, convention centers and mass transit projects that will become enduring economic cornerstones for the next several generations.

“This is a balanced budget and it is honestly balanced,” Daniels asserted. “By the time we’re done I still hope we balance it with executive actions and savings we find in the first year. Medicaid will be very difficult but we think it is achievable.”

House Minority Leader B. Patrick Bauer, who Daniels described Bauer as having “car bombed” the agenda when House Democrats held legislation hostage for a few days, declared that Daniels had balanced the budget and funded education “on the backs of taxpayers.”

Purdue University economist Larry DeBoer told the Lafayette Journal & Courier, “They have in a sense helped to balance the state budget with a property tax increase. It surprises me they are moving in that direction. After all the talk about moving away from property taxes, of defending property taxpayers from tax increases, here we are, essentially reversing course.”

There were historic changes in the school funding formula where the money follows the child and the Property Tax Replacement Credits. The Indiana Economic Development Corporation was created, essentially replacing the Commerce Department. But the true Daniels audacity came when he took over the proposed Indianapolis Colts stadium and convinced seven of eight doughnut counties to pass a food and beverage tax to help pay for the new stadium. That deal also helped create the Northwest Regional Development Authority that was hailed by State Rep. Chet Dobis and U.S. Rep. Pete Visclosky.

“It’s been discussed for 30 or 40 years,” Daniels said. “Go talk to Chet Dobis, with whom I’ve met many times along with many other folks. He said he thought in 1991 we were getting close. It’s hardly a novel idea but I’m prepared to defend it. This state cannot move forward successfully if any big piece of it, northwest or rural Indiana, doesn’t succeed. So what’s good for one part is good for all.”

And Daylight Saving Time, the annual session hot potato for decades, passed with a one-vote margin in the House by State Rep. Troy Woodruff, who lost his first reelection bid in 2006.

2006: Major Moves and telecommunications reform

The impact of what House Speaker Bosma called the “boldest” session in history yielded the 75-year lease of the Indiana Toll Road that brought \$3.8 billion and what Daniels would hail as a “fully funded 10-year road plan.” There is tangible progress being made on I-69 between Evansville and Crane Naval Base, on U.S. 31 in Howard, St. Joseph and Hamilton counties, and the Hoosier Heartland Corridor. It passed the House with the vote of State Rep. Jackie Walorski, who represented a district in St. Joseph and Elkhart counties where Major Moves was highly unpopular.

“I am the only Republican in St. Joseph County,” she said of her status in the legislative delegation. “I could not look at that bill, and 130,000 jobs, and say after all the



nasty political rhetoric and all the Democratic guns trained on me, that I could turn my back on that. I knocked on 7,000 doors during my campaign and they all said, ‘We need change,’” Walorski said of her 2004 campaign. She won reelection in 2006 and left the House in 2010 before losing a cliffhanger to U.S. Rep. Joe Donnelly.

The other key legislation was the Telecommunications Act of 2006. Ball State’s Digital Policy Institute observed this year: “Drawing upon deregulation legislation in Texas, Indiana’s 2006 reform statutes included statewide video franchising, and have since been recognized, even by Texas, as the legislative template for other states to follow. Since that time, a number of other Midwestern states have followed Indiana’s lead. Now, five years after deregulation in Indiana, competition in the market has held consumer prices in check, and as a recent IURC report to the General Assembly suggests, new capital investment has occurred, there have been increased build-outs of infrastructure using fiber optics and digital transmission technology, and consumer complaints about redlining are nonexistent. Early findings included the accelerated deployments of digital subscriber line (DSL) services in more than 100 new rural



Indiana communities, collective capital expenditures of more than \$516 million in new infrastructure, new competition for video in multiple markets in Indiana, more than 2,200 new jobs created for Hoosiers, and, finally, a positive impact on price in the marketplace."

2007: Cigarette tax hike and property tax reforms

Because of the Iraq War, unpopular President Bush's second mid-term election, and fallout from Major Moves and Daylight Saving Time, Democrats returned to control the House. Thus began a relative four-year decline in Daniels' initiated legislation. Because of House Democrat obstinance, the administration worked a path of executive orders and administrative changes on various education boards.

The 44 cent-per-pack cigarette tax increase created what Gov. Daniels described as "the most important health care legislation of our lifetimes" that would fund the Health Indiana Program, expanding access for low income and difficult to insure Hoosiers. It came after a furor erupted when the House initially rejected the bill. Daniels explained, "I have asked a host of people whether they can think of a better example and nobody has. I am excited about the passage of the plan and what it can mean for uninsured Hoosiers and for low-income children, and, of course, to try to bring down the second-highest smoking rate in America." There was a second – by almost all accounts – honestly balanced budget after a decade of smoke and mirrors. And there was \$92 million for full-day kindergarten, \$33.5 million in 2008 and \$58.5 million in 2009.

The course of the legislature changed with the pronouncement by Dr. DeBoer that Indiana property taxpayers, on average, were looking at a 24% tax increase. This assured that the pursuit of any long-range property tax control program would not be forgotten for the session. Instant relief became the watchword as it was in 2006. And, if there was ever a doubt about not legalizing slots at racetracks, those thoughts disappeared. One-time money was needed. The franchise fees from the slots became a necessity in order to lower property tax bills for 2007 and 2008, but Daniels demanded franchise fee so high that both racino parent companies went bankrupt. Sen. Luke Kenley said on WXNT's Abdul in the Morning Show that "the property tax bill is 85% on the way to real reform. We've got a few things we need to keep working on. There may be a few things that will happen that will be unintended consequences. It's unfortunate but it's a necessary part and at least we know we're making change and driving away from a property tax based system."

Former Senate Finance Chairman Larry Borst observed in an HPI column: "The governor and many Democrats were locked in on providing health insurance for the

low-income uninsured. After a slow start Sen. Long found a Senate rule that allowed for a vote for an increase in the cigarette tax and pushed the idea along. Budgets tend to come together more easily when there is an additional two billion plus dollars to spend for the next biennium. Compromises were made and the new money was spent: \$550M more for tax relief, \$200M more for universities. \$681M more for the school formula, \$92M more for FDK, \$223M more for Medicaid."

The most conspicuous initiative was Daniels' creation of the Kernan-Shepard Commission on Local Government Reform. Their report came in December of 2007, but the legislative session that spring revealed how tough it would be to institute reform. Indianapolis Mayor Bart Peterson's IndyWorks legislation took aim at townships in the city, but was thwarted by Ways & Means Chairman Bill Crawford.

2008: Property tax reform

Daniels initiated and got House Democrats to join Republicans in passing the most significant property tax reforms since Gov. Otis Bowen's 1973 initiative. It was heralded at an extraordinary election year rotunda signing ceremony attended by Bauer and GOP leaders. "I was talking with Pat (Bauer) and I said, 'If you're not uncomfortable, instead of passing the bill around and Becky signs it

and Pat signs it and David signs it, why don't we all sign it together - and we invited every legislator who voted for it - we'll have a little thing in the rotunda all right together," Daniels said.



It began the property tax cap process that culminated with Indiana voters passing the constitutional amendment by a landslide margin. "I believe the caps and spending limitations will now be the force that will pull Kernan-Shepard off the shelf, where otherwise it would collect dust," Daniels said. "The people who would otherwise guard their turf and who would otherwise protect the redundant systems of today will have to get serious about cooperation, collaboration, consolidation." And Daniels added, "I wanted to put it beyond the reach of either future politicians or some judge. My guess is – and law school has been a long way back and I'm nobody's lawyer – a court would say 'this issue is not ripe.' The people may be in the very process of delivering an answer."

There was also the passage of the Patent Derived Income Tax Exemption, designed to help Indiana's high-



tech, entrepreneurial firms with state tax breaks for patents for the first five years, then stair-stepping down over the final years of the decade. Daniels lauded this bill for innovative small businesses which would establish corporate headquarters in the state.

As the next four sessions would show, Daniels never made Kernan-Shepard a top priority. It was replaced by the constitutional caps, the education reforms and then Right-to-Work. But there was some incremental change on the local government front. A referendum on whether to continue with the 1,008 township assessors reduced their ranks to just 12 that November. The other historic piece of legislation in 2008 was a bill carried by State Sen. Brandt Hershman that would allow no more than two 911 emergency call centers per county.

The most fascinating thing about 2008 – beyond the Barack Obama/Hillary Clinton presidential primary – was Daniels' 58% reelection over Democrat Jill Long Thompson, but for the first time in modern history, the victorious governor failed to pull in a GOP House majority. That would create a dearth of legislative victories for the governor until his party could regain the lower chamber.

2009: A stimulated budget and special session while reforms falter

If there was a moment that characterized the third year of the lack of GOP control in the House, it came in February. Gov. Daniels was in the Statehouse atrium at a rally for the constitutional tax caps. In the House Chamber, Government Reform Chairman John Bartlett killed almost all of the Kernan-Shepard reforms that year. HPI would analyze: Watching Daniels this year has been perplexing. He pushed for the Kernan-Shepard reforms in his State of the State speech, but did very little early in the process (other than two town halls with Joe Kernan in Kokomo and Fort Wayne), allowing State Rep. John Bartlett to crush the reforms. As even his critics have noted, the governor has a bully pulpit, but it wasn't used very effectively to push the caps and reforms this year.

It was also the first special session of the Daniels' governorship as he undercut Senate Republicans. The biennial budget passed the Senate by a 46-3 margin with



Daniels and Bauer's relationship over eight stormy sessions was a constant subplot. (HPI Photo by Brian A. Howey)

the help of \$4.5 billion from President Obama's American Recovery and Reinvestment Act, but it was mauled in the House by a 71-27 margin with wholesale GOP defections. Daniels had signaled his unhappiness with the budget. Ranking Ways & Means Republican Jeff Espich described the governor as "tough to love." At the second Daniels inaugural earlier that year, Appropriations Chairman Kenley found his reserved seat – in the back row – which he interpreted to HPI as a subtle signal of his perceived standing. A blatant one came when Daniels rejected the Kenley budget and sent the House out to destroy it while the Senate voted.

The legislature passed an Unemployment Insurance tax to close a \$2.2 billion deficit in that fund. It increased the tax rate on employers. The tax which was increased by \$400 million was deemed too harsh on employers during the persistent recession. Its implementation was delayed from Jan. 1, 2010 and a year later.

2010: The least dynamic session

The 2010 short session was the least dynamic of the Daniels' governorship. It almost seemed as if Daniels realized that Bauer would remain such a barrier that he selected just three issues – the referendum on the constitutional property tax caps, ending social promotion for students, and confiscating the lottery winnings from deadbeat parents – to press for this session. It was an agenda that



paled compared to those in 2005 and 2006 when he told legislators not to make vacation plans. Daniels acknowledged that it was his "least eventful session of the six I've been involved with."

The Daniels administration made only half-hearted attempts for education and local government reform.

House Republicans, working in tandem with the Indiana GOP and Daniels, began a recruiting program and vowed to regain chamber control in that November's election. It came as fissures began occurring with House Democrats. On the one significant issue that did pass - the Illiana Expressway - Dobis was demoted by Bauer for supporting a GOP version of the bill.

"I think he (Bauer) must see him (Daniels) in his dreams because he's always lurking in the shadows even when he's not even around," Dobis told the Times of Northwest Indiana about the Bauer-Daniels dynamic. "You don't get positive things done that way. The chemistry is not good in here." The Democrats were further weakened when State Rep. Dennie Oxley suffered a debilitating heart attack and never showed.

Daniels gave clues as to what his priorities would be if he regained control of the House. Asked about local government reform after Ways & Means Chairman Bill Crawford's Trojan horse township bill failed, Daniels said, "Stand by. All I can tell you is that we will be back. Citizens of Indiana deserve modernization. Taxpayers deserve wasted dollars being reduced. Our schools deserve more dollars in the classroom and not chewed up in administration. Nobody said it would be easy."

Asked if he would take an active role in passage of the property tax caps (the answer was yes), Daniels described himself as an "enthusiastic cheerleader; (and) celebrator of successes, which have begun and I just want to commend these folks and others we can mention for doing right by their taxpayers and their citizens. I hope this will start a cascade of reform."

By October, it was clear that Daniels would regain control of the House, with HPI's final preelection projection set at 60 seats, which Republicans achieved. More significantly, the Southern Indiana flank of the Democratic Party was decimated as the GOP took two congressional seats, seven Indiana House seats and four Indiana Senate seats south of U.S. 40. It represented a historic erosion of what had long been a bulwark for legislative Democrats as names like Bob Bischoff, Paul Robertson, Russ Stilwell and

others went down to defeat.

2011: The education governor

In the 2011 Indiana General Assembly, Daniels worked in tandem with Supt. of Public Instruction Tony Bennett and said of his first educational mission, "I would organize it as teacher quality. This means paying the best teachers more, paying the teachers in the most important subjects more. Or at least have the freedom to do that. And teachers earning job security because the kids learn, not because they've been around for years. Pure seniority doesn't work. We have teachers of the year who get laid off."

The State Board of Education has changed the ways schools will be graded, going to an A through F format. Daniels said it would not be fair to hold schools accountable without taking down "all sorts of mandates and handcuffs, whether it's by statute or regulation."

The governor said he wanted to "take the lid off charter schools" so they don't struggle. This would mean ending a six-month delay in payments from the state. He added that school corporations won't sell or give charter schools empty school buildings

that taxpayers have already paid for. "We'll address that and give them a fair shake," he said. "I'm going to propose that Indiana students can graduate in less than 12 years," Daniels said, adding that he's been approached by scores of students who tell him they had amassed enough credit hours to have graduated one or two semesters earlier. He said seniors frequently tell him "I'm cruising" at a cost of between \$8,000 and \$10,000 per year to taxpayers. He said the state had "accidentally" created a competitive environment between public schools when the state assumed all K-12 school funding, taking it off the property tax rolls. "There are now billboards where schools are saying, 'Check out our test scores.'"

"We should say schools can't charge tuition," Daniels said, suggesting that if an Indianapolis Public School student wants to enroll at Ben Davis, "there will be more freedom and more options." Essentially, the money should follow the student.

The session was marred by a five-week walkout by House Democrats over proposed Right-to-Work legislation, which Speaker Bosma scrapped, and then the education reforms that Daniels and the GOP refused to budge from. But unlike his bombastic 2005 rhetoric, the governor was almost sanguine. He refused to send the Indiana State Police to round up absent Democrats. Instead, he exhibited





calm and strength and simply wore the Democrats down. In doing so, he signed new legislation that would assess \$1,000-a-day fines for any legislator with more than three days of unexcused absences.

The legislature also passed the automatic tax refund, which would be changed in the 2012 session.

Indeed, when Daniels gathered with legislative leaders on a post-sine die presser, there was a celebratory aspect to the education reforms that Democrat State Rep. Ed DeLaney characterized as an "assault on public education." Daniels was in the midst of rampant speculation he was about to enter the 2012 Republican presidential race. The education reforms were seen as a policy slingshot that would thrust him into the national orbit. But by month's end, Daniels said he had been out-voted by his family on the presidential run. Daniels was now entering fully into the twilight of his elected career.



2012: Right-to-Work

This was to be the session when Daniels could make a final thrust with the Kernan-Shepard reforms. But on Organization Day, Bosma and Senate President Pro Tempore David Long announced that Right-to-Work would be their top priority. And for good reason: They had been team players for Daniels for seven years. They had restive conservative parts of their caucuses that might rebel if Right-to-Work wasn't the top priority. And Daniels continued to be stung by the Great Recession that was keeping a high jobless rate. Daniels would say at the end of 2011 that he needed "every tool" for job creation and he changed his stance on Right-to-Work.

There were more House Democratic walkouts, but the anti-bolt legislation created more fissures inside the Democratic caucus, and Daniels was able to sign the legislation before the Feb. 5 NFL Super Bowl. After that, the General Assembly seemed exhausted. Daniels didn't hit the road to push government reforms. Instead, his final session tied up some significant loose ends. There would be a decade long phaseout of the inheritance tax.

His goal of an automatic tax refund for Hoosiers was modified at a higher threshold than originally written. And he signed into law the first statewide smoking ban, though it exempted taverns and casinos. Of the full-day kindergarten legislation, he called it the "completion of this administration's eight-year quest to bring full-day kindergarten to every Indiana family. It will be universally avail-

able without any additional charges. Virtually every Indiana family that wants that full-day experience for their 5-year-old will have it." With kindergarten, Daniels was able to accomplish what had only been a goal of Gov. O'Bannon.

And it came about because the state found an extra \$320 million in deposited funds that never made it into the general fund. That paved the way for full day kindergarten and increased payments to the Indiana State Fair disaster victims.

As for the inheritance tax repeal, Daniels said, "Never again, we hope, will a farm or a small business in our

state have to change hands just because someone can't afford the inheritance tax otherwise."

There were a couple of minor strides on government reform as he signed bills that outlawed conflict of interest (police and firefighters serving on city or county councils and approving their own salaries) and many forms of nepotism. But the township government remained mostly intact, county government stayed almost entirely in its 19th Century form with three commissioners and a defused bureaucracy spread out across courthouse fiefdoms. Indiana cities and towns witnessed the General Assembly becoming "Indiana's city council" with the tax caps prompting funding challenges and the local government reforms slowly coming about.

He acknowledged last December that he was surprised the caps had not spurred more consolidation. Of the two bills he signed this past week, Daniels said, "This really modernizes Indiana state government in a way that's overdue and there's more to do, honestly. At least we've maintained some forward momentum and I hope that people will pick up the Kernan-Shepard report in the future and keep going."

Epilogue

By any standard, Daniels will likely be seen as one of Indiana's strongest governors, joining the pantheon of Oliver P. Morton, Thomas R. Marshall, Paul McNutt and Otis "Doc" Bowen as governors who were willing to use political capital to change the way state government operates and how Hoosiers are taxed, educated, governed and pursue their happiness.

But it will be well after Daniels leaves office that we'll know whether the education reforms have really improved graduation rates and workforce preparedness, or whether the state's transportation system will become the prolific jobs magnet. ❖



Chocola goes on an anti-GOP warparth

By **BRIAN A. HOWEY**

INDIANAPOLIS - In a matter of hours, the Club for Growth's Chris Chocola made an array of unexpected headlines:

1. The former Indiana congressman denounced the House Republican budget by Chairman Paul Ryan, calling it a "disappointment."
2. He accepted a \$500,000 check from U.S. Sen. Jim DeMint, despite the fact that DeMint had vowed not to intervene in races against incumbent Senate Republicans.
3. He threatened to intervene in an Arizona race involving U.S. Rep. Ben Quayle, the son of the former vice president from Indiana.

There are implications of these decisions on the Indiana U.S. Senate race involving U.S. Sen. Dick Lugar and Indiana Treasurer Richard Mourdock.

Chocola has vowed to bundle funds for Mourdock's TV campaign after the challenger showed repeated lack of ability to raise funds. Mourdock reported only \$1.3 million at the end of the FEC's 2011 fourth quarter.

Roll Call reported: DeMint gave \$500,000 to the conservative Club for Growth's Super PAC last month, despite telling his colleagues last year that he wouldn't recruit or support primary challenges to incumbents. DeMint told Politico that his contribution was for other races the Club for Growth is involved in that don't target incumbents. DeMint's contribution represented 28 percent of the \$1.8 million the Club for Growth collected in February. The group, run by former Indiana Rep. Chris Chocola, recently reported spending about \$13,000 to help Mourdock, mostly through mailings.

But with Mourdock's early TV ads almost certainly depleting his war chest, there is an expected influx of national money from Club for Growth and the National Rifle Association.

The race between Quayle and Rep. David Schweikert - both drawn into the same Arizona district - is another indication of Chocola flexing his muscle.

Chocola urged neutrality, citing concerns about Majority Leader Eric Cantor (Va.) backing Rep. Adam Kinzinger (R) in an Illinois primary over Rep. Don Manzullo. Kinzinger defeated the veteran lawmaker Tuesday. Chocola then noted that Speaker John Boehner's (Ohio) leadership political action committee made a donation to Quayle's campaign prior to the release of Arizona's redistricting map

and the formation of the Schweikert-Quayle race. "In the name of neutrality, we urge Speaker Boehner to contribute the same \$10,000 to Rep. Schweikert that he has already given to Rep. Quayle," Chocola wrote in the letter. But then he took an ominous tone. "Should it become apparent that you are choosing sides on behalf of Rep. Quayle, the Club for Growth PAC will consider it necessary to intervene on behalf of Rep. Schweikert," Chocola wrote.

Then there is the Ryan budget, which was crafted



U.S. Rep. Todd Young (left) with House Budget Chairman Paul Ryan as they put the finishing touches on the House GOP budget, which was subsequently denounced by Club for Growth's Chris Chocola.

with the help of U.S. Rep. Todd Young. Chocola said in a statement that Ryan's plan does not put the country on a path to chop deficits quickly enough.

"It is hard to have confidence that our long-term fiscal challenges will be met responsibly when the same Congress that passed the Budget Control Act wants to ignore it less than one year later. On balance, the Ryan Budget is a disappointment for fiscal conservatives," Chocola said in a statement.

The Washington Post reported: According to the Budget Control Act - the hard-fought law that raised the nation's debt ceiling over the summer - failure of the supercommittee was to trigger about \$1.2 trillion in cuts over the next decade, split between military and domestic spending. In Ryan's budget, the so-called sequester - deeply unpopular to Republicans because of its powerful hit to defense - would be replaced. Tackling only the first year of the cuts - about \$110 billion - his budget calls for instructing Congressional committees to come up with \$18 billion in trims the first year and \$116 billion over five years. ❖



Strange bedfellows in the U.S. Senate showdown

By **BRIAN A. HOWEY**

NASHVILLE, Ind. - In the television age of Indiana politics, no incumbent U.S. Senator has ever faced a credible challenge in a primary. Indiana Treasurer Richard Mourdock's challenge to U.S. Sen. Dick Lugar in the May 8 GOP primary is breaking new ground. But the twists in the picture are also historic as an array of strange bedfellows may be creating yet another opportunity to kick away a Republican Senate seat and, thus, a GOP majority.

At top left and center, Tea Party affiliated candidates Sharron Angle of Nevada and Christine O'Donnell of Delaware won upset Republican primary victories in 2010. But when the dust settled on the general election, both lost to Democrats, which allowed the party of President Obama to retain a Senate majority. Mourdock (upper right) has run a campaign based almost entirely on a characterization of Lugar as "President Obama's favorite Republican," while assailing him on bailouts, Supreme Court nominees, gun rights and immigration issues. Mourdock has failed to raise much money from Hoosiers, relying instead for the home-stretch financial support from an array of national groups.



Lugar has been the Indiana GOP's top vote getter in history and ran with no Democratic opponent in 2006. But in 2012, Lugar finds an array of strange bedfellows, acting in both concert with each other and in uncoordinated fashion under new rules determined by the U.S. Supreme Court's Citizen United decision, argued by Terre Haute attorney and Republican national committeeman Jim Bopp Jr., who backs Mourdock.

In the middle row, Tea Party activists Greg Fettig and Monica Boyer (left) have led the charge, helping Mourdock win an endorsement from some of the state's Tea Party tribes. They have used Lugar's residency, first broached by

Republican blogger Gary Welsh (center) and then pressed by Indiana Democratic Chairman Dan Parker, and Marion County Election Board members Mark Sullivan and Clerk Beth White, who on March 15 ruled that Lugar cannot vote at the address of a home he sold in 1977. In February, Boyer said on social media that Lugar's residency would be challenged and that she would include photos of Lugar's Virginia residence. Two days later Democrat Super-Pac American Bridges ran a web video attacking Lugar's residency which included the same photo Boyer posted of Lugar's Virginia home a day earlier. A few days later, Mourdock released his own web video parroting the America Bridges video. Mourdock then did a press conference on Lugar's residency citing materials that had been tweeted

earlier by the Indiana Democratic Party. These were likely researched by the Democratic Senate Campaign Committee, who supplied information to Indiana Democrats and American Bridges. These same Democratic state and national operatives tweeted material regarding Lugar's residency moments before Mourdock's team posted very similar information.

On February 21, the Indiana Democratic Party Chairman Dan Parker held a press conference in front of Lugar's Indianapolis office about a trumped-up ethics complaint. That same complaint was circulated on the Internet the day before by Monica Boyer and other Mourdock supporters. On March 6, American Bridges attacked Lugar in a web video that both the Democratic Party and Mourdock operatives circulated

online. The day before, Mourdock operatives were tweeting that the video was coming.

Finally, three national groups led by Dick Arney's FreedomWorks (bottom left), Chris Chocola's Club for Growth and the National Rifle Association are poised to bundle national money, provide grassroots support and add direct mail and TV ads. FreedomWorks has spent almost half of its money on Congressional races on behalf of Mourdock and Arney came to Westfield earlier this month to demonstrate new "Get Out the Vote" software. The strategy is risky for Republicans as a Lugar primary loss means a competitive race in the fall. In 2006, Donnelly defeated Chocola in the 2nd CD (shown at a debate that year at Rochester). ❖



Tea Party cells rebel against Fettig, Boyer

By **BRIAN A. HOWEY**

INDIANAPOLIS - When the Tea Party came into being in 2009, it was a loose-knit confederation of conservative tribes that existed in a vacuum.



In Indiana, Greg Fettig of Noblesville and Monica Boyer of Warsaw sensed the vacuum and entered, eventually developing the Hoosiers For a Conservative Senate organization and engineering the "Tea Party" endorsement of Indiana

Treasurer Richard Mourdock. There is now blowback from various Tea Party groups, challenging the Fettig/Boyer leadership.

"What's happened across the state is that Hoosiers For a Conservative Senate has shanghaied Tea Parties across the state. Clearly they are interested in their own power," said Chuck Ford, the Carmel school teacher who heads the Tea Party of Hamilton County. "They've misled FreedomWorks, they've misrepresented themselves to the media and all of the other conservative organizations. They have misrepresented themselves as spokesman for the Indiana Tea Party."

Ford said there are about 92 Tea Party organizations in Indiana, some with just a handful of members, but added that most of the groups maintain that Hoosiers For a Conservative Senate don't speak for them.

The fissures have appeared sporadically. Peter Rechio of Elkhart said in a March 28, 2011, email, "We at TEA-MAC, and others in the state movement, are being kidnapped by a small group, Hoosiers For a Conservative Senate, recently formed and run by Tea Party opportunists Monica Boyer and her associate/side-kick Greg Fettig. They simply do not have our movement first at heart, and are in this cause for the most part for personal gain and aggrandizement."

Anna Kroyman of Monticello and part of White County Tea Party group added, "The major Tea Party groups statewide have distanced themselves from HFCS as more and more investigation into the group indicates collusion," she said. "Media needs to investigate the connection/friendship between these two HFCS leaders, Greg Fettig/Monica Boyer and FreedomWorks of Indiana, America Refocused, Hoosier Patriots and certain candidates of their choice."

Howard County Republican Chairman Craig Dunn, an early Mourdock endorser who is now reconsidering, explained, "Since Fettig was picked up for the national Tea Party council, he has tried to speak for the Tea Parties. People just don't realize that the Tea Party 'movement' is only modestly organized. There is no real structure such as in a political party. They are just a bunch of pissed off taxpayers who are sick of the direction the nation is headed. As a result, their natural enemies are incumbents. In Indiana, most of your incumbents are Republicans."

Fettig and Boyer were determined to rally around one candidate as opposed to the 2010 Republican U.S. Senate primary where Tea Party candidates Marlin Stutzman, Richard Behney and Don Bates Jr. split up that vote and watched U.S. Sen. Dan Coats win the nomination. They vowed to organize behind one primary challenge to U.S. Sen. Dick Lugar. The two met with Lugar in December 2010, then stated, "We found Senator Lugar to be a very gracious and kind man. We were grateful for the opportunity to have breakfast with him and share our deep

concerns regarding his philosophy and his voting record. However, we found at the conclusion of the meeting that our ideas of 'Conservatism' do not match his. Hoosiers For a Conservative Senate does not support his big government, big spending and liberal philosophy that is contrary to conservative Hoosier values."

Ford and Diane Gomez, treasurer of the Tea Party of Hamilton County with about 600 members, said they were troubled by Boyer's and Fettig's "state convention" at Greenfield on Sept. 24, 2011. In conversations before that event, Ford and Gomez said that each Tea Party cell should send two representatives to Greenfield, vote for Mourdock in the straw poll that morning, and attend the rally that afternoon. Ford called it a "phony" straw poll with Mourdock getting all but a handful of 75 votes.

The Hamilton County group had already planned its own event for later on Sept. 24 and declined to attend the



Tea Party of Hamilton County leader Chuck Ford and Treasurer Diane Gomez. (HPI Photo by Brian A. Howey)



Greenfield event. With the Greenfield rally ending around 2, Mourdock then failed to go to Noblesville that day.

Ford said his group, which has "many" Mourdock supporters, does not endorse candidates. "We've got a Fox News attitude: you report, we'll decide." He expressed fear that a Mourdock upset of Lugar in the GOP primary could position Democratic U.S. Rep. Joe Donnelly for a win in November.

"I like the winning horse," Ford said of his personal support for Lugar. "He's been a winning horse. With Lugar, he has many accomplishments. With Richard Mourdock, he's an empty page."

State Sen. Mike Delph has spoken to many Tea Party groups around the state. "The Tea Party is very independent minded," Delph said. "They are all independent minded with different missions and goals. The commonality is they are dissatisfied with the White House and Congress. They have different visions on where to go."

"I would agree there are a lot of independent voices within the Tea Party," Delph continued. "Whoever is able to harmonize them into one force would be a king-maker. They would be able to unify a movement that is very strong. There is not any one group of leaders in the state of Indiana. Chuck Ford is one of them. That doesn't mean that I don't think Greg and Monica aren't. They are leaders in their own right. They've spent a lot of time to advance their agenda."

Delph, who passed on the Senate race, told HPI he has not been asked by either Lugar or Mourdock to endorse.

As for how he sees the Mourdock/Lugar race shaping up, Delph said, "It's always difficult to take on an incumbent. Voters are very agitated and congressional approval is at record low. I think we're going to have a strong fight for president in Indiana. Whether the Senate candidates align with one of them and ride it to victory, that's an open question. The turnout has not been great in early (presidential primary) states. That means a small group, well honed, can pull off an upset."

Dunn observed, "The Tea Party people could care less about nuclear non-proliferation treaties or intricate international agreements. Their concerns are far more local. Lugar fed this anger with incumbents by being a relatively absentee senator. I know it. You know it. And Lugar knows it. Lugar is now trying to re-engage locally and moving to the right. He will probably get it done, but it will be close. If turnout is low, he will lose."

As far as Fettig is concerned, Dunn said, "You have this organizational vacuum that exists. He has sensed the vacuum and entered it. He can get by with his assumption of leadership until he is whacked publicly."

U.S. Senate: RTL nod to Mourdock

Richard Mourdock was endorsed today by Indiana Right to Life. "While there are many reasons we are proud to make this endorsement, it simply comes down to this: we cannot afford to give Richard Lugar the opportunity to help place one more activist judge like Elena Kagan or Sonia Sotomayor onto the United States Supreme Court," said RTL's Mike Fichter. "Should President Obama gain a second term, and should he have the opportunity to fill one of the Supreme Court seats currently held by a conservative justice, we will lose the Supreme Court for a generation unless we have Republican senators willing to fight this administration's attempt to use the federal courts as a tool for judicial activism."

The Lugar campaign announced it has made its one millionth phone bank call.

Lugar's residency problems just grew more uncomfortable: He's reimbursing the Treasury for erroneously billing taxpayers for a series of hotel stays in Indianapolis in recent years (Politico). The long-serving Senate Republican said because of staff errors, taxpayer money was improperly used to pay for about \$4,500 in hotel expenses over the past decade. After an inquiry from POLITICO, Lugar's office investigated and acknowledged the issue, and the senator is now taking steps to repay the money. "I was unaware of routine staff work over the course of several years where we may have made mistakes," Lugar said Wednesday. "I'm sorry that I was not more observant."

Two polls - one Democratic, one Tea Party - came in what appeared to be coordinated fashion and were leaked to Politico over the weekend.

Both had the same result. It is just further evidence of Richard Mourdock's challenge to U.S. Sen. Dick Lugar is in coordination with Indiana Democrats, who would love to see the treasurer upset the incumbent.

Both polls - one paid for by Citizens United, the other by Rep. Joe Donnelly's campaign - produced the same result: Lugar ahead by just 6 points, 45 to 39 percent.

The Citizens United-Wenzel Strategies survey last week of likely primary voters, shared first with POLITICO, has 15 percent undecided. The Global Strategy Group survey for Donnelly highlights Lugar's shrinking margin. "In October 2011, Lugar lead Mourdock by 12 points, 48 percent to 36 percent," writes pollster Jef Pollock. "Today, that margin is cut in half, 45 percent to 39 percent." While the head-to-head data is promising for Mourdock, the internal numbers in the Wenzel poll reveal that the state treasurer has a ways to go in defining himself with just two months left before the primary. Half of primary voters still aren't able to register an opinion of him, leaving his favorable rating at just 31 percent. That's 22 points behind Lugar's favorable rating of 53 percent.



About a third of primary voters - 34 percent - view Lugar unfavorably. Nonetheless, the race remains fluid with roughly half of voters indicating they are open to changing their mind and Mourdock aides believe it demonstrates that Lugar's \$2 million in television ads have failed to stymie his challenger's climb. This may be the most convincing evidence to date that Lugar's positive and negative messaging isn't cutting through and that his spending advantage is being nullified by a media narrative that is raising questions about his detachment from the state.

A Wall Street Journal editorial described the attacking opponents of Sen. Richard Lugar as "low-road conservatives" who have resorted to "Mickey Mouse campaign tactics" by raising questions about the legality of Sen. Richard Lugar and his wife, Charlene, claiming as a residence for voting purposes a home in Indianapolis that they've neither owned nor occupied in 35 years. The editorial read: Conservative Republican activists have concluded that long-serving Indiana Senator Richard Lugar is too moderate, too old and too Washington. They are backing Indiana Treasurer Richard Mourdock to unseat Mr. Lugar. Fair enough. There's no permanent tenure in American politics. But since when have Republicans felt it necessary to resort to the sort of Mickey Mouse campaign tactics one expects from activists at the other end of the political spectrum? That's the tack some of Mr. Mourdock's allies have."

The Lugar campaign responded to attacks from the National Rifle Association by pointing to support from several Indiana sheriffs, including Clay County Sheriff Michael Heaton, Hamilton County Sheriff Mark Bowen, former Hamilton Sheriff Doug Carter, Carroll County Sheriff Tony Burns, Ripley County Sheriff Tom Grills, and Johnson County Sheriff Doug Cox. "Sheriffs across Indiana are stepping forward to support Dick Lugar, because he supports the rights of law-abiding citizens to purchase, carry and hunt with guns," said Heaton. "As a former mayor, Senator Lugar worked daily with local police and deputies," Burns said. "Senator Lugar works closely with Indiana sheriffs and police chiefs to target federal grants, so local departments can procure the latest equipment and carry out their duties in the safest and most effective manner," Cox said.

Lugar, and his wife, Charlene, have filed an appeal of the Marion County Election Board's decision last week that they could not vote using their former address on Indianapolis' Westside. The appeal was filed Monday in Marion Circuit Court, over which Judge Louis Rosenberg presides. The judge has set an emergency hearing for March 30 (Indianapolis Star). The Lugars' complaint seeks judicial review of the Election Board's 2-1 decision by arguing that the Election Board acted against the Indiana Constitution and state law. Those provisions say officials who are absent from a residence while serving out-of-state do not forfeit their residency.

The American Action Network will run ads on be-

half of Lugar as well as U.S. Rep. Fred Upton in Michigan.

A TV ad portraying Lugar as Team Obama's favorite senator "misses the mark" and is "quite a stretch," says FactCheck.org, a respected nonprofit committed to accuracy in political advertising. Lugar "opposed the president's signature legislation, The Patient Protection and Affordable Health Care Act (Obamacare), and voted against Obama's stimulus bill and also disagreed with Obama's decision to delay the Keystone XL Pipeline," FactCheck's analysis points out. The Washington Post's "U.S. Congress Votes Database" shows Lugar voted in line with other Senate Republicans 90 percent of the time during current Congress and in more than eight in 10 votes since the start of Obama's presidency. FactCheck says the ad makes more claims that lack accurate context: FreedomWorks attacks Lugar on residency, however "Indiana's attorney general and the state's election commission recently affirmed Lugar's legal right to serve as a senator."

The Lugar campaign released a 30-second ad "Low Rent Politics," citing editorials from the Wall Street Journal and the Indianapolis Star. "Voters are disappointed by Treasurer Mourdock's negative ads," said Lugar campaign spokesman Andy Fisher. "They realize the relentless attacks that have gone on for more than a year are deceptive, disrespectful, and disingenuous. Here is a transcript of the "Low-Rent Politics" ad calling out Mourdock on his year-long negative campaign:

Announcer: The Wall Street Journal called residency attacks on Dick Lugar "Mickey Mouse" and "low-rent" politics. The Indy Star called it "nonsense" and say it's designed to "embarrass" Senator Lugar. Hoosiers need jobs... gas prices are skyrocketing... yet Richard Mourdock and his D.C. cronies have nothing to offer, but the politics of personal destruction. Special interest money. Low-road politics. Not the campaign Hoosiers need in these serious times. **Primary Horse Race Status:** Leans Lugar

Presidential: Santorum leads

In Wenzel's presidential ballot test, Rick Santorum leads Mitt Romney 34 percent to 28 percent. Newt Gingrich garners 11 percent and 21 percent remain undecided. The Wenzel poll of 678 likely GOP voters taken March 14-16 has a 3.7 percent margin of error. The Pollock poll of 500 likely GOP voters was taken March 12-15, but did not include head-to-head match-ups with Donnelly.

Governor: Pence jobs tour

U.S. Rep. Mike Pence went on a jobs listening tour last week. Below is a sample of the media coverage from the tour:

Evansville Courier & Press: If he is elected Indiana's next governor this fall, U.S. Rep. Mike Pence, a Republican, hopes to make chopping taxes and business regulations the centerpiece of his job-creation ef-



forts. "We've been working with now more than 250 policy experts and volunteers for the last six months, and we're putting the finishing touches on our jobs agenda," he said. "We're engaged in a very thorough process." Pence said Indiana has an "all-of-the-above tax code," which results in the revenue to fund Indiana's \$14 billion annual budget coming from a variety of sources.

Fort Wayne Journal Gazette: GOP governor candidate Mike Pence kicked off a two-day jobs tour Thursday - hinting that tax overhaul for small businesses might be on his agenda if elected to the state's top office. "We're engaged in a very thorough process that is not just about a campaign, it's really about wanting to build a governing agenda," Pence said. "I am committed to taking the time necessary to hear from Hoosiers, policy experts and develop the kind of proposals we can take to voters in this election.

Pence's gubernatorial campaign contributors like school reform, too. Jeff Yass, an investment manager from Bala Cynwd, Pa., gave Pence \$10,000. He's a voucher and charter school advocate who puts his money behind his views (Fort Wayne Journal Gazette). Another \$10K contributor is James B. Nicholson, CEO of a Detroit chemical company and a member of the Michigan Association of Charter School Boards. Robert Luddy, a Raleigh, N.C., businessman who has started private schools and charter schools, gave Pence \$20,000.

2nd CD: FreedomWorks backs Walorski

FreedomWorks has endorsed Republican Jackie Walorski.

5th CD: McIntosh in lead, Lugar a factor

State Sen. Mike Delph told HPI that he has seen three sets of 5th CD polling and all report much the same thing:

David McIntosh leads with between 20 and 24 percent. The "shocker" is that Jack Lugar, who has raised virtually no money, is in second between 15 and 17 percent. The rest of the field is in the 6 to 9 percent range.

McIntosh picked up the support of FreedomWorks. He also came out in support of term limits, saying, "Almost all candidates and politicians say they dislike career politicians and promise they'll never become a career politician if elected," McIntosh said. "But talk is cheap. As we have seen in the past, most politicians who promise to limit the number of terms they serve break that promise. The only way to keep elected officials honest about this and to keep our democracy fresh is to limit by law the amount of time someone can spend in Congress."

Dr. John McGoff responded, asking, "Which one is it, three terms or six? And, do his first three terms count? Or, is he hoping the voters in the 5th District will roll his

Congressional odometer back to zero?"

Susan Brooks announced that her former U.S. Attorney colleague, Gov. Chris Christie of New Jersey, will visit Indiana on April 16 to support her candidacy. **Primary Horse Race Status:** Leans McIntosh

6th CD: Urban endorses Bates

Don Bates' campaign for Congress announced today that Connersville Mayor Leonard Urban has endorsed Bates. As a fellow small business owner and Mayor of Connersville, I believe the private sector experience Don brings to this position is needed at this time," said Mayor Urban.

Primary Horse Race Status: Likely Luke Messer

9th CD: Kruzan, Jones endorse Yoder

U.S. Rep. Todd Young has named Joe Knepper to serve as political director in 2012. Knepper comes to the Young campaign from the office of Rep. Marlin Stutzman (R-IN3) where he served as Special Assistant to Stutzman. Previously he had worked for the Indiana Republican Party as the Field Director in the 3rd Congressional District.



Bloomington Mayor Mark Kruzan and 9th CD Chairman Mike Jones have endorsed former Miss Indiana Shelli Yoder in the 9th. Kruzan sent an email to 3,000 Monroe County

Democrats, saying, "Something's happening in the Ninth District Congressional race. Something we don't often see. A person simply got in her car, drove to the State Capitol, and filed to run for office not because party bosses recruited her, not because big monied special interests fueled her campaign, not because she's interested in launching a political career. Instead it's someone who filed for office motivated simply and elegantly because she was called to do so out of a personal obligation to improve the lives of others. Because she wouldn't have been able to look her kids in the eyes and explain why she didn't do something to protect their future and the future of all our kids. That's the kind of motivation, commitment, and selflessness that needs to be rewarded now more than ever. I'm so pleased to be able to report that right here in Monroe County, we have a fresh, new candidate fighting hard to put the issues that really affect our families back at the top of the national agenda... Shelli Yoder." Jones made his first endorsement as chairman, saying, "Shelli brings new and fresh ideas to the campaign. She will not be for 'politics as usual' and will stand up for working men and women and our children across the district. Southern Indiana and our nation are crying out for new leaders with the vision to lead us in a new direction." **Primary Horse Race Status:** Tossup



Secretary Lawson helped break Senate glass ceiling

By **BRIAN A. HOWEY**

INDIANAPOLIS - Connie Lawson, who helped ensure a change of gender leadership in the Indiana Senate, was named Indiana's second female secretary of state by Gov. Mitch Daniels on Friday, just a day after the Indiana Supreme Court affirmed that the convicted Charlie White had been eligible for the ballot. That decision allowed Daniels to appoint his successor and he contacted her on Thursday.

The Danville Republican made a number of published "short lists" when speculation came to who might replace White. She is a former Hendricks County clerk and had spent six years on the Senate Elections Committee and now becomes Indiana's chief elections officer.

"Connie was an obvious choice. Indiana has probably never been served by a Secretary of State better prepared on day one," said Daniels. "I want to reiterate our thanks to the staff of the office, and in particular, Jerry Bonnet, for their superb professionalism during some difficult months. Thanks to them, the public has been well served every day." Bonnet was appointed interim secretary of state on Feb. 4. He has resigned from the interim role and will return to his previous duties.

Lawson said, "Today, I am honored. I thank Governor Daniels for placing his trust in me to serve as Indiana's secretary of state. Although it is sad to think of leaving the Senate and no longer serving the constituents of Senate District 24 in the same manner that I have for the last 15-plus years, I am excited to bring my experiences as a county clerk and chair of the Senate Elections and Local Government committees to this position. The opportunity to serve all Hoosiers, Republicans and Democrats, across our state is a responsibility I take very seriously."

Lawson should and will be remembered for her role in gender inclusiveness in the Indiana Senate.

After Greg Walker upset Senate President Pro Tempore Robert D. Garton in May 2006, the defeat set in motion what has been a historical change in the Indiana Senate. Lawson and female Republican Sens. Teresa Lubbers, Patricia Miller, Vaneta Becker, Sue Landske and Beverly Gard banded together to unite behind David Long, who won the caucus election to replace Garton.

The Garton era Senate was the proverbial good ol' boy club and female senators did not play a major role in leadership. That changed under Long, who elevated Lubbers, Landske and Lawson into leadership positions. Lubbers has since left the Senate to become the commissioner of higher education. Landske is assistant president pro tempore, and Lawson was majority floor leader. It came after Govs. Joe Kernan and Daniels selected Kathy Davis and then Becky Skillman as lieutenant governor, who presides over the Senate.

Scott Minier, a former Senate communications staff now with the Lugar campaign, said of Lawson, "Then-Senator Lawson didn't ever lose touch with where she came from – local government. In legislation she authored, bills she heard, votes she cast, Connie always equated the public policy with the 'public' she knew so well. On weekends, early in the morning and late at night, she was often among the only lawmakers working at the Statehouse – getting organized for the next session, the next day, the next meeting."

Minier said that Lawson often acted as the "go-between" for Republicans and Democrats.

"Connie Lawson is the consummate professional, bright, hard-working, dedicated, and of the highest integrity. She is also one of the finest people you will ever meet. She will be an outstanding Secretary of State for the people of Indiana, and will prove to be a very popular choice," said Long. "We will miss her greatly in the Indiana Senate, where she has been both a valued leader and a respected and trusted colleague. However, our loss is the people's gain, and we look forward to working closely with her in the ongoing effort to improve the lives of Hoosier families throughout our great state."

Skillman observed, "When she assumes a responsibility, her level of performance is outstanding. She will continue to serve with distinction and make Hoosiers proud."

Lawson says she wants to move beyond the controversy. "It's time to do that," she said. "We have a primary election in 53 days in a major election cycle." Lawson will serve out the remainder of White's term and could run for election in 2014 though she's not committed to it. "I think it's too early to say that," she said, "but what I do plan to do is to position myself to run if I decide that I would like to."

A Lawson run for secretary of state in 2014 is likely. There had been rumors that restive Senate conserva-





tives were preparing to recruit a primary challenger against her, as was the case with State Sens. Beverly Gard and Susan Glick. Gard decided to retire and Glick is in a primary fight against State Rep. David Yarde.

When HPI published the analysis in December, the talk died down and Lawson did not face a primary opponent. There had also been talk about a conservative challenge to Long. Some viewed Lawson as a key ally who

would be critical to Long in maintain control over the caucus.

"I don't really see a challenge to him on the horizon," said State Sen. Mike Delph, the assistant majority floor leader. "Long is in good shape. He listens to the entire caucus." As for who succeeds Lawson as majority floor leader, Delph said, "It's too early to tell. That's Sen. Long's call. He'll pick somebody who can work well with him." ❖

Vouchers raise meaningful questions

By **MORTON J. MARCUS**

INDIANAPOLIS - I have no inherent opposition to school vouchers. The idea that parents should be able to choose what schools their children attend is fine with me, within limits. That the state should pay for education stirs no primitive animosity in my soul.



In some places, existing school corporations are failing their students, although they may allow them to earn certificates for endurance. In these cases, competition from charter or private schools may be beneficial. The student's formal school district is expected to pay the charter or private school for the education it provides.

It's a really simple idea that becomes very complex in practice. Who is to decide which charter or private schools are acceptable to educate our children? The parents? That would be an open invitation to fraud that would make Medicare fraud look pristine. Or, look how many homebuyers were bilked in the past decade.

We must require schools to meet basic standards of inputs (teachers, facilities, etc.), of procedures (teaching, discipline, safety, etc.), and of outputs (test scores, for example). Without standards of performance, taxpayers sign blank checks while children are set up for future failures.

What persons or organizations are to be trusted with this serious and difficult task? Somehow the legislature was convinced that Ball State University and the Mayor of Indianapolis, acting separately, were qualified. Why not the State Board of Education or the Superintendent of Public Instruction?

If bureaucracy is one of the problems in education, how does the existing charter school setup reduce that evil?

Then there is the problem with private schools.

Who is capable of picking and choosing among the many options? There are companies that educate for profit, which is no less noble than paving roads for profit. Plus there are not-for-profit entities (often with religious ties) that offer educational programs.

Should parents be allowed to send their children to schools where religion is taught or practiced? Can a Christian child learn if fed kosher food at lunch? Can a Hindu be educated under the sign of the cross? The simple answer is YES, but we are underwriting religion with taxpayer money if we allow students to be taught in explicitly religious institutions.

"Ah," you say, "we let patients be treated at religious intuitions that double as hospitals. St. Mary's can still bill Medicare or Medicaid. It doesn't seem to matter as long as a rabbi doesn't pray over the pregnant woman at Jewish Hospital."

How much money should each voucher be worth? The simple answer is "an amount equal to what would have been spent on that child if s/he had remained in public school." But what makes that the right amount in the first place?

Hoosiers have put into place an extraordinarily complex school financing formula to equalize payments by the state to the public schools. Perhaps we need to go a further step and ask, "How prepared is this student for the curriculum of its class?" Ideally, the better prepared the student, the lower the payment to the school because it has fewer impediments in teaching the child.

Currently we adjust for the income level of the parents, but that is a crude proxy for educational preparation. Likewise, without pre-testing each student, achievement over the course of time cannot be assessed.

There is concern that schools will want to take only the students easiest to teach. If vouchers are based on incremental performance, student-by-student, then the "more difficult" students will be more attractive to school admissions officers.

And we have barely touched the surface of the voucher question in education. ❖

Mr. Marcus is an independent economist, writer and speaker formerly with the IU Kelley School of Business.



If only the IRS had more agents

By **JACK COLWELL**

SOUTH BEND - Too bad the Internal Revenue Service doesn't have more agents, more audits, more authority.



This isn't a highly popular view at tax time, as Americans struggle to get all their forms and other filing documents together and seek to figure what they owe or pay somebody else to do the figuring.

But I'm serious. This isn't one of those tongue-in-cheek columns or a Stephen Colbert approach of belittling with fake praise.

If the IRS had more agents, more audits, more authority to pursue the tax cheats, most of us could pay less in taxes. Or hundreds of billions of dollars could be trimmed from the federal deficit.

The IRS periodically calculates what the financial facts show that taxpayers should pay, if honest and accurate in reporting, and what actually is collected. The difference is known as "the tax gap."

The gap in tax year 2006, the last time of detailed analysis, was \$450 billion. Enforcement and late payments brought in \$65 billion, leaving a net gap of \$385 billion. The compliance rate was 85.5 percent.

Despite focus on that problem, a more recent report by the IRS Oversight Board cites estimates of annual net tax gaps of around \$300 billion. That's a huge loss from what would be available to pay the bills if all taxpayers complied with the law.

We hear publicity seeking congressional politicians brag about opposing some alleged boondoggle that would cost taxpayers thousands of dollars. OK. But what about a gap costing \$300 billion? It's like boasting about fixing a faucet leak while ignoring the flood waters sweeping away the house.

As the Oversight Board report says:

"The tax gap is widely acknowledged by key organizations and individuals in both the executive and legislative branches of government as a serious and long-standing problem that unfairly burdens honest taxpayers." Now, I'm not suggesting that the IRS should threaten to imprison folks who just make a simple mistake on taxes or who in tragic economic situations fail to file one year. I'm talking about the intentional noncompliance of people who are cheating by big amounts.

By the way, despite scare tactics in those TV advertisements of firms seeking fees for representing taxpayers in fighting the evil power of the IRS, settlements usually can be reached without paying some far-off big firm. A local accountant can give advice for less. And the IRS isn't evil. It spends far more time helping taxpayers than seeking to punish them.

Also, don't blame the IRS for complicated tax codes. Congress writes the tax provisions.

In all the years I've filed federal taxes, I had only one problem with the IRS.

Quite a few years ago I got a refund check for something like \$40 less than I had calculated. Since newspaper reporters aren't known for math skill, I figured I had made a mistake in the area cited. I wrote, with sincerity, that I couldn't find my mistake and would appreciate an explanation so that I wouldn't make the same mistake again. I got an additional \$40 refund. The IRS quickly admitted it made the mistake.

Sure, I know somebody out there has a horror story about some nasty IRS agent. There are some nasty people in every field. There also are nasty taxpayers. Some are cheats, intentionally avoiding thousands of dollars or even millions of dollars that they owe. That adds up. That's why there's a \$300 billion gap.

For the IRS is to close this gap and bring greater fairness to the tax system, Congress needs to restore some agents to the ranks they have depleted. Substantial cuts have been made in enforcement personnel.

Politicians in Congress know they can win votes by saying they have supported cuts in the never popular IRS. They even make it sound as though the cuts saved money. No, the cuts have left the IRS with less ability to collect what is owed, adding to the deficit.

Congress also has moved to restrict the authority of the IRS in seeking to catch tax cheats and keep up with the latest means of evasion.

Too bad the IRS doesn't have more agents, more audits, more authority for more honesty in tax collection and more revenue to trim the deficit. ❖

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



Eric Bradner, Evansville Courier & Press: When Gov. Mitch Daniels chose state Sen. Connie Lawson as Indiana's new Secretary of State, the move was met with a resounding sentiment that she was the best possible choice. There was, though, an immediate follow-up: What does it mean for the Senate Republican caucus from which the No. 2-ranking leader was poached? Fair or not, there is a perception in some Indiana political circles that the group that has a 37-13 advantage over Democrats has lurched rightward in recent years, with a conservative bloc clamoring for more command over its direction. The assumption that follows is that leaders such as Lawson and others, especially the female senators as well as Appropriations Committee Chairman Luke Kenley of Noblesville, have kept the group from moving out of the mainstream. The man at the top, Senate President Pro Tem David Long, R-Fort Wayne, acknowledged that the perception of conservative-vs.-moderate tension exists, but he disputed it. "It's not true. We have a pretty conservative caucus overall," he said. "We differ in opinions on this or that issue. It's not one solid block here and there." Indeed, I wrote a week ago that during the Indiana General Assembly's 2012 legislative session, a number of the sideshows that distracted from the more important issues at hand emerged from the Senate. Among them were an effort to do away with the pro-gay rights Indiana Youth Group's specialty license plate and a step toward allowing schools to teach creationism. Long asked me to visit his office Friday to discuss the column. He thought I was off base, and wanted to talk about it. The conversation shed light on Long's leadership style. First, he noted, he and Bosma were in constant contact over the course of the session. They spoke, perhaps, more frequently than Republican leaders in the two chambers have in recent memory. Thus, the two were well aware of what bills would pass each chamber, and whether the opposite chamber intended to give those bills a shot or render them dead on arrival. It was a coordinated leadership effort. Perhaps more important, Long said he is interested in the session's results. He wants a good slate of bills that accomplish Republicans' serious priorities sent to the governor's desk, and he wants to leave the noise to somebody else. Long said he does not view it as his job to snuff out talk about issues such as the Indiana Youth Group's license plate. He said he did view it as a distraction, but that he agrees that the group's plate ought to be done away with. "We are a big tent in the Senate Republican caucus, and we have all points of view, which I think is good," Long said. "I don't have a problem with any of our, if you want to call them, very social conservatives. I consider myself a conservative — a strong one. But everybody's got a different viewpoint on what that means and how they perceive each issue." He then added,



"I think we're in good shape, and I think we have pretty good balance in our caucus." So, back to the question at hand: What does Lawson's exit mean for the direction of the Senate Republican caucus? If you ask Long, it's a loss, to be sure, but it's no levy of moderation breaking. ❖

Dale Moss, Louisville Courier-Journal: Veterans rimmed a long table at lunchtime in Wall Street Cafe in Jeffersonville. Between bites of burgers and fries, a man with a star on his sports coat lapel did most of the talking. He is as uncomfortable with that as he is with raising money. Jonathan George must do plenty of both, of course. He is a 9th District Democratic congressional candidate, a challenger, a first-timer on a ballot and a man better known in the White House or the Pentagon than he is on most streets of Southern Indiana. It is Southern Indiana, though, to which George retired from the Air Force rather than to accept a second general's star and further elite responsibility. He came back to serve another way, he said, and this one presented itself. Along with a smattering of others, the 55-year-old George seeks to unseat first-term Republican Todd Young. "If I fail, it's because I'm not up to the task," said George. When George does speak, it is pretty softly, the stereotype of neither a commander nor a politician. He said he baffles some merely by being a Democrat. George appreciates the appeal to Democratic leaders of having a decorated military officer on their side. He is in regular contact with the party's Congressional Campaign Committee and calls the primary his to lose. "My background fits the area," George said.

Mark Kiesling, NWI Times: Hammond Mayor Tom McDermott Jr. might resign that job, as well as his position as Lake County's Democratic Party chairman. Sources close to the McDermott administration say the mayor has contacted at least two high-ranking officials at the Northwestern Indiana Regional Planning Commission about its executive director position. NIRPC Executive Director John Swanson is planning to leave the post at the end of the year. There are a few things, I think, that give credence to the speculation. One is that McDermott served as NIRPC chairman last year and as vice chairman in 2010. Another is that as the outgoing chairman, he declined to serve on the selection committee for the new executive director, which leads me to think he may have felt it would be an obvious conflict of interest. This would not be without precedent. His father, Tom McDermott Sr., left in the middle of his third term as Hammond mayor to lead the Northwest Indiana Forum, which tries to bring economic development to Northwest Indiana as part of its regional leadership portfolio. ❖



Daniels signs police entry bill

INDIANAPOLIS - Gov. Mitch Daniels is warning Hoosiers that a new Indiana law meant to protect citizens from an illegal intrusion by police is no green light to resist law enforcement. Police, though, fear it will lead to just that (Indianapolis Star). The law, passed by lawmakers who were outraged by a controversial Indiana Supreme Court decision, allows people to resist police, including with deadly force, but only if police are acting illegally. Under the new law, people can resist if they reasonably think police are illegally entering their home or car

and force is the only way to protect themselves or someone else from harm. Even then, there is no right to resist if the citizen was

the aggressor or was committing a crime, and the citizen must first try to cool things down by withdrawing from the encounter with the police. Sound confusing? That is exactly what worries police. William Owensby, president of Indianapolis Fraternal Order of Police Lodge 86, said the problem will be the public perception. He doubted that many people will take the time to read the new law and understand what they can and cannot do in a confrontation with police. Tim Downs, president of the state Fraternal Order of Police, feared some people will hear only the "right to resist" part of the law and not all of the ifs, ands or buts explaining that that right applies only to the rare cases of a rogue officer. "There's an element of society out there that doesn't have a lot of use for the police to begin with," he said. "They're going to view this as an avenue for them to go after us." Daniels, who signed Senate Enrolled Act 1 into law Tuesday evening, tried to address



A book signing with author John Shaw (right) has been scheduled for his book "Richard G. Lugar: Statesman of the Senate" at 7 p.m. Monday, April 2 at the Cook Theater in the Indiana Landmark Center at the Old Centrum. Shaw is shown here with Sen. Lugar and former Sen. Sam Nunn at the Ukraine/Moldovan border in 2007. (HPI Photo by Brian A. Howey)

those concerns in a statement issued Wednesday. "The right thing to do is cooperate with (police) in every way possible," Daniels said. "This law is not an invitation to use violence or force against law enforcement officers. In fact, it restricts when an individual can use force, specifically deadly force, so don't try anything."

Jeb Bush endorses distracted Romney

MIAMI - Mitt Romney got exactly the boost he needed Wednesday in the form of an endorsement by former Florida governor Jeb Bush, a move that came as GOP leaders and rank-and-file Republicans appeared to be coalescing around his presidential candidacy the day after a decisive primary victory in Illinois (Washington

Post). But amid the celebration, the Romney campaign faced a sudden distraction that underscored his lingering challenge in attracting conservatives to his cause. A senior campaign aide suggested Wednesday that Romney might run a completely different campaign should he win the nomination. Asked in an interview on CNN whether Romney's rivals might force him to tack too far right during the primaries, top adviser Eric Fehrnstrom said the general election will allow Romney to reintroduce himself to the voting public — and compared the campaign to an Etch a Sketch, a toy that can erase images with a simple shake. Bush, one of the most influential voices in the party, announced that he will back the former Massachusetts governor, a surprising development after he sat out the Florida primary at the end of January. "Primary elections have been held in 34 states, and now is the time



for Republicans to unite behind Governor Romney and take our message of fiscal conservatism and job creation to all voters this fall," Bush said. His father, former president George H.W. Bush, had already endorsed Romney.

Lawson signed letter to BMV

INDIANAPOLIS - Secretary of State Connie Lawson today responded to criticism for having joined 19 other Republican senators in signing a letter urging the state to cancel a specialty license plate for a gay youth support group (Indianapolis Star). Lawson signed the letter on the legislature's final day when she was Senate majority floor leader. She was later named secretary of state by Gov. Mitch Daniels. The Bureau of Motor Vehicles later voided the license plate contracts it had with the Indiana Youth Group, as well as the Greenways Foundation and the Indiana 4H Foundation, saying the groups had improperly remarketed the plates as fundraising tool. The youth group says it only followed the practice of other groups in giving low-digit plates as thank-you gifts to donors. Tuesday, the Indiana Stone-wall Democrats, a gay rights organization, called on Lawson to denounce the letter. Lawson said today that she had no reason to doubt the accuracy of the letter she signed with the other senators. Now, she said, the issue is in the hands of the BMV. "In all likelihood the policy issues remain unresolved and will be considered in future sessions of the General Assembly," she said, referring to ongoing efforts to set new guidelines and standards for the issuing of specialty license plates.

Ethridge editor of Courier & Press

EVANSVILLE - Tim Ethridge, sports editor of The Courier & Press

since 2000, on Wednesday was named the newspaper's next editor. Ethridge, 52, an Evansville native who began his journalism career as a copy clerk and obituary writer at The Evansville Courier in 1975, will assume his new duties on Monday. He follows Mizell Stewart III, who left the newspaper in January after five years to take the position of Vice President of Content for the newspaper division of the E.W. Scripps Co., the parent company of The Courier & Press.

Refunds won't come until 2013

INDIANAPOLIS - Even though Gov. Mitch Daniels signed legislation Tuesday authorizing a partial refund of the state's budget surplus, Hoosiers won't get their approximately \$70 each until next year (Carden, NWI Times). House Enrolled Act 1376 requires that Indiana refund tax dollars to taxpayers when the state's reserves exceed a certain threshold. For the 2012 budget year, which ends in June, the state is on pace to pile up \$333.6 million in excess reserve funds, according to the nonpartisan Legislative Services Agency. The new law requires half that amount (\$166.8 million) be paid to state employee pension funds and the other half to go to the state's nearly 3 million taxpayers. "We think the money belongs to the people who earned it, after government has done those things that are absolutely necessary," Daniels said. Rather than mailing a check this summer after the budget year ends and the final excess reserve is calculated, Hoosiers instead will deduct the refund from their 2012 income taxes, filed in spring 2013. Taxpayers getting a refund will receive a larger refund. Taxpayers who owe the state money will pay less. "This is a cost-free, completely simple way," Daniels said. "There will simply be a line on the tax return that says subtract whatever that number is (the

refund) from what's owed."

Candidates sue Evansville station

EVANSVILLE - Alleging he was illegally excluded from a debate of 8th District congressional candidates in 2010, that year's Libertarian Party nominee has filed a federal lawsuit (Evansville Courier & Press). Vigo County resident John W. Cunningham is joined as a plaintiff in the suit by fellow Vigo resident Edward Gluck, a 2012 Libertarian candidate for the 8th District seat. Defendants are WNIN Tri-State Public Media Inc.; the League of Women Voters of Southwestern Indiana; Pam Locker, who was then president of the local League; and the national League organization. Cunningham and Gluck seek a total of \$450,750 in damages.

Indy Council eyes tougher smoke ban

INDIANAPOLIS - Some Indianapolis City-County Council members are working on a new push to expand the city's smoking ban to include bars and other locations. The new proposal would be tougher than the statewide ban approved by legislators this month and extend the city's 2005 smoking ordinance to also cover bowling alleys and hotel rooms. Republican Mayor Greg Ballard in January vetoed a tougher city ordinance, disagreeing with its ban on allowing children at private clubs and veterans halls that allow smoking. Democratic councilman John Barth tells The Indianapolis Star (<http://indy.st/GG9Aj1>) that the proposal would leave the fight over private clubs for another day. Ballard spokesman Marc Lotter says the mayor's office is reviewing the proposal, but that it seems closer to Ballard's position. ♦