

# The Howey Political Report



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## “QUOTE” OF THE WEEK

“This smells bad ....”

- Marion County Prosecutor Scott Newman

on allegations by the Indianapolis Star about improper use of Build Indiana Fund monies

## Kernan not ready to commit to 2004 run

### Talks about tax special session

By **BRIAN A. HOWEY** in Indianapolis

Lt. Gov. Joe Kernan is normally gregarious, pugnacious and affable -- a savvy politician with the Jack Armstrong resume, relishing each new day that only years spent as a POW in Hanoi can lend a soul.

On Wednesday as I sat down with Kernan for a long-scheduled *HPR Interview*, Kernan seemed different. In businesslike manner he expressed his displeasure at how a recent *HPR Daily Wire* had portrayed his out-going chief of staff, Mary Downes, and expressed vivid confidence in her. As the on-the-record subjects of tax restructuring, reassessment and his own yet-to-be determined political future came up, Kernan talked in a measured, careful and reflective manner.

The backdrop to this is a Hoosier political climate filled with uncertainty. An atmosphere of scandal following the *Indianapolis Star's* Build Indiana Fund expose was gripping the Statehouse with intrigue while the FBI and Prosecutor Scott Newman promised investigations. Senate President Pro Tempore Bob Garton was taking potshots at the administration after Kernan reiterated a call for a 2001 special session to restructure taxes while speaking to mayors in Columbus last week.

And when talk turned to what many perceived to be a certain Kernan 2004 gubernatorial run, the LG seemed to be leaving his options open. While that subject came up at the end of the interview, it is the topic we'll lead off with:

**HPR:** Politically, someone who knows you very well

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# HPR

## INTERVIEW

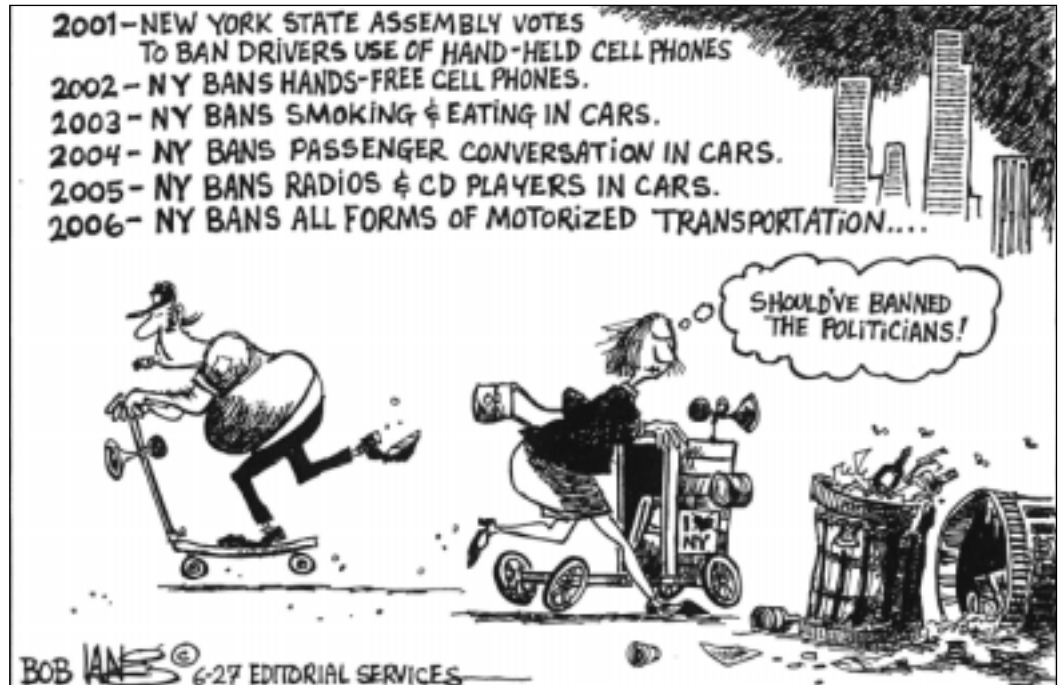
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# TICKER T A P E

**O'BANNON NAMES MUMFORD:** Gov. Frank O'Bannon appointed Indianapolis attorney Terry Mumford as his legislative director. Bob Kovach, who has served as legislative director since O'Bannon took office, is retiring and returning to his hometown of Mishawaka. Mumford will assume her new responsibilities Aug. 1. "Terry brings a great deal of experience and knowledge of the legislative process to the job," the governor said. "Twelve years with the Indiana Legislative Services Agency (LSA) and several years concentrating her law practice in government services has prepared Terry to hit the ground running as she becomes my liaison to the legislature." Mumford, of Indianapolis, is a partner at Ice Miller. As part of the government services practice group, she has been active in legislative and regulatory lobbying on a wide variety of issues. Before joining Ice Miller in 1988, Mumford served for 12 years with LSA, working with a variety of legislative committees, including the Senate Finance, House Labor, Senate Labor & Pensions, and House Economic Development Committees. "My 25 years of experience with the legislature will assist me in bringing Gov. O'Bannon and Lt. Gov. Kernan's policy priorities to the legislature,"

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## Kernan, from page 1

says that as far as 2004 goes you look like a committed candidate for governor but that being an astute politician, you're leaving 10 to 20 percent of the equation for opting out. At your media dinner you launched into this "I'm not running ... in the Chicago Marathon" joke which indicated to me that you are aware of some of the talk that you aren't 100 percent committed to 2004. I know there is other outrageous talk that Gov. O'Bannon may not finish his term, which I don't give any credibility to ...

**Kernan:** Good decision.

**HPR:** But it's out there, along with your own decision process. Put that in perspective.

**Kernan:** It would be foolhardy to say definitively today that I will run three and a half years from now. I could get hit by a bus next week or dive an airplane into a tree. There are a lot of things that could happen -- personally, professionally, politically -- that could cause me to think about that. At the same time, I also recognize if I were going to run or thinking about running and committed to being successful should that happen, it would be

foolhardy not to begin thinking about what it takes to do that. So I am doing those things that would hopefully put me into a position to be successful if the final go/no go decision is yes.

**HPR:** I know you're doing the commuter marriage. Does that weigh in?

**Kernan:** Sure it does. Yes.

**HPR:** So there is a scenario where you and Maggie may say, 'Hey, this is just not right for us'?

**Kernan:** I'm not going to go into our conversations and deliberations, but it is safe to say that we're going to talk about it.

**HPR:** I don't want to probe into you personal life....

**Kernan:** We've talked about the pros and cons.

**HPR:** As a political analyst, should I continue to have you in the prime position as the probable Democratic gubernatorial nominee?

**Kernan:** That's your call. I would just say again I've given this a great deal of thought at this point and recognize there's a distinct possibility -- I don't know where you draw the percentages between possibility and probability -- that I would run in 2004. Again, it's stupid in

my view to make that announcement now.

**HPR:** All eyes are increasingly on you as to how you govern. How integrated are you in this administration's key decision making?

**Kernan:** I accepted Frank O'Bannon's invitation to run for lieutenant governor because of my respect for him, the trust that I have in him and our friendship. In all of those areas my feelings are stronger for him now than they were in 1996. We have a very good relationship that is based on those things and I would anticipate those to continue.

**HPR:** The governor's detractors in the legislature have questioned some of the decisions made and their political impact. I don't want to put you in a position where you'd be second guessing ...

**Kernan:** I won't.

**HPR:** What should we know about the reassessment and tax restructuring issue from your perspective?

**Kernan:** Reassessment discussions began at the end of last year and early this year. There was a sense that this last session might be the right time to have the restructuring discussion with the General Assembly. It became pretty clear early in the session -- and for good reasons -- the General Assembly was not going to deal with the issue of restructuring. It had to do with the budget which became more and more of a challenge as the session went on and the revenue numbers continued to slide, as well as the issue of redistricting. Understandably, for every member of the General Assembly their plates were full and there was no consensus that this was the time to deal with restructuring. The governor at midnight on the 29th of April indicated this was something he thought was important and that he hoped we would be able to call the General Assembly back for a special session sometime around the end of the year. What I said in Columbus is no different from what I and the governor have been saying over the course of the last couple of months. We are still hopeful we will be in a position,

working with the General Assembly, to have them come in later this year to deal with that issue and that issue alone. We still believe that it's important, that given the negative impact that reassessment will have on homeowners, there is urgency in dealing with this. We understand the political realities that elections will be held in 2002. At the same time, we believe that this issue is important and should be dealt with and dealt with as quickly as possible.

**HPR:** Will the governor present a plan? What are the machinations?

**Kernan:** I would anticipate by the end of the summer that we would be talking in detail with members of the General Assembly about a blueprint for moving into a special session.

**HPR:** The governor doesn't have a new legislative liaison in place yet (*Editor's note: Terry Mumford was named to that position a couple of hours after this interview*). Are the right people in place to do that?

**Kernan:** We're still doing a lot of work internally of getting organized and sorting things through. There are some folks who are working on different aspects in a way that will be constructive and bipartisan. This is an issue that is of such importance to so many people across the state that it requires bipartisan cooperation.

**HPR:** Will this be a roundtable kind of thing where legislative leaders will be invited in for brainstorming...

**Kernan:** Again, as we go forward and have discussions with leadership in both houses and both parties, we'll talk about what process makes the most sense for getting the job done.

**HPR:** Pat Kiely is suggesting the fiscal numbers and reassessment impact may be worse than the 30 percent across the board number we've heard for so long. What are we looking at?

**Kernan:** One of the difficulties of the whole reassessment process and its impact is that the numbers are different everywhere, for every homeowner,

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Mumford said. "At the same time, I will work with the legislature to lend the administration's support to their proposals as well."

**ASSESSOR SEES REASSESSMENT 'TRAIN WRECK':** Monroe County Auditor Judy Sharp, who is president of the Indiana County Assessors Association, doubts that reassessment will be done by the March 1, 2002, deadline. "I really think that we're heading toward a train wreck in the state of Indiana," Sharp said (Martin DeAgostino, South Bend Tribune). "No question it will be a difficult task ... to complete the reassessment in the time frame that's provided," said Jon Laramore, chairman of the state Board of Tax Commissioners. "I think assessors are behind the eight ball trying to get this thing completed," St. Joseph County Assessor David Wesolowski said.

**STYRING SAYS FW SMOKING BAN DOESN'T HURT:** BILL Styring, a Hudson Institute senior fellow, announced that a study he completed for Smokefree Indiana showed Fort Wayne's smoking restrictions on eateries have not damaged restaurant income (David Griner, Fort Wayne Journal Gazette). "If the answer was the restaurant industry had been hurt by

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that, we were going to print that," said Styring, a smoker himself. "I looked as hard as I could to find evidence the other way. It just wasn't there." Looking at revenue from Allen County's 1 percent food and beverage tax, Styring said there is no sign that smoking restrictions put into place Jan. 1, 1999, had a "statistically significant impact" on restaurants in the next year and a half.

**CHAMBER, O'BANNON DECRY BOE ACTION:** The State Board of Education's decision to back off a plan to start ranking Indiana schools on a scale ranging from exemplary to unsatisfactory drew sharp criticism Wednesday from the state's business community and even a rebuke from Gov. Frank O'Bannon (Terry Burns, Times of Northwest Indiana). In a formal protest lodged with the governor and the Department of Education, the Indiana Chamber of Commerce claimed the board's action undid months of work, negotiations and compromise that went into crafting the first set of school accountability standards. "This significantly undermines any means by which a school can be clearly recognized for performance or identified for not making the grade," the chamber said. Last week, stricter accountability standards, including a proposal to rank schools based on performance and

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depending on your current assessment and how that relates to what will ultimately be market value. On the residential side, depreciation, grades for neighborhoods that were subjective criteria that have been used for assessments will have a significant impact on the circumstances. The mix of taxpayers in your community, and if you're heavily reliant on business and industry, then the impact will be greater than if there are none in terms of a shift. That is why from the beginning we've been talking about averages and very careful not to make promises to homeowners about how much their taxes are going to go up or down. You can't make definitive statements. It's one of the things that make it very hard for people to understand.

**HPR:** You're one of the most important economic development figures in the state. How do we stack up regionally, nationally and globally?

**Kernan:** When we go head to head with our neighbors, we still win most of the battles. Look at our employment rate, look at the continued diversification of our economy, the increasing number of young college graduates staying in Indiana. I think our position is very strong. Do we have the opportunity to do better? Absolutely. That's why it's important to take advantage of reassessment in order to restructure taxes in Indiana so that what we do is not only revenue neutral, it protects homeowners, but also is consistent with the new economy and competitiveness.

**HPR:** What are other baseline priorities, such as taking school funding off local property taxes?

**Kernan:** Everything should be on the table. This is a discussion that last took place with any seriousness in Indiana 30 years ago. Some would argue it's been even longer. This is an opportunity to look at everything we do and make some recommendations and decisions on how we best move forward.

**HPR:** Now let's move this from the public policy vein to a political one. Sen.

Garton has been in a real snit lately and there's been plenty of talk that it might be in the Republican's interest to let the administration deal with the consequences in 2003 and 2004. What is there to compel Republicans to deal with this?

**Kernan:** The last session was a tough one. It ended on time, but I think we all understand there were some hard feelings when all was said and done. I've not been here that long, but it's been my experience that people like Bob

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Garton and Larry Borst and Bob Meeks will do in the end what is in the best interest of the people they serve and the people of Indiana. I would hope that at the end of the day we would be able to make decisions on an issue of this importance that are good for Indiana and that's the approach that I would take.

**HPR:** Garton's remarks in the *Columbus Republic* indicate to me that he is not in a good mood on this.

**Kernan:** We will work with members of both parties and both houses to try and do something on a very, very important issue.

**HPR:** Do you see the pay raise veto and budget as just a temporary blip?

**Kernan:** I hope so. I believe as the governor does the members of the General Assembly deserve more money. They come here on a part-time basis and they are not paid very well for doing that. I hope that pay raise happens in the very near future. These are good people who will do the right thing.

**HPR:** Before Gov. O'Bannon calls a special session does there have to be pretty much of a deal already hammered out?

**Kernan:** It certainly would be preferable. But that's a call we have to make come October or November.

**HPR:** The revenue neutral part of the plan which was a feature of Doc

Bowen's 1973 plan has concerned Speaker Gregg as far as the contrast with President Bush's trillion dollar tax cut and then here, something is going to have to go up and something is going to have to go down. Does that concern you?

**Kernan:** The Speaker is right. It's not an easy story to tell because of the complicated nature of raising one tax one way in order to lower property taxes. I think we have to have a concise and consistent message as well as a solution. Revenue neutrality is absolutely essential.

It's very important that this not in any way be or be seen as a masquerade for some additional revenue.

**HPR:** Some want to see the governor come up with a plan, hit the hustings and sell it as if it were his last campaign.

**Kernan:** The governor is committed to doing whatever he can in order to do what is in the best interest of the people of Indiana. As to what form that will take, it will be relative to the substance of the issue. ❖

## Build Indiana Fund scandal grips Statehouse

By BRIAN A. HOWEY

INDIANAPOLIS - Eyebrows around Indiana's political establishment began arching when the *Indianapolis Star's* Michele McNeil Solida reported that State Sen. Sam Smith procured \$445,000 for an East Chicago women's shelter that doesn't exist. Or that State Rep. Vernon Smith received a \$93,000 Build Indiana Fund check in his own post office box. Or that State Sen. Harold "Potch" Wheeler's company made \$39,000 off of a community center he had arranged BIF for. In a game of connect the dots, some wondered whether Wheeler's official announcement to retire was spurred by the long-awaited *Star* expose.

In that same Sunday edition of the *Star*, there was the follow-up editorial ("Stop this blatant taxpayer rip-off") seeking accountability, and an op-ed piece by Hoosier Lottery Director John M. Ross touting the virtues of the Build Indiana Fund ("that's a lot of bang for the buck").

What really, really raised eyebrows were the reactions of top legislative leaders in the *Star*:

■ "If you step back, these projects are pretty doggone important to some local communities," said Senate President Pro Tempore Bob Garton, whose two immediate predecessors went to prison on corruption charges.

■ Or Ways & Means Chairman B. Patrick Bauer who said, "Anyone can nit-

pick anything. If there might be \$1 million or so over the last 10 years that might be subject to some review, then that's a pretty small percentage."

■ Or House Speaker John Gregg, who said, "I would hope as speaker of the House that I would get a little extra. I think my constituents expect that."

Those comments really got the tongues wagging. Only Senate Finance Chairman Larry Borst seemed to realize the danger, telling the *Star* in a line fit for a Woody Allen movie, "There's no oversight. One of these days someone is going to get into trouble."

By Monday, the story had played prominently in the *Louisville Courier-Journal*, *Evansville Courier & Press*, the *Times of Northwest Indiana* and the *Bloomington Herald-Times*.

### Are you in church?

On Tuesday, Marion County Prosecutor Scott Newman called *HPR*.

"Where are you at, in church?" Newman asked. The publisher was sitting by the piano in the lobby of the Downtown Westin waiting for Al From and the Democratic Leadership Council to explain how his party had reconnected its long history with modern values. *HPR* told Newman we wanted more of a comment than the *Star* had that morning.

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academic improvement, were endorsed unanimously by the Indiana Education Roundtable, an influential advisory panel composed of lawmakers, educators and business leaders from across the state. "I fear the board's action may undermine the unprecedented compromise, (but) I'm hopeful we can work to perfect the plan in the next few months," O'Bannon said.

**ROEMER PUSHES ADAMS MEMORIAL:** U.S. Rep. Tim Roemer has suggested a memorial to honor John, Abigail and John Quincy Adams located in the vicinity of the Jefferson Memorial on the cherry tree-lined Tidal Basin. The Adams family is "the most dazzling, brilliant, character-driven family in the history of the republic," said Roemer (*Sylvia Smith*, *Fort Wayne Journal Gazette*).

**NEW VANDERBURGH VOTING SYSTEM APPROVED:** Vanderburgh County's election board voted Wednesday to speed up its efforts to buy a new optical scanning voting system in time for next May's primary election (*Herb Marynell*, *Evansville Courier & Press*). It will replace the punch card system that has been used for decades. The cost will be about \$1.2 million.

**CROWN POINT FOCUS OF GOP COMEBACK EFFORT:**

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A decade ago, Crown Point, the county seat, was the heart of the Republican Party in Lake County. But Democrat James Metros has been Crown Point's mayor for the last 10 years and is symbolic of the problems facing county GOP Chairman Roger Chaibai's efforts to rebuild the party (Rich James, Gary Post-Tribune). His efforts weren't helped when the state committee scrapped Chaibai's March re-election and ordered a new vote, which he won. Chaibai acknowledges that finding a Crown Point chair is a priority. Chaibai backer John Curley said the Republicans need to learn from the Democrats, who control the county. "The Democrats fight each other, shoot each other, and come election time they love each other," Curley said. "We are still trying to put mercurochrome on a scratch." Chaibai said he hopes to start the mending at a countywide party meeting Thursday night.

**GILMORE TO SPEAK TO VANDERBURGH GOP:** Virginia Gov. James Gilmore, the Republican National Chairman, will speak to Vanderburgh County Republicans on July 26 in the ballroom of The Centre in Evansville (Susan Taylor, Evansville Courier & Press).

## Scandal, from page 5

"What did I say?" Newman asked, then spying the newspaper, said, "Oh, here it is ...hmmm ... oh, that's bland."

Newman, completely unfettered from partisan politics due to his decision not to seek re-election or seek the Indianapolis mayor's office, then said, "This smells bad. I take my responsibilities seriously. I'll look into any misconduct that I have jurisdiction over."

Would there be a grand jury? "It's too early to tell," Newman said. Had he talked to Lake County Prosecutor Bernard County about the legislative Smiths? "I talked to him yesterday," Newman said, adding that he would be conferring with "anyone who's had an interest."

By Wednesday, FBI agent Doug Garrison told the *Star*, "We're going to look into how the money was spent and determine if there were any violations of federal law. We're just beginning."

Gov. Frank O'Bannon promised an administrative review, headed by Budget Director Betty Cockrum. His spokeswoman, Mary Dieter, pointed out that while the Build Indiana Fund law of 1989 called for a advisory commission, each biennial budget is a law unto itself, potentially superceding earlier code.

The O'Bannon-Kernan administration's most strident critic -- *Star* columnist Larry MacIntyre -- was opining that Gov. Evan Bayh originally saw Build Indiana Fund as paving roads and building parks, not endowing the Quilters Hall of Fame. "So at best, perhaps 8 percent of all the lottery and gambling money taken in by the state has gone toward Evan Bayh's original vision," MacIntyre wrote. "We don't know yet just how much has been ripped off or blown on activities that don't qualify for tax dollars. But I'm betting it's going to be a lot more than 8 percent."

Also on Wednesday, at least one legislator realizing the forthcoming heat was giving BIF money back. State Sen. Luke Kenley, the lone oversight appointee

on a commission that hasn't met since 1990 and a potential GOP gubernatorial candidate (or Senate president), was withdrawing \$150,000 to the Noblesville Boys & Girls Club and Conner Prairie.

## A Hoosier tradition

It is a long, long Hoosier tradition to pass altruistic programs, fund them, and then never, ever, ever look back.

When Harrison J. Ullmann and I asked Sen. Richard Lugar back in 1998 if anyone had ever performed an audit on 30 years of desegregation busing in the Indianapolis Public Schools to see what benefits had been gained, Lugar could only shake his head and call the continued federally mandated busing a "train wreck."

The Hudnut/Goldsmith era of City of Indianapolis finances was the only city in the state not receiving an annual Indiana State Board of Accounts auditing.

Marion County Sheriff Jack Cottey has had millions and millions of dollars pass through his commissary fund and no one is accountable or in a position of oversight (curiously, the *Indianapolis Star* editorial writers never got very animated about these items). A couple of Hoosier sheriffs a year end up at odds with the law on those commissary accounts.

The Indiana General Assembly has funded more than \$40 billion in primary and secondary education programs since 1987, such as Primetime (designed to limit elementary class sizes to under 20 students), yet classrooms across the state bulge with 25 to 30 students and the funding is still in place.

## Only a matter of time

So, it's only a matter of time before a lack of oversight in a legislature where self-preservation rules the day prompts G-men to show up at the homes and offices of some unaccountable lawmakers and cart away their filing cabinets and computer hard drives, a la Phil Gutman and Chip Edwards. ❖

# Indiana 2002, 2004 Racing Form

**TRENDLINE:** Morton Kondracke wrote this for Roll Call: President Bush's poll numbers are holding up well despite a soft economy, but support for his program and his party are shaky, indicating that Democrats have a good chance of dominating the 2002 Congressional elections. Most polls show Bush's job-approval rating dipping slightly, but still in the low- to mid-50s. But the Democracy Corps poll, run by former Al Gore pollster Stan Greenberg, puts Bush's approval at 58 percent. The Greenberg results are especially interesting because the respondents were likely 2002 voters, not just general adults, as in most polls. The Democracy Corps poll indicates that Democrats enjoy just a 2-point lead on the generic 2002 Congressional ballot, but that it expands to 8 points when voters are given arguments for and against Bush's tax cut, which deserves to be the centerpiece of the campaign. The endgame of this year's Congressional budget action could also play into Democratic hands if Bush can be induced to veto popular education and health spending proposals because his tax cut won't accommodate them.

**Governor 2004: Republican:** David McIntosh, Sen. Murray Clark, Sen. Luke Kenley, Sen. Teresa Lubbers, Paul Helmke, Eric Miller, George Witwer. **Democrat:** Lt. Gov. Joe Kernan. **1996 Results:** O'Bannon (D) 1,075,342, Goldsmith (R) 997,505, Dillon (L) 35,261. **2000 Results:** O'Bannon (D) 1,230,345, McIntosh (R) 906,492, Horning (L) 38,686. **2004 Forecast:** How do we read between the lines of Kernan's HPR Interview (pages 1-4) where he is unwilling to definitively commit to this race? We see Kernan as an excellent politician with considerable skills. He is also a realist. We know Indiana Democrats are counting on him for this race and expect that in the end, he'll be the 2004 nominee. However, if tax restructuring and reassessment turn into the policy twins from Dante's inferno, Kernan has given himself an out. Kernan was in Columbus last Thursday as the featured speaker of the Indiana Conference of Mayors. "It is our hope that we will have a special session of the General Assembly before the end of this year to deal with this issue and this issue alone," Kernan told the mayors (John Clark, *Columbus Republic*). If a new personal property tax rule for businesses goes into effect, the average would drop to about 6 percent. However, both changes are expected to be challenged in court, Kernan said. "Even at 6.5 percent, there will be people in your cities and towns that will be hit and hit hard," Kernan said. City homeowners will be the hardest hit, Kernan said, because they pay city, county and school property taxes. "It will become more expensive to own a home in a city," Kernan said. "That will, I believe, cause home ownership to be driven down across Indiana. I think we have to look at a restructuring of the taxing system. I think we have to look at ways to mitigate the damage to our communities." **Status:** *Leans D.*

**Congressional District 6: Republican:** U.S. Rep. Mike Pence. **Democrat:** Melina Ann Fox. **Geography:** Anderson, Muncie, Richmond; Wells, Adams, Blackford, Jay, Madison, Delaware, Randolph, Henry, Wayne, Rush, Fayette, Union, Decatur, Franklin, and parts of Bartholomew, Shelby, Johnson and Allen counties. **Media Market:** Indianapolis, Fort Wayne, Dayton, Cincinnati. **2000 results:** Pence (R) 106,023, Rock (D) 80,885, Frazier (I) 19,07. **2002 Forecast:** Fox was unanimously endorsed by the new 6th CD Democratic committee. "I just feel so honored, energized and excited about our campaign and the unified plan within the district," Fox said. "We are committed to winning this seat in 2002 for the working families and farmers." Pence opposes cutting emergency farm aid to farmers. Fox called the 1996 Freedom to Farm Bill a "travesty" for family farmers and ranchers (Rick Yencer, Muncie Star Press). Both Fox and Pence support developing alternative fuels. Pence came out in support of additional oil drilling. **Status:** *Leans R.*

- Brian A. Howey ❖

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**DOLE GETS COOK STENT:** After talking personally to Bill Cook about the effectiveness of Cook's hand-stitched aortic stent, former Senate majority leader and presidential candidate Bob Dole had the device implanted in his chest Wednesday (Brian Werth, *Bloomington Herald-Times*). Dole has an abdominal aortic aneurysm, and the doctors at the Cleveland Clinic believe the Cook stent, which is made in Bloomington, offered the best chance for a full recovery. "Mr. Dole had several options in repairing this condition, but chose the Cook stent personally after exploring his choices carefully," said David McCarty, a Cook spokesman. "After speaking with Mr. Cook, Dole decided to use our device."

**HATCHER RAISING MONEY FOR CIVIL RIGHTS HALL OF FAME:** Former Gary Mayor Richard Hatcher says he has raised \$4 million of the \$10 million needed to open up the National Civil Rights Hall of Fame in the Steel City. "Race will be the defining mark of the 21st century," Hatcher said at a news conference Tuesday (Jason Thomas, *Times of Northwest Indiana*). "It is important that our country, especially our young people, not forget those who sacrificed and opened doors of opportunity that they are enjoying today." The weekend begin-

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ning Aug. 17 will feature a bridge tournament, a 5-K run/walk, a golf tournament and a celebrity reception. The fund-raising effort even has its own slogan: "All Roads Lead to Gary."

**FLOYD SCHOOL BOARD ACCEPTS McFADDEN RESIGNATION:** The New Albany-Floyd County school board last night unanimously approved an agreement for the resignation of Denver McFadden, a high-ranking administrator arrested in February on public-indecency charges in Indianapolis. Without any discussion, all four board members at the meeting voted for the agreement. Jane MacGregor, the board's fifth member, did not attend. Gov. Frank O'Bannon appointed McFadden to the Indiana State Board of Education in February 2000 to fill the remainder of a four-year term that ends July 1. McFadden was in Indianapolis attending one of the board's monthly meetings just before his arrest. O'Bannon has said he would consider removing McFadden from the board if he is convicted, but not before then. The 11-member state school board met in Indianapolis yesterday, but a spokesman said McFadden did not attend. Until yesterday, he had attended three of the four previous meetings since his February arrest.

**LUGAR PUSHES FAST TRACK:** Sen. Richard Lugar joined a rally at the U.S.

## Residency arises in the 2nd CD

By MARK SCHOEFF JR.

WASHINGTON - Residency could become an issue in the 2002 race for the new 2nd CD congressional seat. But the focus may not be solely on Republican Chris Chocola.

Democratic state Sen. William Alexa, who will launch his campaign today, shares something in common with Chocola -- neither candidate lives in the district. Chocola attacked incumbent 3rd CD Democratic Rep. Tim Roemer last year for making Washington, rather than the district, his primary residence. Roemer won reelection, 52-48, and is retiring after six terms.

But when the state legislature redrew the congressional map this spring, the current 3rd CD for the most part became the new 2nd. Chocola, an Elkhart businessman who is running again, found himself living just outside the seat's boundary line. Alexa lives about a mile from the district boundary in Porter County. Alexa said in a published article in April that he would consider running if the new district included the area where he lives. It does not, but Alexa is entering the race anyway. "We'll do what we need to do to surmount that," he said. "We'll move," if residency becomes an issue, he said.

Alexa, a Porter County attorney, argues that he is better connected to the district than Jill Long Thompson, one of his opponents, by virtue of having represented six of the 12 counties in the state Senate since 1988. "She's been in Washington since the first time she was elected," said Alexa. Thompson served as the 4th CD representative from 1989 to 1995. She was undersecretary of agriculture from 1995 until January.

"I've been in touch day-in-and-day out for the last 13 years," he said. "The people of Indiana should be telling Washington what we want. Washington shouldn't be telling us what we want. I'm the only candidate running at this point

who's ever won in that district."

Thompson's tie to the district is a Marshall County farm she and her husband have owned since 1995. "I felt privileged to serve as undersecretary of agriculture," said Thompson, indicating that it gave her a unique understanding of rural issues. "I went home virtually every weekend." She says she planted more than 1,000 trees on her property during her

## HORSE RACE

tenure in the Clinton administration.

A Thompson aide said she moved back to her farm in January, before Roemer decided to retire. After Roemer made his announcement, she began her campaign. "I have lived my entire life in northern Indiana," Thompson said. "From the time I was 20, I have never missed a primary or general election voting in northern Indiana."

### Morgan weighs in

For Butch Morgan, St. Joseph County Democratic chairman and head of the 3rd CD party, there's no gray area on the issue of residency. "People who run for a congressional seat ought to be able to vote for themselves," he said. "If you can't vote for yourself, you shouldn't be running, and it doesn't matter which party you're in."

Morgan said that he has not endorsed anyone in the new 2nd CD race. Mark Meissner, a former aide to Roemer and U.S. Sen. Evan Bayh, has entered the race. State Rep. Pat Bauer is considering a run. Meissner moved to South Bend, where he was born and grew up, three weeks ago. He had been Bayh's north-east Indiana office director.

The Democrats would lose a potential weapon if their standard bearer doesn't live in the district. "The issue of residency



is a comparative advantage that any Democratic nominee, other than Bill Alexa, would have over Chris Chocola," said Chris Sautter, a Washington media consultant working for Thompson.

In Washington, national Democrats aren't offering residency advice. "The issues in any campaign should be decided by the people who vote in that election," said Mark Nevins, press secretary for the Democratic Congressional Committee. "From what we've seen so far, we have a strong field of candidates, any one of whom seems capable of beating Chris Chocola." With Republicans holding a 222 to 210 edge in the House, both parties are likely to target the 2nd CD.

For his part, Meissner, 31, said that residency doesn't cut. "I don't intend to make it the cornerstone of my campaign," he said. "There are a lot more important things to talk about."

## Issue agenda

Making Indiana a technology hub is high on Meissner's priority list. "We ought to develop a new kind of economy that doesn't just rely on manufacturing and agriculture," he said. He said technology incubators in Fort Wayne and Angola provide financial, marketing and technical assistance to fledgling high-tech firms. "We need those kinds of things all over the state." He also hopes to draw support from young people.

In the state Senate, Alexa, 60, had the chance to influence public policy. But he said that Washington is the catalyst for expanding prescription drug coverage, reforming education, and preserving Social Security. "The things we need to get done can't be done on the state level. They need to be done on the national level."

If Alexa had been in Congress a few weeks ago, he said he would have opposed the \$1.3 trillion tax cut. "It would have been better to pay down the national debt," he said. "I would have voted against it because of my experience in Indiana." He said the legislature made a

mistake in approving a recent \$1.5 billion tax cut that has shaved nearly \$1 billion off of the state surplus projection for fiscal year 2009.

## New Democrats

Thompson, 49, declined to say how she would have voted on the tax cut. "I'm not prepared to discuss specific pieces of legislation that I have not had the opportunity to study as one would have" if she were in Congress. But she did emphasize that she voted against all new taxes and tax increases while in the House previously. Like Roemer and Bayh, Thompson follows the New Democrat philosophy. "My approach to policy is to find workable solutions that people can agree on and to be fiscally accountable," she said. Thompson is former vice chairwoman of the Democratic Leadership Council, an organization of centrist Democrats that Bayh now heads.

But she also stressed that she would focus on protecting Social Security, Medicare and Medicaid. "It's important for there to be a balance. It's not necessarily a new approach, but it's an approach that works." The balance theme also played out in a Washington fundraiser for Thompson on Wednesday night. Reps. Louise Slaughter (D-NY), a liberal, and Charles Stenholm (D-Texas), leader of the conservative Blue Dog Democrats, hosted.

## JLT-Alexa connection

People attending the fundraiser gave \$100, \$250, \$500, or \$1000 depending on whether they were "old, older or oldest friends." Alexa could qualify for one of the categories. Thompson served as treasurer when Alexa ran for Porter County prosecutor. "As an 'oldest friend,' he can give me \$1,000," said Thompson.

Whoever wins the nomination will have to raise a prodigious amount of money. Chocola and Roemer combined to spend nearly \$2 million in 2000. The price tag will likely be just as high in 2002. ❖

# TICKER T A P E

Capitol on Tuesday in support of legislation granting fast-track trade authority to the president. Lugar said that the bill, which would allow Congress to approve or deny trade agreements but not modify them, is crucial for farmers. "The vote on trade promotion authority is the most important farm vote in Congress this year," Lugar said in a statement Tuesday. The Bush administration uses the term "trade promotion authority" rather than "fast track." Lugar, the senior Republican on the Senate Agriculture Committee and a farmer, said: "We have the largest commodity surpluses since 1988, which is the cause of low prices. There is no way for prices to go up unless we move the products. Trade agreements are the best way to move products. The growth potential for Indiana's manufacturing and agricultural sector is largely dependent on exports and we need the trade promotion authority so the president can negotiate agreements that will not be unnecessarily undone by Congress." ❖

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