

# The Howey Political Report



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## “QUOTE” OF THE WEEK

“From the time I stopped drinking, I have dedicated my life to helping other people. My past is my greatest asset ...”

- Crown Point Democratic mayoral nominee

Wayne Isailovich, *Times of Northwest Indiana*

## Kernan brings on Davis for key roles

### Now Hoosiers await the 2004 decision

By **BRIAN A. HOWEY** in Indianapolis

The brilliant addition of Kathy Davis as lieutenant governor to the fledgling Kernan administration only partially resets the Hoosier political equation.

The other shoe to either drop or make the kickoff will be Gov. Joe Kernan’s decision on whether he will seek a full term of his own, setting up a potentially riveting matchup with Republican Mitch Daniels.

As Gov. Kernan introduced what he said was the most qualified on the list “who happens to be a woman,” both he and Davis seemed to leave the door open for the 2004 options. “It’s not something we’re not talking a great deal about,” Kernan said before a packed Senate chambers this afternoon. “We’ve really got our hands full running the State of Indiana. This is not something we’ve had time to talk about. This is about Kathy Davis and that’s where I’d like to leave it.”

**Davis, who opened up** her new tenure by saying, “Hello, greetings to all of you. I’m happy to be here,” lauded Gov. Kernan for his “great spirit” and “leadership with skill” before adding, “We are *sooo* with you. My whole heart is in this job.”

Davis described her new job as a “15-month operation,” but after she was asked if she’d consider being on a ticket with Kernan, said, “We’ll be talking, I’m sure.”

Twisting, twisting in the wind are Democratic gubernatorial candidates Joe Andrew and Vi Simpson, who have encountered the second frozen pond in the the party’s quest for a nominee, both coming from actions by the reluctant governor. The first occurred last December when Kernan

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*Covering 10 years of Indiana politics*

# TICKER

## T A P E

**KERNAN KICKS OFF MARKETING CAMPAIGN:** Gov. Joe Kernan announced a \$1million marketing campaign yesterday to promote the business-friendly features of last year's tax overhaul in Indiana (Associated Press). The campaign begins this week and includes television and radio commercials, promotional kiosks in airports, direct marketing to business owners and advertisements in newspapers and business publications. It will be targeted primarily toward states and cities in the Midwest but also will include promotions in California and other states. Kernan said it would "highlight how Indiana has been different than other states in these difficult times. There is nobody else who did what Indiana did last year in restructuring taxes," Kernan said during a news conference with officials from the Indiana Department of Commerce.

**ROEMER TO HEAD POLICY CENTER:** Former 3rd District Rep. Tim Roemer begins a new job today as president of the Center for National Policy, a nonpartisan, public policy organization based in Washington, D.C. "I'm very excited," said Roemer, bubbling with enthusiasm for his new role (James Wensits, South Bend Tribune). "There's a

withdrew from the race and the party waited with halted breath as Sen. Evan Bayh, U.S. Rep. Baron Hill, Mayor Bart Peterson and former House Speaker John Gregg took a pass.

Through no fault of his own, the events since Sept. 8 with the illness and death of Gov. Frank O'Bannon is a huge blow for the Andrew and Simpson campaigns, both which have been cast in the harsh light of events beyond their control.

Typical was the take of House Speaker B. Patrick Bauer, who said of Kernan to the Associated Press, "He would not only be the best candidate for our party, but would make the best governor for our state." He called the selection of Davis "a brilliant choice."

Throughout the week, those kind of comments from Democratic legislators about Kernan have essentially voiced a "no confidence" in the Andrew and Simpson campaigns at a time when both seek credibility and money.

The Davis nomination, expected to be universally hailed, poses another problem for the Andrew-Simon campaign. Davis has already gone through the vetting by Indiana State Police and Kernan's office, and will undergo a similar review by the Indiana news media.

In contrast, Simon has refused media interviews following her July selection by Andrew, and has yet to answer even the most basic of boilerplate issues (abortion, death penalty, home rule, etc., etc.) that Davis will most likely be prepared to answer in the coming days.

### Kathy Davis

The other jarring contrast between Davis and Simon is the established relationships she already brings to the table.

Davis served as Gov. Evan Bayh's budget director a decade ago that brought her into contact not only with legislative leaders, but then Bayh Chief-of-Staff Bart Peterson. During the O'Bannon administration, Davis headed the Family Social Services Administration where, again, she

interacted with both Statehouse Republicans and Democrats. As Mayor Peterson's controller since 2000, she had been the administration's point person on budget issues.

Davis, 46, is a Boston native whose father has roots in Evansville. She studied mechanical engineering at the Massachusetts Institute of Technology. She earned her MBA at the Harvard Business School. Upon graduation there, she came to work for Cummins Inc., at a time when the U.S. auto industry was being pressed by Japanese automakers. She told the *Indianapolis Business Journal* last April, "I chose heavy manufacturing because I was wondering: Did we not understand how to be competitive, or were we just not able to do it? I found we understood, but making change in a big organization is hard."

It is easy to see why Davis emerged as Kernan's choice. It is historic because it breaks the male gender stranglehold on the state's top two executive positions since 1816. Davis is personable, attractive and businesslike. Her legacy in the Bayh, O'Bannon and Peterson administrations is that of a fiscal conservative.

Asked about her ability to work with both Republicans and Democrats, Davis described herself as an "engineer and an analyst" who deals with "facts." "An honest look at facts goes a long way," she said.

She is a bureaucrat sans political ambition, giving Gov. Kernan a variety of governing and political latitude during the tough decisions ahead. In her budgetary roles, she has yet to help shape a tax increase that Gov. Kernan is already under fire from the Republicans.

### A heavy role

Her background in heavy manufacturing gives Kernan a set of unique credentials as he begins to reshape the Hoosier economy from one dominated by old-line manufacturing to that of an advanced, high-tech nature.

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# 2004 Racing Form

## Indiana 2004 Gubernatorial

**Governor 2004: Republican:** Mitch Daniels, Eric Miller, Petersburg Mayor Randy Harris, Bob Parker. **Democrat:** Joe Andrew, State Sen. Vi Simpson, Roy Graham. **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:** A new day and reality has emerged for the 2004 elections. Kernan resisted the "nothing that has occurred in the last 30 days" speech about his potential political future. He will be under intense pressure by people in the Democratic Party he cares deeply about to run in 2004. A Kernan-Davis ticket would be formidable, particularly if they confront some of the nagging problems facing the administration. Daniels concluded his first lap around the state at Fishers Town Hall. "I see this as a 16-month job interview, with each of our fellow citizens entitled to inspect the applicant personally. And I feel a duty, should I be hired, to be as prepared and knowledgeable as one person can be about the problems and the possibilities of each area of our large and diverse state," Daniels told the crowd. He was visibly shaken when he learned of the death of the Newton-Jasper band leader who had asked him last summer if the band could play at his inaugural. Her relatives were in the crowd at Fishers. And it's becoming clear that if Kernan runs, there will be no cakewalk in 2004. **General Status:** *Tossup* ❖

## HORSE R A C E

David Goodrich of the Central Indiana Corporate Partnership wrote in this week's *Indianapolis Eye* cover story, about the continued erosion of Indiana's old line manufacturing, "For our elected officials, this means an electorate uneasy about their own economic prospects and concerned about their children's future. At the same time, state government battles a mounting budget deficit, driven by the shrinking tax base — these factors come together to form a 'perfect storm' going into the 2004 election cycle."

Goodrich cites Michael Hudson of Rolls-Royce America detailing two critical phases of the Indiana economy. "Mike asserts that the production of a given product can generally be divided into two eras — the craft/pilot phase and the serial/automated phase," Goodrich explained. "The craft/pilot stage is the research and development stage, where a concept comes off the drawing board or computer screen, prototypes are developed, and the first generation of products is made available to consumers. Of course, this phase

demands highly skilled workers as the manufacturing process takes shape; products can also demand better prices in a limited marketplace. Higher wages and higher profits result.

"The serial/automated phase is the downward slope of the process. The manufacturing process is streamlined, more competitors enter the market, and prices are forced down as supply meets demand. Automation reduces the needed skill level of the workforce. Products are commoditized, and the only way for manufacturers to maintain profit margins is to cut operating costs."

Goodrich notes, "In a nutshell, this is Indiana's underlying problem. Too many of the products we manufacture are mired in the serial/automated phase, and the best way to reduce costs is to cut jobs or find cheaper labor markets in Mexico or China."

Davis's engineering background, her experiences with Cummins where he first job was to design engines with a 30 percent decrease in costs over a 30-month

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lot of work to do, but I'm very excited about it." Roemer compared his new job to the best parts of being a member of Congress, only "without the fund-raising." The 46-year-old South Bend Democrat, who served six terms in Congress from 1991 until 2003, will fill the prestigious shoes of such past center presidents as former U.S. Secretary of State Madeleine Albright. Roemer credited Albright and former U.S. Rep. John Brademas, a member of the center's board, with helping to convince him to take the job.

**FSSA UNDER CRIMINAL PROBE:** Warrants have been issued in relation to a criminal investigation into fraud allegations and possible misuse of public money at the state Family and Social Services Administration, Marion County Prosecutor Carl Brizzi said Monday (Associated Press). Brizzi said search warrants approved by a judge have been executed in conjunction with Indiana State Police investigators. But he said the warrant information was under seal, and he declined to say how many warrants were served, when they were served or give other specifics. He said a grand jury has not been convened to consider evidence, and he would not

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say whether he expected that to occur. Andrew Stoner, a spokesman for Gov. Joe Kernan, said the investigation was at least partially related to how some money was spent on IMPACT, a job-training program. He said the agency was cooperating fully with the investigation. FSSA spokesman Scott MacGregor said the agency also was conducting an internal investigation. "I can't answer specific questions about what may have occurred, but we are looking into several aspects with our relationship with some vendors, including whether payments to those vendors were appropriate," he said.

**FIRM IN FSSA PROBE HAD TIES TO FORT WAYNE MAYOR:** The Marion County prosecutor is investigating a state agency's purchase of nearly \$200,000 worth of training from a Fort Wayne-based firm with ties to Mayor Graham Richard, an Indianapolis TV station reported. WISH-TV reported Monday that the Family and Social Services Administration's purchase of Six Sigma training from The TQM Network was being probed because the spending appears to have skirted state procurement rules, which require additional scrutiny if they top \$75,000. TQM, a consulting firm, was started by Richard more than a decade ago,

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period when the Indiana manufacturing base was under duress two decades ago, and her participation on the government tax/spend side of the equation will give Gov. Kernan a knowledgeable partner as he tries to reignite the state's battered economy. Bauer called Indiana's fiscal crisis due to "national policies."

### Looming FSSA scandal

And then there is the looming FSSA scandal and potential indictments.

The *IBJ* story notes that after Davis took over FSSA, "Ten weeks into the job, Dan Rather was showing film on national TV of staff at our New Castle State Developmental Center abusing our residents," Davis recalled. So she oversaw a major transition in the way the state served those with developmental disabilities, implementing a system that closed the institutions and moved the people into private residences, where they received outside assistance as needed."

Davis told the *IBJ*, "I have always leaned into what it was I didn't understand, so that I will be forced to learn."

### Path to approval

Gov. Kernan said he had talked with Davis early on his his LG search last week. He said others he talked with for the job led him to back to her. The key moment occurred on Wednesday when he personally walked a letter asking her to join the administration.

Her response? "I was thrilled when he asked me," David beamed.

Initial reaction to the Davis selection has been universally good. Senate President Pro Tempore Robert Garton had promised Gov. Kernan a quick passage of his nominee. He told WTHR-TV that there would be "no problem with approval," and added that he felt Davis is "highly competent" and is not a "caretaker."

State Sen. Becky Skillman, R-Bedford, said Davis will be quickly approved in the Senate. "Kathy Davis is a

professional with many talents. Her fiscal background will be an asset to the new administration. We look forward to working with the lieutenant governor as we attempt to confront the state's problems."

Indiana Republican Chairman Jim Kittle Jr. who again leveled shots at the new governor for raising the potential of tax increases due to poor revenue streams, said, "I commend Gov. Kernan for nominating a qualified public servant as lieutenant governor. As head of the Department of Commerce, Katherine Davis faces a difficult task in rebuilding an economy that ranked first in the nation in job loss and last in job growth."

### A fledgling administration

Kernan's picks this week have signalled his willingness to confront a variety of problems head-on, beginning with Cheryl Sullivan's selection to head the troubled FSSA for a second time. The Davis nomination seems to speak, "I'm here to fill a role" as opposed to elevating a personality that would bring along a potentially hindering political network and consitency.

Davis translates into "options" for Gov. Kernan. As the engineer/bureaucrat, she could easily step aside for a more political choice (i.e., see Vice President Nelson Rockefeller in 1976) if Kernan decided to run. But it would be easy to envision Davis translating into a campaign role. She was warmly received by both Republicans and Democrats on the Senate floor this afternoon. Kathy Davis is unlike any lieutenant governor Indiana has seen (though Kernan noted that both he and Davis had served as controllers of South Bend and Indianapolis, respectively).

What Hoosiers witnessed this week was the passing of the torch, from the O'Bannon administration to the loyal lieutenant who is taking the vestiges of the old and placing them in the hands of capable and proven technocrats in the vast bureaucracies that may ultimately determine Indiana's future course. ❖

## Voter ire seems to be dissipating in cities

By **BRIAN A. HOWEY**

Last summer ... you could hear it in Bloomington ... *"I'm mad as hell and I'm not going to take it any more!"*

And Bloomington: *"I'm mad as hell and I'm not going to take it any more."*

And Indianapolis: *"I'm mad as hell and I'm not going to take it any more! Throw the bums out!"*

But now, as Hoosiers stand less than a month away from electing mayors and city councils, some the anger seems to have dissipated.

"It's kind of faded away in the past two months," said one campaign operative who spoke off the record. "There's kind of a numbness out there when it comes to the economy and jobs."

Our take on the political environment is similar. Early this summer, the expectation was that voters might lash out at the first politician they could find over the steady loss of jobs (370 at Slater Steel in Fort Wayne this week), and the jobless recovery.

That was evident with Indianapolis Mayor Bart Peterson, who rushed a TV and radio campaign as angry citizens filled up the gym at Broad Ripple High School and an auditorium at Butler University to vent on the skyrocketing property taxes. Both Peterson and his opponent, Marion County Treasurer Greg Jordan, put out dueling plans on how to keep taxing districts from spending more money and raising more taxes.

But recent polls show Peterson on the verge of a landslide re-election.

Part of the dissipation in anger could be due to several reasons: the death of Gov. Frank O'Bannon, that caused both Republicans and Democrats to pause. Campaign activities were, for the most, part suspended. Then there's the "anger transferral" concept.

The campaign operative explained,

"Voters seem to have gone from blaming mayors and anyone else they can find to believing it's more of a national or state issue." That's good for mayors; ominous for state legislators in 2004.

Incumbent mayors around the state appear to have deflected the property tax anger. Evansville is the place where it flared up most prolifically last summer. But both sides - Republican Mayor Russ Lloyd Jr., who pushed for tax restructuring, and State Rep. Jonathon Weinzapfel who voted for it - could be said to be equally culpable.

But the Evansville race doesn't appear to be turning on that issue.

### Jobs, jobs, jobs

Throughout the state, Republican candidates in Fort Wayne, Lafayette, Jeffersonville and elsewhere were pushing jobs plans. Economic development seems to be the big issue as manufacturing jobs continue to leave Indiana.

In the last month, a number of similar job initiatives have been introduced by Democratic mayoral candidates around the state.

Indiana Democrats appear to be most active in Evansville and Lafayette, where they sense they can make major pickups, and in Anderson, where they are trying to defend an open city hall, and Elkhart where former Mayor Jim Perron is in a hotly contested rematch with Mayor Dave Miller. Democrats also believe they have a good chance of defeating New Albany Mayor Regina Overton in what has long been a Democratic city.

The best prospects for Republican pickups appear to be in Fort Wayne with Linda Buskirk's rematch with Mayor Graham Richard, LaPorte with challenger Lee Morris, Anderson with Kevin Smith, Marion with challenger Wayne Seybold and Crown Point with Dan Klein where Mayor James Metros is retiring. ❖

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but he severed all ties to the non-profit company when he became mayor in January 2000, TQM President Dale Siegelin said Monday.

**STATE REVENUES STILL BELOW FORECAST:** Gov. Joe Kernan said Monday that the State Budget Agency's revenue numbers for September show that Indiana took in \$40.7 million, or 3.8 percent, less than it had anticipated for the month. And for the first quarter of FY04, which ended in September, the state is a total of \$128.2 million, or 4.9 percent, below forecast. While year-to-date FY04 revenues are up 7.3 percent over the same period of FY03, the governor reiterated that the state is providing significant additional property tax relief compared to last year. "State spending was based on these forecast targets, so missing the marks - no matter how often or to what degree - is significant," said Kernan. "Clearly, our economy is not picking up speed as quickly as the revenue forecast committee had estimated. We're off in all of the big categories," said Kernan. "And because this quarter includes the month of September - a historically important month in terms of revenue generation - this is cause for concern."

**BOSMA SAYS KERNAN**

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SHOULD MAKE MORE CUTS: House Minority Leader Brian Bosma, R-Indianapolis, said the State Budget Agency, which Kernan controls, can make any needed cuts to address revenue shortfalls by withholding money set aside in the 2003-05 budget (Indianapolis Star). "He has what he needs to get the job done, if he has the will to use it," Bosma said. "He can always spend less." Kernan acknowledged as much, saying the administration has cut \$1 billion in spending since 2000. "If we had spent all of the money that was appropriated in the last three years, we'd be out of business today," he said. Kernan won't rule out a tax increase. "There has been no discussion about raising taxes," Kernan said. "That is certainly not on my list of things that we want to do." Republicans say they hope he keeps it that way. Indiana's last round of tax increases came in 2002 when the General Assembly, at Kernan's request, raised business income, cigarette, gambling and sales taxes to help plug the budget deficit, reduce reliance on property taxes and overhaul business taxes to lure new investment. Bosma said he would encourage Kernan not to renege on those changes -- or seek higher taxes. But the revenue shortfalls call into question whether

# 2003 Racing Form

## 2003 Indiana Mayoral Races

**Anderson Mayoral:** Republican: Kevin Smith. Democrat: Robert W. Rock.

**Independent:** Linda Haynes. **1995 Results:** Lawler (D) 9,411, Graham (R) 8,817. **1999 Results:** Lawler (D) 8,395, Czarniecki (R) 7,002 Haynes (I) 1,950. **2003 Forecast:** While WISH-TV was breaking a story about SigmaSix in the FSSA investigation, Rock was making presentations to police and fire groups about the training benefits of the SigmaSix program. Mitch Daniels made an appearance to support Smith. "We're very flattered that Mitch Daniels would come to Anderson to support the mayoral race," said Smith. "He came all the way from Washington, D.C., from his past work, to Anderson. I'm very pleased with that." **General Status:** *Tossup.*

**Crown Point Mayoral:** Republican: Dan Klein. Democrat: Wayne Isailovich. **1999**

**Results:** Metros (D) 3,005, Kemp (R) 2,671. **2003 Outlook:** Since announcing his candidacy in January, Isailovich has campaigned as a fiscal conservative who will defend taxpayers against wasteful government spending (Casey Newton, *Times of Northwest Indiana*). But his opponent describes him as just the opposite - a man who landed a fat contract for his business through a political connection and then failed to account for the work he did when his patron left office. At issue is the four-year, \$480,000 contract Isailovich won for his Merrillville business, Addiction and Behavioral Counseling Services, to provide counseling to inmates at the Lake County sheriff's work release program. Incoming Sheriff Rogelio Dominguez asked the commissioners not to vote on Isailovich's contract until he could review Isailovich's work. But when he went to review the records, he said, they were nowhere to be found. "I don't believe they were lost, but they weren't here," Dominguez said. "I simply asked him for the records. I would think that whatever he sent to the previous sheriff, he would have had a copy of those records. I would not ask for specific client information, but rather statistical data on the type of counseling they provided -- pretty basic stuff." Isailovich staunchly defended the work his company did for the county. "From the time I stopped drinking, I have dedicated my life to helping other people," he said. "My past is my greatest asset. I've dealt with the problems in my past. I've learned from them and continue to learn from them. ... Since I've been in this business, we've helped thousands of people. We've taken drunken drivers off the road. We've educated individuals that have had problems." **Primary Status:** *TOSSUP.*

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**Evansville Mayoral:** Republican: Mayor Russell Lloyd Jr. Democrat: State Rep.

Jonathon Weinzapfel. **1995 Results:** McDonald (D) 19,162, Frary (R) 9,565. **1999 Results:** Lloyd (R) 15,980, Borries (D) 15,461. **2003 Forecast:** Teamsters Local 215 endorsed Lloyd on Sunday, saying the mayor helped improve a bad working relationship with past administrations and is viewed as a "humble, decent, honest guy" (*Evansville Courier & Press*). The Teamsters did not endorse Lloyd or his Democratic opponent Rick Borries four years ago, but the union decided Lloyd had earned its support, which is "really based on his record and his dealings with us," Teamsters President Chuck Whobrey said. **General Status:** *Leans Weinzapfel.*

**Fort Wayne Mayoral:** Republican: Linda Buskirk. Democrat: Mayor Graham

Richard. **1995 Results:** Helmke 21,909, Essex (D) 11,033, Kempf (L) 1,029. **1999 Results:** Richard (D) 21,607, Buskirk (R) 21,531. **2003 Forecast:** The Marion County prosecutor is investigating a state agency's purchase of nearly \$200,000 worth of training from a Fort Wayne-based firm with ties to Mayor Richard, an Indianapolis TV station reported. WISH-TV reported Monday that the Family and Social Services Administration's purchase of Six Sigma training from The TQM Network was being probed because the spending appears to have skirted state procurement rules, which require additional scrutiny if they top \$75,000. TQM, a consulting firm, was started by Richard more than a decade ago, but he severed all ties to the non-profit

company when he became mayor in January 2000, TQM President Dale Siegelin said Monday. Republicans are pointing out that Richard has refused to release his personal finance information and plan to press the mayor on that issue. Mayor Richard was admitted to Parkview Hospital on Friday for tests and observation. He has been released and is recovering at home. His doctors have diagnosed an infection, which is being treated with antibiotics, his staff stated in a press release. He anticipates a complete recovery and will resume his schedule shortly. In the meantime he is in regular communication with his staff to ensure all City functions continue properly. **General Status:** *Tossup.*

**Indianapolis Mayoral:** **Republican:** Treasurer Greg Jordan. **Democrat:** Mayor Bart Peterson. **1995 Result:** 025 th.44 Tf6.39oldsmnicern 64,209,ChiBar.519Republican0,5N0,DelectionIsaid,Kosidan.FJTT6 1-88 10

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Indiana can ride out the budget until after next year's election, said Kosidan. Brinegar, president of the Indiana Chamber of Commerce. "Riding this out seems to be the desire of elected officials," Brinegar said. "But the revenue forecast was pretty modest to begin with, and we've experienced a considerable amount of bleeding."

**KITTLE BLAMES KERNAN FOR TAX INCREASES; OPPOSES FUTURE HIKES:** Indiana Republican Chairman Jim Kittle Jr., called on Hoosiers to oppose possible tax increases by Gov. Joe Kernan (HPR). "Indiana faces major budget problems, but Hoosiers should oppose Gov. Kernan's suggestion for another tax increase. Joe Kernan engineered one of the largest tax increases in Indiana history," said Kittle. "That didn't fix Indiana's budget problem. Now, only a few weeks after becoming governor, he's already suggesting the need for another tax hike." While Kernan initiated the tax restructuring process in October 2001, the final plan was forged by Senate Finance Chairman Larry Borst, R-Greenwood, and was passed by the Republican Senate and the Democratic House, observed HPR's Brian Howey. Asked about the role of Borst and Senate Republicans in the

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2002 tax restructuring process, Kim Preston of the Indiana GOP's press office explained this morning, "Republicans had been pushing for tax restructuring in better fiscal times when a net tax increase may not have been necessary, and Senate Republicans pushed to make the restructuring that finally passed as revenue neutral as possible." In reality, Sen. Borst didn't support tax restructuring until February 2002 and Senate President Pro Tempore Bob Garton didn't signal his support until May of 2002 after months of flagging revenues and just prior to the historic special session, Howey observed.



## COLUMNISTS ON INDIANA

**Cameron Carter**, *Indianapolis Eye* -

The recent announcement by the Indiana Department of Workforce Development (DWD) that it would be contracting with an India-based firm for a multi-million dollar, multi-year upgrade of the DWD's computerized claims processing system was bad news for Indiana's technology community — especially those who have struggled to find work since the dot-com bubble-burst. My view is that an Indiana company should have received this work, but the essential fact is no Indiana company bid for it. Therefore, keeping this business with an Indiana company was not an option. Tata's bid was \$8 million to \$23 million less than its next closest competitor's, and Tata has experience performing similar work for other states (New Mexico, Montana and Pennsylvania) with superior performance evaluations. It is also important to note that Tata is an Indiana employer despite being an overseas company, and reportedly has indicated a willingness to recruit within the state, as well as rely upon its present workforce to fulfill the contract. Under these circumstances, awarding a contract is a relatively easy decision — and one that must be made with the Hoosier taxpayer in mind. Even if these were not taxpayer dollars at stake, any savvy business owner looking for a service provider would come to the same conclusion: "I'm choosing the less expensive firm with a proven track record and good references." The DWD's decision is understandable and defensible in this context, but not necessarily justified in the long run. Indiana technology firms and workers currently grouching about the Tata contract need to take a long, hard look at themselves and the industry while realizing that globalization is here to stay. State decision-makers need to revise their procedures for advertising and promoting

these contracting opportunities, as well as simplifying the process for state government contracts, so that more Indiana firms can compete. And, Republican opponents of the now Kernan administration who reflexively attacked the DWD decision (and those, like me, who defended it) need to remember core GOP values such as commitment to market-based economics, free trade, government efficiency, and fiscal responsibility on behalf of taxpayers. The Tata decision was the right decision — for now. Let's make sure that all that can be done is done to allow Hoosiers first crack at such contracts in the future. ❖

**Jack Colwell**, *South Bend Tribune* -

Republican leaders of course don't want Kernan to be their opponent in the governor race. Not only would he be an able candidate, but he now would be a candidate with zooming name recognition as the new governor and a favorable image for the way he took over duties from the stricken O'Bannon. Many Republicans -- and many Democrats, too -- believe that Kernan is the only Democrat who could win the governor race next year. That could well be true. Will he run? It still seems doubtful. But it is possible. He and Maggie will ponder that this weekend and perhaps beyond that for a bit. But if he doesn't run, it will have nothing to do with fear of being roughed up by Kittle or Republican TV spots. After all, Kernan was roughed up for 11 months by his captors after his plane was shot down over North Vietnam. After that, being hit with words about a Golden Drain Award probably won't have much effect. ❖