



Jobs bust stressing Hoosier safety net

WorkOne, FSSA, IDEM under intense scrutiny as Indiana economy takes body blow

By **BRIAN A. HOWEY**

INDIANAPOLIS - Second terms can be a bummer. LBJ fought a ruinous war. Nixon was scandalized and resigned. Reagan had Iran-Contra, Bill Clinton was impeached, Frank O'Bannon saw the economy begin to take its toll before he died. And George W. Bush left an epic mess that has laid a body blow on the Hoosier State.

This past week - as we learned Indiana's jobless rate increased by 1.1 percent to 8.2 percent - we watched the vultures circling the Daniels administration. Key departments - Workforce Development, FSSA, IDEM - were in the media cross hairs and were clashing with the feds, the news media and members of the Indiana General Assembly. While



Gov. Mitch Daniels visits the WorkOne office in Elkhart last Friday, where the jobless rate stands at 17 percent due to a big downturn in the RV industry. (Elkhart Truth Photo)

Gov. Mitch Daniels can point to reforms such as the Bureau of Motor Vehicles where waiting times decline (as witnessed by yours truly earlier this month) and service improves, the gathering economic storm is placing crushing burdens on the state's social safety net.

In the past year, Indiana has lost more than 111,000 jobs, or 3.7 percent of its workforce, including 1.2 percent in the past month. The state had to largest increase in the nation in December.

Workforce Development has seen its monthly rolls swell from just under 100,000 Hoosiers getting unemployment assistance in January 2008 to around 200,000 this past week. Internal DWD sources who refused to identify themselves

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One size fits all, but it doesn't fit counties

By **DAVE KITCHELL**

LOGANSPORT - Streamlined, more efficient government always should be a goal for taxpayers, policymakers and lawmakers. Sometimes though there are streamlining proposals that are sort of like the Bernie Madoff Ponzi scheme: If it sounds too good to be true, it probably is.



That's the case with the current proposal to do away with county commissioners and replace them with a county executive who would be the equivalent of a mayor for a city. Granted, when Indiana's forefathers



"This was a difficult decision because I know how much Hoosiers are struggling and need our help. Ultimately, I think we can do better."

- U.S. Rep. Brad Ellsworth on his vote against the stimulus



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came up with an approach for government in the 1800s, the one size fits all approach of three county commissioners and a seven-member county council in every county made sense. Part of the beauty of this time-tested concept is that taxpayers have an opportunity to oust someone who is not effective at least every two years. Another strong argument for the concept is that government under the commissioners/council concept has to be responsive to every corner of every county because commissioners come from different portions of their counties. If just one county executive hailed from the county seat, he or she might be inclined to favor the county seat more than the rest of the county. The same could be said for a county executive who lives outside the county seat.

Perhaps the greatest

strength of the current county commissioner system is it provides two things the proposal currently under consideration in Indianapolis does not: A chance to bring three people together who have expertise in different areas, and a deliberative process that requires at least two votes to approve any hiring, firing, ordinance or contract. As someone who covered county government for more than 20 years in Indiana, I can say I've seen more than my share of 2-1 county commissioners votes that were not along party lines, as well as 4-3 county council votes that were split on ideological lines.

But there are inherent flaws in what is a well-intended proposal to streamline county government. While proposals to eliminate much of the township level of government will probably fly through Indianapolis as Mayor Greg Ballard wished for in his speech to the Indianapolis Rotary Club, other factors have to be taken into consideration when government is reshaped the way some in the halls of the Indiana General Assembly would want.

One factor is experience. If the legislature does away with county

commissioners, at some point, every county will have someone in charge who has no experience in running a county and no colleagues across the table to ask.

But let's cut to the chase and introduce two words: Rod Blagoevich. He may never run for office in Indiana after his impeachment trial in Illinois, but corrupt, or allegedly corrupt people are found in virtually every state. If just one county in Indiana had a corrupt county executive instead of three county commissioners from independent backgrounds, progress in some counties could come to a standstill. Inept government officials are even more common than corrupt ones, and for every inept county executive in Indiana (and there could be dozens at any given time) there will be years of frustration and government that doesn't serve people or itself well.

Still a third potential problem is illness and/or resignation. If Indiana does away with county commissioners, counties will likely face many situations where a person is incapacitated or out of the county, state or country. That doesn't make for flexible, responsive government. And if a county executive in Parke County resigns to take the county executive job in Porter County, you can bet there will be a significant time lag before a replacement is found.

I applaud some streamlining efforts, though I doubt Ballard and other reformers will have votes to accomplish a new one-size-fits-all approach to county government.

What is more likely to happen is a reform detailed by Indiana Chief Justice Randall Shepard: School consolidation. Many schools have too small an enrollment to sequentially offer courseloads that encourage more college-bound students to graduate. Another round of school consolidation in Indiana would eliminate administrative overhead, but more importantly it would allow corporations to have teachers with qualifications for the areas they teach covering the classes



they should and not just pinch-hitting because no one else can teach those courses. Streamlining school corporations would save money in central purchasing and allow more schools to offer more programs.

Unigov has worked well for Indianapolis, but for

streamlining to work in Indiana, it will require a united shove on the part of those who want it – or don't. ❖

Dave Kitchell is a veteran Indiana journalist who teaches journalism at Ball State.

Safety net, from page 1

sent HPI copies of U.S. Department of Labor Employment and Training Administration statistics from Jan. 1, 2008 to Dec. 31, 2008 showing Indiana lagging the rest of the nation in many statistical categories. For instance, in the category "all first payments 14/21 day timeliness" showed Indiana ranking 45th at 77 percent. Indiana ranked in the bottom 10 in "nonmonetary determinations 21-day timeliness" at 51.5 percent; "separation determination quality scores" at 48.1 percent (45th) and "lower authority appeals quality" at 92.9 percent (41st).

In the categories "state ranking of core measures," Indiana did not submit reports for the period (though only six states did). The DWD source explained, "Visit any WorkOne office and talk to the staff or people

in line - the bottom line is that the state of Indiana is at or near the bottom of federal standards." This source claimed that there were 110,000 "issues" - people, due to one problem or another, who could not get their benefits.

On Tuesday, Fort Wayne Journal Gazette columnist Frank Gray featured Ron Graham, an unemployed worker from Steuben County: "Daniels ought to go to the unemployment office in smaller towns, he says. Lines there sometimes start forming 90 minutes before the office opens, and as soon as the doors do open, there's a chance you will eventually be told to come back another day."

Gray continued: Graham figures he's four weeks behind on unemployment benefits already – about \$1,300 worth – and it looks like he won't get them. He has run into lots of similar stories waiting in line, he said – people who have gotten vouchers but who have never gotten their debit card, which is how they are paid. He's run into people who have been waiting for weeks and not gotten a penny, he says.

Marc Lotter, a DWD spokesman, told HPI and other news sources that DWD had a 93 percent efficiency level in automated response in the 21-day time period, whereas the federal average is 87 percent. "So despite the doubled

volumne, we've increased efficiency," Lotter said. "We are working hard to improve that as well." He disputed the number of issues, saying that 110,000 "isn't even close to that."

The number of problematic claims fluctuates but on Friday was running about double the same time a year ago, said Lotter. According to the Elkhart Truth, to collect unemployment benefits, an out-of-work person must first fill out an online application — either with help at a state WorkOne center or on any Internet-accessible computer. Then the person must file weekly claims for benefits, either online or through the mail. If one part of any form or claim

isn't filled out correctly, that record is flagged and the person can't collect benefits until the problem is resolved. All subsequent weekly claims also are flagged until the initial error is fixed. The process must work that way to ensure the state

isn't giving benefits to those who don't qualify, Lotter said. "These are not glitches in the system," he said. "They are legitimate issues that need to be resolved." On Friday, he put the number of "issues" at 42,000.



Daniels visits Elkhart, Fort Wayne

Last Friday, Daniels did go to Fort Wayne and Elkhart to announce the state was hiring 100 more adjudicators - 50 for the Fort Wayne office and 50 in Indianapolis. According to the Elkhart Truth, Daniels said he wanted to make sure the needs of the people in the hardest hit part of the state were being met and to hear suggestions for further improvements. "Our position is when people are hurting, there's no such thing as too fast or too efficient," Daniels said. "Right now in Indiana, WorkOne is job one."

Friday's trip was in contrast to a question HPI asked him as he returned from his November meeting with then President-Elect Barack Obama during the National Governors Association. With the Detroit 3 appearing to be on the brink of collapse, Daniels was asked if the topic had come up with Obama and did the state have a contingency plan. The governor curtly replied, "No and no."

By Monday, the news was of 55,000 in job cuts



around the country with corporate names familiar to Indiana: Caterpillar (20,000 jobs), General Motors (2,000) and Pfizer. Late last week there was some good news on the Detroit 3 front with Fiat planning to buy a 35 percent stake in Chrysler. But General Motors had one of its largest bondholders - Pimco - drop out of talks about exchanging debt for equity. The Detroit 3 have two deadlines: Feb. 17 and March 31 to present a viable plan for restructuring. Even if those plans are approved by President Obama and Congress, the potential for contraction here in Indiana and elsewhere is still great, as witnessed by Ford's plan to close an east side Indianapolis Navistar plant.

A collapse of GM and/or Chrysler (and subsequently a significant percentage of the supplier network located here) could unleash a deluge of newly unemployed into Workforce Development and other safety net agencies such as FSSA.

FSSA's 'systemic' problems

FSSA entered the picture when State Rep. Suzanne Crouch, R-Evansville, authored a bill that would temporarily halt expansion of the new welfare eligibility program, despite pleas from the governors' staff to not do so. The administration's plans were controversial when it signed a \$1.6 billion privatization contract with IBM in 2006. The Evansville Courier & Press reported last week that since the modernization program was rolled out to 59 counties last May, Crouch and other local legislators have been inundated with complaints from constituents and Evansville health care providers who say the new call center system loses critical documents, causes inordinate delays in enrolling patients, issues conflicting information and is hard for the elderly and disabled to navigate.

"The problem is we currently have systematic problems that need to be addressed; they need to be fixed," Rep. Crouch told the Courier & Press. State Sen. Vaneta Becker, another Evansville Republican, added, "Our constituents, both of our hospitals, all of our United Way agencies, have been adamant to us to proceed with this piece of legislation." Other similar stories have surfaced in recent weeks around the state.

In reaction to the bill filing, Daniels was quoted in the Courier & Press: "Well, I'm disappointed; but they

have to make their own decisions. They are entitled to their opinion. We think they are in error, but my expectation is as we move forward and fix problems that are there, they'll feel differently — and over time this issue will resolve itself."

So these are two critical agencies in the kind of economic downslide the state is experiencing where the Daniels administration has been on the defensive and reforms are being put to the test in a crisis atmosphere.

Post-Tribune and IDEM

Then there is IDEM where the issue of jobs and economic development crosses into regulation. City officials in Evansville, Hammond and Gary are "outraged" over the "emasculatation" of IDEM's Office of Enforcement. The Post-Tribune reported that these city officials are now taking their frustration to the Indiana General Assembly, where

Hammond Mayor Thomas McDermott Jr. has been asked to testify to a state House committee. "We had very little expectation anything we said or did to communicate with (IDEM Commissioner Thomas) Easterly or Gov. (Mitch) Daniels would matter," said Dona Bergman, director of Evansville's Environmental Protection Agency (Post-Tribune). "Frankly, I think U.S. EPA, from that letter, is quite concerned. I don't think IDEM bothered to consult with EPA before they made these decisions. EPA staff we have spoken to were quite shocked."

The EPA responded to the elimination of the office of enforcement in a Jan. 20 letter to Commissioner Easterly from Bharat Mathur, acting Region V EPA administrator, according to the Louisville Courier-Journal. Mathur raised questions about the department's elimination of its Office of Enforcement, the elimination of funding to local air-quality authorities in Hammond, Evansville and Gary and changes to overall enforcement policies. EPA regional officials in Chicago "would like to discuss the nature, extent and status of these changes with IDEM so that we can evaluate their impact on the state's federally authorized, delegated and/or approved environmental programs," the Courier-Journal reported.

The Post-Tribune had already set its sights on IDEM



Gov. Daniels and IDEM has been under intense scrutiny by the Post-Tribune over the permitting process at the BP refinery in Whiting. (HPI Photo by Brian A. Howey)



Gov. Daniels with the last two-term governor to complete eight years in office - U.S. Sen. Evan Bayh. (Indiana Access Photo)

and the administration over the new BP refinery at Whiting, a billion dollar economic development project that ranks as one of the Daniels's administration's crown jewels. It is employing 1,000 construction workers in addition to its 1,400 permanent workforce. And the project is doing something that the U.S. hasn't seen much of in a generation: modernizing of an oil refinery as demand crosses supply. IDEM refused to help the EPA gather evidence that BP violated the law, according to an e-mail obtained by the Post-Tribune. When IDEM processed BP's permit application last spring, EPA had reason to believe BP had violated the Clean Air Act by emitting too much pollution.

"They want us to hold up issuance of the permit until BP caves to whatever relief EPA would like(,) recognizing that BP must have the permit before June 1 or the entire project is dead," Easterly said in an e-mail to Gov. Daniels' IDEM liaison, David Pippen, on Feb. 26, 2008. The Post-Tribune further reported, Valparaiso environmental attorney Kim Ferraro wasn't surprised. "It confirms what we knew; that they were really trying to push this thing through," Ferraro said.

Poseidon challenges

In our Jan. 8 HPI Power List, we noted how a curtain seemed to drop between the first and second O'Bannon administrations as a recession - mild in comparison to what we are beginning to see today - presented an array of budgetary and other problems. The Daniels administration is facing something far more intense and its first term reforms are facing Poseidon challenges as the earth

shakes beneath us all.

How Gov. Daniels and his second term team handles these challenges and its ability to refine the privatizations and other reforms will be a vital chapter in his ultimate legacy. ❖

President Obama? Meet Mike Pence

By BRIAN A. HOWEY

INDIANAPOLIS - Mike Pence, meet Barack Obama. When Howey Politics Indiana interviewed U.S. Rep. Pence in our Jan. 15 edition, the Columbus Republican had invited the new president to meet with the House Republican caucus. A week virtually to the hour after President Obama took the oath of office, he was having a "frank and cordial" conversation with the Republicans in a rare visit by a commander in chief to a congressional caucus.

The vibe was good. Pence insisted the Republican door would always be open. He said he would pray for the new president's success. U.S. Rep. Mark Souder told the Fort Wayne Journal Gazette's Sylvia Smith, "I assumed we'd be just pictures on the wall. But he really engaged. He showed us he was willing to do a give-and-take." [private]

Presidential press secretary Robert Gibbs noted at the White House briefing later on Tuesday, "He's happy the tone that has been set is the right one. He's looking forward to working with people in both parties." Gibbs specifically mentioned Pence's "door's always open" salutation.

But they did not end up singing, "We Are the World." Pence characterized remarks to Obama as a "rude awakening" because despite the president's call for inclusion, the stimulus package had little Republican input. They were outraged that Democrats had loaded in wedge type

issues such as contraception initiatives. "House Democrats have completely ignored the president's call for bipartisan work," Pence said afterwards. "This bill is a long litany of liberal pet programs that will do little to



U.S. Rep. Mike Pence speaking outside the White House.



get the economy moving again. This is a flawed bill. This was a bill not fashioned by his very bipartisan desire. They are bringing a partisan bill to the floor tomorrow that will not create jobs."

Pence questioned \$50 million to the National Endowment of the Arts and asked, "What will that do to get people working. What Republicans would like is to advance the kind of tax relief that will create jobs; \$10 a week is not going to lift the economy. What will lift the economy is to reduce the taxes on working families. You'd also allow small businesses to deduct 20 percent of their profits. This rebate tax cut business just won't work."

Pence added, "The president is very sincere about this. On these big items, he said, 'I want all the best ideas.'"

President Obama said after the meeting, "The main message I have is that the statistics every day underscore the urgency of the economic situation. The American people expect action."

Obama continued, "As I explained to the Republican House Caucus, and I'll explain to my former Senate colleagues, the recovery package that we have proposed and is moving its way through Congress is just one leg in a multi-legged stool. We're still going to have to have much better financial regulation, we've got to get credit flowing again, we're going to have to deal with the troubled assets that many banks are still carrying and that make the -- that have locked up the credit system. We're going to have to coordinate with other countries, because we now have a global problem."

By Wednesday with the stimulus bill up for initial votes in the House, and Republicans were blunt in their assessments. "Instead of tax cuts, we've given Wall Street and the bankers \$700 billion in the bailout, \$14 billion to the auto industry and this bill is \$825 billion, quote, an economic stimulus package. No tax cuts, really," said U.S. Rep. Dan Burton. "Just more and more spending. And this is going to cause a severe inflationary problem down the road. And what is the president and the vice president and the chief economic advisor to the president saying? They said, this is a good down payment on the problem. And so today on television some of the news commentators said, 'Well, is the money worth spending so far going to be enough?'"

Burton answered: "I'm going to say to them right now if they're paying any attention, according to the administration and the chief economic advisors, this is just a

down payment. We're going to spend trillions and trillions more."

Souder was hardly a convert. While he found President Obama engaging, he told the Journal Gazette, "He didn't persuade me to back a liberal program. But he did an excellent job defending his liberal views in a way that made you think about it."

Obama agreed. "I am absolutely confident that we can deal with these issues, but the key right now is to make sure that we keep politics to a minimum," he said.

"There are some legitimate philosophical differences with parts of my plan that the Republicans have, and I respect that. In some cases they may just not be as familiar with what's in the package as I would like. I don't expect a 100 percent agreement from my Republican colleagues, but I do hope that we can all put politics aside and do the American people's business right now."

But when the dust settled Americans woke up this morning to a stimulus bill passage ... by party line vote.

U.S. Rep. Joe Donnelly, D-Granger, explained his yes vote, saying, "Our economy is in crisis and Hoosiers are hurting. In the past year alone, the unemployment rate in the United States has jumped to 7.2 percent. And the numbers for north central Indiana are even worse, with the unemployment rate in some areas surpassing 15 percent. I voted for this stimulus package because we must act now to get our economy back on the right track."

But U.S. Rep. Brad Ellsworth, D-Evansville, was one of 11 Democrats to vote against the measure, saying, "there were far too many provisions that would provide little to no economic stimulus. I hope that the Senate and conference processes will result in an improved final bill."

U.S. Rep. Steve Buyer explained his no vote, saying, "This is an \$825 billion spending package, money borrowed from our children and will do little to stimulate the economy and assist small businesses in the near term. It will largely only add to the nation's growing \$1.2 trillion deficit." U.S. Rep. Dan Burton explained, "My vote against the Democrat stimulus bill today was a vote of conscience. I can not support throwing \$825 billion more taxpayer dollars into government programs that are not only slow and narrow in scope, but contrary to the widespread and immediate economic stimulus that Americans so badly need."



President Obama on his way to meeting with House Republicans on Tuesday.



Oh no! A party line stimulus vote in Congress

By **BRIAN A. HOWEY**

INDIANAPOLIS - Imagine an exchange between the President and a congressman in January 1942, just a month after Pearl Harbor. Imagine the congressman saying, "Going after Nazi Germany first will never work."



The crisis we face today is a financial World War II. We've never been here before and it will take trial and error to find a way out. I am extremely skeptical of the Congressional Republicans - those who helped set the stage for the deep mess we are in - who right off the bat pronounced the stimulus plan as unworkable.

How could they possibly know? And I am equally disenchanted with Congressional Democrats who

just couldn't resist loading up the stimulus bill with their social agenda, attempting to steer money into contraceptive programs and the National Endowment for the Arts. All it did was to throw up a barrier to Republicans, the very people President Obama says he wants to receive input from, and ultimately votes.

And then comes Wednesday night. The stimulus bill, that will bring \$4 billion dollars over the next two years to our state, passed by a straight party line vote. Folks, if this is the way it's going to be, we are in deeper trouble than I thought.

I publish a daily briefing paper of political and public policy news four days a week. The one I compiled for Wednesday just about broke my heart. My old stomping ground of Elkhart now has one out of every six people out of work. LaGrange County stands at 15 percent unemployment, followed by Noble County at 13.9 percent, Fayette County at 12.6 percent, and Vermillion County 11 percent.

Howard, Miami and Tipton counties hover around 10 percent - and this is before we know whether Chrysler, General Motors and Delphi will survive. An auto industry collapse - and we are not even close to being out

of the woods on that front - will send a tragic shudder through dozens of small towns where auto supplier companies operate.

Economists from around the state are now using terms such as "staggering" and "uncharted territory" in describing this descent. Several believe it will be worse than the last oil shock-induced coma of 1982. Some are comparing it to the Great Depression. On Thursday, the Labor Department reported those receiving unemployment benefits has hit an all-time record.

Across Indiana, we see long lines forming in the early morning hours outside WorkOne offices, where 200,000 Hoosiers a week - up from a little under 100,000 a year ago - are seeking benefits. There are 42,000 people caught up with "issues" that are delaying their benefits.

This is completely unacceptable and I suspect Gov. Daniels is of a similar opinion. He spent Friday in Fort Wayne and Elkhart visiting WorkOne offices and announced 100 new adjudicators who will, hopefully, help these folks get sustaining benefits. "Our position is when people are hurting, there's no such thing as too fast or too efficient," the Governor said. "Right now in Indiana, WorkOne is job one."

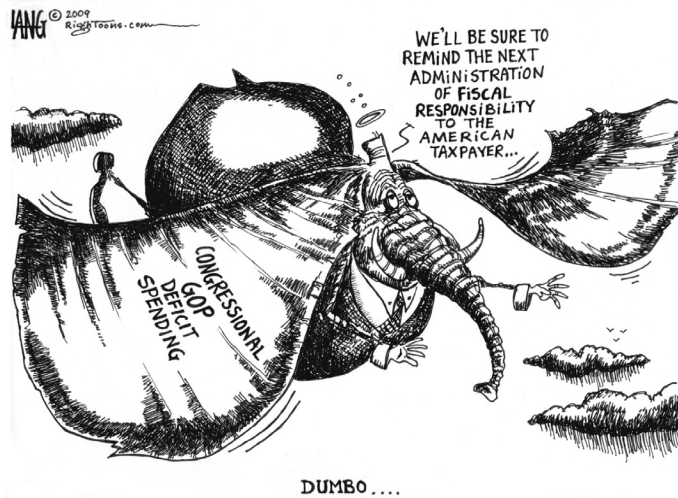
It better be.

And there is trouble on another front - the Family Social Services Administration. It rolled out a privatized and "modernized" welfare program in more than 50 counties last year. It's true that the system was broken before Daniels took office in 2005. But now it is plagued with access problems, to the point that State Rep. Suzanne

Crouch and Sen. Vaneta Becker - both Evansville Republicans - are authoring legislation that will delay further implementation.

"The problem is we currently have systematic problems that need to be addressed; they need to be fixed," Rep. Crouch told the Evansville Courier & Press. Sen. Becker added, "Our constituents, both of our hospitals, all of our United Way agencies, have been adamant to us to proceed with this piece of legislation."

But the dynamic between President Obama and U.S. Rep. Mike Pence is critical to solving this epic mess. Pence, who heads the Republican conference, told me several weeks ago, "Republicans need to cooperate. We do cooperate, compare and contrast. The American people





want us to look for opportunities to work together.”

He invited Obama to the House GOP conference on Tuesday - the same day we learned Indiana’s jobless rate increased 1.1 percent to 8.2 percent.

After the meeting, Obama said, “The main message I have is that the statistics every day underscore the urgency of the economic situation. The American people expect action. They want us to put together a recovery package that puts people back to work, that creates investments that assure our long-term energy independence, an effective health care system, an education system that works; they want our infrastructure rebuilt, and they want it done wisely, so that we’re not wasting taxpayer money.”

For his part, Pence was conciliatory, telling the

president that the “the door is always open.” And while he called the discussion with Obama “frank and cordial,” he said the stimulus bill as written by Congressional Democrats was “flawed” and “a long litany of liberal pet programs that will do little to get the economy moving again.” Pence continued, “It may have been a rude awakening, but the Republicans had no input into this bill.”

Well, the time for rude awakenings at the Statehouse and Congress has passed. Each weekday morning fellow Hoosiers are getting their own rude awakenings as they shiver outside WorkOne offices across the state.

They don’t care about Republicans or Democrats. They just hope to find a good job. ❖

Parsing jobs numbers

By **MORTON J. MARCUS**

INDIANAPOLIS - We have the numbers, but do what they mean? Consider now the familiar unemployment data that are put out for each county each month. How the U.S. Department of Labor and the Indiana Department of Workforce Development get meaningful “estimates” for

most Indiana counties is a mystery that Sherlock Holmes, Miss Marple, and Lenny Briscoe are still trying to solve.

We get figures followed by pronouncements followed by policies without any real understanding of what the numbers tell us. The data are reported as the number of persons living in each county who are either employed or unemployed. Add those two

numbers together and you get the

labor force of the county. The number unemployed divided by the labor force is the unemployment rate.

Got it? Good. It would take a fifth-grader five minutes or less to grasp the idea; a legislator who has served more than 30 years might get it in an hour.

From Nov. 2007 to Nov. 2008, Indiana saw the number employed drop by 56,900 (1.8 percent). Why, in such an atmosphere, would the number of persons in the labor force rise by 31,000 (1.0 percent)? If jobs are disappearing, why are more people seeking work?

The answer may be hope; hope that there is a job out there for another family member to replace the lost income. Maybe that new job seeker was a stay-at-home mom who now looks for a job to help make ends meet. Perhaps the new worker was a student who cuts back on classes to find employment. The newly unemployed may be someone who moved back to Indiana in hope of finding

work while living in the family home’s basement. We don’t know the answers for the state, yet we have numbers for each of our 92 counties.

First, a summary. All 92 counties saw increases in the number of unemployed persons and in the unemployment rate. Going against the trend were six counties (Knox, DeKalb, Starke, Orange, Warren, and Scott) with small gains in the number of employed persons. At the same time, only 17 counties had decreases in the number of persons in the labor force as might be expected if folks had negative anticipations about getting jobs.

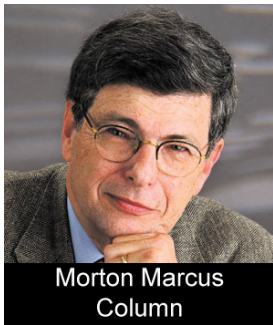
Elkhart County gets the “unfortunate leadership award” for 2008 with a 6 percent decline (5,760) in the number of persons holding jobs. While on stage to receive that honor, let’s also give Elkhart the second place prize for the largest gain in number of unemployed persons (8,260). How did the number unemployed increase more than the number losing jobs? The answer is a 2,500 person increase in the Elkhart County labor force.

Labor force declines were estimated for 17 counties. The largest decline was in Vigo (491) followed by Howard (405), Clark (380) and Floyd (257).

Unemployment rates topped 10 percent in Howard, Grant, Harrison, and Brown counties. Howard and Grant were distinguished by increases in their unemployment rates of more than 7 percentage points. Harrison, Elkhart, Crawford, and Montgomery saw rates increase by more than 5 percentage points.

Among the many problems with these numbers is that we do not know where the residents of each county find jobs when employment is cut. Do those laid off get jobs inside or outside their home counties? Are the new labor force entrants going into new jobs or taking old jobs at lower wages?

How are the economic development professionals in each county supposed to do their jobs when they don’t get quality statistics like those provided to professional sports managers and coaches? ❖



Morton Marcus
Column



Farmland assessments will keep increasing

By **LARRY DeBOER**

WEST LAFAYETTE - My mom used to tell me that sometimes you've got to brag on yourself, or no one else will. So, one year ago I predicted that the base rate assessment of farmland would be \$1,250 per acre for property taxes in 2010. And, a couple of months ago, the Department of Local



Government Finance announced that the base rate for 2010 taxes would, in fact, be \$1,250 per acre. Thank you. Thank you very much.

Actually, that's not so marvelous a prediction. The base rate for 2010 taxes is calculated with numbers from 2001 through 2006. By last January, all those numbers were already known. Predicting the base rate was a matter of plugging the numbers into the state's base rate formula.

The statewide base rate is the starting point for the assessment of farmland for property taxes. To get the assessed value of an acre, the base rate is multiplied by a productivity factor, which is higher for soils that are better for growing corn. Some assessments also are adjusted downward by an influence factor, for reasons like forest cover or frequent flooding.

The state recalculates the base rate every year, using a capitalization formula. A measure of income is divided by an interest rate to get a land value. The results are averaged over six years to iron out fluctuations. The rate for 2009 taxes is \$1,200, based on numbers from 2000 through 2005. The rate for 2010 is \$1,250, based on numbers from 2001 through 2006. The base rate went up when the calculation dropped figures for 2000 and added figures for 2006.

Why? Land rent is one of the factors that determines income in the formula's numerator. In 2000 the average rent for an acre was \$101. In 2006 it was \$110. Income depends on commodity prices, too. The price per bushel of corn was \$1.87 per bushel in 2000 and \$2.47 in 2006. The price for beans was \$4.71 in 2000 and \$5.90 in 2006. Income also depends on yields of corn and soybeans. The yields for both corn and beans were higher in 2006 than in 2000. Fi-

nally, the interest rate in the denominator of the formula was 9.56 percent in 2000 and 8.17 percent in 2006.

The income measures in the numerator were bigger in the year that was added, and smaller in the year that was dropped. The interest rate in the denominator was smaller in the year that was added, and bigger in the year that was dropped. The formula dropped a smaller land value, and added a bigger land value. The base rate had to rise.

The most recent numbers used for the 2010 base rate are from 2006. We know the numbers for 2007, and we've got a pretty good idea about the numbers for 2008. Commodity prices went up a lot in 2007 and 2008, much higher than earlier in the decade. Yields are up, and the interest rate is lower too.

With figures from 2007 and 2008, we can predict the base rates for 2011 and 2012. The base rate is likely to rise to \$1,400 for taxes in 2011 and to \$1,690 for taxes in 2012.

Now costs are rising and commodity prices are dropping. If these trends hold in 2009, they could reduce the base rate-for taxes in 2013, at the earliest. The two years with really high commodity prices, 2007 and 2008, won't drop out of the base rate calculation until 2018. The base rate is likely to be high throughout most of the coming decade.



Higher base rates mean higher property taxes on farmland. The new property tax caps won't stop tax bills from rising. The caps are a percentage of assessed value. As assessed value goes up, so do the caps.

These base rate predictions

will hold as long as the state uses the same data with the same formula. You can be sure that agricultural interests are working hard to find a different formula, friendlier to land. That might be a tough sell in the Indiana Legislature, though. Lower farmland assessments would shift taxes to homeowners. And higher taxes for homeowners are not on the General Assembly's agenda. ❖

DeBoer is a professor of Agricultural Economics at Purdue University.



What happens if Obama goes up in smoke?

By JACK COLWELL

SOUTH BEND - It's kind of like being on a plane and hoping it flies into a huge flock of geese because of displeasure over the wordy pilot telling you to fasten an annoying seatbelt while flying through stormy weather.

Guess that would show the verbose pilot. Shouldn't have awakened you with gibberish about an uncomfortable restraint that you don't need. And his airline is lousy.

Yes, there are people out there who hope that the nation's new pilot fails, falls on his face, falls to the ground. Guess that would show Barack Obama. And his type. But what happens to the nation if the pilot fails in this stormy weather?

Those hoping that Obama fails include such influential folks Osama bin Laden and Rush Limbaugh. They have different motives, one hoping that the nation does crash, the other more concerned about keeping radio ratings.

Also, there are racial bigots who hope the pilot goes down. They would cut off their nose to spite his race.

Some of worst wishes involve the petty partisanship to which Obama referred in quoting Scripture to urge that "the time has come to set aside childish things."

Lest any partisan Democrats think smugly that Obama was smiting only partisan Republicans, he was referring to the extremists of nastiness on both sides in citing "petty grievances and false promises, the recriminations and worn-out dogmas that for far too long have strangled our politics."

Weren't there some partisan Democrats who hoped that George W. Bush would fail, fall on his face, when he was piloting the nation and implementing the "surge" in Iraq?

It's one thing to disagree with Bush on Iraq and to have believed that sending more troops was wrong. A majority of Americans felt that way.

It's another thing altogether, however, to hope after the troops were sent that the surge would be a failure, costing even more American and Iraqi lives. If you think nobody had such horrible hopes, you are unaware of what is spewed on the Internet, sometime for partisan politics, sometimes for profit, sometimes out of blind hatred.



RUSH LIMBAUGH

It's one thing to disagree with Obama on his efforts to stimulate the economy. Many reasonable Americans have reasonable concerns.

It's another thing altogether, however, to hope the new pilot flie into another Great Depression. If you think nobody has such horrible hopes, you are unaware of what is spewed now by the other side, again for politics, for profit or out of blind hatred.

To agree that the surge, or certainly the change in strategies that accompanied it, helped in Iraq is not to say that the war and aftermath were marvelous. Heck, Obama has praised those strategies, which will make it easier to withdraw troops in a responsible way.

To agree that government should seek to stave off rampant unemployment and suffering is not to say that Obama has exactly the right tax policy and stimulus package. Heck, a Republican administration, not Obama, began those government efforts.

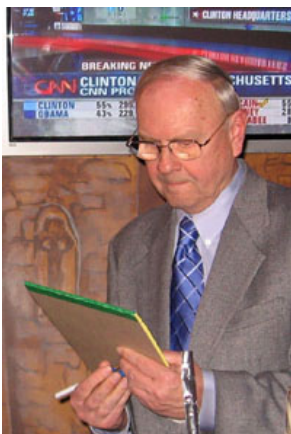
Should somebody who disapproved of selling the operation of the Toll Road, if out driving on it and displeased with inadequate snow removal, hope for multiple deaths in the storm? Guess that would show Mitch.

To hope that the Toll Road is run smoothly in what is a done deal is not to say you the deal was great.

Should somebody in the South Bend area who has been critical of Mayor Steve Luecke's leadership hope that the lost property tax revenue will force severe cuts in services? Guess that would show Luecke.

To hope that the city can find ways to avoid cuts in police and fire service and somehow continue with economic development efforts for the sake of the whole area is not to say that Luecke is after all the greatest mayor ever.

A flock of troubles looms ahead for the United States, from the economy at home to the wars abroad. We know that bin Laden and Limbaugh have proclaimed hopes for pilot failure. And we know why. But does it make sense for those of us on the plane, whether we find Obama eloquent or verbose, to hope that he fails, falls on his face, falls down with a downed plane? ❖





The state of teen financial literacy

By **BEVERLY PHILLIPS**

INDIANAPOLIS - Officials from the Colorado-based National Endowment for Financial Education were in Indianapolis this month to launch a statewide public service campaign promoting teen financial literacy. The campaign entitled "Indiana's Future" includes a radio and television public service announcement featuring Secretary of State Todd Rokita that was underwritten by the Indiana Department of Financial Institutions. (The PSA is posted at www.youtube.com; keyword search indianasfuture.org.) John Parfrey heads up the endowment's High School Financial Planning Program.



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HPI: What is the National Endowment for Financial Education?

Parfrey: We are the nation's only independent, nonprofit foundation committed to educating Americans about personal finance and empowering them to make positive and sound decisions to reach financial goals. All of our programs are free.

HPI: One of the endowment's programs in Indiana specifically works with teenagers through school systems. Tell us about that program.

Parfrey: Our research shows that as little as 10 hours of formal financial literacy instruction can make a huge impact on teenagers. NEFE's High School Financial Planning Program is a seven-unit personal finance course for teens that covers savings, investing and spending. Our program is in all 50 states and it's being taught in about 35 percent of Indiana high schools. NEFE provides all materials to schools and organizations free of charge.

HPI: What's the state of financial literacy for teenagers in our state?

Parfrey: Factually speaking, 62 percent of Hoosier teens failed a national financial literacy exam last year administered by the National Jump\$tart Coalition. Just one-third passed with a grade of just C or D, and less than 5 percent earned a B. None received an A.

HPI: Is that why you selected Indiana for the public service campaign?

Parfrey: Actually, it was just a matter of good timing. We had a grant from the Department of Financial Institutions to introduce our program to as many schools as possible. To do this, we launched an initiative in 2008 called "Indiana Teen\$ucceed. Indiana consistently ranks high in mortgage forecloses, bankruptcy, high personal unsecured debt. If these trends continue, many of your children may end up filing for bankruptcy or losing their homes in a short ten or 20 years. These are such abstract ideas for teenagers who have never dealt with these concepts in their own lives.

HPI: How have Indiana schools systems responded?

Parfrey: The response has been tremendous. Through the Indiana Teen\$ucceed training programs – there were more than twenty of them – we introduced the NEFE High School Financial Planning Program curriculum to over 350 teachers from 267 Indiana High Schools. That has resulted in many thousands of students beginning to receive this instruction. Local credit unions and Junior Achievement helped us coordinate 20 teacher trainings. The Indiana Department of Education and Purdue University have been key partners in this initiative along with many local credit unions and Junior Achievement offices around the state.

HPI: Are any states requiring by law that financial planning be taught in schools?

Parfrey: Right now, only three states require a mandatory one-semester high school course devoted to personal finance: Missouri, Tennessee and Utah. 17 states require personal finance instruction be incorporated into other subjects. The remaining 32 states have no require-

ment, although personal finance may be taught electively. What we're seeing more often is the passing of resolutions by state legislators. State Sen. Teresa Lubbers (R-Indianapolis) introduced a resolution this session urging the Indiana State Board of Education and the Indiana Department of Education to incorporate financial literacy skills into the K-12 school curriculum.

To request free, sample materials for NEFE's High School Financial Planning Program, go to www.indianasfuture.org. ❖



PARFREY



Frank Gray, Fort Wayne Journal Gazette: Frank Gray, Fort Wayne Journal Gazette: Gov. Mitch Daniels came to Fort Wayne on Friday to assure unemployed workers, telling them that the state's Department of Workforce Development was doubling the number of staffers at regional offices to handle increasing demand. Ron Graham, who lives in rural Steuben County and has been unemployed since November, chuckled at that a little bit. Daniels ought to go to the unemployment office in smaller towns, he says. Lines there sometimes start forming 90 minutes before the office opens, and as soon as the doors do open, there's a chance you will eventually be told to come back another day. Graham was laid off Nov. 7, and on Nov. 10 he signed up for unemployment benefits, doing it in person at the unemployment office in Auburn. All went smooth as silk, and at the end of that week, he got a voucher to fill out and sign, saying he was available and able but hadn't worked and hadn't gotten any pay. He mailed the voucher in and quickly got a debit card that had \$320 credited to it every week. In December, though, after four weeks on unemployment, Graham didn't get a voucher. He'd heard the state was behind in filling claims, so he figured his voucher was just backlogged and decided to be patient. However, he didn't get a voucher the next week, or the week after that. Then he got a letter from the state. He hadn't been returning his vouchers in a timely fashion, it said. It could cost him benefits. He hadn't submitted vouchers because he hadn't received any from the state for three weeks, he wrote back. Now it was time to go back to the unemployment office and straighten this out. But that involves waits, an hour or more in a long line in single-digit temperatures outside the office, and more waiting inside after the office opened. When his turn came, he was told he had to reapply for unemployment, but that his application would be backdated to make up for the benefits he'd missed. When he returned the next week, though, that had changed. His claim wouldn't be backdated, plus he had to put in a waiting week before he would get any benefits. Graham figures he's four weeks behind on unemployment benefits already – about \$1,300 worth – and it looks like he won't get them. He has run into lots of similar stories waiting in line, he said – people who have gotten vouchers but who have never gotten their debit card, which is how they are paid. He's run into people who have been waiting for weeks and not gotten a penny, he says. In his case, he's miffed that he's been shorted what he feels he was entitled to. Fair is fair, he says, and he's entitled to those benefits. We contacted officials at Workforce Development, who said they couldn't comment on his situation but that someone would contact Graham to sort out his case. ❖



Rich James, Post-Tribune: Someone asked the other day if the inauguration of Barack Obama was the highlight of my career writing about politics. There's no doubt that Tuesday was the pinnacle. That got me to thinking about other high and low points I have encountered on the political beat. They include: Catching the joy in the face of John Visclosky as he watched his son, Pete, get elected to Congress in 1984. Seeing Frank O'Bannon, the most decent man I ever met in politics, be sworn in as governor -- twice. Seeing Stephen R. Stiglich sworn in as Lake County sheriff after Rudy Bartolomei went to prison. He was a settling influence for a troubled operation. Having to watch U.S. Sen. Birch Bayh lose his 1980 re-election bid to Dan Quayle. Birch was a people guy. Jim Metros becoming the first Democrat elected mayor of Crown Point. He won the first of three terms in 1991, ending a 157-year Republican hold on the city. Seeing Ernie Niemeyer, in 1984, become the first Republican Lake County commissioner since before the Great Depression. Having known Gov. Otis Bowen, the true country doctor. Watching Thomas McDermott Sr. become Hammond mayor in 1983, breaking the Democratic grip on the city. Seeing the ever-popular Sen. Dick Lugar almost carry Lake County during one of his re-election bids. Seeing Gov. Mitch Daniels do the many things that he has done to shake up this conservative state. Watching Democratic U.S. Senate candidate Baron Hill dive into a frigid Lake Michigan after walking the length of Indiana. He lost. Being able to say that I know former U.S. Rep. Lee Hamilton, one of the finest people ever to represent Indiana in Congress. Having been a part of "King of Steeltown," the documentary about the 1999 East Chicago mayoral primary between Mayor Robert Pastrick and Stiglich. ❖

Doug Ross, Times of Northwest Indiana: Already, political observers are counting Obama's promises and watching to see whether he delivers on each and every one. And even if he does, is that good or bad? For that matter, will Bush be judged as good or bad? The economy is in a dreadful state, but will he be deemed the scapegoat or just a bystander? A song from "Wicked" offers the Wizard of Oz's advice on history: "A man's called a traitor -- or liberator. A rich man's a thief -- or philanthropist. "Is one a crusader -- or ruthless invader? "It's all in which label "Is able to persist." I've heard from people who thought Bush was the worst president ever. I've also heard from people who admired him -- at least for not getting caught with his pants down, unlike his predecessor. So which label will persist for Bush, for Obama, for Bill Clinton? Ask me in another 50 years or so -- although by then I'll probably be history as well. ❖



Indiana would get \$4B in House stimulus

WASHINGTON - Indiana would collect about \$4 billion over two years, with about \$1.3 billion going to aid the state's bottom line. Rep. Baron Hill, a Democrat from Indiana's 9th District, said the cost of the bill was startling. "And, as a fiscal conservative, spending this amount of money is a responsibility I take very seriously," he said (Louisville Courier-Journal). "However, the cost of doing nothing is incomprehensible." Indiana Gov. Mitch Daniels met with his staff frequently to monitor discussions in Washington on the bill and to analyze what it would mean for the state, said his press secretary, Jane Jankowski. But she said it was too early to assess how Indiana might use any of the money. Daniels said earlier this month that he wants to try to avoid using stimulus money to pay for ongoing expenses. Instead, he hopes to focus on areas or projects that could create jobs quickly. "Of course, some of the dollars will have very specific strings attached," Jankowski said. "But his philosophy is that, where we can, our effort should be on one-time spends."



Wall Street gave out \$18B in bonuses

NEW YORK - By almost any measure, 2008 was a complete disaster for Wall Street — except, that is, when the bonuses arrived (New York Times). Despite crippling losses, multibillion-dollar bailouts and the passing of some of the most prominent names in the business, employees at financial companies in New York, the now-diminished world capital of capital,

collected an estimated \$18.4 billion in bonuses for the year. That was the sixth-largest haul on record, according to a report released Wednesday by the New York State comptroller. While the payouts paled next to the riches of recent years, Wall Street workers still took home about as much as they did in 2004, when the Dow Jones industrial average was flying above 10,000, on its way to a record high. The state comptroller, Thomas P. DiNapoli, said it was unclear if banks had used taxpayer money for the bonuses, a possibility that strikes corporate governance experts, and indeed many ordinary Americans, as outrageous.

Dems grill Daniels admin on budget

INDIANAPOLIS - As they work toward crafting the state's budget, a panel of House Democrats grilled officials from agencies within Gov. Mitch Daniels' Republican administration on Wednesday about their spending priorities (Evansville Courier & Press). Several administration officials — including Indiana Department of Transportation Commissioner Karl Browning and Family and Social Services Agency Secretary Anne Murphy — explained and defended the funding they are asking the House Ways and Means Committee to write into the two-year budget. The governor proposes a budget and both the full Indiana House and state Senate will pass a version. Lawmakers in the Ways and Means committee are tasked with writing the first draft. The haggling between the committee and the administration this year appears especially contentious, as the sides are debating what programs to cut and how much money to spend in the face of a sour economy that has curtailed Indiana's tax revenues. "We will prepare a budget based on the information we receive, but sometimes it's difficult to get answers," said Rep. Dennis Avery, D-Evansville, a committee member. Browning testified Wednesday, repeatedly questioned by

Rep. Terri Austin, D-Anderson, who is the House Democrats' lead legislator on roads issues, even though she does not serve on the Ways and Means panel. Browning reiterated his contention that a proposed state economic stimulus plan that Austin and other Democrats have offered, House Bill 1656, would divert \$1.5 billion in Major Moves funding from already-scheduled projects, such as Interstate 69 construction, to use instead on other road and street projects around the state that are lower priorities for INDOT. Browning acknowledged the struggle local governments face in paying for road construction. "Absolutely, there's a need," he said. "I wish I had a silver bullet for you."

So does Easterly

INDIANAPOLIS

- State Department of Environmental Management Commissioner Thomas Easterly faced a barrage of questions Wednesday from legislators convinced changes at the agency will make it tougher to protect Hoosiers from environmental lawbreakers (Post-Tribune). Testifying before the House Environmental Affairs Committee, Easterly defended decisions to shutter IDEM's enforcement office and cancel local air monitoring contracts in Gary, Hammond and elsewhere. The new set-up will make the department more efficient and accountable, Easterly said, while saving about \$1.5 million annually. IDEM announced recently that the local air quality contracts would be canceled effective March 31. Hammond will lose roughly \$282,000 in 2009, Gary about \$18,000. IDEM inspectors will do the air quality inspections at businesses currently completed by local employees, Easterly said. "This will eliminate the duplication of services," he said. The situation is "particularly ironic" in Northwest Indiana, Easterly said, because the state already handles several of the larger air quality inspections directly.