



Inauguaral challenges for Gov. Pence



Top legislative priority will need positive April revenue report

By **BRIAN A. HOWEY**

INDIANAPOLIS – All of the pomp, optimism, sunshine and prose was just exactly as it should have been as Gov. Mike Pence became the 12th Indiana congressman to ascend to the state’s top executive position.

Pence rhetorically reached for



the torch that Gov. Mitch Daniels had passed to him on a crisp, cold Monday morning as the Indiana state flag gracefully billowed below him on the western stairway of the Statehouse. By noon he was greeting hundreds of Hoosier constituents, friends and former colleagues.

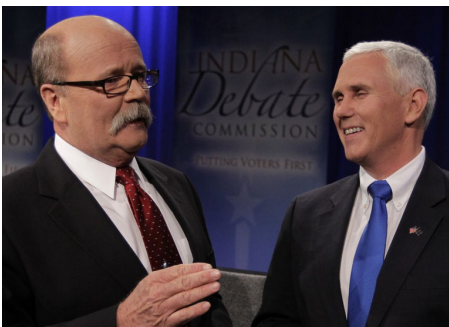
His first actions were to sign six executive orders, including one that would shift the state board overseeing teacher contract negotiations so

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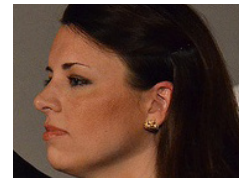
Gregg: 2016 ‘options open’

By **BRIAN A. HOWEY**

NASHVILLE, Ind. – If you’re an Indiana Democrat, don’t throw away your mustachioed John Gregg for Governor signs just yet.



Gregg told Howey Politics Indiana in an exclusive interview last Friday, that “I’m going to keep my options open” when it comes to a potential 2016 rematch with Gov. Mike



“I never dreamed I’d get the chance to perform on Broadway, let alone in my favorite subject - government.”

- LaPorte Mayor Blair Milo, on her role on a ‘No Labels’ panel in New York City



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Pence. "When it comes to voter ID for Democrats, other than Evan and Joe, no one else is even close."

He was referring to former governor and senator Evan Bayh and newly elected U.S. Sen. Joe Donnelly. Gregg doesn't believe Bayh will come back and run, echoing similar comments we've heard from other close Bayh confidants. Other potential candidates beyond Bayh include former Congressman Baron Hill, current Southern District Attorney Joe Hogsett, former Evansville Mayor Jonathan Weinzapfel, and former state health superintendent Woody Myers. Gregg said he called Hogsett on Thursday to congratulate him on finally placing above Bayh on the 2013 HPI Power 50 list (Hogsett was at No. 5, Bayh No. 20).

When he began his campaign in 2011, Gregg had 7% name ID and he did best in areas with an H.H. Gregg appliance store. That grew to 71% in his final internal poll, compared to 78% for Pence.

Pence spent \$17 million and won just 49% of the vote. "If it had gone another four or five days, I might have won," Gregg said. "We were gaining. And we were gaining even before Richard Mourdock's rape comment. We were already moving."

Pence campaign sources told HPI they watched internal numbers showing his lead falling to 3% at one point.

Gregg said he had planned to raise \$7 to \$9 million, achieved that goal, and expected the Democratic Governors' Association to kick in about \$2.4 million. Instead, the DGA came in under \$500,000 and that might have altered the course of the race. "If we could have gotten that money in June, it would have helped," Gregg said.

HPI noted that Gregg lost by 3%, but Gregg corrected the number. "We got beat by 2.7%," he said. "That sounds so much better than

3%." It was the closest gubernatorial race since 1960 when Democrat Matthew Welsh defeated Lt. Gov. Crawford Park 50.4% to 49.3%. Gregg said he also knew that Supt. Tony Bennett was in trouble when his internal polling last summer showed him winning by just 1% against an unnamed candidate. "He didn't have any idea he could get beat," Gregg said.

Gregg defended what HPI called his "schtick" Sandborn ads where he appeared in Carol's Clip N' Curl and downtown with his kids on the roof spraying his umbrella with



a hose. "I know people either loved them or hated them," Gregg said. But he said there was method to the madness. The ads created the buzz his campaign needed, more so than if he had done the buttoned-up "I'm a former House speaker" ads. The Sanborn ads actually helped draw him closer to Pence, before he opted for ads tying Pence to the Tea Party and then to Mourdock.

Most early polls showed Gregg trailing Pence in the 12% to 15% range. Pence never polled above 47% in any of the media polling, including three conducted in the Howey/DePauw Indiana Battleground Poll. The final poll in October showed Gregg trailing Pence 47-40%, up from the September poll which showed Pence up 47-34%. Gregg surged among independent voters where Pence had a 40-20% lead in Septem-



ber, while Gregg overtook him 39-34% in October. In exit polling, Pence actually lost the female vote to Gregg by a narrow margin, according to the Associated Press.

Howey/DePauw Republican pollster Christine Matthews observed, "I wasn't expecting him to lose women by the 47%-52% he did and I think there was definitely a 'Murdock' impact on his race." Essentially, Pence dropped from a 13% lead among women in the Sept. 22-25 Howey/DePauw poll to a 5% deficit on Election Day – an 18% hemorrhage.

Gregg said the \$50 million U.S. Senate race "sucked the oxygen out of the room."

"I could have shown my weeny and no one would have noticed," Gregg said at one point. "But the question I ask is, 'Who's going to affect your life more? A U.S. senator or a governor?' We raised the social issues, and I felt like John the Baptist in the wilderness. I predicted the tort reform was coming, even though they never talked about it."

As for Pence, Gregg said, "He was the most disciplined candidate. I slapped him for 22 months and he never answered. I could tell it ticked him off, but other than showing some irritation in the debate, he stayed disciplined. I've got to give him credit. It was hard to explain to people he changed his stripes."

Gov. Pence, from page 1

that it reports to the governor's office and another requires "family impact statements" that would help to ensure that "intact married families" won't be hurt by state rules and regulations.

Reporters, sniffing for the first controversy surrounding the state's 50th governor, were disappointed when Democrat Education Supt. Glenda Ritz signed off on the shift, noting that after years of the status quo her predecessor, Tony Bennett, had been the one to take over control of monitoring teacher contracts.

Perhaps the most eye-opening event occurred Wednesday morning when Pence gathered his cabinet, which looked like the Republican Party. Beyond Lt. Gov. Ellspermann and Director of Personnel Anita Samuel, the cabinet was overwhelmingly white and male (see list on

Was he surprised that Pence stayed positive?

"**It would have been a huge** story if he had gone negative," Gregg said. "Gov. Pence honored his pledge. I walk away from the race with a much better reputation and much higher name ID. I was out-spent two to one and I almost knocked him off." Pence became the first modern Indiana governor to win with less than 50% of the vote. As for a potential 2016 Pence presidential run, Gregg said, "He's not ready for a national race."

Gregg predicted that there will be fallout from the departing Daniels administration that will "land on Pence's plate" without getting into specifics.

Gregg said that changes in the Indiana news media impacted the race. He had to rely on earned media for a good part of last summer, and that did little to help him gain ground. He cited a smaller Statehouse press corps, which he said has undergone vast change since he left the speakership in 2002. But it has also changed throughout Indiana.

"You used to go to any town and stop by the newspaper and the radio station," Gregg observed. "Now many of the newspapers have gone to being weekly, and most of the radio stations are satellite. There would be only two people there and most of them are in sales." ❖

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Pence huddled with legislative leaders, and as to be expected there were smiles and nods of assurance from Republicans and optimism by Democrats. House Minority Leader Scott Pelath told reporters that Pence had "struck the right tone," explaining, "We all have important jobs for Indiana. Sometimes those jobs are to disagree and to discuss our differences. But we also have important roles (and need) to have the types of relationships where we

can work together when we do agree that things are for the good of the people."

House Speaker Brian C. Bosma drew on his lengthy friendship with Pence dating back to Indiana University Law School and reinforced the Pence campaign slogan that became his inaugural theme. "He is a man of great integrity and will lead our state to our shared goals of fiscal integrity and job creation. I have had the privilege of working with Lt. Gov. Ellspermann when



Gov. Pence signs his first six executive orders Monday just hours after taking the oath of office.



she was a legislator in our chamber. Together, we will reach our mutual goal of taking Indiana 'from good to great.'"

If there were any doubts about the fledgling administration, they were allayed until Tuesday, when OMB Director Chris Adkins – the architect of Pence's campaign "Roadmap" and his policy wizard – rolled out the first budget. It was there that the policy cornerstone of the Pence campaign met the realities of Statehouse sausage production and a fitful economy that has seen Indiana's jobless rate hover in the 8% range for more than two years. The 10% income tax cut which Pence unveiled last July without input or the imprimatur of Speaker Bosma, Senate President David Long, or Senate Appropriations Chairman Luke Kenley would serve as the \$790 million thrust of the proposed \$28 billion biennial budget.

School funding would increase by a tiny 1%, and there was \$64 million diverted from pension fund payments to provide grants for high performing schools and transportation funding. The obese budget elephant in the room – Medicaid funding – would constitute a hit of 17% that could potentially eat up 80% of the \$1.2 billion surplus in the first year and 40% in the second. That element was creating what Pat Kiely, former Ways & Means chairman and current Indiana Manufacturers Association President, would call a "surplus mirage." Pence signaled on Wednesday that Medicaid should come through the Healthy Indiana Plan.

Revenue forecasts 'overly optimistic'?

Larry DeBoer, the renowned Purdue University professor of agriculture economics, observed of the December revenue predictions: "The forecast offers an update for fiscal year 2013 revenues. The committee put 2013 revenue at \$14.34 billion. The forecast for 2014 was \$14.66 billion, an increase of about \$320 million. For 2015, the committee forecasts \$15.09 billion, an increase of \$750 million over 2013. For the two-year biennium, the General Assembly will have \$1.07 billion more than it will have in 2013. That sounds pretty good. But the growth in forecast revenues for 2014 is 1.5%. The growth in revenues in 2015 is 2.9%. Global Insight says inflation will be about 2% per year. Indiana's population has been growing by about 0.6%



Gov. Pence meets with legislative leaders on Tuesday. House Minority Leader Scott Pelath said that Pence had "set the right tone."

per year. This means that the added revenue will just about cover the cost of providing current state services at higher prices to a larger population." (Read DeBoer's entire column on Page 6.)

DeBoer concluded, "That probably means no added services from the current revenue stream. And it probably means no additional tax cuts without cutting the services that the state provides."

School funding friction point

The Fort Wayne Journal Gazette reported the school funding proposal this way: The budget would provide a 1% operating increase for K-12 schools in its first year, worth about \$63 million. In the second year, high-performing schools could receive an additional 1% increase. To qualify for the additional funding in the second year, schools would have to hit certain benchmarks. For instance, 40% of those dollars would be tied to schools reaching an A or B accountability ranking. In 2012, 1,276 schools hit that mark, or 61%. More schools would be eligible if their ranking improved one grade. The next 30% of that funding would be tied to a 90% passage rate for the third-grade reading test. And the rest would be available if schools have a 90% non-waiver graduation rate.

State Rep. Terry Goodin, D-Crothersville and a school superintendent there, sounded the cautionary note on the Pence education funding priority. "Our public schools are the number one economic development tool in our state," Goodin told Indiana Public Media. "So if that's the case, we need to fund those economic development tools properly. One percent's probably not going to do that."

So the friction points have been revealed over the tax cut and education funding. But with super majorities in the House and Senate, Pence has a luxury no other Indiana governor has had since Paul McNutt in 1933. Another governor who inherited sizable same party majorities after a wave election, Democrat Roger Branigin in 1965, ended up vetoing more than 100 bills.

As the Pence administration began on a cold January morning, the temperature permeated the reaction of legislative fiscal leaders with frosty pragmatism. "We'd like to be heroes and cut taxes," said Kenley. "You also need to be prepared to take care of your priorities and you need to have enough money to do that. Some would argue that if you lower the corporate income tax a little more, closer to



where the individual income tax is, you'll draw more businesses and more jobs in Indiana."

"Governor-elect Pence will present his case, we'll look, present his numbers," said Ways & Means Chairman Tim Brown, like Pence new to his role at the fiscal helm in the House. "And we'll take it under advisement and go forward. It is on the priority list. I don't know where it falls right now."

April forecast will be crucial

Essentially, the Pence income tax cut will be held hostage by events and statistics beyond his control, until the April revenue forecast is manifest. Thus, the success of the No. 1 Pence priority will be outside of his hand for almost three months.

It is a risky proposition for a politician who has aspirations for the White House, possibly as early as 2016. Thus, getting strongly out of the gates is vital in that context.

Rookie governors do not always get what they want. In 2005, Gov. Daniels sought a one-year 1% tax hike on "the very rich" and that was rejected. But he did forge what he and now Pence like to call "honestly balanced budgets" without smoke and mirrors. That Pence is delaying pension payments and raiding the tobacco settlement fund appears, on its face, to be a return to the Bayh/O'Bannon era of creative budgeting.

Both newly minted Gov. Evan Bayh in 1989 and Frank O'Bannon in 1997 inherited 50/50 split Houses, and both ended up with special sessions in their first year in office. Both relied on historic policy – with Bayh the passage of riverboat casinos in 1989, O'Bannon with a deal that included a worker's comp increase for a new Indianapolis basketball arena – to get them into a biennial budget by July 1 of those years.

A number of Republicans we've talked to, ranging from legislators to party operatives who express great affection for Gov. Pence, have expressed concern about his top priority and what it will mean to him in the long term if it doesn't pass.

Pence told HPI last week, "While we have in recent years provided tax relief on inheritance taxes and business taxes, I think the most important and effective way is to lower taxes on job creators in the cities and on the farm through the marginal income tax rate. What we'll do in our

first week in office is to present a budget to the budget committee and initiate a process. I'm looking forward to working through this with the General Assembly. I really do believe that the focus going forward is how do we seize this moment? I would just say to you I will welcome the dialogue and the discussion."

An inaugural flourish

Pence's rhetorical prop was the torch at the center of Indiana's state flag as he prepared to steer the state into its bicentennial era. "Our flag signifies that in a time of uncertainty, Indiana raised up a torch of liberty and enlightenment that banished the darkness, lit the way to the American West, and has become an enduring beacon ever since," the 50th governor said before several thousand Hoosiers. "For many Americans today is another, if different, time of uncertainty. It is a time where the disconnect between those who serve and the served has never seemed wider. Where the common sense of everyday people seems absent from public life. But not here in Indiana. Indiana has chosen a different course.

"While many of our sister states – some on the coasts, and some nearby – are struggling, our state is poised for an era of growth like no other in our lifetime," Pence said. "This is our time to shine."

"We dare not squander this moment with complacency or self-congratulation," he said. "With so many Hoosiers hurting in this economy, we must meet this moment with resolve, determined to leave our state more prosperous, our children more prepared, and our communities and families stronger than ever before. With so many families and businesses struggling just to get by, we have no choice but to remain bold, optimistic and relentless in our work until good jobs, great schools, safe streets and strong families become the hallmark of every community in this state. This we must do."

Pence paid homage to recent predecessors – Mitch Daniels, Joe Kernan, Frank O'Bannon, Evan Bayh, Robert Orr, Doc Bowen and Edgar Whitcomb. "We honor them all: Governor Whitcomb, whose patriotism and individualism exemplify Hoosier character, and Governor 'Doc' Bowen, whose caring bedside manner led a state through a season of reform. We honor the memory of Governor Orr, whose graciousness and vision began a season of education reform ahead of its time," Pence said, continuing, "We



Gov. Mike Pence greets U.S. Rep. Todd Young just minutes after taking the oath. (HPI Photo by Brian A. Howey)



honor Governor Bayh, whose youthful energy and frugality defined Indiana in the 1990s. We honor the memory of Governor O'Bannon, whose civility and good will remain vivid examples for all in public life, and we honor Governor Kernan, who steadied us at a time of shock and sorrow, and faced with determination and grace challenges he had not sought.

"And to Gov. Mitch Daniels, on behalf of a grateful people, I thank you and Cheri for all your service, for leaving our state the fiscal and administrative envy of the nation," Pence said. "You leave office the most respected governor in America. It's a good thing I am only succeeding you, because no one can ever replace you."

From 'Good to great'

Pence then turned to his theme of turning Indiana from "good to great."

Throughout his first day as governor, there was a valedictory feel to the swirl of events. Meeting with Republican Party officials and campaign volunteers at Union Station, Pence said, "As we raise our right hands today, you the volunteers will be chief among the people to whom we feel appreciation and gratitude. I'll work every day for the next four years to prove your trust is well placed."

Lt. Gov. Ellspermann added, "We didn't get here alone. It was your time, talent, hard work and most importantly your prayers that got us here."

Pence lauded First Lady Karen Pence. "She could have done anything in the world, but all she wanted to do in her life was be a teacher, be in the classroom with kids," said Pence. "She was the first volunteer in the campaign." As Pence defends his budget and his education funding proposals, the school teacher First Lady will almost certainly play a role in turning that pivotal corner.

About an hour after taking his oath and greeting the hundreds of Hoosiers who streamed in out of the cold, Pence ascended to the meditation room in the Statehouse, Room 432 on the top floor, the Columbus Republic reported. Three pastors stood behind him and placed their hands on his shoulders and prayed that Pence "find rest, comfort and peace in Christ." About 15 people were in the room. Some people took pictures on their smartphones, others bowed their heads in prayer.

He was then off for what will almost certainly be one of the most interesting and pivotal periods of his life, the cascading chapters on the way toward the state's bicentennial impossible to predict.

The "Good to Great" theme will almost certainly be one Gov. Pence expounds on when he delivers his first State of the State address at 7 p.m. Tuesday, Jan. 22.

This governor has set a high bar for himself, his state and the 6.5 million Hoosiers within. ❖

Pence Cabinet

Gov. Mike Pence is expected to round out his team of top aides today. The new governor's schedule for Thursday afternoon showed him announcing more members of his administration. Pence has yet to appoint the leaders of FSSA and Department of Child Services and the Department of Agriculture. Here is the current cabinet:

Alley, Michael	Commissioner	Revenue
Atkins, Chris	Director	Management and Budget
Baltzell, Paul	CIO	Office of Technology
Brown, James	Director	Veterans Affairs
Cardwell, Jeff	Executive Dir.	Faith Based & Community Initiative
Carter, Doug	Superintendent	Indiana State Police
Carter, Rob	Director	Natural Resources
Cline, Michael	Commissioner	INDOT
Doden, Eric	CEO	IEDC
Easterly, Thomas	Commissioner	IDEM
Gargano, Michael	CEO	FSSA
Hill, John	Exec. Director	Homeland Security
Keefer, Sean	Commissioner	LABOR
Lemmon, Bruce	Commissioner	Correction
Ryan, John	Director	Child Services
Samuel, Anita	Director	State Personnel
Sanders, Scott	Commissioner	Workforce Development
Smith, Victor	Secretary	Commerce
Umbarger, Martin	Adj. General	Indiana National Guard
VanNess, Bill	Commissioner	Health
Waddell, Scott	Commissioner	BMV
Wynkoop, Robert	Commissioner	Administration

Ellspermann Senior Staff

Lt. Governor Sue Ellspermann announced her executive office team. The staff is made up of individuals from former Lt. Governor Becky Skillman's office as well as several additional hires from the public and private sectors. "I have surrounded myself with a professional and devoted staff that will make Indiana a better place through their hard work and dedication," said Ellspermann. "I will challenge my staff to exceed the expectations of Hoosiers."

- Legislative Director: Ryan Heater
- Deputy Legislative Director: Daniel Workman
- Intergovernmental Affairs: Marita Steltenpohl
- Press Secretary: Tyler Stock
- Scheduler: Nancy Ketterman
- Constituent Services Director: Karen Davis
- Special Assistant: Joey Fox
- Administrative Assistant: Sara Rossier
- Chief of Staff: Tonya Brothers-Bridge
- Senior Advisor: David Terrell ❖



Governors tend to hew to the center

By **BRIAN A. HOWEY**

NASHVILLE, Ind. — As Gov. Mike Pence prepares to give the second of two important speeches of his career in the span of eight days, there is one thing to keep in mind: presidencies and governorships tend to pull even the most ardent ideologues into the center.

Pence is arguably the most conservative politician to be elected Indiana governor in modern times with that reputation forged during eight congressional campaigns, his



TV and radio talk shows, and his role as president of the Indiana Policy Review Foundation. When you sort through the television-age Hoosiers who have served in Room 206, Matthew Welch, Roger Branigin, Edgar Whitcomb, Doc Bowen, Robert Orr, Evan Bayh, Frank O'Bannon, Joe Kernan and Mitch Daniels are rarely referred to as "radical."

Some might make the case that Daniels' decision to lease the Indiana Toll Road to fund Major Moves and his sprawling education reforms were radical, but Democratic Chicago Mayor Richard Daley leased the Chicago Skyway years before. President Obama and Education Secretary Arne Duncan have pushed for many of the same reforms that Daniels achieved in Indiana, though they do not advocate vouchers.

To find true "radicals" you have to go to times of crisis, such as the Civil War when Gov. Oliver P. Morton disbanded the Indiana General Assembly after Copperhead Democrats won control in 1862, forcing Morton to finance Indiana's war efforts with privately secured loans. The Great Depression prompted newly elected Democratic Gov. Paul McNutt, along with two super majorities in the House and Senate, to overhaul the state's bureaucracy, initiate the gross income tax, while creating work programs that would eventually forge jobs for 75,000 Hoosiers.

Like McNutt, Pence comes to office with two super majorities, 69 to 31 in the House and 37-13 in the Senate. Thus, Pence finds himself at a unique juncture.

Most of the Hoosier governors have come out of the mainstream of their parties. Even governors who might trend left or right are often pulled back to the center

because governing an entire state creates the need for pragmatism.

On Monday, Pence delivered his inaugural address that set the spiritual tone for his administration. Next Tuesday, Pence will give his first State of the State address. In this statewide televised speech before a joint session of the Indiana General Assembly, Pence will lay out a vision for the first years of his governorship and rally both Republicans and Democrats.

Pence has given dozens of speeches to bipartisan groups, such as the one he delivered to the Detroit Economic Club in November 2010 when he was the object of speculation on a potential presidential run. And while he has spoken at Indiana energy forums and Chamber of Commerce events in recent months, his gubernatorial run found him speaking mostly to partisan Republican groups where he could rally the troops. During his campaign in 2012, Pence entered an uncharacteristic phase when he was not readily available to the news media.

In the first six months of 2010, when he was the Republican U.S. House Conference chairman, Pence was quite conspicuous, giving 87 Indiana radio interviews, nine TV interviews, 64 national radio and 74 national TV talks.

What we saw in 2012 was a Pence campaign decision to become one of the most disciplined gubernatorial candidates in memory. Pence talked almost exclusively about jobs, expanding vocational education, and other education issues. It echoed his Detroit Economic Club speech when he talked of restoring "American exceptionalism" by ending "all this Keynesian spending and get back into the practice of free market economics."



"The free market is what made America's economy the greatest in the world, and we cannot falter in

our willingness to defend it," Pence said, while outlining his economic agenda using the acronym START: Sound monetary policy, Tax relief and reform, Access to American energy, Regulatory reform, and Trade.

Spurred by Democratic gubernatorial nominee John Gregg's prediction that Pence was preparing to pull off a bait and switch, cloaking his social agenda behind a rhetorical facade of economic and education issues, there has been considerable recent media speculation about how Pence will actually govern. Late last week, his critics pointed to a bill by State Sen. Mike Delph, who said he filed it on behalf of the administration, to pass "loser pays" civil litigation reforms.



The reason for this speculation is while Congressman Pence had taken on President George W. Bush and Republican congressional leaders on drunken federal spending, while advocating progressive immigration reform and sustainable entitlements, Pence developed a reputation as a social firebrand. He was a lead instigator of defunding of Planned Parenthood, which prompted Republicans in the Indiana Senate to initiate legislation here that was eventually signed by Gov. Daniels.

There will be external forces pulling at Gov. Pence. Social conservative allies will seek his backing of a constitutional amendment barring gay marriage and additional abortion restrictions. Their take might be similar to congressional Democrats who, with control in 2009 of the White House and both houses of Congress, pushed what eventually became known as "Obamacare." The reasoning there is that such emphatic power could be fleeting. Pence could find himself being beseeched by social conservatives to install the ultimate wish list. Democrats lost control of the U.S. House just months after the passage of Obamacare.

While Pence has said that as a pro-life governor he would be inclined to sign any such bill that reaches his desk, he has signaled the marriage amendment will not be a "priority." Senate Education Chairman Dennis Kruse pushed a "creationism" bill in 2012, but he did not sponsor that bill in this session. Pence sources told HPI that the incoming administration did not try to dissuade Kruse from renewing a push for that legislation.

Seeking such an agenda – particularly when he didn't campaign on it - and with the state unable to shake off an 8% jobless rate it has endured for several years could be dangerous in the context of 2014 mid-term elections.

Last Wednesday, Pence was focused on jobs and fiscal integrity. "Because of the progress we've made over the last eight years, Indiana is on the verge of timely growth, educational attainment like no other time in our lifetimes," Pence said. "I think we have to lean into the fight to make Indiana more attractive for investment by businesses that are here and businesses which want to come here. I truly believe that lowering taxes and improving the quality of our work force represent two great opportunities to do just that."

As Pence walked to his waiting State Police escort, he paused on the sidewalk outside of HPI's Massachusetts Avenue office and talked with great vigor of tying economic development to the research universities of Indiana, Purdue and Notre Dame. Viewing Google Earth of the array of dynamic companies surrounding Stanford University, Pence said, was an exciting prospect he intends to push for Indiana. ❖

Pence, legislature face a possible overly optimistic revenue forecast

By **LARRY DeBOER**

WEST LAFAYETTE – Starting in January, the Indiana General Assembly will craft a budget for the state. The budget is a plan for spending on state services from July 1, 2013 through June 30, 2015, fiscal years 2014 and 2015.

To create the budget, legislators need to know how much revenue they're going to have. On Dec. 17, Indiana's forecast committee offered its best guess. The forecast was a bit more than a billion dollars above current revenues.

A billion dollars is a lot of money. But this is a pretty conservative forecast.

Indiana's revenue forecast is done in two parts. A forecast committee creates equations that link Indiana revenues to the economy. Then Global Insight Co. provides a forecast of the economy through 2015. The economic forecast is plugged into the equations to come up with the revenue forecast for the state's general fund.

The forecast offers an update for fiscal year 2013 revenues. The committee put 2013 revenue at \$14.34 billion. The forecast for 2014 was \$14.66 billion, an increase of about \$320 million. For 2015, the committee forecasts \$15.09 billion, an increase of \$750 million over 2013. For the two-year biennium, the General Assembly will have \$1.07 billion more than it will have in 2013. That sounds pretty good.

But the growth in forecast revenues for 2014 is 1.5 percent. The growth in revenues in 2015 is 2.9 percent. Global Insight says inflation will be about 2 percent per year. Indiana's population has been growing by about 0.6 percent per year. This means that the added revenue will just about cover the cost of providing current state services at higher prices to a larger population.

That probably means no added services from the current revenue stream. And it probably means no additional tax cuts without cutting the services that the state provides.

Why so little added revenue? Revenues in this biennium have grown faster than the forecast: 6.4 percent in fiscal 2012 and 3.3 percent so far in fiscal 2013. Revenues in 2013 were running a little above the December 2011 forecast. But the Dec. 17 forecast revised 2013 revenues





downward.

That's a conservative forecast.

Slower growth is not due to the famous fiscal cliff. If Congress fails to act, federal taxes will rise and spending will drop in 2013, and Global Insight (like everyone else) says we'll have a recession. But that's not the forecast used for the revenue projections. The forecast has Indiana income growing 4.4 percent in 2014, which is more than it grew in 2012 or 2013.

The sales tax forecast shows that growth. Sales tax revenue is projected to grow 3.7 percent in 2014 and 4.1 percent in 2015. It's the other revenue sources that create the drag in the forecast.

State income tax growth is reduced because the budget agency will establish a reserve for local income taxes. A reserve for the locals means less revenue for the state.

Corporate income tax rates are coming down, and we're phasing out the inheritance tax. Lower tax rates mean slower revenue growth.

In the past two years we've used more cigarette tax revenue in the general fund, but in the next biennium, some of that money will go to the retiree health-benefit trust fund.

And, gaming taxes are likely to drop. Riverboat casinos and racetrack casinos seem to have reached market saturation, which means that everyone who might gamble at a casino already is. Revenue growth has slowed. Now we're expecting more competition from new casinos in Ohio, particularly in the Cincinnati region. There may be more competition from casinos in Illinois, too. That will reduce gaming revenue in Indiana.

All these reductions add up. Indiana income growth is projected to average more than 4 percent per year, but state revenue growth is projected to average only 2.2 percent per year. Again, it's a conservative forecast.

All this assumes no recession from the fiscal cliff or European financial collapse, or due to slower growth in Asia. If those things happen, this revenue forecast will be too optimistic. There's always a forecast revision in April, right before the budget is passed. This time, the forecast revision may be more important than ever.



DeBoer is a professor of agricultural economics at Purdue University.

Indiana Members react to Obama gun proposals

WASHINGTON - Braced for a fight, President Barack Obama on Wednesday unveiled the most sweeping proposals for curbing gun violence in two decades, pressing a reluctant Congress to pass universal background checks and bans on military-style assault weapons and high-capacity ammunition magazines like the ones used in the Newtown, Conn., school shooting (Associated Press).

A month after that horrific massacre, Obama also used his presidential powers to enact 23 measures that don't require the backing of lawmakers. The president's executive actions include ordering federal agencies to make more data available for background checks, appointing a director of the Bureau of Alcohol, Tobacco, Firearms and Explosives, and directing the Centers for Disease Control to research gun violence.

"To make a real and lasting difference, Congress must act," Obama said. "And Congress must act soon." The proposals got an icy reception from Indiana congressmen.

U.S. Rep. Todd Rokita said, "President Obama's gun control proposals are a radical overreach by a power-hungry executive branch that is committed to restricting the 2nd Amendment rights of law-abiding Americans, without any concern for either the constitution or how this plan would actually work in the real world. More laws and regulations will not and cannot stop evil – only strong families and communities can."

U.S. Rep. Luke Messer called the proposal an "assault." Messer said, "The Second Amendment protects the right of the people to keep and bear arms from being infringed. I will defend this constitutional bedrock against the unwarranted assaults the President announced today. The President's attempt to circumvent Congress to implement part of his gun grab should concern all Americans, regardless of whether they own a firearm."

U.S. Sen. Dan Coats reacted by saying, "The Newtown shooting was a horrific tragedy that had an impact on all Americans but especially every parent, teacher and student, and it is right for our country to reflect on how we can prevent such events in the future. As we learn more about the president's proposals, we must protect Second Amendment rights and ensure the federal government does not punish responsible gun owners. I will not support legislation or executive actions that would affect gun ownership rights for law-abiding citizens, including any assault weapons ban."

U.S. Rep. Jackie Walorski said, "Congress must pursue a step-by-step bipartisan approach to improve relevant issues—particularly better access to mental health care—instead of forcing gun restrictions. Enactment of future legislation must strike a balance to protect the rights of responsible Americans, while keeping guns out of the hands of the mentally ill and those who intend to cause harm to others. As the wife of a schoolteacher, the tragedy at Sandy Hook Elementary truly hits home for our family." ❖



Rokita sees ‘morality’ in fiscal dilemma

By **BRIAN A. HOWEY**

INDIANAPOLIS – When U.S. Rep. Todd Rokita talks about “morality” as it pertains to his job, it isn’t about gay marriage or some of the other social issues that tend to define the term.

It’s all about debt and the viability of future generations to live better than the previous one. There are no congressional districts devoid of grandchildren. He notes that current Medicare recipients will pay an average of 32% of what they’ll take out. “Why do your grandchildren have to pay that 70% for you?” Rokita asked. “What makes that OK?”

The subject came up in the context of the recent fiscal cliff issue. He was specifically asked about how many Republicans talk about the need for spending cuts, when common sense suggests that the answer to U.S. solvency involves spending cuts, tax hikes or, better yet, reform of the tax code.

“I want to make sure the folks understand the morality of the decision,” he said of his vote against the fiscal cliff. “I’ve gotten great feedback when I do my town halls and lay out all of the facts and figures. And also the moral arguments. I’ve not met a senior citizen who doesn’t want the next generation to be better off. Everyone. I can tell you right now that it’s a concern. I cannot let the tax comment go without a response. I see a tax increase as part of a solution, but not a mathematical solution. By the way, we’ve already had a tax increase, OK?”

Rokita has taken some arrows for his vote against the fiscal cliff, and a second vote in which he opposed aid to Hurricane Sandy victims in New York, New Jersey and Connecticut.

“I was for Plan B,” said Rokita during an interview

at Howey Politics Indiana, referring to a plan that blew up on House Speaker John Boehner. “So people ask, why were you against the fiscal cliff? Well, Plan B didn’t increase spending. The fiscal cliff delayed the sequester and added \$330 billion in new spending over the decade. That’s the opposite of what I came to do. I couldn’t get myself to be for the fiscal cliff. But if tax increases are part of a solution in the sense that it gets those who believe in tax increases and only tax increases give me a start to entitlement reform, if I get entitlement reform so I know this debt situation will be solved down the road, I would be one for tax increases.”

That is rare talk for a Republican member of Congress, who since Vice President George H.W. Bush vowed in 1988 to “read my lips, no new taxes,” has lined up against virtually any tax increase for any reason.

Now the nation is faced with a \$16 trillion debt, a budget deficit more than \$1 trillion for five consecutive years, and 10,000 Baby Boomers retiring every day.



U.S. Rep. Todd Rokita believes there will be four opportunities before summer to enact spending cuts to help solve the long term U.S. deficit and debt problems.

“We’re in this situation because we failed to solve the problem and the problem is the long term debt trajectory and the spending driving that debt. Until you solve the spending, you’re going to continue to have this,” the sophomore Republican explained. “It’s not that Republicans are trying to be confrontational with the White House, causing this uncertainty. The reason this country is so weak from a fiscal standpoint right now, and the reason that is causing that is because we are spending more

than we take in and you can’t take in enough to match the spending.”

Asked about the bipartisan Simpson Bowles Commission plan that President Obama initiated, and then ignored, Rokita observed, “They say they have to be reformed, which is a great start, but they didn’t color in how we start. That’s why you come back to the Ryan budget, which is the only plan out there. I would be willing to raise the eligibility age. The original assumption was we live to age 58 on average.” The average American now lives to age 78.



"I would consider a much more significant means test," Rokita said. "A lot of people on my side would consider that a tax increase. So be it. Right now there is an annuity. I paid in and I take out. Take Medicare: We're only paying in an average of 32%."

While he was one of 150 Republicans to vote against the fiscal cliff plan in the House, he observes that Obama and Democrats have finally achieved a tax hike on the upper 2% of earners. As for Obama, Rokita said, "I think what he's going to want is more tax increases for spending cuts. I'm not just for spending cuts. I will take them when I can get them. But I'm not for spending increases. But in order to solve the debt problem, if you really want to solve the debt problem, you have to reform, not just cut."

Asked if his constituents understand that President Obama will be in office for the next four years, Rokita explained, "I think my constituents understand. Who I hope understands is House Republican leadership. For my first years in Congress, we weren't supposed to do anything too bold for fear of rocking the boat before the election and a chance to get a Republican president. Quite frankly, that time has come and gone. So we have nothing left but to be bold."

"If he comes back and asks for reform," Rokita said of Obama, "if he does that, then Todd Rokita doesn't need to be a congressman anymore."

As for criticism over his vote against Sandy aid – he and U.S. Rep. Marlin Stutzman opposed it – Rokita explained in an op-ed article for the Lafayette Journal & Courier, "When Indiana was hit by flooding and tornadoes in 2011 and 2012, I asked the federal government to tap some of that already budgeted – and therefore already prioritized – emergency funding to pay for relief. They did, and Hoosiers were better for it. But that fund ran dry before Hurricane Sandy ever hit land. Does that mean we shouldn't help our fellow Americans? Of course not. What it means is that we must make room in our national budget for the new situation by reducing spending on what would now be less important priorities, just like we did with the budget and continuing resolutions before the fund ran dry, and just like every family would do in times of emergency. This is far from hypocrisy. It's the opposite of it."

Rokita said the Sandy bill "did nothing to prioritize spending in light of Sandy."

"So I reluctantly voted against it and would do so again under the same circumstances," he said. "Before voting, I asked the same question to myself that I ask before most all votes: Will this be better for the children of tomorrow? If they have to pay for this borrowed spending because those who want it refuse to pay for it with cuts elsewhere, the obvious answer is 'no.' Rather than add-

ing to our debt with new off-budget disaster spending, we should make cuts that equal these additional expenses. There is no shortage of wasteful spending that Congress could cut. For example, an estimated \$4.5 billion in improper or illegal food stamp payments by the Department of Agriculture and \$3.2 billion in college tax credits doled out by the IRS to prisoners and other ineligible applicants. By simply eliminating improper payments in programs like Medicare, Medicaid and unemployment insurance, we could save more than \$100 billion per year, enough to pay for Sandy relief and other disasters that might come."

On Tuesday, he supported an amendment by U.S. Rep. Mick Mulvaney which would make across-the-board cuts of 1.63% to all discretionary spending to offset the cost of new spending related to Hurricane Sandy. It was defeated 258-162.

Four chances for reform

In Rokita's worldview, there are opportunities for President Obama and Congress to get the U.S. fiscal house in order. "I actually see an opportunity," he said. "Between now and June, there will be four opportunities to address the spending issue. The same arguments we heard from November through New Year's Day will reappear.

"We're going to have to face to raise the debt ceiling again by March, maybe by mid March. So that's one. No. 2, I talked to (House Budget Committee Chairman) Paul Ryan last week, he is committed to writing another budget and he has asked for my help on the Budget Committee. We are committed to do that by April 15, which is the legal deadline. That will all come up again because we are certainly going to address in the narrative of that budget."

No. 3 will be that the sequester has been delayed because of this fiscal cliff deal, for two months. "So that is going to hit again in March. And by the way, the continuing resolution ends in March. So there's four times right there where these same issues and the same narrative is going to come into play. The reason I call that an opportunity is it's daunting work, it's an opportunity to have this conversation again with the American people. I think every time we do it, since the last debt ceiling vote, and the last two Ryan budgets, we've been able to wake people up and say, 'Look, this is what's driving the debt.' Because we want to put more on our social entitlement plate now, and making our kids and grandkids pay for it. How is that moral?"

Some see dollar signs and danger signs. Rokita sees them in the context of morality. ❖



LaPorte Mayor Milo joins Huntsman, Manchin in No Labels offensive

By S. WADE GARRARD

NEW YORK – About 1,300 citizen leaders, 10 members of Congress, and one Hoosier mayor gathered on Monday in New York City’s Marriott Times Square for a national conference of the No Labels movement (www.nolabels.org). Their aim was not to create a third party but to encourage Democrats, Republicans and Independents to establish better relationships in order to solve problems.

The group unveiled 12 of the 24 members of the 113th Congress who have committed to being part of the No Labels Problem Solvers Coalition. In the absence of any other true bipartisan caucus, The Problem Solvers Coalition has met three times and will continue to meet throughout the year in order to “to build trust across the [political] aisle.” The 12 members who attended the NYC event, hailed as the Meeting to Make America Work event included: U.S. Reps. Reid Ribble (R-WI), Peter Welch (D-VT), Charlie Dent (R-PA), Kurt Schrader (D-OR), Scott Rigell (R-VA), Jim Himes (D-CT), Michael Grimm (R-NY), David Cicilline (D-RI), Dan Lipinski (D-IL), Janice Hahn, (D-CA), Sen. Joe Manchin (D-VT), and Sen. Angus King (I-ME).

Mayor Blair Milo of LaPorte participated in a panel simulation during the afternoon program along with No Labels Co-Founder David Walker, Former Comptroller General of the United States, and former Congressmen Hon. Dan Glickman (D-TX) and Hon. Tom Davis (R-VA). In the exercise, which attempted to demonstrate both the difficulty and possibility of reaching bargains across the aisle, Mayor Milo played the role of an up and coming young

mayor of Strivers City – a fictional Midwest town hard hit by the economy and Glickman and Davis played congressional leaders from opposing parties. Walker played the Secretary of the Treasury and Bill Galston was Chief of Staff to the President. Milo is one of five Indiana mayors age 30 or under and mentioned often as ‘one-to-watch.’

“I was so honored to have been part of such a fascinating group. I never dreamed I’d get the chance to perform on Broadway, let alone in my favorite subject – government,” the 28-year-old Milo said. “I wasn’t sure what to expect with the simulation, but I think it was a really innovative and effective way of succinctly boiling down what some of the sticking points have been on a complicated



LaPorte Mayor Blair Milo with former Agriculture Secretary Dan Glickman and U.S. Rep. Tom Davis, R-Va. (HPI Photo by Wade Garrard)

subject - all while still showing that there are options to move ahead.”

The No Labels group aims to grow the Problem Solvers Coalition in Congress from 24 to 70 lawmakers, with former Gov. Jon Huntsman R-Utah, who ran unsuccessfully for president in 2012, and U.S. Sen. Joe Manchin, D-W.Va. — two politicians known for bucking their parties — at the helm as national No Labels Co-Chairmen (unpaid).

No Labels was co-founded by Nancy Jacobson, Evan Bayh’s long-time finance consultant and former DNC Finance Committee Chair, and Mark McKinnon, chief media



strategist to George W. Bush and John McCain for President in 2010. Sen. Bayh spoke at the 2010 launch of the movement but did not attend this week's Meeting to Make America Work. Former Indiana Gov. Mitch Daniels spoke on one of No Labels National Tele Town Hall calls with over 20,000 citizens calling in mid-2011.

Key elements of the movement's Make Congress Work reform agenda include the No Budget No Pay legislation which suggests that Congress must perform one of its basic responsibilities of passing a budget and all appropriations bills or else members do not get paid. The No Budget No Pay bill, was introduced in the Senate by Dean Heller (R-NV) and received 90 co-sponsors in the 112th Congress and also received a hearing in the Senate thanks to Sen. Joe Lieberman. The bill was introduced in the House by Bill Cooper (D-TN). U.S. Reps. Todd Rokita (R-IN) and Congressman Stutzman (R-IN) were the only two members from the Hoosier delegation who signed on to co-sponsor the bill last year.

No Labels is also calling for Congress to get back to a five-day work week. "People would be outraged if they knew that members of Congress and especially members of both parties don't even know each other. It didn't used to be that way. Nowadays everyone arrives on Monday night or Tuesday morning and leaves town by Thursday and therefore friendships are not developed between members and members' families," said Gov. Jon Huntsman. "No Labels provides a safe venue for members to come together and talk about the issues."

Huntsman established a friendship with his national No Labels co-chairman, U.S. Sen. Joe Manchin (D-W.V.) when they were both freshmen governors in 2004. "Governors and especially mayors are more capable of establishing friendships and working relationships across party lines than members of Congress seem to be able to do," Manchin said. "Somehow it has become guilt by conversation... party leaders punish members for simply going to lunch with someone from the other party."

"We are calling for Congress to have work three 5-day work weeks and then spend a full work week back home in their districts. The rest of the world has to do work five days a week, we should expect Congress to do their jobs," Huntsman added.

Other reforms include bipartisan seating in committees and during the State of the Union, up or down votes on Presidential appointments within 90 days and filibuster reform.

"Of course major reforms are needed in the area of opening primaries, redistricting and the influence of money in politics and there are other organizations who are focused on these issues already," No Labels founder Nancy Jacobson said. "These big issues will take decades, so No Labels is focused on procedural rules and changing incentives and attitudes – things that can be enacted immediately."

No Labels announced national partnerships with the League of Women Voters and the Junior Statesman of America.

The conference included speeches by Newark, N.J. mayor Cory Booker, U.S. Sens. Dean Heller (R-NV) and Angus King (I-Me.).

Special video addresses were shown by President Bill Clinton, U.S. Sen. John McCain (R-AZ), U.S. Sen. Kelly Ayotte (R-NH), and U.S. Rep. Jack Kingston (R-GA).

"We have to build trust, and you can't build trust if you don't have relationships," said U.S. Rep. Charlie Dent (R-PA). "And what I like about No Labels Problem Solvers group is that we actually sit down and break bread and talk about things. That's not a small thing." ♦



Former Utah governor and ambassador to China Jon Huntsman (left) and U.S. Sen. Joe Manchin, D-W.V., are leading the No Labels movement to get Congress to work constructively. (HPI Photo by Wade Garrard)

Indiana Committee to Fix the Debt

INDIANAPOLIS - Local officials, business leaders and concerned citizens will host a teleconference call to officially launch the Indiana chapter of the Campaign to Fix the Debt at 2 p.m. today. Each chapter is working to call on our leaders in Washington to reach a comprehensive agreement to put America on a path of better fiscal health. The group is headed by Monarch Beverage CEO Phil Terry and Jim Schellinger of CSO Architects.

Steering committee members include Pat Kiely, State Rep. Tim Brown, John Mutz, Mary Ann Sullivan, John Thompson and John Hammond III.

Participate in the conference call at 2 p.m. today: Call in number: (888) 285-4585 Access Code: 970906





Region Top 10 Power List

By **RICH JAMES**

MERRILLVILLE – It is a new year and a non-election year in Indiana.

The Republican and Democratic parties will elect county chairmen in March but nothing else. For the most part, the politicians in Northwest Indiana will spend much of the year maneuvering for a host of races in 2014 and 2015.

It is a good time to identify the players in this corner of the state.

With apologies to Brian Howey, who annually names the 50 most influential politicians in Indiana, here is my list of the 10 most influential local elected of-

ficials in Lake, Porter and LaPorte counties.

No. 1. Thomas M. McDermott Jr. heads the list.

Not only is he the chairman of the Lake County Democratic precinct organization, he is mayor of Hammond, the largest city in Northwest Indiana as a result of the 2010 Census.

Besides controlling the Lake County Election Board, McDermott, (pictured right) can have a significant impact on who will be candidates in local races.

No. 2. Lake County

Sheriff John Buncich is the heart of law enforcement and works closely with municipal departments around the county. He also heads the largest office on the county level which means jobs, jobs, jobs. An endorsement by Buncich can go a long way for local candidates. While Buncich likely could win the county chairmanship, he isn't expected to challenge McDermott.

No. 3. State Rep. Scott Pelath. The Michigan City Democrat shot up in the power rankings when he was elected minority leader of the Indiana House, essentially becoming the lead legislative voice for the area.

No. 4. Gary Mayor Karen Freeman-Wilson. After a year on the job, it is clear that Freeman-Wilson wants to play a role in uniting the area. With the Gary/Chicago International Airport about to reach the capability of handling any type of aircraft, the facility – under Freeman-Wilson's

direction – could become the economic engine for Northwest Indiana. Although Freeman-Wilson (pictured right) never will be a politician's politician, she controls the precinct organization with the most Democratic votes in the region.



No. 5.

Valparaiso Mayor Jon Costas is the leader of Porter County on a number of levels, foremost of which is regionalism. He is a supporter of the NWI Regional Development Authority and has been one of the few Porter County officials to push for area regionalism. Costas continues to long for statewide office.

No. 6. Lake County Commissioner Gerry

Scheub has considerable clout because he represents the largest chunk of Lake County, controls millions of dollars in county funds and has years and years of experience.

No. 7. State Sen. Earline Rogers. This Gary

Democrat has long been the voice of reason, regardless of which party controls the Legislature. She has been particularly effective in working with Republicans. If there is to be a land-based casino in Gary, Rogers will have been the one to negotiate the deal.

No. 8. State Sen. Ed Charbonneau and State

Rep. Ed Soliday are Valparaiso Republicans. The two have considerable clout within the Republican caucus in the Legislature and are vital to NWI, especially since the GOP has a super majority in both the House and Senate. As is the case with Democrat Rogers, Charbonneau and Soliday also are voices of reason.

No. 9. County Commissioner Roosevelt Allen.

The Gary Democrat and Scheub have controlled the Board of Commissioners for years. Outgoing Commissioner Frances DuPey was the "odd man out." Allen also sits on the Gary Airport Authority Board

No. 10. State Rep. Charlie Brown, D-Gary, authored the smoking-ban bill and remains the leading Democratic voice on health care issues, a position that is taking on increasing importance. Brown, too, will play a role if a land-based casino comes to his city. ❖

James is the former editorial page editor for the Post-Tribune.





How much lower can Congress go?

By JACK COLWELL

SOUTH BEND - How low can Congress go? Well, lower than a cockroach. Really. A nationwide poll last week conducted by Public Policy Polling found Americans had a higher opinion of cockroaches than of Congress.

But the roaches had to scurry. They were more popular than Congress by only 2 percentage points. Close race. Actually within the margin for error.

No contest, however, in many other comparisons. Colonoscopies, root canals, used car salesmen and lice all were selected way ahead of Congress by more than 20 percentage points.

OK, Congress did come out more popular than meth labs, North Korea, gonorrhea and



Lindsay Lohan.

While all of this provides a little humor and also stresses the depths of the dislike for Congress, the key finding still was in the traditional question: Do you have a favorable or unfavorable opinion of Congress? The percentages:

- Favorable: 9
- Unfavorable: 85
- Not Sure: 6

Those percentages are in line with findings in other polls.

And with Congress lower than a roach, it's easy to see why a political figure such as New Jersey's Republican Gov. Chris Christie skyrockets in popularity after excoriating the House Republican majority and Speaker John Boehner for failing to vote to provide assistance to areas devastated by Hurricane Sandy.

"It's why the American people hate Congress," said Christie.

Yes, and blasting Congress is why Christie, already high in polls after working in a bipartisan way with President Obama in the wake of the storm, shot up to an amazing 73 percent job approval rating in his heavily Democratic state.

Christie also has gained popularity nationally in polls and favorable publicity _ on the current cover of Time magazine.

Here's another poll finding no doubt involving views

on Congress. Obama shot up to a 56 percent approval rating in the Gallup poll last week, with just 39 percent disapproval. Is this because of great accomplishments of the president since his re-election? Or because he is seen as the good guy fighting the good fight against the bad guys in Congress?

Congress could sink even lower if it forces government shut-downs or does further damage to the nation's credit rating with games of chicken on the debt ceiling. Maybe it would sink enough for Lindsey Lohan to top it in popularity. She only trails Congress now by 4 percentage points.

More significantly, of course, it could help the president climb even higher in approval ratings after having been down so close to possible defeat not so many months ago.

Also, Christie won't be the only Republican to lash out at House Republicans. It's politically profitable.

How can you lose among voters if you are seen as taking on a Congress so uniformly unpopular, lower than a roach?

The Public Policy Polling survey found every grouping in the poll joining in a dismal rating _ Republicans, Democrats, Independents, men, women, all age and racial groups and all on the ideology scale from very liberal to very conservative.

But lower than roaches?

A poll analyst theorized: "Cockroaches are a pretty good reason to call the exterminator but voters might be even more concerned if their homes were infested by members of Congress."

Respondents certainly had different reasons for their dislike of Congress. Some would find it too "tea party." Others, not "tea party" enough.

Some would put more blame on the Republican-controlled House. Others, on the Democratic-controlled Senate. But the wrangling, lack of action on important issues and insistence on going to cliff's edge before kicking the can down the road once more has almost everybody upset.

There were distinct differences in response to some of the comparisons.

Congress came out 3 percentage points less favorable than Washington, D.C., political pundits, largely because both the very liberal and the very conservative respondents went heavily against the pundits. One side likely was thinking of Fox News pundits; the other evaluating those on MSNBC.

While Genghis Khan finished better than Congress, there was a gender gap. He did much better with men than with women.

Colonoscopies were tied with Congress in the



18-29 age group. But all older age groups favored the procedure by wide margins, deciding as the poll analyst theorized that colonoscopies are not terribly pleasant but at least have some redeeming value. ❖

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

Plain talk about debt and deficits

By MORTON J. MARCUS

INDIANAPOLIS - For those of you who like to run to the dictionary while reading this column, I apologize for the simplicity and directness of the words I am going to use.

Governments get and spend money. There the comparison with households and businesses ends. Governments (federal, state, and local) have the power to tax. They can pass laws that require citizens to pay money to the government. You and I and the business down the block cannot require such payments.

Governments spend money, just as we do, and they also give money to people who have certain needs. Thus governments may give money to the poor for housing or food or medical care.

Since governments are elected by the people, it is thought that the actions of the governments are approved by the people. Unfortunately, most people no longer believe that Congress or other parts of government act with the approval of the people.

If a government spends less than it gets in revenue (taxes and fees), there is a surplus. If government spends more than revenues, there is a deficit. But the books must be balanced. When there is a deficit, the government can borrow money; it can go into debt. If it borrows year after year, the debt becomes the sum of the yearly deficits.

Government debt is popular with people who have money to invest because they believe the government will pay the interest on the debt and pay back the amount borrowed (the principal) when the debt is due.

How much debt is too much? No one knows. When people stop being willing to invest in the government (buying its notes and bonds), interest rates will rise and we will have a clear clue how much is too much. That's what happened in Greece.

Some people get very excited about government deficits because they think government spending is a waste

of money. Of course, they make exceptions for snow removal and a few other services. But those exceptions lead to all sorts of problems.

Is it all right for a government to borrow money to buy snow plows that last five years and pay off the debt over time? Can government make productive investments? The answer for some people is no - - - the government should rent the plows. In fact, they might say, the government should hire businesses to plow the streets and not be in the snow plowing business itself.

Why? Because government, according to these people, cannot be as efficient as private businesses. This is an argument, not a fact. It is this argument which powers the great debates between liberals and conservatives in our time.

Neither side has conclusive proof to support its claims. Liberals believe governments out-perform the private sector in many areas because the profit motive is not at work and the focus is on the benefits to the public. Conservatives generally believe that the profit motive will benefit the public by driving down costs that tend to grow in public services.

If the public sector is a cesspool of waste, then the public debt is a danger. If, however, the private sector is a sinkhole of greed, private investment would be a danger to the public good. Beware of anyone who thinks either of these statements is completely true. ❖

Mr. Marcus is an independent economist, writer and speaker.





Power outage in Indiana institutional memory

By **DAVE KITCHELL**

LOGANSPOUR - Circuit-breakers trip every day in homes across America because too many appliances, computers, lights and televisions drain off more power than power lines feeding the house can provide.

Unfortunately, there is no circuit-breaker for power companies that hemorrhage debt when power plants in Indiana are built beyond the scope of necessity. When the construction stops and projects are halted or power plants simply become exorbitantly expensive to build, the consumer becomes the circuit-breaker. A case in point is a ruling issued during the dead-end news week of the year – that period between Christmas and New Year’s. The Indiana Utility Regulatory Commission ruled that Duke Energy is



responsible for cost overruns at its new Edwardsport plant. A plant that was to have been built for slightly less than \$2 billion is going to cost close to twice that.

Although the IURC ruled that Duke, the largest investor-owned utility serving the state, would have to pick up the majority of the tab, its customers across the state will be making a New Year’s resolution to start paying the bill beginning this month. Duke has raised its rates, and if you think Duke’s customers won’t be paying part of Duke’s share from its bottom line, I have some property in the middle of the Wabash River to sell you.

The problem with this story goes beyond the fact that the IURC ruled that Duke should have been more vigilant in monitoring cost overruns that jacked up the cost for consumers. There is no argument that more power plants in Indiana are necessary, but there is plenty of argument to be made about why corporations such as Duke should not be allowed to spend beyond its means and then hand the bill to consumers.

It’s almost too American to reel off the phrase “If you don’t understand history, you’re condemned to repeat it.”

The Edwardsport plant may be modern in the sense that it is a coal gasification plant, but it is old-fashioned in the sense of living up to the axiom in the previous sentence. Indiana has been down this road before when it comes to major power plant debacles. The Marble Hill Nuclear plant in Madison and the Bailly Nuclear Plant in northwest Indiana racked up nearly \$4 billion in debt for

Duke’s predecessor in the state, Public Service Indiana, and the largest natural gas provider in the state, Northern Indiana Public Service Company. That happened back in the 1980s when nuclear plants were closing down left and right after the Three Mile Island accident in Pennsylvania.

Somewhere, the institutional memory of this state lost in the turnstiles of the Indianapolis Star, the former Indianapolis News and dozens of other Indiana media outlets that have churned out quality reporting on this issue, we were destined to repeat the mistake of our past because we didn’t learn from our own history. While line workers are dispatched as a matter of urgency when power lines are down or power is lost in every county in the state, there was no urgency on the part of any state official to say to Duke, “You shouldn’t be doing this unless you’re prepared to pay for it without making the ratepayers suffer for the inadequacy of the bidding or your oversight.”

If Edwardsport had been a municipal power plant, there would have been public bidding, public scrutiny, state oversight and more consumer control. But in Indiana’s current scenario for investor-owned utilities, the utilities have all the control until it’s too late. Meanwhile, businesses will suffer, heads of households will suffer as Duke will make its bottom line for its quarterly report.

If there is a lesson to be learned from this latest episode of the Indiana Utility Follies, it’s that the IURC probably should have been more empowered – no pun intended – to oversee the project. If there is another lesson to be learned, it’s that state government, either through action or inaction, should not allow the power industry in this state to do what BP did to the gulf of Mexico and the residents and businesses that depend on its water quality. If there is a lesson to be learned, it is that the Duke debacle goes beyond a move by Duke to hire away the IURC’s Scott Storms in a controversial move that led to disciplinary action at Duke and in state government.

It’s time for investor-owned utilities in the state to be required to own up to their own mistakes, and for state government to unplug their power to punish consumers for their own mistakes. ❖

Kitchell is an award-winning columnist based in Logansport.



Eric Bradner, Evansville Courier & Press: On Monday, Indiana traded an old governor for a new one, and though they are both Republicans, the differences between the two — and they are stark — are rooted in their personal ambitions. Outgoing Gov. Mitch Daniels didn't grow up dreaming of running for office, and he often viewed national and state legislatures — at least those that hadn't been shaken out of their age-old routines — as impediments to progress. He decided to run for governor because he thought important things needed to be done and believed, or at least was convinced, that no one else would do them. Though he developed a better touch along the way, he never feared personal political blowback, or even losing an election, for the sake of progress.

He demonstrated as much by earning the universal hatred of Congress during his early-2000s years as federal budget director. He underscored it as governor in a first term that saw him infuriate northern Indiana by leasing its key tollway, complain that a Democratic leader had "car bombed" his legislative agenda, and drive to shift Indiana to daylight saving time no matter who hated it. To Daniels, being governor meant paying what he calls "the rent we owe" to the society that propelled him to great wealth and personal achievement. He only came to see himself as someone who could run for president toward the end of his tenure. As a child, incoming Gov. Mike Pence idolized then-Congressman John F. Kennedy and dreamed he'd one day be like him. After 12 years in the U.S. House, Pence often says he has "tremendous respect for the legislative process" — and generally, he means it. Pence is a happy warrior. His ever-positive and unfailingly humble demeanor rarely changes even though his voting record demonstrates an unflinching conviction — "tea party before it was cool," he's said — no matter the pressure he is under. He'll never be as deeply involved in policy details as Daniels, but he'll spend more time on communications. He's a "collaborator," he said Thursday — in other words, no micromanager. He'll spend his time laying out a broad vision and building public support for it, while trusting his aides to work state government's levers to carry it out. ❖

Doug Ross, NWI Times: Whiting Mayor Joe Stahura is championing the Trust Local campaign for home rule that seems to be picking up steam among Indiana municipalities. It offers an opportunity for local government reform, but are the locals willing to pay that price? The Trust Local campaign is the brainchild of the Indiana Conference of Mayors, of which Stahura is president this year. Stahura said other state associations representing local government are getting on board with the idea of granting more autonomy to local government. Indiana political tradition is to

put restraints on local government. There are plenty of examples of this. The Indiana Constitution has been amended to limit the amount of property taxes local government can collect, the types of income taxes that can be levied are spelled out by state law, even the municipal budgets are subject to state review. Stahura's position, on behalf of the state association, is that state lawmakers should deal with state government and local officials should deal with local government. "People in Whiting, there is nobody that hesitates to walk into my office or pick up the phone and come to me when they have a problem," Stahura said. That's not as easy in larger cities, but you get the idea. It's a shorter trip to City Hall than to the Statehouse, too. ❖

Bonnie Erbe, Evansville Courier & Press: This is a tale of two female politicians, one a longtime supporter of gun rights who is now coming down on the side of more gun control. The other is also a longtime supporter of gun rights who is still with the National Rifle Association. Former Rep. Gabrielle Giffords and husband Mark Kelly last week launched an anti-gun violence group called Americans for Responsible Solutions. The move came sadly on the second anniversary of her near-fatal shooting

at an Arizona shopping center. Before being shot, Giffords, a Democrat, was nonetheless a pretty ardent supporter of gun rights. One needs to recognize that it's virtually impossible to get elected from a gun-happy state like Arizona without supporting gun ownership. While in Congress in 2008 she opposed Washington, D.C., prohibitions on possession of handguns in the home as well as having usable firearms in the home when she signed onto an amicus brief with the U.S. Supreme Court to support its overturn. Conservatives in Congress, who normally stand up for states' rights, went out of their way to take over what should have been local control of gun laws. Despite Giffords' support of the override of that law, gun-rights groups saw her as a turncoat. Nothing but absolutely fealty to unlimited access to even military-style weapons will satisfy those groups. She received a D-plus rating from the National Rifle Association. Again sadly, her attempted assassination apparently at the hands of a mentally disturbed man, gave her the courage to speak out. Then there's North Dakota's newest senator, Heidi Heitkamp, also a Democrat from a gun-happy state. Last week on ABC's "This Week" she said of a reported plan from the White House to pursue a ban on assault weapons, universal background checks and stricter penalties for giving guns to minors: "I don't think that proposal necessarily fit the bill for me ... I'm not a big believer that this is a one-size-fits-all solution. We need to have a balanced approach and we need to live in reality, what can you actually get passed." ❖





Gov. Pence vows to finish U.S. 31

INDIANAPOLIS - In what was possibly his first speech outside of the State House after being inaugurated as Indiana's new Gov. Mike Pence yesterday addressed the Legislative Day Luncheon of the US 31 Coalition at the Columbia Club in Indianapolis. During his remarks to the large gathering of elected officials, legislators, and supporters of US 31, Governor Pence pledged to "finish the job! We are going to do our best to finish I-69 from Indianapolis to Evansville, take care of the Ohio River Bridges and finish the rebuilding of US 31 between Indianapolis and South Bend," he said. "We were honored to have Governor Pence attend our luncheon and support the US 31 Project as one of his first acts after being inaugurated as our new Governor," said John Letherman, President of the US 31 Coalition. "His support for the US 31 Project is a huge plus for US 31 and for Indiana. Our goal of creating a free flowing freeway from South Bend to Indianapolis - without stop lights or curb cuts - has taken a huge step forward with the Governor's endorsement," he said.



Pence: Medicaid expansion via HIP

INDIANAPOLIS — The Healthy Indiana Plan must be the vehicle for providing any new Medicaid coverage if the state opts to offer any as a result of the federal health care law, Gov. Mike Pence said Wednesday (Bradner, Evansville Courier & Press). But the two-year, \$29 billion budget he has proposed does not include fund-

ing for an expansion of Medicaid. The state's new governor said, though, he would consider doing so through the health savings account-based program that Indiana launched in 2007. "Any expansion of Medicaid would have to be fiscally responsible, and it would also have to permit Indiana to expand it in a way that reflected recent innovation in health care — namely, our Healthy Indiana Plan," Pence said. His comments came as the General Assembly starts a four-month session, and several lawmakers say they are hesitant to turn down the federal funding that would come with the health care law's Medicaid expansion. "Hospitals are sometimes in small communities the largest employer, economic driver," said Rep. Tim Brown, R-Crawfordsville, who chairs the budget-writing House Ways and Means Committee. "So we have to be committed and concerned to that." "The Affordable Care Act is here and it's here to stay," said Rep. Charlie Brown (D-Gary.) (WISH-TV) "We need to stop ignoring it or running away from it because it is there. It is the law." "We need local control," said Sen. Karen Tallian (D-Portage,) "and participation in this is inevitable."

Sharp divide over Common Core

INDIANAPOLIS – A divide over new national education standards hit the Indiana Senate on Wednesday, with the education panel hearing four hours of testimony criticizing and supporting the measure (Kelly, Fort Wayne Journal Gazette). Senate Bill 193 calls for Indiana to withdraw from the Common Core standards, which were backed by former Republican Gov. Mitch Daniels. Indiana's State Board of Education voted unanimously in 2010 to adopt them. Common Core was created by the nation's governors as a way to accurately gauge national

education progress. But some Hoosiers fear the new standards are weaker than those Indiana had in place previously. Others who testified also expressed concern that the standards will be used to federalize education. That's because President Obama has used Common Core as part of a major financial rewards program called Race to the Top. Sen. Scott Schneider, R-Indianapolis, authored the bill for the second straight year. It died in committee last year. He said parents and teachers no longer have any control as educators in both public and private schools adjust to the standards and the new testing being developed. "When we cede that control to someone else, that voice is lost," he said. New Superintendent of Public Instruction Glenda Ritz asked legislators to put the matter through a state review process within the Indiana Department of Education that would also include public participation. She then would make a recommendation to the State Board of Education later this year.

Papa president of Zionsville Council

ZIONSVILLE — The Zionsville Town Council gavel turned over to a new hand. The council elected Jeff Papa as president and Steve Mundy as vice president (Zionsville Sentinel Times).

Indiana 7th most Pro Life state

INDIANAPOLIS - Americans United for Life announced Indiana is the seventh most pro-life state in the country. "Our seventh place pro-life ranking is news worth celebrating because it means Indiana is becoming a safer place for children in the womb," said Mike Fichter of Indiana Right to Life.