



Infant mortality and conservatives

Gov. Pence calls rate ‘deplorable’ as conference gets advice on legislature

By MAUREEN HAYDEN

INDIANAPOLIS – Indiana Gov. Mike Pence opened the state’s first-ever Infant Mortality Summit last week by sharing a personal story: He and his wife had struggled with infertility issues early in their marriage, so the eventual arrival of their three children was met with deep gratitude and appreciation.

“Anybody who knows me, knows I have Ph.D in ‘Dad,’” he said. Pence went on to promise his audience of public health officials that a key goal of his administration will be to reduce the number of babies in Indiana dying before their first birthday.

It’s an ambitious goal. Back in 2000, when Indiana ranked 32nd in the nation in infant mortality at 7.8 per 1,000, health officials launched a state-wide initiative centered around improving access to health care for pregnant women and their newborn babies. The goal was to bring it down to 4.5 by 2010. It delivered some

success -- by significantly reducing the number of African-American babies dying – but since then Indiana’s infant mortality rate has worsened and we now rank 45th in the nation.

It compares a 7.19 per 1,000 rate in Russia, 4.5 in the United Kingdom, 4.78 in Canada, 4.85 in Greece, 3.48 in Germany, and 3.48 in France.

There are multiple causes, with most linked to the state’s poor overall health and the lack of access to healthcare. A majority of babies less than a year-old die due to complications related to birth defects, premature births or a mother’s weight or illness. More Hoosier women smoke while pregnant – almost 17 percent in Indiana versus 9 percent nationally -- and they’re more likely to obese.

Indiana mothers are also less likely to breastfeed; more likely to sleep in the same bed with their infants, putting the babies at-risk for suffocation; and increasingly likely to have doctors who are electing, for convenience rather than medical need, to deliver babies before they reach full term. Also: more



Gov. Pence promised to bring down Indiana’s infant mortality rate.

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Time for farm bill compromise

By BOB KRAFT

CARMEL – The common wisdom inside the Beltway, confirmed by virtually all the polls following the government shutdown last month, is that the Republicans were the big losers. They lost both in the arena of public policy when they failed to get even the slightest concession regarding the implementation of Obamacare and in the equally important arena of public opinion where they are viewed as being primarily responsible for the shutdown.



“Facts have proven over and over again that when we allow a group to redefine marriage, those who hold religious convictions are criminalized.”

- Monica Boyer, of Silent No More backing HJR-6



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From the point of view of the party's extreme conservative wing, many of the Congressional R's fought a good and honorable fight for which they should be rewarded. According to the polls however, a significant majority of the nation's voters feel the Congressional R's embarrassed themselves and the country with their refusal to accept that an earlier Congress had passed Obamacare and that the Supreme Court had upheld its constitutionality.

Republicans cannot afford to assume that the subsequent revelations about the inadequacy of the ACA enrollment website is going to change the public's attitude about the Republicans in Washington. A recent national survey by CNN/ORC International found that 64 percent of Americans have an unfavorable view of the GOP. It will be extremely difficult to turn this attitude around with a mean-spirited "We told you so" campaign about the shortcomings of the enrollment website even if that campaign is spiced up with allegations that the President deliberately misrepresented the impact that the law would have on many who are currently insured.

Republicans need to do everything in their power to show they can govern constructively, not just demonstrate their ability to bring government to a standstill when they don't get their way.

The inappropriately nicknamed "Farm Bill" presents an opportunity for Republicans, especially those in the House, to demonstrate that they can indeed govern in a collegial way that recognizes the importance of compromise among competing interests. The first multi-year agricultural bill was enacted in 1965 and was limited to commodity programs and a cropland diversion program. The law was officially called the Food and Agricultural Act of 1965, but the media began referring to it as the Farm Bill and the name has stuck ever since. Over the years, a number of new titles address-

ing such things as conservation, rural development, and biofuels have been added. Forty years ago, the 1973 Farm Bill, officially the Agricultural and Consumer Protection Act of 1973, included amendments to the Food Stamp Act of 1964. Since then, food stamps or, the Supplemental Nutrition Assistance Program (SNAP), has been an integral part of the periodic legislation popularly called the Farm Bill.

The Conference Committee on the Farm Bill is well under way. It's time for the committee and other members of Congress to put the showboating aside and get down to serious negotiations. Given the wide differences of opinion in Congress, and the continued insistence by a group of conservative Republicans led by Indiana's Marlin Stutzman, that the SNAP program does not belong in the Farm Bill, the negotiations will not be easy. According to reports from Washington, the ag committee leader of each of the four Congressional caucuses is nevertheless committed to resolving their differences by a self-imposed deadline of Thanksgiving.

Rep. Stutzman has made his point. Over the last 40 years the Farm Bill has served to mask the size and cost of the food stamp/SNAP program. Thanks to Stutzman's efforts, the general public is now aware that about 80 percent of the expenditures authorized by the legislation are for welfare programs rather than direct agricultural programs. Stutzman and his allies apparently fail to see that the food procured by SNAP recipients is the product of American agriculture. Be that as it may, the point has been made and it is clear that if a fairly well-funded SNAP program is not part of it, there will not be a 2013 Farm Bill.

And if there is no Farm Bill, the Republicans in Congress will have reversed the field of public opinion again and offered Democrats fresh evidence of their inability to anything more than obstruct long-established



government programs.

Failure to pass a Farm Bill will, of course, negatively impact farmers. In 2012 Congress extended the 2008 Farm Bill for one year. Most of the provisions in the extended bill expired on Sept. 30. This leaves farmers with no sense of the details of the various commodity programs, crop insurance and disaster programs that the new bill may contain. As a result planting decisions and purchases for the 2014 growing season are being postponed.

The failure to enact a Farm Bill will impact not just farmers and those who rely on the SNAP program but consumers as well. One provision in the 2012 extension that will not expire until the end of the calendar year deals with dairy support. If there is no Farm Bill by the end of the year, the price the government pays for dairy products will

revert to levels established in 1940s and increase fourfold. This will lead dairy processors to sell to the government; thereby decreasing the commercial supply and forcing up milk and other dairy prices at the retail level.

Congressional Republicans cannot afford to waste whatever public support they may have gained as a result of the disastrous Obamacare rollout with further refusal to compromise on an important piece of legislation. Food Stamp recipients are not part of the constituency they rely upon, but can they really afford to alienate farmers and consumers? ❖

Kraft is the former public affairs director for the Indiana Farm Bureau, where he retired in September. He will write his HPI column on agriculture politics.

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than one-third of pregnant women in Indiana don't get any prenatal care during the critical first trimester. There are 30 counties - nearly a third - with no obstetric services. It's a health access issue.

"Indiana is consistently one of the worst in the U.S.," said Indiana Health Commissioner William VanNess. "It's not that a lot of good people haven't worked on this but we haven't been able to stop the heartbreak."

VanNess, who's been involved in economic development in his hometown of Anderson, also put the problem into a larger context by talking about how infant mortality is an economic issue for the state.

Since infant mortality is the leading indicator of the overall health of a state, Indiana's ill health is a distinct deterrent to the job creators that communities desperately compete to attract.

VanNess's efforts to elevate infant mortality as a politically palatable issue is key, since it will take an infusion of money and some change in public policy to really make a difference. So far, the Indiana General Assembly has been averse to expanding health-care coverage to the uninsured and has tried to prevent Medicaid dollars from going to women's health clinics like Planned Parenthood because they also provide abortions.

Some advice for how to handle the politics of infant mortality was echoed by another summit speaker: Texas health commissioner and Indiana native Dr. David Lakey, who told the audience: "We have a moral obligation to confront this issue."

To do so in his state, he had to come up with

plan that would be approved by what he called the "very conservative" Texas legislature. In 2011, Texas lawmakers slashed funding for primary healthcare and family planning for low-income women as part of a bitter battle to remove abortion-affiliated providers, namely Planned Parenthood, from the state's health program.

But earlier this year, the Texas legislature sought to offset the impact of those cuts with the largest financial package for women's health services in state history, increasing spending by more than \$100 million. The state plans to spend 60 percent of its primary care expansion dollars on family planning services, and provide wrap-around benefits, including prenatal and dental care for pregnant women, which are not covered by other public programs.

Instead of funneling the money back to Planned Parenthood and other like providers of contraception and women's health screenings, the state is launching a new care delivery program, sending the funds to primary care doctors and federally qualified health centers.

Lakey said Texas state legislators were persuaded to restore the funding in part by an economic argument, since nearly 60 percent of all births in Texas are paid for by Medicaid. The average cost to Medicaid for a prematurely born baby is \$71,000 compared to \$420 for a full-term infant.

Lakey advised summit attendees to get momentum for their cause by appealing to Indiana state lawmakers: "You have to have one of those causes, that when legislators comes back to their communities after the session, they can feel proud that they attacked something important for their constituents."

"You have to have a noble cause," he continued. "And I don't think there is a cause that can line folks up

INFANT MORTALITY RATES, BY STATE: 2010*

1	Mississippi	9.67
2	Alabama	8.71
3	Tennessee	7.93
4	Ohio	7.71
5	Delaware	7.66
6	Indiana	7.62
7	Louisiana	7.6
8	Oklahoma	7.59
9	South Carolina	7.37
10	Arkansas	7.32
11	West Virginia	7.28



better than to talk about increasing the chances that every baby born in your state will have a healthy, happy first birthday. Who can argue that's not a role government

should play, that every baby has a healthy happy first birthday?" ❖

Hamilton sees Congress as 'flagrantly unproductive'

BY JACK COLWELL

SOUTH BEND – Lee Hamilton was for decades one of the most respected members of Congress - a Democrat respected by Republicans, a Democrat who respected Republicans. Where today is the respect across party lines to bring the compromises needed to end stalemate and deal with the nation's problems?



"Flagrantly unproductive," said Hamilton of the current Congress as he delivered the Fall Lundquist Lecture Tuesday at Indiana University South Bend. He lamented that lack of compromise, lack of respect, result in not a single appropriations bill yet passing and failure for a time even to keep the government running.

Hamilton was a congressman from Indiana, 9th District, from 1965 through 1999, with leading roles in foreign affairs, intelligence and national security. Twice he was a leading contender for a vice presidential nomination. He later was vice chairman of the 9/11 Commission.

It clearly pained Hamilton to be so harsh in evaluation of an institution he cherishes, the House of Representatives. He now is director of the Center for Congress at Indiana University.

He talked of how Congress has worked and should work now as "the most representative body in the country."

Instead of the "regular order" of doing business, with committee hearings, spirited but useful debates, action by both houses and then conference committee compromises to produce legislation, there is disorder, Hamilton said, with the staffs of leaders putting together stop-gap measures "in the dead of night" that punt rather than tackle the real problems.

He said each side stubbornly builds fences rather than building consensus across party lines.

When he was an influential member of a House Democratic majority, Hamilton said, party leaders rejected calls to "ram it through" on important issues, knowing that a few compromises to gain support of some Republicans

would bring more acceptable long-range bipartisan results.

One of the reasons for the harsh, divisive battle over Obamacare, he said, is that it passed without any Republican votes in Congress, making it certain to be a lasting partisan issue.

Hamilton called consensus building with compromise and respect "the most important political skill there is." Without willingness of the Founding Fathers to compromise, he said, the U.S. Constitution never could have been written.

He cited the example of President Ronald Reagan, a conservative Republican from the West, and House Speaker Tip O'Neill, a liberal Massachusetts Democrat. They agreed on very little in political philosophy but hammered out compromises to keep Social Security solvent and move the nation out of a recession. They also worked together on crucial foreign policy efforts with the Soviet Union.

"I used to sit in meetings between President Reagan and Speaker O'Neill," Hamilton related. "Those meetings were not easy."

Yet, he said he never heard either of those leaders say anything "uncivil" or refuse to listen to the other side.

"We knew that Ronald Reagan at the end of the day would cut a deal," Hamilton said, just as Reagan "knew at the end of the day Democrats would cut a deal" and not shut down government.

Now government shuts down, with no consensus agreement, Hamilton said, and while there is a game in Washington to pick winners and losers in the shutdown, the only thing certain is: "The American people lost."

Hamilton's account of the way Reagan and O'Neill disagreed without sinking into the type of hatred voiced in Washington today also is recounted in the recent book by Chris Matthews, "Tip and the Gipper _ When Politics Worked." Matthews, the TV commentator who worked for O'Neill back then, relates how Reagan embraced the speaker's motto that political battle ended at 6 p.m. and the adversaries could after that socialize and act human instead of with hate over ideological differences.

Hamilton, 82, still is active with work on governmental boards and commissions, at Indiana University and as co-chairman of the Indiana Bicentennial Commission in planning to celebrate the state's 200th birthday in 2016. And with speaking out about need for Congress to get back to regular order and function as it should for the nation. ❖

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



What we learned from the off-off year elections

By **CHRIS SAUTTER**

WASHINGTON - Off-year elections in New Jersey and Virginia have long been touted as bellwether signs of what to expect in upcoming congressional and presidential campaigns. It is tempting to overstate what their results mean for future elections. Yet, there are some clear conclusions that can be reached following Tuesday's off-off year elections in New Jersey, New York, and Virginia.

Chris Christie is the presumptive frontrunner for the 2016 Republican nomination. Democrats may regret having put up only token opposition to Christie, as the New Jersey governor easily won reelection taking more than 60% of the vote. Christie demonstrated his ability to win votes from all voting groups—carrying women by 13%, nearly half of the Latino vote, and surprisingly one-third of Democratic votes. Christie's impressive showing has elevated him to the status as the one Republican presidential candidate—



with the possible exception of Jeb Bush—who seemingly can compete in the new world of presidential demographics that strongly favor the likely Democratic nominee Hillary Clinton.

The biggest question with Christie is whether he can win over a skeptical ultra-conservative Republican base without undercutting his strengths and electability as Romney did. Conservatives were offended by Christie's embrace of President Obama during the 2012 Hurricane Sandy crisis and interpret Christie's pragmatism as a sell-out of their ideals. But their alternative is to nominate a Republican with strong libertarian leanings in Rand Paul or Tea Party idol Ted Cruz. Either would almost certainly result in a third consecutive campaign defeat for the White House.

Virginia no longer votes like a southern state. Changing demographics especially in the Washington, D.C. suburbs have turned Virginia into a swing state that is strongly trending Democratic. Former Democratic National Committee Chair Terry McAuliffe's 48 to 45% victory over Attorney General Ken Cuccinelli marks the first time in 40 years that a candidate of the same party as the President won the governorship. The Virginia governor and both U.S. Senators are now Democrats.

President Obama carried the state twice. While

gerrymandered legislative districts still give Republican the upper hand in the General Assembly and an unresolved attorney general race may allow the GOP to retain one statewide office, the election underscores how much the Republican national base is shrinking. Cuccinelli won the independent vote by 9% and held on to 92% of the Republican vote in spite of a libertarian candidate but still lost the race by 3%. The Obama coalition delivered for McAuliffe as more voters described themselves as Democrats (37%) than did Republicans (32%). African American Americans voted in nearly equal numbers as they did in 2012. If the 2016 Democratic nominee can count on continued support at equal levels from African American voters, you can mark Virginia's 13 electoral votes in the Democratic column again.

Republicans will continue losing statewide if they nominate hard right candidates. Terry McAuliffe was not an especially strong candidate, but won in a race in which Cuccinelli was originally favored. Cuccinelli was no ordinary Tea Party candidate. He had a lot going for him—a solid record as attorney general, statewide name recognition, and the ability to raise money. But Cuccinelli's history of embracing extreme right-wing causes—especially his support of the "personhood" constitutional amendment—cost him the ability to compete for the votes of single women whom he lost by a whopping 42 points. Even a candidate as well credentialed as Cuccinelli simply came across as too out-of-the-mainstream to too many people. In the last five years, Republicans have now lost a half dozen U.S. Senate races and now one gubernatorial contest because they nominated someone too extreme for many voters. This trend will likely continue as the Tea Party wing of the Republican Party remains strong in many swing states.

Money matters but how it is spent matters more. McAuliffe outraised Cuccinelli by \$15 million. His best use of that money was early media that portrayed Cuccinelli as too extreme to be governor. Republicans believed they could disqualify McAuliffe because of a history of shady business dealings but didn't start to define him on TV until the fall when it was too late. Cuccinelli's failure to match McAuliffe's early media campaign allowed McAuliffe to jump ahead in the polls. And once McAuliffe was ahead, the Republican establishment—never a fan of Cuccinelli—abandoned him, though independent conservative organizations like the NRA invested heavily. Meanwhile liberal interest groups began to pour money into Virginia as McAuliffe's lead grew in the public polls. Many in the conservative media argue that the Republican establishment's betrayal cost Cuccinelli the race. Indeed, the Republican National Committee gave only \$3 million to Cuccinelli's campaign compared to the \$9 million they put into Robert McDonnell's campaign in 2009. Rush Limbaugh told his



listeners that “the GOP simply didn’t want a Tea Party candidate winning there.” But the fact remains that Cuccinelli was a flawed candidate who ran a poor campaign, failing to spend the money he had as wisely as McAuliffe did.

The government shutdown and Obamacare are the two top issues. Virginia voters who blamed Republicans for the shutdown (48% compared to 45% who blamed President Obama) voted overwhelmingly for McAuliffe. The shutdown occurring a month before the election clearly helped solidify McAuliffe’s lead. Cuccinelli for his part never really got any traction in the campaign until the end when he tied McAuliffe to Washington through the administration’s bungling of the Obamacare website. Forty-six percent of Virginia voters said they back the Affordable Care Act while 53 percent opposed it. Nine in 10 who supported the ACA voted for McAuliffe while 8 in 10 who opposed it voted for Cuccinelli giving him some momentum down the stretch when he finally began to focus on the issue. Democrats will continue to embrace the shutdown as an issue while Republicans will continue to bang away at Obamacare for the foreseeable future.

Growing inequality in America is a winning issue. Bill DeBlasio made income inequality the central issue in the New York City mayoral campaign and it cata-

pulted him from the back of the pack to an easy primary victory and a 50-point general election win. DeBlasio’s success in using inequality along with Massachusetts U.S. Sen. Elizabeth Warren’s cult-like popularity is likely to influence Democratic primary campaigns including the presidential primaries. There are growing disgruntled feelings within the base of the Democratic Party about the Obama administration’s failure to focus on progressive ideals. That discontent within the Democratic base will translate into support for primary candidates who elevate issues like the growing income gap in America.

Most public polls cannot be trusted. Many public polls were wrong in the presidential race and many were wrong again in Virginia. The final Washington Post poll had McAuliffe up 12% going into the final 10 days of the election. McAuliffe’s own internal polling had him up only 4%. Polling is only as reliable as the sample. Predictions of a McAuliffe landslide were based on public polling with flawed sampling. The most reliable polls are usually the ones commissioned by the candidates themselves. ❖

Sautter is a Democratic consultant based in Washington.

When politics collide with an apolitical family

By **BRIAN A. HOWEY**

INDIANAPOLIS - In the fascinating decade of Mitch Daniels deep involvement in retail Indiana politics and policy, two speeches stand out that in retrospect could have changed the course of U.S. history.

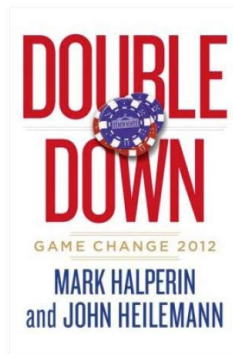
The first - his CPAC speech in Washington in February 2011 when he identified the “red menace” of debt and deficit in one of the most complex, passionate and adroit speeches I’ve ever heard - revved up the notion of Gov. Daniels potential as not only a national candidate, but as an American president. “We face an enemy, lethal to liberty, and even more implacable than those America has defeated before,” Daniels said after Washington Post columnist George Will’s introduction. Will described Daniel’s physique by observing, “Never has there been a higher ratio between mind and mass.”

Daniels continued his warning: “We cannot deter it;

there is no countervailing danger we can pose. We cannot negotiate with it, any more than with an iceberg or a Great White. I refer, of course, to the debts our nation has amassed for itself over decades of indulgence. It is the new Red Menace, this time consisting of ink. We can debate its origins endlessly and search for villains on ideological grounds, but the reality is pure arithmetic. No enterprise, small or large, public or private, can remain self-governing, let alone successful, so deeply in hock to others as we are about to be. The creation of new Social Security and Medicare compacts with the young people who will pay for their elders and who deserve to have a backstop available to them in their own retirement. These programs should reserve their funds for those most in need of them. They should be updated to catch up to Americans increasing longevity and good health. They should protect benefits against inflation but not overprotect them. Medicare 2.0 should restore to the next generation the dignity of making their own decisions, by delivering its dollars directly to the individual.”

Seated in the back of the hall were national journalists Walter Shapiro, Jeff Greenfield and Joe Klein, watching intensely. “It was a fascinating speech positioning him as the GOP’s resident adult,” observed Shapiro.

The second was First Lady Cheri Daniels speech before the 2011 spring dinner of the Indiana Republican Party in May that drew not only a horde of national report-





ers, but an array of stories delving into the couple's divorce and remarriage. Mrs. Daniels recounted her Indiana State Fair experiences, with barely a whiff of politics. Bookending were a dozen stories about the couple. Had they stopped after the First Lady's speech, you have to wonder if it would have been Mitch Daniels vs. President Obama in 2012. But they didn't, leaving an indelible impression on the Daniels daughters and their protection of the mother.

The new book "Double Down: Game Change 2012," written by journalists Mark Halperin and John Heilemann recounts the Daniels presidential flirtation. It touches on several things HPI reported, such as Daniels meeting with former President George W. Bush at the 2011 Super Bowl in Dallas and the potential coalescing of the Bush/Cheney political apparatus the Indiana governor. We learned that Daniels queried his four daughters about the First Lady's openness to a run. "What's Mom said to you about it?" the book quotes him asking one of his children.

The First Lady's speech almost seemed like the couple peering briefly out of the foxhole, checking the kind

of incoming fire. When it didn't cease, the inverse process - usually the candidate gets the family imprimatur first - collapsed. Daniels, with a breaking voice, told supporters in a conference call, "Look guys, I know you don't agree, and you're disappointed, and I've let you down. I love my country, but I love my family more."

You could never fault a man - a family - deciding against a presidential run, particularly this week as we near the 50th anniversary of President Kennedy's assassination and President Obama's trip to Dallas yesterday that conjured ominous notions. It is a complete, life-altering experience. "What could have been a complicated decision was in the end very simple: on matters affecting us all, our family constitution gives a veto to the women's caucus, and there is no override provision, Daniels said. "Simply put, I find myself caught between two duties."

Having said that, given what we've seen of the second Obama term, you cannot help but wonder what might have been, and the array of lives among many of us that would have changed. ❖

Matt Tully, Indianapolis Star: More than two years after he made the fateful decision not to run for president, and a year after the 2012 elections, the question still persists: Would Mitch Daniels be president of the United States today if he'd been able to get his family on board with a run? The question came up at a lunch I shared recently with a bipartisan group of political types, and it's probably going to come up a lot more in the coming weeks, thanks to the new book "Double Down," a portrait of the 2012 elections filled with tidbits about Indiana's most recent former governor. The book details the broad support Daniels had during the primary season from a roster of heavy hitters such as former President George W. Bush, New Jersey Gov. Chris Christie and U.S. Rep. Paul Ryan. It makes even more clear that a Daniels run for president would have attracted a lot of attention at a time when many Republicans were unimpressed with a field that included the likes of Herman Cain, Newt Gingrich and Donald Trump. "Far from being put off by (Daniels') lack of magnetism, the GOP potentates were coalescing around him," the book says, "on the theory that Daniels would present the ideal contrast with the incumbent: he was the anti-Obama." I'll always consider Daniels' decision not to run a great disappointment because it robbed the scene of perhaps the one serious political figure in recent years who would have been willing to be honest on the campaign trail. That honesty might have killed the campaign before it got out of Iowa, but it would have been nice to see a candidate — and by that I mean a thoughtful candidate — with

the guts to lose on his or her own terms. If ever national politics needed a grown-up, after all, it's now. ❖

Marc Chase, NWI Times: Lake County Republicans took steps both forward and backward last week in their caucus election of a new county assessor, and time will tell if it's a shining party moment or a colossal failure to achieve unity. It all depends on the crucial next move of party leadership, but Lake County GOP party Chairman Dan Dernulc took a step in the right direction Monday night. On one hand, the party precinct committeemen chose Jolie Covaciu to replace the late assessor — and local party hero -- Hank Adams. Just as Adams' election in 2010 made history with the ascension of the first GOP candidate to a county-wide office in 50 years, Covaciu's caucus election Friday marked the first woman ever — from either party — to hold the assessor's office. In that sense, Covaciu's victory in caucus election was a big step forward for the local GOP — often associated with the same old men's club stigma of the national party. A qualified woman capturing an office that always had been occupied by men is a victory for Lake County politics in general. But Covaciu's success also revealed some of the deep fractures that persist in the local party. She was not the party leadership's pick to carry forth the legacy of reform created by Adams, who died recently after a long fight with cancer. Dernulc and other party leadership had anointed another woman, assessor's office employee Debra Johnson. ❖





It's time to fish or cut bait on tax reform

By **LEE HAMILTON**

BLOOMINGTON – For talk of tax reform to be meaningful, members of Congress must have the courage to specify publicly which cuts to eliminate, or at least trim.

As Congress moves forward on budget negotiations, the word out of Washington is to expect nothing major: No grand bargain, just more stopgap, short-term fixes. Yet there's one ray of hope. The House and Senate chairs of the tax-writing committees, one a Republican, the other a Democrat, are preparing a comprehensive tax reform plan. They see the budget negotiations as their opportunity to enact much-needed changes to our bloated, off-kilter tax laws.



The last time lawmakers managed to find a way to simplify and reshape the tax code was almost three decades ago, in 1986, when Ronald Reagan was still president. Since then there have been over 15,000 adjustments and amendments, leaving a mess that just about everyone agrees must be cleaned up. Odds are against Congress managing the task, but its handling of the debate on tax reform tells us a lot about how members

approach difficult issues. That's because this latest effort to rewrite the tax code is saddled by a deep-seated problem that spans both parties and all ideologies: Political timidity. Tax avoidance is a highly sophisticated and lucrative business in this country, and politicians address it at their peril.

This became clear during the summer, when the senators leading the tax-reform charge on their side of Capitol Hill, Democrat Max Baucus of Montana and Republican Orrin Hatch of Utah, laid out their initiative. They wanted senators to take a "blank slate" approach to the issue: no current deduction, exemption or credit would continue unless a strong case could be made for it. Then they invited their colleagues to identify what they'd keep and what they'd reject.

That was a fine start, until Baucus and Hatch took an extraordinary step. They guaranteed senators 50 years of anonymity for their suggestions, thus allowing each senator to continue attacking the tax code mess without taking any specific public positions on how to improve it.

In other words, here's a public issue of enor-

mous consequence, affecting every taxpayer in the land, and they were afraid to talk about it meaningfully in public. Sure, you hear plenty from politicians about tax reform, but it's all generalities. They talk about a simpler code or a fairer code or a flatter code, but in truth, almost every member of Congress talks in gross generalities about the monstrosity that is the tax code and comes out fervently for reform, without actually taking a stand on the tough issues.

Tax reform is meaningless without specifics.

Continuing to exclude employer contributions for health care, for instance, will cost taxpayers some \$760 billion over the next five years, according to Congress's Joint Committee on Taxation, but getting rid of it will surely anger employers and employees. We could recoup \$379 billion over the next five years by cutting the mortgage interest deduction, but how many homeowners do you know who would go along with the idea?

The political power of the interests that benefit from reduced tax rates on dividends and long-term capital gains, which will cost the Treasury \$616 billion between now and 2017, is immense. So, in its own way, is that of supporters of the deduction for charitable contributions (\$239 billion).

In all, tax breaks cost the Treasury some \$1.1 trillion a year — which puts them well ahead of most other forms of federal spending.

Yet each has its own constituency — often a vocal, well-funded, well-organized one. Politicians who call for "tax reform" without going into specifics butter their bread on both sides — they ride the public outcry against the tax code in general, while avoiding the outcry from people hurt by the changes that tax reform would inevitably bring. After all, a "loophole" to one group is usually a "lifeline" to another. So nothing happens.

Everyone knows that tax reform will involve limiting tax breaks. It should be possible to avoid the political difficulties by capping the total without eliminating specific breaks. But even this will require political backbone. Until Congress shows us that its members possess the courage to detail publicly what's needed, talk of tax reform will be just that: Talk. ❖

Lee Hamilton is director of the Center on Congress at Indiana University. He was a member of the U.S. House of Representatives for 34 years.



3-way GOP treasurer race has echoes of 2002

By **BRIAN A. HOWEY**

INDIANAPOLIS – The three-way Republican race for Indiana treasurer will likely end on the convention floor in Fort Wayne next June. But the contest between Marion Mayor Wayne Seybold, Winchester financier Don Bates Jr., and treasurers office employee Kelly Mitchell will play out over the next two and a half months in hundreds of delegate races that will be determined in the May 2014 primary.



Those 1,775 delegates, who must file their candidacies by the noon Feb. 10 deadline, will then choose the nominee at the Indiana Republican Convention in Fort Wayne with

a first ballot victory coming somewhere in the 888 vote range. The filing process opens up at noon on Wednesday, Jan. 8.

Bates officially announced his campaign at the Statehouse Tuesday, saying, "We need a leader who will treat taxpayers like clients and customers. We need a businessman, not another government bureaucrat."

The last time there was a three-way convention floor fight was in May 2002, when Todd Rokita, Richard Mourdock, Mike Delph and Dr. John McGoff squared off in a three-ballot showdown in Indianapolis, with Rokita winning,

launching his career with two terms in the Statehouse and now two in Congress. Key personnel of Rokita's team - Bob Grand and Dan Dumezich - have lined up with Seybold, the three-term Marion mayor who ran an unsuccessful primary campaign in the 5th CD in 2012, losing to now U.S. Rep. Susan Brooks. Grand is Seybold's campaign chair and Dumezich is his finance chairman.

Seybold has been endorsed by county chairs from some of Indiana's most populated Republican Counties, including Kyle Walker of Marion County, Steve Shine of Allen, Mike O'Brien from Hendricks, Pete Emigh from Hamilton, Dan Durnulc of Lake, Dave Heath from Tippecanoe and former state chairs Murray Clark, Rex Early and Mike McDaniel.

Bates is being backed by 6th CD Chairman Mark Wynn in Gov. Mike Pence's old district. Wynn is a close political associate of Indiana Republican Party Vice Chairman Misty Hollis of Richmond, leading some to speculate that Bates is getting a silent nod from the governor. Hollis's Facebook page, for instance, "liked" the Bates announcement on Tuesday and the two interact frequently in that format.

Another interesting aspect of the Bates campaign is the involvement of former Mourdock Senate campaign staffers Diane Hubbard and fundraiser Ashley Walls. This is fueling speculation that Mitchell - a largely unknown aide to Mourdock in the treasurer's office - is running in an attempt to prevent a Seybold first ballot win. In a Sept. 16 phone message to HPI, Bates emphasized that Mourdock 2012 campaign manager Jim Holden was not supporting his candidacy. "That's not the case," Bates explained. "He called me to tell me that Richard has a candidate that he is running and Jim will be supporting that candidate."



Marion Mayor Wayne Seybold (left), Don Bates Jr., and Kelly Mitchell will create a three-way Republican Convention floor fight for treasurer next June in Fort Wayne.



Bates and Mourdock both claim a Tea Party pedigree, traveling extensively in those circles with Mourdock doing so in 2011 and 2012 paving the way for his primary upset over U.S. Sen. Dick Lugar, and Bates preparing for the 2012 Congressional race and now the treasurer race. Reliable sources are telling HPI that Bates will be attempting to file hundreds of Tea Party delegate candidates for the primary, meaning that this race could play out at a micro level up through the May 6 primary.

The formula Rokita worked throughout late 2001 and up through the June convention will almost certainly be employed to some degree by Seybold. Rokita drove 70,000 miles, attended 130 Lincoln Day dinners, had 1,500 meetings with individual delegates and shook half a million hands. Despite all that work, going into the convention, the pros steering the Rokita campaign were saying that victory had been all but assured. But the morning before the convention, the hard count of delegates emanating from the two perceived frontrunners, Rokita and Mourdock - then a two-term Vanderburgh County commissioner now the two-term Indiana treasurer - revealed an intense battle about to commence. Mourdock floor leader Matt Klein felt they had 700 votes, with about 500 for Rokita. Mourdock had the endorsements of 23 county chairs and former Gov. Robert D. Orr.

Greg Zoeller, the current attorney general who won a two-way floor fight in 2008, was Rokita's floor whip in a team that included Secretary of State Sue Anne Gilroy, former secretary of state Bill Salin, Dan Evans and dozens of partisans working the floor, communicating via walkie-talkies and cell phones. Zoeller told Howey Politics before the 2002 battle commenced that Rokita trailed Mourdock by about 25 delegates. Prior to 2002, a candidate who didn't lead after the first ballot had never won a nomination.

When the first ballot ended, Mourdock led with 720 delegates, followed by Rokita with 670, Delph with 341 and McGoff with 197.

The dynamic changed between the first and second ballots when a yellow flier released by the Mourdock team "Delph Supporters Urged to Vote Mourdock: Conservatives must unite on the second ballot to guarantee strong

can- didate support in November. The Mourdock campaign congratulates Mike Delph on a hard-fought campaign and invites Delph supporters to join with Mourdock supporters to nominate a conservative on the second ballot!"

Delph, who entered the ballot with the endorsement of U.S. Rep. Dan Burton, denounced the flier. "If he were to win the nomination, it would assure victory to John Fernandez," Delph fumed, with word quickly sifting out across the floor. "I would have hoped the top election officer wouldn't resort to such tactics. I would hope that people would act appropriately. I'm committed to see what happens on this ballot." Grand would work the floor, using the flier against Mourdock. It prompted Vanderburgh County Republican Chairwoman Bettye Lou Jerrel to say, "Bob Grand did a real number on Richard Mourdock."

When the second ballot concluded, Mourdock's lead dwindled to just 14 votes, 827 to 813. McGoff and Delph withdrew, with the future state senator telling his supporters to vote for whomever they wanted. Most migrated by Rokita. Meanwhile, while awaiting the third ballot, hundreds of delegates left the hall, leaving Rokita to wonder how firm his support would be. He would win the final ballot 847 to 753. But the lesson learned for 2014 is that despite a sensational floor fight, 328 delegates had left the hall prior to its conclusion.

So Hoosier Republicans are in store for what appears to be a spirited floor fight, with many of the 2002 players cast in supporting roles a dozen years hence.

Beth White announces for Sec. of State

The 2014 statewide political dynamic began to take final form on Monday as Democrat Beth White announced for secretary of state and the presidents of DePauw University and Wabash College said they would oppose the constitutional marriage amendment.



HPI Poll Fav/Unfavs Potential statewide 2014, 2016 candidates

	Favorable	Unfavorable	No opinion	don't know
Lt. Gov. Sue Ellspermann	19%	6%	31%	45%
Sec. of State Connie Lawson	15%	3%	27%	55%
Supt. Glenda Ritz	26%	11%	22%	41%
Marion Co. Clerk Beth White	9%	4%	20%	68%
Marion Mayor Wayne Seybold	5%	2%	18%	75%
Atty Gen. Greg Zoeller	34%	7%	32%	28%
Treasurer Richard Mourdock	27%	35%	30%	8%



White, the Marion County clerk, kicked off her campaign on the south steps of the Indiana Statehouse, just below Lawson's office.

"Our state's history is steeped in values like working hard, telling the truth and doing right by our friends, family and neighbors – values I like to call Hoosier common sense," White said. "These are the values I want to bring to Indianapolis as your next Secretary of State." Now serving her second term as Marion County clerk, White has championed voters' rights by expanding early voting. "We started yVote! during the 2008 election to capture the enthusiasm to invigorate political interest in our young people," White said. "Since then more than 2,500 students have registered to vote through this program, and I'm hopeful that bringing the Constitution back to the classroom will lead to a more engaged electorate." Indiana Republican Chairman Tim Berry reacted, saying, "We look forward to sharing Beth White's failed record as Marion County clerk with Hoosiers across the state. Beth White's tenure has been plagued with botched elections, understaffed polling places, ballots not being delivered on time and voters getting the wrong ballots. And now she wants a promotion? The secretary of state's office is no place for Beth White's mismanagement and partisan political antics."



encastle that could help set the 2014 dynamic. Wabash College President Gregory D. Hess and DePauw University President Brian W. Casey announced they are joining the Indiana Freedom coalition and oppose HJR-6, the proposed marriage constitutional amendment. Last week, Indiana University announced it would oppose the amendment, joining Eli Lilly, Cummins and the Indianapolis Chamber of Commerce in opposition.

In making their announcement, the presidents of DePauw University and Wabash College noted that, though their respective colleges are historic rivals, the institutions stand united on this issue. "The rivalry between Wabash and DePauw is longstanding and hard-fought," said Casey and Hess in a joint announcement, alluding to the historic Monon Bell football game between the two institutions. "But today we stand together to join this coalition and lend our voice to support this campaign." (photo: Drs. Hess and Casey at the Wabash president's inauguration; October 11, 2013)

The presidents add, "Our students come from around the country and around the world, and our fundamental goal is to educate them to think critically, exercise responsible leadership, communicate effectively, and tackle complex problems. This depends on attracting talented faculty and staff, a task that is made more difficult by the passage of this amendment. We are also engaged in the enterprise of fostering ideas and innovation, a mission that inherently depends on an environment of openness and inclusion that would be compromised should this amendment be enacted."

The presence of HJR-6 on the Indiana ballot in November 2014 would likely ignite activists in both the Re-

Potential Stutzman primary challenger

James E. Mahoney III of Huntington is contacting 3rd CD Republican chairs looking for voter lists in a potential primary challenge to U.S. Rep. Marlin Stutzman. Mahoney is a former parks superintendent in Schererville and Merrillville, and did special projects and legislative affairs for the Northwest Indiana Law Enforcement Training Center in Gary.

In a letter to county chairs, Mahoney explained, "Mr. Stutzman angered me by supporting the government shutdown. Then he had the nerve to tell the people of Indiana that he was opposed to the government shutdown, yet he continued to vote for the government shutdown. Now, I looked at the pictures of him while he was making this statement, and I did not see a gun to his head!"

Wabash, DePauw oppose HRJ-6

While White and Bates will likely complete the convention fields for secretary of state and treasurer, it was the announcement out of Crawfordsville and Gre-



Wabash College President Gregory Hess (left) and DePauw University President Brian Casey teamed up to oppose HJR-6 this week.



publican and Democratic parties. The April HPI Poll found that 50% favor the amendment and 46% oppose. This compares to 48/45% favor/oppose in the October Howey/DePauw Indiana Battleground survey.

HPI columnist and Howard County Republican Chairman Craig Dunn warned Indiana Republicans about the political ramifications if the amendment is on the ballot. Dunn explained, "Politics is all about addition and multiplication. Anything that Republicans do that further carves away support from a dwindling population of believers is political insanity. In my opinion, HJR6 is nothing short of political suicide and the definition of insanity."

HJR-6 will be on the November 2014 ballot if it passes the House and Senate for a second time next winter. Legislative leaders appear to be reevaluating whether

to allow the referendum to be on the ballot.

Claytor launches blog

Democratic state auditor candidate Mike Claytor has launched a blog at www.claytor4auditor.com/taxpayer-tuesdays.

"I told you on day one of this campaign that I would watch out for you and do my best to inform you of what's happening with your taxpayer dollars," Claytor told a group of supporters in Terre Haute yesterday. "That's why I am launching this weekly blog so that I can help you get the answers you deserve. You shouldn't need to be a certified public accountant in order to use the state's Transparency Portal." ❖

Indiana is leading the way back

By MORTON J. MARCUS

INDIANAPOLIS – We have been hearing a great deal about how manufacturing is leading the nation back from the recession and Indiana is out ahead of the nation in that recovery. Do the numbers verify the story? By and large, Yes.

First let's look at the nation. In August 2007, the U.S. had 137.5 million jobs with wages and salaries. That number excludes all proprietors (farm and non-farm) as well as other farm workers. (Note: these are jobs, not employed persons since one person may hold more than one job.)

We dropped 7.8 million jobs (5.7 percent) by August 2010. Since that low, the nation has gained back 6.3 million jobs. That leaves us with an August 2013 jobs deficit of 1.5 million (1.1 percent below the August '07 level).

The story for Indiana is somewhat brighter. There were 3 million Hoosier jobs in August '07. That number fell by 180,000 (6 percent) by August '10; then 158,000 were recovered by this past August. Hence the Hoosier non-farm jobs deficit was 22,000 or 0.7 percent of the '07 level.

There would be no job deficit at the national level if manufacturing had not been hit so hard by the recession and if manufacturing had led the recovery of jobs.

At the U.S. level, we lost 2.3 million manufacturing jobs, recovered only 400,000, and, in August '10, had

a deficit of 1.9 million manufacturing jobs. In Indiana, our manufacturing job deficit was 58,000, nearly three times our total jobs deficit.

In August this year, U.S. manufacturing jobs were 13.4 percent below their '07 levels; Indiana's were 10.6 percent below their level of six years ago, before the recession. Where does this Hoosier strength come from?

In August '07, transportation equipment (largely automotive vehicle parts and production) represented 1.2 percent of jobs nationally, but 4.4 percent in the Hoosier state. This sector took a much harder hit in the recession than did manufacturing in general. Nationally 22 percent and in Indiana 27 percent of these jobs were lost by August '10. The recovery was kinder to Indiana than nationally, but by August 2013 both the U.S. and the state were still about 12.7 percent behind their respective peaks.

This leaves us nationally and in the state with seven workers where we had eight producing transportation equipment in 2007. By and large, these were good-paying jobs, often union jobs with strong benefit packages.

Where does the U.S. economy need help? If you believe we should recover to where we were, then manufacturing deserves our attention. Our manufacturing job deficits, nationally and in Indiana, exceed our total non-farm job deficits. The recovery is most successful in the non-manufacturing sectors.

Yet, one must ask: "Why should the old (2007) proportions of jobs persist?" Six years of much trauma have gone by. Is it reasonable to expect jobs in manufacturing and transportation equipment to resume their former places of importance? If not, is Indiana going in the wrong direction while the nation is going in a new direction? ❖

Marcus is an independent economist, writer and speaker. Contact him at mortonjmarcus@yahoo.com





Property taxes are holding stable

By **LARRY DeBOER**

WEST LAFAYETTE – We’ve got most of the property tax numbers for 2013 now. Let’s look at what happened to homeowner tax bills. Why homeowners and not farmers, landlords or business owners? Because there are more homeowners than any other kind of property owner. Besides, I’m a homeowner and I want to know.



The Legislative Services Agency is posting its annual reports on the property tax by county for 2013. (Disclaimer: I helped.) You can see the reports at <http://www.in.gov/legislative/2397.htm>. Part of each report looks at homesteads, which are owner-occupied primary residences. You know, that house you own and live in most of the time. LSA’s reports show what happened to properties that were homesteads in both

2012 and in 2013. Homestead property taxes increased by an average of 0.1 percent statewide. That’s one-tenth of 1 percent.

In one way, this tiny change is astounding. This is a statewide reassessment year when recalculated property assessments are used to set property tax bills. All the reassessments since 1980 either caused homeowner tax bills to go way up or caused the General Assembly to create new tax breaks to prevent tax bills from going way up.

In 2003, for example, reassessment would have increased homeowner tax bills by more than 50 percent, but the General Assembly passed increases in homestead deductions and credits to hold the rise to 4 percent. The 2013 reassessment did not cause a big homeowner tax bill increase, so the General Assembly did not consider big property tax policy changes.

Trending was the main reason why there was no big tax increase for homeowners. Before 2007, the assessed values of land and buildings, including homes, changed only in reassessment years. When a reassessment year came along, home assessments would jump, and so would homeowner taxes.

Since 2007, though, county assessors have adjusted assessed values every year based on changes in property selling prices. That’s trending. In 2013, there was no jump in home-assessed values, so there was no big

increase in homeowner tax bills.

In fact, homestead assessments actually decreased. The total assessed value of homesteads, before deductions, dropped by 1.6 percent from tax year 2012 to 2013. This may have been a continued effect of the recession. The assessed values used for taxes in 2013 were set in 2012, based on selling prices in 2011. An index of Indiana home prices fell 1.4 percent from 2010 to 2011. The reassessment may have caught that decline.

Homestead assessed values dropped, so why didn’t homestead tax bills drop, too? That was because property tax rates increased by 4.2 percent, on average. The levies of all Indiana local governments rose by 3.7 percent, and the taxable assessed values dropped by 0.5 percent. Rates are calculated by dividing the levy by taxable assessed value, so rates went up.

But if tax rates went up more than homestead assessments went down, why didn’t homestead tax bills increase? That was because of tax credits.

Some counties have tax credits for homeowners and other property owners, which are funded by local income taxes. In 2010 and 2011, the state distributed too little income tax revenue to the counties, and in April 2012, the state sent counties a special distribution to make up the difference. Some of that revenue was meant for property tax relief. It was too late to recalculate tax bills in 2012, so that revenue was applied to tax relief in 2013. Local property tax credits were bigger than usual in 2013, by 3 to 4 percentage points, on average. Homeowners in the counties that have the extra local credits may lose them in 2014.

The tax caps held homeowner tax bills down, too. When tax rates go up, more taxpayers qualify for more tax cap credits. Credits are subtracted from tax bills to bring them down to the property’s tax cap level. Tax cap credits for homeowners increased by \$37 million from 2012 to 2013. That was enough to knock an extra 2 percent off the average homestead tax bill.

Homeowner tax bill changes varied a lot by county. In 21 mostly small counties, homeowner tax bills dropped by double-digit percentages. In most of the large counties, tax bills increased modestly.

But statewide, the average property tax bill remained steady in 2013. ❖

DeBoer is a professor in agricultural economics at Purdue University.



Donnelly seeks full-time job change

FORT WAYNE – Four senators, including Indiana Democrat Joe Donnelly, are asking congressional budget negotiators to consider their legislation that would change the definition of full-time employees under the Patient Protection and Affordable Care Act (Fort Wayne Journal Gazette). Donnelly is a co-sponsor of the Forty Hours is Full Time Act, which would set the Affordable Care Act's definition of a full-time employee as one who works at least 40 hours a week. The law considers full-time employment as at least 30 hours a week and will require large employers to provide health insurance to those workers starting in 2015 or face fines. Donnelly is joined in the request by bill sponsor Sens. Susan Collins, R-Maine, and co-sponsors Lisa Murkowski, R-Alaska, and Joe Manchin, D-W.Va. They announced Wednesday they had sent their request to Senate Budget Committee leaders who are members of the Senate-House budget conference committee. The four senators wrote in a letter to the leaders that "some businesses have reduced their employees' work to 29 hours per week, to ensure workers are considered 'part time' for purposes of ACA. If more businesses follow suit, millions of American workers could find their hours and their earnings reduced."



Tea Party group backs HJR-6

WARSAW - A Kosciusko County Tea Party group announced Wednesday it will stand in support of

the constitutional amendment to ban gay marriage and civil unions. Often called HJR6, the resolution needs to pass the legislature in 2014 for it to ultimately go to voters in November. Kosciusko Silent NO More president Monica Boyer said: "Many people have asked why a TEA Party group would engage in the battle to protect marriage in Indiana. I would answer that question with two words, 'religious freedom.'" "Redefining marriage forces everyone else, including churches, schools, and business owners, to affirm homosexual relationships, denying people their religious freedom and opinion. Facts have proven over and over again, that when we allow a group to re-define marriage, those who hold religious convictions are criminalized." Boyer added the definition of marriage belongs in the hands of Hoosiers and not the government, courts or media. "We are focused, and we will step up to the front lines to fight for our families and religious freedom in the upcoming months," she said.

Sebelius says ACA stats are 'very low'

WASHINGTON - Health and Human Services Secretary Kathleen Sebelius Wednesday acknowledged that long-awaited enrollment figures for the rocky first month of Obamacare will be "very low" (Politico). "We intend to give you as much information as we can validate," Sebelius told a Senate Finance Committee hearing where lawmakers from both parties harshly criticized the rollout and her agency's lack of foresight about the massive problems. She said the initial batch of enrollment figures being released next week cover "the first month of enrollment" and will include both Medicaid and health plan numbers in the new insurance exchanges.

Tyler disappointed in Muncie bus vote

MUNCIE — Mayor Dennis Tyler wasn't on the ballot when voters went to the polls on Tuesday but he expressed regret at the results nonetheless: The day after the decisive defeat of a local voter referendum to fund Muncie school bus operations, Tyler said he was disappointed by the outcome but resolved to find a way forward (Muncie Star Press). Tyler hadn't taken a public stance on the referendum, but had spoken in favor of it. The Democratic Party recently announced its support for the referendum. "Of course I'm disappointed," Tyler told The Star Press on Wednesday. "As mayor you're always concerned that your children are going to be escorted safely to and from school, and with the school buses that was always something we could rest assured would happen. But the voters have spoken and they soundly defeated the bus referendum. "Most of the people on the south side are absolutely convinced that the school board has made up their mind that Muncie Southside as a high school is going to be part of the elimination ..."

Pence taps Japanese exec

INDIANAPOLIS - Gov. Mike Pence has tapped a former Japanese company executive to serve as his special adviser for Asia and to lead the Indiana Economic Development Corp.'s strategy to strengthen and expand initiatives on the continent. Rick Pease comes to the state after a 30-year career at Columbus-based Enkei America, the North American division of a global automotive supplier. Pease's duties will include leading the state's efforts to attract new jobs from Asian companies.