



Strategy misfires in short session

Modest victories characterize the General Assembly

"Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat. Thus, what is of supreme importance in war is to attack the enemy's strategy." - Sun Tzu

By **BRIAN A. HOWEY**

INDIANAPOLIS – In surveying the 2014 Indiana General Assembly, the policy outcomes may be important in the long run, but modest befitting a "short" session. What jumps out is the execution of strategy, or lack thereof, recalling a 2012 Forbes Magazine column headline which read, "Strategy Without Execution Is Hallucination!"

The most conspicuous



arena on this notion was HJR-3, the constitutional marriage amendment, where the upstart opposition advocacy group ran circles around the troika of family associations. It forced Speaker Bosma into a committee juggling mode, and even with friendlier faces pushing it to the House floor, couldn't save the second sentence which restarted the process. It pressed Gov. Mike Pence into a fading outlier position.

And everyone in the top power realm - Gov. Mike Pence, Speaker Brian Bosma and Senate President David Long - made repeal of the business personal property tax the top priority ... until after the session concluded. Sen. Long then produced this head scratcher: "If you look at the tax cuts . . . I'm particularly proud of the work Sen. Hershman did on the corporate tax cut. I think that is the linchpin of

Continued on page 3

Having 'guts' on crime

By **MAUREEN HAYDEN**

INDIANAPOLIS – Republican Sen. Brent Steele is the rock-ribbed, law-and-order chairman of the Senate Judiciary Committee, but he's no ordinary conservative. Two years ago, the small town lawyer startled Statehouse

colleagues when he suggested decriminalizing marijuana. He likened Indiana's tough pot penalties to "smashing an ant with a sledgehammer."

He failed to convince fellow lawmakers. But, as a key player in the massive rewrite of Indiana's criminal code, he has managed to soften the crime.

As of July 1, most marijuana possession charges will morph from felonies into misde-



"While others may gush about 'the largest 1-month drop in unemployment in 20 years, I look at the report and find myself wondering many things."

- House Minority Leader Scott Pelath, noting 10,000 fewer Hoosiers working in January



is a non-partisan newsletter based in Indianapolis and Nashville, Ind. It was founded in 1994 in Fort Wayne.

It is published by
WWHHowey Media, LLC
405 Massachusetts Ave.,
Suite 300 Indianapolis, IN
46204

Brian A. Howey, Publisher
Mark Schoeff Jr., Washington
Jack E. Howey, Editor
Mary Lou Howey, Editor
Maureen Hayden, Statehouse
Matthew Butler, Daily Wire

Subscriptions

HPI, HPI Daily Wire \$599
HPI Weekly, \$350
Ray Volpe, Account Manager
317.602.3620
email: HoweyInfo@gmail.com

Contact HPI

www.howeypolitics.com
bhowey2@gmail.com
Howey's Cabin: 812.988.6520
Howey's cell: 317.506.0883
Washington: 202.256.5822
Business Office: 317.602.3620

© 2014, Howey Politics Indiana. All rights reserved. Photocopying, Internet forwarding, faxing or reproducing in any form, whole or part, is a violation of federal law without permission from the publisher.

meanors. Now Steele has another idea that may upset the tough-on-crime caucus: He wants to significantly slow the process of creating new crimes and penalties that send more people to prison.

The idea, strongly backed by his counterpart, House Judiciary Chairman Greg Steuerwald, R-Avon, would force lawmakers to justify any measure to crack down on crime that would alter the new criminal code.

Their proposal would give a little known body, the Criminal Law and Sentencing Policy Study Committee, new power to vet proposed legislation.

The study committee would operate somewhat like the fiscal gatekeepers – House Ways and Means and Senate Appropriations – by forcing scrutiny of a bill's long-term impact. Without those committees' blessing, any money-spending measure is doomed.

Steele and Steuerwald can't mandate the committee will have veto power. But, with a change in legislative rules, it could have much more clout.

The committee's make-up already lends it authority. It's a bipartisan group of more than just legislators. Judges, prosecutors, and public defenders are represented, too. It meets in the summer, long before the legislative session starts. That would force a lawmaker to bring a proposal to the committee months before he or she could file a bill. That legislator would have to justify not only why a new crime or penalty should be created, but also calculate how much it would cost to incarcerate offenders.

Steele and Steuerwald have spent years working to rewrite the criminal code, stripping it of bloated language, archaic laws and out-of-whack penalties that made child molesters face less prison time than

someone caught with a few grams of cocaine near a park.

They know a politician's instincts. At a press conference last week on legislation that finalizes the rewrite of the criminal code, supporters hailed the bill as "tough on crime." It is – on violent crime. But it also pushes down penalties for myriad drug and property crimes. No one was hailing that.

"You're not going to get politicians to stand up and say, 'We softened it,' but we did on the non-violent crimes," Steele said. "We decided we're not going to hammer some of these people with a sledgehammer when they need to be hit with a tack hammer instead."

Like Steele, Steuerwald worries about the tendency to go for the sledgehammer. Tougher criminal penalties, he said, are "extremely difficult to vote against, because everybody thinks they'll appear to be soft on crime."

There is precedent for their proposal. In 1978, after the criminal code went through a similar overhaul, a body was cre-

ated to vet proposed changes in the law. The Indiana Criminal Law Study Commission operated until 2002, when it released a controversial report recommending Indiana curtail its use of the death penalty. It was disbanded soon after.

In the decade since, Indiana's prison population grew more than 40 percent to 29,000 – expanding three times faster than those of neighboring states.

"We can do this," Steele said of his proposal. "It just takes some guts." ❖



State Sen. Brent Steele

Maureen Hayden covers the Statehouse for the CNHI newspapers in Indiana. She can be reached at maureen.hayden@indianamedia.com. Follow her on Twitter @MaureenHayden

Short session, from page 1

Senate Bill 1.”

Indeed, SB1 doesn't make a cut in the BPPT, et alone a repeal. It simply gives counties the option to do so. It is not a landmark, so much as a mile marker. While Gov. Pence heralded SB1, the fact is that from the beginning, this proposed tax repeal was so sketchy in how it would impact the strata of municipal government and schools, and there are doubts from economists about its potential impact, that it's not surprising there would be such a modest outcome.

Republican Elkhart County Commissioner Mike Yoder reacted to the Elkhart Truth, saying, "It's a poorly conceived idea. It's a poorly developed idea." Kyle Hannon of the Elkhart Chamber observed, "It is a disappointment because the elimination of the business personal property tax could have been very exciting if the state had paid for replacement revenue."

Like Freedom Indiana's powerful and comprehensive response to HJR-3, it was the Indiana Association of Cities and Towns working in concert with an array of municipal and school groups, that raised a grassroots opposition to the proposal that prompted the results realized last Thursday. And much of that opposition came within the realm of GOP city and county officials. The BPPT process prompted legislators like Senate Budget Chairman Brandt Hershman to question local government "efficiency" while he, most of his colleagues and Gov. Pence are reluctant to address the most compelling inefficiencies found in less populated counties with multiple school corporations as well as the layers of duplicative township government. To address these issues will take a voluminous expenditure of political capital that doesn't exist in the Indiana Statehouse's fast food culture.

Hershman made this claim: "Indiana has made enormous strides in recent years to improve our business tax climate, our attractiveness to business investment, and it has already paid dividends which are evidence by our lower unemployment rate than any of our surrounding states, our enormously strong corporate tax revenues. I note that just this week the 32nd company has moved from Illinois to Indiana after our prior corporate tax reform—another corporate headquarters. Those are tax dollars for us. Those are jobs for Hoosiers. I think this is an economic development package Hoosiers can be proud of."

But with the jobless rate more than 2% above

what had been a pre-Great Recession low nearly six years ago, and after a series of business, corporate and financial institution tax cuts over the past decade, the claim that Indiana's jobless rate is a few tenths of a percent better than our neighbors is not a particularly compelling victory.

House Minority Leader Scott Pelath observed, "While others may gush about 'the largest one-month drop in unemployment in 20 years,' I look at the report and find myself wondering many things: In December 2013, the number of Hoosiers who were employed is listed at 2,960,003 and the numbers of unemployed are 200,694. In January 2014, the numbers of employed Hoosiers are

listed at 2,950,298, and the numbers of unemployed at 209,305. Now, I wasn't the best math student in school, but those numbers show a decrease in the number of employed Hoosiers of 9,705. Just as important, the number of unemployed Hoosiers ... you know, the ones who don't have jobs ... rose by 8,611.

"If you look at the 14 Metropolitan Statistical Areas included in the report, all but one saw an increase in numbers of unemployed," Pelath continued. "Only one MSA (Elkhart/Goshen) went down. "Finally, 82 of Indiana's 92 counties saw their unemployment rates increase from

December to January.

IACT saw SB1 as a "cart before the horse" situation, with Pence and legislative leaders seeking the headlines with a policy victory, while scores of questions and potential unintended consequences prompted the final legislation to not only lack the main repeal objective, but pushed off implementation of the law until 2015. By then a blue ribbon commission studying Indiana's entire tax structure will have filed a report.

It begs the question: Why didn't Pence start with the blue ribbon commission, and then design a comprehensive tax reform strategy in his second biennial budget session that would occur as his reelection begins to take shape?

It raises the notion of a sugar buzz strategy where the headlines are more important than the actual policy. It has the air of public policy that can be proverbially described as a "mile wide, inch deep." It doesn't create the perception of a strong, alpha governor.

The buzz in the hallways throughout the session was that the Pence administration was not as prepared as it could have been for a second session. Most gave the new governor a pass in 2013 when he had to build an administration, create a legislative agenda and write a biennial budget. But this session found the administration treading in similar waters. An influential state senator told HPI that he was approached about carrying the governor's education agenda in December. He had already



Senate President David Long with Sens. Jim Merritt and Appropriations Chairman Luke Kenley. (HPI Photo by Matthew Butler)

filed is allotted 10 bills and wondered why he hadn't been approached months before. Questions to the administration on who was carrying the governor's legislative agenda went unanswered as 2013 rolled into 2014.

Bosma was asked about working with the Pence team on Friday as reporters sought specific examples of how he shaped policy. Bosma, perhaps tired from the sine die experience, responded, "The Governor was very encouraging. The details were worked out by legislative leaders but the Governor was very encouraging on adoption of each of these initiatives and we met with the Governor weekly or more frequently in some cases. We kept him apprised at all times. There is no doubt that his weighing in on the Pre-Kindergarten program was very positive for its enactment and many other initiatives as well."

Had Pence's offensive on Pre-K saved it? "It certainly helped it and highlighted it in the local communities," Bosma said.

The Pre-K pilot program is important, but tiny. It is funded partially by FSSA budget reversions, which is hardly indicative of a landmark program carrying the full thrust of policy and money.

In Gov. Mitch Daniels' first short session in 2006, there was the \$4 billion Major Moves program and several billion more from the impact of telecommunications reform. Gov. Frank O'Bannon's second session was inconspicuous after his first session brought stadium deals and workers comp reform. Gov. Evan Bayh grappled with a 50/50 split House and a Republican Senate, and Gov. Robert Orr had to deal with a daunting recession. Pence, with the super majorities, appears to have missed an opportunity that would have required superb planning and the expenditure political capital.

The Pence modus operandi creates problems for the governor. Administration department heads speak to the media mostly on background in an apparent effort to control the message. But this shifts an inordinate amount of attention to the governor when he does his infrequent media availabilities. The "coffee" he conducted with reporters in February found him peppered with a series of targeted questions on replacement revenue for the BPPT. His performance turned into an elusive dance while top aides squirmed in the background. Within the media, the governor is seen as constricted by a series of talking points that are repeated often. It results in little definition, raises more questions than answers, and creates an aura of uncertainty. Uncertainty creates modest to puny victories.

Such an aura is then perceived in the legislative trenches. Multiple Republican sources tell HPI that access to Gov. Pence was limited this session, as opposed to 2013 when the new executive attempted to reach out to all 150

members. They say that it was difficult getting direction on legislation from his staff. GOP political sources tell HPI that part of this is a product of Pence's friendly nature, as opposed to the ball-breaking, arm-twisting M.O. of Gov. Daniels who left little room for ambiguity. There was "fear" of Daniels and his enforcers. Fear is not in this governor's style.

There's another component at play. Whereas Daniels ran ahead of many down-ballot Republicans in 2004 and certainly in 2008 with his landslide reelection, Pence's anemic 49% victory in 2012 found many members running ahead of the new governor.

Given Pence's modest legislative victories in 2013 and 2014, there was considerable talk in Statehouse hallways and in GOP circles about his potential reelection vulnerability in 2016. What is amazing on this front is there is no Democratic heir apparent waiting in the wings. Pence is facing this type of talk despite there being an opponent vacuum.

The HJR-3 experience not only exposed the limits



of social conservatives' power this session, it found Pence working as an outlier, pushing to reinstall the controversial

second sentence on HJR-3 when speaking to a luncheon of family groups after the House had removed it. And it was this social conservative orbit - occupied by Richard Mourdock during the 2012 campaign - that came close to bringing Hoosiers a "Gov. Gregg" instead of today's status quo.

As we near the halfway mark of Gov. Pence's first term, many observers don't view him in the "transformational" sense occupied by Govs. Doc Bowen, Robert Orr and Daniels. He is perceived in the "caretaker" mode of an Evan Bayh, who governed for eight years with the notion of a future presidential bid or a veep nomination moderating any willingness to extend. It crimps the spending of political capital. Bowen and Orr knew the Statehouse system inside and out, and Daniels was simply audacious and prescribed to the notion that good policy opens vaster political opportunities.

Pence pales in a comparison to the Daniels Administration, which is one the Statehouse establishment gravitates to due to the proximity of time. One can attribute this to preparation, publicly engaged policy centers within the administration that operate without centralized control (though not outside of Daniels' keen scope), and compelling staff work. Daniels sent key department heads publicly into stirring contention and personally sold an Indy stadium tax to doughnut counties.

Daniels was armed with an array of tactics he never hesitated to use. It's the difference between a well-timed march and an elusive dance are conspicuous. ❖

It's a showtime for Indiana Republicans

By **BRIAN A. HOWEY**

INDIANAPOLIS – If your Gov. Mike Pence or legislative Republican leaders, there was a tendency for back patting Friday morning after the short session of the Indiana General Assembly ended the night before.



Pence could claim "victory" on the beginnings of the business personal property tax repeal and a Pre-K education program, as well as \$400 million in road funding. Speaker Brian Bosma and Senate President David Long will claim credit for creating a better business envi-

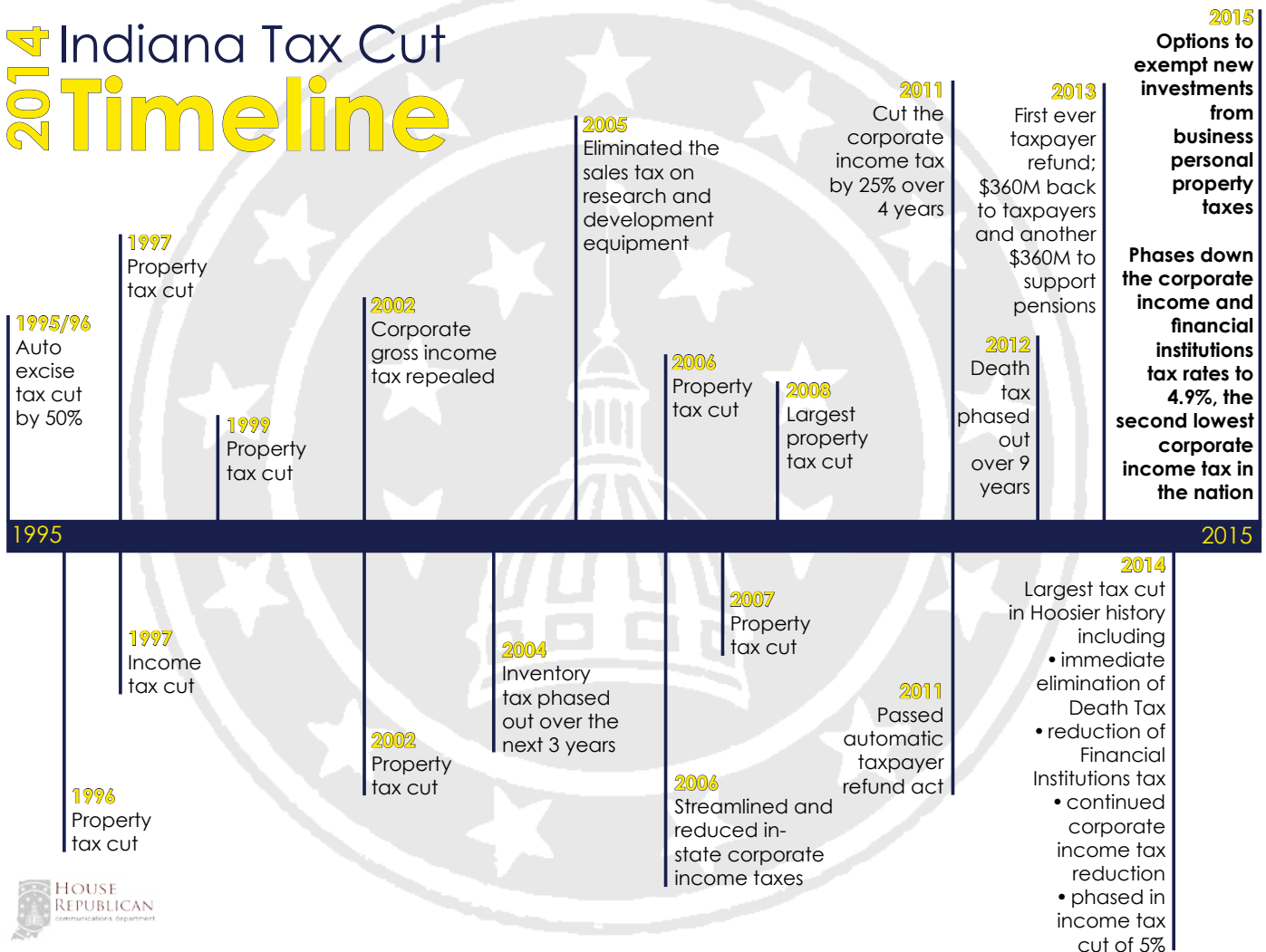
ronment and keeping what Bosma called Indiana's "fiscal integrity."

"Efforts to reform taxes, invest in infrastructure and open doors of opportunity to quality pre-K education for disadvantaged kids all prove that a short session need not be short on accomplishments for Hoosiers," Pence said in a video released overnight. "The work we have done has built on the success of the last legislative session and, I believe, will lead to a more prosperous future for Indiana."

House Republicans released a fascinating chart detailing the various tax cuts over the past 20 years. If you're in the middle class, this tax cut series began with a 50% auto excise reduction in 1995, property tax cuts in 1996, 1997 (thanks a billion!), 2002, 2006 and the Mother of All Property Tax Cuts in 2008. Some of the property tax cuts were overrun by other forces over the years. There was the 5% income tax cut last year that put about \$50 a year into the pocket of the Hoosier Common man, and the automatic taxpayer refund act of 2011.

But then you look at the business tax cuts that

2014 Indiana Tax Cut Timeline



have created what Bosma calls the "best business environment in the Midwest through policies that encourage and incentivize companies from all over the world to relocate and grow in Indiana."

Indeed, there was the corporate gross income tax repeal in 2002, the inventory tax phase out that began in 2004, the 2005 elimination of sales tax on research and development equipment, the 25% cut in corporate income tax in 2011, the death tax phase out of 2012, the accelerated death tax repeal in 2014 as well as the reduction of the financial institutions tax, and now set for 2015 the phase down of corporate income and financial institutions tax rates to 4.9%, or the lowest in the nation.

What do we have to show for all of these business tax cuts? This is where we get into alternative universe territory.

Indiana's jobless rate spent more than four years above 8%. It finally came down to 7.8% last September, 6.9% at the end of 2013 and 6.4% in January. There are still a little under a quarter million jobless people on the rolls. That doesn't include the tens of thousands more who are so discouraged they are no longer being counted. The amount of workforce participation in Indiana - with 38% of the population idle - is at a historic high, which belies Pence's slogan of Indiana being a "state that works."

Hoosiers ranked 39th in per capita income in 2013, with residents making 87.2% of U.S. income \$38,119, and 33rd in household income at \$46,974, down from \$47,399 in 2011 (32nd). In 2002, we ranked 24th at \$53,482. That is a 13.6 percent decline in the last decade that coincides with all the business tax cuts.

Indiana ranks 41st in total health, 17th in the nation in single parents, and the state's 7.7 infant mortality rate is the worst in the Midwest and an embarrassment. We still are facing upwards of 300,000 Hoosiers without health insurance. Our teenage birth rate at 38.8 per 1,000 is the worst in the Midwest. As the Centers for Disease Control notes, "Teen pregnancy and childbirth costs more than \$11 billion per year to US taxpayers due to increased health care and foster care, increased incarceration rates among children of teen parents, and lost tax revenue because of lower educational attainment and income among teen mothers."

Indiana ranks 10th in bankruptcies in 2012, and sixth in the rate per 1,000 people. We rank third in the nation in methamphetamine lab busts. Only 23% of Hoosiers have a bachelors degree. Our prison population has gone up 6.5% between 2007 and 2011 while most states are showing a decline.

In surveying what's been accomplished in the two Pence-era legislative sessions, it's still a stretch to say that any of these measures are going to significantly help this state change course. We can all hope.

So I don't mean to be a killjoy here, but at some point, we're going to have to start seeing some significant reversals in trends here.

If you listen to Pence, Bosma and Long, the stage is

set. With all the business tax cuts, education reforms in place and the labor unions largely neutered, and Indiana the sexiest fiscal gal in the whole U.S. of A., over the next two years things are supposed to get better. In 2016, we will have had 12 years of Republican gubernatorial rule and in eight of those, the GOP has controlled both chambers of the Indiana General Assembly.

Or as actor Roy Schneider would say in portraying legendary director/choreographer Bob Fosse in the 1979 classic movie "All That Jazz" . . . "it's show time!"

And if not? Then there's a huge opportunity for a charismatic Democrat to make a compelling case that this course has been a wrong one - or at least ineffective - and that the Indiana garden is in need of weeding. ❖

Sources say Turner worked to kill nursing home bill

INDIANAPOLIS – A powerful House Republican secretly lobbied colleagues in the final hours of the 2014 session last week to kill a measure that would have been disastrous for his family's nursing home business. Rep. Eric Turner lobbied to kill legislation that would have temporarily halted construction of new nursing homes and elderly care facilities, multiple Republicans with direct knowledge of the discussions told The Associated Press. Turner's son has emerged as a statewide leader in building such facilities, capitalizing on a surge of retiring Baby Boomers.

IBJ reported March 14 that last-munute lobbying unexpectedly killed the legislation.

The Republicans spoke on condition of anonymity because they weren't authorized to discuss the private caucus meetings during which Turner argued his case.

Turner didn't immediately return a message from The Associated Press seeking comment Monday. And House Republican spokeswoman Tory Flynn was unable to reach him. Turner's private lobbying marked an about-face from his public actions during the session, during which he regularly excused himself from votes on the measure and stayed quiet through public hearings.

Last year, The Associated Press reported that Turner had pushed a measure to benefit a client of his daughter, who is a Statehouse lobbyist. In light of that, House Speaker Brian Bosma, R-Indianapolis, said last year he'd review how the House handles conflicts of interests.

Bosma was on vacation and not available for comment Monday, Flynn said. ❖

Leaders (re)frame the short session

By **MATTHEW BUTLER**

INDIANAPOLIS – Both Democrats and Republicans were more than ready to (re)frame the results of the 2014 Legislative Session the day after it ended. Friday saw five separate press conferences in succession at the Statehouse: both chambers' respective party leadership and the Governor. Republicans declared a sweeping victory on numerous wide ranging issues despite it being a short session. Democrats declared most of those victories hollow and the session's attention distracted and misspent.



Speaker Brian Bosma was unequivocal: "Looking in the rearview mirror, I can tell that this has been a completely successful General Assembly session for the House Republicans." Senate President David Long concurred, saying, "I feel very good about this year's session." Gov. Mike Pence, complete with slick looking handouts,

touted achieving 20 out of 24 of his legislative agenda items. Forming the capstone of this session was a triad of agenda items billed by the Governor's Office as the 'Top 3 Solutions for Hoosiers': road funding (HB 1002), the Pre-K Pilot Program (HB 1004), and business tax reforms and cuts (SB 1). What was said about them and not said (or done) on other matters deserves further scrutiny before the wintery 2014 Session passes into long-term memory.

First, in terms of victories, Gov. Pence's request for \$400 million in new road funding was met. Yes, the Senate would only sign off on that figure if half was delayed and contingent upon the state's fiscal situation down the road, but Pence can truly say he delivered on this agenda item in a manner that remains fiscally prudent. House Democratic Leader Scott Pelath, however, begs to differ. On Friday he remarked, "Before we all start doing cartwheels let's remember that that money was already budgeted last year. This year we said maybe we can spend some of it. We're not going to spend it on local roads even when we have streets here in Indianapolis, streets up in Northwest Indiana that are more pothole than pavement."

Second, and it gets far more complicated from here, the Pre-K Pilot Program appears, at first glance, a definite victory for Gov. Pence and the House leadership. Both referred to it in the language of an historical, unprecedented achievement. "This year, for the first time ever," Pence said, "Indiana has funded Pre-K education." After hearing all this, the casual observer might think the Indiana Republicans just took control of the Governor's Mansion and General Assembly and were now able to deliver on this long-delayed educational breakthrough.

This was the "first time ever"...they could get around to a \$15 million pilot program? Referring to its size, Rep. Pelath said, "We need to keep it in perspective. That is planting a sapling when the state of Indiana needs an entirely new landscape. While it's a positive thing, it's not something we can say is going to transform Indiana's children yet."

A key issue with the Pre-K bill was funding. Once HB 1004 had passed over to the Senate things started to look bleak. Senate Appropriations Chairman Luke Kenley did not want to reopen the budget during a short session. Gov. Pence started a full court public relations press—remember the photo-op preschool visits—when it appeared the proposed pilot program was floundering and destined only for a study commission. A day after HB 1004's conference committee report passed both chambers, Speaker Bosma admitted the legislation was "probably the most difficult item to work through the process this year." It required, as he put it, "creative" funding solutions—reversion funds from FSSA—put forward by Sens. Kenley and Travis Holdman. "Obviously the Pre-K Program had a very interesting adventure," Sen. Long remarked Friday. "I think the Senate put its stamp on it." I don't think anyone can argue with that.

This begs the question why didn't the Governor push Pre-K during last year's budgetary session? Not being fully prepared appears to be one reason. Howey Politics Indiana learned that the Governor's Office approached its desired state senator to carry the bill only after he had filed his maximum ten bills for the upcoming 2014 session. Another and final observation about the Pre-K Pilot Program surrounds the rationale of placing it under FSSA and not the Department of Education. Perhaps it was deemed a better fit because FSSA was reversion funding source and it handles CCDF vouchers. However, after the creation of CECI last year, it would be easy for the Governor's opponents to argue this is another politicized education maneuver to circumvent Democrat Superintendent Glenda Ritz. With the pilot program operating through FSSA it is easier for the Governor to control and, one presumes, claim credit now and in the future.

The third and final component of this year's Republican legislative triad is SB 1's business personal property tax (BPPT) reforms and corporate rate reduction. The various local BBPT options do not go into effect until July 2015 which is after a blue ribbon commission investigates and reports on all the attendant tax issues. Asked if he thought SB 1 would be revised between now and then, the bill's author and Majority Floor Leader Sen. Brandt Hershman said, "I don't personally envision major changes in what we passed as part of Senate Bill 1. I would anticipate there could be refinements made to those concepts but I think the General Assembly was pretty comfortable when we added the concept of 'Super Abatement,' providing the right kind of tools [options]. In those areas I would suspect that any changes would be on the margins." Is Sen. Hershman suggesting he does not suspect that anything will substantively change regardless of what the commis-

sion finds and recommends? IACT is going to try their damndest to prove him wrong.

Considering the sustained movement of corporate headquarters to Indiana and the growth in corporate tax revenues despite 2011's rate cuts, SB 1's further reduction of that levy from 6.5% to 4.9% appears to be a bold move to keep ahead of national (and international) competition. Strangely, this likely more prudent fiscal step, as compared to calls for a wholesale BPPT elimination, was unnoticed in the pre-session talk of November and December. Now, Sen. Long says it's the "linchpin of SB 1." Moreover, this corporate-targeted tax cut could have been paired with the something like, for example, the House Democrats' proposal to increase the state's Earned Income Tax Credit. Econometrically proven to encourage the incentive to work and having a history of bipartisan support, what was there not to like? It would not only help working families but easily deflect the inevitable accusations by Democrats that all of SB 1's cuts are for businesses, not average Hoosiers.

Another observation about SB 1 is how rhetoric surrounding it was completely incongruent with actions taken on another major piece of legislation affecting local governments this session. In response to so many mayors and commissioners still being against the final version of the BPPT reforms, Sen. Long countered, "In the end, we gave them more tools in their arsenal to be able to be as competitive as they want to be. I don't see it as a negative." This sits in stark contrast with how the Senate treated the mass transit bill SB 176. Enough Senate Republicans felt the "option" of light rail was simply a "tool" that local leaders and, eventually, voters should not be allowed to consider. Eliminating light rail was one of the most jarring inconsistencies of the session when it comes to ideas of local versus centralized control. Comparing the business personal property tax cuts with the mass transit program, one could argue the legislature granted localities tools they didn't ask for and took away tools they actually wanted, respectively.

One should consider the opportunity cost of not addressing other issues this session. In terms of its meth epidemic, Indiana hasn't been breaking bad of late but rather breaking worse and worse. 2013 was a record year for meth lab busts and production (we're now third in the country). The only bill to progress was a database of homes used as meth labs. After hearing testimony on a bill that would require a prescription for meth's key ingredient, pseudoephedrine containing cold medications, House Courts and Criminal Code Chairman Judd McMillin refused to hold a vote and it died. Meanwhile, State Police, local police, and mayors were clamoring for more weapons in



Speaker Brian Bosma reflects on what he deemed to be a successful short session last Friday. (HPI Photo by Mat-

their arsenal.

Friday, HPI asked Sen. Long if this was a missed opportunity to tackle the worsening meth problem. "I think this is one of the things we're going to have to tackle next year, no question," he answered. "We may have to be more draconian on the availability of these ingredients [over-the-counter pseudoephedrine]. We've attempted to deal with it without having to go that extra step." Whatever the eventual steps, the meth problem continues to worsen and the General Assembly remained largely apathetic in 2014.

Finally, one way to assess the 2014 Session is how it impacts local units of government. It seems inescapable to conclude that local officials got a mixed bag. Working through IACT they were certainly able to

pump the brakes on BBPT but still options were put in place they weren't asking for. Their work isn't over either as they will have to make their case again with the blue ribbon commission. Central Indiana officials were able to lobby for a mass transit bill which had failed the past two years but one of its potential game-changing facets, light rail, was stripped against their wishes. Local councils passed resolution after resolution against HJR-3 but they could not get the Republican leadership to drop the issue.

Sen. Long thinks HJR-3 will return next year, but a senior Pence administration official told HPI the effort is doomed, suggesting legislative leaders won't want to reopen the controversies during the 2015 budget session, and political support in the general public is likely to drop further by the 2016 election year.

Criminal code reform might help the state's prison budget and recidivism but it's unclear whether local governments have the resources to shoulder the new expansion in community corrections. Increased road funding might help certain communities near the big projects, but local officials continue to worry their state legislature cares more about new construction rather than existing roads' maintenance and upkeep.

After preparing for Common Core for years, and already implementing it for first graders, school districts now must abandon costly training, curriculum packages, and textbooks for new ones. Will they ever get a refund having prepared for that discarded state mandate? And, as stated, the meth can gets kicked further down the road.

Coming off this 2014 Session and a seemingly positive January jobs report, Hoosier Republican leadership will undoubtedly be heading into spring's convention season with confidence but those on the ground might be more wary of how these policies play out. ❖

Butler covers the Statehouse for HPI. You can reach him at matthewesbutler@gmail.com and follow him on Twitter @MatthewESButler.

Ambiguity is the enemy of peace

By **CRAIG DUNN**

KOKOMO – If our two world wars have taught us anything, it should be that neither began in a vacuum. Neither war began with a situation where Tuesday was bright and sunny, with all nations at peace and then on Wednesday we were at war. Wars just don't start like that. They tend to be a progression of words and actions on the part of nations that elevate in intensity until there is no action left except for open conflict. Or, as the Nineteenth Century German general and military theorist would say, "War is the continuation of politics by other means."



I was taught in high school that World War I began when Austrian Archduke Franz Ferdinand was assassinated by Gavrilo Princip, a Serbian nationalist, in Sarajevo. Actually, the Archduke's assassination was merely the spark that lit the powder keg of a long series of diplomatic clashes between the great European powers for more than a decade. Those diplomatic clashes generally arose because

of a dramatic shift in the balance of power in Europe over the previous fifty years. The rise of nationalism, unresolved territorial disputes, an entangling system of alliances, fragmented and murky governance, armament races, economic rivalries and the quest for power and prestige festered until Gavrilo Princip pulled the trigger that set the unimaginable carnage of World War I in motion.

While most Americans with a narrow scope of reference believe that World War II began with the bombing of Pearl Harbor on December 7, 1941, history shows that Japan actually commenced hostilities in 1931 when it invaded helpless Manchuria. Japan felt compelled to territorially expand for economic reasons. A militaristic society with designs on playing on the world stage, the country needed the raw materials that Manchuria offered.

The failure of the world's powers to deal with the many issues leading up to World War I, coupled with political upheaval in Russia, a disastrous world economy and the abject failure of the League of Nations to deal with rogue countries, provided all the tinder necessary to help the world go up in flames again. With militarists in control of government, a dwindling supply of oil for her burgeoning fleet and facing the imminent peril of a United States imposed steel embargo, Japan took the only action it could without losing face in front of the world.

Humiliated by the terms of the Treaty of Versailles, disarmed, territory ripped from her boundaries and crippled by staggering inflation, Germany was ripe for a

nationalistic revival. The point here is that you rarely can point to a single word or action that triggered an international conflict. War is a game of chess with calculated moves made in anticipation of your opponent's moves. It may go on for years until someone blinks, or makes a wrong move and then events may quickly spiral out of control. Ambiguity is the enemy of peace. If the history of diplomacy has shown us anything, it is that a clear, resolute and unambiguous foreign policy is of paramount interest to the cause of peace. There is no need to draw a hypothetical line in the sand. If you have a clear foreign policy, the lines of good conduct are readily apparent.

Russia faces significant economic, domestic political and security challenges. From Czarist control to the manipulative control of Stalinists, the Russian economy has never learned to compete on a worldwide playing field. From net oil exporter to the prospect of a future as a net oil importer, Russia has seen its ability to pump foreign currency into its economy begin to dwindle. Economic success has been limited to a few lucky oligarchs and the promises of glasnost and the Russian Spring have not materialized for the common citizen. A tremendously diminished military, composed of a rotting navy, underpaid and mistreated soldiers and a technologically inferior army has sent shivers down the spine of Russian nationalists. Their only warm water port is rented from a former Russian province. They share an immense border with their age-old enemy nemesis China. Many of their, once huge, reservoir of natural resources belong to new nations.

Picture a United States that has just lost Florida to Spain, Alaska to Russia, California and Texas to Mexico and Louisiana to France and you can get the picture about what life may be like inside the walls of the Kremlin.

Just as Hitler arose from the ashes of World War I, promising to return Germany to greatness, Vladimir Putin has offered the nationalists in Russia the same prospect.

For five years, President Obama and his two secretary of states have offered the world a waffling and muddled foreign policy. Our enemies no longer fear us and our friends have lost their trust in us. This is the penultimate danger. We must elevate the United States to a position where our word is our bond to our allies and potential enemies alike. For those who believe that the Ukraine is too far away to risk making any sacrifices on our part, I would suggest that you grab a history book and study up. The Ukraine might as well be on our doorstep.

It is not important for President Obama and Secretary Kerry to rattle the saber and talk tough in public. It is the message conveyed to Vladimir Putin through private diplomatic contact that is most important. The message should be simple: The United States, acting in conjunction with our allies will not allow any Russian expansionism. Period. President Obama must remember that no amount of meat will ever appease the Russian bear. ❖

Dunn is chairman of the Howard County Republican Party.

Lack of ethics is a two-way street

By **MORTON MARCUS**

INDIANAPOLIS - Once upon a time, Walter Cronkite was "the most trusted man in America." Last week, I heard former Congressman Lee Hamilton, "the most trusted man in Indiana," give a talk on ethics in government.

His audience was drawn from Northwest Indiana, but he opened his remarks holding the latest issue of the Bloomington Herald-Times reporting an \$800,000 embezzlement by a former employee of that city and two concrete contractors from Bedford.



The scene was the annual meeting of the Shared Ethics Advisory Commission (SEAC) - an on-going effort to train local and county employees, board and commission members, as well as elected officials, about complex ethical issues. Currently, ten communities and one county are members of the SEAC program.

I left the session with three questions: Why is such an effort necessary? Why have so few communities chosen to participate? Why was there no mention of the private sector corruption that often complements public misdeeds?

We may assume that public officials and workers understand the necessity of ethical behavior. However, that is not the case. Ethical actions are based on cultural norms.

What we regard as a bribe in this country, is, in some other countries, an expression of appreciation for facilitating a transaction. Just as we consider a tip for a waitress, taxi driver, barber, or baggage handler appropriate in most cases, others regard payments to government employees for their rubber stamps of approval to be appropriate as well.

Such payments are given to expedite service where it is widely recognized that public agencies are under-staffed and public employees are grossly under-paid. This "under-the-table" behavior may be officially discouraged, but not often effectively prohibited. In time, some employees see these payments as inherent rights of office.

These conditions also exist in many parts of this country. Although most officials denounce the taking of bribes when discovered, they may have neither the means nor the will to enforce their legal and ethical codes. Therefore, some communities may not join SEAC because it suggests ethical training is needed or it goes counter to community traditions.

Americans, including most Hoosiers, believe strong-

ly in first-come, first-served. That one person or business might "buy" a better place in line is abhorrent according to our norms. We tolerate it more in the private sector than in the public sector. (Think of those who pay a little extra to the maître d' for a window table or provide a "small gift" for the person assigning tee times on the golf course.)

Corruption is the giving of gifts or bribes by private sector persons to those in the public sector in return for a favor, information, or something else of value, like a contract. The penalties for the public sector recipient often are more serious than for the private sector villain.

The snake, it seems to me, was not punished as much as were Adam and Eve. ❖

Morton Marcus is an economist, writer, and speaker who may be reached at mortonjmarcus@yahoo.com.

The short session is a waste of money

By **RICH JAMES**

MERRILLVILLE - It could have been worse. Much worse.

But in the end, it wasn't good.



You might say it pretty much was a waste of taxpayers' money. Indiana could have lived without the 2014 short session of the General Assembly that ended last week.

It was about 1970 that the state started holding short sessions for the purpose of putting Band-Aids on the biennial budget passed the previous year.

While legislators this year didn't fuss with the budget, they didn't do a couple of things they intended to do. That's good. For instance ...

With the clock ticking toward a midnight adjournment Thursday, the Senate deadlocked on a bill to require drug testing for some welfare recipients.

While some said the bill was an effort to help people get off drugs, it was little more than an effort to punish some of the state's less fortunate.

When the Statehouse doors opened the first week of January, Republican Gov. Mike Pence's priority was the elimination of the personal property tax on business.

Legislators, responding to an outcry from local of-

officials who collectively faced the loss of \$1 billion annually, had better sense and killed the bill. They did, however, say counties can act on their own to lower or eliminate the tax.

But legislators did OK a bill to lower the business income tax from 6.5 percent to 4.9 over the next six years.

A plan to pay bonuses to public school teachers who would jump to charter schools died, perhaps because legislators feared reprisals from the voters. Former schools Superintendent Tony Bennett will attest to that.

For reasons beyond the imagination, legislators OK'd a bill to allow weapons on school property if they are out of sight. Do you think that would sell at Sandy Hook?

Some \$200 million was approved for highway funding. It should have been the full \$400 million set aside last year. The other \$200 million is up to the State Budget Committee made up of a few legislators, not all 150 of them.

Some good things were done.

Pence's proposal for a preschool pilot program for 1,000 low-income children was approved after some tried

to dump the issue into a study committee.

It's for kids in five to-be-determined counties. It will be a crime if Lake County isn't one of them.

Legislators sent \$4 million that will be saved from closing a tax loophole in Lake County to the Northwest Indiana Regional Development Authority for South Shore expansion.

The money should have gone to the county's municipalities where the money was generated. The state can afford \$4 million out of its \$2 billion surplus for transit growth.

I guess that would be a nice thought if the state was truly interested in partnering with Lake County. ❖

Rich James has been writing about state and local government and politics for more than 30 years. He is a columnist for The Times of Northwest Indiana.

Chelsea Schneider, Evansville Courier & Press:

Down to the wire negotiations removed Indiana from the list of nine states to not offer state funding for prekindergarten, a deal characterized in the aftermath of the Indiana General Assembly session as "historic." Following on the heels of Mississippi whose program started this year, Indiana is authorizing money for prekindergarten in the face of a national trend where dollars to send 4-year-olds to school are declining. Across the country about 28 year percent of 4-year-olds attended a state-funded preschool program in the 2011-2012 school year. While those numbers were on track with the previous school year, nationwide funding for those programs fell by \$500 million, according to the National Institute for Early Education Research. Indiana's program is a small, but deliberate step to help some of the state's neediest families provide early education for their children. The state will pick five counties to offer the grants. Families earning up to 127 percent of the federal poverty level, which for a family of four is about \$30,000, will be eligible to apply. The state also will launch a longitudinal study to track grant recipients through third grade to gauge the benefits. The fate of the grant program rested in the hands of the Indiana Senate, where Republicans hesitated to provide state dollars for preschool even as the program enjoyed wide support in the Indiana House. House Speaker Brian Bosma confirmed a funding mechanism that could eventually mix state, federal and private contributions to pay for the program, and that seemed to cement the deal. Senate President Pro Tem David Long said Gov. Mike Pence asked Senate Republicans to "help us try to find a way."



Long said he turned to the Senate's fiscal leader, Sen. Luke Kenley, that earlier led a movement to nix the pilot program in exchange for a study. "I said, 'Luke I know you're not real excited about this but let's sit down, let's put your creative cap on,'" Long said. Pence said Friday while he didn't want to presuppose future legislative decisions on whether the program will one day be rolled out to the entire state, he thinks this year's legislation is "just right."

"What I can pledge is we'll move expeditiously to provide these resources to kids," Pence said. ❖

Bob Kravitz, Indianapolis Star: In a twisted way, Jim Irsay's friends have been praying for this day. They've been praying for the day when he'd reach rock bottom and be forced to come to terms with a drug problem that he's battled for some time. "He's a sick, sick man," one source told me. "He desperately needs help." There was a sad inevitability to what happened Sunday night in Carmel. Irsay faces four felony counts after being arrested on preliminary charges of driving under the influence and possession of a controlled substance. For years, Colts insiders have known that Irsay was struggling again with drugs. For years, they fought to get him into rehabilitation. At the very least, they fought to get him a driver in the hopes of keeping away from getting behind the wheel. The Colts have been cleaning up Irsay's messes for years now. Time and again, Irsay dismissed the concerns of his close friends and confidantes, even if his increasingly gaunt physical appearance sent up red flags throughout the community. I asked him two months ago about his weight loss,

which has brought him from 235 pounds to 165 pounds, and he insisted that the doctors wanted him to lose weight to keep the strain off his troublesome back and hip. I suspected otherwise. Those of us who are around Irsay on a semi-regular basis suspected otherwise for a very long time. So why didn't you write it? That's a fair question. But it's much like the baseball players during the steroid era. Suspicions cannot be the basis for news stories. My feeling all along has been, "Unless he gets arrested for drugs, or acts erratically in a public setting while obviously under the influence, it will remain nothing more than an educated guess." Now he's been arrested. The game has changed.

❖

Lisa Rosenberg, Muncie Star Press: In the *McCutcheon v. Federal Election Commission* decision likely to be announced soon, the Supreme Court is expected to strike down the long-standing cap on total contributions individuals may give to federal candidates and political parties, permitting the unseemly spectacle of a single donor contributing more than \$3.5 million to one party during an election cycle. This Sunshine Week, as we consider the vital importance of the public's right to know, we should put pressure on our elected officials to ensure we all have access to who's funding and influencing our elections. A more robust disclosure regime will be necessary to inform the public whether, in exchange for such massive contributions, donors are receiving more access to and influence over our elected officials. It's technologically possible, so why not make this vital information available as soon as possible? Congress should enact legislation to mandate disclosure of all contributions of \$1,000 or more to parties, candidates and political committees within 48 hours to enable citizens to better gauge whether their elected officials are representing their interests or special moneyed interests. Nearly \$7 billion was spent on campaigns in 2012. Roughly a billion dollars came from "outside" groups, the result of the Supreme Court's disastrous *Citizens United* decision. The remainder was financed mostly with so-called hard money contributions made to the candidates and parties. The source of much of that money was the political 1 percent of the 1 percent, the wealthiest citizens whose voice in politics, if measured by spending, far outweighs everyone else's. The Court is likely to strike the overall contribution caps because a majority doesn't view multi-million-dollar contributions from a single individual as a problem. What this court fails to recognize is the First Amendment rights of the 99.9 percent of citizens who cannot buy access to elected officials in order to give voice to their issues. Seven-figure contributions are not a megaphone merely amplifying the voices of the donors, they are a sonic boom, overpowering to the point of silencing all other voices. The tiny number of donors with the political purchasing power to make multi-million-dollar contributions simply do not, cannot and will not represent



the interests of most Americans. And while the super rich have every right to advocate for what they believe in, they shouldn't have the right to suffocate everyone else's voice under the weight of their massive campaign contributions. Without real time transparency, they will. ❖

Randy Beard, Evansville Courier & Press: For those who hail allegiance to the state of Indiana and its birthright sport of basketball, this has been a season of much discontent. Whether you are a fan of the Hoosiers, Boilermakers, Fighting Irish or Bulldogs — the state's most frequent NCAA tournament participants — your bracket is already busted. But then, you knew that. Since mid-February, rather than anticipating March Madness, we've been forced to accept Maddening Mediocrity. The state's 10 NCAA Division I schools posted a combined record of 151-170 this season. If my math skills haven't failed me, that's an average record of 15-17, which is exactly how Purdue and Notre Dame finished. Now that, my friends, is an education and a cultural crisis.

Butler suffered the greatest fall in its first season in the new Big East, finishing 14-17 after losing 15 of its last 19 games. That's a giant step down from the Brad Stevens years, though the slide began a year ago when Stevens led the Bulldogs to a CBI semifinal berth after back-to-back NCAA Final Fours. By now, Stevens may be having second thoughts about his decision to jump to the NBA. He landed in quite the mess with the Boston Celtics, and now it appears his honeymoon is over and his coaching resume has lost its luster. Rick Pitino couldn't win in Boston, either. But the good news for Stevens is there should be some coaching vacancies back in his home state in the next year or two. Notre Dame also suffered greatly from a conference switch, leaving the old Big East for the new look, 15-team, Atlantic Coast Conference (which, by the way, includes six schools that were once Big East members). The Irish muddled their way to a 6-12 conference record, 15-17 overall. That brought to a close Mike Brey's bragging rights over seven consecutive 20-win seasons. He needed at least 15 wins to reach 300 victories in South Bend, and at least he got those. After six consecutive seasons of at least 22 wins with NCAA tourney appearances with the Boilermakers, Matt Painter has now suffered through back-to-back seasons of sub-.500 basketball. If he wants to be the head coach beyond 10 years at his alma mater, he can't afford another season like the past two. For Painter in 2014-15, it's going to be NCAA tourney or bust. Sorry Boilers, 46.8 isn't much of a winning percentage. But perhaps the desperation moment of the season came Sunday night after Tom Crean learned his Indiana team also would be snubbed by the NIT selection committee. Indiana State got an NIT bid, but Indiana — even with four wins over ranked teams — didn't make the cut because of a weak nonconference schedule. ❖

Jobless rate falls to 2008 levels

INDIANAPOLIS - Despite January's extreme cold and heavy snow, the unemployment rate in Indiana fell again, to 6.4 percent, its lowest level since September 2008 (Indianapolis Star). The January drop amounted to 0.4 percent from December, when it dipped under 7 percent for the first time in five years. The rate of unemployment in Indiana remains below all neighboring states and is now lower than the national rate by 0.2 percent, Indiana Department of Workforce Development said today. The last time Indiana's rate was lower than the national rate was June 2012. The drop in the jobless rate occurred despite Indiana shedding 7,100 private-sector jobs in January, mainly due to extreme cold that dampened retail spending and other economic activity, the department said. The state gained 4,600 manufacturing jobs in January and 2,700 more people returned to the labor force, compared with the previous month, the department also said. "There are many positives to note this month," Scott B. Sanders, commissioner of the Department of Workforce Development, said in a statement. Initial claims for unemployment insurance benefits in January were nearly 6,000 below January 2013 levels. The unemployment rate also dropped in January in all of Indiana's neighboring states and stood at 6.9 percent in Ohio, 7.7 percent in Kentucky, 7.8 percent in Michigan and 8.7 percent in Illinois.



Gary schools to partner with IDOE

GARY - The Indiana Department of Education has labeled the Gary Community School Corp. a high risk district, paving the way to take

over its federal funds and determine how they are spent (NWI Times). The Gary School Board held a special meeting Monday and could have accepted the designation or appealed it. The board agreed 4-3 to accept it. Superintendent Cheryl Pruitt stressed this does not mean the school district is being taken over by the state. "This will be a partnership, a collaborative effort," Pruitt said. "The state superintendent (Glenda Ritz) has said she has no intention of taking over schools."

State plans new analytics tool

INDIANAPOLIS - Governor Mike Pence today announced the State of Indiana is developing a data analytics tool for use by state agencies that will help increase the efficiency and effectiveness of the State, especially on issues that involve multiple agencies such as infant mortality and child fatality, public safety, and economic development (INside Indiana Business). "The launch of the Management and Performance Hub (MPH) will transform and streamline the way Indiana tackles the challenges facing the state and will help us deliver smarter, lower-cost services to taxpayers," said Governor Pence. "Systems like this are commonplace in the private sector and will help government move at the speed of business." The majority of the funding for MPH will come from current Indiana Office of Technology (IOT) resources for technology improvement. Lilly Endowment Inc. has awarded a \$500,000 grant to IOT for cutting-edge technology enhancements to the MPH program. The state's existing transparency portal also will be revamped to be more user friendly, allowing the public to customize the data they want to view. As part of this project, health statistics, BMV transaction times, disaster relief response, and recidivism statistics will be added to the transparency portal.

Indy Council OKs Market tower

INDIANAPOLIS - A proposal by Flaherty & Collins Properties to build an \$81 million, 28-story apartment tower on part of the former Market Square Arena site passed its last big hurdle Monday evening (Indianapolis Business Journal). The Indianapolis City-County Council voted 18-9 to provide up to \$23 million in city financing for the project, with the stipulation that 30 percent of the workers hired to build the tower live in Marion County.

Brown succeeds Jancek in Senate

INDIANAPOLIS - Indiana Senate President Pro Tempore David Long (R-Fort Wayne) announced today that Skip Brown will serve as Communications Director for the Indiana Senate Majority Caucus Communications Office. He succeeds Lindsay Jancek, who is leaving her position to accept the Communications Director position with Congresswoman Jackie Walorski. Brown currently serves as the Policy Director for the Senate Majority and will begin his new position March 31. Andy Bruner, currently serving as Deputy Policy Director for the Senate Majority, will become the Policy Director.

Miami recorder didn't lie

PERU - Miami County's recorder and her first deputy didn't lie under oath when they filed for protective orders against Miami County Commissioner Jerry Hamman, a special prosecutor has ruled (Kokomo Tribune). Recorder Brenda Weaver and her first deputy Rhonda Trexler filed for protective orders in December after Hamman entered their courthouse office and tore down a letter.