

2016 Showdown? Evan the hesitant

Former governor still undecided on a challenge to Gov. Pence

By **MAUREEN HAYDEN**
CNHI Statehouse Bureau

WASHINGTON – Evan Bayh is keeping Indiana Democrats on hold.

Party loyalists longing for a political savior to retake the governor's office have been waiting on Bayh ever since he abruptly decided to leave the U.S. Senate and political life three years ago.

For now, it appears, they'll just have to keep waiting, perhaps well into this fall.

Despite a hefty campaign war chest and deep nostalgia for his days as a popular centrist Democrat, Bayh says he



Former two-term Gov. Evan Bayh attended Gov. Mike Pence's 2013 inaugural. He is now weighing a challenge to the Republican, who may opt out for a presidential bid.

needs more time to decide whether he'll try to recapture his old job. "I think it's less likely than more likely," he said. "I haven't ruled it out."

Bayh cited family as the reason for delay, during a recent interview in the Washington D.C. offices of McGuireWoods, a law and lobbying firm he joined when he left the Senate. He's been busy advising the firm's banking and energy clients, in addition to his work with a New York private equity firm, Apollo Global Management, and with stint as a Fox News contributor.

His twin sons,

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'Deadbeat parent' state

By **BRIAN A. HOWEY**

FREMONT, Ind. – In his State of the State address last January, Gov. Mike Pence called for Indiana to become the "most pro-adoption state in America."

But this past week, an adoptive parent who is suing the Department of Child Services called Indiana a "deadbeat parent" for refusing payment to 1,400 families that have adopted special needs children.

The Indianapolis Star reported that Debra Moss of La-Porte is the adoptive parent who is suing the Indiana Department of Child Services over unpaid adoption subsidies. In calling the state a "deadbeat parent," Moss claimed that the state is



"I'm running for mayor and I'm running for reelection. In light of this weekend, I'm not talking politics. I'm self-embargoed for a week."

- State Rep. Ed DeLaney, confirming to HPI he will run for Indianapolis mayor



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

It is published by
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Suite 300 Indianapolis, IN
46204

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no better than the birth parents from whom it removes children. Moss' lawsuit, which seeks class-action status, claims DCS denied payment to more than 1,400 Indiana families that have adopted special needs children from the state's foster care system. DCS promised in a contract to pay adoption subsidies to those families "if funding becomes available," according to the lawsuit.

Both the Star and WTHR-TV reported that since 2009, the DCS has reverted \$240 million to the state general fund.

In December 2013, with state revenues falling short of projections for four of the previous five months, Gov. Pence reacted by asking state agencies to revert 1.5% of funds for the following seven months ending on June 30. Those funds totaled \$25 million, while state universities reverted \$27 million in operational expenses. "The cost-saving measures we are implementing today will ensure that Indiana remains fiscally sound during these uncertain times," Pence said in a statement last Dec. 13. "Fiscal integrity is the foundation of prosperity."

The previous July, Pence and then-Auditor Tim Berry announced a \$1.94 billion budget surplus, with Indiana bringing in a structural surplus of \$483 million during fiscal year 2013, which was \$93 million more than expected. The surplus has since become a national talking point for Pence as he seeks traction for a 2016 presidential race. "Indiana is strong and growing stronger, and the closeout report confirms the balanced approach that we took in the enacted budget," Pence said.

On Fox News Sunday last April, host Chris Wallace noted Indiana's budget surplus and asked Pence about his presidential ambitions. "Much of that talk is the result of the progress the people of Indiana have been making," Pence told Wallace. "I mean the fact is we have the lowest unemployment rate in the Midwest, we demonstrated the ability to balance our budget, cut taxes even while

we invest in expanded educational opportunities and infrastructure."

"It doesn't do us any good to have a surplus that's built on the backs of Hoosiers, on the backs of the less fortunate. And these kids have nobody to speak for them but the state," Indiana State Rep. Mara Candelaria Reardon told WBEZ. "The padding of the surplus that's been touted nationwide, Indiana's surplus.



LaPorte parent Debra Moss has called Indiana a "deadbeat parent" for refusing funding to 1,400 families of special needs adopted kids.

If we actually paid people more and had more employees to handle the workload, you might not have the turnover that you see."

Indiana Senate Democrats flagged DCS for significant appropriation reversions. In FY2012 and FY2013, DCS was appropriated a biennial total of \$1.06 billion from the state general fund and expects \$512 million in federal funding. Those appropriations mark a significant decline compared to the FY2010-2011 budget, when DCS received a biennial total \$1.25 billion in state funding and another \$518 million from the federal government. The difference is more than \$194 million, or a reduction of more than 18%.

In April 2013, Senate Minority Leader Tim Lanane cited a DCS report showing that during fiscal year 2011, 40 child fatalities due to abuse and neglect were reported. Three children were killed in a Hammond house fire

earlier this year. The three had been in foster care but were permitted by DCS to return to a home with no running water, heat or electricity, according to WBEZ. "Maybe the whole system, the laws failed these people," DCS Director Mary Beth Bonaventura told WBEZ. "Could we have done things better? Probably. I think without question this is the most important job in the state."

Asked how much of the DCS budget has been reverted under the Pence administration, Pence press secretary Kara Brooks told HPI, "The Pence administration increased the appropriation in FY 14 and 15 to cover expanded caseworkers and improvements in the hotline system. DCS reverted \$3 million at the end of FY13. Gov. Pence demonstrated his commitment to making Indiana the most pro-adoption state in the country in the 2014 legislative session when he put a (\$1,000) adoption tax credit on his legislative agenda and later signed it into law."

Brooks added that Gov. Pence "is reviewing the legal issues of this matter."

In his second State of the State address last January, Gov. Pence called for an emphasis on adoption. "Let's also remember that families come together in many different ways," Pence said. "Like the family of Karen Sauer. Karen is a single mom who felt called to adopt. She adopted her two children, Neven and Dusten, when they were 11 and 12 years old, after they had both been in foster care for some time."

"Adoption is a beautiful way for families to come together forever," Pence continued. "We can better support families like Karen's by expanding and improving adoption in Indiana. We can improve the way we place children from state care into adoptive homes, and we can support every parent who is willing to lovingly adopt a child into their home. Let's make it our aim to make Indiana the most pro-adoption state in America."

"How is DCS any different from the birth families that didn't meet their children's needs?" asked Mary Covert, an Indianapolis resident who said she hasn't received adoption subsidies for the two special needs children she adopted from the foster care system, according to the Indianapolis Star. DCS spokesman James Wide told the Star he could not comment on the lawsuit because it is pending litigation. Attorney Irwin Levin, of the firm Cohn & Malad, said dozens of families have called to complain that they, too, adopted special needs children but never received their promised subsidies.

Pence signed the adoption legislation into law earlier this year, saying it is a step toward making Indiana the "most pro-adoption state in the nation."

Sharon Pierce, CEO of The Villages, told Indiana Public Media following the signing, "Often there are financial challenges in that adoption journey so I think it acknowledges that investment that any of us who are

parents make in our children and will help with that." The Villages facilitated the adoptions of 400 special needs children. Pierce said the next step Indiana needs to pursue is restoring the state adoption subsidy. "We're one of only two states that no longer provide a state adoption subsidy of support for particularly those children who have been abused and neglected and have some special needs," Pierce said.

HPI reached out to family advocacy groups and found that they are far more focused on hot button political issues such as abortion and constitutional marriage amendment. Micah Clark of the American Family Association of Indiana responded to HPI, "I am not sure that I am the best person to comment as my knowledge of this is extremely thin and I doubt if any comments I could make would be very profound. It does seem as though for decades we have heard numerous stories of DCS going after some situations that common sense would say doesn't deserve their attention or resources, while they seem to miss many obvious cases of child abuse or endangerment where their help was so desperately needed. The response to this criticism is often that case workers are spread too thin, or lack of resources. Now we have this news of those very resources going back to the tax spending machine that is the legislature. It is good when agencies can return unnecessary funds, but in this case, one has to

How much money did the Indiana Family and Children Fund return to the state each year?

Fiscal Year ▼	Amount of Money Returned to State Coffers	Total State Budget for Indiana DCS
2008-2009	\$9,668,592	\$427 million
2009-2010	\$31,112,294	\$445 million
2010-2011	\$62,022,132	\$445 million
2011-2012	\$15,060,094	\$528 million
2012-2013	\$780,328	\$528 million

wonder why this happened when we seem to be failing in our duty to protect children as best we can as a state."

The issue quickly found its way into the political arena, with Indiana Democratic Chairman John Zody saying, "Today I am demanding that Gov. Pence answer questions about how the state can end the fiscal year with a surplus while 1,400 families who have adopted children go without. The Pence Administration should stop hiding behind spokespeople and answer the simple question: Should any of the money the governor has stashed away be used to help these families?"

Zody added, "Stiffing vulnerable families and schools and doing all of it in the name of so-called 'fiscal responsibility' is a complete dismissal of the responsibility given to Gov. Pence by Hoosiers. Questions need to be answered and the governor needs to stop running for president and focus on Indiana." ❖

Bayh, from page 1

born during the second of his two terms as governor, are headed off to college this fall. Once they're settled, Bayh said he and his wife, Susan, will have time for a serious conversation about his next steps.

"I will confess, I'm indulging myself," said Bayh, 58, who appears to have aged well since he was elected as the nation's youngest governor at 32. "My sons are leaving home soon, and I'm trying to be with them as much as I can, because I love them and I'm going to miss them."

Bayh's indulgence may be trying the patience of state party leaders. While they're focused on state races this November, and mayoral races next year, they're already talking about the 2016 gubernatorial race.

"They really can't wait too much longer for him to decide," said longtime political scientist Ray Scheele, co-director of the Bowen Center for Public Affairs at Ball State University.

Money is a prime reason. The last time a challenger tried to oust an incumbent governor in Indiana – when Republican Mitch Daniels beat incumbent Democrat Joe Kernan in 2004 – the campaigns spent more than \$31 million combined.

Hammond Mayor Thomas McDermott Jr., and 2012 nominee John Gregg are already building campaigns and are preparing for a primary showdown.

Rampant speculation that first-term Republican Gov.



Evan Bayh has continued to stress bipartisanship by appearing in a No Labels TV ad with former Republican Utah Gov. Jon Huntsman,

Mike Pence is flirting with a presidential bid, combined with the fact that the conservative Pence only won 49% of the vote in 2012, is fueling Democrats' desire to find a winning candidate who can work the kind of magic that Bayh once did.

The son of longtime U.S. Sen. Birch Bayh, a liberal Democrat, the more conservative Evan took office in January 1989, after 20 years of Republican governors. After two terms, when he went on to run for the U.S. Senate, he left a legacy of a centrist governor who actively courted the middle.

He was dubbed, with affection and disdain, a "Republican." As governor, Bayh funneled more money into education, reformed welfare, cut the state workforce and didn't raise taxes. He left the state with a robust economy, low unemployment and a record budget surplus.

Bayh said he loved being governor. It gave him an opportunity, he said, to implement policies and programs that bettered Hoosiers' lives.



Govs. Edgar Whitcomb and Evan Bayh at the 2003 funeral of Gov. Frank O'Bannon. (HPR Photo by Brian A. Howey)

1986 Indiana

Secretary of State

Evan Bayh 828,494
Rob Bowen (R) 704,952

1988 Governor

Evan Bayh 1,138,574 53%
John Mutz (R) 1,002,207 47%

1992 Indiana Governor

Evan Bayh 1,382,151 62%
Linley Pearson (R) 822,533 37%

1998 U.S. Senate

Evan Bayh 1,012,244 64%
Paul Helmke (R) 522,732 35%
Other 23,641 1%

2004 U.S. Senate

Evan Bayh 1,496,976 62%
Marvin Scott (R) 903,913 37%
Barger (L) 27,344 1%

Everything else about the office is "an illusion," he said.

"If you had a magic wand to me make chief executive officer of the state, I'd take it because of the opportunity to help people," he said. "But that's not how it works."

Bayh's affection for the job was returned by voters. He won re-election by the largest margin of any governor in modern state history. Term-limited, he ran for an open Senate seat in 1998 and won 64 percent of the vote. In 2004, when Indiana went for Republican George W. Bush with 60 percent of the vote, the Democrat Bayh won his seat again with 62 percent support.

Scheele recalls how Bayh left the governor's office in 1997 with an 80 percent approval rate – a remarkable feat a state that hadn't voted for a Democratic presidential nominee since Lyndon Johnson in 1964.

"Evan knew how to energize people and get them to believe in his message," Scheele said. "He'd still be a popular candidate."

Bayh isn't so sure. Among many factors he says he must consider is a changed political landscape.

When Bayh decided not to run for a third Senate term in early 2010, he bemoaned Congress' dysfunction. He said he fears the climate is only getting worse. He cites a recent Pew Research Center survey that found Americans more divided politically, and hardened in positions that make them less likely to favor compromise.

"What used to be viewed as an act of statesmanship now increasingly is viewed as an act of betrayal by the bases of both parties," he said.

When Bayh was governor, Democrats still played a critical role in the General Assembly, with the power to influence legislation. That's not so now. Republicans have super-majorities in both the state House and Senate. After Republicans' 2010 sweep, they controlled the redistricting process and drew lines to favor their candidates for years to come.

"For Hoosier Democrats, who need to reach out to moderates and thoughtful conservatives, it's a much tougher challenge than for Republicans, who tend to more often than not just have to appeal to their conservative base," Bayh said.

Indiana Democratic Chairman John Zody is gracious when talking about Bayh. He calls him "a popular governor and Senator" who still has the affection of voters.



Party loyalists are grateful for Bayh's legacy, he said, and will honor whatever decision he makes.

But some Democrats may have difficulty forgiving Bayh for his departure from the 2010 Senate race. He decided against seeking a third term just hours before the filing deadline, leaving party leaders scrambling for a new candidate. The seat went to a Republican, Sen. Dan Coats, as part of a midterm sweep by GOP candidates. On election night, party activists in Indianapolis booed Bayh.

Some in the party resent the fact that Bayh's since been sitting on almost \$10 million in a dormant campaign account. That resentment has been noted by Republicans, including political strategist Pete Seat, former spokesman for the state GOP.

"It's interesting you describe him as keeping Democrats on hold," Seat said. "I wonder if they're still on the other line, or if they've hung up on him."

Seat called Bayh's surplus campaign funds a "formidable amount" that would give any opponent pause. But Seat also questions whether young voters and those new to the state, would fall so easily under the Bayh spell. "There are thousands upon thousands of voters who have no recollection on Evan Bayh's governorship," Seat said.

Bayh disputes criticism that he hasn't done enough to promote Indiana candidates since leaving the Senate. He noted he's doled out \$2 million over the last four years to Democratic candidates.

"No one been more generous than me," he said. So if not the Indiana governor's race, what else?

Longtime political observers, including Scheele and Seat, note that Bayh may have larger ambitions. In 2008, he weighed a presidential bid before dropping out of consideration. There was speculation that he'd become then-Democratic nominee Barack Obama's running mate. Scheele says Bayh's strong ties to former Secretary of State Hillary Clinton could also influence his decision, if she decides to run on the Democratic ticket. Scheele thinks Bayh could be on Clinton's list for the number-two spot or for a cabinet post.

Gregg believes that Bayh is keeping his name in the public eye with the goal of getting a cabinet position under President Obama or a future Clinton presidency.

Bayh isn't publicly entertaining that kind of speculation.

"Public service is part of my DNA and part of my family's heritage, which I cherish," he said. "But there are a lot of different ways to help other people than running for public office." ❖

A Bayh v. Pence race?

By **BRIAN A. HOWEY**

NASHVILLE, Ind. – During the halcyon days of broadcasting, conservative radio host Mike Pence used to observe of Gov. Evan Bayh something along the lines, “Evan likes to take the layup over the trey.”

The governor’s future and present crossed paths in a number of ways over the decades, from interviewer and subject, to Congressional colleague, and now, perhaps in epic fashion, as potential opponents on the 2016 campaign trail.

Or ... maybe not.

Perhaps Gov. Pence will opt out of the 2016 reelection and run for president, and if that fails, position himself like Sen. Dan Quayle did in 1988 for the second banana gig. And if all that doesn’t happen, Pence is set up for a Fox News talk show and 2020 vision should we end up with President Hillary or President Biden or President Warren. His resume will have the required Congressional and executive boxes checked, and any policy failings in the Indiana governorship will fade like an outbound train, only to be replaced by the opportunity at hand and plenty of foxy rhetoric.

And there’s Evan Bayh, pondering another way to serve the public. In his mind, he’s good at running things. As a two-term Indiana governor, he took claim for creating 390,000 jobs, ushered in an era of billion dollar surpluses, never raised taxes, signed the biggest tax cut in history (at the time) at \$1.6 billion, fostered a series of 7-percent education funding increases, and brought Hoosiers the concept of welfare to work. He took on skyrocketing Medicaid costs, created the 21st Century Scholars program, and invaded murderous Gary by leading hundreds of state troopers into the Steel City. You can almost hear the strains of “Happy Days Are Here Again” echoing throughout the convention halls.

Beyond that, as Howey Politics observed in its 10-years-after report on the Bayh governorship (Aug. 17,

2006, edition): “Bayh’s political machine not only revived the once moribund Democratic Party, but forged upsets by Secretary of State Joe Hogsett (over Bill Hudnut), Attorneys General Pamela Carter and Jeff Modisett, the extension of the Democratic gubernatorial dynasty to 16 years with Lt. Gov. Frank O’Bannon’s upset win in 1996 over Stephen Goldsmith, and Bart Peterson’s epic derailing of the Marion County GOP machine in the 1999 Indianapolis mayor’s race. The governor had coattails, bringing along additional Democratic House seats each time he ran. He is in thorough command of the Indiana Democratic Party to this day, having selected the last several party chairs. It is a party that is tacitly gearing up for the Bayh presidential run everyone knew would come some day.”

As CNHI Statehouse Bureau Chief Maureen Hayden reports in our lead story, Bayh seems almost paralyzed by his options right now. He will put off a decision on running for governor until later this fall, when many Democrats hoped he would have made it by now, or at least by the Indiana Democratic Editorial Association convention at the end of August.

As things stand right now, Pence and Bayh are shadow boxing, just as they did in the deep winter of 2010

when Pence turned down a chance to challenge Bayh, giving way to Dan Coats. Bayh would stun everyone days later with his bombshell announcement he would not seek reelection. The two governors and their campaign teams are looking over their shoulders these days, weighing what the other might or might not do.

In Bayh’s mind, the questions might be these: Can he upset an incumbent governor, similar to what Mitch Daniels did to Gov. Joe Kernan in 2004? The big difference is that Kernan ascended the throne upon the death of Gov. Frank O’Bannon and had not been elected. But Bayh has to salivate at the Pence political team acumen. While Pence is the dream of national conservative pundits, his electoral record is underwhelming with losses in two Congressional challenges to U.S. Rep. Phil Sharp, an im-

pressive 2000 primary win in the 6th CD and six easy wins in one of the most Republican districts in the nation, and then a near upset in the 2012 gubernatorial race most believed would be a landslide. State Rep. Eric Turner, in making his case of his own virile election



V13 N2 Weekly Briefing on Indiana Politics Thursday, Aug. 17, 2006
HPR Special 2008 Presidential Report

Gov. Bayh, 10 years later

By **BRIAN A. HOWEY**

INDIANAPOLIS — It seems so long ago that we watched with real anticipation Evan Bayh’s Hoosier governorship as it commenced in 1999. It began in an era before e-mail and the Internet. It was an era when the Cold War ended and we talked of the “peace dividend.” Crack cocaine had yet to spread its awful tale beyond four states. We were still excluding our word criminals in the electric chair. It was a different administration in that instead of being the captives of a political career as we had seen with most of our governors, it was just the ambitious beginning.

The Bayh governorship, which ended with an 80 percent approval rating and a virtual coronation into the father’s old U.S. Senate seat two years later, will become one of the basic planks on the now unfolding presidential aspirations. Evan Bayh was an executive for eight years, making life and death decisions, fighting crime, educating the young and forging jobs. He created the modern campaign mode, matching a relentless message into a communication network that went over the heads of opponents.



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Watching Bayh’s first steps ...

By **DR. LAWRENCE H. BORST**

INDIANAPOLIS — During all of the years that Evan Bayh served as an elected official for the State of Indiana, I always had the feeling that each progression was just one more step to become the President of the United States. Even as secretary of state, Evan Bayh and Ed Lewis had charted out his political future. This political future outlined how a Conservative Democrat Governor from the Midwest could obtain the

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“I’m not anti-business. Wal-Mart has become emblematic of the anxiety around the country and the middle-class squeeze.”

— Sen. Evan Bayh in Iowa at a Wake-Up Wal-Mart rally



Potential 2016 gubernatorial candidates



	Favorable	Unfavorable	No opinion	don't know
Gov. Mike Pence (R)	52%	20%	30%	5%
Evan Bayh (D)	60%	16%	19%	5%
John Gregg (D)	25%	16%	24%	35%
Baron Hill (D)	13%	15%	30%	42%
Mayor Tom McDermott (D)	8%	5%	22%	66%

prospects this year in one of the most Republican House districts in the state, underscored Pence's vulnerability: He pointed to how other Republicans had done in HD32 in recent years: Attorney General Greg Zoeller 71.06% (2012); Auditor Tim Berry 70.15% (2010); Mitt Romney 66.65% (2012); and Gov. Mike Pence 60.71% (2012).

Exhibit B is the April 2013 Howey Politics Indiana Poll conducted by Christine Matthews that had Bayh's fav/unfavs at 60/16%, with 19% at no opinion, while Pence stood at 52/20% and 30% no opinion (See graphic on page 6). Both had 95% name ID. This poll comes well before the Pence presidential speculation began, and way before Pence faces his administration's most defining moments coming on the Medicaid expansion via Healthy Indiana Plan 2.0 and the fallout from the Common Core pullout and the coming federal waiver. So is Pence vulnerable to a Bayh challenge? Yes, and a number of prominent Hoosier Republicans would secretly agree, believing that Pence's support is wide, but shallow.

Will the same issues that prompted Bayh to flee his 2010 reelection resurrect themselves in 2016? The Tea Party was on the rise. The wealth the Bayh family accumulated due to wife Susan's corporate board directorships would have been a campaign issue that year. The sunny Pence might not go there, but another Republican nominee like Speaker Brian Bosma might. And does Mrs. Bayh want to come back home again to Indiana and give up the Delaware beach house? On the flip side, the Tea Party is largely discredited with independent voters, though Hoosier Republicans are still open to it as evidenced by Richard Mourdock's heroic reception at last month's GOP convention.

Would Bayh be an even better governor if his policy decisions were not based, at least partially, on a future presidential bid? Many ask the key question, why would Evan want to be governor again? The answer is an incomplete legacy. His Senate career was average at best. But Bayh loved being an executive. The notion here is whether Bayh would govern more like Gov. Daniels, who believed that good policy makes good politics, as opposed to politics leading to compromised policy when made within a potential presidential prism. If this all has a *déjà vu* feel to it, Gov. Pence seems to be in the same presidential prism that Bayh once occupied. And where Bayh revived the Democratic Party in 1986-88, he greatly damaged it in 2010. Here he is presented with an opportunity for redemption.

Would Bayh clear the Democratic field? Right now, 2012 nominee John Gregg and Hammond Mayor Thomas McDermott Jr., appear to be all in. A candidate with a \$9.84 million war chest would probably change that.

So Bayh v. Pence: Could it happen? Only deep in the brain pans of these two governors do the real answers and logic reside. It could be as elusive as Bayh v. Coats. It could be an epic showdown.

It could be just a midsummer night's dream. ❖

Rep. DeLaney will run for Indy mayor in '15

By **BRIAN A. HOWEY**

INDIANAPOLIS – State Rep. Ed DeLaney confirmed to Howey Politics Indiana that he will run for mayor of Indianapolis in 2015.

DeLaney also said he will seek reelection in 2014.

"I'm running for mayor and I'm running for reelection," DeLaney said late Monday afternoon. "In light of this weekend, I'm not talking politics. I'm self-embarrassed for a week."



He was referring to the murder of IMPD Patrolman Perry Renn and the seven people wounded in a shooting spree in Broad Ripple early Saturday

morning. DeLaney said that he will speak to those issues this week, and then pick up his mayoral candidacy dialogue next week.

"There's some missing signals here," DeLaney said of the Republican "super majority caucuses" in the Indiana General Assembly. He said that the Republicans are adept at sending messages to supporters about the 2nd Amendment. "They send messages to other people as well. To punks. The punks aren't getting the 2nd Amendment message. They are hearing, 'Stand your ground' and 'protect your turf.'"

DeLaney described the statistics stated by Indianapolis Public Safety Director Troy Riggs that Renn was the eighth IMPD officer to be shot in 1½ years and another 22 have been targeted with gunfire as shocking. Renn was the second IMPD officer to die within a year and the first of two Hoosier policemen to die last weekend. Gary Officer Jeffrey Westerfield was found shot to death in his squad car early Sunday morning.

DeLaney is the second Democrat to announce he will seek the office. Earlier this year, Washington Township Trustee Frank Short said he was running.

There have been rumors that Southern District Attorney Joe Hogsett was going to backtrack from an earlier decision not to seek the office. DeLaney had said previously that he would not run if Hogsett did. Asked if he had spoken with Hogsett, DeLaney said he hadn't.

"I respect his public statements that he is not running," DeLaney said. "I'm confident that is still his decision and I have no reason to doubt it."

Two-term Indianapolis Mayor Greg Ballard has not announced he will run again, but he is raising money for reelection and has a campaign team in place. Informed and reliable sources tell HPI they believe Ballard will seek a third term. ❖

Bock surveys his race against Walorski

By **MATTHEW BUTLER**

INDIANAPOLIS – Despite record low approval ratings for U.S. Congress and a general anti-incumbent mood pervading the entire American political spectrum, it has been evident for months that Indiana’s congressional delegation will be quite safe come November. Every incumbent is seeking reelection and none had to face a serious

primary challenger. All incumbents have a sizable campaign war chest, not to mention lead over their respective opponents. At first glance, no seat is in play.

Last month’s HPI’s Horse Race assessed all nine district

contests and rated all of the incumbents ‘safe,’ except one, the 2nd Congressional District. Seeking reelection for the first time, 2nd CD freshman U.S. Rep. Jackie Walorski is still considered the favorite but will, unlike her delegation colleagues, face a contest this cycle.

It’s been a very competitive district the past two election cycles which Walorski should know quite well. She was a three-term state representative from 2005-2010 for the suburbs between South Bend and Elkhart (HD 21) before she ran for the 2nd CD seat in 2010. Then-U.S. Rep. Joe Donnelly bested her by only 1 percent. The second go around was very close again, but a victory. Walorski

beat Democrat Brendan Mullen by only 1 percent in 2012.

Democrats see an opportunity this cycle. As of today, Walorski had raised roughly \$1.5 million, adding \$335,000 in the second quarter. As of June 16, her challenger, Joe Bock of South Bend, had raised \$334,000. Yes, it’s a substantial margin, but Bock has raised by far the most of any congressional challenger across the state. In June the Democratic Campaign Committee tapped Bock for its Emerging Races program. “Joe Bock is showing he can put this race in play with his commitment to breaking the gridlock in Washington, and Joe is holding Congresswoman

Walorski accountable for her votes to shut down the government and protect her own taxpayer-funded perks like health care for life,” said the DCCC.

Interestingly, the candidates’ backgrounds share elements in common. Bock has also served time as a state representative but in Missouri 25 years ago. He brought his family to Indiana in 2007 to assume a teaching professorship in global public health at the University of Notre Dame. Both candidates have foreign aid work experience. During the early 2000s Walorski lived in Romania leading a foundation providing medical assistance to children in poverty. Bock has led numerous humanitarian and disaster relief efforts in Haiti, Pakistan, and elsewhere.

Considering how politically contentious the district has been, Bock is arguing Walorski’s brand of conservatism is out of step with the district. “This is a congressional district that is a swing district and by definition that means the representative needs to be moderate,” Bock told HPI. “Jackie Walorski is not moderate; she is an extremist, therefore the needs of the district and its current representation are out of alignment.”

Bock argues that in contrast he is moderate and pragmatic. Not only does he believe a moderate would be more reflective of the north-central region, but such a representative would be more productive in Washington. “I would also like to add that her first literature drop in this campaign was done by Americans for Prosperity, the Koch Brothers organization,” Bock told HPI. “If people need any more evidence that she is part of the Tea Party, they’ve got it.”

Heading into the final months before November, Bock has kept a

steady schedule of events in the district and social media presence. “We keep gaining momentum because of our grassroots and financial support from people all over the state,” Bock told HPI, “which is why Sen. Donnelly is going to spend a day campaigning with me in August.” Bock also added that he has consented to a debate request from WNIT-TV. Walorski’s campaign has told HPI it is weighing all debate options.

In our conversation on the campaign and issues, Bock spoke about the challenges facing the 2nd CD and how they relate to job creation, agriculture, the minimum



wage, the ACA, climate change and, generally, how he believes House Republicans, Rep. Walorski especially, have put ideology and partisanship before problem solving.

Here are some highlights from our exclusive discussion:

HPI: Why is the 2nd CD the only race considered worth watching in Indiana?

Bock: I think there is a general sense that it's in play and, for a lack of a better way of putting it, that we have a viable chance of winning and the seat could change hands. That's why people are so interested in focusing on it. There are others where seats are safe and that's a reflection of the consolidation of voting blocs through gerrymandering. But this one [2nd CD] is still a swing district.

HPI: The district itself aside, your candidacy must be an important reason the seat is in play, no?

Bock: Well, I think political experience is important. That certainly is something that comes up when I speak with people. Given the fact that I have been working here at the University of Notre Dame for seven and a half years, I think people feel really comfortable in having me as the candidate.

HPI: The DCCC selected you recently for their Emerging Races designation. What did they see in your campaign and what does that mean going forward?

Bock: It puts us into a national spotlight. We are now one of 40 in the country that is profiled by the DCCC and I think that that is a really positive development for us and this congressional district. They have already been providing some support, but actually the Indiana Democratic Party, as well as the local here in the 2nd CD, has been working with us in terms of our targeting. It's hard to know how much they will help. My view on that is don't count on it, but be pleasantly surprised if they do. At this point we're largely focused on working with the people here. Certainly that's a positive endorsement but not as significant as the substantial enthusiasm among Democrats for our race locally. And Independents I should add, as well as some Republicans.

HPI: What are challenges facing the 2nd CD and what are its strengths?

Bock: The biggest challenge, of course, is the need for high-quality jobs and for those to be consistent. Over in Elkhart County it's been a phenomenal economic upswing that they have encountered as gas prices have gone down and the automobile industry has bolstered their economy. I think that's fantastic. But I do know, speaking with business leaders in Elkhart County, they're concerned about the cyclical nature of the RV industry. They would like to get more consistent demand in play so that its sporadic nature is mollified. On the other side, the business leaders in St. Joseph County are pushing hard to get into a more high-tech role. Some of them sense that we might be focusing too much on that and need to work more at an interim solution, whether it be manufacturing

jobs in the near term, and moving more toward high-tech jobs including nanotechnology in the future. In some of the other counties, certainly agriculture is a big issue. A lot of the small farmers I speak with feel that the larger enterprises, the corporate farms, are getting a substantial amount of help from the federal government and that's a bias that needs to be corrected.

HPI: Speaking of agriculture, the farm bill was delayed over an attempt to remove SNAP benefits from it. Did you hear from your district on that and what is your stance?

Bock: At my Catholic church we have a food pantry and people with whom I speak were concerned about the food stamps. My own view is, as a legislator I will do everything I can to keep politics out of the business of the American farmer and hungry people. I will not allow poli-



tics, as far as I can control it, to get into the mix. I think what people want is not food; they want jobs. They want a hand up not a handout.

HPI: You've called for a raise in the federal minimum wage. How is that resonating in your district and how do you think it would help the district?

Bock: It resonates well in the district. Small business owners are concerned about it and I believe that we need to accommodate them so that it's not overly difficult for them to move in that direction, whether that's a tax credit over a couple of years or some other way. The federal government and CBO and those who have done studies on this say that it will not negatively impact employment and, in fact, might increase it. I think that's probably true in an aggregate sense but not in a micro sense from the standpoint of small business. Certainly some of them will be affected negatively so we need to accommodate them somehow. Generally, I think people feel it's reasonable that the minimum wage be raised to maintain its pace with inflation.

HPI: Considering your expertise in global health and health care, how would you gauge the impact of the ACA on the 2nd CD?

Bock: The bottom line with the ACA is that we need to keep what is good and fix what is bad. And certainly it has both of those in it. People are most supportive of the fact that preexisting conditions are something

insurance companies have to cover. Second, people are really happy their children can stay on their policies until they are 26 years old. Those seem to be the two most popular parts. From the standpoint of what needs to be fixed, a lot of businesses in the eastern part of this congressional district are involved in the development of medical devices and people are unhappy with the new tax on those devices. Second, there is the issue of how many hours an employee works from the standpoint of them needing to get insurance from their employer and their time being cut back. That's the inverse of what the law was trying to do and that needs to be fixed as well.

HPI: It seems like we've had ample time in which to fix specific aspects of the ACA, yet it could be argued the politics of the U.S. House led to futile gestures of trying to fully repeal the law. Do you think House Republicans and, perhaps, your opponent have put politics before working out solutions?

Bock: They have put politics in front of solutions. If they don't like something in the bill, then the thing to do is to fix that. To simply repeal the whole thing and to be simply obstructionist with various legislation because of the symbolism of it, in my view, is irresponsible. When Jackie Walorski votes 53 times against the ACA, that's highly irresponsible and inappropriate. Our country has had a broken health care system for decades; if you want to repeal the attempt to fix it, you have a moral obligation to offer an alternative. Don't ignore the fact that we had 128 million people in our population nationwide with preexisting conditions who were not covered and were subject to bankruptcy if they became ill. That's something that had to be fixed. As far as I'm concerned, every time people voted to repeal the ACA they were saying I don't care that those 128 million people don't have coverage and I don't care if they go bankrupt.

HPI: House Republicans would argue they have proposed alternatives, namely packages advocating "consumer-driven" health care reforms.

Bock: I'm certainly in favor of any solution that will work. The main theme of this campaign is that we need to put pragmatic problem solving in front of partisan posturing. If it's pragmatic and it's going to work I'm all for it, I could not care less what party it comes from.

HPI: Gov. Mike Pence has proposed to expand Medicaid via the vehicle of HIP 2.0. Your thoughts on the proposal?

Bock: The bottom line is that people need health care and if some people want to get credit for putting their stamp on the health care program, as some say, better

Indiana's 2nd congressional district election, 2010 ^[46]			
Party	Candidate	Votes	%
Democratic	Joe Donnelly (incumbent)	91,341	48.2%
Republican	Jackie Walorski	88,803	46.8%
Libertarian	Mark Vogel	9,447	5.0%
Indiana's 2nd congressional district election, 2012 ^[47]			
Party	Candidate	Votes	%
Republican	Jackie Walorski	134,033	49.1%
Democratic	Brendan Mullen	130,113	47.5%
Libertarian	Joe Ruiz	9,326	3.4%

late than never. I think it's unfortunate we have foregone the opportunity earlier. Frankly, that's playing politics and that's inexcusable. It's unfortunate that Indiana is paying more tax revenue than it's getting back. This is a great example of the people of Indiana getting the short end of the stick. The administration needs to correct that problem.

HPI: Last year the very conservative base of the 2nd CD, such as Curt Nisly, spouse of Elkhart County Republican Chair Mary Nisly, vocally considered primarying Rep. Walorski for not being conservative enough. Nisly said he backed off from filing after Walorski sided with more conservative Republicans to maintain last October's government shutdown. Do you think the hard-line base or Tea Party influences Rep. Walorski too much?

Bock: Congresswoman Walorski is very much aware that she has a threat on the far right of her party and at the same time she tries to convey in public statements that she works on both sides of the aisle. Frankly, there really is no evidence that she works on both sides of the aisle. She has been quite concerned and careful to prevent a primary and to prevent the onslaught of people who are the more conservative in her party. From what I hear in the district, people see through the false statements that she is bipartisan. They are clear in the understanding that she is an extremist. Therefore, I think that the ploy that she is bipartisan isn't going to work for her. This is a congressional district that is a swing district and by definition the representative needs to be moderate. Jackie Walorski is not moderate; she is an extremist, therefore the needs of the district and their current representation are out of alignment.

HPI: Rep. Walorski is getting more and more recognition for her work on stopping military sexual assaults and reforming the VA. Do you see any of that as partisanship?

Bock: No, I think the issue of military sexual

harassment is something that both parties are concerned with. I wouldn't necessarily call Congresswoman Walorski a national leader in dealing with that. A lot of the leadership has come out of the Senate. From the standpoint of the VA scandal, it's important for people to recognize that Jackie Walorski over a year ago voted to block the Veterans Backlog Reduction Act. The idea that people like Congresswoman Walorski acting like this is a new revelation is hypocrisy, because the VA has been telling Congress for years that they've got a problem with the backlog. To act like it's a big surprise, I don't care if you're a Republican or a Democrat, is just not acceptable.

HPI: In unison the Indiana Republican congressional delegation denounced the recent EPA carbon emissions proposals. What's your stance on climate change mitigation and solutions, especially vis-à-vis your opponent?

Bock: My biggest concern with the new EPA rules and regulations is that it could hurt people who are on fixed incomes. It could hurt the middle class. I certainly believe we need to deal with climate change. The science is solid that there is climate change and climate change is a problem. Congresswoman Walorski, in contrast, is a climate change denier. What's really unfortunate about this is that our country is the leader in research and development and we should focus on the jobs we can develop and the exports we can provide in response to climate change. If we put our heads in the sand and just ignore it, just like Congresswoman Walorski is ignoring people with pre-existing conditions, we're going to lose the opportunity for a lot of high-quality jobs. Imagine factories here in northern Indiana that produce batteries. Imagine companies that finance the energy conservation we need to do. We have a huge opportunity here. We've got some great universities in Indiana, some here in northern Indiana. We are poised to turn this problem of climate change into a business opportunity.

HPI: U.S. Rep. Marlin Stutzman ran for House Whip as a conservative "from a red state" and was vocally supported by Rep. Walorski. How do you read into that in terms of her politics?

Bock: It's another example of where Congresswoman Walorski really is. It's inconsistent that she behaves as if she is a moderate who works on both sides of the aisle and then does something like that.

HPI: Do you feel Congress could institute so-called common sense gun reforms, such as closing loopholes and bolstering background checks?

Bock: Yes, I do. That is something that I do hear from people in the district. There is an overwhelming agreement that we need to plug the loopholes when it comes to background checks. ❖

Walorski posts \$335k, begins TV ads today

ELKHART - U.S. Rep. Jackie Walorski (IN-02) today announced her campaign has raised over \$335,000 during the second quarter of 2014, bringing the total amount raised for the 2014 election cycle to \$1.5 million. Of the almost 800 individual donations Walorski received, 70 percent were from Hoosiers.

In addition, her first commercial titled "I stand" will begin airing Tuesday on local broadcasting and cable networks in northern Indiana. The 30 second ad, posted on the Howey Politics Indiana website, features local Hoosiers describing Walorski's record while working across party lines.

"I made a commitment to Hoosiers throughout the 2nd District that I would work with members of both parties to get results, and that is what I have done whether it be helping victims of military sexual assault or families who faced rising propane costs," Walorski said. "I

am humbled by the grassroots support our campaign has received from every county in the district and look forward continuing to fight for Hoosier families."

The total number raised in the second quarter, running from April 1 to June 30, includes both the pre-primary

report through April 16 and the second quarter report that will be released July 15. The campaign has raised over \$320,000 since the pre-primary report. Walorski has over \$900,000 cash on hand.

Walorski's ad transcript:

Bill Landow: "She promised to work across party lines to get things done."

Charles Tucker: "And Jackie Walorski delivered."

Lisa Wilken: "Jackie wrote a bipartisan law to help combat sexual assault in our armed forces."

Carrie Zickefoose: "She stood up to her own party and supported the Violence Against Women Act to make women safer"

Ashley Bumpus: "And when energy prices soared this winter, Jackie worked with Democrats to get us cheaper propane."

Lisa Wilken: "I stand with Jackie."

Bill Landow: "We stand with Jackie."

Charles Tucker: "Because she's on our side."

Jackie Walorski: "I'm Jackie Walorski and I approve this message." ❖



Marriage and equal protection

By **BRIAN A. HOWEY**

FREMONT, Ind. – The last week of June brought extraordinary images to Indiana. With the stroke of a pen, federal Judge Richard Young struck down the state's marriage laws passed by overwhelming bipartisan majorities. Within hours, hundreds of gay couples flowed into Hoosier courthouses from Indianapolis, to Nashville, to Washington.

Three days later, a stay was sought by Republican Attorney General Greg Zoeller, and it was issued by the 7th Circuit Court of Appeals in Chicago, leaving many of the newly married Hoosiers in legal limbo.



Several things struck me about these turns of events. First, the hundreds of gay and lesbian couples that flowed into Hoosier courthouses large and small did not do so on a whim. Many of them had been in committed, monogamous relationships for years, if not decades. They were seeking equal protection.

There was an inverse reaction by many, measured by polling over the past three years conducted by my publication Howey Politics Indiana to be around 50 percent of the population, who saw an affront. To these Hoosiers, marriage is to be between one man and one woman. The laws were passed by Republicans and Democrats and signed and supported by governors from both parties. They saw "judicial activism" turning over laws enacted by the people's representatives.

It was the Daviess County Clerk Sherri Healy who found herself confronted by this legal and cultural twist, or the "gray area" as she described it. But then she articulated thoughts that had many Hoosiers nodding in agreement, telling a gay couple seeking a license that "our country was founded on the biblical principle of one man and one woman in marriage, and until I hear otherwise, that is what I will follow."

Thus, another tormented chapter in the ever-evolving American experience.

State Sen. Mike Delph, the Carmel Republican and a big proponent of the marriage laws as well as the constitutional amendment, once handed me a pamphlet titled "The Constitution of the United States." On several of the first pages, it quotes George Washington, Daniel Webster, Benjamin Franklin, Thomas Jefferson and John and Samuel Adams as "Observing the Hand of Providence."

The U.S. Constitution, Webster would observe, was the work of the "purest patriots" who were aided "by

the smiles of a benignant Providence. It almost appears a Divine interposition in our behalf." John Adams was quoted, "Our Constitution was made only for a moral and religious people." But the predominantly Christian nation of the 18th through 21st centuries may, in two or three centuries, give way to a majority Buddhist or Hindu nation. The Founders purposely separated church and state.

Yet, thumbing through the U.S. Constitution, there is no reference to marriage, as Clerk Healy believes.

But there is the 14th Amendment, Section 1, which reads, "No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

I am no attorney, but when I first began writing about the gay marriage issue a decade ago, the 14th Amendment jumped out at me. I saw nothing else in our Constitution that would trump it. Yet our current governor, attorney general, speaker of the House and president of the Senate, all with law degrees, come to different conclusion.

How could they? Personal belief and politics.

All first became public servants or were elected in an era where close to 60 percent of Hoosiers believed that marriage should be between one man and one woman. Their political reality is that still today, as a standing vote at the Indiana Republican Convention revealed with 75 percent supporting a marriage platform plank. Much of the rest of the electorate is moving in a different direction.

We project our own views through the American experience. This is why Thomas Jefferson could pen, "We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights that among these are life, liberty and the pursuit of happiness." And we all know that Jefferson was a slave owner, as were about a third of the signers. America evolved on the issue, fought a Civil War to change and amended the Constitution.

State legislatures create laws, just as Hoosier legislators have, that have been overturned. In his 1963 inaugural address, Alabama Gov. George Wallace defiantly defended his state's Jim Crow laws, declaring, "In the name of the greatest people that have ever trod this earth, I draw the line in the dust and toss the gauntlet before the feet of tyranny, and I say segregation now, segregation tomorrow, segregation forever." In 1982, Wallace told a group of Alabama blacks, "We thought [segregation] was in the best interests of all concerned. We were mistaken. The Old South is gone," but "the New South is still opposed to government regulation of our lives."

Think about that: Government regulation of our lives. We don't want it in our gun cabinet, in our bedrooms and a growing number of Hoosiers believe at the altar of our nuptials. ❖

A U.S. monetary crisis is coming

By **CRAIG DUNN**

KOKOMO – Way back in 1982, when I first began my career as a financial consultant, a wise old stockbroker shared with me a sage observation. He simply stated, “Money goes where it is treated best.”

At the time, he was referring to the phenomenon of disintermediation, the flow of money from banks into the investment markets when bank rates decline. For the entire duration of my career, his words have rung true and they have never quite summed up the situation as accurately as they do with the current issue of United States corporations moving overseas to greatly reduce their tax



rates. Repeat after me, money goes where it is treated best!

Indiana House Speaker Brian Bosma gets it. Senate ProTem David Long gets it. Gov. Mike Pence gets it. That’s why Indiana moved to reduce our Indiana corporate income tax rate in an effort to make our state more attractive than our competition, particularly Illinois. The concept works and companies are relocating to In-

diana to take advantage of a more favorable tax rate. Well then, just who doesn’t grasp the concept?

President Barack Obama, Indiana Sen. Joe Donnelly, Harry Reid, Nancy Pelosi and the usual gang of Democratic fiscal misfits who have continually proven themselves clueless on the crisis facing our country when it comes to the issue of the United States corporate income tax. This may come as a terrible shock to those of you who have been sleeping in an intellectual cardboard box under an overpass somewhere, but the problem is not a new one. It’s just that the increasing free flow of capital around the world, decrease in protectionism and expansion of multi-national corporate entities has painted a huge target on the United States tax revenue pie and everyone wants a piece. Mixed metaphors aside, the problem has grown to a point where it cannot simply be swept under the rhetorical carpet. It’s a real problem and it will get worse before it gets better.

Here is the basic problem: Countries around the world would love to get their hands on our tax revenues. Many have cut their tax rates significantly to a point where only a foolish multi-national American domiciled corporation would not consider relocating the corporate headquarters to another country to save huge amounts of money that would go directly to the bottom line profitability. Put it another way: Keep doing the same business, with the same people, in the same factories and just do

a little presto-change-o with the corporate records and the company that was based in Cleveland last year is now domiciled in Ireland. In the process save over 20 percent in taxes. Twenty percent!

Talk about those lucky charms! Twenty percent more profits is certainly magically delicious.

The trend of corporate expatriation has been occurring for quite some time but has grabbed major headlines in recent months with Pfizer’s and Walgreen Company’s zeal to do a tax inversion. Inversion is the tidy little name for tax saving gluttony. They have been under pressure from their investors to boost the bottom line and inversion looks like the quick ticket to corporate stardom. Of course, I could recommend to Pfizer that they invent another wowie kosowie blue pill and increase their profits. Or, I could recommend that Walgreens not open stores across the street from every CVS in the United States and improve profits that way. But no, if all it takes is a little razzle dazzle with an ink pen, then I’m going to escape the tax famine and head home to Ireland. Faith and begorrah to you!

In Pfizer’s case, estimates are that the pharmaceutical giant would transfer one billion dollars of funds from the pockets of Uncle Sam directly to their shareholders each year should it successfully make the corporate tax inversion. Expenses will be over-attributed to United States operations and profits over-attributed to foreign operations. Thus, someone else will get the elevator and we’ll get the shaft! It’s nothing new; back in 1989, IBM allocated almost its entire research and development budget to its United States operations and booked almost all of its profits overseas. IBM paid virtually no federal income tax that year.

Try this one on for size! The United States taxpayer bailed out Chrysler Corporation by washing away all its financial sins and inducing Fiat to take over management of the U. S. carmaker by giving the Italian company \$6 billion. Now, Fiat Chrysler will be headquartered in London. Things that make you go, “Huh!”

At this point the flow of corporations executing a tax inversion has been a relative trickle. The danger is that the trickle may develop into a stream that would be a stomach punch to a United States Treasury that already piles of mounds of deficits each year. The snowball effect of inversion could prove the fatal blow to an already diseased economy.

What is the response of the intellectual lights in the Republican and Democrat parties? Republicans see the problem as a tax problem. They see the tax rate differentials and know that we must address our federal corporate tax rates to insure that the United States provides a competitive business environment. This translates to tax cuts for corporations. Now that’s a political rallying cry destined for failure if I ever heard one. Democrats believe that we should keep the tax rates where they are and pass legislation to block corporations from relocating. Damn the fat-cat capitalists and up with the proletariat! I sure know

which strategy looks best on a bumper sticker.

The debate over tax inversion and restrictions on corporate movement will continue for quite some time. I believe that it will take a very visible crisis to force Congress to address the issue. Make no mistake, the crisis is

coming. ❖

Dunn is chairman of the Howard County Republicans.

Pence's simplification of taxes not so simple

By MAUREEN HAYDEN
CNHI Statehouse Bureau

INDIANAPOLIS – Pushing his idea that a simpler tax system could boost Indiana's economy, Gov. Mike Pence invited prominent conservative economists to a closed-to-the-public conference this past week.



Keynote speakers at the daylong Tax Competitiveness and Simplification Conference included Arthur Laffer, former Reagan advisor and tax-cut champion, who delivered entertaining presentations to a mixed audience of business leaders, public policy wonks and politicians.

The economists' message, later video-streamed on a state website, was in essence that simply doing away with onerous taxes will go a long way toward promoting development and prosperity. Their words won applause. But some less well-attended presentations throughout the conference belied the day's theme. As it turns out, there's nothing simple about tax simplification.

That may have been best illustrated during a session on local tax revenue.

A panel of speakers, which included local economic development experts and Indiana economists, spent much of their time talking about the proposal floated by Pence last year, and still alive, to simplify the tax system by doing away with the business personal property tax.

Revenue from that tax, which is collected on an array of business equipment and inventory, provides \$1 billion to local governments, schools, and libraries. But Pence sees it as a burden to businesses, especially equipment-rich manufacturers, who'd rather keep or reinvest the money.

One big problem with simply doing away with the tax is that neither the Republican Pence nor the GOP-controlled legislature has come up with a way to replace the lost revenues.

That worries Jeff Quyle, a panelist who is an economic development specialist for Hoosier Energy. He's also a Republican who sits on the Morgan County Council. Quyle's fears are the same voiced by local Republican and Democrat officeholders for months now. Having already cut personnel and services to offset millions lost to the 2008 property tax caps, local governments, schools and libraries will be hard-pressed to do more.

Quyle, who is also president of the Association of Indiana Counties, had some ideas. The simplest: Cut the business tax and let the state replace the revenue lost by the locals. Another is to have the state take over the costs of running the courts, including probation departments, now funded by county governments. That comes up to about \$1 billion statewide, he said.

Another panelist, Republican State Rep. Bob Cherry, director of local government relations for the Indiana Farm Bureau, didn't think there was enough oxygen in the Statehouse for either proposal. Both would require legislators to do the unpalatable, raising more state revenue or cutting something else.

The panel also pondered hiking the sales tax. A 1% bump would indeed raise enough replacement revenues for local governments. But it would put Indiana's sales tax at 8%, the highest in the nation, and that wouldn't go over too well.

One more idea from the panel: If you're going to simplify taxes, simply do away with all the tax breaks, including the popular homestead credit. That, combined with other exemptions, is so generous that many homeowners pay no property taxes at all, especially in areas where home values are low.

The panelists projected how that would go over with the millions of Indiana homeowners. The answer: Not well. Therein lies the simple dilemma. "Folks seem to want to have sheriffs' cars out on the road, and they want roads without potholes, and they want to have courthouse workers who are there first thing in the morning and last thing in the evening to serve their needs," said Quyle. But, he added: "Nobody wants to be taxed." ❖

Maureen Hayden covers the Statehouse for the CNHI newspapers in Indiana. Reach her at maureen.hayden@indianamediagroup.com. Follow her on Twitter @MaureenHayden.

Indiana fares well in top business states

By **MORTON MARCUS**

INDIANAPOLIS – The same day Gov. Pence held his tax circus (conference) last week, CNBC (the cable business channel) released its ranking of “America’s Top States for Business.”

These rankings compare the states on 56 measures of competitiveness grouped into 10 broad categories. CNBC had “input from business groups, economic development experts, companies and the states themselves.”



The categories were weighted by “how frequently they are cited in state economic development marketing materials. That way, [the] study ranks the states based on the criteria they use to sell themselves.”

Indiana ranked 19th among the 50 states in attractiveness to business. That’s pretty good. Georgia led the pack and Rhode Island was last. Ohio and Wisconsin ranked higher than we did, but Michigan, Illinois and Kentucky trailed

us.

The details tell the story best.

Of a possible 2,500 points, we accumulated 1,384 or 55 percent. Our best showing was in cost of living, 88 percent based on 44 of 50 points. We score well on cost of living because we have low wages and, consequently, low housing prices.

Our next most favorable category was business friendliness, where we garnered 150 of 200 points (75 percent). Businesses like a light touch of regulations imposed by the state and “the perceived friendliness of legal and tort liability systems.”

Our third most favorable factor was transportation and infrastructure with 240 of 300 points (69 percent). Obviously, the study did not include any recent pothole metrics. Our transportation and infrastructure prominence is due to our location and the heavy spending done by the federal government to support us.

The fourth element of ten was education. Test scores and the trend of financing higher education gave us 92 of 150 points or 61 percent.

Next, the cost of doing business came in at 59 percent, or 264 of 450 points. This is the heaviest weight in the study, including business taxes, utility charges and rents for commercial property.

Placing sixth for Indiana was the economy. Here the study counted general economic growth, the residential housing market, the number of major corporations

headquartered in the state, as well as the state government’s fiscal health. We scored only 56 percent, or 210 of 375 points.

Despite heavy propaganda produced on the subject, Indiana scored a mere 50 percent (150 of 300 points) on technology and innovation. Patents, federal research grants and high-tech business formations were important.

Eighth was workforce with 47 percent (142 or 300 points). Training programs and their placement rates, the general level of academic achievement, union membership and our right-to-work law were elements.

Ninth and tenth places were a virtual tie at 28 percent each. Quality of life (QOL) had a weight of 300 points and access to capital only 25. Environmental issues, parks and recreation, crime and health rates were QOL factors. Venture capital and small business lending contributed to the capital access category.

Remember, these results are based on the values of businesses and the states’ efforts to attract them. They don’t tell us much about living ordinary lives in each state.

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



The HPI iOS App is now available!



Android version
coming soon!

Soccer becomes a major U.S. sport

By JACK COLWELL

SOUTH BEND – What most of the rest of the world calls football and we call soccer is now, finally, one of America’s major sports.

Think not? A few old-time sports writers still think not. Or hope not. They don’t want to take seriously a game where players intentionally let the ball hit ‘em in the head, avoid catching it and keep running constantly instead of frequently stopping sensibly to discuss things and rest.



Major sport in America? Yes. TV ratings, by which we rate everything, show that more viewers watched the Unites States vs. Portugal in the World Cup than watched the World Series. That’s major

league. With 25 million viewers, that game reached more people than the National Basketball Association finals. That’s the way the ball bounces.

The Stanley Cup hockey games averaged a fifth of the viewers for that World Cup game. Talk about icing. NASCAR crashed in a ratings comparison with the U.S.-Germany World Cup game. Racing down field beat racing around in a circle. During that U.S.-Germany match, the volume of trades on our stock exchanges plummeted, like the lull in business activity during the NCAA college basketball tournament.

A Grant Park area in Chicago for viewing World Cup games was so crowded that Soldier Field, home of the Bears, was opened for big-screen viewing of the game with Belgium. Bear down Chicago soccer fans. Non-viewing critics hearing of the U.S.-Belgium scoreless tie at end of regulation chortle over soccer fans watching something so dull.

Dull? With sensational saves again and again, goalie Tim Howard, in one the greatest performances ever by a World Cup goalkeeper, was like a pitcher throwing a no-hit perfect game for nine innings. Is a no-hitter dull?

Was the legendary Notre Dame-Army scoreless tie really a dull football game? Dullness is in the eye of the beholder.

Right-wing columnist Ann Coulter, attention-getting discoverer of un-American conspiracies, beholds soccer as “a sign of the nation’s moral decay.” Coulter sees a plot by “liberal moms,” the New York Times and foreigners in our midst to promote an un-American game with “no heroes, no losers, no accountability.”

Soccer isn’t catching on with “Americans,” she argues, just with immigrants flooding the land and soccer fields after “Ted Kennedy’s 1965 immigration law.”

Coulter declared: “No American whose great-grandfather was born here is watching soccer.” Take that you un-Americans with great-grandfathers born elsewhere.

Coulter’s tirade is further proof that soccer is big. She only savages big targets to stir controversy and promote herself. Things like that big un-American socialist plot called Social Security, with, as she has said, “the 39 million greedy geezers collecting.”

Top TV ratings still go to our football – Super Bowl tops – although that U.S.-Portugal game did just about tie viewership for the 2014 BCS college football championship.

There’s no need to get into silly arguments over whether football (world type) or football (our type) is tougher or faster or more thrilling. Critics elsewhere in the world may say our football is dull because play is stopped most of the time while players talk things over. They also suggest that our football players are sissies because they wear helmets and all that padding and that some of them are so fat they never could run constantly for the 90 minutes of soccer.

Critics here of soccer may say it’s dull because there isn’t much scoring and most of the kicking seems to involve defensive stalling rather than offensive strategy. They suggest that soccer players would be knocked out of the game permanently, not just flopping with fake injury to

get a call, if hit by a real red-card tackle or block by an NFL behemoth.

Cut the criticism. They are different games, with different strategies and different abilities required, even if both are “football.” Fans can enjoy both sports. And they do. Both are major sports in this country. ❖



Indianapolis World Cup soccer fans on Mass Ave. (HPI Photo by Macarena Foitzick Zumelzu)

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

Erika Smith, Indianapolis Star: It's a tragic pattern. Every time bullets fly in Indianapolis, every time an innocent person's life is cut short, people start saying the same things. "This overwhelming wave of violent crime is beyond control," City-County Council member John Barth said after seven people were shot in Broad Ripple early Saturday. "We need more police on the streets and have to find a way to fund them." "A predator senses weakness, and it moves in," Rick Snyder, vice president of the Fraternal Order of Police, said after officer Perry Renn was brazenly shot by an assailant with an assault rifle. "The criminal element knows there is a less visible police presence, and we are in a compromised position." Yes, we need more police. Desperately so. But we have a much bigger problem than that. And it will be a whole lot harder to solve. It's time we face it: We have a significant number of people in our community who don't give a damn about another person's life. They aren't afraid of the police. They aren't afraid of going to jail. They're barely afraid to die. They don't know how to settle minor disagreements without resorting to deadly extremes. And they're armed. What happened in Broad Ripple on Saturday is a case in point. Two people bumped into each other on a crowded sidewalk, pulled their guns and started shooting at each other. They hit a bunch of innocent bystanders instead. This wasn't about a lack of police presence. Broad Ripple is a few steps short of a police state on Friday and Saturday nights. Anyone who has been bar hopping in the Midtown district on a weekend — much less on a holiday weekend — knows that. ❖



Lesley Weidenbener, Louisville Courier-Journal: As Gov. Mike Pence embarks on what he says will be an effort to simplify Indiana's tax system, it's important to consider how a sales tax on services might fit into the picture. Currently, Indiana — and the vast majority of other states — imposes a sales tax on products, such as jeans or coffee. But they don't tax most services, such as dry cleaning and haircuts. There are a few exceptions. Indiana taxes utility services, for example. But for the most part, the state's \$7 billion annual take from sales taxes comes from payments made on so-called tangible goods. Expanding the tax to services is a "largely untapped source of revenue," according to a study done several years ago by the Indiana Fiscal Policy Institute. That could be new revenue or it could be money used to lower other taxes. For example, policymakers could consider broadening the tax base to include services but reducing the overall rate so that the pair of jeans costs a little less but having them hemmed costs a little more. But expanding the sales tax to services is controversial. In some states that have debated or even tried it, officials have backed off quickly, worried about both the public outcry against it and the difficult administration. There are a number of complicated ques-

tions about the issue, many of which were outlined in the Indiana Fiscal Policy Institute report. Here are a couple:

- What services should be included for taxation and which should be exempt? For example, legal and health care services are two of the most expensive services individuals face, and taxing them would bring in substantial revenue. But both industries would fight fiercely for exclusion and many public policy leaders say that health services in particular are essentials that shouldn't be taxed, much like the current sales tax exempts food for at-home consumption.
- Should services one business provides to another be taxed? According to the policy institute, business-to-business taxes could influence decisions about whether a firm outsources services or provides them in house. Plus, there's the issue of forcing thousands of small firms across the state to begin collecting taxes. Individuals who cut hair, photograph weddings and bake cakes — people who don't generally have office staff — will suddenly have the administrative task of collecting and remitting taxes. There are advantages to a sales tax on services as well. The service sector is expanding. The fiscal policy study reports the tax base "is very large, is growing faster than the base of tangible personal property, and is likely to continue to grow faster." ❖

David Coker, Evansville Courier & Press: Last week the board of the Indiana Economic Development Corporation (IEDC) met at the Ford Center to discuss what the organization has been doing the past several months to lure new and expanded business opportunities to the Hoosier state. During the meeting, Eric Doden, the executive director, revealed that since the first of the year, the IEDC has exceeded the previous year's performance by luring to the state some 140 competitive economic development projects among new and existing businesses within Indiana. These projects represent some \$2.82 billion in capital investment and eventually will translate roughly into 14,646 private-sector jobs to the state. While on the surface this appears to be great news for residents of Indiana, the bad news is that not one dime of that \$2.82 billion will be invested here in Evansville and/or Vanderburgh County. Wondering to myself where the outrage might be here in the third-largest municipality after Indianapolis, I made several phone calls to discuss the matter with trusted friends and observers. In discussing the situation with these people, I was reminded of a remark made several weeks ago by yet another august observer that he had heard that 70 percent of the state's Gross Domestic Product (GDP) was located primarily in Marion County (Indianapolis) and the doughnut counties surrounding our state capital. With a population base of roughly 2.5 million people in this geographical area, this means that the other 4 million residents of the rest of the state are left to divide up the additional 30 percent of state GDP. ❖

Bennett nears ethics deal

INDIANAPOLIS - A settlement related to allegations that former Indiana Superintendent of Public Instruction Tony Bennett improperly used state resources to work on his 2012 re-election campaign will be considered Thursday by the State Ethics Commission (Weddle, Indianapolis Star). The issue stems from records released last year during a series of Associated Press articles that indicated that Bennett kept campaign fundraising databases on Department of Education computer servers and told staff members in 2012 to review a speech by his opponent, Glenda Ritz, to look for mistakes. Jason Barclay, an Indianapolis attorney representing Bennett, said an agreement has been reached between Bennett and Inspector General David Thomas over the complaint. Barclay said a report about the allegations will be released Thursday. Barclay would not offer details this morning about what the settlement contained. The complaint says Bennett used state computer systems and equipment for campaign activity, including "political campaign fundraising, responding to a political opponent's assertions, scheduling campaign meetings, scheduling campaign telephone calls" and other political or personal activities. A State Ethics Commission meeting announcement released this morning said an "agreed settlement" in the case would be considered at the 10 a.m. public meeting. In April the commission announced that a May hearing on the allegations would be postponed until Aug. 14. Inspector General David Thomas brought the complaint to the Indiana State Ethics Commission in November 2013. The commission found there was probable cause that a violation of state ethics rules had occurred. Bennett, a Republican, unexpectedly lost his seat to Democratic challenger Ritz.



He previously denied that he broke any rules.

Thomas to leave as inspector general

INDIANAPOLIS - After 10 years on the job, Indiana's top ethics watchdog is planning to leave office (Indianapolis Star). Indiana Inspector General David Thomas confirmed Monday that he plans to resign sometime this year.

His departure became public this week when he filed a request asking the State Ethics Commission for permission to work as a special prosecutor and to provide legal advice to a private college. Thomas didn't name any potential employers, but said recent discussions with judges and prosecutors in the Wabash Valley led him to believe they would likely assign cases to him if he expressed an interest. Thomas said his interest in the job increased after a change to state law allowed special prosecutors to work full-time instead of part-time. He also has inquired about providing legal advice to a private college "in order to perhaps receive health insurance benefits," he said.

Merritt to push gun legislation

INDIANAPOLIS - Sen. Jim Merritt, R-Indianapolis, says he's going to push for legislation next session that would dramatically increase penalty enhancements for criminals that use a gun (Indiana Public Media).

Over the weekend, two police officers - one in Indianapolis and one in Gary - were shot and killed. Seven bystanders were also injured in a shootout in an Indianapolis neighborhood. Merritt says the time is ripe to send a message to criminals who use guns. Last session, Merritt co-authored a bill that allows prosecutors and judges to add anywhere from

five to 20 years to a sentence if a gun was used in a kidnapping, to illegally restrain someone, or if the crime resulted in death or serious injury. Merritt says next session, he'll promote a bill that creates a mandatory enhancement: "If you have a gun and you're brandishing it - you don't even need to fire it - you'll be eligible for a 20-year enhancement, if you're convicted of the crime," says Merritt. Rep. Jud McMillin, R-Brookville, sponsored last session's gun crime enhancement bill and is one of the architects of the state's criminal code overhaul. "It's not as simple as just throwing the book at somebody after it happens," McMillin says. "And even if it is, you're still handling it after it happens...and we want to prevent these things from happening in the first place."

Paul, Clinton lead Quinnipiac Poll

WASHINGTON - Sen. Rand Paul narrowly leads a tight 2016 Republican presidential field, while Hillary Clinton remains comfortably ahead among Democrats, a new poll says (Politico). According to a Quinnipiac University poll released Tuesday, the Kentucky senator leads the way among national Republican voters with 11 percent of the vote in a potential 2016 GOP primary. New Jersey Gov. Chris Christie, former Arkansas Gov. Mike Huckabee and former Florida Gov. Jeb Bush all tied for second with 10 percent of the vote. Wisconsin Gov. Scott Walker, Texas Sen. Ted Cruz and Rep. Paul Ryan all pulled in 8 percent of the vote. Florida Sen. Marco Rubio received 6 percent. Democrats, on the other hand, still have a clear front-runner in former Secretary of State Hillary Clinton, who received 58 percent of the vote in a potential Democratic primary. Sen. Elizabeth Warren came in a distant second with 11 percent of the vote, Vice President Joe Biden received 9 percent and New York Gov. Andrew Cuomo got 4 percent.