



## Pence's greatest policy achievement



Potential impact for hundreds of thousands of Hoosiers on Pence's terms, but challenges remain

By **BRIAN A. HOWEY** and **MATTHEW BUTLER**

INDIANAPOLIS – On Tuesday, Gov. Mike Pence achieved the greatest potential policy victory of his first

term when he announced federal approval for his Healthy Indiana Plan 2.0.

It comes in a state where a clear majority oppose Obamacare, and it comes to a governor who has repeatedly vowed to do everything in his power to repeal the Affordable Care Act. So the great, historic irony here is that Indiana is poised to expand its Medicaid population in dramatic fashion, putting anywhere from 1 million to 1.4

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## This Just IN: Duoh! Duoh!

By **BRIAN A. HOWEY**

INDIANAPOLIS – Tuesday should have been one of the best days for Gov. Mike Pence and his ambitious administration.

He triumphantly announced the Obama administration's approval of the Healthy Indiana Plan 2.0. A fierce critic of Obamacare who advocates its repeal, Pence took the health plan of predecessor Gov. Mitch Daniels, redrafted a Medicaid expansion using "market forces" and "consumer options" and chalked up a major victory for his state, a unit of government Pence has long declared is the innovative laboratory for policy. In doing so, his HIP 2.0 will



**“Not right now. I want him to be my governor for two terms. I think he’s a very honest and reliable man. He doesn’t stray much from the Golden Rule.”**

*- Nancy Pence Fritsch, on whether her son should run for president in 2016*



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

It is published by  
**WWHowey 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  
**Mark Curry**, advertising

**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 cell: 317.506.0883  
 Washington: 202.256.5822  
 Business Office: 317.602.3620

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extend coverage to 350,000 Hoosiers and have billions of dollars of implications for the next five years.

**But this major policy** victory was overshadowed by news of the creation of "Just IN," a state-funded and produced news site that has been almost immediately denounced as a "propaganda" font. Just today, a number of newspaper editorials blasted the idea. WTHR-TV's Kevin Rader drove all the way to Mishawaka Wednesday to collar Pence, not about HIP 2.0, but Just IN.

It is the latest end-around the news media for the Pence team. His transformation as a member of the media with a radio/TV talk show to a politician advocating a "media shield" while in Congress to a governor who routinely evades traditional media coverage has been one of the most fascinating aspects of this first-term governor.

Pence, who returned to the state with the reputation as an expert communicator, bypassed the news media for his 2011 gubernatorial campaign announcement, instead making his intentions known to supporters who signed up on his campaign website. During his 2012 race against Democrat John Gregg and Libertarian Rupert Boneham, Pence conducted just a handful of press conferences and media availabilities. A reporter seeking a travel date with the Republican nominee was either stalled or outright rebuffed, as were attempts for sit-down interviews.

**The Pence campaign** and candidate seemed determined to control a very tightly managed message. Questions from pesky reporters were perceived as a threat to his narrative. It drew a sharp contrast with Daniels, who conducted dozens of press conferences, media avails, ride-alongs and would talk extemporaneously at

length about just about any topic a reporter was willing to broach. During the Daniels era when the legislature was in session, a Friday media avail was the norm.

Pence defeated Gregg by less than 3% in a race many expected him to win in a landslide. At his comparatively tiny victory party at cavernous Lucas Oil Stadium, reporters were assigned seats, told to stay there, and were charged \$40 for internet access.

Just days before his inauguration, Pence and his communications



Gov. Pence's administration became tone deaf on the Just IN concept. (HPI Photo by Mark Curry)

director, Christy Denault, sat in my office, with the future governor pleading for a "do over."

**The advice** dispensed from these quarters to Denault were to build relationships with the press, and to let Mike Pence be Mike Pence. This advice has mostly been ignored. Today, the staff reaction is "dismay."

Instead, a different kind of media shield has been erected on the Statehouse second floor.

**Media access** to the governor has generally mirrored the campaign. There have been only a handful of press conferences, a few coffees, and HPI was given the opportunity for a travel date with the governor as he traversed Aurora, Madison and Salem last autumn. The yield was an array of photos that would have pleased Reagan media guru Michael Deaver, who always saw visual images trumping the written word, and reporting on

a series of friendly interactions with supporters and voters. Knowing that an internal tug of war had taken place prior to the October ride-along, it begged the question of why Pence's media operations so tightly restrict one of the friendliest and media savvy governors in modern times?

While Pence himself is sunny, pleasant and friendly, the communications wing of his administration seems to view the press as an adversary.

**Now we learn of "Just IN"** which not only overshadowed his major policy initiative, but has brought derision, a series of mocking tweets, and the inevitable parody website that will soon be twisting the state-production of "news" into Saturday Night Live-style ridicule. For a governor who advocates "small government," there have been questions about the \$100,000 in salaries for what was described as a new "managing editor."

Pence did "clarify" Just IN on Tuesday, saying, "It's meant to be a resource not a news source. I have a great, great respect for the role the media plays, I've been a champion of that my whole career and will make sure this website reflects that proper role, that information for the public and the press, and we'll let you guys write the stories."

On Wednesday, Pence seemed to suggest a runaway staff. "I frankly learned about the memo from press reports late Monday. Using terms like news service, like news outlet, it's just not appropriate," Pence said. "As governor I can assure you that (the plan) did not meet my

expectations and if this website doesn't meet my expectations of respecting the role of a free and independent press, I will reject it."

The outrage over this idea is not limited to the press and Democrats. One county GOP chair told me, "If Gov. Bayh or O'Bannon had tried to do this, I would have been screaming bloody murder."

All of this stepped on coverage of his HIP 2.0 achievement and generated ridicule and scorn on a national scale (see Columnists, page 18). "It's not uncommon throughout history for governments to do what they can to control the message," Steve Key of the Hoosier State Press Association told the Star's Tom LoBianco. "Is that done in a benign way because they're trying to get more info out to the public, or is it done with hidden motivations in making sure their message is seen in the best light possible?"

**"I think it's a ludicrous idea,"** said Jack Ronald, publisher of the Portland Commercial Review. "I have no problem with public information services; the Purdue University agriculture extension service does a great job. But the notion of elected officials presenting material that will inevitably have a pro-administration point of view is antithetical to the idea of an independent press."

So Just IN has become a staff-level debacle and a bad idea. Instead of seeing and hearing a great communicator, we find control freak administration that doesn't either realize or trust the most precious and friendly asset it has, which is the Governor himself. ❖

## HIP 2.0, from page 1

million into some type of government health care program.

But Pence did it on his terms. He took the Healthy Indiana Plan forged by his predecessor and a coalition of legislative Republicans and Democrats, and evolved it into a system of what he calls "consumer driven" health care. He did it through an existing cigarette tax as well as working with the Indiana Hospital Association to create a new revenue stream.

And while conservative critics who loathe Obamacare have castigated Pence for even coming to the table, the Republican governor can be expected to use his Medicaid model as one to be duplicated in Red States across the nation.

"Since the beginning of my administration, we have worked hard to ensure that low-income Hoosiers have access to a health care plan that empowers them to

take charge of their health and prepares them to move to private insurance as they improve their lives," Pence said at the St. Vincent Conference Center Tuesday morning. "This has been a long process, but real reform takes work.

The expanded and updated HIP 2.0 is based on a program that has been serving 60,000 low-income Hoosiers in our state for seven years," said Gov. Pence. "It is a proven model for Medicaid reform across the nation."

Pence said in Fort Wayne Wednesday, "What we proposed here is truly Medicaid reform. There are aspects of this plan that the federal government has never approved before in the context of Medicaid" (Journal Gazette). "There's a way you can appreciate both the entrepreneurial spirit behind the recommendation for HIP 2.0 and the flexibility of the Obama administration to sort of say, 'Well, this is going to be interesting, let's see what happens...'"

When Pence announced the HIP 2.0 proposal on May 15, 2014, he vowed, "No new state spending or tax increases will be required for HIP 2.0. We can say with authority we're going to expand HIP because HIP works." Pence personally lobbied President Obama and two HHS



Gov. Pence answers questions about HIP 2.0 Tuesday morning. (HPI Photo by Mark Curry)

secretaries, Kathleen Sebelius and Sylvia Burwell, in a half a dozen meetings to bring about the waiver, that will have billions of dollars of implications for the state.

As of this writing, it appears that Pence was able to keep his promise on state funding and tax increases.

### HIP 2.0 by the numbers

Indiana has now seen 178,000 Hoosiers sign up for coverage via the federal exchange. According to HealthCare.org, 95,495 people qualified for Medicaid or the Children’s Health Insurance Program. There had been 90,000 people added to traditional Medicaid during the first years of the Pence administration, and just under 50,000 people were part of the original Healthy Indiana Plan. According to USA Today, about 260,000 Indiana residents may ultimately enroll in 2015 coverage through the market-place. According to the Kaiser Family Foundation, Indiana ranked 19th in the nation in its pre-Obamacare uninsurance rate with 14.8 percent of the population uninsured. That is projected to decline to 12.78%, or a 2.02-percent decrease, but that was calibrated before the HHS waiver was approved.

Christy Denault, Pence’s spokeswoman, told HPI that the range of new enrollees runs from 350,000 to 680,000.

“The 350,000 is the uninsured – those that are between 22% and 100% of the federal poverty level who make too much to get Medicaid, and not enough to qualify for subsidies on the ACA Marketplace,” Denault explained. “That’s the coverage gap. But, they are not the only people eligible for HIP 2.0.”

Here’s the breakdown, though all of the numbers are approximations, not exact figures:

- 120,000 - Non-disabled adults currently on Medicaid who will be automatically transferred to HIP 2.0.
- 60,000 – Current HIP members who will be automatically transferred to HIP 2.0.
- 350,000 – Uninsured between 22-100% of federal poverty level. They will have to apply for HIP 2.0, and the state will engage with hospitals, health providers, and others as part of a public education campaign to make them aware that they have an option now.
- 150,000 – Between 100-138% of federal poverty level who qualify for subsidies on the marketplace and MAY be enrolled in health plans there, but are now eligible for HIP. “We will work with the Marketplace to identify

these folks and let them know that they are now eligible for HIP 2.0 and then help them un-enroll from the Market-place and enroll in HIP 2.0,” Denault said.

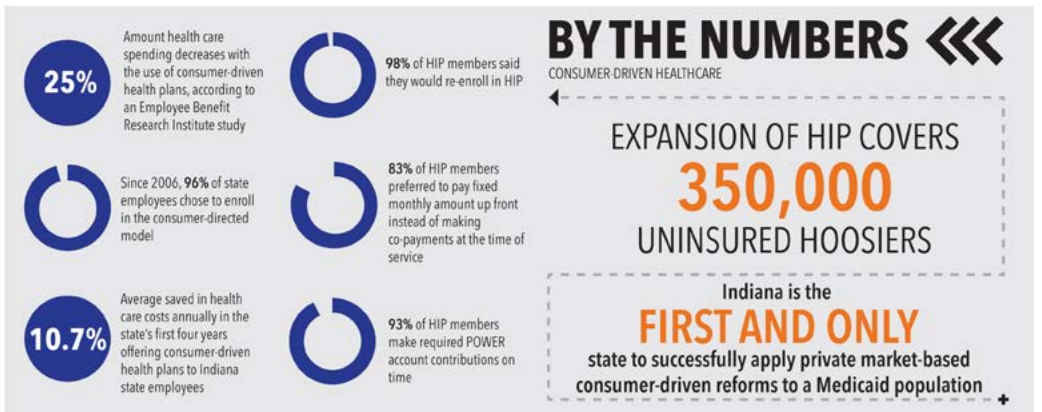
So that makes the total number about 680,000.

### Indiana reaction universally positive

Reaction was universally positive in Indiana. “From the start of this lengthy debate, our goal has been clear: To remove the emergency room as the only health care option for hundreds of thousands of Hoosier workers,” said

## HISTORY OF CONSUMER-DRIVEN HEALTH CARE IN INDIANA

**EMBARGOED UNTIL TUESDAY, JANUARY 27, 2015 AT 10:15 A.M.**



House Minority Leader Scott Pelath, D-Michigan City. “Today’s announcement brings our goal within sight, and for that we should be thankful. This has taken longer than we had wished. But while there are countless disagreements over the means to achieve health care affordability, when President Obama and Mike Pence agree, we ought to feel some modest satisfaction, take stock of our future, and move forward.”

House Speaker Brian Bosma said, “I am glad the governor stood strong in his decision not to enact the Affordable Care Act in Indiana and pushed for a consumer driven program that has a proven, positive history for our state. This Hoosier-designed plan allows consumers to decide which health care option is best for them and to not put that crucial, personal decision in the hands of government officials. HIP 2.0 allows Hoosiers to better manage their health because it is based on the concept of individual responsibility.”

Senate Minority Leader Tim Lanane called it “a victory for working Hoosiers.” Senate President David Long observed, “The agreement announced today by the

governor is a move away from the broken Medicaid program and toward a consumer-driven model that includes more ownership and personal responsibility in participants' health-care choices. Importantly, the plan expands coverage to thousands of low-income Hoosiers without the need for any new state tax dollars."

And the two medical doctors who toured the state in 2014 to study Hoosier health care, U.S. Rep. Larry Bucshon and Indiana House Ways and Means Chairman Tim Brown, lauded the developments. Brown, the Republican emergency room physician from Crawfordsville, said, "As someone who has worked in the health care industry for many years, I know how important it is for families to have health care options and coverage that is best suited to their needs. I was proud to develop the Healthy Indiana Plan to allow Hoosiers to take ownership of their health care options, and I applaud Gov. Mike Pence for his dedication and leadership on getting HIP 2.0 approved. HIP was designed to encourage Hoosiers to take advantage of preventive care which would improve quality of life and prevent emergency room visits. When I was traveling the state discussing health care with Hoosiers, I heard countless times how satisfied people have been with HIP, and I am pleased the federal government allowed this expansion to take place. At a time when uncertainty exists with the Affordable Care Act, there is certainty for Hoosiers through this state-driven plan."

Bucshon, the former Newburgh heart surgeon, said, "I spent my career as a healthcare provider caring for patients regardless of their socioeconomic status or ability to pay. I know that we can do better for our patients than settling for the top-down, one-size-fits-all expansion of traditional Medicaid. Indiana has demonstrated this with the success of Healthy Indiana Plan. As I traveled the state last year with Indiana Ways and Means Chairman Dr. Tim Brown on our 'Hoosier Healthcare Tour,' we consistently heard the same message. I'm happy to see the Department of Health and Human Services grant Indiana the flexibility to build on our progress and expand access to quality care for 350,000 low-income Hoosiers without insurance. I commend the persistent work of Gov. Pence on behalf of Hoosiers. Thanks to his leadership, Indiana will be a model for how states can implement conservative, consumer-driven solutions to innovate and meet the healthcare needs of their citizens."

House Public Health Committee Chairman Ed Clere, R-New Albany, told HPI on Wednesday, "It's definitely a game-changer for individual Hoosiers who will receive coverage. It's going to make a profound difference in a lot of individuals' lives. It's also potentially a game-changer



**Ways & Means Chairman Tim Brown (left) and U.S. Rep. Larry Bucshon, both medical doctors, lauded the deal. (HPI Photo by Brian A. Howey)**

for the state in terms of improving our overall health status. We rank 41st now, and that's according to America's Health Rankings which is put out by the United Health Foundation, and, I think, there is a Gallup ranking that has us right around there. We can't stop there. There are lots of other things that we need to work on to improve Indiana's overall health, like things I'm working on right now, like tobacco."

Republican U.S. Sen. Dan Coats took to the Senate floor Tuesday and said, "This agreement is great news for hundreds of thousands of low-income Hoosiers and a testament of the effectiveness of the Healthy Indiana Plan."

Democrat U.S. Sen. Joe Donnelly added, "I am pleased that Gov. Pence and the Obama Administration have reached an agreement to expand coverage to those who would have been left with no other option than to seek health care in the emergency room. I thank the governor for embracing this opportunity through the Affordable Care Act, so more Indiana families will have access to health insurance. Today is a good day for Hoosiers."

### **Discordant voices inside the Beltway**

To find a discordant voice, you had to go to Washington and bend down to hear the red meat purveyors. The Washington Examiner's Philip Klein called it a "betrayal" of taxpayers. "On Tuesday, he betrayed taxpayers when he embraced an expansion of Medicaid through President Obama's healthcare law," Klein wrote. "Pence argues that his expansion of Medicaid is actually a victory for market-based principles because of concessions he won from the Obama administration, providing the state more flexibility over the implementation of the program. But this is merely window dressing. Any plan that expands the Medicaid program imposes more costs on taxpayers, expands the federal role in healthcare and should be passionately opposed by those who care about the nation's future."

The Wall Street Journal labeled Pence's idea "merely a watered down version of a watered down version of the original Healthy Indiana Plan, and is wrought with the same flaws as other Obamacare Medicaid expansions."

Politico reported that Pence may have damaged his 2016 presidential prospects: "If you're going to have candidates who are trying to be the conservative in the race and then back Medicaid expansion in their states, it opens the door for other conservatives to certainly chip away at them, said Jamie Burnett, a New Hampshire-based GOP strategist. A senior Republican policy source who has worked on presidential campaigns put it more bluntly, preview-

ing the potential line of attack: "They aided and abetted the implementation of Obamacare, and they were just as complicit in making Obamacare work as Democrats in Congress or Barack Obama himself."

## How did we get here?

From his days as a congressman when he was an ardent foe of the ACA, and his days as a gubernatorial candidate when he rejected the creation of a state-based health exchange, to the early days of his governorship, Pence appeared poised to reject what would have been tens of billions of dollars in federal dollars to expand Medicaid. He repeatedly compared it to getting a "baby elephant" and having to feed it more and more as it grew. He frequently expressed distrust in the federal government, where the ACA was designed to cover 100% of Medicaid expansion until 2017, and 90% thereafter.

Informed and reliable health care sources tell HPI that the key development was the Indiana Hospital Association convincing Gov. Pence that summarily rejecting Medicaid expansion would have created a funding crisis for Disproportionate Share Hospitals such as Eskenazi, Community and Methodist in Indianapolis, and Parkview in Fort Wayne. A number of rural Indiana hospitals would have faced severe financial difficulties.

"That was the real pressure," one knowledgeable HPI health care source who had worked with the Daniels administration said. "The hospital pressure in the legislature was very significant. Early on, I was told, in 2013, that Pence met with the IHA leadership and others and had promised to make sure they didn't take a bath. In return, they would support HIP 2.0. It was a proactive move on the hospitals' part to have some skin in the game. They have a lot of skin in the game. Without expansion, I really felt some of the vulnerable county hospitals would have taken a bath."

Brian Bauer, chief executive officer of Lutheran Health Network, told the Journal Gazette, "This is an announcement that's going to have an impact on thousands of Hoosiers for decades to come seeking health care, and Gov. Pence, I cannot thank you enough from the bottom of our heart, from the bottom of our patients' hearts, for your leadership on this issue."

The HIP source added, "It's an expansion. If you're adding people to the existing base, that's an expansion, but it's an expansion with incentives for people to take ownership for their own health. The downside, if they don't make their contributions, they are penalized into a lesser plan. It's different than traditional Medicaid, but it's an expansion."



Gov. Pence personally lobbied President Obama on HIP 2.0 last October on the tarmac of the Evansville Airport.

## State ready to gear up

Last summer, when former FSSA Commissioner Debra Minott resigned, the potential for a chaotic HIP 2.0 expansion seemed possible. Pence responded by hiring John Wernert to lead FSSA and Deputy Commissioner Michael Gargano, who had played a critical role in moving FSSA from the early Daniels era IBM out-sourcing to the widely lauded "hybrid" system.

Sources tell HPI that the new FSSA regime made several key changes, including the removal of Lance Rhodes and replacing him with Adrina Shields as director of the Division of Family Resources. Rich Adams was also lured back to DFR.

"They had begun to cue up the applications via the marketplace for HIP 2.0," the source said, saying this included between 40,000 and 70,000 Hoosiers. "They had to convert the existing Medicaid clients that qualified for HIP, who had to reapply. That's another 70,000. They were cued up ready to go. They moved some workers around, changed some call center workers on recertification. They moved that work out of the call center and into another group. They've got 700 to 800 people in addition to what they had. They have plenty of people to handle the volume of calls. They really got on top of it."

While Gov. Pence continued to press President Obama and Secretary Burwell through the end of 2014 and into the new year, our source said that might have been a good thing. "They could not have rolled out in November. They had an additional three months to get it right. They cued it up so they won't have Obamacare 2." That was in reference to the disastrous rollout of Obamacare on the federal exchange in late 2013.

Denault confirmed the source, saying, "FSSA has been working internally and with vendors for months to get ready for this launch. They are already converting non-disabled adults from Medicaid to HIP 2.0 and the phone lines and web site are available for applications."

## Challenges ahead

Indiana does face some daunting challenges beyond the initial HIP 2.0 expansion. One Republican source told HPI on Wednesday, "There are hardly any doctors who will see the patients. Doctors make available in their schedules just a certain amount of time, if at all, for these types of patients. Because the reimbursement for Medicaid patients is significantly less than private pay or traditional insurance, the doctors limit time allotted to these patients."

But Chairman Clere stressed that HIP 2.0 improves the reimbursement situation for health care providers. "One of the big reasons that HIP works is because it provides higher reimbursement rates than traditional Medicaid," he explained. "HIP 1.0 pays providers at Medicare rates instead of Medicaid rates. And, that'll be the case with HIP 2.0. Transitioning the traditional Medicaid popula-

tion to HIP 2.0 is going to bring in a lot of new providers.”

### ACA subsidies’ fate and state exchange

Whereas HIP 2.0 will expand access to one segment of the population, Clere is concerned legal challenges to the ACA’s marketplace subsidies for state’s with federally operated exchanges, like Indiana, could potentially lead to hundreds of thousands of Hoosiers losing coverage. “It’s entirely appropriate to celebrate this tremendous accomplishment and milestone [HIP 2.0’s approval],” Clere said, “but it’s unavoidable what’s looming in front of us, the King v. Burwell (U.S. Supreme Court) case. We also need to be cognizant of the potential loss of coverage by 200,000 Hoosiers.” One estimate places the value of those subsidies to Indiana around \$900 million per year.

“I don’t know if we should have a state exchange,” Clere admits. “I don’t know if it would be the right move, but the wrong move would be not to be talking about it. We should be having a conversation about it and weighing the pros and cons.”

To that end

Clere has filed HB 1254 which would create a standing study committee to monitor the state’s status vis-à-vis nearly all facets of the ACA. As the bill currently reads, the committee will study, among a number of interrelated issues, “Whether Indiana should implement a state-based exchange.”

When HPI spoke with Speaker Bosma shortly after the 2014 session, he voiced the idea that the legislature should investigate and weigh these decisions. “We’ve relied on both administrations to set the course on this issue,” Bosma said in April 2014. “We have to make sure the answers are the right ones at this point.”

### Indiana’s physician shortage, rationing

CNHI reporter Maureen Hayden wrote in 2014: Indiana, which ranks 39th for its ratio of physicians to population, needs at least 2,000 new primary care physicians by the end of the decade to handle all of the newly insured. Demand is uneven throughout the state. A 2012 inventory of the state’s healthcare workforce found a disparity, with more than enough primary care providers in more affluent communities but a dearth in rural areas.

The report, by the Indiana Center for Health Work-

force Studies and the Bowen Research Center at Indiana University School of Medicine, found only 11 of 92 counties meet a commonly accepted standard of 10 primary care doctors for every 10,000 people, Hayden reported. The report noted another age-related concern: More than one-third of primary care doctors in rural counties are within a decade of retirement.

In response to the shortage, Indiana University’s School of Medicine is increasing admissions by 30% and expanding classes on nine campuses around the state. A new IU Medical School will be built in downtown Evansville. Marian University in Indianapolis has created an-

other medical school. “If you only look to physicians for the answer, it’s not going to be there,” said Dr. Richard Kiovsky, director of the Indiana Area Health Education Centers, a statewide network of hospitals working to boost the number of healthcare workers in Indiana. “We can’t produce enough physicians now to fill the need that is so great in our state and elsewhere.”

Clere added efforts to expand the scope of practice of

physician’s assistants could also alleviate the doctor shortfall going forward.

### Epilogue

What we’ve witnessed is a governor many viewed as an ideologue, who has evolved in a pragmatic fashion due to realities on the ground. He has done this with wide, bipartisan political support here in Indiana.

We’ve nuanced the lead paragraph with the word “potential” when it comes to a lasting achievement. There will be access challenges for HIP 2.0. The danger is if physicians won’t see HIP recipients, the potential for rationing of service exists. The other factor is the aging of the Baby Boom generation, which will bring an array of health care challenges to the state.

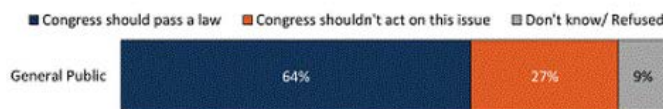
The state will have to invest in its expanded medical schools. Immigration reform at the federal level could open the way for more foreign doctors to come to the state.

Two years ago, virtually no one saw Indiana at this station. The next two years will be critical on whether this is a true achievement, or merely the beginning of a greater problem. ❖

### Most Say Congress Or Their State Should Act If Supreme Court Rules Against The ACA

If the Supreme Court rules that financial help to buy health insurance is only available to low and moderate income people in states with state-run marketplaces...

...do you think Congress should pass a law so that people in all states can be eligible for financial help from the government to buy health insurance, or do you think Congress shouldn’t act on this issue?



...do you think your state should create its own marketplace, or not?



SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted January 15-21, 2015)



# Sharp's challenge to Carmel's Brainard tops mayoral primaries

By **BRIAN A. HOWEY**

INDIANAPOLIS – There have been primary mayoral election cycles where dozens of incumbents have gone down in defeat.

Thus far in Indiana, only a handful of primaries have developed where an incumbent mayor is being challenged. First-term Columbus Republican Mayor Kristin Brown is facing a challenge from Council President Jim Lienhoop. East Chicago Mayor Anthony Copeland is facing

longtime City Clerk Mary Morris. And in Hammond, three-term Democrat Mayor Thomas McDermott Jr. will be fending off City Councilman Homero "Chico" Hinojosa.

But the race likely to garner a great deal of attention in the Indianapolis media market involves five-term incumbent Carmel Mayor Jim Brainard, who faces a GOP primary challenge from Council President Rick Sharp, who kicked off his campaign on Monday.

"Serving the people of our city since 2004, I have

had the opportunity to be a part of Carmel's tremendous growth, working to attract businesses to Carmel while exhibiting fiscal restraint," Sharp said during his campaign kickoff. "During that time, I have also witnessed overspending and a lack of transparency by the current administration, leading to a significant amount of financial debt and putting the future of our city at risk. I have done my best to fight for fiscal responsibility and respect for taxpayer dollars, but it has become clear to me that we need a change in the mayor's office if we are going to move Carmel forward responsibly and sustainably."

Sharp will seek to use an issue that has been around for years: Taxes and debt load. Thus far, Brainard has been successful in brushing off the challenges. "The

tax increment is not sufficient to repay the debt that they have accumulated. And, over the course of the life of the bond payments, they come up \$43 million short. That is a significant number," Sharp told WISH-TV. An I-Team 8 analysis last year found Carmel's per-capita debt among the highest in the state. The city's approximately 85,000 residents owe \$11,809 per person, as of July 1, 2014. Sharp called the figures troubling. "It is time we took serious steps to reduce our debt and put safeguards in place so this does not happen again," Sharp said. "The goal is to ensure full accountability to the public, making it impossible for any elected official to ever again rack up this level of debt on the backs of our children and grandchildren."

Brainard has long contended that Carmel's debt load remains at a manageable level. He chalked the criticism up to politics. Brainard has a \$142,567 to \$69,850 cash-on-hand advantage. The incumbent took aim at the six-term council president, telling WISH-TV, "He voted for almost all of the debt and all of the budgets up until recently and in the last year and a half has changed his votes."

Sharp responded, "There's always subtleties in politics and I don't run away from my record, in fact, I embrace my record. Much of the accomplishments of the Brainard administration are due to my leadership and my votes."

Primary challenges are nothing new for Brainard. In 2011, Brainard defeated John Accetturo 7,456 to 2,590, while Marnin Spigelman finished third with 1,979. On 2007,

Brainard defeated John Koven 6,219 to 4,245. And in 2003, he won a three-way race with 5,067 votes over Wayne Wilson (1,707) and Councilwoman Luci Snyder (1,034).

## Jeffersonville: Julius to challenge

Dennis Julius held a campaign announcement party on Sunday to officially kick off his bid to be the Democratic Jeffersonville mayoral candidate (Louisville Courier-Journal). "I've got a pretty good nose for a good start," said former U.S. Congressman Baron Hill, of Salem, as he addressed the crowd of over 100. "This campaign is off to a great

start. There's a buzz here that you can feel." Julius filed the candidacy paperwork two weeks ago, but launched his campaign Sunday with a party at 300 Spring, a business he co-owns in downtown Jeffersonville. The entrepreneur is also a co-owner of Walnut Ridge Nursery, a third-generation owner of the 100-year-old family-run Jeffersonville business. Julius currently serves on the city council as an



Republican Carmel Council President Rick Sharp is the latest from that body to challenge six-term incumbent Mayor Jim Brainard.



at-large member, and is the immediate past president. He has served under two administrations as an appointee to the Jeffersonville Redevelopment Commission and in various roles with Jeffersonville Main Street, the Bridgepoint Goodwill board of directors and other civic organizations. "Dennis has an openness to look at new ideas," said Ron Ellis, at-large candidate for city council. "I think we can work together and get some things done."

**Alexandria: Former sheriff running**

Former Madison County Sheriff Ron Richardson is expected to announce Friday that he will run for mayor of Alexandria (Knight, Anderson Herald-Bulletin). Richardson is holding a gathering at Beulah Park on Friday, Jan. 30, at 6:30 p.m. where he is expected to make the announcement. Richardson recently completed an eight-year term as sheriff and retired from the Madison County Sheriff's Department. He would first run in the May 5 Democratic Party primary.

**Richmond: Ingram enters**

Kyle Ingram filed for the Republican nomination for mayor and officially launched his campaign during a noontime ceremony at Richmond's Circle U Help Center.

"I care deeply about this community, its past, present and future," said Ingram. "I've watched as problems continue to get worse here in Richmond, and I've been very disappointed in the direction we seem to be heading. It's time for a new leader to take charge and guide our city back onto a successful path. That's why I'm entering this important race, because it's a critical time for our city." Ingram's plan to provide tough, solution-based leadership is called "The Roadmap to Revive Richmond" and focuses on combatting crime, creating new job opportunities, engaging youth, and aggressively promoting all that Richmond has to offer. "As an experienced businessman and proven leader, I know how to face tough challenges," Ingram added. "I promise to bring focus, honor, integrity and a strong work ethic to the mayor's office, because I know we can do better in helping our city and our citizens prosper." Kyle Ingram is a husband and father, an experienced businessman, and a professional college basketball official with more than 20 years of experience.



Richmond businessman Kyle Ingram kicks off his mayoral campaign on Wednesday. (HPI Photo by Mark Curry)

to provide tough, solution-based leadership is called "The Roadmap to Revive Richmond" and focuses on combatting crime, creating new job opportunities, engaging youth, and aggressively promoting all that Richmond has to offer. "As an experienced businessman and proven leader, I know how to face tough challenges," Ingram added. "I promise to bring focus, honor, integrity and a strong work ethic to the mayor's office, because I know we can do better in helping our city and our citizens prosper." Kyle Ingram is a husband and father, an experienced businessman, and a professional college basketball official with more than 20 years of experience.

**Portage: Complaint filed against Snyder**

The Porter County Democratic Party filed a formal complaint with the county's election board Monday

because Portage Mayor James Snyder, a Republican, did not file his 2014 annual campaign finance report on time (Lavalley, Post-Tribune). The report was due at noon Wednesday. Party Chairman Jeff Chidester requested an emergency meeting to discuss the matter. While Snyder was not the only Republican to miss last week's deadline, Chidester said the other people who didn't file their reports ran in last year's county elections, while Snyder is running for a second term as Portage mayor this year. Chidester said he talked to David Bengs, president of the election board, who said Snyder's campaign changed treasurers and needed more time to fill out the report, but there are no extensions for the filings. Snyder could have filed the report and sent in an amended report later, Chidester said. "I'm not going to nickel and dime it," Chidester said, but the state sets the deadlines for the filings a year in advance. "If your treasurer has something happen, you have to file a report." Ken Taylor, Snyder's new campaign treasurer and the Republican Party's executive director, said he took over at the first of the year after Snyder's treasurer resigned. Taylor said he told Snyder the report would be filed late and contacted Bengs, who could not be reached for comment. Taylor also amended Snyder's reports for

2011, 2012 and 2013. The one for 2011 has been filed and the other two will be in by early next week. He expects to file the 2014 report within the next two weeks. "I wanted to make sure they were very accurate and correct," Taylor said. The FBI visited the county's voter registration office in July, seeking copies of Snyder's campaign finance reports from 2007, when he first ran for office, through 2013. Agents also sought reports from a political action committee from his run for mayor in 2011.

**Kokomo: Mayor Goodnight files**

Kokomo Mayor Greg Goodnight announced his campaign for reelection in front of a standing-room-only crowd at the Carpenters Local 615 office. His speech detailed 14 specific ways in which Kokomo has improved he

took office in 2008. "We have come a long way in this city," said Mayor Goodnight. "We are looked to as a beacon of economic activity, innovation, and new thinking about how to run a municipal government. Kokomo is thriving. Kokomo is growing. But we are not yet finished. We must always look at our city, my hometown, as a work in progress. Always be moving forward, always driving toward bettering our community. With your help, and your support, we can do just that. I'm excited about the campaign, and looking forward to sharing ideas with people all across Kokomo." Mayor Goodnight was first elected in 2007 with a then record 66% of the vote. He broke that record in his 2011 reelection campaign, garnering 70% of the vote. During his time in office, Kokomo has seen record levels of private investment, a 24% decline in crime, rapid growth in new housing starts, and has been touted by Governing Magazine as the "poster child for longterm fiscal sustainability." He will face a challenge from Howard County Auditor Martha Lake or Republican Jack Dodd.



**Democratic Kokomo Mayor Greg Goodnight is seeking a third term.**

**Fort Wayne: Harper hasn't filed, York runs**

A former Fort Wayne police chief is showing his political side (Gong, Fort Wayne Journal Gazette). Rusty York, Fort Wayne's chief of police from 2000 to 2014, announced Wednesday his intentions to run this year for the 4th District seat on the Fort Wayne City Council. York, who took over as the city's director of public safety last year, unsuccessfully campaigned for state representative in 1996. The City Council seat is held by Republican Mitch Harper, whose district covers the southwest portion of the city. Harper has previously said he will run for mayor this year. As of Wednesday afternoon, Harper had not filed reelection paperwork with the Allen County Election Board, nor had he filed paperwork for a mayoral campaign. York, 63, and his family are lifelong Fort Wayne residents and have lived in the 4th District for more than 20 years. York's campaign will begin with the May 5 Democratic primary. "I've thought about (running for City Council) for a couple of years, and I think in the 14 years I spent as chief of police and the year I spent as public safety director, I've been involved with the council quite a bit," he said. "I thought it would be an interesting challenge and at this point in my career – and my life, really – I wanted to take the opportunity now." Harper pointed to York's unsuccessful statewide campaign nearly 20 years ago to highlight problems that he thinks York will have in his council campaign. "Rusty has had experience running for office before, and he was defeated, so he should know enough as a past candidate for office that elections are about issues and not name recognition," Harper said.

**Evansville: Independent eyes run with conviction**

An Evansville man eying an independent campaign for mayor must first have a felony marijuana dealing conviction expunged from his record before he can file his candidacy (Evansville Courier & Press). Steven R. Wozniak said he also isn't filing for mayor until he resolves his Chapter 13 bankruptcy payments, which include payments to the IRS for several years of unfiled tax returns. The 42-year-old inventor intends to challenge Republican Mayor Lloyd Winnecke and Democrat Gail Riecken for the city's executive post in November. Per Indiana's "second-chance" law, certain felonies can be expunged. Having a felony expungement does not disqualify a person from running for elected office, including city mayor. Wozniak's criminal, bankruptcy and tax discrepancies were discovered by the Courier & Press during a routine candidate background check this week. Wozniak was charged in Vanderburgh County Circuit Court with two counts of dealing marijuana in 1995. He pleaded guilty to a single class D felony count of dealing marijuana in 1996, and was sentenced to a suspended three-year sentence.

**Valparaiso: Costas seeks 4th term**

Republican Valparaiso Mayor Jon Costas announced Wednesday he will seek a fourth term.

**Muncie: Tyler seeks 2nd term**

Mayor Dennis Tyler kicked off his re-election campaign Monday night with a recap of his first three years in office for an appreciative crowd of Democratic Party loyalists (Muncie Star Press). Speaking before a standing-room-only crowd of friends, family, elected officials and supporters at Democratic Party Headquarters, Tyler promised he would run a clean campaign against any opponent — although none has surfaced so far. "You'll never hear me say anything negative," Tyler said. Tyler, now 72, won election in 2011 over incumbent Republican Sharon McShurley with a slogan of "imagine the possibilities when we all work together," a contrast to the bitter split between McShurley and the Democrat-controlled Muncie City Council during the previous four years. "That's how I campaigned and that's how I've tried to govern," Tyler said, referring to the campaign slogan. Tyler ticked off a list of improvements by the city, including the paving of 80 miles of streets; 165 sidewalk projects; removal of 265 trees that caused sidewalks to buckle; the southside gateway and roundabout; youth programs in parks; improvements at Tuhey Pool and Prairie Creek Reservoir; and improved performance from police and fire departments and the Muncie Animal Shelter. "The growth in downtown is truly exploding," Tyler said.

## Mishawaka: Woods to announce reelect

Mishawaka Mayor Dave Woods will kick off his reelection campaign this afternoon. Friends of Mayor Dave Wood will hold a news conference regarding Mayor Wood's intent to declare his candidacy for Re-election. "The opportunity to serve my family, friends and neighbors is something that I never take for granted, and I am thank grateful for this opportunity each and every day." Mayor Dave expressed. Four years ago, my campaign motto was 'Moving Mishawaka Forward.' I'd say we have kept our promise! Mishawaka looks different, it feels different, and optimism is all around. "

## Presidential: Kochs to spend \$899M

The Koch brothers' conservative network is still debating whether it will spend any of its massive \$899 million budget in the Republican presidential primaries, but the prospect of choosing a GOP nominee loomed over the network's just-concluded donor conference in the California desert (Politico). In an informal straw poll of some conference donors, Sen. Marco Rubio of Florida came out ahead

of four other would-be GOP presidential candidates who had been invited, according to an attendee familiar with the results. The poll was conducted by Frank Luntz, a veteran GOP pollster, during a break-out session of the conference, which wrapped up Tuesday after a long weekend of presenta-

tions and discussions at the Ritz-Carlton in Rancho Mirage, Calif. Kentucky Sen. Rand Paul — who received the least enthusiastic response from donors during a Sunday night forum of prospective candidates that also featured Rubio and Texas Sen. Ted Cruz — finished last in Luntz's poll, the source told POLITICO.

## Charlie Cook's GOP bracketology

There are at least four brackets of candidates and Republican voters, with a competition between GOP contenders to win a spot in the nomination semifinals (Cook, National Journal). First there is the establishment bracket, with former Florida Gov. Jeb Bush, New Jersey Gov. Chris Christie, and possibly former Massachusetts Gov. Mitt Romney competing for that semifinal slot. Former Hewlett Packard CEO Carly Fiorina would likely fit into this group. GOP nominees traditionally come from this bracket. Then there is the conservative governor/former governor slot with, potentially, Ohio Gov. John Kasich, Indiana Gov. Mike Pence, former Texas Gov. Rick Perry, Michigan Gov. Rick Snyder, and Wisconsin Gov. Scott Walker competing, all seeking to be non-Washington and non-Congress candidates, but each with more conservative, or at least better conservative, credentials than Bush, Christie, or Romney. In this anti-Washington environment, being able to say that you effectively governed, in contrast with Congress

and Washington, certainly has some advantages among the non-purist conservatives. In the third bracket are the more identifiably Tea Party candidates, principally Sens. Ted Cruz of Texas and Rand Paul of Kentucky, but also former Rep. Michele Bachmann of Minnesota, possibly former 2008 vice presidential nominee and former Alaska Gov. Sarah Palin and even real-estate mogul Donald Trump. This bracket is for the "mad as hell and not going to take it anymore" conservatives. Finally, there is the social, cultural, and religious conservative bracket, made up primarily of former Arkansas Gov. Mike Huckabee and former Sen. Rick Santorum of Pennsylvania, tapping into the same feelings as the third group but with a distinctly moral dimension.

## Romney goes after Hillary

Signaling a hunger to step back into the ring, Mitt Romney took aim at Hillary Rodham Clinton in a speech here Wednesday and predicted that a nation he sees as in decline could turn a corner "with the right kind of leadership" (Washington Post). Declaring that the country must restore economic opportunity for the middle class, Romney said, "How can Secretary Clinton provide opportunity for all if she doesn't know where the jobs come from in the first place?" He went on to attack the former secretary of state on foreign affairs, calling her record in the Obama administration "timid" and saying that she "cluelessly pressed a reset button for Russia, which smiled and then invaded Ukraine, a sovereign nation. The Middle East and much of North Africa is in chaos."

## DC buzz on Gov. Walker

The Beltway is abuzz over Scott Walker (The Hill). The Wisconsin governor is the talk of Washington Republicans following his much-heralded speech in Iowa last weekend during the state's first 2016 candidate cattle call. Walker's strong showing in the Hawkeye State is reverberating back in D.C., where donors, kingmakers and lawmakers in both houses of Congress are talking about him as a top-tier candidate in the crowded GOP field. "He should feel pretty good about this past weekend," said Rep. Steve King (R-Iowa), who organized the Iowa Freedom Summit. "So far, this week has been pretty good for Scott Walker."

## Clinton campaign takes shape

Not only is she running, but we have a very good idea of what her campaign will look like (Allen, Politico). Hillary Clinton is in the final stages of planning a presidential campaign that will most likely be launched in July and has made decisions on most top posts, according to numerous Democrats in close contact with the Clintons and their aides. Campaign advisers say the likelihood of a campaign, long at 98 percent (she never really hesitated, according to one person close to her), went to 100 percent right after Christmas, when Clinton approved a preliminary budget and several key hires. ❖



# Long explains next step for Article V

By **BRIAN A. HOWEY**

INDIANAPOLIS – During Gov. Mike Pence’s State of the State address this month, Senate President David Long received a prominent shout-out.

“I commend Sen. David Long for his leadership on a federal balanced budget amendment,” Pence said. “I call on this General Assembly to begin the process of adding a balanced budget amendment to the Indiana Constitution in this session and send this historic reform to the people of Indiana.”



This was a reference to Long’s key role in creating what he hopes will be the first

Article V Constitutional Convention in United States history. The founding fathers provided Article V for the states to convene constitutional conventions. In one of the quirks of history, one has never been called. “The Founders thought the process would be used regularly,” Long told Howey Politics Indiana on Monday.

After hosting the second Assembly of State Legislatures in the Indiana House last June, a session took place near Washington last December in an attempt to put rules of the process together. The goal, Long said, will be to reconvene in Denver next June to work through the process, and again in November at the Utah Statehouse in Salt Lake City. By that time, Long said, he hopes the assembly will have worked out “how it will run, who will run it, who is picked, so there is no question about it. In doing so, we hope to avoid a lot of chaos and uncertainty. It will take time to put these things together. When up have a modern society and delegates expecting results, we didn’t want to wait around for a month while the rules were determined.”

Long and a number of Republican legislators forged what was originally called the Mount Vernon Assembly at the historic estate of President Washington in December 2013. They feared that the growing national debt and corresponding gridlock in Washington had the potential to saddle subsequent American generations with massive millstones.

While the Founders provided for state-instigated constitutional conventions, there was no blueprint or rules. There have been a number of state constitutional conventions over the years. These have been extensively studied by the assembly. Most resistance to such a convention centers on what critics call a “runaway convention” where a slew of amendments would be passed.

The Fort Wayne Republican said a federal balanced budget amendment “has the most momentum” for topics of a future convention, adding that some advocate term limits for members of Congress and federal judges. While most of the assembly members would be considered conservatives, Long said that there are advocates for a constitutional amendment that would overturn the U.S. Supreme Court’s Citizens United decision.

A minimum of 34 state legislatures would have to pass any provisions an Article V convention came up with, and 38 states would have to successfully ratify. “That’s a pretty high threshold,” Long said. “Anything would have to have high support.”

Long believes that once convention rules are established, more Democrats will take part as individual states decide to opt in.

Such an Article V convention hasn’t gotten much traction in the national or Capitol Hill press. Long said, “The Washington press is pretty dismissive of anything coming from states. When you take time to study the historical reason it is in there, any poll will tell you Congress’s numbers have never been lower. The states need to assert themselves. When you’re in the Beltway and in New York, it’s a different mentality.”



Gov. Pence acknowledged Sen. Long’s efforts for an Article V constitutional convention that could forge a federal balanced budget amendment. (HPI Photo by Matthew Butler)

## Redistricting reform

Long also talked about what will eventually be a non-partisan redistricting commission. Long said the process will likely be a “two-year discussion” though he said that legislation this year could pass that will set the process in motion.

He said a bill by State Sen. Greg Walker would allow the Indiana General Assembly to “hand off the process” to a commission. “It will say ‘it may, not it shall’ if we move it this year or next. It could be 2018.” Long said that if the legislature waits until 2020, “it will be too late. There are two parts to this. One would be amending the constitution” to allow a future commission to conduct reapportionment.

Long said that the issue will almost certainly end up in a summer study committee. And he defended the

current maps drawn in 2011. "If you look around, Indiana got accolades for doing it properly. We followed guidelines from the U.S. Supreme Court. Now, obviously, this has been a positive for Republicans. If you look at the maps today, they are a lot better to the eye. The districts were drawn around school districts, county lines. We've done a lot better job than some citizen commissioners."

Long said that the General Assembly will be exploring which bipartisan citizen redistricting commissioners work and what hasn't. He noted that the California process has "been infiltrated" by the Democratic Party.

"Maybe we draw a new commission with a new idea," he said. Long also said that redistricting legislation would likely be sponsored by the four legislative leaders in both chambers.

**Merritt bill eyes blighted homes:** A plan to cut the time homes sit abandoned and vacant on neighborhood blocks across Indiana cleared its first legislative hurdle



Wednesday (Schneider, Evansville Courier & Press). The proposal sponsored by state Sen. Jim Merritt, an Indianapolis Republican, aims to give local governments new tools to tackle the issue and streamline the tax sales of properties.

"We want these homes occupied. We want them rehabbed. We want to give incentives for people to live there — not incentives for people to buy them and just hold them," Merritt said. The legislation would allow the city of Evansville and other local governments with hearing authorities to participate in a state law passed last year that ended a one-year redemption period for abandoned and vacant homes sold at tax sales. Merritt's proposal also works to clarify and create a blight registry so local governments can identify "bad actors" that have purchased homes in other counties. David Bottorff, with the Indiana Association of Counties, said he worried governments would wind up owning more properties if the interest rate was lowered. The committee passed Merritt's proposal unanimously on Wednesday, and it now heads to the full Senate for consideration.

**Tomes eyes sawed off shotgun restrictions:** A Southwestern Indiana lawmaker is proposing for Indiana to lift state restrictions on short-barreled, or sawed-off, shotguns (Evansville Courier & Press). Supporters of the legislation, led by state Sen. Jim Tomes, a Wadesville Republican, said the guns can be misunderstood because they carry with them the images of Chicago in the 1930s and gangster Al Capone. But now, Tomes said, people consider the firearms a collector's item, and they can be used in home defense, as well as for hunting. The proposal would lift restrictions on manufacturing, importing, selling or possessing sawed-off shotguns in Indiana, which would make the state in line with federal law, Tomes said. The guns are

highly regulated, Tomes said, and registered with the Bureau of Alcohol, Tobacco, Firearms and Explosives. "These guns rarely see a gun range because people buy them and usually just keep them in their collection. ... And they are expensive guns," Tomes said. Federal law sets a series of regulations on the guns, said Erin Luper, a representative from the National Rifle Association who spoke on the bill in front of a Senate committee on Wednesday. Purchasers must fill out paperwork, receive a sign-off by a chief law enforcement officer, undergo a background check, find a licensed and authorized dealer to conduct the transaction and pay a one-time \$200 tax.

**Koch scuttles ethics bill:** Rep. Eric Koch is backing off his push to prevent local governments from regulating oil and gas drilling after potential conflict-of-interest concerns emerged regarding his personal investments in more than two dozen oil and natural gas companies (Cook, IndyStar). Koch, R-Bedford, effectively withdrew the measure on Wednesday, asking House Natural Resources Chairman Sean Eberhart to let it die in committee. Koch's decision comes a day after The Indianapolis Star reported on potential ethical concerns surrounding his membership in at least 28 oil and gas companies, some with operations in Indiana. Koch was not immediately available for comment, but a spokeswoman said he no longer wanted the bill to be heard because it had become a "distraction." Ethics experts said Koch's legislation, House Bill 1321, created at least the appearance of impropriety given his personal financial interests in the oil and gas industry. Environmental groups oppose the measure because they say it would prevent local communities from keeping oil and gas wells away from water supplies, schools and parks. Concerns about Koch's actions arose on the same day he and other members of a House ethics panel voted in favor of a beefed up ethics code.

**Panel takes aim at Ritz SBOE chair:** An Indiana House committee took the first action in a Republican-led Legislature toward shifting authority over education policy away from the elected state schools superintendent (Associated Press). Amended version of HB1486, shifting power from Glenda Ritz/#IDOE to #INSBOE and more passed 9-4. Proposals scheduled for hearings Thursday before the House Education Committee include one that would remove Democratic schools Superintendent Glenda Ritz from being the automatic State Board of Education chairman. That bill would allow Republican Gov. Mike Pence's board appointees elect their own chairman. Another bill would give the board authority over areas such as teacher evaluation, testing and student data that Ritz now oversees as head of the Department of Education. A Ritz spokesman calls the proposals "an irresponsible power grab." Republican supporters say they're needed to resolve the ongoing disputes between the board and Ritz over control of the education policy. Ritz is expected to testify. ❖

# Farmland taxes are a hot topic for legislature

By **LARRY DeBOER**

WEST LAFAYETTE – Once again, farmland assessments and property taxes are going up. The Department of Local Government Finance, which oversees the property tax in Indiana, has set the base rate per acre of farmland for 2015 taxes at \$2,050 per acre. That’s a 16 percent increase from the base rate for 2014 taxes. In December the DLGF announced the base rate for 2016 at \$2,420, another 18 percent increase.



The base rate has been rising for years. But, this year, it’s a hot topic in the General Assembly.

The base rate is the starting point for farmland property tax assessment. It’s a statewide dollar amount per acre. It’s adjusted by each acre’s productivity index so that the acre’s value reflects how much corn it can grow. Some values are adjusted downward for factors like forest

cover or frequent flooding. The resulting assessment is multiplied by the sum of the tax rates for the local governments where the land is located. That’s the tax bill.

The base rate is calculated with a capitalization formula that includes commodity prices, yields, rents and costs in the numerator and an interest rate in the denominator. Until recently, prices have increased, and the interest rate has decreased. That has pushed the base rate up a lot.

**The numbers** enter this formula with a four-year lag, meaning the most recent data used for the pay-2016 base rate are from 2012. Since we know the formula and the data through 2014, we can make really good guesses about future base rates. In 2017 the base rate will likely be about \$2,770; in 2018 the base rate will be near \$3,050. Between 2007 and 2014 total agricultural property taxes increased by 47 percent, far more than any other category of property. If the base rate keeps rising, farm property taxes will too.

The governor pledged to prevent this rapid increase in his State of the State address. This past summer a legislative study committee recommended a base rate

freeze and further study of the problem.

After all these years, why is this a hot topic now?

The answer has to do with that four-year lag.

Until recently farm incomes were rising, so higher property taxes could be paid out of higher incomes. But now farm incomes are falling. Corn and bean prices peaked in 2013 and have fallen a lot since then. The lower 2014 prices can’t even start to affect the base rate until 2018. Until then property taxes will rise, even if farm incomes fall.

**But providing farmland** property tax relief isn’t easy. Consider some possible answers.

We could eliminate the four-year lag. Taxes in 2016 could be based on assessments in 2015, which would be based on data through 2014. That’s a two-year lag. But the formula’s result using data through 2014 was \$3,050 per acre. We’d get the base rate to drop sooner, but before then we’d see even bigger tax increases.

We could change the capitalization formula. This is tricky, because the Indiana Supreme Court says that assessments must be based on “objective measures of property wealth.” Capitalization is a recognized method for valuing property wealth. All the numbers that go into the formula are objective, measured and published by outside agencies. The base rate formula looks like it satisfies the court’s definition. Any changes in the formula must meet this definition, too.

Suppose we could change the formula to reduce the base rate. Or suppose we introduced some deductions from farmland assessments. Or suppose we reduced some deductions for other kinds for property. With all these policies, taxes would go down for farmers and up for other taxpayers.



One thing the state constitution does allow is a tighter tax cap. The constitution says farmland taxes may not exceed 2 percent of assessed value. The General Assembly could pass a law to set a lower cap. That could provide a lot of tax relief for farmers. It could also cause a lot of revenue

losses for rural, local governments, especially those with relatively high tax rates.

It seems likely that something will be done about farmland property taxes. How it will be done, and who will foot the bill are the big questions. ❖

**DeBoer is a professor of agricultural economics at Purdue University.**

# Guns and our economy

By **MORTON MARCUS**

INDIANAPOLIS – The National Rifle Association (NRA) website does not report the size of the gun industry in the United States.

However, the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives reports this country manufactured 2.8 million pistols and revolvers, plus 2.6 million rifles and shotguns, in 2010. Our exports totaled 225,200 such weapons while we imported 2.8 million. Thus, in 2010, we added about 8.2 million firearms to our national armory (or closets), less whatever number of guns were really lost or destroyed. For 2011, the U.S. Census Bureau reports 20,600 workers manufactured small firearms and their ammunition, earning \$1.1 billion to process \$3.4 billion in materials. In 2012, 678 wholesale establishments



sold \$8.6 billion in firearms, ammunition and other "hunting" related supplies. (What the pistol and revolver buyers wanted to hunt is a matter for their psychotherapists.)

Here the data become murky. As reported by the Census Bureau, in 2012, nearly 21,000 "sporting goods stores," including gun shops, paid out \$4.6 billion in wages and salaries to approximately 225,000 employees. Those stores sold \$44 billion worth of goods. But, what portion of that was for small firearms and ammunition?

For a complete picture of the gun industry in our economy, we need to add in gun-show and on-line sales plus expenditures for police, health and funeral workers who are employed in response to gun violence. We might also attempt to quantify the value of the lives lost/saved annually by firearms.

**There is also a new** social benefit of gun ownership to consider. The second amendment to the U.S. Constitution still reads: "A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed." In 2008 the U.S. Supreme Court held that this right, "to keep and bear Arms," does not depend on the gun owner being part of "a well regulated Militia."

Now, with 42 states allowing 8.1 million persons to carry concealed weapons, we hear NRA Executive Vice President Wayne LaPierre, say, "The only thing that stops a bad guy with a gun is a good guy with a gun."

This statement implies carrying a gun is a public service, a position consistent with the 2nd Amendment. The right of citizens to keep and bear arms exists, not only for protection of themselves and their families, but can be extended to the protection of others, as if there were a well-regulated militia.

Gun-carrying good guys in a food court can protect others eating there from the dangers of a gun-carrying bad guy. Don't we want to know who the good guys are so we can sit near them with our families? These good guys are there to serve the public in times of danger, like fire hydrants and emergency call-boxes.

**Therefore, the license-to-carry** should require good guys to wear distinctive tall hats, easily seen at a distance, so the public will know who protects us when the bad guys come around. Will the NRA support this public-spirited initiative? ❖

**Mr. Marcus is an economist, writer, and speaker who may be reached at [mortonjmarcus@yahoo.com](mailto:mortonjmarcus@yahoo.com).**

# Sunday alcohol bill needs a closer look

By **MICHAEL HICKS**

MUNCIE – The legislature will be taking up the issue of Sunday alcohol sales this session. At the outset, I want to lay out my biases and clearly state that I think it silly to tell adults where and when they can purchase an entirely legal substance that has a 4,000-year cultural history. It is even more senseless to prohibit the sale of wine that would be used in communion on the same day. But there is a lot more to the story than the repeal of an inane Blue Law.



Like all states, Indiana has regulated alcohol sales since the end of prohibition. The Sunday sales of retail alcoholic beverages may be the most visible relic

of prohibition, but it is hardly the only one. Package liquor stores remain highly regulated. They are limited to the type of items they may sell, the places they locate, the age of employees, the hours they can remain open and the type of ownership structure they can operate under.

**In short, the regulation** of alcoholic beverages in Indiana contains a vast web of laws that apply differently to different types of businesses. Over the past 80 years firms across Indiana have in good faith made investment and location decisions based upon these laws.

Now the legislature proposes to eliminate one of these laws under the belief that to do so would increase market competition, leveling the playing field between liquor store owners and other retailers. If only the issue were this simple; I would be an adamant supporter of the

law. The truth is a bit different.

Eliminating the prohibition on Sunday alcohol sales will not improve competition between package liquor stores and other retailers. Instead it will clearly shift the balance to other retailers with the primary beneficiary being big box and convenience stores. There are consequences of this.

**In 2009 a colleague and I** tested the effect of ending Sunday sales on the package store industry using data from all 50 states over the past few decades. The result was, though overall alcohol sales remained unchanged, about one in four package stores closed. If this law passes in Indiana, we should expect much the same effect. All the lost sales in package stores will be made up at stores that are not bound by the remaining restrictive laws governing package stores.

As Indiana legislators debate Sunday alcohol sales

they should know what it is they are voting on. While a part of the legislation laudably dismantles a bad idea from nearly a century ago, the proposed law is dangerously incomplete. To be clear, this law is not an extension of free markets. It instead lessens competition by leaving in place too many restrictions on existing package stores.

Indiana has much work to do on our laws concerning alcoholic beverages, but perhaps the biggest mistake we can make is to dismantle them piecemeal. This will only punish Indiana-owned businesses, while doing nothing. ❖

**Michael J. Hicks, PhD, is the director of the Center for Business and Economic Research and the George and Frances Ball distinguished professor of economics in the Miller College of Business at Ball State University.**

## Legislative Republicans and Lake County

By **RICH JAMES**

MERRILLVILLE – What is it about the Republican-controlled Indiana General Assembly and Lake County?

Heavily Democratic Lake County has no love for downstate Republicans. The controlling GOP has given Democrats reasons for harboring those feelings. And this session of the General Assembly is no exception.



The Republicans already are dictating the direction of two pieces of legislation that are keys to the area, particularly Democrats. Foremost is the legislation to continue funding for the Northwest Indiana Regional Development Authority. Most vital to that legislation is whether the state will renew its \$10 million annual commitment to the authority.

Gov. Mitch Daniels (yes, a Republican) made that commitment 10 years ago when the RDA was founded through the efforts of state Rep. Chester Dobis, D-Merrillville, U.S. Rep. Peter Visclosky, D-Merrillville, and Daniels.

**Lake and Porter counties** chip in \$3.5 million each per year. The casino cities of Gary, Hammond and East Chicago put in the same amount annually.

The state is saying that the rules of the game will change if it is to continue its funding. If the state is to remain a partner, it is telling the RDA that almost \$10 million of the \$27.5 million annual pot must be spent on extension

of the South Shore to Dyer.

The state also is saying that the casino money paid by Gary, Hammond, East Chicago and Lake County will be taken out of the casino taxes by the state and paid directly to the RDA. That, the state says, is to prevent local cities from falling behind on their RDA payments.

**While local leaders are** quietly accepting the state dictates, they privately aren't very happy about it. They again are saying the state doesn't trust local leaders, largely Democratic, to spend money in the most advantageous way. It is kind of like having Big Brother constantly looking over one's shoulder.

The operation of the Lake County Solid Waste Management District is the other point of contention, but this time, the impetus for the intervention is coming in large part from local Republicans. The waste district recently fired its executive director because of some questionable spending. Although there are local Republicans on the board, they seized the opportunity to attack controlling Democrats.

**The new legislation** would make the waste district budget and spending subject to review by the Lake County Council and Board of Commissioners. No other waste district in the state is subject to such review. While that seems unnecessary, it would give Republicans more of a voice in waste district operations.

The district is made up of some 26 representatives of the county and every municipality in Lake County. That seems like quite a set of checks and balances. Another layer of government seems totally unnecessary, that is, unless you are 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.**



# St. Joe County could be Pence's bellwether

By JACK COLWELL

SOUTH BEND – If Gov. Mike Pence wants to be president, maybe he should forget about Iowa and New Hampshire and overseas trips for foreign policy credentials and just campaign here in St. Joseph County.

After all, as St. Joseph County goes, so goes the nation.



Well, almost all the time. In 31 presidential elections since 1888, St. Joseph County voted for the winner for president 29 times. The county's voters cast a majority for a presidential race loser twice, once by just 300 votes and the other time because of the Electoral College system and a U.S. Supreme Court decision.

St. Joseph County began the mirror role after going for the presidential loser, Democrat Grover Cleveland, rather than Republican Benjamin Harrison in 1888. And missing back then was because of the Electoral College. Cleveland actually got more votes nationally as well as in the county.

Then began the streak. The county's voters went for Cleveland again in 1892. That time he won.

They picked the same winner as the nation when Republicans won the next four elections, William McKinley, twice, followed by Theodore Roosevelt and William Howard Taft.

As the nation swung Democratic, so did St. Joseph County, voting for Woodrow Wilson in 1912 and 1916. Then it was back to Republicans in county voting and the nation with election of Warren G. Harding, Calvin Coolidge and Herbert Hoover.

St. Joseph County also voted for Democrat Franklin D. Roosevelt in all four of his presidential wins. The county joined in 1948 in supporting Democrat Harry Truman in his upset win.

**"I Like Ike" was the decision** of the nation as Republican Dwight Eisenhower was elected to two terms. The county also voted for Ike.

But the swing nationally and in county voting was back to Democratic presidents, John F. Kennedy and Lyndon B. Johnson in the following two elections.

The streak then ended. After a remarkable string of 19 presidential elections in which St. Joseph County voted for the winner for president, the nation went for Republican Richard Nixon in 1968, while the county gave a slight plurality, just 300 votes, to Democrat Hubert Humphrey.

The county returned as a political microcosm of the nation in 1972, voting for Nixon as he was re-elected. St. Joseph County also cast majorities for Democrat Jimmy Carter in 1976, for Republican Ronald Reagan in 1980 and 1984, for Republican George H.W. Bush in 1988 and for Democrat Bill Clinton in 1992 and 1996.

At that time, in 27 elections, St. Joseph County had failed only once to go with the presidential winner.

**But then in 2000**, the county didn't go as did the nation. Or did it? The county voted for Democrat Al Gore, who lost to Republican George W. Bush. Gore actually got a majority of votes in the nation as well as in St. Joseph County. Bush, however, won in the Electoral College after a Supreme Court decision put Florida in his winning electoral column.

St. Joseph County voters then started a new streak, going for Bush as he won re-election in 2004 and swinging Democratic in voting for Barack Obama in the last two presidential elections.

No doubt about it, St. Joseph County has been a political microcosm of the nation in presidential voting.

Why?

Because the county's residents have tended to match the makeup of the nation.

Agriculture was dominant in county as well as the country back when the streak began. It has declined in terms of the farm vote, but still has significance nationally and here.

Nation and county grew in manufacturing, grew big, and then saw decline. Both still have heavy reliance on it.

**The African American vote** grew here and nationally. Now, the Latino population grows here and throughout the nation.

The county has urban areas, suburbs, small towns, farms, poor people, successful businesspeople and professionals, too many high school drop outs, great education opportunities and a population that reflects the concerns of the nation.

A test market for 2016 presidential candidates? If you can't carry St. Joseph County, can you carry the nation? ❖

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

### Dave Bangert, Lafayette Journal & Courier:

The question came shortly after news broke that Gov. Mike Pence's office was preparing to launch Just IN, a news service of sorts that would produce stories filled with the unfiltered words from the governor's office in hopes of beating a more critical press corps at their own game. Do you think Gov. Pence has finally jumped the shark? Depends on what you mean. If you're asking whether that would be the most awesome debut headline possible for Just IN — "Gov. Pence Soars Red Pickup Truck Over Shark Tank at Monument Circle in Election Year Stunt"

— then, yes. (I see that as the centerpiece of the first edition of Just IN, with the off-lead headline: "Exclusive: Glenda Ritz is a Democrat, If You Know What I Mean.") But jumping the shark, literally done on water skis in 1977 by The Fonz in the late-stage decline of the sitcom "Happy Days," is by definition a gimmick of desperation, done only as one last, death-defying attempt to keep attention. Just IN is not so much a moment of desperation as it is one of calculation. And Pence seems to be just getting started. Simply the phrase "state-run media" was enough to put blood in the water Monday. A feeding frenzy of outrage followed Indianapolis Star reporter Tom LoBianco's look at internal documents that showed a plan to launch Just IN in the next month or so. The idea behind Just IN, according to one document, was to "function as a news outlet on its own right for thousands of Hoosiers — transparent in functioning as a voice of the state of Indiana's executive branch." Another goal was to provide "exclusive" stories out of the governor's office. By Tuesday, after the report made the state and national rounds — earning comparisons to Pravda, the Russian state-run media agency, along the way — Pence was walking this one back. Pence called it all "an understandable misunderstanding." But the documents don't lie. Whether he was directly overseeing the build up of Just IN doesn't really matter. This is Pence's culture at the Statehouse. In control. And looking for ways to manage even more control to access to the governor and to the administration's message. ❖



### Nia-Malika Henderson, Washington Post:

The field of Republicans looking at the 2016 presidential race is busy assembling all of the accessories necessary for a run, like super PACs, Iowa voters and major donors. But Mike Pence, the governor of Indiana and also a potential 2016 candidate, has settled on an even better accessory. His very own "news" Web site. So, a couple of things. First, Pravda. Second, taxpayer-funded. ❖

**David Graham, The Atlantic:** Sometimes you can't believe what you read in the press. Can you imagine, for example, that a Republican governor with a reputation as a small-government conservative would try to launch a government-run news service to disseminate informa-

tion under the guise of journalism? Oh ... wait: Gov. Mike Pence is starting a state-run taxpayer-funded news outlet that will make pre-written news stories available to Indiana media, as well as sometimes break news about his administration, according to documents obtained by The Indianapolis Star. The actual scope of the project, "Just IN," remains unclear. On the one hand, an internal document stated that the service will sometimes "break news" with "'exclusive' content." "Just IN, however, will function as a news outlet in its own right for thousands of Hoosiers," one document said. But a spokesman for Pence tried to downplay the move to The Indianapolis Star Monday, saying it was more like a redesign of the current state news calendar. Journalists, however, reacted peevisly. Should politicians be in the news business? Sure, Pence needs to be able to communicate what the state is doing, but communication and reporting are different matters. More importantly, it's an obvious threat to the notion of a free press. ❖

**Tony Katz, WIBC:** A firestorm erupted when Gov. Mike Pence announced a plan to create a government run news service in Indiana called "JustIN." The service, as described, would, "break news — publishing information ahead of any other news outlet. Republicans and Democrats alike denounced the idea. The Governor had to "clarify" his remarks, in press conferences and on WIBC. In trying to contain the damage, he has hurt his image, and, possibly, his re-election chances and potential presidential aspirations. Here are four problems that Gov. Pence and his staff have created for themselves: [1] Pence looks inept. Pence, in trying to control the situation and limit the damage, called the brouhaha around #JustIN an "understandable misunderstanding." In speaking with Greg Garrison, Gov. Pence said that he learned about the memo from "press reports," and that he only had "passing knowledge of this project." Those are words you hear (and laugh at) from President Obama. It's stunning to hear this admitted lack of awareness from Pence. [2] Pence looks like he has no control of his staff. This has a history to it. It was 2013 when Pence's office was caught deleting negative comments from the governor's official Facebook page on the subject of same-sex marriage. I'm sure there are good, smart, people in the governor's office. To paint them all with the broad brush of ineptness would be wrong. However, these are two world class black eyes for Gov. Pence. He needs to gain control of his house. Probably should start with a good cleaning. [3] Pence has united Progressives and Conservatives against him. When Matthew Tully of the Indianapolis Star and Noah Rothman of HotAir.com agree that his idea is awful, you have a problem. [4] Pence doesn't look presidential (right now). He can't control his staff, and, based on his conversation with Garrison, his staff is not filled with the right kind of professionals. ❖

## Pence regrets 'confusion'

INDIANAPOLIS - Indiana Gov. Mike Pence said Wednesday he regrets the "confusion" caused by a memo about his administration's planned state-run news website and will kill the project if it doesn't respect the role of an independent press (Heinz, WRTV). Two days after setting off a national media firestorm, Pence and his staff were trying to set the record straight Wednesday on plans for "Just IN" and clarify their original plan. Pence's spokeswoman said "Just IN" was designed to be a one-stop-shop for press releases. But it was the wording in a series of documents distributed to the state's communications staff that was prompting questions and concerns about the intent. Communications director Christy Denault (pictured) said "Just IN" was still in development and the terminology on a mock-up of the website needs to be adjusted. "We won't gather news other than what our press staff and agencies already put out," Denault said. "When we're talking about exclusives, we're thinking about the kind of content an agency may not generate, like a feature story about a veteran BMW customer service person who's been there 20 years." Denault said the goal is to re-design the current website that hosts press releases to make it more reader-friendly. She confirmed the state has hired two employees to run "Just IN," including a former Indianapolis Star reporter as a managing editor. Pence told WIBC-FM that a memo describing the site as a news outlet with a managing editor and editorial board was "poorly crafted"



and did not meet his expectations. "It is not appropriate to describe the objectives of a clearinghouse website of press releases with news-related terms," he said. "I regret the confusion here." House Minority Leader Scott Pelath has asked Pence to pull the plug. "We have a method of communicating with the media in the political realm that's worked for over 200 years. You say what you're going to say, a free press covers it and the constituents react to it," Pelath said. Denault said the website plan was still being finalized and that organizers hope to discuss it with the Hoosier State Press Association and Society of Professional Journalists before the site launches. "We were very dismayed that we caused so much consternation and confusion," she said.

## Indiana man guilty in Boehner threat

INDIANAPOLIS — An Indiana man who pleaded guilty to threatening to kill U.S. House Speaker John Boehner has been sentenced to four years of probation (Associated Press). Thirty-three-year-old Brandon James Thompson of New Castle was sentenced Tuesday by a federal judge who placed him on six months of home detention. U.S. Attorney's Office spokesman Tim Harty says Thompson pleaded guilty to one count of threatening communications across state lines. He was arrested last May on allegations he used email and voice mail messages to threaten to kill the Ohio congressman over Congress' failure to extend unemployment insurance. Thompson told the court he's "deeply sorry."

## Winnecke to challenge residency

EVANSVILLE - To a residency requirement he once called a bad idea and possibly illegal, Mayor Lloyd Winnecke offered a new response

Wednesday: A legal challenge (Evansville Courier & Press). At Winnecke's direction, city attorneys filed an 11-page petition (PDF) asking Vanderburgh County's seven Superior Court judges to rule on the legality of a City Council-passed ordinance requiring city residency for city board and commission appointees. In a meeting with Courier & Press editors, Winnecke called the council's ordinance "illegal." "We believe the council, by passing the ordinance it passed, using the phrasing that it used, violates the separation of powers between executive and legislative branches (of city government) and the Home Rule Act," he said. The mayor's action drew a strong rebuke from Councilwoman Connie Robinson, D-4th Ward, sponsor of the ordinance the council passed by a 6-3 margin on Dec. 15. "He's going to use taxpayers' money from the citizens of Evansville to fight the citizens of Evansville," Robinson said.

## Adams focused on infant mortality

EAST CHICAGO — When it comes to public health issues, Indiana and Lake County have a lot of work to do. Indiana State Health Commissioner Dr. Jerome Adams spoke Wednesday about the state's high level of infant mortality, obesity and smoking at a forum sponsored by the East Chicago Health Department at Ameristar Casino (Associated Press). Adams focused much of his talk on the infant mortality rate in Indiana — 6.7 deaths for every 1,000 live births in 2012. The 2012 U.S. average was 6.1, but Adams said the numbers are even higher in Lake County at 9.8. The numbers grow among minority groups, people who live in rural areas and those who are low-income. "Among black infants, the rate is 14.85," Adams said. "If we improved the disparity problem, we wouldn't have an infant mortality problem. If we decreased the black infant mortality rate from 14.5 (percent) to 5.5 (percent), we save 90 black infants each year."