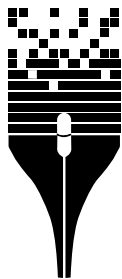


The Howey Political Report



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“QUOTE” OF THE WEEK

“I think Joe Kernan’s got a clean slate. Everyone respects Frank, but the argument’s always been with his staff.” - Speaker John Gregg, Times of Northwest Indiana

Indiana GOP seems to embrace Phoenix

Multiple wings of the party show up

By **BRIAN A. HOWEY**, in Indianapolis

Perhaps late on the night of Nov. 7, 2002, or on Election Night 2004, Indiana Republicans will look back on Aug. 14, 2001, and say that was the day their new-found successes began.

It was last Tuesday that The Phoenix Group had its open house at the Klipsch Audio Technologies headquarters near the Indianapolis pyramids. It was a fundraiser like no other the party had seen in years. The Phoenix Group formed earlier this year by GOP financiers Jim Kittle, Bob Grand and Randall Tobias in an effort to reinvigorate the once thriving Indiana Republican machine that has been shut out of gubernatorial races since the rise of Evan Bayh in 1988.

Kittle and other Republican financiers have grown frustrated over what they see as a four-year cycle of “reinventing the wheel” when it comes to statewide races. “It seems like we start from scratch every time,” he told *HPR*. And there’s been growing frustration over high-level campaigns run by John Mutz, Stephen Goldsmith, David McIntosh and Sue Anne Gilroy where a lack of money hasn’t been a problem. What has hamstrung Indiana Republicans has been top-flight competition, poor strategy and execution, and a lack of competitive technology.

On Aug. 14, the Indiana GOP appeared to be coalescing around The Phoenix Group. State Chairman Mike McDaniel and 6th CD Chair Jean Ann Harcourt joined Kittle and Grand as key speakers at the event. The party’s new executive director, Luke Messer, was there. National Republican committee members Diane Adams and Bob Hiler were there. Former Chairman Rex Early came back

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GILROY EXPECTS OCTOBER ELECTION RECOMMENDATIONS: Secretary of State Sue Anne Gilroy expects her Indiana election task force to make specific recommendations in October. "Some will be made to the legislature, some to the Election Commission, some to the federal government, some to local officials and some to voters," Gilroy told HPR. She said that recent national reports from the National Commission on Election Reform and the National Task Force on Election Reform have revealed that Indiana is on the right course. "We are ahead of the curve," Gilroy said. She said likely changes will be made on the Election Day process, extending voting hours, provisional balloting and military balloting.

60 PERCENT APPROVE OF BUSH'S HANDLING OF STEM CELLS: A CNN/USA Today/Gallup poll of 1,012 adults conducted over Aug. 10-12 (+/- 3%), shows 57% approve "of the way George W. Bush is handling his job as President"; 35% disapproved; 8% had no opinion; 60% approve "of Bush's decision on stem cell research"; 34% disapprove; 6% had no opinion. An ABC News poll of 1,040 adults, conducted over Aug. 10-12 (+/- 3%), shows: 56% approve of President Bush's



Phoenix, from page 1

from Florida to attend. The party's statewide -- Sue Anne Gilroy, Brian Bishop, Connie Nass and Tim Berry -- were present. So were Congressmen Steve Buyer and Brian Kerns and hopefuls Mike Sodrel, Chris Chocola, and State Sen. Mike Young. There were potential 2004 gubernatorial candidates -- Tobias, Sens. Luke Kenley, Murray Clark, David McIntosh and Paul Helmke. House Majority Leader Brian Bosma attended and spoke. The party's pro-life wing, which includes former State Rep. David Lohr, 1996 LG nominee George Witwer Jr., Jim Bopp and Curt Smith of the Indiana Family Institute were present. County leaders such as Allen County Chairman Steve Shine showed. Former IU basketball star Kent Benson was there from the Hoosier Project, a Phoenix affiliate organizing grassroots organizations in all 92 counties. And there were scores of the party's check writers that helped jam the Klipsch lobby with close to 400 people.

About the only missing segment of the GOP was the Senate Dinosaurs (Sens. Bob Garton, Larry Borst and Joe Harrison

were noticeably missing), while the next generation of leadership (Sens. Teresa Lubbers, Kenley, Clark and Steve Johnson, who spoke) were there.

"This is just the beginning," McDaniel said when addressing the throng. "I've met with Jim Kittle 11 times as this progressed and we are working toward the same goals."

Before Aug. 14, there were a number of Republicans who saw The Phoenix Group as a "quasi" organization or, as HPR described earlier this month, "the fundraising arm of the Republican Party."

Kittle downplayed the "takeover" aspects of Phoenix and the GOP, but acknowledged the party's technology problems with lists and vowed to surpass the Indiana Democrats. TPG's headquarters at the Klipsch headquarters looks like a state party headquarters -- not unlike the Democratic digs at One North Capitol -- with an array of fundraisers, computer technicians and aspects of the "coordinated campaigns" the Democrats have run. There were signs from statewide, congressional and Marion County campaigns adorning the walls. There is also room available to house an additional major statewide campaign.

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Kernan to keynote HPR Forum Series Nov. 6

Lt. Gov. Joe Kernan will be the keynote speaker at the 2nd Annual HPR Forum Series: "One Year Out" set for the Westin Hotel in downtown Indianapolis Nov. 6.

Kernan's keynote address will be on the subject "*The Politics of Tax Restructuring II*" and will come after he announces the O'Bannon-Kernan administration's tax restructuring proposal in late September and before a tentative special legislative session scheduled for mid-November.

Prior to Kernan's noon luncheon speech, several leading Republicans -- including State Sen. Luke Kenley and 2000 gubernatorial nominee David McIntosh -- will present their views on a panel titled "*The Politics of Tax Restructuring Part I.*" It will be moderated by Pat Kiely, president of the Indiana Manufacturers Association.

Preceding the tax restructuring segment of the Forum, national political analysts Charlie Cook and Stuart Rothenberg will be featured on a panel -- "2002 and 2004 Election Cycles" -- with HPR Publisher Brian A. Howey and Washington correspondent Mark Schoeff Jr.

The Forum -- titled "*One Year Out*" due to its scheduling a year from the 2002 elections -- is sponsored by Baker & Daniels, DLZ, Vectren, National Graphics, The Phoenix Group and the Indiana Democratic Party.

Cost of the Forum will be \$50 and reservations can be made by calling 317-254-0535 or via e-mail at jackhowey@howeypolitics.com. Additional Forum corporate sponsorships are available by calling Brian Howey at 317-254-1533. ❖

An e-mail of angst HPR received from one Republican summed up one school of thought: "I have felt that the Phoenix Group is not good for the Republican state party since the day of its inception. Those who formed the Phoenix Group are understandably concerned for the direction of the party just like the rest of us. However, they should be working with the party and not against it. The Hoosier Project, an arm of the Phoenix Group, talks about how they are going to set up a statewide network that will help get those elected that fit a conservative

philosophy. They have a plan to set up a county network with a chairman and precinct leaders just like a party system has in place now. Now I agree with the conservative part, but I don't agree with setting up a quasi party network in each county to do the functions of the party. If they want to work with the party then they should be helping the county party apparatus."

The signals sent by the party leadership, officeholders, and future candidates seemed to be, don't complain; join; and get on the same page. ❖

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decision to "allow limited federal funding for research on stem cells taken from human embryos"; 32% disapprove; 12% had no opinion.

GALLUP FINDS PRO-LIFE, PRO-CHOICE SPLIT AT 46 PERCENT: A CNN/USA Today/Gallup poll of 1,012 adults, conducted over Aug. 10-12 (+/- 3%), shows: 46% consider themselves to be "pro-choice"; 46% consider themselves to be "pro-life"; 3% said mixed/neither; 3% "don't know what the terms mean"; 2% had no opinion. 26% said abortion "should be legal under any circumstances"; 56% said "legal under only certain circumstances"; 17% said "illegal in all circumstances"; 1% had no opinion.

INDIANA EXPECTS RECORD CORN, SOY CROPS TO BE TOPS IN MIDWEST: Indiana corn and soybean harvests this fall could match or exceed state record yields, pulling prices higher in the process, says the state's agricultural statistician and a Purdue University commodities analyst. Ralph Gann of the Indiana Agricultural Statistics Service and Purdue agricultural economist Chris Hurt said Indiana could well lead Midwest states in farm productivity, based on the U.S. Department of Agriculture's

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monthly crop production report. Gann, Hurt and Indiana Lt. Gov. Joe Kernan spoke about the report and what it means to Hoosier farmers at a news conference at the Indiana State Fair. "We're looking at an average yield of 147 bushels an acre for corn, which would match the state record and be the highest of all the Midwestern states," Gann said. "We're estimating 46 bushels per acre on soybeans - again, matching last year's average - and there's still potential for this crop to improve. Indiana may be the garden spot." The USDA report projects an Indiana corn crop of 845.2 million bushels, up nearly 30 million bushels from 2000. Indiana's soybean harvest is estimated at 265.8 million bushels, about 7 million bushels better than last year. "Indiana has the highest numbers of any state in the Midwest," Kernan said. "I think we're getting as good a news this morning as we could get."

AMBASSADOR COATS' REMARK 'ASTOUNDS' GERMANS: Even before he sets foot in the U.S. Embassy in Berlin, the new ambassador to Germany is creating headlines in Germany -- and perhaps headaches for the German government (Sylvia Smith, Fort Wayne Journal Gazette). During his confirmation hearing, Dan Coats

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PERHAPS... WE WANDER

By Brian Howey

Book on Goldsmith exposes style fault lines

Stephen Goldsmith should have known that this was going to happen. He wrote his own book about his adventures as a mold-breaking, urban reforming mayor with his "*The 21st Century City*."

Now comes the view from outsiders in the form of the book "*To Market, To Market: Reinventing Indianapolis*" (University Press of America). It was edited by Ingrid Ritchie and Sheila Suess Kennedy, who once fired Goldsmith during his pre-prosecutorial career. And there is no doubt that Kennedy has been a critic of the Goldsmith mayoral administration. But this is hardly a slam job. The contributors include Dr. William Blomquist, chairman of the IUPUI Political Science Department; Dr. George Geib, a professor of history at Butler University and a longtime Republican; Dr. Samuel Nunn, associate director of IUPUI's Center for Urban Policy; Ray Suarez, a senior correspondent for the PBS NewsHour; Lamont Hulse, executive director of the Indianapolis Neighborhood Resource Center; and former IPD Chief Paul Annee.

Despite this prodigious collection of academia and talent, the reaction to this book from the Goldsmith political sphere has been sharply critical.

"A new book by IUPUI's own Sheila Suess Kennedy defines former mayor Steve Goldsmith's eight-year reign in Indiana-polis as a failure," wrote Goldsmith's former publicist, Dollyne Sherman, in an article for IUPUI's *Sagamore*. "*To Market, To Market: Reinventing Indianapolis* clearly ignores essential facts, excludes interviews with senior officials with first-hand knowledge and refutes numerous other independent academic and professional studies. Its conclusions defy every single indicator of

the success of a municipality."

Sherman, who acknowledged to *HPR* that she hadn't read the book, continued, "Under Goldsmith the unemployment rate in Indianapolis was cut in half; the overall crime rate was dramatically reduced; more than \$1 billion was invested in Indianapolis' neighborhood roads, bridges, sidewalks, housing, parks and public safety facilities with unparalleled support and input of citizens and the overwhelming support of City/County Council members."

Sherman quotes OMB Director Mitch Daniels: "Finding what (Goldsmith) did (in Indianapolis) anything but an unqualified success would ask us to disregard the plain facts and disbelieve our own eyes."

My own experience

I first started covering Goldsmith in 1988 when he ran for lieutenant governor. Later, as a writer based in Fort Wayne, the initial views from outside looking in seemed to back up Sherman's assertions. Indianapolis was a magnificent success story. That changed when I came to Indianapolis and was hired by *NUVO Newsweekly* in 1997, with one goal to re-establish lines of communication between the alternative weekly newspaper and Goldsmith.

That lasted for less than a year. I remember interviewing Goldsmith (while he typed away on his laptop, occasionally looking up) about education. Instead of writing a story, I printed a verbatim Q&A of that interview and though the text was hardly controversial, that was it. I was cut off for, as his press secretary later told me, not informing the mayor about the article format.

My subsequent coverage of the Goldsmith administration as a reporter was literally an obstacle course. I had cov-

ered city halls in Fort Wayne and Elkhart and getting information was a predictable process. If I had a question, I'd call the mayor's public information office and within a news cycle I could get the mayor or the appropriate department head on the phone or face to face. I could get documents. In the Goldsmith administration, it was a closed operation.

Learning that Indianapolis was the lone city in Indiana not to be audited by the State Board of Accounts and that the city's accounting firm had made more than \$30,000 in campaign contributions to Goldsmith only heightened the questions about the mayor's fiscal policy. There was a belief among the Goldsmith inner circle that the press should join the movement instead of questioning their activities. A cover story I wrote for *NUVO* described covering the Goldsmith administration akin to "peeling an onion," for while there was success on the streets, as Daniels described, the underlying MO of the administration was similar to that of the Cold War era Kremlin.

Negative?

In reading *"To Market, To Market,"* the key revelation to me was that Goldsmith had not run the fiscal integrity of the city into the ground, as many of his critics -- ranging from councilors to whistleblowers -- charged. Nunn's fiscal examination of the Hudnut and Goldsmith administrations brought some resolution to the question that had eluded me as a reporter with *NUVO*: had the city's finances been compromised?

"The city's fiscal house was generally in order," Nunn concluded. "When Hudnut left office, the financial health of Indianapolis was fairly sound. As Goldsmith leaves office, the financial health of the city is also fairly sound."

Blomquist's analysis of Goldsmith's managerial style was this: "Stephen Goldsmith was not the first executive to practice management by stirring things up, and he will not be the last. But there

are probably few large-city mayors in the United States who have adopted and implemented strategy as aggressively and thoroughly as he, and there is little question that Indianapolis has not seen his equal in this regard. *"The Twenty-First Century City"* is filled with his stories of the successes the approach yielded, and it clearly gained him a national reputation. But it misfired on occasion, too, occasions that receive scant attention in his book."

Geib noted the decline of political support for Goldsmith (110,545 votes in 1991, compared to 65,868 in 1995) and noted, "In style, Goldsmith preferred to concentrate power in his own office rather than disperse it, as his predecessors had often done, in the hands of department directors. In substance, he preferred to privatize functions and thus eliminate public positions of power. There was less and less room in such a world for an alternative source of power such as the GOP organization. Goldsmith toyed with the approach of setting up a parallel structure that would eventually replace the party's precinct structure, and then he considered simply replacing the key party figures."

Kennedy noted, "In Indianapolis, privatization has undercut accountability in several important ways. Government is an essentially political enterprise. The Indianapolis experiment under Goldsmith was an attempt to remake government in the image of private business, where competitiveness and the ability to accommodate constant change are necessary to survival, technical expertise drives decision-making and management is decisively top-down. The Indianapolis experiment suggests that such an approach threatens public accountability, discourages political participation, breeds cynicism, and it undermines the public trust necessary for effective governance."

"To Market, To Market" is the historical counterweight to Goldsmith's book. He has been a polarizing, enigmatic figure, where style and substance will always clash. ❖

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said Germany should spend more for defense. "Clearly there has to be a recognition on the part of the Federal Republic of Germany that if they are to maintain a central partnership position in NATO, it has to be accompanied by more than rhetoric. It has to be accompanied by resources," he said at the July 31 hearing. "The declining military budget jeopardizes the critical role they have to play." The German government policy of troop reduction and reduced military spending began after the Berlin Wall was demolished and East and West Germany reunified in 1990. The current government, headed by Chancellor Gerhard Schroder, was "astounded" by the remark, according to at least one newspaper account.

NICOL SAYS I-69 WILL BE TOP PRIORITY: The new commissioner of the state Department of Transportation says extending Interstate 69 through Southwestern Indiana will be his top priority (Associated Press). Gov. Frank O'Bannon appointed J. Bryan Nicol to the post last week to replace Christine Klika, who plans to stay home to raise her daughter. Nicol, who worked at the department from 1989 to 1994 and again from 1997 until this summer, recently participated in

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a study to select the route for I-69 between Indianapolis and Evansville. "I've been working on the I-69 project for the better part of the last year and a half," Nicol said. "I'm excited about what's going on with that. It's on schedule, we're going to have a final decision and we're going to build I-69."

FARM BUREAU CALLS FOR STATE TAX RESTRUCTURING: The Indiana Farm Bureau called Wednesday for a complete overhaul of Indiana's "complex and convoluted" tax structure, including sharp reductions in property taxes that would be offset by higher personal-income and sales taxes (Martin DeAgostino, South Bend Tribune). Farm Bureau President Harry Pearson called on the administration of Democratic Gov. Frank O'Bannon and Lt. Gov. Joe Kernan to make the changes this year, before the results of the 2001 property reassessment kick in. Pearson said the farm-interest organization wants no more than O'Bannon asked a Citizens Commission on Taxes to devise after his 1996 election. Although the governor halted that group's work based on a perceived lack of consensus, Pearson said a renewed effort might gain momentum from the state's current financial problems. "There's nothing here the governor didn't

Indiana 2002, 2004 Racing Form

Trendline: National Democrats will be fanning out across the country this week talking about the disappearing federal budget surplus, suggesting President Bush has squandered it. In Indiana, the previously mute Republicans are just now beginning to make a similar case against the O'Bannon-Kernan administration.

Governor 2004: Republican: David McIntosh, Sen. Murray Clark, Sen. Luke Kenley, Randall Tobias, Paul Helmke, Eric Miller, George Witwer. **Democrat:** Lt. Gov. Joe Kernan. **1996 Results:** O'Bannon (D) 1,075,342, Goldsmith (R) 997,505, Dillon (L) 35,261. **2000 Results:** O'Bannon (D) 1,230,345, McIntosh (R) 906,492, Horning (L) 38,686. **2004 Forecast:** Speaker John Gregg's interview with the *Times of Northwest Indiana* defines the fault lines between developing spheres of influence between O'Bannon and Kernan that could have significant implications going into 2004. There

has been a critical falling out between O'Bannon's staff and Gregg. "There are a lot of members of the House and Senate, Democrats and Republicans, who still have a bad taste left in their mouth after the last session," Gregg said. Gregg was quick to add, the political climate in the Statehouse is still fairly tenuous and any tax restructuring package being crafted by the administration could prove to be a flash point. The fact that Kernan is leading that administration's restructuring efforts might make the proposal more palatable to lawmakers. "I think Joe Kernan's got a clean slate," Gregg said. "Everyone respects Frank (O'Bannon), but the argument's always been with his staff." Kernan and a small group of advisers are putting together a tax overhaul strategy, but have brought few outsiders or lawmakers into their discussions. Nevertheless, Gregg said he's received assurances that legislators will have a hand in crafting a final plan. "I don't think they can come with a plan and say, 'Take it or leave it,' unless all that they're trying to do is lay the blame at the legislature's feet," he said. GOP allies of Clark are urging him to begin responding to the O'Bannon-Kernan administration, saying there has been a void. **Status:** *Leans D.*

Congressional District 2: Republican: Chris Chocola. **Democrat:** Jill Long Thompson, Mark Meissner, State Sen. William Alexa, Kathy Cekanski Farrand. **Geography:** South Bend, Michigan City, Mishawaka, Elkhart, Kokomo, Plymouth, Logansport; LaPorte, St. Joseph, Starke, Marshall, Pulaski, Fulton, Cass, Carroll and parts of Howard, Porter, Elkhart and White counties. **Media Market:** South Bend-Elkhart, Indianapolis, Lafayette, Chicago. **2000 Result:** Roemer (D) 107,076, Chocola (R) 98,367. **2002 Forecast:** Kathy Cekanski Farrand, the South Bend Common Council attorney, enters the race. Cekanski Farrand said the contest won't be a sprint, won by the candidate who raises "the most amount of money the fastest," but more like a marathon won over the months from now until the primary election next May. Cekanski Farrand, 53, is a University of Notre Dame Law School graduate and has practiced law in South Bend since 1974. She has been council attorney since 1975. She called St. Joseph County "the heart of the new 2nd District," but said she would reach out in campaigning to all the 11 other counties. **Status:** *Leans JLT.*

Congressional District 6: Republican: U.S. Rep. Mike Pence. **Democrat:** Melina Ann Fox. **Geography:** Anderson, Muncie, Richmond; Wells, Adams, Blackford, Jay, Madison, Delaware, Randolph, Henry, Wayne, Rush, Fayette, Union, Decatur, Franklin, and parts of Bartholomew, Shelby, Johnson and Allen counties. **Media Market:** Indianapolis, Fort Wayne, Dayton, Cincinnati. **2000 results:** Pence (R) 106,023, Rock (D) 80,885, Frazier (I) 19,07. **2002 Forecast:** Fox is planning two Washington fundraisers in September. On Sept. 11, her event will have an agricultural theme. Honorary sponsors include former secretary of agriculture Dan Glickman, Sen. Evan Bayh, Reps. Baron Hill and Pete Visclosky, former Democratic National

HORSE RACE

Chairman Joe Andrew, and state ag officials from California and Delaware. While in town, Fox also will hold a fundraiser at the National Women's Democratic Club. Pence, a member of the House Agriculture Committee, voted in favor of the \$167 billion, 10-year farm bill passed by the committee on July 27. Fox advocates reinstating counter-cyclical payments for farmers, which are triggered when crop prices fall below target prices, increasing funding for rural development, and addressing unfair trade practices. Pence voted in favor of the patients' rights bill that passed the House on Aug. 3. The product of a compromise between the White House and a Republican proponent of patient's rights, it would allow patients to sue health plans in state court under federal legal rules after completing an outside appeals process. Economic and noneconomic damages would be limited to \$1.5 million each. "Instead of 50 to 60 conservatives folding their arms and saying 'this is too rich for our blood,' and by that empowering 20 to 30 moderates in our conference, what we wanted to do is come out with a positive alternative," Pence said. "It is an example of conservatives understanding that we need to steal some of the tactics of the left side of our conference. You can't beat a program without a program." Pence said the patients' rights bill the House approved protects employer-based insurance by limiting lawsuit damages. President Bush's education bill now being considered by Congress doesn't have a supporter in Pence, R-Indiana (Ken de la Bastide, *Anderson Herald Bulletin*). Pence was one of 35 Republicans to vote against the education bill last week, despite White House pressure. Pence said he will not support legislation requiring a national test for standards because he believes there is too much testing that takes time away from teaching. **Status:** *Leans R.*

Congressional District 7: Republican: Brose McVey. **Democrat:** U.S. Rep.

Julia Carson. **Geography:** Indianapolis. **Media Market:** Indianapolis. **2000 Results:** Carson (D) 91,300, Scott (R) 61,818, Ali (L) 2,513. **2002 Forecast:** Carson praised President Bush's decision for limited research on stem cells. "The nation is deeply divided about the matter of the use of stem cells in medical research. The President's decision was a reflection of the uncertainty of the people on this matter," Carson said. "I am encouraged by the courage he displayed in refusing to take a more extreme position which would impose greater limits on research." **Status:** *Leans D.*

Congressional District 8: Republican: U.S. Rep. John Hostettler. **Democrat:**

Paul Perry, Hal Johnston. **Geography:** Evansville, Terre Haute, Greencastle; Posey, Vanderburgh, Warrick, Gibson, Pike, Martin, Daviess, Knox, Sullivan, Greene, Owen, Clay, Vigo, Vermillion, Parke, Putnam, Warren and part of Fountain counties. **Media Market:** Evansville, Terre Haute, Indianapolis. Lafayette. **1994 results:** Hostettler (R) 93,529, McCloskey (D) 84,857. **1996 Results:** Hostettler (R) 109,582, Weinzapfel (D) 106,134, Hager (L) 3,799. **1998 Results:** Hostettler (R) 92,227, Riecken (D) 81,381, Hager (L) 3,395. **2000 Results:** Hostettler 116,860, Perry (D) 100,461. **2002 Forecast:** Perry is expected to announce whether he'll run at the Indiana Democratic Editorial Convention at French Lick this weekend. U.S. Rep. Steny Hoyer will be the IDEA keynote speaker Saturday. **Status:** *Tossup.*

Congressional District 9: Republican: Mike Sodrel, Jeff Ellington. **Democrat:**

U.S. Rep. Baron Hill. **Geography:** Bloomington, Columbus, Lawrenceburg, Rising Sun, New Albany Jeffersonville, Madison, Nashville; Spencer, DuBois, Orange, Crawford, Perry, Harrison, Washington, Jackson, Brown, Jennings, Scott, Floyd, Clark, Jefferson, Switzerland, Ripley, Ohio, and parts of Dearborn and Monroe counties. **Media Market:** Evansville, Indianapolis, Louisville, Dayton, Cincinnati. **1994 results:** Hamilton 91,459 (D), Leising (R) 84,315. **1996 Results:** Hamilton (D) 128,885, Leising (R) 97,747, Feeney (L) 2,315. **1998 Results:** Hill (D) 92,477, Leising (R) 87,278, Feeney (L) 2,397. **2000 Results:** Hill 125,978, Bailey (R) 101,790, Chambers (L) 4,634. **2002 Forecast:** Hill used an appearance at New Albany High School to stress that smaller schools are safer and give students the best chance to learn. Speaking inside the building's new entrance, Hill said he is sponsoring legislation to help administrators create "small schools within a school" so that students get to know and trust teachers, counselors and others (Dick Kaukas, *Louisville Courier-Journal*). **Status:** *Leans D.*

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suggest to us four years ago," Pearson said. The Farm Bureau outlined a revised tax system that should: Rely on stable revenues other than property taxes; Eliminate property taxes as a funding source for schools and welfare programs; Eliminate all personal property taxes, including the inventory tax; And revise other business taxes to promote business investment and economic growth.

BIF MONEY USED FOR EVANSVILLE BUSINESS LOAN COLLATERAL: What seemed like a good idea by a Christian group to help an economically depressed area has turned out to be not such a good idea after all (Susan Taylor, *Evansville Courier & Press*). Back in 1996, the beacon group, a coalition of Christian business people, approached African-American community leaders with the idea of starting a retail center near downtown. Eventually the plan included building a retail center that was to have a Sunshine Market, a 23,000-square-foot grocery, as its centerpiece. A national wholesale study commissioned by the beacon group showed the grocery would generate \$39,800 weekly in its first year, not enough to pay its costs. The beacon group did its own study, which suggested an average of \$105,000 income weekly in

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the first year, and took those figures to bankers. State Sen. Greg Server, R-Evansville, pledged \$200,000 in BIF funds for the project and said he will talk to other legislators who committed money to the project. It already has received \$450,000 from BIF and has promises of \$300,000 more. The legislators said they did not know the BIF money was being used as collateral for a bank loan, and the BIF money now is in jeopardy. In the meantime, the market was closed June 18, less than four months after it opened. Its best revenue week was \$40,000, the first week it opened. Now there is concern that taxpayers may end up losing money, and the legislators are either pulling or considering pulling their offers of public aid.

**ROORDA TO LEAVE
REPUBLICANS FOR LAKE
COUNTY DEMOCRATS:**
Ross Township Trustee John Roorda announced that he has jumped to the Lake County Democrats (Daniel Yovich, *Times of Northwest Indiana*). "The township he's run in has changed from a solid Republican base to basically a Democratic bastion," observed George Van Til.

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COLUMNISTS ON INDIANA

Sylvia Smith, *Fort Wayne Journal Gazette* - Rep. Mark Souder hasn't drawn a threatening primary opponent for next year, but don't be surprised to see Republicans smell carrion and line up six deep for the 2004 race. Even if Souder makes it through the Republican primary in May 2004, he may attract a top-drawer Democratic opponent for the fall contest. Why give any thought to an election that's not only three years away but which won't occur until after the 2002 elections? Because Souder is on the verge of handing his opponent(s) a ready-made campaign platform, one that may be harder for him to overcome than any of the other issues he's dealt with. Souder is mulling whether to break his self-imposed pledge to serve no more than 12 years in the House: six two-year terms. Souder commendably voted not only for future term limits, but also for term limits that would apply to people already in office. "Twelve years is an arbitrary figure; there was no magic to that number," Souder said in a 1995 interview. "But I believe 12 years in any given system is basically enough. And if I believe it's enough, I don't believe people who have already been here 14 years should necessarily get another 12." Now, however, he's seeing the situation through the prism of incumbency. He's in the midst of his fourth term; that six-term limit looms." I have a different district. Whether or not people want to buy that explanation, it's their choice. But the fact is, it's a different district," he said of the new 3rd District, which adds Elkhart and Kosciusko counties. ❖

Morton Marcus, *syndicated* - There is no budget crisis in Indiana; there is a crisis of will. The current machinations and recriminations being heard in the State House are camouflage. The naked truth reveals a bi-partisan lack of courage

to admit that inappropriate past actions have brought us to the current uncomfortable situation. The same folks who today wring their hands about cutting government services and restructuring state taxes were, just a few years ago, awash in a surplus of state funds. They agonized about what to do with that surplus. That is when we learned that our state had, not a fiscal surplus, but a deficit of responsibility. They chose the third path. They lowered property taxes. Already knowing that court decisions had made tax restructuring necessary, our leaders reduced the auto excise tax, increased the property tax homestead credit, and made a meaningless adjustment to the tax on personal property. This is equivalent to opening all your windows on the coldest night of the year when you know that the furnace is not working. ❖

Stuart Rothenberg, *Roll Call* - President Bush isn't likely to ever match the favorable job-approval ratings of his father, who had 80 percent after the Persian Gulf War. But the younger Bush, for all his problems thus far, seems to have better political instincts than his father ever did. The President's job-approval numbers have lately hung in a narrow range in the middle and upper 50s. An Aug. 10-12 CNN-USA Today-Gallup poll found 57 percent approve of the way Bush has performed his job, while 35 percent disapprove. But between 55 and 60 percent of Americans have generally approved of Bush's performance, decent numbers considering the polarized electorate, the slowing economy, higher energy prices and the administration's handling of the environment and stem cells. The President's current job-performance numbers are far better than Bill Clinton's at the same point in his first term. ❖