

The Howey Political Report



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“QUOTE” OF THE WEEK

“What they do in the privacy of their house, consenting adults should be able to do. This is America. It’s a free society. But it doesn’t mean we have to redefine traditional marriage.” - President George W. Bush

Hill, Jennings hold money advantage

8th & 9th CDs most competitive

By MARK SCHOEFF JR. in Washington, D.C.

Democratic candidates have raised more money than their Republican opponents in the two most hotly contested congressional races in Indiana -- and two of only a handful that are competitive around the nation.

Incumbent Democratic Rep. Baron Hill (CD 9) raised more than \$250,000 between April 15 and June 30, pushing his total to more than \$1 million for the election cycle, according to his campaign. He has nearly \$800,000 on hand. His opponent, Republican Mike Sodrel, raised \$164, 593 over the last three months and has \$306,959 on hand, according to his campaign. He has raised about \$544,000 for the cycle.

Next door in CD 8, Democratic challenger Jon Jennings raised \$210,000 in the quarter and has \$271,000 on hand, according to his campaign. For the cycle, he has raised \$660,000. Incumbent Republican Rep. John Hostettler’s numbers have already been posted by the Federal Election Commission. He raised \$74,900 in the quarter, \$228,051 so far in the cycle, and has \$147, 541 on hand.

Each campaign credits strong grass-roots networks in raising money. “It’s hard work more than anything,” said Luke Clippinger, Hill’s campaign manager. “He’s been working very hard. We’ve been getting a lot of donations from ordinary, working people in the district this quarter.” Hill won with 51 percent of the vote over Sodrel in 2002.

Sodrel’s campaign said the vast majority of its money is coming from individuals, most of whom reside in southeast Indiana. “It shows the strong grass-roots campaign we have throughout the district,” said Sodrel campaign man-

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CLARK, MESSER ADDED TO HPR FORUM LINEUP: State Sen. Murray Clark will join colleagues Jeff Drozda and Robert Meeks on "Power Realignment in the Indiana Senate" panel at the HPR Forum Series on Oct. 1 at the downtown Marriott. State Rep. Luke Messer, R-Shelbyville, will join State Rep. Ed Mahern, D-Indianapolis, on the "House Election Outlook" panel. The HPR Forum will also feature Gov. Joe Kernan, Republican Mitch Daniels, and Dr. Larry Sabato will deliver the keynote. Watch for the next edition of HPR for the complete lineup and registration information. The event is sponsored by BoseTreacy Associates, DLZ and TechPoint.

LUGAR, BAYH SPLIT ON MARRIAGE VOTE: Sen. Richard G. Lugar voted Wednesday to consider amending the Constitution to ban gay marriages. But the Indiana Republican said he hasn't decided whether he would have voted for the amendment if the procedural measure had passed (Indianapolis Star). Sen. Evan Bayh voted against moving toward a vote, but the Indiana Democrat refused to say whether he supported amending the Constitution. Essentially, both lawmakers sided with their parties on the procedural issue. Republicans

ager Kevin Boehlein. "Mike's receiving his money from individuals in the district. This is in contrast to Congressman Hill, who is getting the bulk of his money from special interest groups out of Washington"

But Hill's campaign says that Sodrel's individual donations tend to come in high dollar amounts while Hill garners more \$10- and \$20-dollar contributions. It also points to a July 8 article in *Roll Call*, a Capitol Hill newspaper, that lists Republican candidates who received a total of \$1 million from 10 top political action committees at the request of the chairman of the National Republican Congressional Committee, the political arm of House Republicans. Sodrel was not among the recipients.

The NRCC denied that it has decided not to target Sodrel, the owner of a Jeffersonville truck and busing company. "This is one of our top challenger candidates," said NRCC spokesman Carl Forti. "(Sodrel) is doing great. He's put a great campaign team around him. He's a lot more active, both in fundraising and on the campaign trail" than he was in his 2002 race. The organization is not con-

cerned that Hostettler trails Jennings, a Boston Celtics scout and former Clinton administration official, in contributions.

Hostettler "has an amazing way of turning out the vote at crunch time," said NRCC spokesman Chris Paulitz. "It's not something that you can put a number on." Hostettler has won each election since '94 with just over 50 percent of the vote.

This year, the Hostettler campaign is confident about its volunteer organization. "We've been very encouraged by the support of our grassroots ... from every county," said campaign manager David Sherfick. "We're good enough for where we need to be at this point. We've really been able to increase our grassroots support district wide and that has led to a surge in contributions that we expect to continue into the next quarter."

The Jennings organization says that it will also be strong in the field. "We're doing everything we need to do to be successful," said campaign manager Tim Henderson. "Anytime you're ahead of an incumbent (in funds), you have to feel good about that."



Congressional District 8 Republican: U.S. Rep. John Hostettler. **Democrat:** Jon Jennings. **Green Party:** Clark Gabriel Field. **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. **People:** Urban/rural 58/42%; median income \$36,732; poverty 10.7%; race white 93.7%, black 3.7%, Hispanic .9%; blue/white collar: 32/52%. **2000 Presidential:** Bush 56%, Gore 42%; **Cook Partisan Voting Index:** R+8. **2002 Results:** Hostettler 98,952 (51%), Hartke 88,763 (46%), **2004 Forecast:** Realizing that a constitutional amendment banning gay marriage faces little chance of passing soon, if ever, House Republicans yesterday discussed alternative approaches, including stripping federal courts of jurisdiction over the issue, passing a federal law to define marriage and using the appropriations process to ban gay marriage in Washington (*The Hill*). The House GOP is rapidly developing its own tactics. Leaders will take their first step next week when they take up Hostettler's "jurisdiction stripping" bill. **Status:** *Tossup*.

Congressional District 9: Republican: Mike Sodrel. **Democrat:** U.S. Rep. Baron Hill. **Media Market:** Evansville, Indianapolis, Louisville, Dayton, Cincinnati. **People:** urban/rural 52/48%, median income \$39,011; race white 94%, 2.3% black, 1.5% Hispanic; blue/white collar: 34/50%; **2000 Presidential:** Bush 56%, Gore 42%; **Cook Partisan Voting Index:** R+8. **2002 Results:** Hill 96,654 (51%), Sodrel 87,169 (46%). **2002 Money:** Hill \$1.144m, Sodrel \$1.62m. **2004 Forecast:** We've put this race into a "Leans" Hill category due to the incumbent's sizeable fundraising lead, President Bush's economic and war problems, and because no CD rematch (i.e. Hiler/Ward, Pence/Sharp) in modern Indiana history has ever resulted in the defeat of an incumbent **Status:** *LEANS HILL* ❖

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Too early to discern Bayh's political future

By **MARK SCHOEFF JR.**

The Howey Political Report

WASHINGTON -- In the protean world of politics, an election can be decided by events that occur in the last two weeks -- or few days -- of a campaign. So it's not too early to project how the selection of North Carolina Sen. John Edwards as the Democratic vice presidential candidate will affect Sen. Evan Bayh's presidential aspirations in 2008 or 2012.

Analysts say it's premature to speculate. Bayh was thought to be among the finalists for the running mate spot when presumptive Democratic presidential nominee John Kerry chose Edwards last week. But Edwards and Bayh, both first-term senators in their early 50s and late 40s, respectively, seek to be the face of the future.

If the Kerry/Edwards ticket is elected, Edwards likely will be at the top of the list of future presidential candidates. "Generally, it moves Bayh farther back in the line, given Edwards' age," said Joe Romer, a Washington Democrat who has been an aide in the state legislature and on Capitol Hill over the past 30 years. "The Bayh camp can't see this as having helped their prospects down the road."

Much depends on how the election turns out. President Bush has been hammering Kerry and Edwards as being too liberal. If that message sticks, and the ticket loses, Bayh's centrist credentials could help him in 2008. If things "swing back toward the center, Evan might be catching it at just the right time," said Romer. "I can't think of anybody who will be more formidable from an experience standpoint than Evan Bayh in '08."

But running from the middle is usually not the formula for winning a Democratic primary. "The process tilts toward the left," said Washington Democratic media consultant Chris Sautter. "Anyone who wants the nomina-

tion has to follow (former President Bill) Clinton's model." The Clinton approach was to identify a base and pull in support from other areas of the party. "Edwards has been able to be all things to all people within the party. Until Evan Bayh is able to do that, he's going to have difficulty as a presidential candidate. He has to expand beyond his DLC (Democratic Leadership Council) base." The DLC is a centrist Democratic organization that Bayh chairs.

It's also important to pay attention to geography. Watch how Edwards does in North Carolina, said Larry Sabato, professor of political science at the University of Virginia who will keynote the HPR Forum on Oct. 1. Recent polls show Kerry/Edwards trailing Bush by double digits in the Tar Heel state. "If you can't carry your home state, it weakens you in some respects," he said. "Bayh is still very much in the game. He still offers Democrats the very real possibility of carrying Indiana's electoral votes as a presidential nominee, and those would be difficult for Republicans to make up."

Although polls show Bush with a commanding lead in Indiana, Bayh, who's up for re-election, may be able to boost Kerry and Edwards in the state. "He's the Hoosier heart throb," said Ray Scheele, a Ball State political science professor and former member of the state Democratic committee. "He'll help just by being on the ticket this time around."

Bayh is heavily favored for a second term, which will keep him in the spotlight. "A senator can have equally as much face time as a vice president, if you look at face time in a broader sense, not just TV time but also with opinion makers," said Andrew Downs, professor of political science at IPFW.

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failed to muster even a simple majority, let alone the 60 votes needed to move to a straight up-or-down vote on the amendment. The 48-50 vote fell largely along party lines. Lugar said afterward that he voted to end debate and bring the amendment to the floor for a vote to prevent the Democrats from raising unrelated issues that they're trying to force to the floor. Lugar said that while he voted for a 1996 federal law ensuring that states don't have to recognize same-sex marriages from other states, he has not made up his mind on a constitutional amendment. "Conceivably there could be circumstances in the future in which I would support a constitutional amendment," he said. "I don't know what those circumstances are." Lugar also said the push for a vote before the Democratic National Convention was a "political polarization attempt," when what was needed is "a great deal more diplomacy and understanding" on this issue to get sufficient votes.

BAYH STAFF EXPLAINS VOTE: Bayh declined to discuss his vote, but a spokeswoman said Bayh believed that "if the Supreme Court ever strikes down the state or national laws prohibiting same-sex marriage, then he believes that a constitutional amendment should be

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considered." Spokeswoman Meg Keck refused to say, however, whether that means Bayh would vote for an amendment under those circumstances. She also refused to say how Bayh would have voted Wednesday if there had been an up-and-down vote on the underlying amendment.

ANGLERS MIXED ON BUSH: Hunters and anglers may have helped elect President Bush, but results of a national survey released Wednesday indicate they aren't completely happy with his administration's conservation policies (Phil Bloom, Fort Wayne Journal Gazette). The survey, commissioned by the National Wildlife Federation, found that while the majority of American hunters and anglers are willing to praise the Bush administration for specific conservation financing initiatives, they disagree with administration stances on wetlands protection, oil and gas exploration on public lands, regulation of mercury emissions and global warming. "American hunters and anglers are saying the president is on the wrong course on central and core conservation issues," National Wildlife Federation President Larry Schweiger said. "This is a clarion call, we believe, to the administration to change policies that affect wildlife resources."

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Gov. Kernan talks of his 'positive' views

INDIANAPOLIS - HPR sat down with Gov. Joe Kernan at the Governor's Mansion on July 7, almost 10 months after he took office.

HPR: Do you enjoy your job?

Kernan: It's similar to the experience of my becoming mayor in South Bend. Being mayor was a position I was familiar with because I was controller. But nothing prepares you for the job itself.

HPR: Every time Indiana Democrats have gathered since 2002, it's been a different scenario for the governor's race. Now that everything has settled at the convention, how does it feel?

Kernan: It felt good. There was a great energy. You get in the hall and see the enthusiasm and support that was evident and I think the filling out of our ticket with Joe Hogsett and Susan Williams, it helped bring it all to its proper preclusion.

HPR: Some have been critical of the decision to run Williams and then have her resign so you can appoint a superintendent. They call it gimmicky. Any reaction to that?

Kernan: We looked at everything from not fielding a candidate to someone who would run and serve. It was my strong belief that politics should be taken out of education and we looked for someone who was willing to run who would be competent. In Susan's case we got someone who has great talent and I put my money where my mouth was and I made it very clear that by taking action, this was what I think ought to happen.

HPR: It's been two years since Brian Vargus said Indiana wasn't ready for a female governor. With Lt. Gov. Davis and Sen. Becky Skillman in the race, have we turned the corner on gender inclusion in the Hoosier political culture?

Kernan: It's a very clear sign that there are great talents in Indiana that also happen to be women. I don't have any

doubt that Hoosiers accept the fact that women are as qualified as men in either the public sector or the private sector.

HPR: Your campaign with Mitch Daniels has essentially boiled down to the glass half empty/full argument. How do you perceive the campaign at this point?

Kernan: We have very different views of the world. Mine happens to be one that is positive, approaching the future with optimism and confidence. Believing we have made decisions in Indiana that no other states were making in difficult times for every state during the recession, with bipartisan action tax restructuring and engerize Indiana among other things. It is a disservice to Indiana and the people to be constantly running down the state with all of the things that are a part of why I am proud to call Indiana home. I think you make a self-fulfilling prophesy of negativism

and partisanship that sets the stage for the inability to get things done.

HPR: Challenger campaigns will always be critical of the incumbent and administration, as Evan Bayh did in 1988.

Kernan: I have said more than once my record is fair game. But it would be nice if they got their facts straight. Secondly, there have been and will be huge dollars spent on a pessimistic view of where Indiana is. I'm not going to go there and will fight that view and will fight that effort because I think it is counter-productive to the future of this state. In an environment when you've got individuals and different communities that are out there talking every day to do a better job and compete, it's not fair to them to undermine that effort.

HPR: Do you feel the jobs paradigm has turned the corner since the closure of the Thomson plant in Marion?

Kernan: I view it as a very difficult time for a thousand families in Marion on top of 600 families who have

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been laid off in previous years in a circumstance that was not of their own making. The company had made the decision at some point that they were going to close all of their North American operations and ran the string out for as long as it made sense for them. Our responsibility is first and foremost to the workers and their families to try and find the support to get through this.

HPR: You've announced new jobs at Lilly, Zimmer, Roche Diagnostics and the old United Maintenance facility. Are there more jobs coming?

Kernan: We have seen a significant amount of private investment and new people being hired over the course of the last six months than in the last three years. We were partners in that effort with the training of employees, after they've hired, training necessary to give them skills.

HPR: Republicans are critical of your plan to revamp Commerce, which occurred 5 1/2 years after you took office. When did that process begin?

Kernan: It goes back to 2000 when we began working with Mac Holliday and the strategic plan for the Department of Commerce. We looked at our strengths and weaknesses and our focus in the four areas that are core strengths for us: advanced manufacturing, life sciences, high tech distribution, and information technology. If you look at the delivery here as well as other parts of the country, how could we be better served? Our customers would be better served if we were not Indianapolis centric with our services as well as the programs that we offered. We made the decision to move forward and then opened our first regional office in 2002. So it's a process that goes back a couple of years before that. The solution was the regional offices. We have 36 people out in the field and working with businesses to help them with other state agencies as well.

HPR: So the process pre-dated the recession.

Kernan: It pre-dated the recession.

It pre-dated the election. It goes back to 1997 when we opened up additional offices overseas to 15 in number. We believe in providing our companies the opportunity to sell products to overseas destinations. It is very important for our economy. We were one of the fastest states to recover from the attacks Sept. 11 in terms of exports. We have had growth that has exceeded national growth in exports virtually every year over the last eight years. Last year we had our highest exports with the numbers at \$16.4 billion. We had our best quarter ever in the first quarter of this year at \$4.5 billion. As a rule of thumb, for every billion dollars of exports you have it supports 20,000 jobs. You look at \$16.4 billion and that means almost 330,000 jobs tied to our companies here exporting products overseas. It's a success story that goes back to Bob Orr and his recognition that Indiana needed to play a role in a global economy. While we had many of our larger companies engaged in international trade -- Cummins, Lilly, Cook -- that we had an opportunity for smaller companies to take advantage of the markets.

HPR: You opponent has accused you of concentrating only on the big companies.

Kernan: I don't get it. We work with all companies because large companies are already engaged overseas. We focus on smaller companies. We work with them on language issues, letters of credit, customer issues, helping them attend trade shows all over the world. It's not just our large companies. Training dollars go to companies of all sizes as well as investments in infrastructure where we partnership with local communities. So someone will have to explain their statements to me. It's consistent with their approach that nothing's right, everything is wrong.

HPR: How vital are the health care initiatives to the jobs picture?

Kernan: The goal is to find a way so that every Hoosier has a health care package, focusing our efforts on employ-

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AYRES TO FILE BILL AIMED AT CHILD MOLESTERS: Rep. Ralph Ayres, R-Chesterton, said this week he plans to draft a bill to keep those convicted of sex crimes from establishing residences within 1,000 feet of such facilities. Under current state law, offenders are prohibited from living within 1,000 feet of schools and day-care centers while on parole or probation. After that, they may live where they choose. Ayres announced his intentions after The Times of Munster reported that 76 registered sex offenders were living within 1,000 feet of schools in northwestern Indiana and the southern Chicago suburbs. The newspaper reported that most were doing so legally because they were no longer under court supervision. Ayres said he also will draft a second bill to extend the permanent 1,000-foot restriction to bus stops and perhaps other places where children congregate.

KING EYES WEST END: It takes vision to see much of value on the western edge of U.S. Steel's mammoth Gary Works complex. The 486-acre parcel, called simply "the West End" in EPA documents, is a barren moonscape of steel slag, lime dust and likely very toxic waste. To Mayor Scott L. King, who helped negoti-

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ate a deal that would give the city a 200-acre chunk of the site, it looks like prime real estate (Post-Tribune). To King's critics, it looks like an environmental albatross. "What are we going to do? Spend millions to clean it up for U.S. Steel and then give it away?" complained City Councilman Chuck Hughes, one of the mayor's most vocal critics, at a recent council meeting. Privately the mayor complains the land deal, which he has pursued since taking office in 1996, is suffering from backlash against the proposed property tax settlement with the steel giant.

EAST CHICAGO COUNCIL PULLS PLUG ON PUBLIC ACCESS CHANNEL: It could be lights out for some of the city administration's toughest critics as the city gets ready to pull the plug on public-access television (Post-Tribune). The City Council this week adopted a new agreement with Comcast Cable that will dump the public access in favor of a new municipal-access channel run by city hall. The agreement was part of a renegotiation of East Chicago's agreement with its only cable provider, said attorney J. Justin Murphy, who negotiated the deal for the city. "The government channel will get the bandwidth that was being used by public access,"

ees and small businesses, which includes the owners of small businesses, entrepreneurs, sole proprietors, retirees who are not yet Medicare eligible, students who are just now out of college who are having a difficult time getting health care coverage and putting together a pool that will have balanced risks from a health standpoint and the options for different packages that provide different levels of benefits. There are ways for us to do this at no cost to the state. We can be a catalyst for making that happen.

HPR: Daniels said that legislative Republicans have proposed what you did, but Rep. Craig Fry always kills it.

Kernan: We will pursue every legislation to put this into place. I think that the approach you heard is again consistent and defeatist in saying because someone opposed something that may have looked like this in the past means that's the way it's going to be in the future. I don't buy it and I think if we have learned lessons from the bipartisan support from tax restructuring and Energize Indiana, we can do these sorts of things if we have a good attitude and a good program.

HPR: What can we expect out of Lt. Gov. Davis' Peak Performance effort?

Kernan: You have seen already Opportunity Indiana as it has expanded, which is really an outgrowth of the Peak Performance Project which is a way for us to work with existing Indiana companies and is a way for us to maximize opportunities to do business in the state. Now it's expanded to have them do business with each other through the Buy Indiana website that is now up and running. You can look for more announcements out of that mission.

HPR: There isn't a business operating on something like Indiana's 1851 structure. Am I beating on the right drum on how counties are functioning, the role of townships, the interlocking relationships and calling for a Constitutional Convention?

Kernan: It's an important discus-

sion to have. It is at different points and different stages in communities across the state. Some are not focused on it at all. Others are have formed groups to work through this. I believe there are some things we can do to eliminate duplication, to provide better service. That process has to include local participation.

HPR: In nomination speeches, both you and Daniels talked about need for change. Are Hoosiers ready for change?

Kernan: I think people always want changes that will make a difference. That is what we're focused on. It's not change for change's sake. It's to adapt to new circumstances, to look for better ways to do things. That is what you have to do in anything to survive. That's what we're focused on with initiatives like the Peak Performance Project.

HPR: What would a second Kernan administration look like?

Kernan: The last 10 months have been ones that began with unusual and unfortunate circumstances. The need to make a transition on the fly because of that and I am proud of the opportunities. I'm proud of having served with Frank O'Bannon and the opportunities he gave me to participate in my role as lieutenant governor. I'm proud of the team that we have been able to put together in a very short time to not miss a beat, and meeting our responsibilities.

HPR: Your opponent is saying we need a new crew, the garden needs weeding.

Kernan: Take a look up and down the line of people who have made the commitment to serve Indiana, who have assumed tremendous responsibilities in any number of areas. I'm proud to serve with them.

HPR: Do you like campaigning?

Kernan: You figure out a way to like it. If you didn't, you'd die. So yes, I do and Maggie does and you've gotta have fun. That's part of the commitment we've made that we're going to have fun. ❖

2004 Racing Form

TREND LINE: Let's call the poor, red-ink laden 2003 biennial fiscal work of Indiana's government elite the "Dearly Departed Budget." Gov. Frank O'Bannon, who allowed this deficit budget to become law without his signature, passed away. The man who did more to craft this clunker of a budget, Republican Senate Finance Chairman Larry Borst, was defeated for re-election in the May primary. Those resting in peace didn't make the decisions to cut the budget, raise taxes or bring in other revenue sources that would have given Hoosiers a fiscally responsible government. So while Gov. Kernan and Mitch Daniels pointed fingers at each other over Indiana's uncomfortable fiscal state this past week, none of the principals who brought this on us are still in positions of responsibility. But the fact remains that it happened because both Republicans and Democrats let it happen, so the criticism seems a little hollow.

Indiana 2004 Gubernatorial, Statewides

Governor 2004: Republican: Mitch Daniels. Democrat: Gov. Joe Kernan.

Libertarian: Kenn Gividen. **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:** Since July 8, I've spent about 8 hours with Gov. Kernan, Mitch Daniels, and campaign managers Bernie Toon and Bill Oesterle. So, how do I see things shaping up? While I believe this race is close, my gut feeling is that Daniels probably has a small lead, possibly just outside the margin of error. The Kernan campaign has spent about \$4 million on TV ads, and yet the governor's numbers have not moved. That has to be a concern. Having said that, I detect no panic on the part of the Kernan-Davis campaign. But they face a dilemma, which is trying to drive up Daniels' negatives without coming across to Hoosiers as the bad guy. And Hoosiers don't like negative campaigns. I asked one Daniels aide if the two sides just did the vision thing, could Kernan win? The response was, "He'd probably lose by 3 to 5 percent." The Daniels camp is expecting the sledge hammer, and they'd like to respond with feathers. With jobs numbers growing soft nationally, that has to concern both President Bush and Gov. Kernan (as evidenced by the ATA layoffs this week). But a lot can happen in the next 110 days. A domestic terror attack, for instance, could help both Bush and Kernan by emphasizing their leadership capabilities in crisis. And remember, Kernan has been the underdog before. At this time in 1996, O'Bannon-Kernan trailed Goldsmith-Witwer by double digits. So it's all about execution. Right now, Daniels is executing a stylistic, almost brilliant campaign. Kernan will have to be on top of his game and has virtually no room for error. He has to hope there will be some big job projects he can announce. And remember this wild card: The debates. The Kernan campaign can't wait to match the governor with Daniels. - **Brian A. Howey**

HORSE R A C E

INDIANA'S RESERVE BALANCE IS \$237 MILLION ABOVE WHAT WAS PROJECTED, GOV. JOE KERNAN SAID MONDAY, FOLLOWING THE FORMAL CLOSING OF THE STATE'S BOOKS FOR FISCAL YEAR 2004. Kernan and State Budget Director Marilyn Schultz announced that Indiana closed its FY 2004 books on June 30 with a \$532.8 million reserve balance. In January, the forecast projected the state would have only \$295.5 million in reserve. Additionally, the state is projected to end FY 2005 with more than \$335 million in reserve, compared to the \$65.3 million that was forecast. Kernan emphasized that an economy that is showing signs of recovery has helped the state's budget situation; however tight fiscal management throughout state government has con-

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Indiana's reserve balance is \$237 million above what was projected, Gov. Joe Kernan said Monday, following the formal closing of the state's books for fiscal year 2004. Kernan and State Budget Director Marilyn Schultz announced that Indiana closed its FY 2004 books on June 30 with a \$532.8 million reserve balance. In January, the forecast projected the state would have only \$295.5 million in reserve. Additionally, the state is projected to end FY 2005 with more than \$335 million in reserve, compared to the \$65.3 million that was forecast. Kernan emphasized that an economy that is showing signs of recovery has helped the state's budget situation; however tight fiscal management throughout state government has con-

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Murphy said. On recent programs of "The Truth," hosts took calls as they thumbed through East Chicago city and school budgets. They pointed out overpaid and underworked administrators and often-absent Park Department workers in a city known as a haven of patronage, said Alicia Lopez-Rodriguez, a host. "We openly talk about all the indicted city councilmen. We're not just trying to be controversial, but we don't back the administration, and we definitely want new leadership," Lopez-Rodriguez said.

MUNCIE INSURANCE RATES SKYROCKET: Muncie taxpayers could have to pay an extra \$2.5 million in 2005 to cover pay raises, health insurance and other costs of city government (Muncie Star Press). "We are going to do our best to fund city services without having to shut the city down," said Muncie City Council member Sam Marshall, chairman of the council's finance committee. The finance committee began work on the proposed 2005 city budget this week, reviewing requests from city officials. While the public was not allowed to speak, some taxpayers have expressed concerns about rising taxes and neighborhood needs.

ROBERTS DOESN'T BELIEVE BUSH WOULD

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HAVE INVADED: Sen. Pat Roberts said he doubted that Bush would have ordered an invasion of Iraq based on what is now known of its arms program. The New York Times adds that in an hour-long interview on Wednesday morning in his office, Roberts said he was "not too sure" that the administration would have invaded if it had known how flimsy the intelligence was on Iraq and illicit weapons. Instead, the senator said, Bush might well have advocated efforts to maintain sanctions against Iraq and to continue to try to unearth the truth through the work of United Nations inspectors. "I don't think the president would have said that military action is justified right now," Roberts said. .. Roberts said he was speaking solely on the basis of his own inference, not on any conversations with the president or White House officials."

STATE DEPARTMENT ANALYSTS WARNED POWELL ABOUT ERRORS IN SPEECH: Days before Secretary of State Colin L. Powell was to present the case for war with Iraq to the United Nations, State Department analysts found dozens of factual problems in drafts of his speech, according to new documents contained in the Senate report on intelligence failures released last week (Los Angeles Times). Although many of the

tributed to the positive reserve balance. "It is good news that as we wrapped up this fiscal year, we have seen the economy start to pick up," Kernan said. "We owe thanks to our state agencies for stepping up and tightening their belts throughout the entire 12 months of this fiscal year. These cuts have contributed to the state's bottom line." Daniels reacted by saying, "Only in government could this be called a surplus. These numbers tell a simple story: when your bills exceed the money in your bank account, you're in really bad shape. Our state government cannot pay its bills on time, the situation is not improving, and won't without a change of leadership." Daniels proposed two initiatives to encourage job growth and economic development in this afternoon with Amos Brown during Brown's radio program on WTLC-AM. "The prospect of a good-paying job, the hope of a better future, and the opportunity to improve one's lot in life should not be limited by a person's address," said Daniels. "The state must do everything possible to encourage job creation, investment, and small business development in our urban areas." Daniels said it currently takes the Department of Administration 8-12 months to approve an application for Minority Business Enterprise (MBE) certification for state contracting purposes. A private entity called The Indiana Regional Minority Supplier Development Council (IRMS-DC) grants approval in 3-5 weeks. The state does not recognize the IRMSDC certification. Daniels proposes the state accept the IRMSDC certification for state contracting purposes. His proposal is intended to dramatically increase the number of minority-owned businesses certified to contract with state government. "I've met a host of small minority business owners who are losing business opportunities waiting in line. If they meet the test of true minority ownership, let's get them certified and competing," said Daniels. "The IRMSDC certification is good enough for hundreds of well regarded companies like Cummins, Ford, Eli Lilly, and General Motors. It should be good enough for state government as well." Many sites in Indiana's urban areas sit unused due to contamination by previous tenants. Daniels will propose legislation to grant liability protection to innocent third party groups that buy and redevelop brownfield sites, and streamline IDEM's voluntary remediation program to increase efficiency and lower cost. Pennsylvania has cleaned up over nearly 1,600 brownfield sites creating more than 30,000 jobs. Indiana's current brownfield program has only remediated a fraction of Indiana's total number of brownfield sites. This is yet another example of Indiana lagging behind other states in the nation in creative approaches to economic growth. "Many of these inner-city properties are ripe for investment, but often those investments happen elsewhere because companies can't take the legal risk," said Daniels. **Status:** *Tossup.*

Attorney General 2004: Republican: Attorney Gen. Steve Carter. **Democrat:**

Joseph Hogsett. **2000 Results:** Carter (R) 1,077,951, Freeman-Wilson (D) 978,713, Harshey (L) 45,490. **2004 Forecast:** Hogsett announced anti-crime proposals that would target identity theft, methamphetamine and Medicaid fraud, in some cases by expanding powers of the office (*Louisville Courier-Journal*). Hogsett said his office would help prosecutors who ask for help in trying death penalty cases. The office already defends the state in those and all criminal cases on appeal. Because the attorney general's office knows the issues in criminal appeals, "particularly the very important issue of the death penalty, (it) could play a very supportive role if asked by local prosecutors," said Hogsett, who supports the death penalty. Hogsett said he did not think the office should become a "super prosecutor," but said there were areas ripe for expansion of its role. **Status:** *Leans Carter.*

Indiana 2004 Congressional

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. **People:** urban/rural 59/40%; median income \$39,002; poverty 9.7%; race: 93% white, 3.8% black, 1.3% Hispanic; blue/white collar 35/49%; **2000 Presidential:** Bush 58%, Gore 40%; **Cook Partisan Voting Index:** R+10; **2002 results:** Pence 118,436 (64%), Fox 63,871. **2002 Money:** Pence \$1.2m, Fox \$342,987. **2004 Outlook:** Fox has been endorsed by Gov. Howard Dean, honorary chair and founder of Democracy for America (www.democracy-foramerica.com). **Status:** *Likely Pence* ❖

COLUMNISTS ON INDIANA

Jack Colwell, *South Bend Tribune* - Kerry and Edwards. Now we know the Democratic ticket. Questions? **Q.** Sure. Did John Kerry make a good choice in John Edwards for running mate? **A.** Yes. Edwards appeared to be the best choice, a running mate who will do no harm -- the first consideration -- and will help the ticket with enthusiasm, energy and speaking eloquence. **Q.** Help more than John McCain? **A.** Never a possibility. **Q.** Help more than Hillary Clinton? **A.** That would have been political suicide. **Q.** Is Edwards on the ticket to help carry the South? **A.** No. Kerry has no chance to carry the South. But some southern states now will be in play. Edwards might not even bring his own state of North Carolina to the Democratic column. But North Carolina will be a battle now. President Bush can't take the South for granted. He must spend time and resources there. And if the race is as close as last time -- and it appears to be -- capturing just one southern state, none of which went to Al Gore, could bring Democratic victory. **Q.** Well, if Edwards might not even put his own state on the Kerry side, where will he help the ticket the most? **A.** In the Midwest, where the election could be decided. Edwards, with his theme of two Americas -- one rich and getting tax cuts; one poor and losing jobs -- could be well received in Midwestern states hit hard by loss of jobs. **Q.** What's this "if" Cheney is on the ticket? Isn't that certain? **A.** Polls show Cheney losing popularity. He appeals mainly to Republicans who would never vote for Kerry. He doesn't attract swing voters needed for victory. His Halliburton connections and early-and-often insistence that Iraq had weapons of mass destruction makes him an easy target. He's great at raising funds, handling the attack dog role and energizing the

Republican base, but if he becomes a liability threatening re-election, he will be gone. **Q.** Would Bush dare to dump Cheney? **A.** No. But if needed, Cheney would take himself off the ticket, citing health reasons. ❖

David Rutter, *Post-Tribune* - Every week now for months, we who toil in the Ivory Tower hear the rumors of who's next to be indicted from Lake County's political perpetual sludge machine. We are swamped with tips. Target day for the weekly indictment promenade is usually Friday because prosecutors prefer indictments as a comfy transition into the weekend. Gives the week a snug feeling of well-done completeness. It wouldn't be fair to identify who is next in the docket because the truth appears to be that no one but local federal prosecutor Joe VanBokkelen knows for sure. He's not much for idle chit chat on this issue. Maybe it's just me — it usually is — but we may have been spoiled by the gush of federal indictments and cannot envision a future in which they don't show up as regularly as odd odors on old potato salad. But in looking over the roster of ne'er-do-wells and miscreants the feds have rounded up here recently, the total haul appears a little less than the sum of its parts. Perhaps we should chalk it up to our expectations pumped up on helium. Lots of functionaries, sidekicks, and low riders feeding at the public mammary. But no big fish. No folks who hunker down in the back rooms making the gears and sprockets mesh and raking the big bucks. The Coffee Creek conspirators dealt in semi-large dollars, but it wasn't — at least superficially — a political crime. Just old-fashioned thieves. ❖

TICKER T A P E

claims considered inflated or unsupported were removed through painstaking debate by Powell and intelligence officials, the speech he ultimately presented contained material that was in dispute among State Department experts. The Times adds that "a Jan. 31, 2003, memo cataloged 38 claims to which State Department analysts objected. In response, 28 were either removed from the draft or altered, according to the Senate report," and "the analysts...warned Powell against making an array of allegations they deemed implausible. They also warned against including Iraqi communications intercepts they deemed ambiguous and against speculating that terrorists might 'come through Baghdad and pick-up biological weapons' as if they were stocked on store shelves."

PENTAGON DAY CARE CENTER TO CLOSE: The Pentagon is closing its child care center. Citing intelligence that the Pentagon is the second most likely target for a terrorist attack in the capital region after the White House, military officials want to shut the day care building next to the Pentagon by the fall (New York Times).

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