



# Political Report

V 12, No 18 *Weekly Briefing on Indiana Politics*

Tuesday, Dec. 20 2005

## The Amnesty Edition

### *Daniels, Peterson drove a year of unsettling change*

*If you didn't care what happened to me,  
And I didn't care for you,  
We would zig zag our way through the boredom and pain,  
Occasionally glancing up through the rain,  
Wondering which of the buggers to blame  
And watching for pigs on the wing*

- Pink Floyd, *Pigs on the Wing*

By BRIAN A. HOWEY in *Indianapolis*

I was seated with my wife at the bar at P.F. Chang's one evening last week, enjoying a martini. Chang's had ESPN on the TV monitors behind the bar. In an example of the pure brilliance of ESPN, they had this clip of a piglet that had been let loose during a baseball game in Mexico. For nearly five minutes, ESPN let this tape roll. The little pig scampered around the outfield as two team mascots tried to catch the thing. No matter what they did, the little pig was able to scoot away, his little legs far more effective and speedy than any human. Most of the baseball players in the field knew better than to join this nutty chase. They were too cool, and the little pig too fast.

About three minutes into the clip, you could hear others seated at the bar laughing at the absurd pig-in-a-diamond chase. A minute later, throughout the cavernous restaurant, other waves of laughter could be heard. Finally, one of the Mexican mascots took his mask off and threw it at the little pig, sending the tiny guy sprawling across the infield dirt. The mascot, thus, snatched him. And laughter and cheers swelled throughout P.F. Chang's.

Public policy and politics in the Hoosier State in 2005 was just as fascinating; just as entertaining. And with clear movement on a reformist agenda, vastly more profound. There was talk of it all being a disappointing "waterfall" as Senate President Bob Garton suggested. But we see the makings of a watershed.

### ***The Daniels/Peterson Watershed***

Gov. Mitchell E. Daniels Jr. and Indianapolis Mayor Bart Peterson are the reasons that Indiana government has become so entertaining. But to describe what we've witnessed in 2005 as "entertainment" belies what is really at stake here.



A marauding pig on ESPN was almost as entertaining as Indiana politics this year. Watch the clip <http://sports.espn.go.com/broadband/motion/echo/index?cobrand=cnet&id=2258881> (ESPN)



"I don't know if the merger will pay off. I hope it does. But every community in Indiana ought to be encouraged to try reorganization of our hopelessly antiquated local government and I wish the mayor well."

— Gov. Mitch Daniels

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When Gov. Daniels took the oath of office and then picked up the baton and directed the Jasper-Newton Community Band during his inaugural at the Indiana State Fairgrounds (sans pigs), he found an Indiana that was more than a billion dollars in debt.

Personal income had steadily eroded for more than a decade. The state's manufacturing prowess was in a state of atrophy. We were close to the margins on energy production. Methamphetamine was a claw hammer attacking the state's soul, invading many of our rural counties and towns. Kids were dying while child protection workers were saddled with dozens and dozens of cases (but we had more BMV license branches than any state but Texas and California). The rest of the nation couldn't figure out what time it was here. We were shedding corporate headquarters like a dog does hair in the summer. Hoosiers were fatter than the national average, smoked more than the national average; had more diabetes. And we were getting older, as our children left the state for places richer and more tolerant.

The central thrust of the yearling Daniels administration has been innovation. Though begun under the brief administration of Gov. Joe Kernan, Daniels solidified a cabinet style of government. Commerce and Agriculture are full-fledged departments with secretaries. There is an inspector general to root out waste and corruption. There are 3,000 fewer state employees. Daniels did not recertify collective bargaining and he said today that four out of five are now refusing to pay union dues. He gave them a 2 percent pay raise and enhanced health benefits and noted that both were more than they got while they had collective bargaining.

While those structural changes began taking shape before he took the oath, by Jan. 10 in his first State of the State

address, Gov. Daniels signaled a very clear intent not to conduct business as usual. Backing up the campaign rhetoric, he ordered the hiring of 800 new child protective service case-workers, with 400 coming into place this year. He proposed a one-year, 1 percent tax hike on the rich ... that would go away in a year. It was a concept that had Democrats rejecting the hike along with their Republican counterparts. The legislators couldn't quite get their minds around a tax that would go away in a year; it was a totally foreign concept.



Newly sworn in Gov. Mitch Daniels directs the Jasper-Newton Band at his inaugural. (HPR Photo by Brian A. Howey)

The most sensational acts of gubernatorial prowess found the new governor consorting with Democrats in an attempt to change a calcified dynamic. With the help of U.S. Rep. Pete Visclosky and State Rep. Chet Dobis, the Northwest Regional Development Authority was forged in the same legislation that brought a new Indianapolis Colts stadium and convention center. Daniels correctly observed that

for the first time in modern Hoosier history, regional solutions to long-existing problems were vogue and proper.

The most fascinating aspect to this came in June when Gov. Daniels opened up his wallet and did eight town hall meetings in his Republican base -- the doughnut counties around Indianapolis to sell a tax increase.

He was scolded in places such as Greenfield for attempting to raise taxes, but the Hancock County Council unanimously voted for the food and beverage tax to fund the stadium. In Shelbyville, he sold it this way: The convention center, stadium, and his proposal to lure motorsports to Indiana will help Indiana's comeback. "That sort of thing is worth going after if you get

## What HPR said last January:

Any way you slice it, Peterson is walking into Daniels' space, or vice versa. But rest assured, a new aggressive governor would rather be dictating the agenda by himself than sharing it with the powerful mayor down the street. Will they work together, spending the next two years radically reshaping Indiana for the next couple of generations? Or will they butt heads and produce a bitter rivalry that might culminate in a 2008 showdown? Our guess is that Peterson and Daniels will work together and sort things out.

- Brian A. Howey, 2005 HPR 50 Most Influential List



it right," Daniels said. "This is in the self-interest of Shelby County." He noted that the nearby Intelliplex Park in Shelbyville would be trying to lure companies that want the cultural amenities 30 minutes away in Indianapolis.

He explained this before the Indiana Humanities Council Leadership Conference: "We must be a communitarian state," Daniels stated. "We are in this together. We will not succeed if any large portion of Indiana does not move forward. The northwest. Small towns. The rural areas. Leadership of the kind I'm looking at right now provides that essential role of reassurance, of explanation, of demonstrating it is about all of us working together. There is no limit to what we might achieve."

There were other structural changes. The Day-light saving time was the most conspicuous. But attempts to recalibrate education and transportation were far more profound reaching. Last winter, he put a moratorium on state approval of local school building projects that triggered local debates in places such as Vincennes and Middlebury. Some questioned whether the state should be involving itself in "local issues."

Gov. Daniels produced a Department of Local Government that revealed that Indiana school districts build or add on facilities that cost 15 percent more per square foot, and are 27 percent larger than the national average. He said total costs are 46 percent higher.

"If we were as careful about construction spending as the average state, we could free up millions of dollars for other projects," Gov. Daniels said. He said if communities built at the national average savings would be \$234 million, which is about the figure that Democrats estimate property taxes will go up due to educational spending.

On roads, he announced the "Major Moves" transportation plan that would lease the Indiana Toll Road and make I-69 between Indianapolis and Evansville a toll road. It brought a negative reaction from legislative Democrats and the *South Bend Tribune*. But Daniels was using carrots, telling Michiana audiences last week that revenue from a toll road lease would accelerate freeway improvements on U.S. 31.

In both the education and transportation areas, Gov. Daniels attempted to lay a groundwork that will be tested this winter in the legislature. He will try to move more brick and mortar and administrative assets into the classroom by encouraging consolidation and group purchasing.

## Recalcitrant Democrats

On the Indiana Democratic website, there is a petition available to weigh in against the leasing of the Indiana Toll Road. Out of close to 7 million Hoosiers, about a thousand signed the document.



House Minority Leader B. Patrick Bauer has been resistant to change. (HPR Photo)

The danger for Indiana Democrats is that they appear to be embracing the status quo without defining any type of alternative. They've been more successful at getting under Daniels' skin -- prompting him to call them "carbombers" last winter when they walked -- than producing alternatives. They are against BMV branch closings, though when it came time during the summer study committees to defend the status quo at places where normal people hate to go, they went mute. They opposed the inspector general who has brought 33 felony charges against corrupt state officials. House Minority Leader B. Patrick Bauer is against the toll road leasing and the New Carlisle coal gasification plant that would have produced 70 jobs paying an average of \$70,000 a year. Senate Minority Leader Richard Young is against privatizing state park inns. They are against tolls on I-69. They were against the tax amnesty program that produced \$200 million in revenue.

They were against the biennial budget that has the potential of pushing local governments into increasing property taxes. That may be their safest haven in public policy, though Daniels is resistant to the notion, telling *Indianapolis Star* columnist Matthew Tully that it was "bullshit." And it didn't refute the notion of OMB Director Chuck Schalliol's warning at the Indiana Association of Cities and Towns conference that unless local spending came under control, a taxpayer revolt was a possibility.

Democrats did come around on the RDA, but there



have been few alternatives expressed on the education and transportation front.

If there are Democratic solutions and innovation to be offered, they are occurring at the federal and local level and not the Indiana Statehouse.

### **Peterson, Visclosky push reforms**

At the epicenter of innovation and reform at the local level are Indianapolis Mayor Bart Peterson and U.S. Rep. Pete Visclosky, D-Merrillville.

In Northwest Indiana, Rep. Visclosky's "Good Government Initiative" found a cascading level of support over the past week from Sheriff Roy Dominguez, Prosecutor Bernard Carter and the Lake County Council. A month ago it appeared to be dead.

Last night was Peterson's watershed moment. About a month after Democratic Councilor Sherron Franklin embarrassed him and Council President Steve Talley on the police merger, Peterson won a stunning historic victory as the council passed both the police merger and a non-discrimination ordinance.

"Taxpayers throughout the city and county will get enhanced police coverage," promised Deputy Mayor Steve Campbell. "Beat officers will not be moved out of the IPD district. Police patrols and coverage will improve in the townships. The sheriff, through his or her appointed chief, will have authority over the operation of the new agency. The city and county will provide better service at a lower cost."

Peterson said the victory would give his plan to consolidate fire departments some momentum heading into the state legislative session next year. "We can't continue to have a first-class Indianapolis Police Department and a first-class Marion County Sheriff's Department," Peterson said. "The public isn't willing to pay for both."

### **Legislative courage and amnesty**

As was the case in 2002 when Republicans such as State Reps. Dean Young and Mary Kay Budak broke ranks to support tax reform, this time it was Republican Councilors Scott Keller and Lance Langsford who switched their votes on the police merger. They provided amnesty from original and regressive decisions.

Keller said it was time to finally act after months of discussion and wrangling. "Often when people say delay, they mean they hope it will weaken and dissipate over time," Keller

## **2006 HPR 50 Most Influential**

As we have every year since 1999, HPR is asking its subscribers to help fashion the next 50 Most Influential List.

Send along your nominations, or do your own entire list by Dec. 31 and send it to:

**brianhowey@howeypolitics.com**

The 2006 edition will be published on Jan. 5, 2006 in the *Howey Political Report* and Howey's statewide newspaper column that reaches more than 250,000 readers each week. ❖

said.

Langsford explained his vote, telling WIBC, "The fact that we get to keep 48 police officers. We're not laying them off. We're keeping 78 police officers that we were going to



Indianapolis Mayor Bart Peterson, with a successful police merger, will find an enhanced position of strength going into the 2006 session of the Indiana General Assembly. (HPR Photo)

lose through attrition. And we're putting 44 firefighters back on the streets."

On the non-discrimination ordinance, it was Democratic councilors such as Talley and Ron Gibson who changed their votes. Gibson said he voted against the ordinance last spring on moral grounds. "I believe now this is not a moral issue, but a discrimination issue," he said.

### **Just a month ago ....**

The reform movement in Indiana appeared to be on the ropes a month ago.

Today there is a renewed dash of vigor.

Gov. Daniels reacted to the police merger vote, telling HPR this morning, "I thought it was an appropriate exercise in local autonomy and I'm a believe in that. I don't know if the merger will pay off. I hope it does. But every community in



Indiana ought to be encouraged to try reorganization of our hopelessly antiquated local government. I wish the mayor well and hope that it does achieve everything that is projected for it."

A month ago, the House appeared to be girding for a rhetoric filled debate on "intelligent design."

Last week, House Speaker Brian Bosma called that issue dead and this week promised House Republicans want to focus more attention and state incentives on Hoosier entrepreneurs and small companies (*Louisville Courier-Journal*). Bosma said that three out of four new jobs in the next decade will be created by companies with fewer than 150 employees, not by large corporations. "So we have to do everything we can to not only continue to reach out for the next Toyota plant, but also to create an environment in Indiana that is entrepreneur-friendly," Bosma said. "It's one of our long-term goals to make Indiana the best atmosphere for small business in the Midwest."

This morning, Gov. Daniels promised to assess all "800 programs" in state government and continue its "lawyer reduction program."

"I met first thing this morning with the efficiency group. We intend to assess all 800 programs in state government and identify which are working and which are not," Daniels said. "Programs that are working probably should be strengthened. Those that aren't working or that are duplicates may not be part of the next budget submission. Hopefully through higher productivity of our workers and examining what the government needs to be doing in the first place, I would expect the size of the permanent workforce to continue to move downward. I think those remaining are underpaid today and will need to be better compensated tomorrow."

### ***An executable vision***

This past week, Marsh Supermarkets had a sale on pork, of which I scooped up a number of packages for stock in the family freezer.

It was much easier for me than it was for the Mexican mascots trying to secure that sneaky little piglet on the infield of that now famous baseball game.

There are lessons to be learned when it comes to the status quo.

Marsh, a family-owned supermarket, may be seeking



**Gov. Mitch Daniels under the portrait of another reformer governor, Democrat Thomas R. Marshall, in his office this morning. (HPR Photo)**

a buyer because of its financial distress, while other regional supermarket chains in the Midwest are thriving because they better grasped the nature of the global economy and the market forces that come from Meijer, Wal-Mart and restaurants. They cut costs and prices and reined in debt. Marsh did not and while I still go to Marsh Supermarkets once or twice a week to pick up incidentals, I also make one grand trip to Wal-Mart each month to stock up on cereals, coffee, beef and, of course, pork, which is much cheaper there.

With Gov. Daniels, Hoosiers have found an executable vision, whether it is to double pork production or build more ethanol plants, or to use tolls to accelerate the construction of highways. The most vociferous critics have offered virtually no alternatives.

The forces that want to keep Indiana's status quo intact risk the same global market forces that now endanger Marsh Supermarkets.

Marsh may not be here in a year. Indiana will be, but the question is how viable will the state be?

When Gov. Daniels holds his news conferences at the meeting table in his office, the portraits of two former Indiana governors, Democrat Thomas R. Marshall and Republican James P. Goodrich, hover overhead. Marshall's term (1909-1913) nearly a century ago was marked by the passage of child labor and anti-corruption laws, though his progressive platform failed to bring about a Constitutional Convention he felt was needed to allow Indiana to escape its restrictive tax environment.

Goodrich's (1917-1921) achievements included adoption of property tax assessment at full cash value, increased powers for the state board of tax commissioners, creation of a state highway commission and a department of conservation with the development of state parks.

So, what is the competing vision? Daniels asked this question when he announced Major Moves. If you don't like the plan, then what's the alternative?

What we've witnessed this year are innovation and second chances from both Republicans and Democrats.

The critics are chasing pigs on the wing. ❖



**Matthew Tully**, *Indianapolis Star* - Let's start with the council's final vote to give gay workers and renters a little bit of protection against being unfairly fired or evicted. The ordinance isn't sweeping and it isn't radical, but it is the latest signal that Indianapolis is moving away from what it long was -- that rare big city ruled by Republicans and guided by conservative politics. Sure, we've had a Democratic mayor since 2000 and a Democrat-controlled City-County Council since 2004. But Monday night's vote made clear -- and some will like this and some will not -- that we now have a full-fledged Democratic agenda. "People recognize in a competitive world, it is a big deal to be progressive," said ordinance sponsor Jackie Nytes. Not that this gay-rights ordinance should scare anyone. Although its mouthiest critics have insisted Indy will become "Sin-dy," the ordinance is simply a modest strike against discrimination. "We're not talking about same-sex marriage," Democratic Councilman Monroe Gray said. "All we're saying is people need a fair chance at a job and a fair chance at housing." By the time that ordinance passed, the council had already passed a merger of the Indianapolis Police and Marion County Sheriff's departments. Yes, that's the same merger Mayor Bart Peterson had unsuccessfully tried to sell to the council last month. Yes, the same merger whose defeat so embarrassed the mayor and the council president. Monday, it passed. And now the mayor, Talley and Sheriff Frank Anderson will begin building a new, consolidated department. A little hint: This might be a good time to call the mayor's office to insist patrols in your neighborhood are protected. What does the merger mean politically? Well, the mayor's most humiliating loss has been erased from the books. The council's vote should help him next year when he asks the General Assembly for more consolidation measures. Republicans, so proud when they defeated the merger last month, sat with glum faces Monday as two of their own -- Scott Keller and Lance Langsford -- voted with Democrats. The party that used to be in charge of Indianapolis has clearly lost its way. ❖

**Rich James**, *Post-Tribune* - It seems that Santa Claus is so busy this year repairing the damage George Bush and the majority Republicans have done to the middle and lower classes, that the jolly old guy may not have enough time to take care of some of the politicians and organizations in Northwest Indiana. Don't despair. How could I turn my back on the big fellow in the red and white (IU) suit? And so, in case Santa forgets, I offer up these gifts to: The Chicago White Sox — a repeat in 2006. Lake County Republican Chairman John Curley — someone to watch his back. Lake

County government — a human resources department. The Chicago Cubs — life-support and something to get rid of those weeds in the outfield. Lake County Sheriff Roy Dominguez — thanks for taking over and then turning the county animal shelter into a virtual no-kill facility. East Chicago Mayor George Pabey — training wheels and a boat slip at the Robert A. Pastrick Marina. George W. Bush — an apology to the American people. The IU basketball team — a trip to the Final Four. The Lake County Council — four votes to cut the county's inflated work force. Gary Mayor Scott King — a job with Jewell Harris' Enterprise Trucking when he leaves office. Lake County Coroner David Pastrick — the wherewithal to run for Hammond mayor in 2007. Lake County Democratic Chairman Rudy Clay — a couple of pages out of the books of Robert A. Pastrick and Stephen R. Stiglich. Rep. Pete Visclosky — being a member of the majority. The town of Merrillville — city status. Gov. Mitch Daniels — a home in one Indiana time zone and a job in another. Sen. Richard Lugar — The presidency. Sen. Evan Bayh — someone to tell him he won't be president. ❖



**Lesley Stedman Weidenbener**, *Louisville Courier-Journal* - Gov. Mitch Daniels last week lost the first person he appointed to a Cabinet-level position when Commerce Secretary Pat Miller said she needed to go back to the company she co-founded in Fort Wayne. It's a high-profile loss -- especially since Daniels actually picked Miller before he was elected and she campaigned with him -- but one whose impact seems unlikely to be severe. After all, Daniels had sort of muddied Miller's role in the administration right off the bat by naming her chief executive officer of the newly formed Indiana Economic Development Corp. (the replacement for the commerce department) but naming someone else its president. That man, Mickey Maurer, will now take over the position as commerce secretary. And although Daniels said Miller played a substantial role in negotiating a number of economic development projects, he doesn't plan on adding another person to replace her on the team. Miller becomes the first of Daniels' department heads to go, although he has lost a few of his personal staffers during his first year. Daniels said last week that his original Cabinet "was full of all-stars." But, he said, "it will be very, very hard to maintain the same level of talent, fresh thinking and idealism." "I've had a very big concern from the beginning about trying to maintain the talent level," Daniels said. "Because the vast majority of them are nonpoliticians and did come from private life, there's a constant risk some will be lured back or have to go back." ❖



## 11 percent pay hike for Lake County cops

CROWN POINT - The Lake County Council voted Monday to ratify a labor agreement providing county police officers with an 11 percent increase in wages and pension benefits (Times of Northwest Indiana). Sheriff Rogelio "Roy" Dominguez said, "It's a historic contract. Its raises are the highest in the history of the Police Department." John Mezmarick Jr., president of the Fraternal Order of Police's Chris Anton Lodge 125, and Dan Murchek, president of the Lake County Police Association Lodge 72, thanked the council for the one-year contract. "We've come a long way," Murchek said. "We've got a long way to go, but we are on the right track." County police remain the lowest paid major police force in the county.



## Shelbyville Councilman to seek Messer seat

SHELBYVILLE - A Shelbyville Common Councilman announced Monday that he will run for the District 57 state representative seat, covering parts of Bartholomew and Shelby counties (*Columbus Republic*). Rob Nolley, who operates an information technology consulting firm and has been involved in local Republican activities, will try to obtain the seat left by State Rep. Luke Messer, R-Shelbyville, who announced he would not seek re-election in 2006. "It's something I always wanted to do, ever since the eighth grade," Nolley said. "When I heard Luke wasn't going to run, I said, 'Here's the opportunity.'" He is president of Shelbyville Common Council and the Third Ward Councilman.

## Fort Wayne signs lease with county

FORT WAYNE - In an effort to calm the discord and protect the city's interests, Fort Wayne officials Monday exercised the city's lease option to stay in the City-County Building until 2011 (Lanka, *Fort Wayne Journal Gazette*). The move protects the city from being evicted – a threat made by county officials last week – but it did little to calm county concerns about the need for a definitive office-space plan. Commissioner Linda Bloom said she felt no better about the situation after a meeting of the joint city-county space study committee. She said the city's lease renewal doesn't solve the county's problems and actually puts the county in a bigger bind. "We have immediate space needs," she said.

## Allen County tax collections up

FORT WAYNE - Despite paying a record amount in tax refunds, Allen County collected more property taxes this year than the county auditor anticipated (*Fort Wayne Journal Gazette*). Auditor Lisa Blosser on Monday released 2005 tax collection data, which showed 98.7 percent of all property taxes across the county – for the city, county, schools and other governments – were collected this year. The county collected a little more than \$399 million this year, up from \$382 million last year. Allen County's tax collection shortfall was \$5.6 million this year, down from \$10 million in 2004. Blosser said collections for the county general fund were 98.8 percent, but she based the county operating budget on a 97 percent collection. This means the county will have an additional \$758,000 to roll over to the budget next year. "We never want to overspend," she said.

## Benjamin staying at Indiana State

TERRE HAUTE - Indiana State University president Lloyd Benjamin will not be leaving ISU anytime soon (*Terre Haute Tribune-Star*). Benjamin, 61, who had been a finalist in the search for a new chancellor of the Connecticut State University system, said he withdrew his name Thursday night.

## Elkhart County hikes buggy taxes

GOSHEN - Owners of horse-drawn vehicles should expect to pay more on their license fees in the coming year (*Elkhart Truth*). Elkhart County Commissioners agreed unanimously Monday to raise the fees for buggies and horse-drawn trailers at the request of the county council. Council members asked the commissioners to take a look at the "buggy tax" when they considered raising the wheel tax earlier this year. New fees take effect Jan. 1. Under the approved ordinance, the buggy plate fee will increase by \$5 to \$50. Fees for trailers not covered under the Indiana Bureau of Motor Vehicles will increase from \$12 to \$17.

## Bush approval rises to 47 percent

WASHINGTON - The recent elections in Iraq and an improved economic outlook at home have shifted public support in the president's direction, lifting him from career lows in his job performance and personal ratings alike. Overall, 47 percent of Americans in this *ABC News/Washington Post* poll now approve of George W. Bush's work in office; 52 percent disapprove. While hardly robust, that is up from a career low 39 percent-60 percent in early November to its best in nearly six months.

