



Daniels talks reform; press highlights tax hike

Media coverage centers on cig tax proposal

By BRIAN A. HOWEY in Indianapolis

By happenstance, I found a dapper looking journalist outside the Indiana House chambers in June 2002. It was David E. Rosenbaum, an editor and reporter for the *New York Times*, checking the Hoosier pulse. "I can't believe you can just walk out onto the House floor," said Rosenbaum, more accustomed to the phlanx of security in places like the U.S. Capitol or the statehouse at Albany, N.Y.

While Indiana was grappling with what would soon be the historic 2002 tax reform, Rosenbaum wanted to know what the buzz was in the Hoosier capital.

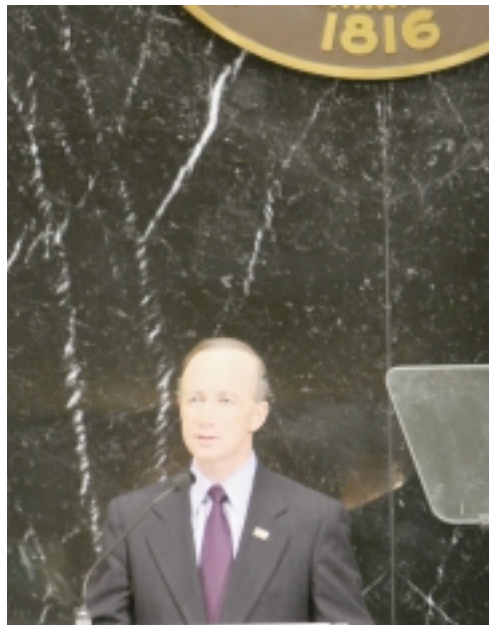
"The word is that Mitch Daniels might come back and run for governor," I said.

"Oh, he'll piss everyone off," Rosenbaum reacted.

* * *

When Gov. Mitch Daniels reached the rostrum of the Indiana House, on this night with posted Indiana State Police troopers, the world as we know it was in a state of change. He was giving his second State of the State address that found half the chamber (Democrats) sitting on their hands, for the most part. And just a few days before, Rosenbaum was murdered near his Washington, D.C., home in what was a relatively secure part of the capital. He was just 63 years old, recently retired, and a victim of a robbery.

It conjured up thoughts of the great Chicago Bear runningback, Walter Payton, who aptly noted that "tomorrow is promised to no one."



Gov. Mitch Daniels delivers his second state of the state. (Photo by Fred Zainy)



"Two decades ago, Indiana waited too long, left an outmoded regulatory regime in place and lost its in-state banks as a result. This time, let's be among the leaders in freeing investors."

— Gov. Mitch Daniels
on telecom reform

The Howey Political Report is published by NewsLink Inc. It was founded in 1994.

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Subscriptions:
\$350 annually HPR via e-mail;
\$550 annually HPR & HPR Daily Wire.
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While Daniels laid out broad goals to improve the state's infrastructure (Major Moves and telecommunication reform), overhaul local government (see Page 3), and infuse schools with more money (\$156 million from the tax amnesty program), the news media and many members of the Indiana General Assembly were fixated on one, tiny aspect of the speech near the end.

The cigarette tax increase.

Here are a sample of today's headlines:

Indianapolis Star: Daniels: Boost tax on cigarettes 25 cents (big bold headline, with this in the subhead: Governor also calls for 'an extreme makeover' of local governments).

Evansville Courier & Press: Daniels talks taxes in speech; Calls for big increase of cigarette tax

Times of Northwest Indiana: Proposes cigarette tax hike, end of township assessors, millions for schools

Fort Wayne Journal Gazette: Cigarettes and schools top agenda; Daniels urges 25-cent-a-pack hike

Reporter Niki Kelly's lead in the *Journal Gazette* was somewhat typical: If Hoosiers were surprised that their Republican governor asked for a tax increase in his first year at the helm, another shock came Wednesday when Mitch Daniels used his second State of the State address to seek a new tax increase – this time on cigarettes.

Mary Beth Schneider took a similar tact in the *Star*. For the second time in two years, Gov. Mitch Daniels used his State of the State speech to call for a tax increase -- this time proposing a jump of at least 25 cents for a pack of cigarettes.

The irony is that much of Gov. Daniels speech was spent urging Hoosiers to take action that would actually reduce the tax burden.

He came up with \$156 million for schools coming from his tax amnesty program. He urged school corporations, cities and counties to look for ways to consolidate and save tax money.

Daniels projected his Major Moves program as a way to help Hoosier taxpayers by "spending other people's money."

"The plan we call Major Moves would trigger tremendous job growth using in large part a very handy tool: other people's money," Daniels explained. "Two-thirds of the tolls paid on the Indiana Toll Road are paid by out-of-state motorists. If we can interest private firms in putting their own money into the construction of I-69 and perhaps other expensive projects, recapturing that investment through tolls paid largely by non-Hoosiers, by all means let's do. And if, a big if, private firms are willing to offer Indiana a very large sum of money today for the right to operate our northern toll road over time, we would be foolish not to seize that opportunity, and make the dreams of decades a reality in our time."

The move to reform local government, which Daniels said needed an "extreme makeover," was treated by much of the news media as almost an after-thought, most often cast deep in their stories. He noted that Indiana has more elected officials than any state in the nation and his plan to move assessment duties to the county would eliminate 178 township assessors as well as curtail the duties of 830 township trustees who also perform assessing duties.

Democratic reaction was ... well, as Rosenbaum noted, pissed off. State Rep. Dennis Avery, D-Evansville, said Democrats didn't clap much because they were offended that Daniels often knocks how previous administrations ran the state (Whitson, *Evansville Courier & Press*). "He wants to blame other people for everything bad," Avery said. "He acts like he's still running for office."

There were measures of support. State Rep. Charlie Brown lauded the cigarette tax increase, echoing what Daniels told HPR was for "humanitarian" reasons. State Rep. Tim Brown, a medical doctor, was supportive. "The price of cigarettes at the retail area is the number one factor to keep young people from smoking," Brown said (*Lafayette Journal & Courier*).

State Rep. Joe Micon, D-West Lafayette, said he supports Daniels' proposal to eliminate the offices of township assessors to make local governments more efficient. "These measures could provide more uniform property assessment and the greater efficiency that could help to reduce property taxes," he said.

State Sen. Brandt Hershman, R-Wheatfield, said it pleases him to hear the governor express support for legislation that would revise the state laws that govern telecommunications for the first time since 1985 (*Courier & Journal*). The bill was passed out of a committee Tuesday and now is up for a second reading in the Senate. "I think it adds an additional sense of immediacy with his very strongly worded support," he said.

Gov. Daniels reminded legislators that failure to reform Indiana's banking laws in the early 1980s resulted in the state losing much of that local industry.

The speech followed a spate of first anniversary stories last weekend, with newspapers in Elkhart and Fort Wayne focusing on the "Ditch Mitch" sentiments. The *Elkhart Truth* reported: Shelley Basham, the Democratic clerk at the voter registration office of Elkhart County, slapped the "Ditch Mitch" bumper sticker on her car. She also sells them. Most of the buyers are Republicans, she said. "It was really ironic; I could not believe it," she added.

No, tomorrow is promised to no one, not the angry, not the governor, who now must goad and cajole a legislature to continue to act. ❖



Government reform with 'creatures of the state'

By BRIAN A. HOWEY

INDIANAPOLIS - To Gov. Mitch Daniels, it is an "irony."

For a state that has a long history of being so suspicious of government, well, I'll let him tell it

"If the machinery of state government was due for an overhaul, our local level needs an extreme makeover. How ironic that Indiana, by reputation cautious about Big Government, leads the nation in the number of politicians we elect," the governor said during his State of the State address this past week. "How curious that Hoosiers, strong believers in local control, have imprisoned mayors and county officers in a system that prevents major change without state approval."

The governor continued, "Redundant and antiquated government makes property taxes too high and decision making too slow. Scattered authority produces bizarre tax assessments in which identical houses just blocks apart are taxed at widely different levels. Like our other challenges, change will take many years, but it is past time to begin."

Indiana has 92 counties, 566 cities and towns, and 1,008 townships. The national average, according to the Crowe Chizek *Compete* study of 1997, is 63 counties, 365 cities and towns, and 833 townships (in the 20 states that still have them). So just by comparison, Indiana has far more government than the national average.

The 1997 study notes that much of that government structure dates from the early days of the 19th Century. Local government has changed very little in the past 200 years, although the service demanded of local government has changed significantly. Cities and towns has largely supplanted the role of townships in much of the state.

The companion 2004 *Compete* study notes that in 1997, total appropriations of these local units of government totalled \$3.44 billion. By 2002, the counties, townships and municipalities were appropriating \$4.24 billion. That's an increase of 23 percent. But over the same period, the consumer price index increased only 12 percent.

The early *Compete* study notes that "in recent years, it has become apparent that local government in Indiana is under increasing pressure from the demands of business and citizens to expand services while simultaneously stabilizing

tax rates. Local government must compete with other regions across the country and the world for more business expansion and attraction."

And the study notes that Indiana counties

"because of their varied demographic and geographic make-up, are not well served by a one-size-fits-all form of county government. Every county government (with the exception of Marion County) is almost identical in its structure, with no provision made for optional forms of organization."

The needs of Lake and Porter counties are vastly different from those in Steuben, or Montgomery or Dearborn or Floyd.

I find it astounding that so many people who populate these local government stations, and particularly those in the Republican Party which I always thought was supposed to strive for lean, efficient and cost-effective government, are so resistant to change.

While every business, from the mom and pop corner store to Eli Lilly to U.S. Steel, have changed to compete in the warp speed global economy, Indiana government remains the same. Those "stasists" who cling to the way things have always been done, appear to be simply in it for themselves, as opposed to working for modernization that would make a city or county attractive for progressive companies and good paying jobs.

Gov. Daniels challenged Hoosiers in his speech. "The days of top-down control of local affairs from Indianapolis have run their course," he said. "As I did last year, I call on the General Assembly to liberate localities to raise funds from sources other than the overused and unfair property tax. And to begin assuming the costs of caring for endangered and abandoned children at the state level, also reducing property tax burdens in every county. And to offer blanket pre-approval to any community or school corporation that wishes to combine with its neighbor or consolidate duplicative layers of government."

"Let our traditional 'creature of the state' system begin giving way to a new era of home rule and local autonomy across our state," Daniels said,

Faced with Mayor Bart Peterson's call to reduce the number of townships from 10 to two (as well as seeking permission to consolidate the county's 11 fire departments in his Indianapolis Works proposal, State Sen. Mike Young countered with a bill that would seek to prevent nepotism in township offices. His bill was given the important "Senate Bill 1" designation by Senate President Pro Tempore Robert Garton.

Talk about creatures of the state. ❖



Gov. Daniels



Daniels surveys change

By BRIAN A. HOWEY

INDIANAPOLIS - HPR Publisher Brian A. Howey spent about an hour with Gov. Mitch Daniels in his office last Dec. 28. Here is their interview.

HPR: You've been out across the state more than just about anyone over the last two years. Do you believe people out-state are ready for the kind of change you're seeking?

Daniels: Not everybody, obviously. But I think a majority is and I think the task of some ... maybe the first task of leadership is to help people ... to empathize with people who are apprehensive about change. And quite frankly, who isn't? But help them to see the reasons for it, the need for it, and to be reassuring. Things will be all right. We'll do better. But you know ... to me, it was absolutely foreseeable that this would be a bumpy road. First of all, when you try to do as many things; making as many changes as we are making, it's mathematically impossible for everybody to agree or for anybody to agree with all of them. In the aggregate, it seems like too much, too fast for some folks.

That's no surprise. Of course, it's my view that Indiana doesn't have the luxury to go slow. That we're making up for lost time. So we have to push the envelop. It is my impressivon, and I think there is objective data to support this, there is a majority in the state, at least in a general way, supporting what we're doing. The comment I hear most often every trip I make is "Hang in there." Which I don't take as an endorsement of everything we're doing. Just the general sense that we have to get after our problems, so go for it.

HPR: Was there any analysis after your school construction moratorium, on its impact? I noticed debates in Middlebury, Vincennes and Hammond and across the state where the locals were saying, "Hey, wait a minute. Do we really need that swimming pool?"

Daniels: No question. DLG counts \$87 million that came out of proposals that had come to them. And those are the ones they know about. These are the ones that were slimmed down. As of today, no proposal has been rejected. They have not vetoed anyone's proposal. Many went back to be slimmed down. What we don't know the number for was that many more the pencils were sharpened before the proposals came. That's exactly what I hoped would happen, by

the way. We're still home rule people around here. We're not interested in telling people what the right dollar amount or school size is. But if you're above the national average, then think twice and show cause why that should be. Up to this point it is having an effect. It didn't slow anybody down. Nobody was smacked down.

HPR: I was wondering why someone didn't think to join forces between Washington Township schools and the Jordan YMCA across the street, where they could use some improved facilities, and build a public-private aquatics center for the entire community.

Daniels: I hope sometime while I'm governor, two school corporations build an athletic facility together and share it, for instance. We're trying to get that kind of thinking going.

HPR: At the HPR Forum, Chief Justice Shepard gave a fascinating review of the Indiana Constitution. He believes the Constitution is a flexible document and that little is etched in stone. Are you still interested in a Constitutional Convention? I was never sure how far you wanted to proceed in the first place.

Daniels: First of all, who am I to disagree with the Chief Justice on Constitutional interpretation? We may have the best one in America and you can bet he's on solid ground. I always want to take the short route. Our days here are going to be few enough. So, for instance, anything we can do around here directly on authority we have without waiting for the next General Assembly and getting a piece of legislature, I will always want to go that way. If we have the authority to do it, let's do it. That could apply here, too. We don't need to go through all the time and process of either an

amendment or a Constitutional call. Let's take advantage of those opportunities. I'm not quite willing to let go of the idea. I was interested in the civics exercise characteristic and the romantic notion of what it would be like. I think I said this to you before ... if I knew the convention would be constituted from a cross-section of the population and not just the political class we already have, I find it a pretty intriguing notion.

HPR: I've been told you have kind of an eight-year plan on how you would like to proceed with your administration over one and possibly two terms. Is that something you would think about rolling out in year 3, 4, 5 or 6?

Daniels: I believe in planning ahead. It wouldn't be right to say I've thought about eight years. But at least in certain aspects, and I'm not saying this necessarily is one, but sure I'm trying to think ahead. What we'd like to get done.



INDOT Chief Tom Sharp and Gov. Daniels



What's the right sequence?

HPR: Last week was one of the most fascinating in recent memory. We had the Indianapolis police merger and the Lake County Good Government Initiative picked up steam. What can and will you do in the coming months to encourage local officials there and in places such as Fort Wayne, Evansville and Muncie?

Daniels: Specific for Lake County, I've made 32 trips up there in the last 30 months. On virtually every single trip I've said my job is to convince Northwest Indiana it needs to thrive and grow. Your job is to clean this place up so that either tax dollars or business dollars can be invested here with confidence. I've made comments like the best economic development officer in Northwest Indiana is the U.S. attorney. So, yes, that was an important step. And I'm glad for a step like that because it gives me ammunition to take to the rest of Indiana to say, "Things are different." The RDA is going to be not just above board, but a very positive force and good things to come. Yes I plan to encourage and every time I go to the Cities and Towns convention ... the last three times I've expressed my support for home-grown efficiency initiatives and legislation that will simplify the path to get there.

HPR: How did your relationship with Congressman Pete Visclosky get going?

Daniels: Well, I knew him, but not very well before. As soon as the election was over, though, he called me and wanted to get together. We got together in the campaign conference room I'd say a couple weeks after the election and he may have been the first person up there who really believed that ... party imbalances aside, I was really serious about doing something in Northern Indiana. So we've been in regular contact ever since. He's just a very practical guy and I like that. He realized that, first of all, if we were going to be working the same vineyard four years at least ... the other thing I remember him saying -- and I don't think he would mind me saying this -- he said, "I'm not going to be another Ray Madden," although he could be. In other words, he may serve a good deal longer, but he just doesn't intend to be there forever. He really wants to do some things and get them done in a reasonable timeframe. Not every Congressman is like that. He took the initiative to sort of establish a relationship that's a pretty close one already. When I'm getting ready to do something up there I run it by him. I hear from him a lot. I think his Good Government Initiative is terrific."

HPR: I've been watching with fascination the CAFO controversies in Blackford County and the ag park near Muncie, and the coal gassification controversy at New Carlisle. You have said you want to double pork production. Bob Kraft sent me a note saying that it was the large CAFOs which will best be suited to deal with odor and pollution issues.

Daniels: Again, let's be charitable about this. There are advances folks don't know about in technology. If they relate this to the feedlots they've known in the past they have every right to be concerned. I think we have to look at it like making sure people know the upside as well as the downside and understand that the problems of change are manageable. It's a matter of local growth or change and I think people have to feel like they're in control of their own lives and their own communities. It's a big state. If Community A doesn't want that livestock operation, somewhere there's a Community B. Assuming that coal operator wants to have anything to do with Indiana is sometimes a problem.

HPR: Do you see more Shideler Ag Parks coming? Everyone was used to the local industrial park, but the Agriculture Park is kind of new.

Daniels: It's part of our strategy and I think it makes sense, so, yeah, maybe that could be the model.

HPR: What do you believe needs to happen to keep Indiana homeowners from seeing the predicted double digit property tax increases that Jeff Espich and others are forecasting?

Daniels: The shortest answer is that local government should control its spending like state government just did. Now, that's asking for something that's not going to happen. The property tax is the only one the local government sets ... and doesn't even look at its revenue. It sets the spending it wants and then it adjusts its revenue to meet it. Your home isn't like that. Your business isn't like that. Even state government isn't like that. The first answer is that we do need local and school governments to be very careful. Second, however, I do believe we can begin the transition of a couple of costs; at least, child welfare and child support to the state level.

HPR: Will that come this coming session?

Daniels: I think it could. You know, there's a lot we don't know about this. In Anderson, they're cutting property taxes. In Elwood, cutting property taxes. Fort Wayne cut property taxes. It's not necessarily universal.

HPR: Those are city governments.

Daniels: Those are city governments and it doesn't tell the whole story by force. We have here, I won't say the perfect storm because it's too worn out, but a confluence of things: spending that continues to run ahead of income when it comes to AV growth. Local government spending drives in 6 percent in this state; AV 2 or 3 in income. AV's what really matters here. Two, taking out the inventory tax. Three, the trending rule. So ...

HPR: I would add No Child Left Behind, which impacts school corporations.

Daniels: Yes, I guess that can be included. There's pressure on their spending there. By the way, you know but



some folks haven't thought about those four factors. They go straight to the fact that the PTRC level actually grew a little bit. If a given community has a property tax increase, it would have had a big one even if PTRC would have been left where it was. You know the PTRC model has two fundamental flaws. One, it was bankrupting state government. This is our version of Medicare, of Social Security. It is an entitlement program that is growing with no control. Two, is the classic moral hazard problem. Because it says to local government, go ahead and raise spending three bucks, you only have to raise taxes two. We'll make it easy for you. We'll subsidize the process of increasing spending.

HPR: How seriously do you take the IACT proposal?

Daniels: Which part of it? We're in very close contact with IACT as well as AIC. I think we can, I won't say a comprehensive but a multi-part approach to local government modernization, including flexibility to raise money from other sources; flexibility to redesign local government via consolidations and so forth; transfer of some expenditures to the state level. I'm a general supporter of what they want to do.

HPR: What's your message to the Bruce Borders and Phil Hinkles of the world, who I see as obstructionists to what is the natural continuation of Dick Lugar's Unigov. The Indy Works proposals could have been written by a Republican. I thought Jim Bradford telling Lance Langsford that he wasn't a Republican following the police merger was absurd.

Daniels: I will confess I don't know either. I understand their skepticism about whether these steps will actually pay off as claimed. But that's not the point. The point is that reforms ... attempted reforms like this in pursuit of government efficiencies ought to be encouraged. If they work, other communities will imitate them. If they don't work, others will learn lessons from them.

HPR: Mitch Roob told me that Mayor Goldsmith is back in a consulting role and that the old SELTIC Commission is back with the three of you in different order. After all the earth moving that Steve Goldsmith did I watched to see how many other cities would follow, and virtually none of them did. What do Hoosiers need to know when that evil word "privatization" comes up.

Daniels: Well, it shouldn't be scary at all. First of all, a huge percentage of state government services are delivered privately now. And always have been. We don't build all our own roads, we hire private companies to do it. We don't clean our own buildings. Think of the single biggest program that state government runs – Medicaid. It's almost all privatized. Those doctors aren't state employees. The clinics, the service providers. No. 1, there's nothing new about it. No. 2, this is purely practical. What's the best way to get this done? Now, the State Police will always be full-time, 100 percent employees of state government. But any good business today asks

itself, what are our core competencies? What is it that we must do to succeed and that we should concentrate our talents on? And on the other things, hire someone where that's their core competency. When I was at Lilly, it was a very well managed company but I started asking, 'Why are we doing laundry? Why are we running buses? Cooking food? We're here to discover miracle drugs and find a way to manufacture them. So, that's it. We're just looking through state government and where we see a place there's a better way to get the service delivered, we'll examine the possibility. By the way when you get competition going, you usually get a better price for taxpayers. The best at the lowest cost to taxpayers is the objective. I don't care about the means, whichever gets us there to that goal.

HPR: You made a very clear challenge on that side of the room on Major Moves, that if you don't like this ...

Daniels: Which half don't you care about. Let me say, I haven't given up at all. I really believe at the end of the day this will be a bipartisan measure. We're just trying to solve a practical problem. We have two miles of needs and only one mile of money. Here's a crushing irony. There isn't a county in the state that will do better than St. Joe.

(The governor gets up from the conference table, goes to his desk and pulls out a file).

Daniels: Lake County went from \$57 million to \$446 million. St. Joe County from \$49 million to \$368 million. (U.S.) 31 is the biggest piece of that but there's plenty of local. It's not just Pat (Bauer), by the way. And not the mayor of South Bend, by the way. But they don't have any experience with people who don't look at every question without a partisan lens. They don't really know how to deal with it. If we looked at it like that guy does, there would be zero for St. Joseph County. I think over time we can make this a bipartisan issue. This is make or break for I-69. There are a lot of folks in Northern Indiana who are going to come to understand this is a fabulous investment in their part of the state and it won't happen otherwise. Our dollars in the classroom bill will be much the same. I think Pat and folks could easily decide it won't hurt (their) chance of winning at all to cooperate on a couple of things like this. Why is it that they have this political formula of no, no no. I think there will be members of their caucus who will say, "Gosh, I want to vote for this. I want to vote for road money in my district." Secondly, I think they can have just as much of a free-for-all in the general election over other questions. It's a better position when they say, "We're with you when you're right." So we'll see. ❖



Suckling at the public teat

INDIANAPOLIS – In Indiana, 862,670 people are without health insurance, or 14 percent of our population. Among adults ages 19 to 64 living in poverty, 224,740 are without insurance, or 45 percent, according to the Henry J. Kaiser Foundation.

In a joint on-line news report in May 2000 with PBS *Jim Lehrer News Hour*, correspondent Susan Dentzer talked to one of the uninsured, a Hoosier named Shannon Sanders, who said, "It kind of does make you feel -- as least makes me feel, you know -- a little bit ashamed, like I'm not as worthy as somebody else because I don't have health insurance."

But if you want to talk about shame, let's not place it on the shoulders of people such as Shannon Sanders.

Let's talk about the Indiana General Assembly. About the time of that PBS report, Indiana legislators pulled an epic fast one on Hoosiers. Secretly, with virtually no public discussion or input, they snuck 11th-hour provisions in several bills that gave Indiana lawmakers and the entire legislative branch health insurance for life, if you can serve six years in the Indiana House or Senate. What a deal!

And it doesn't just cover legislators. It covers their wives and husbands, children through college age, widows and widowers, and even ex-spouses.

Last November, when Indiana legislators gathered for Organization Day, State Sen. Luke Kenley, R-Noblesville, had shocking news for the majority Republican caucus in the Senate. The unfunded liability for this luxurious perk could cost Hoosier taxpayers tens of millions of dollars. "I don't know what the actual figure is," Kenley explained.

With no clear method to pay for it all.

Auditor of State Connie Nass said it is impossible to confirm any figure. "We have not done an actuarial study," said Nass, adding the liability to taxpayers is "going to be a hefty cost."

Senate President Robert D. Garton has actuarial numbers, but wouldn't give them to the *Evansville Courier & Press* on Wednesday.

Nass said the disclosure to Hoosier taxpayers she wants to conduct comes from the federal Government Accountability Standards Board, that requires all state and local governments to disclose non-pension, post-employment benefits. "We want to abide by GASB," Nass said, adding that

it is her intent to conduct actuarial studies for fiscal years 2005, 2006 and 2007.

"I want to do a yearly study of the plan," Nass said. "If there are any changes made to the plan, it is much easier to find that information in the present year instead of waiting three years."

Sources from both the Indiana House and Senate tell me that House Speaker Brian Bosma is pushing for reforms. The sources believe the lifetime health benefit was woven into Indiana law around the 1999 and 2000 sessions, during the period of that PBS report. Several sources say the key players included then-House Speaker John Gregg, Senate President Robert D. Garton, and former Senate Finance Chairman Larry Borst. Others involved include the late State Sen. Potch Wheeler and former State Rep. Mike Smith.

Bosma, who aides say didn't know about the deal when he was House minority leader, is expected to present a legislative package that would roll back eligibility for the program. He told WXNT's Abdul in the Morning last Friday, "A number of changes will be in place over the next couple weeks. I do not think this is an appropriate benefit. It will be changed administratively." He described the situation as "this is still with land mines."

House Democrats tell HPR that Bosma had to know about health insurance for life. They believe that Bosma's reforms are intended to prompt older Democrats to retire or lose benefits.

Rolling back some of these perks is fraught with political danger. Several freshman Republicans, such as State Reps. Billy Bright, Troy Woodruff, Tim Harris and Bill Davis, won close races in 2004 using legislative perks as a campaign issue. Rolling back some of these perks, short of outright scrapping them, could leave them in a precarious position. Bright called it "deceitful." Woodruff has said that anything short of a total rollback would be "egregious."

Asked by the *Courier & Press* if whether he will make changes, Garton responded, "I'm not promising. My presumption is we will," but added that he wouldn't "betray anyone's faith and confidence. You have expectations and you live up to them. We don't intend to break trust. In fact, we won't break trust." Asked whether he will face pressure to change the benefit for senators if Bosma does that in the House, Garton said: "Only in terms of the reaction from the general public."

Garton has little to fear. He won't lose majority in the Senate. He has no primary opponents, though he can't be sure until noon on Feb. 17.

There is no shame, apparently, for breaking the public trust for cronies while suckling at the public teat. ❖





Jim Shella, WISH-TV - The "informal" prayer strategy launched by House Speaker Brian Bosma this week was a hit with lawmakers as well as the citizens who jammed the house gallery on the first day of the session (some of those citizens had come from as far away as Lake County to protest the restrictions placed on house prayer by a federal judge.) Following a Bosma speech explaining the strategy there was an extended standing ovation. The next day Congressman Dan Burton paid a visit and praised the strategy, and criticized the judge's ruling, in brief remarks from the Speaker's rostrum. He, too, received a standing ovation. Yet there were a number of empty seats during Burton's remarks and, without trying too hard, you can find lawmakers who disagree with the Speaker's approach. We already told you about Rep. David Orentlicher, who believes Bosma created a diversion to avoid tougher issues, and Rep. Terry Goodin, who wants Bosma to defy the judge. I also found a lawmaker, a devout Catholic, who believes that Judge David Hamilton made the proper decision by banning references to Jesus in formal house prayer. Another lawmaker bristled when someone suggested that the plan, having prayer in the back of the chamber prior to the state of session, amounted to moving prayer "to the back of the bus." "Rosa Parks," he said, "would turn over in her grave" at that suggestion. The real test of the strategy may be time. On the second day of the session, significantly fewer lawmakers took part in the informal prayer.

Matthew Tully, Indianapolis Star - Year Two of Indiana's Mitch Daniels Experience got off to a rousing but politically risky start with the governor's State of the State address Wednesday. You could tell by the sometimes-nervous applause from legislative Republicans, who watched in the House chambers as their governor set them on an election-year collision course with still more tough issues. And you could tell by the smiles on the faces of many Democrats, who seemed to be thinking about all the good campaign ads that Daniels' bold 2006 agenda would generate. But most notably, you could tell just by watching Daniels. Moving quickly from the back of the chamber to the podium up front, Daniels looked eager to get started, to lay out the latest proposals in what has already become the most aggressive gubernatorial administration in memory. The smile on his face was wide and nonstop as he approached the podium, as if he was genuinely excited about what he had to offer his rare statewide audience. His address recalled his likable and often inspired speeches from the campaign trail of 2004. Like the speeches

he gave back then, Wednesday's was filled with baseball metaphors, indignant talk about wasteful spending and incompetent government, and calls for action. "This is no time to rest," he said at one point. ❖

Lesley Stedman Weidenbener, Louisville Courier-Journal - Most of the talk previewing this year's legislative session has focused on property taxes, education spending and Gov. Mitch Daniels' plan to build new roads in part by leasing the Indiana Toll Road and maybe an extension of Interstate 69. But the issue that will affect almost all Hoosiers is telecommunications deregulation. The problem is this: Who wants to read about and try to understand telecommunications deregulation? It's awfully complicated. Senate Bill 245 aims to update the state's regulatory structure, eventually eliminating the cost controls for local phone service and many of the rules that govern their operation. It strips the Indiana Utility Regulatory Commission of most of its oversight over those companies. The bill also frees companies that want to provide video service -- essentially cable television -- from having to negotiate deals with every community where it wants to do business. Instead, a company could essentially sign up with the Indiana Utility Regulatory Commission and then start selling its service. Also, the bill provides some tax incentives to encourage private companies to expand high-speed Internet services through Indiana, but it puts some restrictions on local governments that want to provide that service to their residents. This is not a bill on which there are two sides. There are about a dozen. So many kinds of companies will be affected by this bill that there is information coming from every direction. The association representing traditional cable companies is vehemently opposed. They said the bill will take away leverage from local governments to negotiate community interests in exchange for the right to provide the service. Also, those deals often require companies to expand their networks beyond what they might do on their own. But the cable companies have some self-interest they're not talking about publicly. They spent many hours and much, much money negotiating hundreds of deals with communities across the state. With this legislation, a company like AT&T (formerly SBC, Ameritech and Indiana Bell) could do it without any of that hassle and without any requirement that it expand to certain areas. The association representing traditional phone companies, including AT&T, is preliminarily pleased, although still reviewing the details. ❖





No Abramoff effect in 9th

Hill Says He Has no Plans to Target Scandal

By MARK SCHOEFF JR.

WASHINGTON -- Early indications out of the 9th CD suggest that Hoosier voters are not riveted by a lobbying scandal that is roiling the Republican Party.

Last week, Jack Abramoff, a prominent Washington lobbyist, pleaded guilty to charges of defrauding clients, bribing a member of Congress and cheating on his taxes. Abramoff was closely tied to GOP Rep. Tom DeLay, who has been indicted in Texas on unrelated campaign finance violations.

Over the weekend, DeLay gave up his post as House Majority Leader, putting House Republicans in turmoil before the start of the congressional session later this month.

With Democrats decrying a "culture of corruption," Washington observers speculate that mounting ethics problems could hurt Republicans at the polls in November and possibly jeopardize the GOP majority.

But first, the ethics foibles have to get traction in congressional districts. So far, that isn't happening in one of the races that is likely to be among the closest in the nation*the 9th CD.

The Abramoff case and DeLay's downfall did not come up during a district meeting that incumbent GOP Rep. Mike Sodrel held on Tuesday. The event featured Agriculture Secretary Mike Johanns and focused on trade and other farm issues important to the sprawling rural district.

But even when the floor was open during Q&A, no one mentioned Washington scandals. "I didn't hear one word about it," said Cam Savage, Sodrel's chief of staff. Savage attended the Johanns session, which drew about 150 people at the Clark County 4H Center in Charlestown.

Constituents aren't contacting Sodrel's office either. "It doesn't seem to be anything we're getting calls or e-mails about," Savage said.

Little Scandal Interest on Hustings

Sodrel's likely opponent, former Democratic Rep. Baron Hill, is not sensing much interest in the scandals. "Most people don't know who these cast of characters are," he said. The situation may change as the Abramoff case unfolds.

Hill, who lost his seat to Sodrel in 2004 by about 1,400 votes, is not focusing on Abramoff or DeLay. "It's not something I have any plans on exploiting right now," he said.

Even if the scandal becomes a national issue, Sodrel may be shielded in a couple ways. He has no ties to Abramoff, and as a first-term congressman it would be difficult to accuse him of being a corrupt Washington insider.

"He has deep roots in the district and he is very much the citizen legislator," said Savage. Over several decades, Sodrel built a bus and trucking company in Jeffersonville.

A national anti-lobbying wave could create some discomfort for Hill, who began working for mCapitol Management, a government relations firm in Washington and Indianapolis, last year. But Hill emphasizes that he is not a registered lobbyist. A senior adviser to mCapitol, on policy and the legislative process, Hill asserts that he "doesn't work" Capitol Hill or the Statehouse.

Hill Cites Democratic Energy

It's far too early to tell how the campaign will unfold, but Hill may not need to tap the "culture of corruption" theme that national Democrats are developing. He believes that Iraq and the economy are on the top of the agenda for Hoosiers.

"Most people are not feeling the benefits of the economic activity allegedly going on in the country," he said. "There's change in the air. The status quo is not acceptable."

Savage argues that Hill was the status quo that voters rejected in 2004 and that Sodrel is a better fit for the politics of the district.

"After 40 years of electing Democrats, they finally elected a conservative who's more in line with their way of thinking," said Savage. "I have a hard time believing they're going to go back to somebody who they've turned out of office once."

Hill, however, says that his supporters are ready for a vigorous battle. "What I am picking up is that there is an energy among Democrats like I have never seen before," he said. Hill estimates that his cash on hand as of Dec. 31 will be "north of \$550,000." As of Sept. 30, Sodrel had \$500,000 on hand.

Pence Not Running for Majority Leader

As the head of the Republican Study Committee, an influential group of House conservatives, Rep. Mike Pence was thought to be a potential candidate for majority leader. But he took himself out of the race earlier this week.

"While I will always aspire to be available to serve my country when called, I believe I can do more good for the conservative movement by focusing my energies within the RSC," he wrote in a letter to RSC colleagues.

But look for Pence to try to try to throw his weight around in the Majority Leader election. "[T]he Republican Study Committee has a central role to play in the coming weeks," he wrote. It "should assist our members in selecting our new leadership and developing an agenda for the fiscal and moral reform our nation awaits from this majority." ❖



Gallup sees a wave developing

TRENDLINE No. 1: A majority of Americans consider the congressional influence-peddling inquiry surrounding former lobbyist Jack Abramoff a major scandal, and they registered an anti-incumbent note in a poll released Monday. The issue of corruption ranked high on Americans' list of concerns in the *CNN/USA Today/Gallup* survey, taken Friday through Sunday. But with the entire House of Representatives and a third of the Senate up for grabs in November, most of the 1,003 adults polled said they don't think their own lawmakers are corrupt. Corruption ranked among the concerns most often cited by those polled, with 43 percent telling pollsters it would be an "extremely important" issue in 2006. By comparison, the war in Iraq and terrorism were tied for first at 45 percent, and health care followed, matching corruption with 43 percent. Only 42 percent of those polled said most members of Congress deserve re-election -- the lowest response to that question since 1994, when Republicans took over the House and Senate. But 60 percent told pollsters their own member of Congress deserved re-election. Only 22 percent said they considered the lawmakers who represent them corrupt, while 38 percent held that opinion about most members of Congress. But 40 percent said they considered their own lawmakers focused on special interests rather than constituents, and 38 percent said their representatives were out of touch with the voters back home.



Trendline No. 2: Candidate filing begins at 8 a.m. Jan. 18 and ends at noon Feb. 17.

2006 Congressional Races

Congressional District 8: Republican: U.S. Rep. John Hostettler. Democrat: Vanderburgh County Sheriff Brad Ellsworth. **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 Results:** Hostettler 145,576, Jennings (D) 121,522, Garvin

(Green) 5,680. **2006 Forecast:** Brad Ellsworth likes to hunt, opposes abortion and says he'll put his "family values up against anybody." He may be the Democrats' new dream candidate (*Bloomberg News Service*). The 47-year-old Ellsworth, a county sheriff in Indiana, is one of a number of Democrats running for the U.S. Congress next year whose positions on social issues deviate from the national party's. His candidacy follows a presidential election the Democrats lost in part because they failed to win over "values voters," according to polls and party strategists. The recruitment of Ellsworth and candidates with similar views is "the party making a decision to be more inclusive," said Elaine Kamarck, a former adviser to President Bill Clinton and to Vice President Al Gore's 2000 presidential campaign. "It is the lesson of 2004." **Status:** TOSS-UP

2006 State Races

Senate District 26: Republican: Andrew Phipps. Democrat: Sue Errington, Lewis Colter, Muncie School Trustee Jennifer Abrell. **1998 Results:** Craycraft (D) 16,824, Wenger (R) 13,414. **2002 Democratic Primary Results:** Craycraft 9,653. Dixon 2,288. **2002 General Results:** Craycraft (D) 16,939, Phipps (R) 16,330. **2006 Forecast:** Sue Errington has jobs, education and health care in mind as she seeks the Democratic nomination to the Indiana Senate District 26 seat (*Muncie Star Press*). "We have too many Hoosiers without jobs, health insurance and access to affordable education," said Errington. "That needs to change." Watch for Top Jobs coming to this space soon. Errington, 63, a retired public policy director for Planned Parenthood of Indiana, kicked off her campaign Monday for the open Senate seat, surrounded by about 75 supporters at Delaware County Democratic Party headquarters. Sen. Allie Craycraft, D-Selma, announced his retirement last year after serving 28 years at the Statehouse. In 2002, Craycraft won by 602 votes over Republican nominee Andrew Phipps, a retired Muncie teacher who is running again. The race could still have statewide implications for both parties, because the addition of a 34th GOP senator would give Republicans a two-thirds majority that would no longer require Democrats for a quorum. Republican Phipps, who is a strong pro-life candidate, said Errington would offer a clear difference to voters on many issues, including the abortion debate. **Status:** TOSSUP.

Senate District 29: Republican: State Sen.-Elect Mike Delph. Democrat: Open. **2002 Results:** Clark 19,657, Fleming (L) 1,706. **2006 Forecast:** We're keeping an eye on this one prior to the Marion County slating on Jan. 20. There are rumors that a Marion County candidate, possibly Councilor Isaac Randolph, may re-enter the picture. **General**



Status: *LIKELY DELPH*

House District 20: Republican: State Rep. Mary Kay Budak, LaPorte School Trustee Tom Dermody. Democrat: Open. **2002 Results:** Budak 12,551, Gillon (L) 2,540. **2004 Results:** Budak 12,944, Spevak (D) 10,013, Schadowsky (L) 1,038. **2006 Forecast:** We believe that Budak is in big trouble. She has resisted efforts from Democrats to switch parties. With St. Joseph County GOP Chairman Chris Faulker's firm running Dermody's campaign, we are hearing that he will be well funded. With an anti-incumbency mood shaping up, we believe this will be a newsworthy race. **Primary Status:** *LEANS DERMODY*

House District 24: Republican: State Rep. Richard McClain, Cass County Commissioner Rick Eller. Democrat: Open. **2004 Results:** McClain 14,825, Southern (D) 7,089. **2004 Results:** Walorski 13,753, Kaser (D) 7,737. **2006 Forecast:** Cass County Commissioner Rick Eller, 38, announced Saturday he will run against incumbent Rep. McClain. Eller said he has pondered a state legislative candidacy for some time, but finally decided to run in the last two weeks. "I expect a pretty competitive race, and I think it will be one of the most watched races in Indiana and the balance of Democrats and Republicans in the Indiana House," Eller said after announcing his candidacy in an afternoon press conference Saturday at Holiday Inn. "I had some local business leaders that had asked me this last spring if I was interested in running for the House seat. At the time, I said I would consider it, but I would need time to consider it. The reason why I'm running is that I have a lot of passionate feelings about state issues that affect government, and a lot of those issues affect local government. Being a county commissioner, I think I can bring a lot of expertise." Property taxes and daylight-saving time should be the main issues early in the campaign, he said. An incumbent District 24 state representative has not been defeated since Democrat Riley Thimlar lost in the late 1960s. Eller said he will have to run well in portions of the district outside Cass County. He said his background in production as a DaimlerChrysler employee and farming should help him relate with voters. "I think that it's a year when people are looking for new alternatives to many of the old issues like property tax and obviously the daylight-saving time issue is still around. I think it's going to be an anti-incumbent year." Eller said he would not have voted in favor of DST had he been in the House because 75 to 80 percent of Hoosiers do not want it. If elected, he said he wants to serve on the House Ways and Means and Transportation Committee. "I think that would be very important for the Hoosier Heartland project," he said. **Primary Status:** *LEANS McCLAIN*

House District 34: Republican: Open. Democrat: Delaware County Democratic Chairman Dennis Tyler. **2002 Results:** Adams (D) 8,134, Bennington (R) 5,362. **2004**

Results: Adams (D) 14,744, Dixon (R) 2,678. **2006 Forecast:** A letter from the family of the late State Rep. Tiny Adams was published in the Muncie Star Press last Tuesday from brother Claude and eldest son Mark, the day Tyler was seated in the House. The letter appeared to suggest that the Adams family would support a primary opponent for the Delaware County Democratic chairman. "Tiny neither liked, trusted or worked with the former chairman unless it would have benefitted Tiny's agenda to serve the citizens of East Central Indiana. Any other impression or statement was and is false. We now have a state representative in District 34 who was self-appointed because he either scared everyone else off or refused their offer to run and take part in the process." Our Muncie sources are telling us that if Republican Delaware County Clerk Karen Wenger gets into this race, this seat could flip Republican. **Primary Status:** *LEANS TYLER*

House District 57: Republican: Shelbyville Councilman Rob Nolley, Shelby County Councilman Sean Eberhart. Democrat: . **2002 Results:** Stine (R) 8,384, Wheeler (D) 5,429, Jester (L) 508. **2004 Results:** Messer (R) 16,004. **2006 Forecast:** Sean Eberhart, president of the Shelby County Council, announced Monday that he is seeking the Indiana State House District 57 seat on the Republican ticket (Shelbyville News). The seat is currently held by Rep. Luke Messer, R-Shelbyville, who announced Dec. 15 that he will not run for another term. Eberhart, 39, will be vying for the Republican nomination, along with Rob Nolley, who announced his intentions on Dec. 16. Nolley currently serves as president of the Shelbyville Common Council. "The state needs to give control back to us locally, not only to city and county governments, but to the schools," Eberhart said in a prepared statement. "Too many times, the state mandates programs but doesn't provide the proper funding and local oversight." Property taxes will be an important issue in the Indiana House this year. "The state continues to rely more and more on property taxes, switching the burden with reassessments and adding and subtracting exemptions," he said. "We need to start moving away from property taxes as a primary source of revenue and shift to a more fair way of paying for government services." **Primary Status:** *TOSSUP.*

House District 64: Republican: State Rep. Troy Woodruff. Democrat: Greg Battles. **2002 Results:** Frenz 10,516, Davis (R) 8,774. **2004 Results:** Woodruff 12,698, Frenz 12,507. **2006 Forecast:** Woodruff said he's disappointed but not surprised that his bill outlawing abortion isn't part of the official caucus agenda. "I don't think there is any other pro-life bill," Woodruff said, adding that measures to further place restrictions on abortions in Indiana don't address the issue head-on. "I'd just as soon get to the heart of the matter (Evansville Courier & Press). "So many elected officials are allowed to say they're pro-life and they never once



cast a vote that really is meaningful in the terms of this bill clearly says there's a ban on abortion." Asked if his bill could cause problems for House Republican fundraising efforts if it doesn't move, Woodruff said he didn't know. "People raise money on the issue and I understand that," he said. "I'm more concerned about the child in the womb, to be quite honest. If I ask somebody to give me money because of this issue, I can go to them with a clean conscience because I can (let) my actions do the talking." **Status:** *LEANS D*

House District 69: Republican: Billy Bright, Brent Mullikin. Democrat: Dave Cheatham. **2002 Results:** Lytle 9,777, Newell 7,678. **2004 Results:** Bright 12,639, Lytle 11,018. **2006 Forecast:** Bright expressed a concern over the health insurance for life program, which he called an "uncomfortable and deceitful" issue (Sanders, Columbus Republic). He said he and his colleagues had been duped into voting in favor of taxpayer-funded lifetime healthcare for Indiana representatives and senators. "(Indiana) legislators are the only people in the country who don't have to go on Medicare," said Bright. He said legislators who have served as little as six years and a day are eligible for the 94-percent coverage, which extends to their spouses, ex-spouses and children under age 22. "This thing can do nothing but mushroom into the most incredible expense," said Bright. He estimated that after 10 years, the coverage could become a billion-dollar cost. "The people don't know about this," he said, adding that the lawmakers who dreamed up the policy had done a "masterful" job of masking it. Bright said a bill is in the works that would rescind the healthcare plan. "We need some humility in the House and Senate," he added. Democrats noted that Bright had signed up for the plan. "I was always taught that you should think twice before you speak once, but apparently that's a lesson Rep. Bright has yet to learn," said Indiana Democratic Party Chair Dan Parker. "Given that he signed up for the plan, we can only assume that Rep. Bright will limit himself to two terms or that he'll be resigning any day now," Parker said. **Status:** *Leans D.*

House District 71: Republican: Open. Democrat: State Rep. Carlene Bottorff, Steven Stemler. **2002 Results:** Bottorff (D) 9,385, Singleton (R) 5,388. **2004 Results:** Bottorff (D) 17,949. **2006 Forecast:** Steven Stemler, the president and owner of The Stemler Corp., announced his candidacy in a written statement. "I believe the 71st District provides the greatest opportunity in the state of Indiana for growth in the foreseeable future," Stemler stated (*News-Tribune*). "This opportunity will require proven leadership; leadership that demands a strong work ethic balanced with fairness to ensure that all citizens of the 71st District have a voice and are represented in Indianapolis. "I have enjoyed listening to a variety of individuals from all walks of life about

the matters that concern them the most. I have spent time listening to senior citizens who are concerned about the rising cost of property taxes and the decay of our moral stance on issues, the single parent attempting to get by while working two jobs, the young person trying to enter the job market. I agree with many of the individuals I have talked with that Southern Indiana is on the brink of great opportunity and our future success depends on our ability to work together and give everyone who wants to participate an opportunity to help shape our future. I intend to extend that opportunity to everyone by a common sense approach of listening to people and then representing them in Indianapolis." Stemler said he would discuss campaign issues in-depth at a later date. "I'm not surprised," said Carlene Bottorff of Stemler's candidacy. "Steve and I had a conversation about this prior to my decision to run for the seat in the caucus." Both before and during last Thursday's caucus, Bottorff had said she would seek the Democrat nomination in May. "I haven't changed my mind on this," she said Saturday. **Primary Status:** *LEANS BOTTORFF*

House District 86: Republican: Kathryn Densborn. Democrat: State Rep. David Orentlicher. **2002 Results:** Orentlicher 9,909, Atterholt (R) 9,872. **2004 Results:** Orentlicher 15,178, Large (R) 13,261, Goldstein (L) 585. **2006 Forecast:** Kathryn Densborn will challenge Orentlicher. Densborn has a B.S. in Marketing and Advertising from the Indiana University Kelley School of Business. She was formerly in charge of communications and development for her church, St. Luke's Catholic Church, where she was responsible for fundraising for the north side parish. Densborn's most recent professional experience was as Public Information Officer and Legislative Liaison for the Indiana Department of Local Government Finance (IDLGF). "My experience with property tax issues at the Department of Local Government Finance has reinforced my belief that government should be available and open to the concerns of average citizens. The residents of House District 86 want state policies that promote quality schools, safe neighborhoods, strong families, and thriving businesses-large and small. They deserve a government that gives them value for their hard earned tax dollars," added Densborn. **Status:** *LEANS D.*

House District 89: Republican: State Rep. Larry Buell. Democrat: Indianapolis Councilwoman Mary Moriarty Adams. **2004 Results:** Buell 15,391. **2006 Forecast:** Adams has not officially entered, by our Democratic sources believe she will. **Status:** *TOSSUP.* ❖



Hill believes 'Daniel' shouldn't be primetime TV

INDIANAPOLIS - NBC's television show "The Book of Daniel" should be moved out of prime time, said former Rep. Baron Hill, D-Ind (Columbus Republic). NBC, however, said that viewers will understand that the show is a work of fiction, and WTHR, the affiliate in Indianapolis, plans to keep airing the show. In a press release, Hill said he has asked NBC affiliates in Indianapolis, Evansville, Louisville and Cincinnati to move the show from its 10 p.m. Friday slot because "the representation of family life and values are not consistent with the moral and ethical standards of our community." The show stars Aidan Quinn as an Episcopalian priest whose conversations with Jesus help him with family problems, church politics and a reliance on painkillers, according to TV.com. The show premiered with a two-hour episode at 9 p.m. Friday and is scheduled to air weekly at 10 p.m. Fridays.



Bayh asks Delphi to pull pay package

WASHINGTON, DC - U.S. Sen. Evan Bayh today sent a letter to Steve Miller, the Chairman and CEO of the Delphi Corporation, urging him to take a proposed pay package for Delphi executives off the table during the company's reorganization following its bankruptcy declaration. "Circumstances, like that of your company, and decency require that the highly paid not seek to enrich themselves on the backs of middle class working families," Senator Bayh wrote in his letter. "In that spirit, I urge you to take the current incentive plan for

Delphi's executives off the table."

Bauer's speech reaction focuses on lost jobs

INDIANAPOLIS - Gov. Mitch Daniels used his 2006 State of the State speech to make a lot of promises about Indiana's future, but Indiana House Democrat Leader B. Patrick Bauer from South Bend warned Hoosiers that the governor's record demonstrates his words must be taken with a huge grain of salt. "Indiana has lost 7,000 jobs since Mitch Daniels took office," Bauer said. "Since his number one job as our state's chief executive is creating jobs, where are the benefits he promised? Rather than creating jobs, this governor has appeared to focus on laying off workers and sending their jobs out of state and overseas." Bauer said there were ample reasons to worry about many of the programs announced in the governor's speech. "We agree that we must improve Indiana's infrastructure, which is why we supported the program of Garvee bonding that will enable the state to use future federal proceeds to float bonds for major highway and bridge projects," Bauer said. "We are not yet willing to commit to a program that sells the Indiana Toll Road to private investors, mostly from foreign countries, and we are not in favor of a program that will lead to large toll increases. We also are worried that this administration will use the power of eminent domain - especially in the Interstate 69 project - to take private property from one owner and give it to another. "Always remember that private investors are in business to make a profit," he added. "If they cannot make a profit, they will look to increase fees or lay off personnel. In a state where 7,000 people have lost their jobs over the past year, I do not believe we should be advancing proposals that will put more Hoosiers out of work." Bauer said

House Democrats agree with the governor that money needs to go into Indiana's classrooms, but he wished the administration had demonstrated the same commitment last year when it championed the passage of a state budget that cut state support for many school corporations statewide. "Last year, the governor slashed dollars that were going to the classroom," Bauer noted. "What has he done to fix that problem? We have yet to hear his solution."

Villalpando accuses Judge Cantrell of fraud

CROWN POINT - Federal, state and county officials have opened investigations into allegations by Lake Superior Court Judge Jesse Villalpando that Judge Julie Cantrell has engaged in widespread, systematic malfeasance during the past several years on the bench (Post-Tribune). Villalpando, facing a re-election fight from two candidates connected to Cantrell and her father, political powerbroker Robert Cantrell, also contends in roughly 1,000 pages of correspondence and supporting documentation that the Cantrell family attempted to enlist him to participate in fraudulent money-making schemes through his court.

ISTEP bill moves in House

INDIANAPOLIS - Hoosier children came closer to taking mandatory statewide exams in the spring on Wednesday -- but not before opponents blasted the proposal to reschedule tests now taken in the fall (Hupp, *Indianapolis Star*). "What this bill really is about to us is spending more money on testing," Dan Clark, deputy director of the state's largest teachers union, said at the House Education Committee meeting. House Bill 1240, which committee members approved 8-4. ❖