



Daniels, Pence lead Power 50

White House, budget, Tea Party, new maps, new Members shape 2011 list

By **BRIAN A. HOWEY**

INDIANAPOLIS - This is the 13th Howey Politics Indiana Power 50 list and this year's edition finds a confluence of presidential politics, budget making, new maps, an aggressive reform agenda in the legislature and changed nearly half the Congressional delegation.

There is a huge freshman class in the Indiana House and key players in the 2012 gubernatorial race have yet to be determined.

There is also the Tea Party challenge to Sen. Dick Lugar and Carmel Mayor James Brainard.

These are the elements that drive this list. It is drawn up as a forecast as to who will be in an influential position to drive the key events of the coming year. We de-



Gov. Mitch Daniels greets a member of the Indiana Chinese Society in January. He may find himself playing on a worldwide stage soon. (HPI Photo by Tim Grimes)

played the list - normally it's published during the first week in January - but Mike Pence's decision on whether to run for governor or seek the presidency gave us pause.

Pence announced last week that he is coming home to conduct a three-month listening tour and left open the possibility to returning for a sixth term in Congress.

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Questions about 2012

By **JACK COLWELL**

SOUTH BEND - With analysis of the 2010 election finally concluded, questions abound now about prospects of the candidates of '12.



Q. Who will be the next governor of Indiana?

A. Probably Mike Pence.

Q. He's that Republican congressman who was talked about for president. Is he now running for governor?

A. Yes, almost certainly. Pence represents the 6th District in the eastern part of Indiana. Some influential Republicans on the national scene urged



“As Republicans we believe in the free market. We believe in competition in the marketplace. The competition in Republicanism is equally important.”

- Treasurer Richard Mourdock in challenging Sen. Dick Lugar



Howey Politics Indiana

is a non-partisan newsletter based in Indianapolis and published on the campus of Franklin College. It was founded in 1994 in Fort Wayne.

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Subscriptions

\$350 annually HPI Weekly
\$550 annually HPI Weekly and HPI Daily Wire.
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him to run for president. He finally said "no."

Q. And announced for governor?

A. No announcement yet. But he resigned from a powerful congressional leadership post, House Republican Conference chairman. He didn't do that to come back home to practice law or sell real estate. All speculation was that he would leave the House to run for president or governor. Ain't president. That leaves governor.

Q. You say he'll win for governor?

A. I said "probably." Can't know for sure now how he'll do in '12. But Pence, with political skills, speaking ability and a pleasant demeanor, could breeze to the Republican nomination and go into the fall election with momentum in a Republican-leaning state.

Q. Could some Democrat beat Pence?

A. Sure. Evan Bayh would have a good chance. But he isn't running. Pence rejected Republican pleas to challenge Bayh for the Senate last year, only to find too late that Bayh wasn't seeking re-election. Bayh isn't

in the way now, and Democrats have no obvious choice. That's why - right now - it appears that Pence "probably" will be the next governor.

Q. Mitch Daniels gonna run for president?

A. He already is, in the sense of doing and saying the right things to stay in the presidential picture. His credentials are as good as or better than others mentioned for the GOP presidential nomination. Whether Daniels actually goes on the ballot in Iowa and New Hampshire is another matter. If he gets sufficient support, he will.

Q. Can Mitch get to the White House?

A. Sure. He's been there many times. Knows the location well. Held key posts with Presidents Ronald Reagan and George W. Bush.

Q. Get there as president?

A. He's a long-shot. Still, there's no clear favorite for the Republican nomination. Many Republican leaders seek an alternative to Sarah Palin, seen as a divisive candidate who might win primaries but couldn't win in the fall. Daniels is known as a bright guy who doesn't spout divisive rhetoric or say scary things.



Q. Mitch could make it?

A. As I said, he's a long-shot. So, once, was Barack Obama. Even if Mitch can't get the presidential nomination, an impressive effort could put Daniels in position for the vice presidential nomination or a Cabinet post in some future Republican administration.

Q. Does Congressman Joe Donnelly want to run for governor?

A. No.

Q. Isn't he looking at it?

A. Some Democrats around the state are encouraging Donnelly to look at governor. He wants, however, to continue in Congress. He won impressively amid a Republican hurricane and a deluge of dollars in outside money targeted against him last fall. He would be favored for re-election in '12 in his present district. But he isn't going to run in his present district.

Q. Donnelly is moving out of the 2nd District?

A. No. But of course upcoming Republican gerrymandering could move his residence out of the district, like the last Democratic gerrymander moved Republican Chris Chocola out of the 2nd. That's unlikely, but the 2nd could be drawn to draw Donnelly right out of Congress.

Q. How?

A. Well, LaPorte County, his best in vote percentage, could be taken out. Kosciusko County, one of the most Republican counties in the state, could be added. Kokomo, added in Democratic gerrymandering, is sure to go. Republican portions of Elkhart County now in the 3rd District could be added. Donnelly could decide, rather than run into a stone wall in an impossible district, to run instead for governor, where chances would be at least somewhat better. Or for senator. Democrats want a strong Senate candidate this time, just in case the Tea Party upsets Sen. Dick Lugar in the Republican primary and some Hoosier version of Christine O'Donnell becomes the GOP nominee. ❖

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

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But having given up his Republican Conference Chair, it is almost a forgone conclusion that he will be the party's gubernatorial nominee.

The decision in the coming weeks of Gov. Daniels and the presidential race will also go a long way toward determining the dynamics of Indiana politics this year.

1. Gov. Mitch Daniels:

He holds the next big decision on the Indiana political scene: Will he seek the presidency? He has acknowledged that a decision needs to come soon, after he watched the "Draft Mitch" scenario partially eclipsed by the "Draft Pence" movement that nearly circumvented a pre-arranged succession. Daniels is poised for his most profound legislative session where he is pushing education and local government reform that he hopes will sling-shot him into the presidential orbit. With a 60-40 Republican majority in the House and a 37-vote super majority in the Indiana Senate, Daniels will have the votes to satisfy most

of his agenda. While the state is in much better financial shape than almost any other in the nation, the jobless rate is still 9.5 percent and personal income - one of his early goals - lags in what is gradually becoming a post-manufacturing era. Daniels has the bonafides to make a presidential

run. He is a straight-shooter when it comes to the financial perils facing the nation. We're not sure that Republican primary voters - many who want the red meat social issues he has called for a "truce" - are ready for a tough Daniels reality lesson. Politico has already tabbed him as the choice for the "elitists" in the GOP. We believe the critical element to a presidential bid remains the governor's family and the various privacy and personal space issues that confront any serious presidential contender. But Daniels has campaign assets standing by and momentum assets with circles of the Bush dynasty that would like to see him run. Watch for clues when he addresses CPAC at 7:30 p.m. Friday at the Reagan dinner. And make no mistake, all key political and public policy avenues run through the brainpan of the most powerful Indiana governor in a generation. We await what kind of topping comes on his successful



U.S. Rep. Mike Pence talks to the press on Jan. 28 in Pendleton a day after passing on the presidential race. (HPI Photo by Brian A. Howey)



governorship.

2. U.S. Rep. Mike Pence: The five-term congressman is now on a "listening" tour that will come in front of his gubernatorial announcement in mid-Spring. It comes after a two-month dalliance with a potential 2012 presidential bid that brought him in direct competition with Gov. Daniels. We don't have on the record sourcing for his, but here's what I think happened over the past several months. Up through this fall, the Daniels administration had almost an ambivalent attitude toward his successor. That began to change some in the last half or quarter of the year as Pence continued to burnish his conservative credentials in Congress, then barnstormed Indiana to enthusiastic crowds bolstering Hoosier congressional and legislative candidates. It became clear that Pence not only had his base of social conservatives, but was palatable to the Tea Party movement that threatens to engulf Sen. Lugar. Pence is also palatable with the Daniels country club set, though some will squirm at his consistent faith-on-the-sleeve rhetoric. And his name ID and public persona completely eclipsed Daniels' loyal lieutenant, Becky Skillman, who just didn't do the kind of things an LG needs to do to become the inevitable heir apparent. Pence probably had to gulp hard to turn down Dick Armey, Jim Ryun and the Club for Growth guys on the presidential run. But to make that race would have eclipsed the most powerful modern Indiana governor who had paved the way for his ascension to the Statehouse. By running for governor, Pence can plug several holes - executive experience - and will be the early favorite, perhaps heavy favorite, depending on who the Democrats coalesce around in the 2012 gubernatorial race. If the economic foundation Daniels has spent six years laying in Indiana brings morning to the amber waves of grain, Pence's presidential ambitions could sprout for 2016 or 2020.

3. U.S. Sen. Richard Lugar: Indiana's senior senator will be facing his most intense race since he lost to Sen. Birch Bayh in 1974. That was a race he might have won had not events beyond his control - Watergate, the Nixon resignation, the Ford pardon, the Ford "WIN" campaign - intervened to deliver a 5 percent loss to Bayh. The Tea Party is laying the blueprint for Lugar's defeat and

when you talk to legislators from rural areas of the state, there are many Republicans who believe that Lugar has crossed over into the evil liberal camp. While Indiana has seen epic political upsets this decade as Bart Peterson, Bob Garton and Larry Borst will attest, and the fact that Evan Bayh retired instead of risking defeat, the thread for those first three names on the list was a lack of understanding the threat until it was too late. The Lugar machine fully understands the threat and is taking substantive steps to counter. The Lugar campaign sent a mailer - "A Commonsense Plan for the Future" - featuring Lugar's Ripon Magazine article to 500,000 Hoosier Republicans. They

have responded with close to 10,000 ballot signatures and close to \$500,000. Lugar can draw on strength from more urban, internationalist Republicans, while the Tea Party attracts social conservatives, isolationists (tracing roots back to Sen. William Jenner and the John Birch Society) and those who would rather confront President Obama as opposed to trying to work with him toward the center. The events in Egypt the past two weeks (and potentially Saudi Arabia) only underscore the Churchillian warnings Lugar has consistently issued on energy and national security fronts and will bolster his reelection bid. The Lugar campaign will work to reengage his broad but declining GOP base, then move into the large independent pool not attracted to the Tea Party dogma. At this writing, Lugar has positioned himself in a mode where he can survive, but might see his Tea Party opponent poll well into the 30th percentile. It

will be fascinating to see if the Lugar machine can engineer a multiple candidate primary to dilute the Tea Party vote, or whether it will move decisively into the independent pool. Our analysis is that Lugar has the assets to survive a Tea Party challenge.

4. House Speaker Brian Bosma: He is at the apex of his career with a 60-member majority, a vast fundraising network, and a growing reputation for transparency. Had Pence decided to seek the presidency, Bosma would have been at the top of our list as a gubernatorial favorite and may end up there sometime in the next decade. His move to appoint Democratic Reps. Chet Dobis and Steve



Sen. Lugar at the Russian Foreign Ministry in Moscow, August 2007. (HPI Photo by Brian A. Howey)



Stemler was a shrewd one and a vigorous display of bipartisanship. Bosma has been adroit in recent years at balancing the social conservatives in his caucus with the economic wing. He now has a 20-member freshman class which will inevitably produce some of the legislative leaders of the future. As with Gov. Daniels, this particular session gives Bosma the opportunity to burnish his reform credentials.

5. Senate President David Long: The Fort Wayne Republican is adroitly keeping together an evolving caucus that is much more conservative than when he replaced Bob Garton. His handling of Sen. Delph is instructive. He brought in the ambitious Carmel senator into leadership and has effectively co-opted his energy to further legislation. He is balancing the older moderates and the younger conservatives. He could be a potential governor someday. Not one

for caucus binds and with the luxury of a 37-member super majority, Long can allow members to stray from the GOP Senate herd. His greatest challenges also involve majorities; working to help House Republicans from overplaying their hand and Senate Democrats so they don't appear or feel treated to be irrelevant in the process.

6. U.S. Rep. Joe Donnelly: The third-term Democrat is the party's best chance at denying Mike Pence the Indiana governorship. Donnelly (pictured, left, in Kokomo), who once ran unsuccessfully for the Indiana state Senate in the 1980s, is a pragmatic Blue Dog Democrat, pro-life and represents one of the true competitive districts in the state. He entered Congress by defeating U.S. Rep. Chris Chocola, a wealthy agri-businessman who now heads the influential conservative

Club for Growth. He is warmly received by Democrats from across the state and gets high marks from Republicans. He was an ardent voice for labor during the near meltdown of Chrysler and General Motors. Donnelly is personable, engages well in retail politics and hasn't been afraid to buck his own party, whether it was his opposition to Cap-and-Trade legislation to his vote against Speaker Pelosi last month. Donnelly would prefer to seek reelection in the 2nd CD, but will look at the gubernatorial and U.S. Senate races in 2012 if he feels the new 2nd CD is stacked against him.

After the GOP wave in 2010, there is a reason that Donnelly is the first Democrat on this list. He has the brightest future.

7. Indianapolis Mayor Greg Ballard: The first-term mayor has been an unconventional politician, riding an anti-tax wave into a shocking upset of Mayor Bart Peterson in 2007. He is now the top target of Indiana

Democrats, who see recapturing the largest city hall as a big part of the party's comeback. Ballard will be pressed on crime and the conduct of his police force. But he was able to land the 2012 Super Bowl, which will generate a great deal of attention as his election closes in. He has kept the city finances in the black in the era of property tax caps and has been innovative - if not controversial - on utility deals that have generated cash for public works projects that will be highlighted during his reelection campaign. The key will be whether Ballard can define himself and whether he can extend his public persona as an unpolitician who doesn't throw mud.

8. Melina Kennedy: The former deputy mayor is attempting to make history in becoming the first female to be elected to lead a major Indiana city. Her credentials come in economic development and she will play up her portfolio on that front while attacking Ballard on job loss and public safety issues. She will also contend that Ballard reneged on a promise to rescind the income tax increase her administration pushed for in 2007 (and which led to its defeat). That could be a tricky strategy. Kennedy stands to benefit from shifting demographics that is turning Indianapolis into a Democratic city. She lost by 5 percent to Prosecutor Carl Brizzi in 2006. This will be one of those races where on paper the challenger appears to have



Indianapolis Mayor Greg Ballard at a January ribbon cutting with Gov. Daniels. (HPI Photo by Tim Grimes)





enough mojo to pull off a victory. But it will ultimately come down to the caliber of campaigns the two candidates run.

9. Sen. Sue Landske and Rep. Eric Koch: Once a decade the legislative map makers rise on the Power 50. This year it is Landske and Koch, who head the Senate and House Elections Committees. Certainly Speaker Bosma and President Long will play a major role in how the maps are drawn, but it will be Landske and Koch who preside over the nuts and bolts of the maps that will lay the foundation for Congressional and legislative seats over the next five election cycles.

10. Supt. Tony Bennett: The superintendent has become an agent of change. This goes back to 2008 when Gov. Daniels helped push long-time Supt. Suellen Reed into retirement and elevated Bennett as a partner on his top priority: Reforming Indiana public education. Bennett has been a tireless, good-natured advocate, establishing a statewide dialogue with supporters and detractors, teachers and administrators. With bulging GOP majorities in the Legislature, most of the reforms will pass. The key question is how far will these Republican majorities let them go. And the fascinating dynamic on the education reform front is that Bennett and Daniels can draw cover from union activists and Democratic legislators by pointing to the same types of reforms that President Obama and Sec. Arne Duncan are pushing at the federal level.

11. Ways & Means Chairman Jeff Espich: This is a biennial budget year and Espich will be the architect of the most important constitutional function that commences in the House. He faces a deficit somewhere in the \$800 million to \$1.2 billion range. Gov. Daniels and Speaker Bosma are on the record saying there will be no general tax increases. So Espich has perhaps his toughest budget to craft.

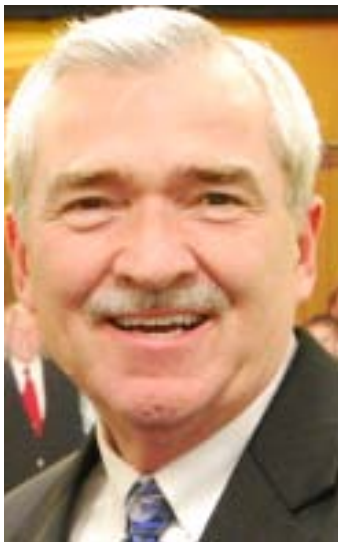
12. Evansville Mayor Jonathan Weinzapfel: The two-term Evansville mayor currently is deliberating on whether to run for governor. We see a likely candidacy. Two years ago Weinzapfel was in the catbird seat when it came to 2012. But there have been several big missteps over secretly rescinding the Vanderburgh County homestead tax, which raised taxes on 40,000 homes, and how he has handled the new downtown stadium and the economic development commission. Political and

newspaper sources questioned whether Weinzapfel could have won a third term. Despite these drawbacks, Weinzapfel is young, telegenic, has served in the Indiana House where he almost became speaker, and has powerful friends in the party, like former speaker John Gregg. Without the homestead tax fiasco, Weinzapfel would have been where Donnelly is on this list. How he handles that issue and whether he can render it moot, whether he can unveil an innovative vision for the state will go a long way in determining his statewide viability. If Donnelly decides to return to Congress, Weinzapfel could be the man.

13. State Sen. Mike Delph and Treasurer Richard Mourdock: Mourdock will officially announce his campaign to challenge Sen. Lugar on Feb. 22. Delph will

take a look at the Senate race, but many see him as the potential heir to his mentor, U.S. Rep. Dan Burton. If Burton retires, it will be Delph who gets his imprimatur. Delph is poised to play a major role in immigration reform legislation as well as the education and local government reforms he has championed. Delph has displayed an uncanny ability to spot career openings (that's how he got to the Indiana Senate) after his unsuccessful 2002 secretary of state floor fight. Mourdock has courted the Tea Party movement and comes off a 1 million vote reelection victory in 2010. He is known for his on-the-stump history lessons. But Mourdock lost a convention floor fight for secretary of state in 2002 before aligning himself for state treasurer in 2006. His controversial opposition to the Chrysler-Fiat merger on fiduciary grounds won him accolades from the Tea Party and Gov. Daniels. But he will find himself on the opposite side of the two most powerful Republicans in modern times. Of the two potential Lugar challengers, Mourdock may be better situated to get the Tea Party nod, though that may be a pyrrhic victory.

14. Fort Wayne Mayor Tom Henry: The first term Democrat just announced for a second term and our early analysis is he will be tough to beat. Henry has steered Fort Wayne through the advent of the property tax cap era, the city finances are in the black, and he has presided over the execution of a downtown renaissance which, while not painless (i.e. the Harrison Square project) has moved Indiana's second largest city into a new era.



Sen. Delph confers with Rep. Stutzman in Columbia City last June (top photo). Fort Wayne Mayor Tom Henry will be seeking a second term.



He will face either Republicans Eric Doden, Councilwoman Liz Brown and former Allen County Councilwoman Paula Hughes. Henry raised \$312,395 in 2010 and has more than \$550,000 cash on hand.

15. State Sen. Luke Kenley: He heads the influential Senate Appropriations Committee and that places Kenley at the confluence of budget making. Kenley doesn't just know the numbers, he understands the numbers. If there is heavy legislative lifting to do in the Senate, the bill likely has Kenley's name or fingerprints on it.

16. House Minority Leader B. Patrick Bauer: The venerable South Bend Democrat returns to the loyal opposition with just enough troops (40) to pull off a walk out over Right to Work legislation if he can convince Chairmen Stemler and Dobis along with reform minded Democrats that it's the only way to deny crimping the party's labor base. Bauer will also try to mitigate the damage "fair" reapportionment maps will do to his caucus. But House Democrats as we know them are in atrophy. Not only did he lose such veterans as Bob Bischoff, Paul Robertson and Russ Stilwell in 2010, but Bill Crawford is retiring (the party will hold on to his seat) and Reps. Ryan Dvorak (South Bend), Dennis Tyler (Muncie) and Craig Fry (Mishawaka) are running mayoral campaigns.



House Minority Leader B. Patrick Bauer could lead a walkout. (HPI Photo by Brian A. Howey)

17. Marty Morris: The man behind the curtain in Lugar World is faced with the senator's first intra-party challenge since the early 1970s. And while other Hoosier titans have gone down to defeat, they were caught unawares of the threat until it was too late. Morris will ensure this does not happen to Sen. Lugar. The chief of staff pioneered many of the voter files and data bases within the GOP. Morris is poised to spread the field, raise the money and engage support beyond Republican circles to ensure what will likely be a final term for Sen. Lugar. Many believe that the senior senator is vulnerable and while there is some truth to that, we wouldn't want to bet against the political acumen of Marty Morris.

18. U.S. Sen. Dan Coats: Indiana's junior sena-

tor has completed a remarkable comeback. He entered the 2010 GOP Senate race less than two weeks before Sen. Evan Bayh pulled out. He battled through a five-way Republican race, split the Tea Party factions, then cruised to a victory over Rep. Brad Ellsworth in large part due to a national Republican tidal wave. Coats is expected to reengage on familiar issues such as the line item veto, and balanced budget amendment, and intelligence reforms. He is an ardent foe of "Obamacare" but appears sincere when he advocates a "repeal and replace" strategy.

19. Republican Chairman Eric Holcomb: The new Republican chairman will keep the Indiana GOP from civil war during a potential divisive Tea Party challenge to Sen. Lugar and the potential ascension of Gov. Daniels to the presidential scene where he has access to the Republican National Committee and the Republican Governor's Association. He is tight with the new GOP Chairman Reince Priebus. Holcomb is extremely popular in GOP circles (he was elected by unanimous vote) and has been a constant political force within the most successful gubernatorial administration since Doc Bowen's.

20. U.S. Rep. Pete Visclosky: The dean of the Indiana Democratic congressional delegation has been bloodied by campaign finance allegations that swirled around him. He avoided indictment, but is no longer the appropriations force he once was. While he has taken a political/power hit, it comes at a time when his magnificent Marquette lakefront plan is beginning to take shape and that will be a beautiful legacy to leave behind.

21. U.S. Rep. Dan Burton: He is the most vulnerable Member. Burton survived a six-man primary challenge by winning a mere 29 percent of the vote while out-distancing Luke Messer by only 2,200 votes. Burton watched a serious erosion of support from district office-holders and party chairs and there is no guarantee the ones he did have will stay in his corner or that he can win back those who defected. Nor can he expect the divided field to save him in 2012 as there will be a concerted effort to do what the Tea Party is attempting to do with Lugar and that is to coalesce around one challenger. Once the new maps are forged in April, Burton will have to weigh retirement and anointing a successor, or face one election too many.

22. U.S. Rep. Marlin Stutzman: The Republican freshman is the first on this section of the list because in replacing U.S. Rep. Mark Souder right after the election, he got an 80-seat head start on seniority. He also represents the solidly Republican 3rd CD and that is not likely to change significantly in the redistricting.

23. U.S. Rep. Todd Rokita: The former secretary of state is at the top of the freshman caucus ranks and resides in a safe Republican district. But that will likely change after the new "fair" maps are drawn. We



await potential ironies if Rokita is drawn out of his own district on the criteria he established during his "Rethinking Redistricting" campaign.

24. U.S. Rep.

Todd Young: He reclaimed the 9th CD for just the second time in 40 years. He certainly will be on a Democratic target list in 2012 when he will defend the seat. But Young displayed tenacity and fund-raising prowess in winning a brutal primary and then the general by a double digit margin. It was impressive politics.

25. U.S. Rep. Larry Bucshon: He ended up with McIntosh-style breaks in 2010 when the incumbent exited just before filing deadline and he surfed the GOP tsunami into Congress. If Brad Ellsworth decides to seek his old seat, this could set up the race that was supposed to be in 2012. Bucshon will be interesting to watch if Republicans are really serious about repealing the Affordable Care Act and replacing it with the free market ideas he talked about in the campaign.

26. Hammond Mayor Thomas McDermott Jr.: The Lake County Democratic chairman is facing an intense primary challenge in May as former Lake County sheriff Roy Dominguez has dispatched a lieutenant to settle old scores. If McDermott survives and defends city hall in November, he will be a potential running mate on the Democratic gubernatorial ticket in 2012. And McDermott coming out favoring the school choice legislation in the House is an example of Democrats following the lead of President Obama and not Rep. Bauer.

27. Budget Director Adam Horst: This is a budget year and he's the new director, replacing the savvy Ryan Kitchell last year. When it comes to the critical numbers, Horst will supply the commentary.

28. State Sen. Brandt Hershman: His stock dropped some following a poorly executed run to replace U.S. Rep. Steve Buyer and an unsuccessful attempt to salvage Indiana's Unemployment Insurance Trust Fund. But as chairman of the Senate Tax and Fiscal Policy Committee, nothing related to tax policy moves without his agreement. If his name is on a bill, you pay attention.

29. Attorney General Greg Zoeller: He has played a conspicuous role in challenging the Affordable Care Act as Indiana is one of 26 states to challenge the new



Hoosier freshmen join U.S. Rep. Mike Pence. They include (from left) Marlin Stutzman, Todd Young (next to Pence), Todd Rokita, and Larry Bucshon.

health reforms. He has also picked up the mantle of his predecessor - Steve Carter - on the no call list, extending it to cell phones.

30. Carmel Mayor Jim Brainard:

The mayor has given Central Indiana an arts jewel in the \$126 million Palladium, which opened last month to rave reviews. Now

he has to defend the cost of that along with the Keystone Parkway (which we love) before Republican primary voters in May. The Tea Party has taken an interest in his defeat, so this will be one of the most interesting mayoral primary battles this spring.

31. Indiana Democratic Chairman Dan

Parker: He's been at the helm of the party since 2005 and will probably stay on until after the General Assembly draws the new maps. Keep an eye on Jim Schellinger and Tim Jeffers as potential successors.

32. State Rep. Ed DeLaney: This Indianapolis Democrat is becoming increasingly influential within his caucus and beyond. He is one of the more prominent Democrats to push for local government reform, though he is skeptical on the push for education reform, and will be a stalwart opponent of the Right to Work legislation, as he made clear on the first day of the session.

33. U.S. Rep. Andre Carson: The Indianapolis Democrat is back in the minority caucus. Whether the new maps make his district more competitive will be one of the intriguing political questions of 2011.

34. Lt. Gov. Becky Skillman: While Skillman is still influential in legislative circles, the fact that she declined to seek the governorship means she is facing a power decline.

35. Earl Goode: Since he replaced Harry Gonso in 2006, he has become one of the longest serving governor chief-of-staffs in modern Indiana times. Given the power of Gov. Daniels, that is an influential post.

36. Betsy Burdick: As deputy chief of staff for Gov. Daniels, she is a key gatekeeper and enforcer for the governor.

37. Lawren Mills: Arguably the most active legislative director for Gov. Daniels since the late John Okeson



adroitly handled that post in 2006, Mills is also the governor's senior health care policy adviser in this, the era of "Obamacare." And she not only runs a social blog, but she's the granddaughter of the late legendary L. Keith Bulen.

38. Sate Reps. Chet Dobis and Steve Stemler:

These are the two House Democrats that Speaker Bosma elevated to committee chairs dealing with small business and commerce as well as government reform in an attempt to break the partisanship in a chamber where the GOP has a 60-40 advantage. What will be interesting is whether Dobis and Stemler will support a walkout if Bauer feels the Right to Work legislation is going too far. And if these chairs don't walk, how many minority caucus members might stay with them? And are they in a position to deliver things Bauer cannot? No one knows for sure, but it could be one of the more interesting chapters in this legislative session.

39. Marion County Democratic Chairman Ed Treacy:

Terry Curry won the Marion County prosecutor's race in large part because of 20,000 straight party ticket votes and that is a tribute to his prowess as chairman of the state's largest Democratic party. He now has his sights set on Mayor Greg Ballard and helping Melina Kennedy reclaim the top spot and make history.



Marion County Democratic Chairman Ed Treacy with State Chairman Dan Parker (HPI Photo)

40. Evan Bayh:

The former senator becomes what his successor was, a Washington lobbyist. Bayh will remain extremely influential in Indiana Democratic circles and many expect that once the twins graduate from high school, he could be back as a future gubernatorial candidate.

41. Chris Chocola: The former Indiana Republican congressman now heads the influential conservative Club for Growth and could play a significant role in the coming U.S. Senate race here in Indiana as well as the 2012 presidential race.

42. Senate Majority Leader Connie Lawson:

She will be a major force behind the local government reforms. Given the reaction from legislators at the State of the State address, she has her work cut out. Reform bills are expected to come out of the Senate and Bosma has promised hearings and votes in the House.

43. Kokomo Mayor Greg Goodnight: The first term Democrat has steered the City of Firsts through a

treacherous economy that threatened to emaciate the city's auto manufacturing base. He has cut the city employee force, operated under budget, started a new bus service and has ignited discussions about government consolidation. He has yet to draw a top-tier Republican challenger. Goodnight doesn't appear to be interested in a 2012 gubernatorial run, but he will certainly be on many LG short lists when it comes time to forge a ticket.

44. Howard County Republican Chairman Craig Dunn:

He has become one of the more influential Republican chairs and played a significant role in the 2010 Battle for the House where he helped oust State Rep. Ron Herrell. He also backed Rep. Burton and that backing may have saved the congressman. It will be interesting to see whether Dunn takes a new course in the next Congressional race.

45. Chamber President Kevin Brinegar and IMA President Pat Kiely:

Brinegar is pushing the Right to Work legislation that could galvanize Democrats into a walk out. Brinegar is also pushing the local government reforms. Kiely one of the most influential and steady voices in the Statehouse.

46. ISTA President

Nate Schellenberger and AFL-CIO

Nancy Guyott: Labor is clearly under the gun this session and these two figures are picking up the defense. Schellenberger is trying to slow down and mitigate the education reforms that are poised for passage and Guyott will be a key labor voice on opposing Right to Work and the Unemployment Insurance issue.

47. State Sen. Ed Charbon-

neau: He has become one of the quiet movers and shakers. His business, health care and legal background coupled with his community commitment makes him the predictable backup in several policy areas. Currently, he is tasked with writing the school funding formula, which amounts to about half of the state budget. Should he stay in the Senate, it will be no surprise if he is tapped someday as chair of a major committee dealing with fiscal, commerce, education or health matters.

48. John Gregg: If Gregg wanted to be the next Democratic gubernatorial nominee it might be his for the asking. He is extremely popular in party circles and will play a significant role in determining who the next nominee will be. Currently he is backing Mayor Weinzapful, but many Democrats we've talked with aren't buying the notion he's not interested.

49. Brad Ellsworth: The former 8th CD congressman is being urged to run for governor and would be a for-



midible candidate against Rep. Bucshon is he decides to go that route and try to reclaim one of the congressional districts the Democrats lost in 2010.

50. Luke Messer: The Shelbyville Republican and former state representative came within an eye lash of defeating Rep. Dan Burton in 2010 despite the crowded challenger field. He followed up that loss by joining Fred Klipsch in raising more than \$1 million to fund House Republican races and is now pushing the education reform agenda. When it comes time to draw new 5th CD maps, his voice will be louder in the House caucus than that of Rep. Burton and a rematch is likely. The key question for Messer is whether he can winnow the challenger field and whether Sen. Delph decides to seek the 5th CD if Burton retires.



Will the Ellsworth/Bucshon 8th CD race take place in 2012? Or will he run for governor? (HPI Photo by Steve Dickerson)

HONORABLE MENTIONS (from HPI readers)

House Freshmen Class: We resisted the gimmicky urge to shine the spotlight on any one member of this class (as we once did with Rep. Peggy Welch, which caused her some embarrassment several years ago) because it's too early to determine which freshman might be on a leadership track. But this class is a potential political force, particularly if they emerge as a voting bloc, and there are indications this is happening. We fully expect by next year's list some of these members will join the Power 50.

Paul Helmke: The former Fort Wayne mayor heads the Brady Group, which is pushing for a curb on ammo clips and will be in the news following the assassination attempt on U.S. Rep. Gabby Giffords.

Senate Minority Leader Vi Simpson: Her caucus is shrinking, but she might take a look at the 2012 gubernatorial race.

Commerce Secretary Mitch Roob: Despite being the architect of the failed FSSA privatization debacle, the Governor gave him a \$20k promotion and has stood lockstep with him even as his job creation numbers are questioned by WTHR-TV. He doesn't appear to have the development talents of his well-liked predecessors Nate Feltman or Micky Mauer but he has a Svengali-like hold on the Governor who defends Roob at every turn. That's clout!

Russ Simnick: When Simnick became President of the Indiana Public Charter School Association a few years ago, the Democrats were trying to use the budget process to legislate charter schools out of existence. He

was able to help defeat that effort. Since that time, he's been building a strong grass roots network, raising money, and piecing together the type of support necessary for charter schools. In less than two years from charter schools possibly being eliminated, Simnick is working on a major overhaul of charter school law that has the Speaker as primary author.

David Stippler: Utility Consumer Counselor, was appointed under a utility-friendly Governor, Stippler has still been an aggressive advocate for consumer interests as his job requires. He's stood by his staff recommendations and kept his integrity intact during the round of recent scandals and can wear the derision of now-ousted and discredited IURC chairman David Hardy as a badge of honor.

Robin Winston: The former Democratic chairman and his partner, Pat Terrell, have a solid network of party regulars thankful to them for their continuing efforts to build the party. Winston also has ties into the Obama administration and is one of the few Hoosier Democrats able to call the White House and get a call returned.

Curt Smith: His ties extend from Sen. Coats to Rep. Bucshon to Mike Pence. He is an influential player inside the social conservative movement.

Bill Smith: Congressman Pence's chief of staff is a key gatekeeper.

Phil Lehmkuhler: This former aide to Sen. Bayh re-wrote the book on waging a discreet campaign for a top administration appointment. Now head of the USDA in Indiana, Lehmkuhler was able to move the White House to make the appointment in just a few months, which looks Herculean in light of the almost glacial pace of other Obama presidential appointments.

St. Joseph County Democratic Chairman Butch Morgan: The St. Joseph County Democratic Chairman will play a major role as the party tries to coalesce around a gubernatorial challenger this summer.

Vanderburgh County Democratic Chairman Mark Owen: He's at the nexus of potential gubernatorial candidacies of Mayor Weinzapfel and former congressman Brad Ellsworth and will have a significant role in the next 8th CD nominee.

Jennifer Hallowell: She will employ her vast campaign acumen to help Mayor Ballard survive.

Jeff Papa: Senate President Long's chief of staff and chief counsel is incredibly powerful behind the scenes, though he goes out of his way to avoid the spotlight.

Baron Hill: The former congressman could end up



with an Obama administration appointment.

POWER ANNEX

These are future candidates; trusted media reporters, editorial writers and columnists; staffers who represent their bosses as well as the public; and influential lobbyists who help shape public policy. Any of these people could find themselves in a future Power 50 List.

Top 2011 Candidate Watch List

- Muncie Mayor Sharon McShurley
- Terre Haute Mayor Duke Bennett
- Jeffersonville Mayor Tom Galligan
- Bloomington Mayor Mark Kruzan
- Gary Mayor Rudy Clay
- East Chicago Mayor Anthony Copeland
- State Rep. Dennis Tyler (D, Muncie mayoral)
- Commissioner Rick Davis (D, Evansville mayoral)
- Commissioner Lloyd Winnecke, (R, Evansville mayoral)
- State Rep. Ryan Dvorak (D, South Bend mayoral)
- Peter Buttigieg (D, South Bend mayoral)
- State Rep. Craig Fry (D, Mishawaka mayoral)
- John Hamilton (D, Bloomington mayoral)
- Ragen Hatcher (D, Gary mayoral)
- Karen Freeman-Wilson (D, Gary mayoral)
- John Accetturto (R, Carmel mayoral)
- Irv Stumler (D, New Albany mayoral)
- Fred Nation, (D, Terre Haute mayoral)
- Councilwoman Liz Brown (R, Fort Wayne mayoral)
- Eric Doden (R, Fort Wayne mayoral)
- Paula Hughes (R, Fort Wayne mayoral)
- Councilman Jeff Gahan (D, New Albany mayoral)
- Rob Waiz (R, Jeffersonville mayoral)
- Richard Medina (D, East Chicago mayoral)

2012 Candidate Watch List

- Don Bates, Jr. (6th CD)
- David McIntosh (6th CD)
- Jackie Walorski (2nd CD)

News Media

- Eric Bradner, Evansville Courier & Press
- Greg Garrison, WIBC-FM
- Kevin Rader, WTHR-TV
- Bob Segall, WTHR-TV
- Jim Shella, WISH-TV
- Amos Brown, Radio One & Indianapolis Recorder
- Matt Tully, Indianapolis Star
- Mary Beth Schneider, Indianapolis Star
- Jack Colwell, South Bend Tribune
- Kevin Allen, South Bend Tribune
- Niki Kelly, Fort Wayne Journal Gazette
- Eric Berman, WIBC-FM

- Doug Ross, Times of Northwest Indiana
- Bill Dolan, Times of Northwest Indiana
- Abdul Hakim Shabazz, WXNT
- Marianne Holland, Indiana Public Radio
- Rich James, Post-Tribune

Lobbyists

- Chip Garver, Baker & Daniels
- Paul Mannweiler, Bose Associates
- Lisa Kobe, Duke Energy
- Dan Seitz, Bose Associates
- Joe Loftus, Barnes & Thornburg
- Bob Grand, Barnes & Thornburg
- Jim Purucker, John Frick Associates
- John Livengood, Indiana Restaurant Association
- Gretchen Gutman, Ball State University
- Dennis Faulkenberg, Appian
- Matt Greller, IACT
- Steve Key, Hoosier State Press Association
- Jim Newland Jr., NiSource
- Mark Lawrance, Indiana Chamber
- Jeff Brantley, Indiana Chamber
- Cam Carter, Indiana Chamber
- Brian Burton, Indiana Manufacturers Assn.
- Grant Monahan, Indiana Retail Council
- Bob Kraft, Indiana Farm Bureau
- Karl Berron, Indiana Association of Realtors
- John Hammond III, IceMiller
- Bob Kuzman, IceMiller
- Bill Moreau Jr., Barnes & Thornburg
- Lacy Johnson, IceMiller
- Mark Shublack, IceMiller
- Ed Roberts, Indiana Manufacturers Association
- Kelly Wagner, ISTA
- Rick Wajda, Indiana Builders Association
- Stan Pinegar, Indiana Energy Association
- George Fleetwood, AT&T

Staffers

- Scott Minier, Senate Majority Caucus
- Joel Elliott, Rep. Donnelly chief of staff
- Trevor Foughty, Rep. Young
- John Schorg, House Democrats

Party Chairs and Committees

- Jamey Noel, R, Clark County
- Keith Clock, D, Hamilton County
- Tony Long, D, 8th CD
- Mike Jones, D, 9th CD
- Kyle Walker, R, Marion County
- Steve Shine, R, Allen County
- Dean Boerste, Democratic Central Committee
- Dee Dee Benkie, Republican National Committee ❖



A narrative on the Daniels Pence presidential dance

By **BRIAN A. HOWEY**

PENDLETON, Ind. - Things are beginning to sort out at the executive level of Indiana Republican politics. Mike Pence is coming home to run for governor. Becky Skillman is going home to Bedford after her term ends in 2012. Mitch Daniels might run for president.

The principal subjects aren't talking much, so I'm left to piece together a narrative, so here goes.



Gov. Daniels had gone from chastising Hoosier reporters ("No, no, no, no, nooooo") about a potential White House bid, to an explosion of opinion pieces in the Wall Street Journal and stories and interviews in the Weekly Standard and the New York Times (which his staff made sure Indiana media received copies). Part of

the Daniels strategy is a nationalized version of the "Draft Mitch" movement that took place as a prelude to his 2004 victory.

This was progressing nicely through the last half of 2010. He raised more than a million bucks to forge an Indiana House majority and is now pushing an education/local government reform agenda in the General Assembly. Legislative success could then sling-shot him into a national orbit next May.

Congressman Pence was seen as his logical heir apparent. He barnstormed across the state on behalf of legislative and Congressional candidates last fall, resigned the No. 3 position among U.S. House Republicans the day after they retook the majority, and talked about how his heart was more at home along the Flatrock River, as opposed to the Potomac.

During this period we saw Skillman's chief of staff Chris Crabtree migrate to Pence. Essentially, the path to a mostly uncontested GOP gubernatorial nomination was cleared.

In December, Skillman announced she was not going to run for governor, citing "minor health reasons." A number of Republican sources tell me that Skillman tried to put together a gubernatorial campaign - including a December fundraising spurt that did not find much traction - but was denied access to governor's donor list. Unlike other modern lieutenant governors, Skillman did not have the Commerce portfolio, which Robert Orr and Frank O'Bannon used to play in economic development circles and make job announcements on their way to succeeding Govs. Doc Bowen and Evan Bayh. I don't know who or where, but

some how the message was delivered to Skillman: you won't have Mitch Daniels' endorsement in the 2012 gubernatorial race.

That Pence's attention was diverted into the very presidential arena that Daniels was eyeing had to bring great consternation to the governor. We saw Daniels install his deputy chief of staff - Eric Holcomb - as GOP state chair to keep that store in order not only on the gubernatorial front, but also the pending challenge to his patron, Sen. Lugar, who is facing a Tea Party assault. Holcomb had run Daniels's 2008 reelection campaign and many figured he'd be a key figure in a presidential race, but a manager was needed on the home front.

By early January, the congressman caught the presidential bug and for about a month, there was a heavy flirtation between social conservatives who realized that Sarah Palin and Mike Huckabee were extremely flawed and would be mauled by President Obama in the general, and Pence, the former radio talk show host who had become the clarion voice of the Obama loyal opposition.

I would have loved to have heard the back channel conversations between the Pence and Daniels teams during this period. The two met face-to-face on Jan. 18 in Daniels' office before Pence addressed both the Indiana House and Senate. Pence probably had to gulp hard to turn down Dick Armey, Jim Ryun and the Club for Growth guys on the presidential run, which he viewed as a historic calling. But to make that race would have eclipsed the most powerful modern Indiana governor who had paved the way for his ascension to the Statehouse.

Why would Pence do that when voices across America were begging him to run.

Several theories. Pence could have had a U.S. Senate seat had he decided to take on Sen. Evan Bayh a year ago. He declined, then watched Bayh retire and Dan Coats step back into the arena. So now he was faced with a sure thing after a big missed opportunity.

Pence has no executive experience and key supporters were telling him that a stint as Indiana governor would fill in that hole nicely. But he's giving up not only the presidency, but the veepstakes as well.

He can bow to Daniels, knowing that defeating a sitting president is a long shot - only Gerald Ford, Jimmy Carter and George H.W. Bush have lost reelections since World War II. Now Pence can burnish his executive cred and wait for 2016 or 2020.

As for Daniels, watch his speech this coming Friday evening before the CPAC Ronald Reagan banquet. The governor told the Times of Northwest Indiana, "I think I have got to make up my mind fairly soon. I don't think that I've waited too long, but I believe I should come to some decision."

Daniels, not Pence, now has the shot for the two



White House slots.

Publisher's Note: Lt. Gov. Becky Skillman's communications director, Jay Kenworthy, after a profanity-laced voice mail, stated, "No one – including Gov. Daniels or any of his inner circle – ever gave the Lt. Governor an

indication that he would not endorse her. The two had discussed her candidacy a number of times and she in fact believes the governor would have given her all the help she needed." Kenworthy said the Skillman campaign had never asked for the governor's donor list. ❖

Partisan attacks begin on education reforms

By **LUKE MESSER**

INDIANAPOLIS - Cold winter weather slowed legislative progress this week in the Statehouse, but sadly, heated partisan rhetoric has begun to dominate Indiana's education reform debate.



The State Teacher's Union has been firing off hot grassroots emails for weeks. Education reform bills have been moving out of committee with nary a whisper of a single Democratic vote. And, in a recent flyer for an ISTA rally, Democratic State Representative, Scott Pelath decried, "[t]he debate is not about how we will run our public schools. It is whether we will have public education. We must fight NOW. If it

is not now, it may never be again!"

Ironically, Indiana's General Assembly may be the only place in America where this discussion is breaking down along party lines.

For months, our nation has debated the merits of the movie *Waiting for Superman*, which chronicles the challenges facing young people in America's public schools. The movie was directed by Oscar winning documentarian & liberal filmmaker Davis Guggenheim (who also directed Al Gore's global warming film *An Inconvenient Truth*.) Among other things, the movie highlights the heroic reform efforts of former Democratic Chancellor of Washington D.C. public schools, Michelle Rhee, and the challenges she faced dealing with the entrenched teacher's union in that city.

Both President Obama and his education head, Arnie Duncan, have championed aggressive reforms for charter schools. The president has also pushed for a "professionalization" of the teaching industry -- where "master teachers" are offered more opportunities and better pay.

Most impressively, the President has acknowledged it will take more than money to improve our schools. In an interview last fall with NBC's Matt Lauer, President Obama stated, "[w]e can't spend our way out of it. I think that when you look at the statistics, the fact is that our per-pupil spending has gone up during the last couple of decades even as results have gone down."

Last week, GOP House Speaker John Boehner and independent (former Democratic) Sen. Joe Lieberman introduced legislation to revive DC's school voucher program (currently serving more than 1000 students.) Boehner expressed hope the bill could spark bipartisan education reform developed with the Obama administration.

Politics aside, the biggest event of recent months occurred in a suburban Ohio courtroom, where Kelley Williams-Bolar was convicted of felonies for falsifying records to get her kids into a better school district. Ms. Williams-Bolar is a single African-American mother who was going to college and working as a teaching assistant when she was indicted in November 2009. She had no prior criminal record.

In defending the decision to bring felony charges, the county prosecutor stated: "[t]here are many single mothers and families in similar situations who want the best for their children who are not breaking the law. In fact, dozens of other similar cases in recent years have been resolved at the parent level prior to prosecution because they either removed their children from the school district, paid tuition or moved into the school district. Ms. Williams-Bolar was the only case that could not be resolved at the parent level because she would not acknowledge that she did anything wrong and she refused to cooperate in any way."

Remarkably, the Akron Beacon Journal reported that from 2005 through 2011, the Copley-Fairlawn School District formally confronted 48 families whose children were illegally attending its schools. Of those families, 29 were African-American and 15 were Caucasian.

The sad truth is that Akron is not unique. All across America, too many parents find their children locked into schools with little chance to learn. Left with few real options, parents do what they have to do to give their child a better opportunity.

There has to be a better way.

Some have called Williams-Bolar the Rosa Parks of our time. Time will tell the true historical implications of her actions. But, at a minimum, her conviction has sparked a national debate that is inconvenient for defenders of the status quo.

We can do better. Children should not have their educational opportunities limited by their zip code. Outside of the Indiana Statehouse, leaders from both political parties know it. ❖

Messer is a former Republican state representative.



An ObamaCare appeal

By MITCH DANIELS

INDIANAPOLIS - Unless you're in favor of a fully nationalized health-care system, the president's health-care reform law is a massive mistake. It will amplify all the big drivers of overconsumption and excessive pricing: "Why not, it's free?" reimbursement; "The more I do, the more I get" provider payment; and all the defensive medicine the trial bar's ingenuity can generate.

All claims made for it were false. It will add trillions to the federal deficit. It will lead to a de facto government takeover of health care faster than most people realize, and as millions of Americans are added to the Medicaid rolls and millions more employees (including, watch for this, workers of bankrupt state governments) are dumped into the new exchanges.

Many of us governors are hoping for either a judicial or legislative rescue from this impending disaster, and recent court decisions suggest there's a chance of that. But we can't count on a miracle—that's only permitted in Washington policy making. We have no choice but to prepare for the very real possibility that the law takes effect in 2014.

For state governments, the bill presents huge new costs, as we are required to enroll 15 million to 20 million more people in our Medicaid systems. In Indiana, our independent actuaries have pegged the price to state taxpayers at \$2.6 billion to \$3 billion over the next 10 years. This is a huge burden for our state, and yet another incremental expenditure the law's authors declined to account for truthfully.

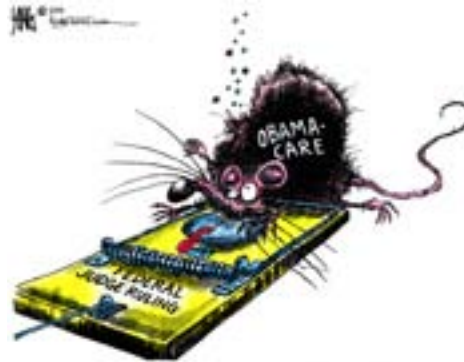
Perhaps worse, the law expects to conscript the states as its agents in its takeover of health care. It assumes that we will set up and operate its new insurance "exchanges" for it, using our current welfare apparatuses to do the numbingly complex work of figuring out who is eligible for its subsidies, how much each person or family is eligible for, redetermining this eligibility regularly, and more. Then, we are supposed to oversee all the insurance plans in the exchanges for compliance with Washington's dictates about terms and prices.

The default option if any state declines to participate is for the federal government to operate an exchange directly. Which got me thinking: If the new law is not repealed by 2013, what could be done to reshape it in the direction of freedom and genuine cost control?

I have written to Kathleen Sebelius, secretary of Health and Services (HHS), saying that if her department

wants Indiana to run its program for it, we will do so under the following conditions:

- We are given the flexibility to decide which insurers are permitted to offer their products.
- All the law's expensive benefit mandates are waived, so that our citizens aren't forced to buy benefits they don't need and have a range of choice that includes more affordable plans.
- The law's provisions discriminating against consumer-driven plans, such as health savings accounts, are waived.



- We are given the freedom to move Medicaid beneficiaries into the exchange, or to utilize new approaches to the traditional program, instead of herding hundreds of thousands more people into today's broken Medicaid system.

- Our state is reimbursed the true, full cost of the administrative burden to be imposed upon us, based on the estimate of an auditor independent of HHS.

- A trustworthy projection is commissioned, by a research organization independent of the department, of how many people are likely to wind up in the exchange, given

the large incentives for employers to save money by off-loading their workers.

Obviously, this is a very different system than the one the legislation intends. Health care would be much more affordable, minus all the mandates, and plus the consumer consciousness that comes with health savings accounts and their kin. Customer choice would be dramatically enhanced by the state's ability to allow more insurers to participate and offer consumer-driven plans. Through greater flexibility in the management of Medicaid, the state might be able to reduce substantially the hidden tax increase that forced expansion of the program will impose.

Most fundamentally, the system we are proposing requires Washington to abandon most of the command-and-control aspects of the law as written. It steers away from nanny-state paternalism by assuming, recognizing and reinforcing the dignity of all our citizens and their right to make health care's highly personal decisions for themselves.

So why would Ms. Sebelius and HHS agree to this de facto rewrite of their treasured accomplishment? A glance at the recent fiasco of high-risk pools provides the answer. When a majority of states, including Indiana, declined to participate in setting up these pools, which cover those with high-cost, existing conditions, the task fell to HHS. As widely reported, it went poorly, with costs far above predictions and only a tiny fraction of the expected population signing up.

If the feds can't manage this little project, what



should we expect if they attempt it on a scale hundreds of times larger and more complex? If it were only Indiana asking, I have no doubt that HHS would ignore us. But Indiana is not alone. So far, 21 states—including Pennsylvania, Texas and Louisiana—have signed the same letter. We represent more than 115 million Americans. Washington’s attempt to set up eligibility and exchange bureaucracies in all these places would invite a first-rate operational catas-

trophe.

If there’s to be a train wreck, we governors would rather be spectators than conductors. But if the federal government is willing to reroute the train to a different, more productive track, we are here to help. ❖

Daniels is the governor of Indiana. This op-ed was published in today’s Wall Street Journal.

Hoosier jobs deficit stands at 260,000 people

By **MORTON J. MARCUS**

INDIANAPOLIS - Hoosier employment deficit stands at 260,000 persons



Morton Marcus
Column

Last week’s column brought three spirits to my desk. First was the Spirit of Humanity, upset because I described the recession and recovery using numbers instead of people and concepts. Next came the Spirit of Pertinence, indignant because my measure was compensation rather than jobs. Finally, the Spirit of Place fired a shot at my state-by-state analysis which ignored the diversity among Indiana’s metropolitan areas.

To me, defective as I am, numbers offer specificity about people and concepts without the sentimentality of anecdote. To me, money is the issue. Few persons labor for the glory of being employed; most people work for money. When they do not work, they have less to spend and less joy enters the homes of merchants. Thus, the first two spirits were told where they could go, and they left.

The third spirit hit its target and this column is devoted to Indiana’s 16 metropolitan areas. I have no data, however, on compensation and will discuss instead the number of persons employed.

Hoosiers with jobs at the end of 2010 totaled 260,000 fewer than four years earlier. That’s the number necessary to regain the high ground we occupied before the recession. Those 260,000 equal an 8 percent work deficit. Bloomington’s metro area has a deficit of just 4 percent while Elkhart struggles under a 23 percent deficit.

As the number of job-holders declined statewide, the number of persons unemployed increased by 136,000 (92 percent higher than at the end of 2006). In Evansville’s metro area, the number unemployed grew by a relatively modest 69 percent compared to the 123 percent increase in Columbus.

How could 260,000 persons lose employment and only 136,000 become unemployed? The answer is: 124,000 Hoosiers left the labor force. Returning to pre-recession conditions demands, not only reducing the numbers unemployed, it means re-attracting those who have moved on to other activities (retirement, living out-of state, returning to school, or just sitting on the sidelines).

In Elkhart’s metro area, nearly three-quarters of those no longer employed left the labor force. In South Bend and Kokomo, the figure stands at 65 percent. Why are these numbers so high? It is not because of unemployment insurance. If you are not in the labor force, you cannot get unemployment compensation. By contrast, in Lafayette and Indianapolis-Carmel, just a third of the job losers left the labor force while in the Terre Haute and Jeffersonville-New Albany areas the figure was 42 percent.

High rates of abandoning the labor force could be evidence of workers anticipating few job opportunities in the near future. Lower rates of labor force departures (just 9 percent in Bloomington) may indicate more optimism about employment opportunities.

Leaving the labor force because of low expectations is called a discouraged worker effect. It could be a knowledge effect because the worker has rational expectations of the job market and knows when to sit out and wait. The U.S. Bureau of Labor Statistics counts a person as discouraged if they are capable and willing to work, but have not looked for work during the last four weeks.

To see what this behavior means in terms of the unemployment rate, add the number unemployed in 2010 to the labor force leavers (2006 to 2010) and divide by the 2006 labor force. Thus, we get a new Indiana unemployment rate of 12.6 percent compared to the official 9.1 percent for December 2010. In the Elkhart metro area, this new unemployment rate skyrockets to 26.7 percent from 12.8 percent. Evansville climbs from a moderate 7.8 percent to 11.1 percent. Fort Wayne rises from 9.3 percent to 14.4 percent and the Gary area from 9.5 percent to 13.3 percent.

If numbers like these were being passed around, perhaps the unemployment situation would be taken more seriously by the business and community leaders who seem satisfied with our steady, but relaxed economic progress. ❖



Doug Ross, Times of Northwest Indiana: It's difficult to think of the desert when you're in the deep freeze, surrounded by massive piles of snow and ice, but you should. Unfortunately, what's happening in and near Egypt's desert isn't going to give you warm thoughts, although BP's Whiting Refinery might. In fact, you should get chills just thinking about what's happening in Egypt and its implications for the rest of the region -- and the prices you pay for energy and other oil-based products. Egypt isn't a big oil-producing state, with only about 1 percent of the world's oil production. But it controls the Suez Canal, through which about 5 percent of the world's oil tankers travel. Even more important, Egypt could be just the tip of the iceberg. Gal Luft, executive director of the Institute for the Analysis of Global Security, wrote Thursday for the Washington Post's Politico website that Egypt's unrest could spread to Saudi Arabia. That could be disastrous for U.S. energy consumers. As Luft put it, "Saudi Arabia not only is the world's largest exporter, it also holds 70 percent of the world's spare production capacity. In other words, Saudi Arabia is the oil market's only firefighter, capable of supplying the market when others falter. But if the fire station is on fire, there will be no one to save the neighborhood." U.S. Sen. Dick Lugar, U.S. Reps. Pete Visclosky and Joe Donnelly, among others, have been making the point for years that energy security is tantamount to national security. Relying heavily on foreign oil is dangerous, as the current unrest in Egypt shows. ❖

Rich James, Post-Tribune: If you are sick of the commercials and political talk surrounding the Chicago mayoral election, you aren't alone. If I hear one more time that Rahm Emanuel is a big man even though he isn't 6 feet tall, I'm going to scream. There are no Democrats or Republicans or Libertarians or Independents. Nope, just politicians who want to be mayor. The election is later this month, and if someone gets 51 percent of the vote, he or she is the mayor. If no one gets a simple majority, the top two vote-getters will meet in a runoff election in April. The city went to this system in 1995 to help prevent the election of another Harold Washington if the same type of situation (vacancy in office) developed. He was a very nice man, but a pretty lousy mayor and the city suffered as a result. I like the nonpartisan election for a couple of reasons. And they would be good in some cases in Lake County — especially where the Democrats rule. For one, the nonpartisan system prevents someone from winning a crowded Democratic primary with less than 50 percent of the votes, and then going on to swamp the Republican candidate in the fall. It somehow doesn't seem right to have less than 50 percent of the voters elect a mayor. ❖



Gary Gerard, Warsaw Times-Union: It will be interesting to see how the U.S. Supreme Court will rule with regard to the individual mandate to buy health insurance as part of Obamacare. So far, lower courts have ruled twice in favor and twice against the mandate. The mandate forces individuals to buy health insurance. If you don't buy it, you will be fined. See, the government needs the money. The idea is that for Obamacare to work, healthy young people need to buy into the program. Right now, lots of healthy young people don't bother getting health insurance. Money from those people is needed to offset the costs of treating older sick people. First, let's examine a little political tidbit regarding this issue. Question - Who said the following? "If a mandate was the solution, we can try that to solve homelessness by mandating everybody to buy a house." Answer - That was then-senator Barack Obama during the 2008 presidential primary campaign when he strongly opposed the individual mandate as part of any health care plan. Back then, Obama campaigned on that one key difference between his plan and his opponent Hillary Clinton's plan. Obama wasn't going to force anybody to buy insurance. But Congressional Democrats eventually included the mandate in the bill that was signed into law in March. Since then, Obama and his administration have staunchly defended the mandate, noting that it is the cornerstone necessary to the whole structure of Obamacare. ❖

Matt Tully, Indianapolis Star: It's always interesting to talk to politicians who find ways to win elections in those years when their party takes a full-scale drubbing, and when just about everything is stacked against them. U.S. Rep. Joe Donnelly was perhaps 2010's best example of that. While Democrats across Indiana and the nation lost elections big and small, Donnelly emerged with a narrow victory in one of the nation's truest congressional swing districts. Few other Democrats who battled in such competitive districts survived the GOP wave in November. In fact, many Blue Dogs such as Donnelly are now on the outside of Capitol Hill looking in. All of that helps explain why Donnelly is seen by many as the Indiana Democrat with the best chance of staging a successful campaign for statewide office in the coming years, and why the three-term congressman is contemplating a run for either governor or U.S. Senate in 2012. Republicans worked hard to tie him to national Democrats, focusing most squarely on his vote for the new federal health-care law, but Donnelly's long-established connection to his district, and his undeniable status as an independent thinker in D.C., helped him squeak by. "My job is to hit the ball up the middle," he said. "To make sure I'm serving everyone." ❖