



# The imminent arrival of Obamacare

### Oct. 1 exchange coming as Obama, states gird for change and consequences

By **BRIAN A. HOWEY**

INDIANAPOLIS – In a policy sense, it's bigger than a Mack truck, an aircraft carrier, the Pentagon, and maybe even the Grand Canyon or Rhode Island. Obamacare is coming! Obamacare is coming!

If you're a Democrat, you're looking over your shoulder heading into the 2014 Affordable Care Act installation (and mid-term elections) and pointing out that people with pre-existing conditions will be covered, there will no longer be annual limits for coverage received, and that college kids can stay on their parents' plan until age 27.

As President Obama said earlier this month, "The main message I want to give to the American people here, despite all of the cries about the sky is falling, if you already have health insurance, then that part of Obamacare that affects you, it's pretty much already in place. And



that's about 85% of the country. This is to help the 10%-15% of the American public who are not lucky enough to have health insurance."

If you're a Republican, Obamacare is the Moore, Oklahoma, tornado. It is the political sound of a thousand screeching freight trains, an abomination that is keeping jobless rates unacceptably high as uncertain employers

**Continued on page 4**

# Our corruption culture

By **BRIAN A. HOWEY**

INDIANAPOLIS – In the past few months, we've watched former St. Joseph County Democratic Chairman Butch Morgan and Jennings County Democratic operative Mike Marshall convicted of elections law felonies, former Marion County deputy prosecutor David Wyser plead guilty to bribery, Lake County Surveyor George Van Til indicted, Lake County Coroner Thomas Philpot convicted and jailed for public corruption, Hammond Councilman Al Salinas plead guilty to a \$10,000 bribery, former Indianapolis Councilman Paul



**"I had been on the road for two years before finally getting to come home and I thought, why not keep going?"**

- John Gregg, telling Harrison County Democrats he will seek rematch in 2016



## Howey Politics Indiana

is a non-partisan newsletter based in Indianapolis and Nashville, Ind. It was founded in 1994 in Fort Wayne.

It is published by  
**WWWHowey Media, LLC**  
**405 Massachusetts Ave.,**  
**Suite 300**  
**Indianapolis, IN 46204**

**Brian A. Howey**, Publisher  
**Mark Schoeff Jr.**, Washington  
**Jack E. Howey**, Editor  
**Matthew Butler**, Daily Wire

## Subscriptions

\$599 annually  
Ray Volpe, Account Manager  
☎ 317.602.3620  
email: [HoweyInfo@gmail.com](mailto:HoweyInfo@gmail.com)

## Contact HPI

[www.howeypolitics.com](http://www.howeypolitics.com)  
[bhowey2@gmail.com](mailto:bhowey2@gmail.com)  
☎ Howey's Cabin: 812.988.6520  
☎ Howey's cell: 317.506.0883  
☎ Washington: 202-256-5822  
☎ Business Office: 317.602.3620

© 2013, Howey Politics Indiana. All rights reserved. Photocopying, Internet forwarding, faxing or reproducing in any form, whole or part, is a violation of federal law without permission from the publisher. ❖

Bateman Jr. sentenced to 27 months on a fraud charge, and Gary Councilwoman Marilyn Krusas agree to plead guilty to tax evasion.

On Tuesday, FBI agents hauled away boxes from the Indianapolis City-County Building in an investigation of the Indy Land Bank, with assistant administrator Reggie Walton arrested along with four others.

And the rampant speculation is that Wyser will "roll" on former Marion County Prosecutor Carl Brizzi, who has been linked to the same bribery case that netted Wyser, as well as an Elkhart building deal that brought acquittals to a former business associate.

It echoes an assessment made by author John Bartlow Martin in his 1947 book "Indiana: An Interpretation," where he observed that "Indiana had lost its way" in the 1940s and 1950s, with just about every week bringing news of a new corruption case, indictment or sentencing of a public official.

In addition to all the activity over the past month, in recent years, we've watched the conviction of Republican Secretary of State Charlie White on felonious election law violations, and Republican Indianapolis Councilman Lincoln Ploughman convicted in 2011 of bribery and attempted extortion charges. There also were Democrat East Chicago Mayor George Pabey, Democrat Calumet Township Trustee Dozier Allen Jr., former Democratic Congresswoman and Gary Clerk Katie Hall and her daughter, Junifer, all on public corruption charges.

Add in the dozen or so cases

every year of theft and misappropriated funds by township trustees and small town clerk-treasurers and you find officials who fail to recognize that the State Board of Accounts routinely scrounges up missing and misappropriated funds.

The good news here is that



Southern Indiana District Attorney Joe Hogsett (left) and Northern DA David Capp are probing city halls and county seats.

beyond Charlie White's hapless crimes, the Indiana Statehouse has - apparently - kept on the straight and narrow.

The most potentially sensational case involves Republicans Wyser and, perhaps, Brizzi. Wyser pled guilty to accepting a \$2,500 campaign donation, with Southern District Attorney Joe Hogsett calling it "a quid pro quo" for agreeing to a sentence reduction for an Indianapolis woman convicted of killing her husband. The incident occurred in 2009, while Wyser was working as Brizzi's chief deputy prosecutor and testing the waters as a GOP candidate for prosecutor in Hamilton County.

Hogsett told the press that Wyser agreed to plead guilty and would fully cooperate with federal investigators. "These charges are making some in this community uncomfortable," Hogsett told the press. "Good. They should be uncomfortable."

Conservative blogger and gossip-monger Abdul-Hakim Shabazz



suggested that Wyser may not have “the goods” on Brizzi. “The campaign contributions to Brizzi came long before Paula Willoughby, the woman whose sentence was modified, came on the scene per se,” Shabazz wrote in his gossip publication “The Cheat Sheet.”

“So did Wyser cut a deal by throwing Brizzi under the bus and promising Hogsett more than he can deliver?” Shabazz asked.

Time, Hogsett and, perhaps, a jury, will tell.

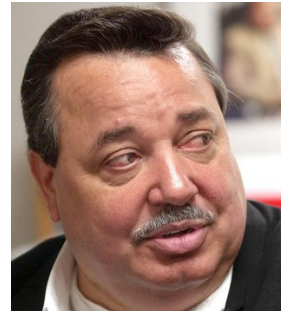
Or as Brizzi, who has denied any wrongdoing, told the media during the recent Paul Page/John Bales probe and trial, “People can say whatever they say. There’s nothing that I or anyone else can do about that situation. Everything still has to be proved, right?”

Page, an Indianapolis attorney, pleaded guilty to wire fraud; Bales, a land developer, was acquitted.

In watching this parade of convictions, indictments and probes, it’s worth noting that the rogue behavior afflicts both major political parties. It appears to be concentrated – at least for now – at city halls and county seats. And if you’re a public official, the cold hard fact is that officials –from the SBA to DAs Hogsett and David Capp – are watching what former Elkhart Truth police reporter David Schreiber used to call the “four categories of crime: Greed and gross greed; stupidity and gross stupidity.”

Public service is a bad place to seek riches and cut corners on elections.

In April 2011, Hogsett announced the formation of the Public Corruption Working Group. “This coordinated effort is historic, in terms of both the number of law enforcement agencies involved and as to the singular focus on such an important issue – the



**Convicted public officials include (from top) Indianapolis Councilman Lincoln Ploughman, Gary Councilwoman Marilyn Krusas, Marion County deputy prosecutor David Wyser, Lake County Coroner Thomas Philpot, Hammond Councilman Alfonso Salinas, Indianapolis Councilman Paul Bateman Jr., East Chicago Mayor George Pabey, and St. Joseph County Democratic Chairman Butch Morgan**

integrity of our public offices and officeholders,” Hogsett said. Working Group members include officers and agents from federal and state law enforcement agencies, Federal Bureau of Investigation, Indiana State Police, Internal Revenue Service, Department of Labor, Department of Housing and Urban Development, Department of Health and Human Services, U.S. Postal Service, Department of Transportation, and U.S. Secret Service.

“Our message has been consistent but bears repeating: It doesn’t matter what your politics are or who you know,” Hogsett noted. “If you violate the public trust, this working group will find you, will investigate you, and the U.S. attorney’s office will then prosecute you to the fullest extent of the law. Very often, public corruption prosecutions can be traced back to one anonymous tip. We encourage anyone with knowledge of such behavior to contact the working group through this hotline.”

That hotline number is: (317) 229-2443.

Capp, who started his career in 1985 with Northern DA Jim Richmond’s Operation Lights Out, was also part of successor Joseph Van Bokkelen’s Operation Restore Integrity that helped end the East Chicago political dynasty of Mayor Robert Pastrick, though he avoided criminal charges.

“Our office will continue to vigorously pursue public corruption,” Capp said.

While the Central Scrutinizer has afixed its harsh light on the Obama administration, here in Indiana, a culture of corruption also emerges. ❖

**Howey is publisher of Howey Politics Indiana.**



## Obamacare, from page 1

refuse to expand. To the Tea Party, it is "socialism" as the federal government takes over one-sixth of the economy.

"Employers can't afford ObamaCare's mandates and penalties," said U.S. Rep. Luke Messer as the House voted on a repeal last week. "They're scaling back the hours of their employees as a result." U.S. Rep. Jackie Walorski called it a "train wreck." U.S. Rep. Todd Rokita went further, noting some Democrats are calling it a "huge train wreck."

They were responding to Senate Finance Committee Chairman Max Baucus, D- MT., and an architect and supporter of the ACA, who voiced his concerns about the implementation of the health exchanges – the centerpiece of Obamacare scheduled to go live on Oct. 1 – saying that he sees "a huge train wreck coming." Baucus has opted not to seek reelection in 2014.

U.S. Rep. Susan Brooks, in calling it a "failed policy," added, "The President's health care law is bad for hardworking Americans and our economy. It lowers the quality of care across the board with more tax increases that simply fund more government with bigger bureaucracies. Across the nation, it unfairly targets some of our most vulnerable citizens by putting Medicare at risk for seniors and drastically raising premiums on young people entering the job market."

One HPI source, who administers a 700-employee retirement center, had considered allowing his employees to go on to the exchange. He has since decided to provide insurance. "It's the new normal," he said, adding that the cost increases will be passed on to consumers. "Costs are going to go up," he said. He added that it is the smaller 40 to 50 employee businesses that are caught in a bind of uncertainty, fines and expenses related to Obamacare.

These Republican comments came last week as the House voted for the 37th time to repeal Obamacare, prompting thoughts of Albert Einstein's observation that "doing the same thing over and over again and expecting different results" is a definition of insanity.

What Republicans don't talk about is the historic missed opportunity the party had for six years between

2001 and 2007, with President George W. Bush in the White House and GOP majorities in Congress. All of the health care problems that Doc Bowen and President Reagan found in 1986 and attempted to address in 1988, that First Lady Hillary Clinton tried to fix in 1993 - the bankruptcies after catastrophic illnesses, people denied coverage due to pre-existing conditions, the skyrocketing premiums for families and businesses - were all there and festering.



**President Obama signed the ACA into law on March 23, 2010. He would defy conventional wisdom and win reelection with 53% while Democrats twice maintained control of the U.S. Senate.**

Republicans, instead, marched off to two Asian wars that cost \$1 trillion, and opted for the largest entitlement expansion since the Great Society with Bush's 2004 Medicare drug plan.

Into this gaping void came Obamacare.

The Republican rhetoric since March 2010 when the Affordable Care Act passed and was signed by President Obama, affirms the new law as a political millstone. It fueled the rise of the Tea Party. But something stunning happened in the intervening two years: President Obama was

reelected with 53 percent of the vote. And here in Indiana, Democrat Rep. Joe Donnelly not only won reelection in 2010 despite voting yea, but ended up in the U.S. Senate in 2012 despite his opponent constantly raising the specter of an Obamacare disaster. There is no "U.S. Sen. Richard Mourdock" in Washington today.

Conventional wisdom surrounding Obamacare is risky politics.

The emerging reality is that Obamacare is poised for a series of new mileposts in the coming seven months, on its way to full implementation on Jan. 1, 2014. The Obama administration is scrambling to install insurance "exchanges" in all but 16 states and the District of Columbia, including one in Indiana. Much of the general public doesn't realize that Obamacare is still on the books, even though there is an Oct. 1 opening for individuals and small businesses to buy insurance on these exchanges.

And millions of Americans and businesses who don't buy insurance will face fines for not doing so. Many younger, healthy individuals will opt to pay a \$95 fine, but what will the political impact of such a penalty be? And if that young person becomes sick or is injured, and then opts in due to new pre-existing conditions regulations, what is the fiduciary impact on the exchange?

Also on Jan. 1, 2014, if your employer doesn't offer insurance, you will be able to buy it directly in the Health Insurance Marketplace. Individuals and small businesses



can buy affordable and qualified health benefit plans in this new transparent and competitive insurance marketplace. Many employers HPI has talked with are considering paying the fine and letting employees go into the exchange.

As one health industry source told HPI on background, "We are not sure the feds have the capacity to run the exchanges. It will create a lot of confusion in the marketplace."

Indeed, Obamacare has created a smorgasbord of plans. In our neighborhood, Gov. Mike Pence has opted to put Indiana in a federally operated exchange. Kentucky will run its own exchange. Ohio has opted for a hybrid of the two, partnering with the feds.

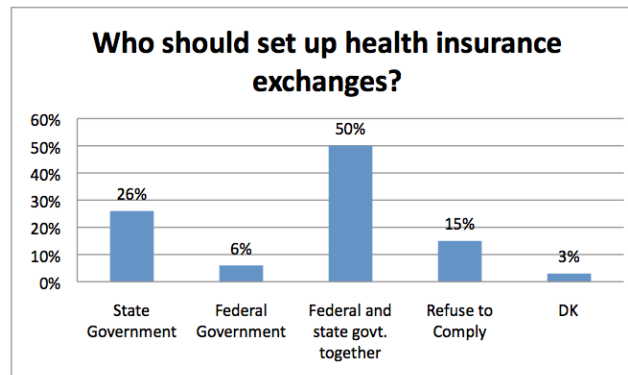
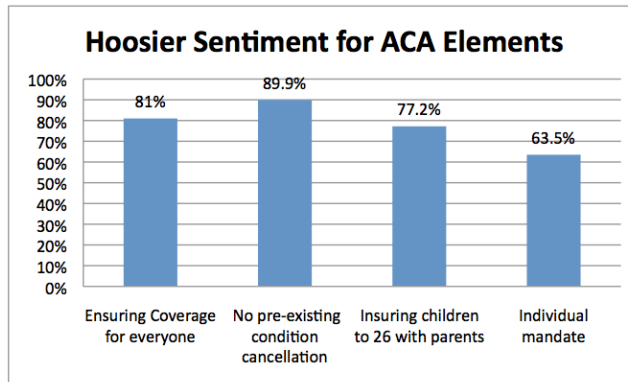
Insurance companies have spent "countless millions of dollars" since March 23, 2010, to prepare for Oct. 1. "We've treated it like the law of the land," one industry source said.

But the fact is, in the polarizing political environment we live in today, Obamacare is going to be politicized no matter what happens.

### Obamacare Polling

The annual Hoosier Survey, conducted by Ball State University's Bowen Center for Public Affairs last December, found Hoosiers evenly divided, with 43.6% expressing a very or somewhat favorable view of Obamacare, and 42% opposed. There was even stronger support (63.5%) for the most contentious part of the ACA, the insurance mandate. In 2011, the Bowen polling found 51% of Hoosiers opposed to Obamacare and 35% supporting.

The Bowen poll found overwhelming support for key ACA components: 81% for ensuring coverage for everyone; 89.9% for no pre-existing conditions; 77.2% for insuring offspring up to age 27; and 63.5% for the individual mandate. Fifty percent supported a hybrid approach of the state and feds sharing in the Indiana health exchange (the



Findings from the December 2012 Bowen Center for Public Affairs Indiana Poll conducted by Princeton Survey Research.

position of 2012 Democratic gubernatorial nominee John Gregg), compared to 6% supporting the position of Gov. Pence on the feds operating the exchange. Another 26% said state government should set up the exchange.

In the April Howey Politics Indiana Poll, the one ACA question we asked concerned whether Indiana should extend Medicaid (23%) or seek a waiver to do so via the Healthy Indiana Plan (Gov. Pence's position) and 48% opted for that. Another 19% were against any expansion.

In the September 2012 Howey/DePauw Indiana Battleground Poll, 55% said they would support a candidate who wanted to repeal Obamacare, and 37% said they would back a candidate who supports Obamacare. Yet Donnelly defeated Mourdock by 6% that November. The Howey/DePauw polling did not break out the various components of Obamacare.

A Fox News poll this month nationally found 54% backed repealing Obamacare

and 41% would keep it in place. Democrats favor keeping Obamacare (72-24%), while Republicans favor repealing it by an even wider 77-point margin (87-10%).

An April Kaiser Health Tracking Poll found 35% had a favorable position and 40% were unfavorable, down from 46% favoring in April 2010 and 40% against. That prompted the Weekly Standard to observe, "As this 11-point drop in support suggests, Americans aren't warming up to Obamacare over time."

The Real Clear Politics composite between March 20 and May 4 is 39% support Obama care and 49.8% oppose.

The Kaiser Family Foundation found that most Americans likely to access new health care programs under the Affordable Care Act – either through subsidized private insurance or the Medicaid expansion – say they don't have enough information to understand "how it (the health law) will impact you and your family." An April 30 Washington Post/ABC poll found that 42% were unsure if Obamacare was still the law.

### Obamacare implementation

As the health exchanges enter the policy home-



stretch, the issue has become clouded by the Internal Revenue Service scandal. The IRS had targeted Tea Party groups seeking tax exempt status. Congressional Republicans are now attempting to link the IRS scandal to its oversight of components of the ACA. This comes as the Obama administration is writing final rules to extend insurance access to people with pre-existing conditions. It also comes as the administration sets maximum profit margins for providers in the Federal Register.

The Los Angeles Times reported another wrinkle that contradicts one of President Obama's promises that people will not lose coverage. When the national healthcare law takes full effect next year, millions of Americans risk disrupted health coverage because of common life events: Getting married or divorced, having children or taking on a second job.

As their family incomes change, so too will their eligibility for public insurance programs. And if nothing is done, policymakers warn, many low-income patients will lose access to their doctors and medications during this massive game of health coverage pingpong. Policymakers and healthcare industry leaders across the nation are paying close attention to the issue and working to close the coverage gaps before Jan. 1, said Alan Weil, executive director of the National Academy for State Health Policy.

S. Lawrence Kocot, deputy director of the Engelberg Center for Healthcare Reform at the Brookings Institution, confronted the "train wreck" observations in an article for Real Clear Marketplace. While the administration is certainly not going to highlight major problems at this point in the implementation cycle, there are a few key indicators to watch over the next few months to assess how well implementation is progressing:

**1. Affordability.** Very simply, can individual and small group purchasers of health insurance in the new marketplaces afford the likely cost? A recent report by the Society of Actuaries indicates that we can expect to see per-member per-month costs of plans in the individual markets increase by as much as 32% under the ACA, with many states seeing increases even higher. The administration and some advocates claim that the actuaries' report is misleading or just plain wrong, and that any cost increases will be covered by ACA's generous subsidies that will cushion the blow for most of those eligible for the benefits. (HPI health industry sources say younger people will likely experience insurance cost spikes.)

**2. Availability.** Kocot writes, Even after we know more about the "rate shock" that is predicted to come

later this summer, the question then becomes: Will state marketplaces be operational by October? This gets to the heart of the "train wreck" comment, as the law requires that subsidies be administered through enrollment in the marketplaces. Sixteen states and the District of Columbia have agreed to run their own state marketplaces, while the remainder have surrendered many of the operational decisions or have deferred completely to the federal government to run theirs.

"Let's face it," Kocot writes, "Not all partners in the states are even willing, much less committed, to providing the time and resources to make a federal marketplace successful in their state. What Sen. Baucus is hearing about the (federal exchange) progress in Montana is consistent with what many (federal exchange) states are reporting: Many of these (federal exchanges) are not ready yet and time is running out to get them there."

**3. Outreach.** As has been reported, the Center for Medicare and Medicaid Services did not get the nearly \$1 billion they said they need for outreach and implementation of the marketplaces. While this seems like a lot of money, it is not nearly enough to accomplish the task, especially given the difficulties CMS (Centers for Medicare and Medicaid Services) will have with some of the consumers they are trying

to enroll: Low-income, less healthy, and "young invincible" consumers, many of whom have not had insurance before. As polls have shown, 78% of subsidy eligible Americans do not know this benefit will be available.

So, is this really the train wreck Sen. Baucus sees? Kocot concludes. "It probably depends on what type of railroad one was expecting. The implementation of Medicare Part D tells us that there are plenty of opportunities for things to go wrong with exchange implementation. No implementation is without challenges and this one will be particularly rough given the size and scope. At the end of the day, however, the measure of implementation success is probably not the expense of the benefit nor whether technology works as intended; technical problems can eventually be fixed and in the short term, manual processes can hide a lot of sins. Rather, the real measure of success is how many people actually enroll in this new benefit and get the subsidy for which they qualify."

While former Gov. Mitch Daniels was a critic of the ACA, he refrained from making a final decision about the state's exchange and asked the three gubernatorial candidates for their opinions. Following the election, Pence wrote to Daniels with his preference that Indiana reject both the state-run and partnership models. Daniels forwarded that decision to the U.S. Department of Health and Human Ser-





vices. Daniels had previously signed an executive order to establish an exchange, named the Indiana Insurance Market Inc. Based on the executive order, representatives from the state Department of Insurance, FSSA, and the Office of Medicaid Policy and Planning did some preliminary work toward creating a state exchange. However, draft legislation did not advance.

According to Kaiser's statehealthfacts.org, 13% of the population in Indiana is uninsured.

On May 5, 2011, Daniels signed HB 1210, which prohibits qualified health plans purchased through an exchange in Indiana from covering abortions, except in the case of rape, incest, or to avert impairment or death of the pregnant woman.

Essential Health Benefits (EHB): The ACA requires that all non-grandfathered individual and small-group plans sold in a state, including those offered through the Exchange, cover certain defined health benefits. Since Indiana has not put forward a recommendation, the state's benchmark EHB plan will default to the largest small-group plan in the state, Anthem Blue Cross Blue Shield of Alaska-Blue Access PPO. In May 2011, Indiana was among the first three states to be awarded a federal Level One Establishment grant. The Indiana Department of Insurance and Family and Social Services Administration received \$6.9 million to update their information technology systems, develop a financial management plan, and acquire legal, actuarial, and financial expertise. FSSA also received a federal Exchange Planning grant of \$1 million in September 2010.

On Sept. 18, 2012 (the last news posting on the IN.gov ACA homepage), FSSA observed: The state's costs to implement the ACA would be about \$2.6 billion over seven years if Medicaid is expanded and will increase nearly \$612 million even without expansion. Milliman Inc, the state's actuary, had provided estimates to the FSSA about ACA's enrollment and financial impact to the state's Medicaid program based on the recent U.S. Supreme Court decision, which makes a Medicaid expansion optional for states. Generally, Medicaid expenditures in Indiana are expected to grow at an annual rate of 4.5%, from \$2.9 billion in Fiscal Year 2014 to more than \$3.8 billion in 2020. FSSA's estimate is more conservative than the 6% to 7% growth projected by the Centers for Medicare and Medicaid Services. The Milliman projections for the additional ACA-related Medicaid costs are on top of annual Medicaid expenditure growth.

"In addition to the customary annual increase in our Medicaid budget, this analysis indicates even with-

## Obama and Democrats' Health Care Plan

Polling Data					
Poll	Date	Sample	For/Favor	Against/Oppose	Spread
<b>RCP Average</b>	<b>3/20 - 5/4</b>	<b>--</b>	<b>39.0</b>	<b>49.8</b>	<b>Against/Oppose +10.8</b>
Rasmussen Reports*	5/3 - 5/4	1000 LV	39	55	Against/Oppose +16
FOX News*	4/20 - 4/22	1009 RV	41	54	Against/Oppose +13
Quinnipiac	3/26 - 4/1	1711 RV	41	46	Against/Oppose +5
CBS News	3/20 - 3/24	1181 A	35	44	Against/Oppose +9

All Obama and Democrats' Health Care Plan Polling Data

out expansion, Indiana will experience additional costs of nearly \$612 million over a seven-year period starting in 2014," said then FSSA Secretary Michael A. Gargano.

Informed sources told HPI that as Gov. Pence formed his administration, filling the FSSA post was the most difficult appointment. Pence appointed Debra F. Minott to the post on Jan. 17, saying, "Debra Minott has the background, experience in healthcare and compassionate heart to ensure Indiana's FSSA meets the needs of Indiana's most vulnerable." She had previously served as vice president and associate general counsel for Hil-Rom.

### Obamacare Politics

Appearing on NBC's Meet the Press last Sunday, Senate Minority Leader Mitch McConnell said, "I don't know what the issues will be next year. If I were predicting what's likely to be the biggest issue in the 2014 election, I think it would be Obamacare. By the way, the IRS has a role to play in the implementation of Obamacare."

From an Indiana perspective on an Obamacare impact, Sen. Donnelly won't be on the ballot until 2018. Democratic U.S. Reps. Pete Visclosky and Andre Carson do not look vulnerable at this point. The issue could give the potentially most vulnerable Hoosier Republican, Walorski, a considerable tailwind and, as we pointed out last week, rematches in her district have not been successful. Ditto for U.S. Rep. Larry Bucshon in the 8th CD.

If an anti-Obamacare wave develops in 2014, it could create a headwind for legislative Democrats, who might try to co-op the Medicaid expansion issue in order to regain some seats and dent the 69- and 37-seat Republican majorities in the House and Senate. No one is predicting the kind of legislative hyper-swings we saw in 1966, 1974, 1980, 1994, 1998 and 2010 that would strength Democrats.

The biggest apple in 2014 will be the U.S. Senate, where Republicans need six seats to regain control. The critical question there is can they position Obamacare into their wheelhouse, instead of kicking away potential 2010 and 2012 majorities with undisciplined and fringe candidates? ❖



## Missed opportunities for a state that can do better

By **RUSS STILWELL**

BOONVILLE – Thank goodness the 2013 General Assembly is over and the leaders of our state decided to put the brakes on some of the frivolous bills that came before our lawmakers.

The infamous ag-gag bill, a provision that would have criminalized almost any electronic messaging that might damage a Hoosier business, is my favorite. Speaker Bosma gets an A-plus for his leadership in pulling this freight train disaster from the agenda. Ever wonder if Sinclair Lewis would have finished "The Jungle" if the ag-gag bill had been in place? We might still be digesting body parts in our canned ham.



By no means was there only one irrational proposal in this past session. Some survived while others got the deserved meat ax. The Marion County government reform bill (SB 621) clearly is one that should have gotten the fatal blow. But sometimes, partisan legislators just can't help themselves.

If the need for a quick and concise explanation of what "power grab" means, look no further than Senate Bill 621. It is a thesis on the subject. Google "power grab" and you should be directed to SB 621.

It's beyond the bounds of believability when Sen. Mike Young, the Indianapolis Republican author of this spitefulness, said the it was not a power grab nor political, just "good policy." If you believe that, then I think someone could substitute rabbit droppings on your ice cream, call it chocolate chips and convince you how yummy it is.

At the conclusion of the session House Speaker Brian Bosma called the session "a tremendous success." Democrats called the session a missed opportunity. I guess success and missed opportunities are in the eye of the beholder.

**We should commend Speaker Bosma** for his inclusion of the minority caucus and respecting their rights. Of course, this might have been a little easier with Leader Pelath than it might have been with former Speaker Pat Bauer. Scott Pelath is smart, articulate and willing to work with anyone, when he and his caucus are treated with respect. This seeming openness between the two leaders is a breath of fresh air in a legislative chamber that was often all-out political combat.

You can be certain that Governor Pence and

Speaker Bosma did not fail to notice that working with the new Democrat leadership was a welcome change. I can still remember then-Leader Bosma walking into Speaker Bauer's office during a recess in the final hours of the 2009 session. He had a simple request. Then-Congressman Pence was in the chamber and Bosma asked the Speaker if he would allow him to introduce Pence and maybe permit him a couple minutes of remarks. Acknowledging that we were seemingly pressed for time, Bosma pointed out to a disinterested Speaker that Pence was the number three ranking Republican in the U.S. House. Without fanfare or any sense of empathy for the request, Bauer just repeated that we were "too busy." As often is the case when Bosma gets angry, blood raced to his face as he exited the office exasperated.

**Right after the furious exit**, half-heartedly I said, "Pat, you are the meanest person I have ever known." With a broad smile and a twinkle in his eyes he graciously said, "thank you."

Five minutes later the House was gaveled in. Bosma tried to recognize Congressman Pence from his seat, but was ruled out of order by Speaker Bauer. After all, the Speaker had said we were too busy. And then, like a bolt of lightning, the Speaker announced that the House would be in recess for a three-hour dinner break. So much for being too busy.

Yes, you can be sure that Bosma and Pence did not miss the daily diatribe of former Speaker Bauer.

There is no doubt that Governor Pence and Speaker Bosma welcomed the new change of House Democrat leadership. I'm even more certain that Pence will never know how fortunate he was in working with Leader Pelath. Lines of communication and mutual respect among leaders are key elements to making the legislative process work. Bosma and Pelath both deserve our respect for their mutual openness with each other.

**The bigger question** this past session is what did the House super majority do to promote jobs and a better quality of life for Hoosiers. If this were a "bull's eye" query, the center of the target would say "missed opportunity." It seems like every time a large tax cut is implemented, our legislators toot their political horns. Such was the case this year as well. A billion dollar tax cut. Something for everyone. Increased funding for schools, roads and child services. What more could a Hoosier want? Maybe the average Hoosier just might want to be included in these endeavors.

Governor Pence got a half a loaf of his tax-cut bread, though this tax-cut manna does virtually nothing for the bottom line of most Hoosiers. When fully implemented, this cut would not come close to the Daniels tax rebate that every Hoosier benefited from in 2012. The average Hoosier will see just over a hundred bucks. The average





Hoosier millionaire? About \$3,500 bucks.

The unfortunate fate for average Hoosiers continues. There seems to be a common theme about Hoosier tax cuts. The 25-percent corporate tax cut was accelerated. The financial institutions had a tax cut. And the inheritance tax is eliminated. There's a common thread about these tax cuts. They help rich people and not average Hoosiers.

**Ask a Hoosier you might see** on the street three simple questions. Will you benefit from a corporate tax cut? Are you going to celebrate the big-bank tax cut? And finally, do you think you will ever inherit any monies that will even be eligible for an inheritance tax? My best guess is that the answers are a resounding "no" on every question. What about those omnipresent claims that corporate tax cuts will create jobs? Actually, I believe that folks who are already highly paid and near the top of the corporate ladder would only get bigger bonuses with such a cut. Let me explain.

A couple of years ago I asked a corporate finance officer of a large Indiana company what would happen if they received a 25% Hoosier corporate tax cut. Would they create jobs with the new-found money? The answer was sobering. "We don't create jobs with tax cuts. We create jobs when there is more demand for our product. We cut jobs when the demand is less demand. I hate to say this, but any new-found money at the end of the year is added to our profit line. That extra profit would just mean my share of the profits (bonus) would just be larger."

I asked an honest question and received an honest answer. Want to lay a wager at an Indiana casino that the same holds true for the financial institutions tax? You just might win that wager.

When discussing the action or inaction of the past session, one has to wonder why there wasn't an emphasis on jobs. Two of the state's largest jobs initiatives that were immediate, shovel ready and would employ thousands of highly paid construction workers were placed on the shelf of missed opportunity by the legislature and Pence.

**The legislature rendered** the Rockport Coal Gasification plant dead in the water and Pence withdrew state support for the Posey County Midwest Fertilizer plant. Combined, these southwest Indiana facilities would have created thousands of highly paid construction jobs for several years and hundreds of highly paid permanent jobs for the next several decades.

And have you ever considered why the legislature and Pence said no to the Affordable Care Act? How in the world can you say no to a health care plan that will cost the state zero dollars through 2016, insure more than 360,000 uninsured Hoosiers, and add billions in new health care spending with upwards of 30,000 sustained and new jobs? The answer: Only if you live in Indiana.

Hoosier federal taxes will pay for insuring folks in all of our contiguous states and elsewhere, while we continue to ponder the fate of more than 800,000 uninsured Hoosiers just because we can. One would think that if Arkansas could find a solution for buying into the program then we Hoosiers might do so as well.

**If all the facts about the entire** 2013 session were presented in a fair and impartial manner, one would wonder what the average Hoosier would think of the handiwork of the 2013 session. Would they call it a "tremendous success" as portrayed by Speaker Bosma or "a missed opportunity" as relayed by Leader Pelath?

The bull's eye was ready to be pierced with arrows of opportunity for our state and not only did they miss the center, they missed the target as well. It was a missed opportunity for a state that can do better. ❖

**Stilwell is the former House Democratic Majority Leader and a HPI columnist.**

## Gregg started the lousy tax cut nonsense

**By SHAW FRIEDMAN**

LaPORTE — After the Republican-dominated legislature shoved through a 5% state income tax cut as a compromise gesture to new Gov. Mike Pence, media outlets like the Columbus Republic rightly termed the tax cut "silly."

For ordinary families, the tax cut means a savings of a buck a week now, growing to a lousy \$2 a week by 2017. Though touted by the new governor with an almost religious fervor as a means of spurring job creation, we need to remember that it was the Democratic nominee for governor, John Gregg, who started this tax cut nonsense last summer.

That's right. Even though most Democrats (and a majority of Hoosiers for that matter) agree with the proposition that investments in education and infrastructure are the best way of creating new jobs, it was Democrat John Gregg who broke with his own party and defied his own pollsters when he proposed cutting the already anemic amount Indiana collects in corporate income taxes, which would have cost the state \$500 million at the time.

Then, while county highway departments and local street departments were patching potholes and straining





under the weight of tax caps and reduced funding, Gregg went on to propose eliminating the motor fuel tax of 18 cents a gallon that generates \$800 million per year for our roads and bridges.

Eric Bradner of the Evansville Courier reminds us in a recent column that it was Gregg who fired the first shot in the tax cut wars back in the campaign summer of 2012, spurring then-candidate Pence to counter with his own proposed reduction in the state's income tax from 3.4% to 3.06%. That income tax proposal became a central theme of the Pence campaign and the new governor was then wedded to it as gospel in his 2013 legislative program.

Never mind the fact that most Hoosiers know better. Even John Gregg's own pollster – Benenson Strategy Group – told him in a March 2012 poll that Indiana voters by a margin of 57% to 37% favor investments in education as a job creation strategy over more corporate tax cuts.

Both Gregg and Pence continue laboring under a discredited trickle-down theory which says that corporate or personal income tax cuts will magically lift our sputtering economy.

Our governor even went so far as to declare shortly before the session ended that Indiana risked losing the "jobs war" if lawmakers failed to enact his half-billion-dollar personal income tax cut. When legislators decided to shrink his proposed tax cut in half, he declared victory and went home without letting us know if the "jobs war" was still in jeopardy. The white paper issued by the governor's staff pointing to states without an income tax as booming conveniently neglected to mention that states like South Dakota, Alaska and Wyoming are doing well because of a tremendously growing energy sector that is heavily taxed.

**Take a look at the data** and it doesn't support the Pence/Gregg notion that massive tax cuts will help spur our state's economy. (Perhaps that's why Republican realists like Speaker Bosma put the brakes on the governor's proposed 10% income tax cut.) The Center on Budget and Policy Priorities, a Washington, D.C., think tank issued a study in March reviewing the experience of six states that enacted large individual income tax cuts and concludes those states failed to earn any particular economic advantage.

Indeed, Arizona, Ohio and Rhode Island – states which cut their taxes since 2000 – all subsequently trailed

national job and economic growth. Yes, Louisiana, New Mexico and Oklahoma did exceed the averages, but what the center found was that oil and gas industry growth was responsible for nearly all those states' gains.

**Simply put, the study** showed that "tax cuts as a prescription for economic growth" is an approach "not supported by the preponderance of the relevant academic literature."

I'm sorry to burst the bubble of true-believin' trickle-down tax cutters like Mike Pence and John Gregg, but there's a better way to grow Indiana's economy. Indiana House Democrats, led by Minority Leader Scott Pelath, tried mightily during the session to have their colleagues listen, but to no avail. Turns out the House Minority view is actually more in tune with where most Hoosiers stand these days, according to polls like the December Indiana Poll by Ball State's Bowen Center for Public Affairs survey survey.

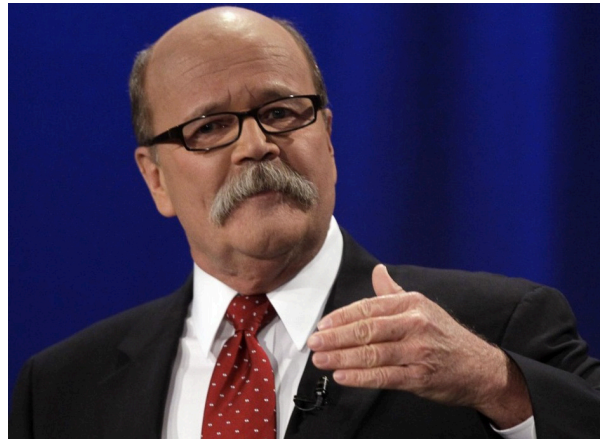
As the Times of Northwest Indiana reported on April 21, "Pelath believes most Hoosiers would rather that money (from the income tax cut) be put toward improving the

state's schools and roads, reducing the cost of higher education, expanding access to Medicaid, protecting the environment and other functions of state government neglected under former Republican Governor Mitch Daniels."

**Let's face it:** Daniels' one-time tax credit of \$360 million has gone back into Hoosier pocketbooks since January and hasn't created one job. Our state unemployment continues limping along at around 8% percent and WorkOne reported the state shed 11,000 private sector jobs in March.

Trickle-down with just more tax cuts, rebates or credits isn't working. Indiana politicians in both parties need to cast off failed trickle-down economic theory and start listening to Hoosiers. Hoosiers have the smarts to understand that state government needs the resources to properly invest in our communities to help them grow and flourish. The polling is clear – Hoosiers want investments in roads, bridges, schools and higher education that will create a well-educated, competitive workforce and a better quality of life. That's how we can truly compete and win in the future. ❖

**Shaw R. Friedman is a LaPorte attorney who is former General Counsel for the Indiana Democratic Party.**





## 40% of schools districts won't see funding increase

By MAUREEN HAYDEN

INDIANAPOLIS – In the budget bill passed by the General Assembly last month, more money is allocated for K-12 education over the next two years, but that doesn't mean every school will get more dollars.

Due to changes in the way education dollars are now distributed, more than 40% of school districts in Indiana will see either no increase or a decrease in money coming from the state. Some urban school districts will get fewer dollars because they're projected to have fewer students, but some suburban districts with growing enrollments will also get less money due, in part, to the lack of low-income students in their schools.



Meanwhile, some rural school districts with little change in their enrollment will see more money coming their way, while neighboring rural districts will see less.

The reason: Changes made by the Republican-controlled legislature in the school funding formula two years ago will determine how the increased education dollars approved for the next two years will be divvied up.

"We're trying to make sure all students are treated equally," said Rep. Jeff Thompson, R-Danville, who helped craft the new formula. Schools getting more money may be pleased, but school districts that will see the same or less dollars are feeling frustrated. They're still feeling the hit from the \$300 million cut in K-12 education funding in the last state budget cycle. And they were hoping for more than the modest 3% increase in K-12 funding in state budget approved in late April.

"It's still very challenging to keep up with our ever-increasing costs," said Vigo County Schools Superintendent Dan Tanoos, who heads a district slated to get almost no more state education dollars over the next two years.

**The new formula**, which significantly altered the mechanism used to set per-pupil funding for every school district in Indiana, is being phased in over seven years. That means some schools, despite the 3% increase in state funding for K-12 in the 2014-15 state budget, may continue to see their funding flat-lined or decreased for several years until they reach the new setpoint in the formula. Others will see a steady increase. "We knew it would take time for schools to adjust," Thompson said. "Some are adjusting more quickly than others."

Changes made to the school funding formula two years ago were intended to simplify the complicated mech-

anism used by the state to determine how much money every school district in Indiana gets. Both the old formula and the new one set a base amount for per-pupil funding, with more money added for schools that have higher populations of low-income students.

But the old formula also included measures that financially favored some schools over others. Small school districts got additional funding, and school districts with declining enrollments got extra cash to help ease their financial losses after students leave.

**Democrats in the legislature** who defended the old formula said it helped struggling school districts in inner cities and small towns keep their school doors open. But the formula was so complicated that some school districts received significantly more dollars than others, even though they had similar student bodies.

One example under the old formula: In 2011, the Gary school district, with 90% of students living in poverty, received \$9,525 per pupil in state funding. The neighboring Hammond school district, with 92% of its students in poverty, received only \$7,004 per pupil.

Terry Spradlin, associate director of the Center for Education Evaluation Policy at Indiana University, and an advocate for the formula change, said the new formula is better. "The changes make the funding more equitable and more transparent," Spradlin said. "It gets us closer to the goal that schools with greater needs should get more money." Under the new formula, every school district is being moved toward a "target" amount of per-pupil funding: A base amount of just over \$4,500 per pupil, with additional dollars for districts with a larger percentage of students who are low-income or have special needs.

Many school districts were over the target amount when the new formula went into place and haven't wanted to give up their additional funding.

**The new formula was the** death knell for the tiny New Harmony school district in southwest Indiana. The district, which had only 130 students in all grades, kindergarten through 12th, was facing a 30-percent cut in state funding under the new formula when it decided to close the doors of its only school last year. Under the old funding formula, which included extra money for small schools, New Harmony was getting more than \$9,600 per pupil, far more than other districts around the state.

"There were schools getting extra money for years," Thompson said. "There are still schools getting that extra money."

That's not how school districts losing dollars or not getting more money see it. "There is still going to be some pain for some school districts," Spradlin said. "There are superintendents and schools boards across the state who are saying, 'We're going to have to make some more tough decisions.'" ❖



## Chairman Davis had little taste for alcohol bills

By MAUREEN HAYDEN

INDIANAPOLIS – When it comes to alcohol, the 2013 legislative session may be marked more by what it didn't do to boost booze sales than what it did.

Repeating recent history, the General Assembly turned away efforts to expand Sunday alcohol sales and allow gas stations and convenience stores to sell cold beer – the latter of which has prompted a lawsuit.



Legislators did decide to let a small group of well-established wineries and breweries get into the business of distilling spirits, and it cleared the way for an auction of some cheap liquor licenses for lake-front development in a resort community on Lake Michigan. But they

crafted both bills to have narrow impact.

In turning down another bill that would have given Indiana breweries the same right as Indiana wineries to sell their products at farmers' markets, the legislative gatekeepers signaled their distaste for lifting Indiana's historically strict limits on alcohol.

"If we did that, the next thing you'd know, we'd have farmers markets turning into liquor stores," said House Public Policy Chairman Bill Davis, a Republican from Portland who's played a key role in killing alcohol expansion bills.

Davis is a teetotaler who's repeatedly killed a bill that would allow grocery and liquor stores to sell carry-out alcohol on Sundays. But he said decisions aren't based on his personal views, but on what's best for the public safety.

"We all understand that not everyone uses alcohol the way it's intended," Davis said. "By far and away, it's the most abused drug in our state."

"My real concern," he added, "is about availability:

How available is alcohol to people who abuse it or have it and shouldn't have it?"

It's a similar view to the one held by his counterpart, Senate Public Policy Chairman Ron Alting of Lafayette, who's blocked measures to let gas stations and grocery stores sell cold beer, citing concerns that it would increase drunk driving.

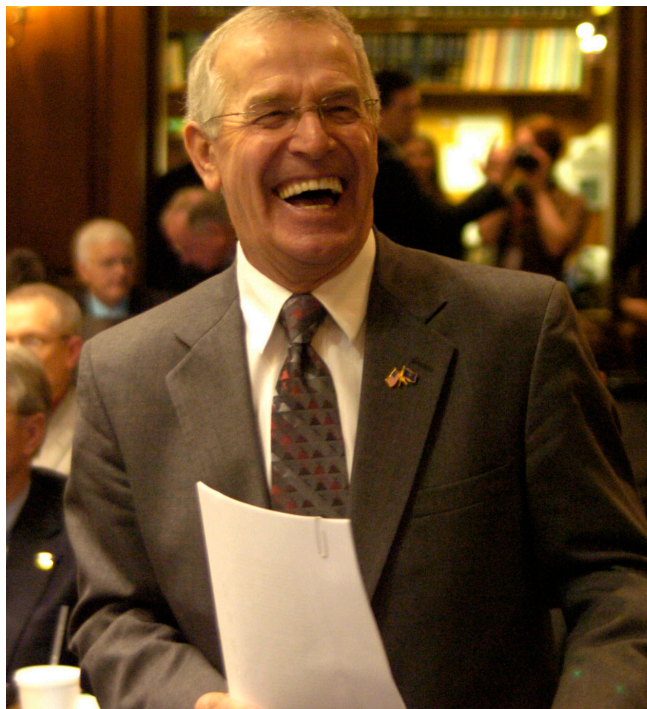
Supporters of keeping Indiana's strict alcohol laws in place include the powerful package liquor lobby, whose members fear increased competition for sales. But they also include religious groups and social organizations, including Mental Health America of Indiana, who fear loosening laws would lead to more underage drinking and more overconsumption by adults.

Backers of cold beer sales and Sunday alcohol sales argue that the public is tired of what they see as Indiana's antiquated alcohol laws, some of the strictest in the nation. After five years of failing to make the case in the General Assembly, the Indiana Petroleum Marketers and Convenience Store Association decided to take its case to court. Last week, the association, along with several storeowners, filed suit in federal court challenging the constitutionality of the state law that bans gas stations, groceries, and pharmacies from selling cold beer. Under current law, those retailers can sell unrefrigerated beer but only package liquor stores can sell it cold.

Association director Scot Imus said the cold beer ban is both discriminatory and nonsensical. "When you change the temperature, it doesn't change the alcohol content," Imus said. "Nobody is saying it's not appropriate for the state to regulate alcohol. But the regulation needs to be rational."

Two of the alcohol bills that did make it through the General Assembly are narrow in focus: One allows Indiana-based wineries and breweries that have been in business at least three years, operating with federal alcohol-sales permits, to distill up to 10,000 gallons of hard liquor a year and to offer tastings of those craft spirits at their venues, like they do their wine and beer.

Davis was willing to let the bill proceed through his committee and onto a full vote. "It doesn't explode alcohol sales,"



House Public Policy Chairman Bill Davis kept a lid on most of the key alcohol related bills in 2013. (HPI Photo)



Davis said. "It doesn't make them into bootleggers."

Another bill, that came out of the Senate, allows for the auction of inexpensive liquor licenses to restaurant and bar owners who locate in a lakefront development area

along Lake Michigan near Whiting, Ind. The law mirrors similar measures that have granted liquor licenses, at a reduced cost, in riverfront development areas and historic preservation districts. ❖

## Cold beer goes from politics to the courts

By MAUREEN HAYDEN

INDIANAPOLIS — I'm not much a drinker, so I haven't spent much time thinking about how Indiana's alcohol laws personally impact me, but that changed last fall when my daughter got married.

Two days before the wedding, my daughter's soon-to-be in-laws drove to a Sam's Club to buy the beer for the wedding reception. Knowing we anticipated a large crowd, they loaded up an oversized shopping cart with cases of beer and headed for the checkout lane, only to be stopped by a clerk.



Being Illinois residents, here's what they didn't know: In Indiana, you can only buy 864 ounces of beer, equal to three cases, in a single transaction.

Pleasant but puzzled, they bought their allotted three cases and returned the next day, with a couple more family members, to buy the rest.

Here's what they also didn't know (and weren't told by the clerk): That frequent big-quantity beer buyers in Indiana know you can skirt the law by getting back into another line after you've finished your first transaction and buy three more cases of beer.

**There was no real harm** done, other than the bite it took out of some precious wedding-prep time. But I found myself struggling to figure how to explain the Hoosier law to the Illini in-laws.

State Rep. Bill Davis, whose gate-keeping power over alcohol-related legislation derives from his role as chairman of the House Committee on Public Policy, would say the law's intention is good: It makes it tougher to buy a product, though while legal, is more widely abused than any illegal drug and is the cause, over the last five years, of the deaths of more 1,000 people killed in drunk-driving accidents in Indiana.

Since the ratification of the 21st Amendment, which brought an end to national Prohibition, states have had the authority to regulate how alcohol is sold and consumed. But the regulation doesn't always make sense.

Some of the regulations that have ensued may seem quirky. In Mississippi, you can't buy alcohol on Christmas, but the state's coastal casinos are allowed to let free alcohol flow night and day. In Nebraska, you have to wait till noon on Sunday to buy a bottle of hard liquor, but you can buy champagne after 6 a.m. In Massachusetts, you won't find a bar with a "happy hour" offering discounted drinks, since that's illegal there. But in Louisiana, you can buy a frozen daiquiri to go, in a Styrofoam cup with a straw, at the drive-up window of a liquor store.

**And here in Indiana**, you can buy a cold beer at a bar, restaurant or a package liquor store, but you can only buy warm beer at a gas station, convenience store or pharmacy.

That's the basic argument put forth in a lawsuit filed last week against the state by the Indiana Petroleum Marketers and Convenience Store Association. The association is challenging an Indiana alcohol law that allows bars, restaurants and package liquor stores to sell cold beer but makes convenience stores, gas stations and pharmacies sell their beer warm.

Scot Imus, the association's executive director, calls the law outdated, antiquated and irrational.

Opponents of expanding cold beer sales make an argument worth considering: People buy their beer cold because they want to drink it soon after they buy it. They fear that making it even easier to buy cold beer than it is now could lead to an increase in drunken driving.

Imus's response, in part: "They allow us to sell chilled wine products, most of which contain higher alcohol content than beer. What is it about cold beer that merits this special discriminatory treatment, other than its market popularity?"

**The answer is the protection** of the package liquor stores in Indiana which, by state law, must be owned and operated by people who live in Indiana. Their advocates argue that package liquor stores face more regulations and can sell fewer non-alcoholic products than groceries, pharmacies and convenience stores. A little protection for them evens the playing field, they argue.

For the past five years, that debate has played out in the Indiana General Assembly and gotten nowhere. Now it's up the courts to decide. ❖

**Maureen Hayden covers the Statehouse for the CNHI newspapers in Indiana.**



## After no vote, Coats says he's not 'tool for the NRA'

By JACK COLWELL

MISHAWAKA – Although polls nationwide and in Indiana show overwhelming support for tightening background checks for gun purchases, Sen. Dan Coats, Indiana's Republican senior senator, voted "no." He says most constituents who contacted him wanted him to do just that.



In a wide ranging interview in Mishawaka, Coats said the gun issue brought more calls, e-mails and letters to his office - over 40,000 - than received on all other issues combined in the past two years.

Coats said over 75 percent of the messages were in opposition to tighter background checks in the proposal of Sens. Pat Toomey, R-Pa., and Joe Manchin, D-W.Va., which died in the Senate after failing to get a required 60 votes.

Nationwide polls show about 90 percent support for tighter background checks. A statewide poll conducted for Howey Politics Indiana showed 83 percent support, with even eight in 10 gun owners in support.

The difference between public sentiment and sentiment in messages to members of Congress like Sen. Coats shows the vaunted power of the National Rifle Association. The NRA brags that it can mobilize people to act immediately with messages and act as well at election time.

**With the message tabulation**, Coats said, he could argue that "I did represent the wishes of the people of Indiana." But Coats said he doesn't claim the messages are a scientific sampling of opinion. He is aware his tabulation includes many "form" messages sent in response to campaigns by the NRA in opposition to Toomey-Manchin and by Mayors Against Illegal Guns in support of the background checks.

"I am no tool of the NRA," Coats said. "I don't owe them anything."

The senator said the NRA did not support him and had given him a "C" rating for his votes in prior sessions before his return to the Senate in 2011.

He said his opposition to Toomey-Manchin was two-fold, that it was not an effective response to the Sandy Hook Elementary School shootings in Connecticut,

the tragedy that sparked the Toomey-Manchin proposal, and it was a threat to Second Amendment gun rights.

Coats noted that he did support an alternative proposal by Republican Sens. Chuck Grassley of Iowa and Ted Cruz of Texas, with emphasis on prosecution of those failing criminal background checks, criminalizing straw gun purchasing to avoid checks and encouraging states to report mental health records. Coats was a co-sponsor.

**The Grassley-Cruz alternative** was supported by the NRA as safeguarding Second Amendment rights. It was denounced by Mayors Against Illegal Guns as making it easier to purchase and transport firearms across state lines and narrowing categories of the mentally ill who would be prohibited from purchasing guns.

Coats deplored "lack of trust" that is blocking compromise agreement on everything from a sensible response to Sandy Hook to immigration reform to a "grand bargain" on dealing with the budget and deficit.

He said the nation also faces danger that distrust at home will prevent focus on the "wildfires all over the world," serious threats to U.S. security that he sees as a member of the Senate Intelligence Committee.

A major obstacle to immigration legislation, he said, is that "people don't trust what the government says about securing the border."

Nor does he see trust building on either side in seeking agreement on his No. 1 goal, dealing with the deficit and long-range funding of programs such as Social Security.

Coats said he stressed his views on need for a deficit solution when he sat across from President Obama at the first dinner the president held with a dozen Republican senators in recent bipartisanship efforts.

"I poured out my heart and soul," Coats said of his plea for agreement on deficit reduction. "There is no way he (Obama) could think I was just posturing."

He said the president listened and refrained from the "lecturing" that Republican critics say Obama employed too often in past meetings with GOP legislators.

**A deficit agreement will** take compromise, Coats said, but with all the distrust, a tough decision to compromise is viewed by one side as "selling out" by the other as not genuine, not to be believed.

"We have a divided government. We have a divided country," Coats said. "But we have a common problem." ❖

**Colwell has been covering Indiana politics over five decades for the South Bend Tribune.**



## Obama and the terrible, horrible, very bad day

By **CRAIG DUNN**

KOKOMO - "I went to sleep with gum in my mouth and now there's gum in my hair and when I got out of bed this morning I tripped on the skateboard and by mistake I dropped my sweater in the sink while the water was running and I could tell it was going to be a terrible, horrible, no good, very bad day." So begins the 1987 children's book by Judith Viorst detailing a day full of disasters for her protagonist Alexander.

President Barack Obama may well look upon Friday, May 10, as the worst day of his presidency.

After four years and three months of receiving kid glove treatment from the national press, Friday, May 10, will mark the day that the press corps, some Democratic political pundits and the lock-step liberal literati finally had the audacity to ask tough questions of the Fibber-in-Chief. Not content with having to withstand a pummeling from erstwhile allies and accomplices of the Obama message machine, some genius in the political strategy office thought it might be a good time to dump the story about the illegal IRS witch hunt involving conservative groups.



To no avail, what was let out of the bag in order to deflect the heat generated by the Benghazi hearings in the House of Representatives, quickly was seized upon by the President's former message managers in the press and resulted in the administration having criticism heaped upon it like gravy on Brown County biscuits.

**As my mother was fond of saying**, "You'll get in a heap more trouble for lying than for what you did." That might not be true of Jodie Arias or Ariel Castro, but in Washington, D. C., devastating scandals typically begin with some stupid action and blow up when the lies and coverup start.

For seven months the Obama administration and Hillary Clinton have basked in the sunlight of their successful dodging of a Benghazi meltdown. After all, Obama was able to avoid a sustained dialog on the terrorist attack during the presidential campaign. Hillary Clinton was able to serve out her duties as secretary of state with only one contentious session on the congressional hot seat. Susan Rice was thrown under the bus and lost her chance to

move to secretary of state, but hey, she was expendable. When you run with the Obamas and Clintons, you know you are a candidate to become collateral damage at any time.

**Friday, May 10, served** as the launching point for a very ugly weekend. Kicked off by Press Secretary Jay Carney's spot-on imitation of Baghdad Bob, even tingly legged Chris Matthews got up the nerve to ask the Benghazi equivalent to the question of, "Hey Baghdad Bob, if Hussein is in control, tell us why the U. S. Army tanks are passing through town?"

Even though ABC News' Jonathan Karl revealed that the White House talking points had been edited 12 times before they were thought to be sanitized for mere mortal consumption, Jay Carney stuck to the line that they were only edited once. Carney's assertion was that the only edit of the talking points was changing the word "consulate" to "diplomatic facility."

You can feed that garbage to an ignorant public but journalists, even sycophantic ones, know what the word "edit" means. Carney was forced to obfuscate, mislead and distort and probably expended any remaining usefulness he had to the Obama administration.

The facts of Benghazi now seem to be fairly clear. Before the attacks began, warnings were transmitted to the State Department. The attacks were not a spontaneous response to an anti-Islamic video. Al Qaida operatives planned and executed the attack. During the beginning of the attack, embassy and security personnel requested assistance. These facts were known by the highest levels in the administration, State Department and Central Intelligence Agency before, during and after the events in Benghazi.

**Susan Rice was willfully sent** out on the Sunday talk show circuit armed with an intentionally misleading and heavily edited set of talking points in an effort to protect the President from the rising Benghazi storm. She lied and distorted to keep the public from learning the truth. That, my friends, is the classic Washington coverup.

Faced with an issue that could not be conveniently blamed on George Bush, the administration, Hillary Clinton and the gang that couldn't shoot straight opted for the poorly coordinated and expedient strategy of "murdering the truth by parsing words." When Hillary Clinton appeared before Congress to testify on Benghazi, she worked up faux indignation when asking, "Why does it matter whether it was a crowd responding to a video or a few guys deciding to go kill some Americans?"

As I'm sure she has learned since, it matters quite a bit. It matters to the families of the four murdered Americans. It matters to soldiers and diplomats who must go in harm's way in the future. It matters to Americans who still value the truth.



Life in the White House will become progressively uglier for the President as his term moves inexorably toward its welcomed conclusion. Toleration for lies and distortions will be less well received by an aroused press. The train wreck of Obamacare will slowly become apparent to the public. An obstinate Republican-led House of Representatives will step up the pace of inquiries and investigations. Coupled with a budgetary and legislative vision that is non-existent, President Obama will find that golf may

provide his only solace.

President Obama went to bed on May 9 with Benghazi gum in his mouth and the next day he woke to find it in his hair. So began Obama's terrible, horrible, no good, very bad day. ❖

**Dunn is chairman of the Howard County Republican Party.**

## Indictment, infighting & court ruling hit Lake County Democrats

By **RICH JAMES**

MERRILLVILLE - It was one of those weeks for Lake County Democrats.



And it wasn't necessarily a very good one. Internal fighting, an indictment and a Supreme Court ruling all left Democrats reeling.

The high court ruled that Lake Superior Court Judge Nicholas Schiralli cannot take over the Juvenile Division bench.

Schiralli announced that he was taking over the Juvenile Court after Juvenile Court Judge Mary Beth Bonaventura left the bench to become director of the Indiana Department of Child Services.

But three Juvenile Court magistrates filed suit with the Supreme Court saying Schiralli was ineligible to transfer because he never had gone through the Judicial Nominating Commission process, a requirement according to state law.

Schiralli was appointed to a County Division judgeship in the 1970s when the Lake County court system was reorganized as a result of legislation sponsored by then-Sen. Adam Benjamin Jr.

If another sitting judge who had gone through the Nominating Commission process doesn't want the Juvenile Court job, the commission will begin accepting applications.

**The second black eye** for Democrats was the indictment of longtime Lake County Surveyor George Van Til. The allegation is that one of his employees did political work on county time for a month.

Van Til has been involved in Lake County and Indiana politics for 40 years and previously served on the Highland Town Council and County Council. Van Til also is

recognized as one of the best political minds in the county and state. Several local and county officials currently are holding public office thanks to the strategies provided by Van Til for their campaigns. Former Gary Mayor Scott L. King is Van Til's attorney.

**And finally, Lake County Democrats** continue to reel from the fallout of the adoption of a 1.5% county income tax. County Commissioner Gerry Scheub attempted to veto the tax last week, but was stunned to learn at the 11th hour that new Commissioner Mike Repay, who had publicly opposed the tax, would now support it.

Scheub had counted on Repay to cast the second vote needed for a veto. It was pretty well known that county Councilwoman Christine Cid, the lone Democratic councilperson to oppose the tax, wouldn't change her mind and vote to override the veto. The two Republicans on the council – Dan Dernulc and Eldon Strong – embraced the national party line and voted against the income tax.

Hammond Mayor Thomas McDermott, who also is county Democratic chairman, and Scheub knocked heads over the tax. Scheub accused McDermott of convincing Repay, a Hammond resident, to change his mind and back the tax. McDermott campaigned for the tax to provide money the city sorely has needed, especially since the legislature froze all levies in Lake County in 2007 when the County Council refused to adopt an income tax.

Scheub said the state mandate was unconstitutional. While Scheub was right, it was time the county enacted the tax.

**For more than two decades**, the legislature – particularly Republicans – had been telling Lake County that it shouldn't expect help from the state if it refused to help itself. As a result, the county has suffered.

But the Scheub and McDermott confrontation turned out to be more than a shouting match. Scheub promptly resigned as a member of the party's inner circle that McDermott drew up when he became chairman.

It may not matter much. Scheub, who was re-elected last year, has said this will be his last term. ❖

**Rich James has been writing about state and local government and politics for more than 30 years. He is a columnist for NWI Times.**





## Age numbers tell part of the story

By **MORTON J. MARCUS**

INDIANAPOLIS — In statistics, the median is not a strip of grass down the middle of the highway. The median is the number with half of all values above and half below. Thus, the 2011 median age of the United States is 37.3 years, a number that increased by 1.9 years since 2000. We're getting older, individually and collectively.

Indiana's population, with a median age of 37.1 years, is only slightly younger than the nation. We're aging at about the same pace as the rest of the country. Yet these numbers hide the diversity of the nation.



Maine has the oldest population with a median age of 43.2, followed by Vermont and New Hampshire, then West Virginia, before we get to everyone's guess: Florida (41.1). The youngest population (29.5) is found in Utah, followed by Texas, Alaska, and Idaho.

It is easy to speculate about the significance of these numbers. Older populations require more medical attention; younger groups need more educational services. Younger families are bigger buyers of household goods while the older folks are polishing their antiques.

The differences of median age within Indiana are greater than the differences between states. Where the range for the nation was 43.2 to 29.5 (a spread of 13.7 years), the range in Indiana is 47.4 (Brown County) to Tippecanoe's 27.6 (a spread of 19.8 years). This fits with our images of rocking chairs in Brown County and school desks in Tippecanoe.

Another way of looking at age data is the dependency ratio. This simple number takes the population under 25, plus the population 65 and older, and divides that sum by the "working age" population (25 to 64 years).

**Don't bother to complain** that many people over 65 are not dependent on younger folks. Keep your hair shirt on when you tell me that not all college age persons are living off their parents. The dependency ratio is a convenient way of looking at a population, and in the social sciences convenience trumps perfection.

Indiana's dependency ratio for 2011 was 91 per 100, meaning, in its most simplistic form, that it takes 100 persons to "support" 91 persons in the dependent ages.

With many college students, Monroe, Tippecanoe

and Delaware are among the top four counties ranked by dependency, each exceeding 120 per 100. Yet, it should be clear that most of the students do not depend on the working population of their host counties. They depend on Mom and Dad who live in other counties, even in other states.

**At the other end** of the scale is Brown County where the dependency ratio is just 79 per 100. Immediately following Brown County is Hamilton where there are many school age children, but Hamilton has the lowest percentage of college age students among the 92 counties. Those young people are off in Monroe, Tippecanoe, Delaware and other college counties nationwide.

While these numbers are helpful in understanding the dynamics of individual counties, prophets and fortunetellers would do well to avoid detailed scenarios of the economy and politics based on demographic factors alone.

In the words of "The Music Man," "you gotta know the territory." ❖

**Mr. Marcus is an independent economist, writer and speaker. Contact him at [mortonjmarcus@yahoo.com](mailto:mortonjmarcus@yahoo.com)**

---

## Stutzman presses Secretary Lew

By **MATTHEW BUTLER**

WASHINGTON - U.S. Rep. Marlin Stutzman questioned Treasury Secretary Jack Lew during a hearing of the House Financial Services Committee.

Stutzman asked how the White House did not know earlier about what he phrased as "one of the biggest scandals" facing this administration. Lew did not address that observation but did say he would withhold any judgment on the role of Sarah Hall Ingram, head of the IRS tax-exempt office, until more facts come to light, adding the new acting Commissioner of the IRS would address the matter. Lew was also asked by Stutzman if the upcoming implementation of health care reform measures through the IRS will effect the "confidence level of the American people" in the agency.

Lew responded, "I have said over and over again that it is a top priority to restore confidence in the IRS." The Secretary was also pressed on the debt and how long it would take for President Barack Obama's proposed budget to balance itself. Lew stood by the budget as a starting point for "bipartisan discussion" and said putting the deficit as percentage of GDP within "a sustainable range" was an important short-term budgetary goal without harming "immediate economic needs." "So the goal," Lew emphasized, "should not be to balance the budget right now." ❖



**Charlie Cook, National Journal:** Red-faced Republicans, circling and preparing to pounce on a second-term Democratic president they loathe, do not respect, and certainly do not fear. Sound familiar? Perhaps reminiscent of Bill Clinton's second term, after the Monica Lewinsky story broke? During that time, Republicans became so consumed by their hatred of Clinton and their conviction that this event would bring him down that they convinced themselves the rest of the country was just as outraged by his behavior as they were. By the way, what was Clinton's lowest Gallup job-approval rating in his second term, throughout the travails of investigations and impeachment? It was 53 percent. The conservative echo machine had worked itself into such a frenzy, the GOP didn't realize that the outrage was largely confined to the ranks of those who never voted for Clinton anyway. The simple fact is that although the Republican sharks are circling, at least so far, there isn't a trace of blood in the water. A new CNN/ORC survey of 923 Americans this past Friday and Saturday, May 17-18, pegged Obama's job-approval rating at 53 percent, up a statistically insignificant 2 points since their last poll, April 5-7, which was taken before the Benghazi, IRS, and AP-wiretap stories came to dominate the news and congressional hearing rooms. His disapproval rating was down 2 points since that last survey. In Gallup's tracking poll, Obama's average job-approval rating so far this year is 50 percent. For this past week, May 13-19, his average was 49 percent, the same as the week before. The most recent three-day moving average, through Sunday, May 19, was also 49 percent. Over the past two weeks, even as these three stories/scandals have dominated the news, they have had precisely zero effect on the president's job-approval numbers. His ratings are still bouncing around in the same narrow range they have been for weeks. Maybe that will change. Maybe these allegations will start getting traction with voters. But it might just be that Americans are more focused on an economy that is gradually coming out of the longest and deepest economic downturn since the Great Depression. ❖

**Frank Gray, Fort Wayne Journal Gazette:** About 3 p.m. Thursday the Rev. Bill McGill looked out of his window and pondered that it was the 37th day of his 40-day fast to draw attention to violence in the community, and there had been no civilian-on-civilian homicides in Fort Wayne. Not long after that McGill got a text from the police department. A man had been gunned down on Oliver Street. They wanted to tell him before he heard it on the news. A little later McGill stopped by a fast food restaurant to buy a sandwich for his daughter, and an employee remarked that his fast must not be working. No, McGill told

his congregation at the Imani Baptist Church on Indiana Avenue on Sunday, the 40th day of his fast, he wasn't going to lose faith. The city had gone 42 days without a civilian killing. "When I'm done, when I've regained weight and strength in four or five months, I might just start over again," he said. During the service he told his congregation there were going to be more days without homicides. But he needs a platform, a national platform to get the rest of the nation to return to the basics of fasting and prayer. Within hours of the last homicide, though, within a couple of hours of the time the waitress said his fast wasn't working, he'd gotten a call from a TV network, wanting to interview him. "We're about to start a chain reaction of churches across this community and this nation," McGill said. The same day that the last homicide took place, about the same time the waitress said his fast wasn't working, he'd gotten his national platform. He would be on national TV on Sunday afternoon. ❖



**Marc Chase, NWI Times:** A collective groan could be heard from Calumet Township recently as a law opening the door for Griffith to leave the township took effect in Indianapolis. Though it might sound ominous to some, the groan has the potential to be the harmony of forced government reform. Griffith has long sought to leave the township, largely because of out-of-control township government spending that Griffith officials don't believe is giving the town much of a bang for its buck. This has forced conditions of an unhappy marriage, and Griffith essentially is suing for divorce. Meanwhile, Calumet Township has pushed to force Griffith to stay in this loveless relationship. Some status quo supporters proclaim Griffith's push to leave is based on racism, an ugly and inaccurate characterization of the true motivation. Griffith officials haven't sought to leave because a larger percentage of their neighbors to the north have a different skin color. The numbers reveal the true catalyst toward secession. The township's poor assistance tax rate is a whopping 22.64 times the state average, or about three times higher than the next highest township. Griffith pushed for legislation in the most recent session to force the township into a more reasonable tax rate no more than 12 times the state average. Now that the bill is law, Calumet Township must look at new ways to become leaner or face the prescribed consequences. Either way, Griffith wins. The list of winners could extend well beyond the township -- and even the county. If one municipality can force reform under threat of secession from a township, other municipalities could follow with legislation of their own -- or a more broadly written bill applying to all townships. This is a warning shot over the bow that should be reverberating in townships throughout the state. ❖



## Chamber releases economic metrics

By MAUREEN HAYDEN

INDIANAPOLIS – A newly released report card on where Indiana ranks nationally in key economic measures shows the state is both “a leader and a laggard” in areas that signal potential for more prosperity. The report, released by the Indiana Chamber of Commerce Tuesday, shows that while the state has made progress in creating an attractive business climate, it’s also seen the poverty rate rise significantly compared to other states. Just more than a decade ago, Indiana had the 12th lowest poverty rate in the nation. By 2005, the state dropped to the 32nd lowest poverty rate. By 2011, about one million Hoosiers were living in poverty and only 15 states had a lower poverty rate than Indiana, according to the report.

Kevin Brinegar, the chamber’s executive director, said the change in the poverty rate is directly linked to the lacks of skills and education needed to get good-paying jobs. “The skills gap in Indiana is real,” Brinegar said. “There are one million Hoosiers who don’t have minimum basic skills to compete effectively in a global economy and we need to address that.”

The report (posted on the chamber’s website, [www.indiana-chamber.com](http://www.indiana-chamber.com)) is part of the chamber’s Indiana Vision 2025, a comprehensive multi-year initiative launched in 2010 to guide the state’s development and the public policy that can impact its economic growth. Contained in the report are 60 key economic indicators that reflect a decade’s worth of progress or loss in four areas identified in the Indiana Vision 2025 plan as essen-

tial to the state’s prosperity: Outstanding talent, attractive business climate, superior infrastructure, and a dynamic and creative culture. Cam Carter, the chamber’s vice president of economic development said the metrics show a “decidedly mixed bag” for the state. “Indiana is both a leader and a laggard as you look across the totality of the metrics,” Carter said.

On the up side: The state’s business climate is ranked high among all states on such measures as low taxes and regulatory reform. But the state’s high obesity rate, at 42nd fattest in the nation, and the fact that we’re one of the heaviest smoking states—more than 25 percent of Hoosier adults are smokers – are troublesome because of the high healthcare costs associated with both problems.

## ‘Cagey’ Pence prioritizes I-69

INDIANAPOLIS - Gov. Mike Pence Wednesday listed the completion of Interstate 69 above most other road funding priorities (Indiana Public Media). The governor says finding public-private partnerships for the road’s final stages from Martinsville to Indianapolis ranks ahead of almost all other road projects when it comes to allocating an additional \$200 million a year given to the Indiana Department of Transportation in the recently-passed state budget. “Other than the Ohio River bridges projects and finishing [U.S.] 31 without stoplights from our capital city to South Bend, I think I-69 is our top priority,” Pence says. “And the resources that have been set aside give us the opportunity to make a down payment on that, and they give us the latitude to consider a variety of financing options for that in the future.” But when a reporter suggested the governor didn’t directly answer a question about whether the road would be paid for in part by tolls,

Pence was cagey. “There may be other projects where that might make more sense,” he says. “In this case, when I think of public-private partnerships, I more think of finding the resources in the private sector to finance what we’re doing in the long term. And we’ve not had extensive discussions about tolls relative to the completion of I-69.”

## Ballard suspends Land Bank

INDIANAPOLIS - Indianapolis Mayor Greg Ballard on Wednesday suspended a city program that sells vacant and tax-delinquent properties, one day after federal prosecutors indicted two of its top officials for allegedly accepting bribes and kickbacks. Ballard said he learned of problems at the Indianapolis Land Bank “when I got the phone call” just days before an FBI raid at the agency that promotes the redevelopment of vacant and tax-delinquent properties by selling them to private developers. Asked how the alleged activities could have escaped his administration’s oversight, Ballard said, “If you read the indictment, you can see how it was transacted \_ emails and texts and that sort of thing. We’re obviously not privy to all of that.” Ballard said he placed the Land Bank’s activities on hold while his administration reassesses procedures. “We’ll have to see what the feds do first,” Ballard said.

## FWCS won’t accept ISTEP results

FORT WAYNE – Fort Wayne Community Schools has refused to accept results – good or bad – from this year’s ISTEP+ exam and is calling on lawmakers to re-evaluate the state’s system of accountability centered on test scores (Fort Wayne Journal





Gazette). The district will not use the data from the test in its evaluations and will not distribute the test results to parents or teachers "unless and until they can be validated by a legitimate, independent third party." "It is now time to pause sanctions related to this test – a test that was not designed to measure all aspects of educational achievement," FWCS officials wrote in an overview. The second round of online, multiple choice standardized testing was plagued with errors and other problems for students across the state. The server of the state's testing vendor, CTB/McGraw Hill, experienced numerous issues in the first several days of testing, forcing the Department of Education to extend the testing window by about a week. Students were logged off the system or received error messages when trying to submit answers. Some schools were still reporting problems into the second week of testing.

## **Stutzman calls for storm relief offsets**

WASHINGTON - U.S. Rep. Marlin Stutzman has called for budget offsets as Congress potentially responds to disaster relief for the Moore, Ok. tornado. Stutzman had opposed initial disaster relief for Hurricane Sandy last fall. "My heart breaks for the victims of the tragedy in Oklahoma and Congress has an obligation to help these families rebuild," Stutzman said. "Congress also has an obligation to have a serious discussion about how we pay for emergency money that the state rightfully deserves. With nearly \$17 trillion in debt, Congress must put the people of Oklahoma ahead of wasteful federal programs. Disaster aid is just a small fraction of the \$3.6 trillion Washington spends each year but for those in need it's a lifeline that Congress can easily prioritize in the coming weeks."

## **Donnelly urges Farm Bill passage**

WASHINGTON - The 2008 farm bill expired in January, though Congress quickly extended it to October. A five-year farm bill passed the U.S. Senate Agriculture Committee last week and Senator Joe Donnelly says he's hoping it will hit the Senate floor soon. The Senate version strengthens crop insurance, which Indiana Farm Bureau President Don Villwock says is the most important component. "Not only for individual farmers but for our lenders that actually go out on a limb and lend agriculture producers anywhere now \$250,000 or \$500,000 or a million dollars plus to put out the crops each spring... those loans would be reduced, to say the least, if we didn't have crop insurance," Villwock says.

## **Site Selection rates Indiana highly**

INDIANAPOLIS - Indiana was ranked as the most competitive state for business in the Midwest and the second best nationwide in Site Selection magazine's Top 10 Competitive States of 2012. The magazine's competitiveness ranking evaluates states on their ability to attract investment based mainly on a 10-factor index using Site Selection publisher Conway Data Inc.'s New Plant database of new and expanded facility announcements. "With our low-tax, business-friendly climate, the national spotlight continues to shine on Indiana as a state that works for business," said Victor Smith, Indiana Secretary of Commerce. "This recognition is the latest validation of our efforts to make economic development efforts a top priority, building on Indiana's phenomenal strengths and winning new investment and career opportunities for Hoosiers." Indiana's

second place ranking is the state's highest finish in nearly ten years. For 2012 performance, Texas ranked first, Indiana ranked second, Georgia ranked third, Tennessee ranked fourth and North Carolina ranked fifth.

## **50 students hurt as school buses crash**

NORTH WEBSTER - A school bus slammed into the back of another one Wednesday afternoon, setting off a chain-reaction crash involving four buses in northern Indiana, leaving about 50 middle and high students with non-serious injuries and one driver seriously injured. The crash injured 55 people, including three of the four bus drivers, Kosciusko County Sheriff's Department Sgt. Chad Hill said. One of the drivers was taken by helicopter to Parkview Hospital in Fort Wayne. A doctor at the scene told school officials the driver's injuries appeared not to be critical, Hill said. He said more than 100 students from Wawasee School Corp. were on the buses when the accident occurred about a mile north of North Webster, which is about 40 miles west of Fort Wayne.

## **DCS begins hiring 200 caseworkers**

SOUTH BEND-- The number of child abuse and neglect cases in the state of Indiana is going up (South Bend Tribune). That's exactly why the state Department of Child Services is trying to fill nearly 200 positions. D.C.S. hosted a job fair in South Bend Wednesday in hopes of recruiting qualified applicants to be caseworkers and supervisors. Close to a hundred people pre-registered, and there were dozens more who walked-in.