



# Pence expands HIP to 600,000 Hoosiers

Billions in federal funds will flow into Indiana

By **MATTHEW BUTLER**  
and **BRIAN A. HOWEY**

INDIANAPOLIS – Gov. Mike Pence unveiled a drastically altered reiteration of the Healthy Indiana Plan (HIP) this morning which could expand coverage theoretically to 598,000 eligible Hoosiers and mean billions more in federal dollars for the state's health care system.

Billed as HIP 2.0, the long-awaited plan, if approved by the Centers for Medicare and Medicaid Services (CMS), will expand a newly-created form of Medicaid coverage next year to all non-disabled adults ages 19-64 who are under 138% of the federal poverty level. By offering this eligibility threshold, Indiana would qualify for enhanced federal matching funds, something the Pence Administration had forsworn going into 2014 by refusing to expand traditional Medicaid as per the Affordable Care Act.

"No new state spending or tax increases will be required for HIP 2.0," Pence said at IU Health/Methodist Hospital this morning. "We can say with authority we're going to expand HIP because HIP works."



Federal funds are available to cover 100% of Medicaid expansion costs through 2016, after which the matching rate ratchets down to 90% in 2020, where it will remain. What was unclear Thursday was why Indiana did not launch HIP 2.0, or something like it, last year in time to fully take advantage of federal matching funds offered this year. As of this spring, 27 states (including the District of Columbia) had expanded Medicaid.

The current version of HIP, which has an enrollment of only 45,000, was offered and allowed under a

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## Politic\$ & Common Core

By **BRIAN A. HOWEY**

INDIANAPOLIS – Did Gov. Mike Pence change course on Common Core curriculum, with the emphatic support of his super majority Republicans in the General Assembly, to put education standards back in the hands of Hoosiers? Or did he make a political decision that will play well with some factions of the Republican Party in Indiana and beyond to advance his career, potentially at a cost of \$125 million to local school districts?

Ultimately, the verdict on this will be determined by Indiana voters in 2016, or perhaps by Republican voters in Iowa, New Hampshire and South Carolina in a presidential race.

Gov. Pence reversed a



**"If there is a way to do it the way the governor wants, then God love him. If that's going to cover more people, then that's a success."**

*- House Minority Leader Scott Pelath, on Gov. Pence's efforts to expand Medicaid via HIP*





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

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

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HPI, HPI Daily Wire \$599  
HPI Weekly, \$350  
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course forged by former Gov. Mitch Daniels and Supt. Tony Bennett in 2013, signing a bill that "paused" implementation of Common Core standards. It came less than six months after Bennett was upset for reelection and four months after Daniels became president of Purdue University. The Bennett defeat by Democrat Supt. Glenda Ritz gave momentum to the pause and ultimately paved the way for the shift that played out over the next two years. At the same time that Ritz was upsetting Bennett, Pence himself survived a surprisingly close 2% election victory over Democrat John Gregg.

**Indiana actually** was in the process of developing new standards in 2009, and then saw Daniels and Bennett ram through the Common Core version in 2010. It was that second effort that set off a Tea Party and right revolt, with citizens complaining they didn't have a seat at the table. Ritz was able to gain their support in her 2012 campaign by promising their inclusion.

HPI could not confirm the total cost of the three implementation processes, though Derek Redelman of the Indiana Chamber said little was spent on the 2009 standards. No one seems to know the costs tied to the Common Core implementation.

Political support for Common Core began eroding in states like Indiana after President Obama, in his 2012 State of the Union address, endorsed the standards. "For less than 1% of what our nation spends on education each year, we've convinced nearly every state in the country to raise their standards for teaching and learning, the first time that's happened in a generation," said Obama.

What had been known as "Common Core" took on the moniker of "Obamacore" and ignited a Red State rebellion that played out on the rightward fringes of the GOP, gaining the quickest traction in Indiana.

In March, Pence signed legislation scrapping Common Core, and in April, the State Board of Education replaced the standards by a 10-1 vote.

While it has given Pence an emboldened set of talking points fueling presidential speculation, where he has been touting Indiana as the "first state" to reject Common Core, it has also ignited a backlash on the right thought to be the core of his grassroots support. On "Fox and Friends" Tuesday morning, Pence spoke of "millions of Americans rising up" against Common Core. "At the core of it is my objection to the notion that the standards written for Hoosier kids and Hoosier schools were written somewhere else." He said he wanted the standards "written for Hoosiers, by Hoosiers, with standards uncommonly high."

But Heather Crossin, who led the revolt against Common Core in Indiana, is now criticizing the governor. "Indiana Gov. Mike Pence was hailed as being a national hero when he signed legislation making him the first governor to formally withdraw from the Common Core," Crossin wrote on the website Hoosiers Against Common Core on April 24. "Around the country, the growing army of parents who have fought Common Core for over two years cheered. Yesterday, however, this Cinderella story sadly and abruptly came to an end. It was on Easter Monday, of all days, that Gov. Pence chose to resurrect the Common Core in Indiana. Although rumors, including from Gov. Herbert of Utah, had swirled for some time that Gov. Pence intended to do no more than rebrand Common Core, Hoosiers were still shocked."

**Conservative** columnist Michelle Malkin has been vitriolic in her criticism of Pence, writing two columns on the topic in the last month. On May 9, Malkin wrote, "These same Big Business elites backed Pence's ploy to stave off grassroots parental opposition by 'withdrawing' from Common Core, and then immediately adopting 'new' standards that recycle the same old rotten ones. As Hoosier mom Erin Tuttle put it, Pence's stunt 'gave the appearance of voiding the Common Core, while the Indiana Department of Education and the Center

for Education and Career Innovation walked it through the back door.”

Terrence Moore, an assistant professor of history from Hillsdale College who opposes Common Core and reviewed an earlier draft of the standards gave the new standards an “F” citing “plagerism.” He said, “They want us to believe these are entirely new standards. Well, they’re not.”

And Micah Clark, writing of a poll taken of his American Family Institute supporters where 54% of respondents gave Gov. Pence a “D or an F,” said, “It seems clear to me that many conservatives expected much more out of a conservative governor and unprecedented Republican supermajorities in the Indiana House and Senate. There were several concerns, but the failure to pass, or adequately defend the Marriage Protection Amendment, and a muddled exit from the Common Core were the two most consistent complaints that I heard expressed from our poll takers.”



Dave Galvin, communications director for Supt. Ritz (who has not advocated for or against Common Core), said that the current standards had origins in Common Core, those from Massachusetts, as well as the 2009 and 2010 Indiana standards. And portions of the Common Core standards were based on those forged in Indiana. HEA1427 which paused Common Core and was signed by Gov. Pence, states, in part, “Provides that the state board shall implement educational standards that use the Common Core standards as the base model for academic standards to the extent necessary to comply with federal standards to receive a flexibility waiver.”

**Since the “pause” passed** the Indiana General Assembly, two polls have shown widespread support for Common Core. In April 2013, a Howey Politics Indiana Poll conducted by Christine Matthews of Bellwether Research, found 54% supporting the continued implementation of Common Core in Indiana while 26% opposed and 20% were undecided.

In October 2013, a Princeton Survey Research Associates Poll conducted for Ball State University’s Bowen Center found that 53% believed that Common Core would “make Indiana schools more competitive in the nation and the world,” 12.4% said it would decrease competitiveness, and 31% said it would not have much effect either way.

The unknown perception point is that the truth probably lies somewhere between the Common Core critics deeply suspicious of the federal government, and proponents who believe that such standards will help prepare Hoosier kids for a global economy where American students have steadily fallen behind. The political danger for Pence, particularly in a 2016 reelection bid, is the cost for replacing Common Core with “Common Core Lite.”

The Indiana Legislative Services Agency now pegs

the potential cost to school corporations to switch gears in mid-implementation to be somewhere in the range of \$32 million to \$125 million (on top of the tens of millions spent to develop the 2009 and 2010 standards). As StateImpact reported: The reason for the high cost begins with the initial switch and development of the new standards, costing \$26 million. This comes after the state already spent \$6 million to adhere to the Common Core before Gov. Pence signed the legislation rejecting the federal standards in March. The rest of the costs come from retraining programs for the state’s teachers, which could be as high as \$2,000 a teacher. However, if adequate online resources are secured, as Fordham Institute notes, the costs could fall to \$500 a teacher. This means the final price tag could range from \$32.5 million to \$125 million.

Pence Policy Director Chris Atkins told HPI that Common Core implementation costs were “absorbed into existing IDOE appropriations from 2009-2012. At the local level, we have observed increases in local school spending on instruction-related technology, textbook, and instructional materials through the 2009-2012 timeframe. However, there has been no noticeable increase in ‘improvement of instruction’ or professional development expenditures over that time.”

**Redelman observes that** if the Pence administration acknowledges the new standards are similar to the old Common Core, it would “create political gymnastics we have not seen before.” If they aren’t and entirely new tests are required, the costs go up. If the right is in revolt over the “Common Core Lite” standards, moderate and independent voters who actually decide Indiana elections might object to the abrupt changes and total implementation costs.

Reaction to the potential costs for switching gears has been mostly muted. Senate Minority Leader Tim Lanane told HPI last week, “It’s unfortunate that politics became the driving force about what we should do about Common Core. I never really heard a logical argument or explanation as to what was wrong with Common Core, as to how the standards were wrong, as to how they could not be effectively put in place by our school systems. It just seemed that there was this fear that this has something to do with the federal government and we don’t want the federal government telling us what our education system should be in the state of Indiana, which is not how Common Core came about.” Lanane added, “The impact to me is the money, you’re talking about \$125 million, that school corporations cannot afford to have wasted, the time to implement these things up to this point, and the confusion. It was an unnecessary delay and I think it happened all in the name of politics.”

Missing from the political equation is a potential Democratic gubernatorial candidate in a position to bur-nish the notion that Indiana might be spending up to \$125 million to provide presidential bid talking points while at the same time Pence has alienated part of his base. ❖

## HIP 2.0, from page 1

one-year waiver as a substitute to such expansion and federal matching funds. It only applies to those with incomes at or below the poverty line but who are not eligible for traditional Medicaid. Under this system roughly 350,000 low-income Hoosiers are currently uninsured.

At one point, Pence said, "Let me speak from my heart" and used the stories of four Hoosiers seated in the front row to make his case. "They don't want a hand out, but they'd appreciate a hand up."

**HIP 2.0 will maintain and** expand its predecessor's Personal Wellness and Responsibility (POWER) accounts. This state-sponsored form of a health savings account will increase from \$1,100 to \$2,500 per enrollee and be dedicated toward paying the program's high deductible expenses. Monthly contributions to one's POWER account will range from \$3 to \$25 depending upon income. The only other out-of-pocket costs will include \$25 copayments for non-emergency use of ERs.

Apparently a major sticking point with the Department of Health and Human Services was the suspension of those not in compliance with their POWER contributions under HIP. Instead, HIP 2.0 will always provide default coverage, known as HIP Basic, for those in arrears and below the poverty line. The program hopes to encourage compliance with POWER contributions and copayments by enrolling everyone, at first, in HIP Plus. This level of coverage offers enhanced benefits over Basic, such as dental, maternity, vision, and comprehensive prescription drug coverage. These were benefits largely absent from the current form of HIP. The new HIP 2.0 will also provide premium assistance to those who wish to enroll in an employer-offered health insurance plan they could not otherwise afford.

The Pence Administration believes the POWER accounts, copayments, and two-tiered plans (Plus and Basic) will provide incentives that encourage judicious use of health care services. "HIP 2.0 takes consumer-driven Medicaid reform to the next level by replacing traditional Medicaid for many in Indiana with a plan that empowers participants to take charge of their health and to be cost-conscious consumers," said Pence.

Ideally, enrollees will avoid unnecessary and costly ER visits but access regular primary and preventive care.

**Reimbursement rates** were a perennial problem with Indiana Medicaid, threatening access as more providers refused to accept the program. Hoping to reverse this trend, HIP 2.0 includes a provider rate increase up to 100% of Medicare levels. However, other Medicaid programs, like Hoosier Healthwise, will apparently still reimburse only up to 75% of Medicare reimbursement rates.

The state's obligations in expanding Medicaid through HIP 2.0 will cost an estimated \$1.635 billion over a six-year budgetary period of 2015-2021. Starting in 2017 the state must begin to contribute toward this expansion

as federal matching funds progressively drop from 100% to 90%. The costs will include administration of the plan and provider rate (reimbursement) increases (\$1.46 billion) and contributions to Medicaid and the HIP trust fund (\$173 million).

Without creating any new taxes, the plan will draw upon two funding mechanisms: existing cigarette tax revenues and a relatively new Hospital Assessment Fee (HAF). The latter was begun in 2011 to bolster inpatient and outpatient reimbursements. The fee rate will remain a function of the state's Medicaid expenses but it is ultimately capped at 6% by federal law. Pence Administration officials intimated the fee is slightly north of 4% at the moment.

**The plan was received well.** "If the Obama Administration and Governor Pence can agree on a plan, everyone should applaud," said House Minority Leader Scott Pelath. "It's long past time to stop with the political grandstanding over Obamacare, and to start solving real problems for real people." State Rep. Ed DeLaney, D-Indianapolis, echoed Pelath, saying, "It's a step forward and I'm very glad to see that. I hope it works out. The details are interesting. They seem all very positive. If the Pence administration and the Obama administration can make a deal, then who would I be to criticize it?"

State Rep. Ed Clere, R-Jeffersonville, who conducted hearings around the state, said, "I am extremely pleased to see the administration moving forward with coverage expansion and I'm fully supportive. Remember, this isn't just about the 400,000 Hoosiers who would benefit from this directly in terms of receiving coverage. It's a win for the entire state of Indiana because it gives us the opportunity to improve the health status of the state of Indiana and also to inject a lot of money into the Hoosier economy."

The governor's staff stressed HIP 2.0 was the outcome of long deliberations and consultations with both the state's hospitals and HHS. Starting in March and concluding last Friday, the administration ironed out details of the expansion, particularly aspects of the HAF and reimbursement rate increases, with hospital management. Hospitals have been clamoring to expand Medicaid as per the ACA.

**The administration also stressed** it has a very good relationship with HHS in navigating earlier waiver requests and formulating this latest version. Speaking of HIP 2.0, Gov. Pence's Health Care Policy Director Brian Neale said, "This is the product of a lot of discussion with CMS." Asked if confident HHS will approve HIP 2.0, Neale answered, "They expressed a lot of enthusiasm and like the fact Indiana is breaking new ground."

In late June the Pence administration will formally submit two waivers: HIP 2.0 and, considered a backup plan, another for the existing HIP program. After today, the HIP 2.0 waiver request will enter a 30-day public notice and comment period. There will be two public hearings May 28 and 29 and town hall meetings throughout the state. The state could begin enrollment in 2015. ❖

# Pelath talks 2016, Pence, jobs and health

By **MATTHEW BUTLER**

INDIANAPOLIS – In our final round of exclusive exit interviews for the 2014 Indiana General Assembly session, Howey Politics Indiana sat down with Democratic House Leader Scott Pelath last Friday. We touched on a broad swath of issues, from the Hoosier political landscape and how Rep. Pelath sees fundamental differences between Democrats and Republicans on specific policies



and their outcomes, to topics such as tax cuts at the state and local level, policies to increase wages and attract talent, workforce development, and health care policy.

Our conversation came on the heels of a surge in national speculation that Gov. Mike Pence is considering entering the field for the 2016 Republican presidential nomination.

**HPI:** There has been substantial buzz within the state and across the country regarding Gov. Pence as a potential 2016 presidential candidate. John Gregg, former Speaker and Pence gubernatorial opponent, said recently that every agenda item by this administration has had its eye on 2016. Your thoughts on that and how these considerations might influence policy between now and 2016?

**Pelath:** What day was Mike Pence inaugurated in January 2013? That's been a consideration since the day he entered office.

**HPI:** The governor says it hasn't been.

**Pelath:** That's a way of also saying it has. Clearly his policy positions have been aimed at the Iowa caucus. If they weren't, we would have already done things like the health care expansion here in Indiana, which other conservative Republican governors have already conceded is a good deal for their states. He probably would not have taken a dogmatic position on things like Common Core. He probably would not have felt the need to say he did some kind of individual income tax cut, which deprived the state of revenue without any economic stimulative effect. He's going through the Iowa talking points and that's what his agenda is reflecting.

Am I universally condemnatory of everything about Gov. Pence? No, I like Gov. Pence. I like it that we finally joined the ranks of 40 other states that are investing in early childhood development, for instance. I think he likes being governor; I think he would like being president better.



**HPI:** What sort of message was sent by the upset of incumbent Republican State Reps. Rebecca Kubacki and Kathy Heuer?

**Pelath:** It says, first, there are two Republican parties. That's been very evident within the House Chamber. But now it's manifested itself on an electoral level. You have your Republicans who are conservative yet pragmatic, the ones we've known and loved for generations and then you have a party that is very socially and culturally extreme. They present a problem for my friends across the aisle going forward over the next decade. The other lesson to be learned, and I think this is problematic for the Republicans as well, is that strong, dynamic, independent-minded women seem to get jettisoned during the primary process. I don't think that is good for their party in the long term either. Ones [Kubacki and Heuer] who were very respected on both sides of the aisle were effective policy leaders. I think their party suffered a loss just in human resources.

**HPI:** The Democratic gubernatorial field for 2016 appears to be frozen and there has been no discernible movement by any potential candidate, save for Evan Bayh not ruling out a run. Do you think things need to get moving soon?

**Pelath:** Frankly, I don't have one second to think about who the governor is going to be. I have a sacred obligation to increase the influence of Democratic perspectives in the lawmaking process and that means our caucus

needs to gain seats and spread its message more effectively. That's a message about empowering the middle class. The void, if there is one, in the governor's race will fill itself. But we have to remember, if we don't increase the Democrats in the legislature, the legislature will merely be a torture device for any Democratic governor. First things first, we need to articulate an effective message that's aimed at the bulk of Hoosiers who are concerned that the middle class is shrinking

and they may be falling out of it.

**HPI:** Busy as you are, could you see yourself considering a gubernatorial run in 2016?

**Pelath:** I could come up with a list of 10,000 better candidates for governor. I would probably vote for any other Democrat for governor than me.

**HPI:** Could that Democrat be your colleague across the Statehouse, Senate Leader Tim Lanane?

**Pelath:** Tim and I are very good friends, but believe it or not, we don't talk about this stuff. We've got daily business to get to.

**HPI:** You and Sen. Lanane are the voice of the Democratic Party in many ways for the state. It appears you both are consistently pressing issues and policies that

truly sound like the Democratic Party; could you elaborate on your messaging?

**Pelath:** In the information age you have to state your beliefs over and over and over. We're awash in a world where people get the information they want rather than what they need. You don't have Walter Cronkite anymore. Now we disagree as much on what the facts are instead of disagreeing what the facts mean. We have some core beliefs that we are very confident in articulating to the public. That is our ultimate economic message. Their message is always getting money and power in the hands of the right people and the belief that they'll do nice things for the rest of us. While it is important to make sure investors feel confident in Indiana, that businesses feel confident that when they come here they're going to get a fair shake and be able to be competitive, it's equally important that workers are successful, that we have high-income earners who are willing to come to Indiana and stay in Indiana, that we have consumers with paychecks that are healthy enough that they can spend to create jobs for other people. My friendly adversaries across the aisle have only ever been focused on one side of the economic equation.

**HPI:** You're suggesting Republicans only focus on the supply side, whereas Democrats address both the supply and demand sides of the economy?

**Pelath:** I think they've only focused on the supply side. An Indiana Democrat is never going to assert that the supply side doesn't matter too. Our message is that both matter. You have to have a strong middle class in Indiana and it's evident that we don't have one. Our median household income is lagging the nation. Our per capita income also is lagging. Then all the ancillary indicators that correlate closely with the health of your middle class are poor as well. Our health factors are very, very low compared to the nation. Those things are directly related. The fact is we have to attract and retain and grow more Hoosiers with high-income earning potential and that's going to make Indiana the kind of place we want it to be. Let's not over complicate this. We want Indiana to be the kind of place for our kids, so that after we raise them, they are going to want to stay. There's intrinsic value to that and what I think the Democratic Party is working toward. It's time to stop the rhetoric and be effective problem solvers. Actually, the Democratic Party in Indiana is going to be about the middle class and it's also going to work to be the problem-solving party, not the party of ideology. People are tired of ideology. Ideology means when new information comes in you reject the facts that don't fit in. That's what we're striving to change and get better at. Because



of that problem-solving belief, a new governing coalition started to emerge with HJR-3. Go back and look at the vote. We had every Democratic vote against HJR-3, including people who had supported it in the past, because they knew it was no longer the pragmatic thing to do, as well as the right thing to do. We were joined by 23 Republicans who form the core of the pragmatic and problem-solving wing of their party. If we can add more problem-solving

Democrats and add them to those problem-solving Republicans, I think you will see the genesis of a new governing coalition in this state. By the way, my friend, the Speaker, is capable of pragmatism, acknowledging that he has a very difficult caucus to lead, because he does have two different caucuses.

**HPI:** Common Core appears to be a closed chapter of education policy for our state. LSA estimates it will cost local schools \$125 million to retool for the new standards. Will those costs be reimbursed and your thoughts on the whole reverse in policy?

**Pelath:** Common Core has become another Iowa talking point. It's a lightning rod in Tea Party circles. People like me think it's reasonable to have standards and don't believe just because somebody in Washington, D.C., said something doesn't mean it's wrong. I think we just need to look to

our brother and sister states and see how they handled it. Not everything there in this nation needs to turn into a Fox News talking point or something for people on MSNBC to yammer on about. It's just about solving problems. Now we're going to have Hoosier style accountability system. Is it going to be substantively different from Common Core? I don't know yet. Is it worth paying the bureaucrats to do their job twice? Probably not.

**HPI:** Both chambers' Republican leadership and the governor are very proud of their workforce development measures, particularly the work councils, but critics charge the state is still not nearly investing enough resources in these and other related efforts.

**Pelath:** Well, we're not. By the way, I was the coauthor of the Indiana Career Council, with the other three leaders. That wasn't an end, it was a beginning, a recognition that we have silos in state government that are responsible for workforce development but they're not coordinating a strategy. That doesn't mean that we solved the problem; it means we recognized there is a problem. I'm glad that leaders across the aisle have noticed that but it is going to take resources or at least some creative new solutions. At least 10 years ago we used to be at the middle of the pack in terms of household income, now we're down in the bottom quintile.

**HPI:** You've mentioned our slippage in terms of household income several times. Why do you think that occurred?

**Pelath:** Part of it is things that have happened nationally. It's no secret that we've seen growth in the income gap between the top one percent and the rest of us, but our policies in Indiana have exacerbated that. We haven't focused on middle-class incomes at all. Former Gov. Daniels gave it some lip service and said it was a problem he wanted to solve. But at the end of the day, I think they wanted to empower the guys in the boardrooms and hope it would work out for everyone else, and the evidence is clear that it hasn't. That's why I implore my more conservative colleagues, at least those who call themselves 'conservative.' Caring about the middle class doesn't mean you've abandoned your conservative principles; it means you're doing what makes sense.

**HPI:** You can help middle class incomes go further by tackling inflationary costs like health care, but how do you realize true income growth in Indiana?

**Pelath:** You have to take the pressures off the incomes they already have. That's part of it, but in terms of reducing the skills gap, that's where the skills are most important. That's where wages are able to rise. A report Ball State released last August said we know we have plummeting incomes here in Indiana, what do we do about it? The first thing is that we attract and retain high-income workers. If you do that you're going to raise your median income and have more disposable income here in the state. What promotes that? Things like investments in mass transit, not having embarrassing debates about marriage before the rest of the nation. That's why the local Chambers were opposed to it, they knew it was driving away top talent from Indiana. Top business leaders in Indiana, Cummins and Eli Lilly, Indiana University, which includes IU Health, the fourth largest employer in Indiana, all knew it was a problem. When you drive away top talent, you cripple your ability to raise your median income.

**HPI:** Higher education costs continue to rise and our state universities have felt they've had to raise tuitions correspondingly, especially in light of decreased state support. How can we help keep these public universities open to the public?

**Pelath:** We can stop handing away revenue for no demonstrable purpose other than to make our friends happy. We've seen very draconian cuts to our schools. We're now funding three different school systems with the same amount of dollars and we're making it hard not just for people to get higher educations, like those who want to major in philosophy, but for people who can be respiratory or radiological technicians in a health care system where



people aren't going to ERs anymore, but getting regular preventive and primary health care services in a sensibly expanded health care system.

**HPI:** Over several consecutive budgetary periods the Republicans have enacted tax cuts and reforms with the promise it will bring widespread job creation and wage growth. There have been some major job announcements recently, do you think these policies are beginning to deliver as advertised? Isn't it 'showtime'?

**Pelath:** First of all, does anybody believe those job numbers anymore? They've been so politicized over the past decade. I'm not going to sit here and say that Democratic governors haven't also benefitted from showing up at ribbon cuttings; that happens, that's something that politicians do. That's what those tax credits from IEDC get you; they let you stand around at those job announcements. They only matter to the extent that people feel like their lives are getting better, that they don't feel like they're going to lose their job next week, and they don't have anxiety over what the future holds. It's been showtime for several years now and we've had a couple rounds of corporate income tax cuts, we've deregulated a number of areas of the economy, but the results speak for themselves: People feel like they're working harder and their lives aren't getting any better. That's reality and the statistics. Individual families are falling behind; some people are doing very well, most people are not. For us to be the type of state I want it to be and many of the people we represent want it to be, the middle class is going to have to be prosperous and want to stay here in Indiana. And our kids are not going to have to look elsewhere to prosper. Just to say we had a big tax cut, that we have a big surplus, that the guys in the boardroom are going to get to add some benefits to their balance sheets aren't measures of success. The measures of success are: Are we earning more, are we healthy, and is this a place we want to raise our grandkids? We celebrate the size of the surplus like it's some deity. It's only good to the extent that our people are prospering and our problems are being solved.

**HPI:** Hoosier employment and wages are very dependent upon manufacturing and thus the global economy. Do you think our state economy needs greater diversification?

**Pelath:** Diversity is important under any circumstances. As a person from steel country, I am proud to be from a manufacturing state. Heavy industry and natural beauty can exist side by side, but we need diversity. We have a tourism budget that is about one-twentieth of Michigan's and we keep coming up with slogans that are as lame as our economic approaches; those are things we need to get better at. Let's not ignore we have a casino industry here. The gravy train is over and we now face out-of-state competition. We're going to have to solve that problem.

**HPI:** So critics of the last decade's tax cuts and caps argue there has been a tax shift from business to

individuals. Could you elaborate on that?

**Pelath:** The Tax Foundation just made it very clear there has been a tax shift and that's not any radical leftwing organization. That's a center-right organization. The shift onto individuals is one of the things that is burdening the middle class. At the same time we're depriving ourselves of the revenue we need in the future to solve some real middle-class problems. We've got infrastructure that is decaying. We lack mass transit that could help connect people to higher wages in order to pay taxes. That's going to cut down on our transportation costs. And that's not just here in Indianapolis, but in economic engines like Northwest Indiana as well. That's what's so frustrating about these little tax cuts the governor is bragging about. The revenue dissipates but there is really no economic impact in return. We're drifting off on the wrong economic course in Indiana and I don't see any signs of there being some sort of a correction until the governor decides he is not interested in Iowa anymore. And when the Republican leadership in both houses of the General Assembly aren't playing to their base.

**HPI:** In reference to this past session's business personal property tax (BPPT) reforms and county options, are you aware of any local elected officials interested in exercising these tax cuts?

**Pelath:** No. I haven't heard from any. If they're out there, they're talking to each other and not me.

**HPI:** The property tax caps appear to be really squeezing local governments. Some schools don't have money for busing; some counties are letting roads return to gravel. Is there anything the state can do to empower those counties to generate new revenue or provide revenue sharing?

**Pelath:** The problem is that we've already shifted the tax burden onto individuals via the sales tax, and you've seen local units of government struggle to provide basic services. You see growth in things like user fees. You see what the shortfalls from these tax caps do to police and fire protection, snow removal. Guess what, those are things that businesses need too. If you're running a small business, you'd like it if the fire department is going to show up if your building is on fire. You'd like the street to be plowed so people can get to your business. It's a case of be careful of what you wish for because you just might get it. These tax caps are coming home to roost and it's going to be heavy weight on the Republican Party that led us in this direction to undo this.

**HPI:** Do you think the new BBPT option and the 'super abatement' will increase the gap between poorer counties and richer counties?

**Pelath:** That potential is absolutely there and that is not good for Indiana. Relative degradation is not healthy for any society. That is very discouraging when people see their neighbor doing well and they are not. We have to do well together and that's why I bring it back to the middle class.

**HPI:** Do you think Indiana would have had faster

and greater enrollment through the health care exchange if it had created and managed its own insurance marketplace?

**Pelath:** I know we would have because I've seen this firsthand with constituents. They go on to the federal exchange, they try to enroll under the ACA, they're working, they have a low income, they think they're going to qualify for a tax credit, and the first thing they have to do is wade through the state bureaucracy to see if they're eligible for the Healthy Indiana Plan (HIP). If we had a statewide exchange we could resolve that all at once. We could have a system here in Indiana, do it the Hoosierific way, and allow people to have one-stop shopping and not just be engulfed in what exists in the much larger and complex federal level. Kentucky, I'm embarrassed to say, is a good example for Indiana. We could have done it like that and had people signed up and they'd be going to their doctor rather than the ER when they get sick. Ten years from now I think they're going to agree. That's an issue Democrats have always been willing to take a longer-term view on.

**HPI:** Speaker Bosma told HPI that perhaps the legislature should consider whether the state should have its own health insurance marketplace and/or expand Medicaid. Are you hopeful there will be some movement simply with those discussions?

**Pelath:** We've been saying that for nearly two years now. The day is going to come when that is no longer an electoral issue, then we can get down to business. Getting down to business is going to make sure this thing works because you and I are already sending our taxes to Washington, D.C., to pay for the ACA. Are we going to allow our tax dollars to pay for people in Illinois, Michigan, Ohio, and Kentucky to have health care, or are we going to allow some Hoosiers to benefit from that too?

**HPI:** You're referring mainly to foregone Medicaid expansion under the ACA?

**Pelath:** That's the big elephant in the room and that's the way we can cover a lot more people; that, in tandem with a statewide exchange. I want to emphasize we're already paying for this, so let's at least allow Indiana to be part of it. But we're going to have to get past the presidential politics and we're going to have to get past political talking points and back to problem solving.

**HPI:** What are your predictions regarding the HHS waiver for HIP, such as stricter stipulations and mandated wider coverage?

**Pelath:** If there is a way to do it the way the governor wants, then God love him. If that's going to cover more people, then that's a success. I'm not sure he can do it yet. I'm not sure his way is going to work. I definitely know it's not the easiest way to do it, but if the governor can find an agreement with the people in Washington and it covers every Hoosier that is eligible, then we may acknowledge it as a success. ❖



# Pence's NYC trip sends array of 2016 signals

By **BRIAN A. HOWEY**

INDIANAPOLIS – Gov. Mike Pence continued to send an array of mixed 2016 signals as the third week of May commenced, jetting off to New York for key appearances before conservatives and potential presidential campaign funders, while announcing a big fundraising event for his reelection campaign back home in Indiana.

Team Pence is queuing up a tax conference for Indianapolis in late June, with economist Arthur Laffer and anti-tax crusader Grover Norquist on the bill. Pence will give opening and closing remarks at the June 24 event at Government Center South, sources tell Howey Politics Indiana.



The New York trip quickly drew criticism from Indiana

Democratic Chairman John Zody, who noted the scant public schedule and wondered if Hoosier taxpayers are footing the bill. "Is this an economic development trip, or is it a political trip, and who is paying for it?" Zody asked. "He needs to be transparent with Hoosiers about his plans and who is paying for his trips."

But Pence indicated late Tuesday morning he was doing state business, tweeting, "Productive mtg w/a site selection firm that helps clients worldwide find the best location for their biz."

And the Indiana Economic Development Corporation said he attended the Yankees/Mets game seeking new business for the state. "If New York is the city that never sleeps, then Indiana must be the state that never ceases its pursuit of job opportunities for Hoosiers," said Pence.

"While here, we are shouting Indiana's story from the soaring rooftops — a story of a state that works for growing a business, finding a job or chasing your dreams.

**"It is our mission to let Indiana** shine brighter than the lights of Broadway, sharing with business executives and site selection consultants that Indiana is the affordable solution to high-tax, high-regulation states like New York."

Pence made an appearance on "Fox & Friends"

Tuesday morning, was scheduled to appear before the Wall Street Journal editorial board and spoke to a meeting of journalists, business leaders and conservative authors Monday night. "This is the second year that Gov. Pence has traveled to New York to meet with business executives who are interested in locating or expanding their businesses in Indiana," spokeswoman Kara Brooks said.

**Pence talked about Common Core** on "Fox & Friends," a topic that has displeased national and Indiana Tea Party activists, who say he simply replaced Common Core with essentially Common Core light. "At the core of it is the notion that the standards written for Hoosier kids and Hoosier schools were written somewhere else," Pence said. "States have been laboratories of innovation that style policies that deal with unique populations. I wanted standards in Indiana to be written for Hoosiers by Hoosiers."

Asked about his future, Pence said, "I have to tell you having been elected governor of the state I love, has been the greatest honor of my life. I'm going to stay completely focused on the future of the people of Indiana. I'll stay focused on the people of Indiana and let my future take care of itself."

Pence has been anything but transparent about his 2016 plans. Key senior aides have insisted his most likely path is a reelection bid, but at the same time his team is feeding national media with news items and he has made or will make political trips to Wisconsin, Alabama and possibly New Hampshire. On Tuesday, the Pence reelection campaign announced a May 16 fundraiser at the

Indianapolis Motor Speedway Museum featuring past and current Indy race car drivers Tyce Carlson, Scott Goodyear, Dr. Jack Miller, Alex Tagliani and Jay Howard. Donations run from \$10,000 to \$50.

Pence will be hosting a national tax conference at Government Center South on June 24 that will attract recognized economists and even more presidential speculation. Sources tell HPI that economists Arthur Laffer and Norquist will be speaking. Gov. Pence

is expected to give opening and closing remarks. Norquist has called Pence a prospective presidential candidate. "Pence still needs a big thing," said Norquist this week. "If he's going to be up there at a primary debate, alongside governors like Rick Perry, Bobby Jindal and Scott Walker, he is going to need something more."

And the Wall Street Journal reported that Pence can expect a call from New Hampshire Republican Chair Jennifer Horn. "I generously give potential candidates in



2016 the chance to support our efforts," Horn told the Wall Street Journal, one day after Florida Sen. Marco Rubio attended back-to-back fundraisers for the state party, the Rockingham County Republican Party and Republican Sen. Kelly Ayotte. "Everybody is welcome."

The Republican National Committee included Pence in "Presidential Preference Polling Ballot" that included all the usual 2016 suspects, Jeb Bush, Chris Christie, Ted Cruz, Rand Paul and, interestingly, Purdue President Mitch Daniels.

Pence has made New York trips to meet key business and conservative leaders before. In June 2011, after he passed on a potential presidential bid and opted for the governor's race, Pence hosted a meeting with billionaire David Koch sitting next to him while other attendees included Norquist; the American Spectator's Bob Tyrrell; Steve Grasso, director of institutional investing at Stuart Frankel; private wealth manager George F. Russell, Jr.; former Republican National Committee staffer-turned-hedge fund manager Mina Nguyen; corporate lawyer Mario Kranjac; and Thomas Lehrman, the co-founder of the Gerson Lehrman Group. Pence took along his pollster Kellyanne Conway.

### Treasurer: Lugar endorses Seybold

Former U.S. Sen. Dick Lugar endorsed Marion Mayor Wayne Seybold for treasurer. "It is a privilege to endorse Mayor Wayne Seybold to become the next Treasurer of the State of Indiana," Lugar said in a statement.



"Wayne Seybold has demonstrated outstanding leadership abilities as Mayor of Marion, Indiana, and this leadership has been recognized by his election as President of the Indiana Association of Cities and Towns, as President of the Indiana

Mayor's Association, and as a member of the Community and Economic Development Committee of the National League of Cities. In 2011 when the citizens of Marion chose Wayne to be the first three-consecutive-term Mayor of their city, Wayne and his remarkable family had demonstrated remarkable public service achievements and strong compassion for all the citizens they serve. Wayne Seybold will bring new strengths to state government through his election as Treasurer of the State of Indiana, and I am most hopeful that Hoosiers will give him an overwhelming mandate to serve."

### Mourdock reportedly endorses Mitchell

The Fort Wayne Journal Gazette is reporting today that Treasurer Richard Mourdock has endorsed Kelly Mitchell to succeed him.

### Treasurer: S&P upgrades Marion rating

Standard & Poor's Ratings Services assigned its

"A+" long-term rating and stable outlook to Marion Redevelopment District series 2014 refunding bonds, a significant and notable improvement that Marion Mayor Wayne Seybold attributes to sound financial management practices. "When I took office as mayor more than a decade ago, Marion had low-to-no credit rating. The city had been through tough times – and tougher times were ahead as the national recession moved in," said Seybold. "We've gotten Marion through those financial storms with a disciplined approach of prioritizing municipal spending, as well as by managing our finances based on sound conservative principles. What this means is that S&P is very confident in our ability to manage our budget with low risk. That's great for the city of Marion and all of our taxpayers," Seybold added. "It's proof that implementing strict conservative practices works. That's how we've been successful in Marion and that's the same approach we'll bring to the office of Indiana State Treasurer."

### Treasurer: Bates expects 'some doozies'

Republican Treasurer candidate Don Bates Jr. is telling supporters they can "expect some doozies" in the final weeks of his race against Marion Mayor Wayne Seybold and Kelly Mitchell. "Our growing momentum has made our opponents and their bidders nervous and they're becoming desperate," said Bates. "Over the next few weeks, they'll attempt to falsely attack me, my family and faith in an attempt to retain power. Let's face it. You'll hear some real doozies. But I understand why." Bates is referring to recent coverage of a lawsuit he is facing from his former church in Winchester, his lapsed financial services, late payments on property tax bills, a brush with foreclosure on his home, and promoting an "invest in Indiana" program while hiring a Colorado firm to run his campaign. According to DLGF, Bates has been delinquent in tax payments in 2003, 2004, 2005, 2006, 2009 and 2010. The late payments totaled more than \$7,500. Bates also said that both Seybold and Mitchell have endorsed Democratic candidates. "We work too hard for our conservative principles to have Republican elected officials openly endorse Democrats," Bates said. Bates said he has been endorsed by 2nd District State Committee Chairman Sam Frain, 5th District Vice-Chair Judy Buck, Grant County Auditor Roger Bainbridge and "my hometown mayor Steve Croyle (R-Winchester)."



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# Local leadership and school referenda

By MAUREEN HAYDEN  
CNHI Statehouse Bureau

INDIANAPOLIS – Ball State University economist Michael Hicks had some unwelcome news when he met with leaders of the scenic Ohio River town of Madison last summer, after they asked his advice on growing their community.

Despite a long list of assets, ranging from a strong manufacturing base to an abundance of recreational opportunities, he found the community had a weak link, its underperforming schools, measured by metrics and perception.



Hicks, who crunches those kinds of numbers in his role as head of BSU's Center for Business and Economic Research, warned the lack of confidence had consequences.

Last Tuesday, that prediction came to pass. Madison voters overwhelming turned down a \$40 million referendum request from its school district. The money, to be raised with an increase on property taxes, would have gone toward major construction projects, including a new high school gymnasium.

Out of the 10 school referenda on the ballot Tuesday across the state, Madison was the only one that lost. The vote wasn't close: 73 percent of voters said no, including one local Democratic activist who told the local newspaper she asked everyone she knew to do the same.

Post-election, Hicks' analysis found that most of the successful referenda were in districts with schools rated high for academic performance and/or moving up on their benchmarks. Only two wanted more money for construction projects; the rest were to boost school operating or transportation funds, both areas hit by past cuts from the state.

**Hicks' conclusion:** Taxpayers are ready to invest more in schools, but they want to see value, especially when it comes to putting more money into bricks and mortar.

"It's easy to go to taxpayers and say, 'We're doing a good job and we'll get better if we have extra resources,'" said Hicks. "It's hard to go to taxpayers and say, 'We're not doing well, but we need this money to get better.' But it's extraordinarily hard to make the argument, 'We can't get the classroom right but we're going to ask for a lot more money to build a new gymnasium.'"

The odds against the Madison referendum were long going in, as the district administrators admitted in the lead-up to the vote and in their expressions of disappoint-

ment afterwards.

Up until Tuesday's election, school districts have struggled to convince voters of the merits of raising their own property taxes to fund expenses beyond what the state doles out and what existing local taxes bring in. With the defeat of its referendum, Madison joins a long list of school corporations that have fallen short in their first referendum attempt.

**Since 2008, when the state** overhauled education funding and created the referendum mechanism for school districts to raise money, two-thirds of the first-time referenda failed. Before Tuesday's election, half of the 92 school referenda questions held since 2008 failed.

And \$40 million is a lot for a small school corporation to request. With double the student body, the Decatur Township Schools in Marion County won their \$27 million referendum with 64 percent of the vote.

But as Hicks notes, value has different meaning to voters. In the small farming community of Eminence in Morgan County, voters said yes to a referendum that will generate just over \$4 million to keep its single K-12 school from having to consolidate with a neighboring school.

**The Eminence school** is struggling to keep up with the aggressive academic standards set by the state, but taxpayers there feel invested in its success. The tax hike won with 87 percent of the vote, the highest percentage of "yes" votes since the inception of school referenda in 2008.

Schools may still be on a learning curve when it comes to campaigning for referenda. But Hicks thinks there's a lesson in Tuesday's results. "Voters need to be persuaded of the net benefits to taxation," Hicks said. "And that is purely a matter of successful local leadership."

## Local schools fear loss of federal waiver

By MAUREEN HAYDEN  
CNHI Statehouse Bureau

INDIANAPOLIS – At West Goshen Elementary, the federal government's decision two years ago to waive the escalating requirements of the No Child Left Behind law was good news.

The statewide waiver for Indiana schools gave officials in the high-poverty district the flexibility to use federal money to open a new preschool for the most at-risk students and hire reading instructors to work with a growing number of immigrant children whose parents don't speak English. It freed up money to keep the school library open in the summer for literacy programs.

Those initiatives helped, administrators say. Student test scores rose and West Goshen pulled itself up from a near-failing grade under the state's school-rating

system. Now, West Goshen officials worry their efforts are in peril.

In early May, the U.S. Department of Education released a report showing Indiana is at risk of losing its No Child Left Behind waiver because the state has failed to keep its promises for improving schools.

The waiver's loss would mean local schools lose control of a portion of the \$231 million in federal money they use to help students in poverty. Instead schools would have to set aside about \$46 million for federally mandated programs that could mean cutting some teachers.

**As alarming** for school officials, losing the waiver would label almost every Indiana school as "failing" under the federal education law. "I don't think they're fooling around," said West Goshen Principal Alan Metcalfe. "Right now, we're planning for the worst and hoping for the best."

The U.S. Department of Education has given state Superintendent of Public Instruction Glenda Ritz until July 1 to show how the state will rectify its problems. Indiana was one of 10 states to receive a waiver in 2012 from the landmark education law that compels schools to have 100 percent of students proficient in reading and math by this year.

Federal officials alerted Indiana in early May the waiver was at risk because the state has failed to meet 9 of 18 benchmarks it set when requesting the waiver. A lengthy report said Indiana, among other things, failed to show how it's preparing students for college and careers, and that teacher and principal evaluation systems are inadequately tied to student achievement.

Ritz has minimized the threat, calling the problems "technical." Her assurances have failed to comfort critics on the State Board of Education. They've said the shortcomings pointed out by federal officials are significant.

"Losing the waiver will have an immediate and devastating effect on our schools and students," said board member Brad Oliver, a former teacher and school principal.

**Oliver and school officials** around Indiana point to the state of Washington to justify their fears. Last month, U.S. Education Secretary Arne Duncan yanked that state's waiver after its legislature failed to pass a law requiring schools to tie teacher evaluations to student test scores.

Local schools felt the impact immediately. They're losing control of more than \$40 million a year from the federal Title I program for at-risk students. Instead of deciding how to spend the money, they're required to set

it aside to transport students to higher-performing schools, pay for private tutoring programs, or foot the bill for intensive teacher training.

"When you look at our waiver, you realize it was a victory for Indiana because local schools got to make decisions about how they could best spend their Title I money," said Oliver. "And many of our schools were succeeding doing that."

**Logansport Community Schools** Superintendent Michele Starkey said she fears losing control of Title I funds. Starkey doesn't want to let go of reading coaches she's hired with Title I money to help immigrant children in her schools. Thirty percent of Logansport students don't speak English as their native language, and most of those students them live in poverty.

"With those kind of students come high needs," Starkey said. "We'd lose a ton of flexibility in working with them."

Almost every school in Indiana receives Title I money; schools that get the most would feel the waiver's loss the deepest. Many use Title I funds to hire teachers to give extra help to struggling students.

Some, like Goshen, use the money for pre-kindergarten programs for low-income students.

Even schools with few low-income students are wary of losing the waiver. That's because nearly every school in Indiana would likely be labeled as "failing" if switched back to the No Child Left Behind rules.

**The law mandates that** every child, including students with developmental disabilities and those who don't speak English as their native language, be reading and doing math at grade level by this school year. The waiver exempted the state from meeting that 100 percent proficiency goal.

Its loss would hit Zionsville Community Schools, for example, which has the lowest student poverty rate in the state and some of the highest math and reading proficiency scores. The district's schools have earned an "A" rating under the state's grading system.

"There would be a near-universal failure rate," said Zionsville finance chief Mike Shafer. "One day, you'd have an A school. The next, it would be labeled 'failing.' How do you think parents would feel about that?" ❖

**Maureen Hayden covers the Statehouse for the CNHI newspapers in Indiana. Reach her at [maureen.hayden@indianamediagroup.com](mailto:maureen.hayden@indianamediagroup.com) or follow her on Twitter @MaureenHayden.**



# Benghazi, Rep. Brooks and the Lugar mantle

By **BRIAN A. HOWEY**

NASHVILLE, Ind. – The congressional career of U.S. Rep. Susan Brooks, appointed last Friday by Speaker John Boehner to a House Select Committee on the Benghazi terror attack, began the same night that U.S. Sen. Dick Lugar was defeated in May 2012.

The 80-year-old Lugar's urge for a final term was evident by the huge poster on his Senate office conference room with a number of Nunn-Lugar goals slated for 2016 and 2017. And the question posed to Susan Brooks in the wake of her come-from-behind primary victory was this: Would you be interested in picking up Lugar's mantle in Congress of attempting to rid the world of weapons of mass destruction?

The question stemmed from an appearance at Indiana University in November 2011 by Lugar and Kenneth Myers, director of the Defense Threat Reduction Agency. Is there a successor to Lugar? "That's a hard question to answer," said Myers. "My first instinct is you simply can't replace that kind of experience in statesmanship. Quite frankly, I don't believe there is anyone else who has shown the depth of interest and followed up on it with actions for as long as Sen. Lugar has."

Brooks was just hours past her primary victory over David McIntosh and expressed interest in the concept. The marquee part of her pre-congressional career was forged in the immediate hours after the Sept. 11, 2001, terror attacks. She had just assumed the office of Southern Indiana U.S. District Attorney. In the wake of the terror attacks on New York City, Washington and in the air above Pennsylvania, as well as the Capitol Hill/USPS anthrax and highway sniper attacks in Washington, Brooks found herself coordinating the federal government with dozens of first responder state and local agencies around Indiana. As a freshman in Congress, she was appointed chair of the Emergency Preparedness, Response and Communications Subcommittee.

**With Brooks' appointment** to the Benghazi select committee, the Carmel Republican will now find herself immersed in the murky world of Middle East/North African terror. The Sept. 11, 2012, attacks that killed Ambassador Chris Stevens came in an area that had recorded dozens of terror incidents and it occurred in a country that while liberated from Muammar Qaddafi's iron rule, has since become a sieve for missiles and chemical weapons.

Hundreds of shoulder-launched anti-aircraft missiles, or MANPADs, have been trafficked out of Libya to Chad, Mali, Tunisia, Lebanon and possibly the Central African Republic. Reuters reported attempts have been made to send them to Syrian rebels potentially affiliated with

al-Qaeda. "Despite efforts by Libya and other countries to account for and secure MANPADs in Libya, Panel sources state that thousands of MANPADs were still available in arsenals controlled by a wide array of non-state actors with tenuous or non-existent links to Libyan national authorities," the experts said in their final report to the U.N. Security Council.

**The Wall Street Journal** reported that while Qaddafi voluntarily shut down his arsenal in 2006, his regime possessed caches of mustard gas and other chemical weapons, as well as a stockpile of Scud B missiles and 1,000 metric tons of uranium yellowcake. When the regime fell, so did any control of the arsenals. It was one of the reasons Ambassador Stevens ended up in Benghazi on the night of his death.

Washington Post columnist Charles Krauthammer wrote on Friday: "What happened during the eight hours of the Benghazi attack, at the end of which the last two

Americans (of four) were killed by mortar fire? Where was the commander in chief and where was the responsible cabinet secretary, Hillary Clinton? What did they do? The White House acts as if these are, alternatively, either state secrets or of no importance."

Of Committee Chairman Trey Gowdy, like Brooks a former prosecutor, Krauthammer writes: "Every sentence by every GOP committee member must end with a question mark."

Brooks said of her appointment, "Four Americans were killed in the tragic September 11, 2012, terrorist attack on our embassy in Benghazi, Libya. Many questions about the events that took place before, during and in the aftermath of the attack still exist. We have a duty to the families of the victims and the American people to unveil the whole truth of this tragic incident and seek appropriate accountability."

**The added benefit to Brooks** serving on this committee is that it will open up a more in-depth worldview that will likely immerse her into the kind of disturbing lack of command and control over WMD that presented itself to Sens. Lugar and Sam Nunn when the Soviet Union collapsed in 1991, leaving in its wake scores of impoverished nuclear scientists, unpaid military commanders and WMD stored in chicken coops under padlocks in a world teeming with terrorists. Since Lugar left office less than two years ago, the world has changed dramatically in ways no one could have predicted. Russian President Putin walks in his newly ruled land of Crimea. His forces mass on the Ukrainian frontier. The Russian shipments of highly enriched uranium will no longer power U.S. nuclear plants, and public servants like Kenny Myers may no longer have the ability to inspect Russia's arsenals.

Having a security champion like Brooks in Congress or a future presidential administration would be a worthy evolution toward the Lugar mantle. ❖



# Republican worries about Benghazi panel

By CRAIG DUNN

KOKOMO – Sometimes I lie awake at night worrying about what can go wrong. Politically, I survey the horizon and feel quite confident that this is going to be a big Republican year. The tea leaves are all aligned just right and the stars in the heaven point to a massive repudiation



of the Obama Administration and virtually everything that it has touched. But when I start to think about what can go wrong, I think about the coming Benghazi hearings.

The Benghazi hearings are important and thank goodness they will be conducted by a special committee with someone other than Darrell Issa chairing them. No offense to Issa, but the House Rules

Committee often has the appearance of a modern day Salem witch trial. So much good work done by the Rules Committee is lost by the legislative equivalent of removing lint from your belly button. It is good that an emerging legislative star, Trey Goudy, of South Carolina, will be the chairman of the special oversight committee.

What worries me most about convening a special Benghazi hearing is the possibility that the sideshow may overshadow the circus. The national media seems almost desperate to help the Democrat Party right the sinking ship and their ability to twist and shape the work product of the committee to their own desired outcome presents challenges and risks to the Republican Party.

Bear in mind that ultimately, "It's the economy stupid!" James Carville had it right back in 1992 and it is true today. The average voter who will determine whether we retain the current legislative status quo or give Republicans control of both the House of Representatives and the Senate will not be as motivated by their outrage over what did or did not happen in Benghazi, but by how their own wallet has been impacted by the disastrous economic policies of the Obama Administration.

**This fact may have** been dancing around in Hillary Clinton's head when she made her exasperated politically tone deaf pronouncement of, "What difference does it make?" To the average Joe who has seen his purchasing power decline since Obama took office, what difference

does it make? To the family who has seen their healthcare premiums skyrocket, lost their family doctor to bureaucracy or had their healthcare policy terminated, what difference does it make? To the new college graduate who must try and chip away on a mountain of student debt while working for tips in the Obama economy, what difference does it make? To the unemployed, underemployed and to those who have just given up the thought of gaining employment, what difference does it make?

**My greatest fear is that the** liberal media will spin the Benghazi hearings as a distraction from the important work of the people. You can almost hear talking head Biff Bartley of the Freedom From Work Coalition talking on MSNBC, "Well you know Al, these hearings only show that Republicans care more about four guys who died two years ago way over in Libya than they do about helpless hungry babies with mothers who would like to work right in their back yards. After all, with global warming as our number one problem, Benghazi should be under water within 15 years."

Republican representatives, senators and politicians would do well to shut off Fox News for the next few weeks and listen to what everyone else is saying. It matters little what Sean Hannity thinks of the Benghazi hearings. It does matter what Sean Johnson, Shawn O'Hara and DeShawn Roberts think about them.

They will be the voters who ultimately decide whether President Obama, assisted by a complicit Majority Leader Harry Reid, will be able to continue to rule by fiat for the remaining two years of his national economic nightmare.

I believe that the Benghazi hearings are going to



reveal what we've suspected all along. Secretary of State Hillary Clinton sent Ambassador Stevens and his associates to a location that was unsafe on an ill-defined mission. They were attacked and murdered by terrorists in a premeditated attack. The United States knew about the attack and did nothing to protect or rescue our men. After the fact, a cock and bull story was hatched blaming the attack on a video. Susan Rice was dispatched on the rounds of the Sunday morning talk shows to further the lie.

The lie was discovered.

The Administration told more lies to cover up the

first lie. Congress requested documents from the Administration and the Administration withheld some of the requested material. The President played a lot of golf during this time. Jay Carney is a babbling boob. Chelsea Clinton is having a baby and Bill Clinton may apologize for fibbing to us as he wagged his finger.

**Indiana's own 5th District** Rep. Susan Brooks will be one of the seven Republican members of the Select Committee. She will make a very difficult target for the Democrats and the left-leaning media to vilify during the hearings.

Susan Brooks is thoughtful, methodical, trained in investigations and a pleasant person. I believe that Con-

gresswoman Brooks understands the plight of the average working Joe in the 5th Congressional District and that she will be able to do her job and still keep Benghazi in perspective. I predict that she and Trey Goudy will be big winners from their service on this committee.

Let's hope that the Select Committee will get in, get their work done, make a report and let America decide what the ultimate fate of the Administration and Hillary Clinton should be. Quick, efficient and surgical.

No Kabuki theater please! ❖

**Dunn is chairman of the Howard County Republicans.**

## Men, women and mind games

By **MORTON MARCUS**

INDIANAPOLIS – Economist Gary Becker died last week. He was a professor at the University of Chicago and winner of the 1992 Nobel Prize in Economics.



Becker was known for his vigorous inquiries into the economics of topics many economists would not touch. He studied marriage and divorce, discrimination, crime and punishment, plus other real world issues previously avoided by the profession. Along with others, notably Armen Alchian of UCLA, Becker's work became the backbone for the merged study of law and economics.

It was with thoughts of these economists in mind that I was disturbed to read Michael Hicks' column (April 27, 2014), "Some Truth of Men's and Women's Wages," printed in various newspapers. Hicks, a prolific professor of economics at Ball State University in Muncie, writes about the important issues of our times.

His column opens with this seemingly innocuous sentence: "For the purposes of this column, let us assume that businesses attempt to maximize their profit." Whenever you hear or read those words, "let us assume," you want to know what is being left out.

**Via assumptions**, economists often flatten the terrain with a logical steamroller, leaving the field without a stone of reality. Ignored here are subconscious or explicit preferences of management in hiring, promoting and rewarding employees. By assumption, we enter the fantasy world of perfect competition where only the worker's contribution to profits counts. How management feels about working with diverse employees is crushed under the

weight of an uncompromising pronouncement.

Hicks is quick to mention other factors related to why women earn 77 cents for every dollar earned by men. He specifically calls our attention to occupation, education, job tenure and experience. These four factors, he tells us, "explain almost all wage differences; gender, almost none."

**He discards the possibility** of gender's importance because he already included the four leading employment factors where men and women differ. It is specifically because of gender that we find differences between men and women in occupation, education, job tenure and work experience.

Why have women traditionally been engaged in certain occupations, have different education experiences, held jobs for fewer years, and had different sets of work experience? Hicks informs us: "Apparently, women tend to give birth more frequently than men." Did he mean this as a profound observation or was it meant to be humorous?

Nowhere does Hicks suggest management may feel uncomfortable with workers who do not share the characteristics of the dominant group. Thus did Irish, Italian, Mexican, Chinese, African, Jewish, Catholic, Hindu, Moslem, male and female workers experience workplace discrimination.

**Only recently have some** employers embraced workforce diversity. Only recently have regulations, laws and court rulings attempted to address public and private barriers to increased opportunities for more inclusive occupations, education, job tenure and experience.

Those barriers will diminish as public policies are advanced by focusing attention on those persistent wage differentials. ❖

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# Bock/Walorski race set for 2nd CD

By JACK COLWELL

SOUTH BEND – It's official now: Joe Bock vs. Jackie Walorski for Congress in Indiana's 2nd District.

Bock, a University of Notre Dame professor, won the Democratic nomination Tuesday in a four-candidate contest. Walorski, Republican incumbent seeking a second term in Congress, was unopposed in the GOP primary. Let's ponder some questions about this race.

**Q. Did Bock win by enough Tuesday to avoid the embarrassingly narrow primary victory of the Democratic nominee last time?**



A. Yes. Bock won nine of the 10 counties in the district, the opposite math of the 2012 Democratic primary win by Brendan Mullen, who lost nine of 10 but got just enough support in St. Joseph County to survive. Bock also needed to get at least half of the vote in the four-candidate primary race to claim an impressive win. He got 58%.

**Q. So does Bock's impressive win make him the favorite to defeat Congresswoman Walorski in the fall?**

A. No. Far from it. Walorski, who had some high negative ratings in past campaign polls, has strengthened her image through work on legislation for veterans and to curtail sexual assaults in the military. She has a substantial lead in fundraising over Bock, over a half million dollars more in cash on hand on April 1. And the district was drawn to be "safe" Republican.

**Q. Did Bock waste a lot of precious campaign funding just to win the primary?**

A. Absolutely not. Candidates and campaign consultants always want to avoid a contested primary. But the primary was a blessing for Bock, who emerges with momentum and far, far better and more positive name recognition than he would have had if running unopposed. His targeted mailings and phone bank calls enhanced his image as an alternative to Walorski. And his impressive primary win could help in convincing the Democratic Congressional Campaign Committee to target him for all-out national help for the inevitable and expensive TV ad wars.

**Q. Then would Walorski have benefitted from a contested primary?**

A. Absolutely not. Curt Nisly, the Elkhart County Tea Party activist who trounced more moderate Republican State Rep. Rebecca Kubacki in the primary Tuesday, initially considered opposing Walorski because he viewed her as slipping toward moderate. He didn't do so after Walorski

voted last October against a bipartisan compromise to reopen government and prevent fiscal default. Walorski could have survived the primary challenge, but it would have been a bloody, costly affair that would have hurt her.

**Q. What will be the key issues in the race this fall?**

A. Bock will cite that vote by Walorski on the government shutdown and her vote for proposals of Republican Congressman Paul Ryan, contending that Ryan would destroy Medicare as it now operates and hurt students and the middle class. Walorski will continue to stress her opposition to Obamacare and contend that Bock would support the care act and other priorities and spending proposals of the Obama administration.

**Q. In that Democratic primary, what happened to the guy who nearly upset Mullen two years ago?**

A. Dan Morrison, who carried nine of the 10 counties in 2012, didn't carry a single county this time and got only 19% of the vote, despite a stronger effort. But he had the alphabet in his favor two years ago, listed first on the ballot in the race with Mullen. In areas where they weren't known, a significant percentage of voters, as often happens, picked the first nice sounding name. Bock was listed first this time, Morrison fourth. And Bock worked to get known beyond St. Joseph County.

**Q. What county did Bock lose?**

A. Kosciusko County. The winner in the portion of the county in the 2nd District was Bob Kern, the ex-convict from Indianapolis who runs in various districts all over the state.

**Q. Do Kosciusko voters really want a guy with felonies, lack of district residence and past impersonation of a female judge as their representative?**

A. No. The scant number of Democrats voting in that county probably didn't know the candidates very well and thought "Bob Kern" was a solid sounding name. That's why Kern changed his name from Bobby Hidalgo.

**Q. Anything else from the primary totals?**

A. Yes. They show the effectiveness of Republican-controlled redistricting to make the 2nd "safe" Republican. On Tuesday, there were 28,616 voters in the Republican congressional primary, 19,101 voting in the Democratic primary.

**Q. So does Bock have a chance?**

A. Of course. After all, Mullen, after the 2012 primary, went on to be an effective candidate and to darn near beat Walorski in that same Republican-drawn district. He was helped when Richard Mourdock, the Tea Party favorite for the Senate, spilled tea all over himself and hurt the entire Republican ticket. Outside factors could again affect the race, either way, helping Walorski to win big or giving Bock a better chance to pull an upset. ❖

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



# Making case for 17th Amendment repeal

By GREG ZOELLER

INDIANAPOLIS - After some remarks I gave to an Indianapolis group on Feb. 20 about defending Indiana's laws, an audience member posed a question about the Constitution's 17th Amendment, which requires direct election of U.S. senators by voters. I replied the 17th Amendment also permits state legislatures to decide their state's method for nominating the parties' Senate candidates – be it by primary election, state party convention or caucus or legislators themselves – with voters electing the senator in the general election.



Ten weeks later, without further inquiry, The NWI Times published a story and two columns that focused on my observation without understanding the point made, so let me reiterate it.

Public frustration with Washington, D.C., reflected in record-low approval ratings for Congress and the president and low voter turnout, is partially

caused by the congressional candidate nominating process through polarizing primary campaigns fueled by big-money special interests. Some public frustration could be reduced if our state more closely returned to the original concept the Constitution's authors designed for electing U.S. senators.

This is no criticism of our two current U.S. senators who serve Indiana honorably; it is instead a critique of the current system and the negative impact it has on politics and citizens' perceptions of their government especially when they see the federal government overstepping its bounds.

Under the Constitution, larger-population states receive greater representation in the U.S. House while each state gets two U.S. senators regardless of state size.

**Elected from districts** having roughly equal populations, House members are closest to the people. To maintain the ability of states to check federal power so it would not abuse the people, the framers intended senators to represent the interests of states as sovereign entities within the federal government.

Senators originally were elected by state legislatures to six-year terms to maintain their accountability to their states and to buffer them against constant political pressures faced by House members. Ratified in 1913 as a reform, the 17th Amendment reassigned the Senate election process from legislators to citizens at large.

While I respect the admirable efforts of Americans of a century ago to expand the reach of democracy, the 17th Amendment unintentionally broke the link between senators and their state government that their offices were designed to protect.

**Voters are plainly disenchanted** with the party nomination process that evolved in the 100 years since then. Look at the enormous amounts spent in the 2012 Indiana Senate primary election — \$7.47 million in combined expenditures by the two Republican candidates and \$5.23 million by outside groups, according to the Federal Election Commission — and the low 24 percent voter turnout in the 2012 primary. It's an inverse correlation of money spent to votes cast.

That's why some legislators have asked me whether the 17th Amendment should be repealed. I've explained that repeal is difficult and extremely unlikely. But legislators already retain the authority under the 17th Amendment to decide the system for nominating Senate candidates.

State legislators themselves could serve as delegates, with Democratic legislators choosing the Democratic nominee for Senate, Republican legislators choosing the Republican nominee and voters ultimately deciding between the nominees in the general election. Such a change would involve passing a bill.

The point of making senators answerable to legislators is to increase the likelihood both parties' nominees would be qualified, in touch with Hoosiers' problems and would understand their roles protecting the sovereignty of states. Though no panacea, it is a step in the direction of our original system of federalism.

Although this topic involves a different branch and level of government and does not fall under the direct jurisdiction of the attorney general's office to implement, I have offered this in answer to such questions, drawing upon my experience working for U.S. Sen. Dan Quayle and my years as a law school adjunct professor teaching constitutional law and studying issues of federalism.

**To say that I yearn** for the "good old days" and am a "zealot" would only be factual in relation to my job upholding the sovereignty of state government, but that comes from my years defending our state against the ever-growing power of the federal government.

As attorney general and a public servant open to innovative ideas, I have offered these observations to my Statehouse colleagues in the Legislature as to how they might provide a check on the federal government, while preserving the people's right to elect their senators as the 17th Amendment demands. ❖

**Zoeller is Indiana's attorney general.**

## Paul Mannweiler, Indianapolis Business Journal:

Now that the Indiana House Ethics Committee has refused to find Representative Turner in violation of an ethics code, and he has been re-nominated by his constituents, I would like to discuss a much more important question. I will not discuss either decision nor will I pass judgment whether Representative Turner could have more ethically handled his legislative duties. The question is: If a citizens legislature creates such catastrophic governmental problems, what is the alternative? As a past legislative leader and a former President of National Conference of State Legislatures I have been exposed to full-time legislators, part-time legislators, unicameral legislators, and downright corrupt legislators throughout all 50 states. While the public is incensed by the recent factual presentation in the media, the true question is whether anyone with another job should be making public policy decisions for Indiana. If the answer is no then it follows that Indiana needs full-time legislators who don't have any potential conflicts. There are approximately 10 states with full-time year-round legislature where legislators are prohibited from having other employment. From my experience, they tend to be more ethereal and philosophical, and much less practical. They justify their full-time status by enacting more and more legislation. The legislators tend to be either younger and have little real-life experience outside of government or legislative occupations, or older individuals preparing to retire from public or private positions. Individuals working in normal jobs, raising families, and active in their communities are practically excluded from the legislature. They are understandably reluctant to put their career and/or family on hold while they campaign fulltime for months and sometimes years so they may or may not be elected. Then if elected for several fulltime legislative sessions they might find themselves in their 40's, 50's or 60's needing to start over again. Not very appealing to a vast majority of our citizens interested in running for the legislature. Not much diversity for individuals making decisions affecting 6.5 million Hoosiers who are focused on moving forward with their lives. With all of its inherent flaws, the citizen legislature, which Indiana and most other states employ, provides a much more diversified body of legislators. As much as the media and the public complain about the citizens legislature having too many built-in conflicts, I must warn everyone that a fulltime legislature is a move in the wrong direction. ❖



## Chelsea Schneider, Evansville Courier & Press:

Speculation Gov. Mike Pence will run for president is growing, with Pence becoming a more frequent name in the pool of 2016 Republican hopefuls. The Washington Post wrote an article last week headlined "GOP woos Mike Pence for 2016, and Indiana governor says he's 'listening.'" Google the name "Mike Pence" and the top news

articles share a similar theme of Pence either listening on a presidential bid or casting Pence as the dark horse of the GOP field. Pence is doing a lot of things serious candidates do, said Andy Downs, director of the Mike Downs Center for Indiana Politics at Indiana University Purdue University Fort Wayne. But Downs said Pence could be using his visibility of being in the mix for 2016 for other reasons than seeking the presidency. "He is a governor and he, as a governor, should want to build up political capital so he can do things that's good for his state and his region," Downs said. "Part of what he could be doing is making sure he has enough visibility that he is taken as a serious possibility at a run at the presidency and therefore able to build up capital to be used to benefit the state." Downs said part of building up the interest could be to make GOP leaders see Pence as an attractive vice presidential candidate. Downs said under Indiana law, Pence could be a vice presidential candidate and a gubernatorial candidate at the same time and could balance a presidential candidate seen as more moderate. "He could be a very attractive vice presidential candidate. He has good social and fiscal conservative credentials," Downs said. ❖

## Jennifer Rubin, Washington Post:

Indiana Gov. Mike Pence heads for a 2016 run? He's sure more visible: "We're seeing real growth in Indiana. The American people can see a real contrast here between Republican-led states – and states led by Democrat governors more inclined than ever to raise taxes and grow government." Sounds sort of like a stump speech. ❖

**Doug Ross, NWI Times:** Tuesday's primary election proved Porter County isn't the paradise many public officials believe it to be. That's especially true at the county level of government. Two high-profile incumbents, County Commissioner Nancy Adams and Councilman Jim Polarek, were given the boot, and Councilman Jim Biggs squeaked past his opponent by just 11 votes. I take that as a sign the rumblings I've heard about dissatisfaction with county government run strong. Those upsets were all on the Republican ballot, but then there was little to choose from on the Democratic ballot. That doesn't mean there aren't many Democrats in Porter County, only that the dearth of competitive races on the Democrats' ballot drove the action to the Republican side. So what's the source of that dissatisfaction? I believe it's the dysfunction. Porter County has a budget this year with a built-in deficit. That's never a good sign. And the good government types — the bureaucrats who famously put together quality improvements — have met resistance from the old-style elected officials whose support depends on a patronage army. Residents are also fed up with inaction by the county. Issues are being talked about to death, but without being resolved. ❖

## Wellpoint could get ACA bailout

INDIANAPOLIS - One of the nation's largest health care insurers said Wednesday that it could take advantage of what Obama-care critics are calling a taxpayer bailout (Indianapolis Star). WellPoint CEO Joseph Swedish, who earned nearly \$17 million last year, said Wednesday that the Indianapolis-based company could seek a federal subsidy built into the Affordable Care Act for unprofitable plans. Under the health-care overhaul, insurance companies participating in new health insurance exchanges can qualify for federal subsidies if claims cost at least 3 percent more than their premium revenue. Those subsidies are funded with payments from other insurers who earn a profit of 3 percent or more. "The next three years, we'll see how it plays out," Swedish told investors at the company's annual shareholder meeting in Indianapolis. "But my sense is that we'll be able to take advantage of it, but our number one goal is to not put ourselves in the position of having to be the beneficiaries of risk corridor payments."



## New teacher certificate approved

INDIANAPOLIS - Indiana high schools will be able to exercise flexibility in hiring new teachers with professional work experience through a modified teacher certification, now known as the "career specialist" license. The licensure modifies a previous "adjunct" permit and would be similar to requirements of Career and Technical Education (CTE) staff who specialize in a given professional occupation. Working to incorporate input from state-wide hearings and previous board discussions, State Board of

Education (SBOE) and Department of Education (DOE) staff worked to draft language for the Board's consideration which valued flexibility for schools and required formal teacher training. The amended certification would allow high school administrators to consider applicants who have more than 6000 hours of professional work experience in the subject to be taught, and who begin pedagogy training to assist with classroom instruction at their time of hire, with a maximum 2-yr completion requirement.

## Sagamore for John Krauss

INDIANAPOLIS — Retiring IU Public Policy Institute Director John L. Krauss received four high honors at a retirement celebration on Tuesday, including a Sagamore of the Wabash, the IUPUI Chancellor's Medal and the inaugural John L. Krauss Award for Public Policy Innovation. Mayor Greg Ballard declared May 13 "John L. Krauss Day." The honors recognize Krauss' long history of public service to Indianapolis and Indiana, the impact he has had on the city and state, and his contributions to the development of sound public policy. Krauss served for two decades at the helm of PPI and nine years as deputy mayor during the Bill Hudnut administration.

## Pelath eyes 'goofy idea'

INDIANAPOLIS - What are the chances that delegates from two-thirds of the states can come together to agree on amending the U.S. Constitution to require a balanced budget? It's a long shot, acknowledged Senate President Pro Tempore David Long, a key leader behind the national move to hold a first-ever constitutional amendment convention. He says it's

not a "goofy idea," though that's how Senate Minority Leader Scott Pelath, D-Michigan City, has described it (Indianapolis Star). And it's not something to appease tea party members, some of whom are weary of the idea, Long said. The Republican lawmaker from Fort Wayne says of his efforts, which involve organizing a pre-convention meeting June 12-13 in Indianapolis: "This may be our best chance to control this tsunami of debt. The politics of Washington is so broken, we are not likely to find a resolution to the fiscal crisis that our federal government has created. Anything innovative these days comes from the states." It's not certain this route will be successful in forcing the government to pass balanced budgets. Pelath doesn't buy it. "Smart men can have goofy ideas," Pelath said. "It's nothing more than a bunch of right-wingers sitting around in a room showing off with right-wing rhetoric. "And it's a way to show off for people on the extreme right, who make up a small portion of the Republican Party, but a vocal portion."

## 'Criminal' act cited at Evansville FD

EVANSVILLE - Three Evansville Fire Department officers — Chief Mike Connelly, Assistant Chief Paul Anslinger and Battalion Chief Dan Grimm — had an abundance of unused vacation time from 2012 moved ahead to 2013 in violation of city policy, and a City Councilman is calling the act intentional (Evansville Courier & Press). "As far as I'm concerned, it's criminal," said Councilman Al Lindsey, who also is a captain on the fire department. George Fithian, Evansville's director of administrative services, said it was an innocent mistake corrected upon discovery. Connelly was appointed chief in January 2012 by newly elected Mayor Lloyd Winnecke and said he was unfamiliar with how unused vacation time is handled.