

The Howey Political Report



Mixed signals on Inauguration Day

Economy, taxes twist Gov. O'Bannon

By **BRIAN A. HOWEY** in Indianapolis

The first day of the second O'Bannon administration turned out to be almost a microcosm of the first O'Bannon administration.

It began with an extraordinary swearing-in ceremony at the RCA Dome, filled with children's music and bands, Lee Hamilton at the helm and some 25,000 fourth graders chanting "character counts."

"I've always found my reason for doing things and my strength to do them must come from a being far greater than I," Gov. Frank O'Bannon intoned. "That for me, is my creator and sustainer, and therefore, I humbly and gratefully accept the role of servant leader."

Within hours, the overwhelming realities of something far greater than a Midwestern governor - the economy - cast the first of two shadows over O'Bannon II.

Terry Burns, writing for the *Times of Northwest Indiana*, seemed to sum it up best in his story for Tuesday editions:

"A \$21 billion state budget proposal unveiled by the O'Bannon administration drew angry rebukes Monday from Democratic as well as Republican lawmakers, who expressed concern about the governor's plan to use gaming reserves and tobacco settlement money to balance the books. Democrats criticized the plan, released only minutes before the gavel fell to start the 112th General Assembly, for relying on more than \$400 million in gaming reserves to boost the bottom line and for failing to address property tax reform. Meanwhile, Republicans balked at the meager

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“QUOTE” OF THE WEEK

“There is so much love in this building right now, I feel like I’m at a Vegas wedding chapel...”

- House Speaker John Gregg (No. 6), to the Associated Press

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INDY KEEPS HIGH BOND RATING: Standard & Poor's Ratings Service announced that the City of Indianapolis would maintain its Aaa credit rating, a move that reflects the city's strong economy and means lower bills for taxpayers on capital projects and improvements. "The stable outlook reflects Standard & Poor's expectation that the city will continue to address its public safety-related expenditure pressures and implement a long-term solution without threatening the government's good operating position," the report read. This represents a turnaround from last summer when another major rating agency, Moody's Investors Service, maintained the city's Aaa bond rating, but also gave it a negative outlook because of Indianapolis' on-going financial challenges. "This stable rating from S&P, in the face of serious financial challenges, shows that many of the efforts we are undertaking are starting to pay off," Mayor Bart Peterson said. "We will continue to find ways to provide the services Indianapolis citizens need and expect, while holding the line on taxes and keeping our books fiscally sound."

HAMILTON SAID TO BE LUKE WARM ON UNITED NATIONS: Reliable

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O'Bannon, *from page 1*

increases sought for education and a proposal to freeze most funding for colleges and universities. "It's a very uncomfortable situation for the governor," State Budget Agency Director Betty Cockrum acknowledged."

The fact that O'Bannon was drawing flak from both Democrats and Republicans brought along a sense of déjà vu from his first term, when Ways and Means Chairman B. Patrick Bauer pulled the plug on his "No. 1 priority" - full-day kindergarten. FDK was back, but at the expense of university physical plant expansions and a measly 2 percent overall increase for education.

State Sen. Luke Kenley, a potential 2004 Republican gubernatorial contender, told *The Times*, "I'm disappointed that the man who ran as the education governor is going to consider funding schools at a 2 percent increase."

An inkier pall

There were a couple of other discomforting elements that cast an inkier pall over the start of the general assembly

than the inaugural fireworks that pelted the RCA Dome sky fabric.

Kevin Corcoran's Page 1 story in Sunday's *Indianapolis Star* seemed to set the stage for low expectations. "I'd like to see bolder leadership," said Hamilton County farmer Jerry Rulon. "But after the way the election went, I don't expect much."

The *Star* story went on to underscore a campaign leadership theme of the vanquished David McIntosh: "With most Hoosiers not seeming to demand sweeping changes in state government ...O'Bannon will start his second term Monday advocating a modest agenda."

Perhaps the most unnerving precursor to a legislative session that seems to hold no great promise for anyone, was the specter of state employees carting off the entire welfare fraud unit of the attorney general's office - furniture and files, lock, stock and barrel - just hours before new Republican Attorney General Steve Carter was sworn in. It had the kind of feel folks in Baltimore must have felt when the Mayflower van carted away the Colts one snowy midnight back in 1984.

The word in the Statehouse hallways was that a new era was beginning -

one apart from the "Bayhsmith" days when top Republicans and Democrats up and down Market Street had clear lines of demarcation. Bayh and O'Bannon enjoyed AGs from their own party for the past eight years. Carter campaigned aggressively about the White River fish kill and there was a notion that the empowered Democrats didn't want any Republican snooping around digging up neglected fraud cases from one of the Bayh/O'Bannon era's gleaming policy strides.

Didn't go over well

The governor's office acknowledged that the initial budget balloon was made of a heavy metal. "It didn't go over well," said gubernatorial spokesman Thad Nation. "But we talked about using lottery funds during the campaign. This really shouldn't have been a surprise.

"Quite frankly, it's a tight budget," Nation reiterated. "Take the lottery revenues out and there's a big hole. Two or three months ago all the Republican leaders were on the Statehouse steps signing David McIntosh's pledge based on unrealistic numbers of spending \$2 billion we weren't going to have. All those legislative leaders were privy to the same financial data we've had.

"Monday's budget meeting was the first lap of the Indianapolis 500," said Nation in a quip that could have come from his father, Fred, in the same office 10 years prior. The 1991 budget faltering under a Bush I recession used lottery revenues as a stop gap. "We'll use it again to fill this hole and then in two years, when economic conditions improve, then we won't use it again," Nation said.

Gone, too, was the Governor's Taxpayer Protection Plan that seemed sketchy and limited even last summer when the economy still seemed robust. Welfare was supposed to move from local property taxes to the general fund. That could still happen, O'Bannon sources

said, once the revised April financial forecast is issued.

No Gov. Blue Jay

As for Gov. O'Bannon's State of the State address on Jan. 16, Thad Nation used one word as a preview: "Predictable."

The governor will talk about the tight budget and the hard choices. The single most important initiative will be "to continue to invest in education." And to quote King - Rodney King - we are all going to have to get along.

During his inaugural speech, the avidly bird-watching governor told the story of a big ol' blue jay that "flapped his wings" and chased the gold finches, juncos and cardinals away from the bird feeder at his Harrison County barn before standing at "the feeding station and gobbling the seeds." O'Bannon noted, "His eating was interrupted only by his nervousness that he remain the only bird at the feeder. Meanwhile the other birds stood at a distance separated and hungry."

Later in the speech, Gov. O'Bannon said, "Like the bird feeder, we all need to participate." The potential problem is that legislative leaders from both parties are seeing O'Bannon as the blue jay - the dominant bird they want to show leadership. The governor is clearly looking for consensus.

The budget, education and reapportionment will likely be an exercise in consensus. Reassessment, which Senate Finance Committee Chairman Larry Borst has suggested can be put off until 2003 is one of those where there seems to be a void.

O'Bannon does seem to be moving toward action there. "The rules will be finished this spring," Nation said. "Our friends in the legislature on both sides say the rules need to be in place. They will be. The governor truly believes it needs to be addressed sooner than later."

Spoken ... like a blue jay? ❖

TICKER T A P E

Democratic sources have told HPR that former Indiana congressman Lee Hamilton doesn't appear to be revved up about becoming the Bush administration's United Nations ambassador. One Democrat who talked to Hamilton prior to Gov. O'Bannon's inauguration on Monday said that Hamilton is extremely satisfied in his role as director of the Woodrow Wilson Center and is excited about working with former New York Sen. Daniel Patrick Moynihan, who will join the Wilson center as a senior fellow. The source said that Hamilton is also not excited about living in New York city.

LEGISLATIVE LEADERS TRY TO START ON HIGH NOTE: Both Republican and Democratic legislative leaders attempted to start off the 2001 legislative session on a high note. "There is so much love in this building right now, I feel like I'm at a Vegas wedding chapel," said House Speaker John Gregg (Mike Smith, Associated Press). "This is kind of like the first day back at the fraternity house after Christmas break. You're glad to see everyone." Republican Rep. Jeff Espich, a vocal critic of O'Bannon and his Democratic colleagues, also was talking about finding common ground. "We're out

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to try and help find solutions, but we also aren't going to stand by and be silent when we see things being done incorrectly," he said. "But I think there's a different spirit. It's the same spirit hopefully in Washington." Gregg acknowledged that yesterday's pleasantries are likely to give way to political tensions. "It's in the next couple of weeks that it dawns on them that we're here at least until the end of April," he said, "and that is when you start seeing some of the melancholy."

KERNS, PENCE GET COMMITTEE POSTS: U.S. Rep Brian Kerns, R-7th CD, received his Congressional committee assignments last week (Jason Hathaway, Terre Haute Tribune-Star). They are the Committee on Transportation and Infrastructure, International Relations, and the Republican Policy Committee. The freshman congressman said he is happy to have the Transportation post because it might help him to secure funding for roads in Indiana. "I talked to Gov. Frank O'Bannon about which committees I could serve on to benefit the state of Indiana," Kerns said. "He specifically mentioned the Transportation Committee." Indiana's other Republican freshman, U.S. Rep. Mike Pence, R-2nd CD, was placed on his top choice, the Agriculture Committee.

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Secretary of State Gilroy

She advocates statewide computerized voting list, upgrading equipment

In wake of the Bush-Gore recount fiasco in Florida, HPR caught up with Secretary of State Sue Anne Gilroy at the Indiana Election Administrators Conference on Tuesday to learn more about what Hoosiers need to do to improve the state's election system.

HPR: What were you thinking when you watched your Sunshine State counterpart Katherine Harris go through the Florida gauntlet?

Gilroy: I felt great empathy for her. In election laws, dates and times are key elements and the secretary of state's election division follows those deadlines very closely, knowing that if there are any complications, the courts are brought in to clarify that. That's what we painfully had to watch on a national basis. On the other hand, I was very proud to be secretary of state of Indiana, because our election systems have served us very well. The fact that we were mentioned twice in the U.S. Supreme Court testimony and that our uniform laws could have prevented a Florida type situation, I was heartened by that. Florida is a great place to visit, but I wouldn't want to be secretary of state there.

HPR: We learned a lot from the 1984 and the 1986 recounts in the 8th and 3rd CDs...

Gilroy: We learned our lessons well and that's why we stand in better stead because our legislators and election commission, the people who preceded us, responded to situations and made changes. What this experience gives us in Indiana is an opportunity to reform what still needs to be reformed here. Even a good system can be improved.

HPR: As you watched the Florida recounts, did anything leap out at you, like, Hoo, boy, we better take care of that?

Gilroy: We need to update our voting mechanisms. During the Florida court

proceedings one election expert stated that 31 percent of the voters in the United States use the punchcard system. Here in Indiana, 38 percent of our voters use that technology. That includes 42 counties.

And 23 percent of our voters use the lever

HPR

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system and that covers about 10 counties. So I think we need to work toward retiring the lever

and the punchcard machines because of their obvious flaws in creating voter and tabulation errors.

HPR: I believe 26 counties are using the MicroVote system that is manufactured in Broad Ripple.

Gilroy: That is one of the highest of technologies.

HPR: Would you recommend a statewide system using MicroVote, since 26 counties are already on that system? They were telling me that up in Lake County, they've had eight recounts and the Election Night vote totals always matched the recount totals.

Gilroy: I've participated in one recount - the Lohr-Tincher race - that used MicroVote and it is very accurate, instantaneous and obviously easy to recount because it is far less prone to human error in tabulation. The tack I am taking is creating a bipartisan group with the governor to look at all of the proposals and therefore have not called for a single system because money has been an issue in the past and I just want to make sure we retire the lever and the punchcard. That in itself is going to be a major financial responsibility.

HPR: How much will it cost to bring these 52 counties or so in line?

Gilroy: The Election Division is

running those numbers for us. Before the budget committee that question was asked and I've heard as much as \$30 million. I do know that one of those MicroVote machines costs \$5,000.

HPR: Jim Ries of MicroVote told me it was more like \$3,800 apiece, which is still a chunk of change.

Gilroy: It's significant money. That's going to take some creative financing. I do not want to call for some unfunded mandate or sweeping reform without local expert input and voter input. That's what the task force would do.

HPR: Will many of these counties face a financial hardship in upgrading?

Gilroy: There are 42 counties on punchcards and if you talk to them, it's because of finances. They're small counties. Many believe the punchcard system has served them well. They have other needs. This unique election system has caused people to recognize that that system has caused significant voter error. At least now, they're going to start thinking about it.

HPR: What will your commission be doing and putting before the legislature?

Gilroy: I'm hopeful they will come forward to push the two bills Sen. (Becky) Skillman is doing and provide guidance and assistance to the legislature. One is uniform, computerized voter registration lists. Another is a fund to help retire antiquated systems. Those are pretty time sensitive. There may be reforms more complex. Some of the issues I hope they address are absentee and military voting, reviewing again our recount and contest laws, and Internet voting.

HPR: If the glare of the national media spotlight had been on Indiana, would we have had similar problems with absentee and military balloting?

Gilroy: Not in terms of the deadline. Our absentee ballots have to be in on Election Day. The military folks have already submitted three or four suggestions they would like us to consider -

more on the registration end of things.

HPR: The major statewide political parties and in places like Indianapolis and East Chicago have really made pushes recently for absentee voting. Any major deficiencies there?

Gilroy: That's what I hope this task force will ferret out. Sen. Lugar wrote a letter to the editor pointing out because of growth in absentee balloting, this is the area where cheating is most possible. This is where you can request an absentee ballot, vote and never have to go before a human to vote. With growth in that area, there might be more potential for fraud.

HPR: Arizona Democrats conducted their primary over the Internet last spring. And Oregon went entirely postal. What did we learn out of Arizona? Oregon? Any fraud?

Gilroy: Not that was reported. It was a small pilot situation and I have not received in-depth evaluation of that or the Oregon situation. I did meet with a team from California who was very enthused with their pilot Internet voting on location. They came to a location and voted on PCs.

HPR: Is that something you would recommend?

Gilroy: It's something that needs to be studied. Security issues are the biggest concern. But it's also coming together; I hear that a lot.

HPR: That people want to come to the local school or fire house?

Gilroy: Yes, the loss of that. Of voting being an act of civic responsibility, of coming together.

HPR: But we're having more and more problems finding people to staff polling places.

Gilroy: That's right. And that's another issue, updating our Election Day procedures.

HPR: I look at weekend voting in Europe as something that really ought to be considered. That and the cascading polling closures that bring about results

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Pence told HPR, "With the farm bill just around the corner, I wanted to make sure there was a Hoosier Republican on the committee since Hostettler was moving off the committee. I couldn't be more pleased." Pence will also be on the Small Business and Science committees.

O'BANNON NAMES EDUCATION ADVISER: Gov. Frank O'Bannon, who will be sworn into office for his second term today, has appointed Heather H. Macek as his executive assistant for education. Macek had served as a special assistant for legislation for the first three years of O'Bannon's first term. She replaces Larry W. Grau, who is returning to the presidency of The Grau Group.

HOMICIDE COUNTS FOR 2000 COMING IN: Indianapolis posted a homicide count of 101 for 2000 - about a 15 percent decrease. Fort Wayne reported 20 homicides for the year.

COATS LEFT TWISTING IN THE WIND: The Washington Post reported on Sunday that President Bush made it very clear that his transition team was to be tight-lipped about incoming cabinet appointments. "Bush scotched what his spokesman Ari Fleischer repeatedly called 'Washington's

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great quadrennial parlor game," the Post reported. "Senior Bush aides are pleased with themselves at their success in keeping such a tight ship and aim to do the same once in power." But, there were times when the tight ship leaked, like with former Indiana Sen. Dan Coats. Coats "had an interview with Bush for the job (defense). But word emerged that Bush was worried Coats didn't have a commanding enough presence for the position. Coats was left twisting in the wind for about a week."

LOWER BAC BILL IN WORKS: For the 10th time, Indiana Sen. Tom Wyss, R-Fort Wayne, will try to get a bill through the legislature to lower Indiana's drunken driving threshold to .08 percent blood alcohol content from the current .10 percent (Niki Kelly, Fort Wayne Journal Gazette). This year, thanks to federal legislation signed into law by President Clinton, Wyss' bill stands a chance of passage. The federal legislation says that states that refuse to impose the new standard by 2004 will lose millions in federal highway money. Wyss said Gov. Frank O'Bannon has said he supports the bill, but "I need the governor to be pro-active on this thing."

U.S. ATTORNEY STUDY BEGINS: U.S. Sen. Richard

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before the West Coast polls close. If we opened up voting at the same time nationally on a Saturday morning and closed at the same time on Sunday evening, wouldn't that solve those problems and bring voter participation into the 70th or 80th percentile like it is in Europe?

Gilroy: There is federal legislation being considered right now that would bring more uniformity to closure time and I would be surprised when it's all over that weekend voting wouldn't be discussed. But at the very least there should be uniform closure.

HPR: What are your thoughts on weekend voting? I think it's a good idea.

Gilroy: Well, we'd have to figure out how to staff those things. You have weekends where people are even busier than they are on one weekday. Then again, we would want input from those local folks, trying to figure how we run more efficient elections, maybe using fewer people, and also what they would think. Some people are calling for making an election on Tuesday a national holiday, so it becomes like a weekend day. I'm not calling for either one of those yet, but those are the kinds of exciting thought processes I think would be very healthy to be addressed by this commission.

HPR: The Indiana General Assembly in recent years has been reluctant to do anything - I mean *anything* - to update Indiana election procedures at all. Have you had conversations with, say, Rep. Kromkowski about what needs to be done and what kind of signals are you getting from legislators other than Sen. Skillman?

Gilroy: Where I began was with the governor. Because of some actions we've taken, we were held up in the Supreme Court as an example, so there has been some reform.

HPR: Yes, more than a decade ago.

Gilroy: I, too, recognize that when you get into election law, it can so quickly

fall into partisan debate and analysis. So I decided when I saw the need to take a stand the first call I made was to Gov. O'Bannon and I received a very positive response. He said, yes, I want to be a partner in this. I pledged a very bipartisan effort and that's what we're moving toward. The next calls I made were to the leadership in the House and Senate, both the majority and minority and got their approval for a game plan and their enthusiastic participation on the task force and they will work on this in their own caucuses. In addition to that, I've had people talk to Tom Kromkowski so that when the time comes everyone at least knows where everyone is and can move together. But I'm not naive enough to think that this is going to be real simple. There is a common commitment between the governor and me to try and keep this above all the partisan noises. It may be the kind of bipartisan effort where both parties can come together and make some change.

HPR: What's your take on motor voter after an couple of election cycles?

Gilroy: We have 4 million registered voters and they are clogged with names that need to be removed - hundreds of thousands of names of people who have moved or died or gone to prison. We do need to computerize our statewide voter registration system. We need to amend the law so we can have a cleaner list. Again, that's Congress and they need to make some adjustments so that it doesn't remain a bureaucratic quagmire. Any time we can get more people to vote, that's a good thing. But there have been some unintended consequences where the lack of ability to purge causes us to deal with lists that are outdated. We've got to create this uniform, computerized voting system.

HPR: Will your office need further funding to accomplish those goals?

Gilroy: Yes. Not to the huge tune of updating the voting system. It could be \$2 to \$3 million. ❖

COLUMNISTS ON INDIANA

Jack Colwell, *South Bend Tribune* - Indiana's loss of a congressional seat was good news politically for Chris Chocola; bad news for Tim Roemer. The reason? Indiana now will have nine congressional districts instead of 10. This means that the 3rd District is going to become larger in size. And almost anything that is added--east, west or south, the only possibilities--is likely to give the district a little more Republican flavor. Congressman Roemer, the South Bend Democrat who staved off a million-dollar campaign by Chocola last November, could as a result of redistricting face a rematch in a more difficult district in 2002. Much remains uncertain. Roemer won't face a blatant Republican gerrymander designed to knock him out of Congress. That possibility vanished when Democrats retained control of the Indiana House. The Indiana Senate is solidly Republican. It wasn't just because they liked the folks running on their party ticket that Republican strategists at the national level poured money into some Indiana General Assembly races at the close of the campaign last fall. It was with the hope that Republicans would take control of the Indiana House and then work with the Senate to draw congressional lines favorable to election of more Republicans to Congress. With the legislature split and the threat of that commission, with the governor's appointee holding the balance of political power, Republicans won't be able to draw a district dooming Roemer's re-election chances -- like taking away LaPorte County and adding all of Kosciusko County and stretching the district eastward into LaGrange, Noble and Steuben counties. But even if Democrats controlled the legislature and could gerrymander to help Democrats win congressional seats, there wouldn't be much that could be done to add more territory for

population equity in the 3rd District and also enhance Roemer's re-election chances. A best case scenario for Roemer? Maybe adding Marshall County, all of Starke County and parts of Porter County. Losing some of the Republican parts of Elkhart and Kosciusko counties would certainly help as part of the deal. ❖

Sylvia Smith, *Fort Wayne Journal Gazette* - Conservative Republicans generally don't count on me to be their cheerleader, but they deserve kudos after forcing their colleagues to stand by some of the rules they enacted six years ago in the euphoric rush of becoming the majority party. Last week, they led House Republicans in rejecting a proposal to lift the ban on proxy voting in committee meetings. With proxy voting, a widespread practice during the years of Democratic control, a committee chairman could "vote" on amendments, motions, bills - whatever - on behalf of absent committee members. When Republicans won the majority of the House in the 1994 elections, one of the first things they did was change house-keeping rules. Proxy voting was banned. From now on, they said, committee and subcommittee members would actually have to show up to vote. The package of new rules also included term limits for the House speaker, a reduction in committees, a cut in committee staff and term limits for committee chairmen. The changes were designed partly to shake up an institution larded with bloat, cronyism and committee chairmen who functioned as despots. Some committee chairmen, notably Hoosier Rep. Dan Burton, argued passionately behind closed doors that the ban on proxy voting bogged down his committee's work while votes were delayed until absent (Republican) panel members could be rounded up. ❖

TICKER T A P E

Lugar has formed a committee to study candidates for U.S. attorney and U.S. Marshal in the state's north and south districts (Mark Kiesling, *Times of Northwest Indiana*). Others on the committee are James Richmond, appointed in 1985 by President Ronald Reagan to head the northern district; and Crown Point youth minister Ron Johnson Jr., who ran for state representative last year. Richmond led investigations that led to convictions of a number of Lake County office holders for corruption.

LUGAR, NUNN, TED TURNER TO HEAD ANTI-NUKE ORGANIZATION: U.S. Sen. Richard Lugar tells HPR that his recent trip to Russia will help him draft new strategies dealing with the disposal of old Soviet nuclear warheads. Lugar inspected nuclear sites in Russia last month. "My trip to Russia Dec. 10-21 reminded me that December is not a good month to do Russia," Lugar said in a letter to HPR Publisher Brian A. Howey. "At the same time, perhaps more vivid because of the snow cover, we observed nuclear, chemical and biological weapons of mass destruction that have not been destroyed and are vulnerable to proliferation because of the general poverty of the Russian government and a relatively miniscule military budget.

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Based upon these new revelations of what is there and what we ought to do about it, I am formulating an ambitious agenda for the incoming presidential administration and my Congressional colleagues." Lugar appeared with former Sen. Sam Nunn and Ted Turner at the National Press Club last Monday as Turner announced the formation of a new charitable organization committed to reducing the global threat of nuclear and other weapons of mass destruction. Turner will fund the new organization while Lugar and Nunn will sit on its board of directors. The Nunn-Lugar Act has been responsible for dismantling more than 5,000 Soviet nuclear warheads, 62 bombers and 12 submarines. In the December edition of *Indianapolis Monthly*, Howey termed the Nunn-Lugar Act as one of the greatest Congressional achievements in the history of the United States.

VISCLOSKY MEETS WITH STEEL CAUCUS: U.S. Rep. Pete Visclosky met last Thursday with members of the Congressional steel caucus to consider actions to help the ailing industry, but even the best of answers won't come until steelmakers lose millions more (*Times of Northwest Indiana*). Visclosky said lawmakers came up with a multitude of possible solutions, including conducting a Section 201 investigation and expediting relief to

PERHAPS... WE WANDER

By Brian Howey

Stephen Goldsmith's odyssey in the Bush

Publisher's Note: *This article was originally printed in my statewide column on Dec. 28, 2000, and included in the HPR Daily Wire of that day. It has since been updated with new material.*

* * *

Last fall, when George W. Bush jetted into Indianapolis International Airport for a campaign rally, there was the city's former mayor, Stephen Goldsmith, standing off to the side of the main stage and the thousands of folks who had gathered.

As the national press disembarked and scurried toward their coverage platforms toward the back of the hangar, many of them - from the *Wall Street Journal*, *USA Today*, *Washington Post*, *New York Times* - saw the mayor and acknowledged his presence with smiles and nods of their heads. There was a prevailing thought throughout the Eastern Establishment intelligentsia, the Republican Party, and the Bush campaign that the innovative mayor was a cinch to end up as a big-time player in a new administration.

When Bush appeared at an Indianapolis church with Goldsmith in July 1999, the press asked the future presidential nominee about Goldsmith's status. "He's what we call, on the inside," Bush said, with that special Texas emphasis on the last three words.

Throughout the latter part of 1999 and into 2000, Goldsmith made many trips to Austin, Texas, as one of Bush's top domestic advisers. Goldsmith was, in fact, deep on the inside. He was not a regular man in a suit that conspicuously traveled with the Bush entourage. He didn't say much. Some of the Bush campaign issues - such as privatizing part of Social Security so people could invest in the

stock market - had a familiar Goldsmith ring.

As the campaign wound down to its near-deadlock, and then through the 36-day overtime period when all eyes were on the Florida recounts, the Goldsmith name percolated often among the insider publications as cabinet fodder. There was almost universal speculation that Goldsmith would be named Secretary of Housing and Urban Development. In fact, most speculative lists had only one name listed for HUD secretary - Stephen Goldsmith.

Then, just hours before Christmas, came the startling announcement: Mel Martinez, co-chair of the Florida Bush campaign and a close political ally of Gov. Jeb Bush, was getting HUD.

The *Washington Post* was one publication that was caught off-guard by the selection. "Housing groups were surprised by the announcement because of reports that others with long track records in housing, including former Indianapolis Mayor Stephen Goldsmith, were favored," the *Post* reported. "The groups were scrambling this week to find out more about what Martinez had done as head of the Orange County housing authority in the mid-1980s."

So, what happened to Goldsmith?

Was he cut out of a cabinet level position so that the Brothers Bush could reward a partisan in the Battle of the Florida Swamps? There is no clear indication as to what happened to Goldsmith and HUD. Sources at the RNC have told HPR that Goldsmith's interpersonal skills rubbed some Bush political heavyweights the wrong way, something that didn't surprise people in the media and politics here. There were also questions about his housing record in Indianapolis.

The Indianapolis Housing Authority was a mess during the Goldsmith years. A

federal audit conducted for HUD in 1997 and included in an upcoming book, *"To Market, To Market: Reinventing Indianapolis,"* edited by Sheila Suess Kennedy and Ingrid Richie, noted that "scores have been decreasing every year since 1994."

The federal report included:

- An excessive vacancy rate of 23 percent, with the report noting, "The Housing Authority did not have the resources to repair and reoccupy the backlog of vacant units and it did not have a plan to correct the problem."

- "Took excessive time, 314 days, to repair and lease vacant units."

- "Maintenance staff's time was not fully accounted for and maintenance personnel were not effectively supervised and evaluated."

- "The average applicant waited between one and three years to receive housing."

- "As of Dec. 31, 1996, only 31 of the Agency's 412 vacant units were available for occupancy. During 1996, the vacant units cost the agency over \$389,000 in lost income."

The Indianapolis Housing Authority during the Goldsmith administration was supposed to have been one of the crowning success stories of "privatized government" - a concept that received a lot of laudatory national media coverage, even though no other Indiana city or town went that route.

Goldsmith had the city contract with the Oscar Robertson/Smoot company to manage a series of projects and agencies. In 1996, Goldsmith told the Indianapolis News that work done by ORS was "one of the most dramatic success stories in public housing across the United States in 20 years."

But the News reported in 1996 that Bill Coleman, the modernization director of the Housing Authority, said ORS projects had "sinkholes, cracked walkways, leaky roofs, damaged ceilings, flawed siding, and incomplete security systems."

In 1992, Mayor Goldsmith had announced a "reorganization" of the IHA and laid off 55 personnel. The authority's maintenance staff was reduced from 51 to 34

by February 1993. While Goldsmith spun the IHA as an agency where downsizing saved \$2.6 million, HUD eventually put the Indianapolis Housing Authority on its "troubled agencies" list. HUD would later go on to recommend the city replace ORS with another managing agency.

Throughout the two Goldsmith administrations, the IHA received just one city audit (compared to every other Indiana city where state audits are conducted annually).

That, perhaps, explains why the fledgling Bush administration decided not to put Goldsmith in at HUD. His confirmation hearing could have gotten quite ugly.

David Gogol, who works with Goldsmith at Sagamore Associates in Washington, didn't believe the IHA fairly characterized the Goldsmith record in Indianapolis. "I believe that the Goldsmith record is more than adequate," Gogol said. "Obviously, I have my own bias, but having worked on Indianapolis housing issues since 1978, I would argue that Goldsmith was very successful in increasing the stock of decent housing for low income people and helped close a number of government subsidized slums."

He noted that HUD vacancy rates for IHA were based on statistics that were compiled while the city was actively relocating tenants from two apartment complexes.

At this writing, there was talk of Goldsmith heading a position in charge of "interfaith relations" between the new government and an array of faith-based missions. CNN had him as a candidate for Labor secretary, reporting on Wednesday, "Goldsmith has been in lengthy conversations with Bush officials about leading a newly created White House office on faith-based solutions. Those conversations have stalled, several sources said, over the range of Goldsmith's authority. But Goldsmith is viewed as 'confirmation ready' because he's been vetted by the Bush team, one source said."

At this point, there was no word out of Austin or Washington on whether Goldsmith will be named "Secretary of Church," Secretary of Labor, or some other West Wing advisory position. ❖

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steelmakers hurt the worst. Much of their attention was focused on maintaining "domestic control of the U.S. steel industry," he said. In the meantime, however, steelmakers continue to struggle, with this month's fourth-quarter earnings reports expected to be bleak.

MOYNIHAN JOINS HAMILTON AT WILSON CENTER: Former New York Sen. Daniel Patrick Moynihan will join the Woodrow Wilson International Center, which is currently headed by former Indiana congressman Lee Hamilton. Take heart: The great mind of former New York senator Daniel Patrick Moynihan will not be absent from the Washington scene. In fact, he was inspecting his new offices on Pennsylvania Avenue this week. "Our mission is to bridge the world of policy and the world of public affairs. Perhaps no one in this generation embodies that mission better than Sen. Moynihan," said Hamilton (Washington Post). "We are just thrilled that he will be here. He will greatly enhance the activities of the center and he will be a tremendous resource for our scholars and thinkers and enjoy their interaction with them," Hamilton said.

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