



HOWEY

Political Report

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Friday, Sept. 3, 2004

Indiana's financial hole called 'staggering' by Fiscal Policy Institute *US31 'Toll Road' ignites campaign discussion*

By BRIAN A. HOWEY in French Lick

The Indiana General Assembly is populated by dozens -- perhaps scores -- of Republican and Democratic lawmakers who will tell you with a straight face they've signed the "no new tax pledge," are against an "expansion of gambling," and that we can "cut our way out" of the current fiscal dilemma we're in.

Let's make that "epic" fiscal mess we're in.

In the governor's race, the first hint of how "epic" this dilemma is came in the dust-up between Gov. Joe Kernan and Mitch Daniels over the U.S. 31 "toll road." "Upgrading U.S. 31 has been one of my top priorities since I first took office as lieutenant governor in 1997, and it is still among them today," Kernan said. "We've made significant progress in getting the ball rolling on the project, and we've done it in a fiscally responsible manner. I do not support the idea of making U.S. 31 a toll road for many reasons. The most important being that I will not make Hoosiers -- or the people who are driving through on business or pleasure -- pay a toll to travel this roadway."



Daniels came back in a Wednesday Indianapolis Star letter to the editor saying, "The gap between the cost and the available funds in the Indiana Department of Transportation's budget is more than \$3 billion in the next six years. For a state that is broke by every measure, the governor's promise list is impossible."

It was backed up by Dennis Faulkenberg, lobbyist for the Build Indiana Council, who bluntly stated, "The highway bonding money is gone. Even in the best case scenario, we'll be \$2 billion down in the next 6 years. It's a huge shortfall."

Sobering 'to-do' list

But if you really want to get into the concept of huge, think about the long-



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"There's no doubt in my mind that Evan Bayh was elected governor because Frank O'Bannon was humble enough to accept the second spot."

— Former Sen. Birch Bayh, to Judy O'Bannon

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Brian A. Howey, Publisher
Mark Schoeff Jr., Washington Writer
Jack E. Howey, Editor

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Call 254-0535.

The Howey Political Report
PO Box 40265
Indianapolis, IN 46240-0265.

www.howeypolitics.com
BrianHowey@howeypolitics.com
Indianapolis Office: 317-506-0883.
Indianapolis Fax: 317-254-0535.
Washington Office: 202-775-3242.
Business Office: 317-254-0535.

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put-off "to do" list that began festering in 1988 when President George H.W. Bush said, "Read my lips, no new taxes," that was in turn emulated by everyone from Evan Bayh to Stephen Goldsmith to Frank O'Bannon.

The United States suffered through a mild six-month recession in 2001. According to the Indiana Fiscal Policy Institute, Indiana faces a structural deficit of \$824.3 million, or more than 7 percent of the existing revenue stream. Payment delays to local governments, schools and higher education amount to \$717 million. The maintenance of existing budget priorities means an increase of "\$440 million in additional revenue needed each year," the IFPI's July Bulletin reports. "Combined, these budgetary priorities ... would require an additional \$2 billion. Even if money could be found to eliminate the payment delays, an 11.4 percent one-year increase in revenue (over 2 1/2 times the current forecast growth rate) would be required to cover the structural deficit and a very modest budget increase."



Gov. Kernan in Westfield (HPR Photo)

But there's more!

By the end of the 2005 biennium, Medicaid will actually overtake higher education in costs, according to Steve Johnson, executive director of the IFPI. Indiana's corrections budget will top out to more than \$1 billion annually for the first time. The General Fund payments to the Pension Stabilization Fund have been halted due to the recession that ended three years ago to the tune of \$190 million. The Rainy Day Fund has been depleted. Costs for child protective services in a report sent to Kernan last month identified \$220 million in annual needs. With the Baby Boomers beginning to retire, the long-term health care costs are going to explode for both state and local governments. Medicaid costs have been held to 2 to 3 percent increases in recent years, Johnson said, but will probably go up in the 6 to 8 percent range in the coming years. "About a third of the Medicaid budget will go to long-term care. I don't think anyone has put any effort into determining what those resources are going to be."

Half way through business cycle

"Historically business cycles last 10 years," Johnson explained. "Remember in the late 1990s how some thought we actually broke the business cycle? Well, we didn't. By the end of this biennial budget in 2005, we will be half way through a business cycle, historically, and there's a good

chance we won't have done anything to mitigate the dearth in our reserves created by this last recession."

When you add it all up, the numbers are ... staggering. "Yes, it is a staggering kind of situation," said Johnson, a former GOP senator from Kokomo. "It's very sobering. We're not looking forward to the future and asking what our obligations are going to be in 10 or 15 years. You're not going to cut your way out of it. We're going to have to look at strategies that are more than a two-year situation. We'll need to look at a four- to eight-year strategy to manage this."

The one bit of good news is that Indiana's revenues are beginning to perk up. State Budget Director Marilyn Schultz announced Thursday that Indiana took in \$71.0 million, or 9.5 percent, more than had been projected for the month of August. The August numbers put the state \$31.9, or 2 percent, above forecast for the first two months of fiscal year 2004. "Although the nation has not completely recovered from the recession, we continue to see steady growth over last year and in the last few months," Gov. Kernan said.

So far, Gov. Kernan and Daniels have only brushed the surface of the situation. In the U.S. 31 "toll road" faceoff, Bill Oesterle, Daniels' campaign manager, called on Gov. Kernan to detail how he intends to fund the highway improvement projects he has promised that his own Department of Transportation estimates will cost over \$1 billion per year by 2007. "It's been 16 years of broken promises on these road projects. If we are ever going to build any of these roads, we need an honest discussion and new funding ideas," Oesterle said. Kernan spokeswoman Tina Noel said that Gov. Kernan addressed funding, saying Indiana needed to get more than the current federal allotment. But Faulkenberg said there's a real chance that Congress won't even pass a highway funding bill this fall, meaning the Indiana General Assembly will go into its 2005 biennial session without a clear picture of what to expect from the federal government, which is anywhere from 84 percent (House) to 90.5 percent (Senate).

Kernan's campaign has complained that Daniels has made a significant number of public policy proposals without adding in the costs. "How's he going to pay for all this? The list is over 100," Kernan said Saturday at French Lick.

Oesterle explained, "We have details on any proposal Mitch Daniels has issued. When there is a cost benefit, we always release that. We have 100 of them. Anyone who contacts us for an individual proposal, we can give them details."

But Gov. Kernan hasn't put out a detailed plan for dealing with the huge budgetary requirements.

And if any Hoosier hears a legislative candidate talk about no new taxes, no expansion in gaming, cutting our way out of the mess while resisting comprehensive restructuring of state and local governments ... they need to be assailed, whipped, and laughed out of the hall. ❖



Bush makes Kerry the critical question

By BRIAN A. HOWEY

The fact that we've now concluded the Democratic and Republican national conventions along with the Olympics without the inevitable terror attack was something on the minds of many Americans as they watched President Bush accept his second nomination Thursday night.

What Bush delivered was, in essence, a summertime State of the Union address where he sought significant changes in America's institutions: health care, pensions, tax code and workplaces. He and Vice President Cheney repeatedly reminded Americans how safe they are. He ended this adroitly choreographed convention (the Yankee Stadium pitch from the mound was stunning imagery) with personal reflection. "Some folks look at me and see a certain swagger, which in Texas is called *walking*," Bush said. "Now and then I come across as a little too blunt, and for that we can all thank the white-haired lady sitting right up there," he said of his mother, Barbara. "Even when we don't agree, at least you know what I believe and where I stand."



He portrayed Democratic nominee John Kerry as an indecisive and spendthrift leader, though Bush walked through a litany of new programs from more Pell grants to rural hospitals without explaining how they would be funded in the days of \$500 billion deficits.

The *Chicago Tribune's* Michael Tackett observed, "If this election were about the economy, President Bush would be in trouble. If it were about the war in Iraq, the bag is decidedly mixed. If it were about progress in the war on terror, he would be on firmer but hardly solid ground. So the president and his followers made this Republican National Convention largely about someone else: John Kerry."

Kerry, now trailing in most national polls, though not by much, took a different tactic, taking on Vice President Cheney during a midnight speech in Springfield, Ohio. "For the past week, they have attacked my patriotism and even my fitness to serve as commander in chief," Kerry said. "Well, here is my answer to them. I will not have my commitment to defend this country questioned by those who refused to serve when they could've and who misled America into Iraq."

It was still a 21st Century campaign trapped in a 1960s Vietnam body politic. The *New York Times* put it this way: "Forget the economy or foreign policy. On Thursday night, Bush left this question for voters: Who's the best man to defend America? The battle is joined." ❖



HPR 2004 Forum

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7:30 a.m. Registration

8 a.m. Opening Remarks by Brian A. Howey and Dan Seitz, BoseTreacy.

8:15 a.m. 2004 Election Overview

Dr. Larry Sabato, University of Virginia
Brian A. Howey, HPR
Mark Schoeff Jr., HPR
Vince Robinson, Fort Wayne Ink
Jeff Lewis, TeleResearch
Moderator: Dan Seitz

9:15 a.m. Indiana House Election Overview

State Rep. Ed Mahern, D-Indianapolis
State Rep. Luke Messer, R-Shelbyville
Paul Mannweiler, BoseTreacy
Andy Miller, BoseTreacy
Moderator: Brian A. Howey

10:15 a.m. Power Realignment in the Indiana Senate

Sen. J. Murray Clark, R-Indianapolis
Sen. Robert Meeks, R-LaGrange
Sen. Jeff Drozda, R-Westfield
Brad Hiller, BoseTreacy
Moderator: Patricia McGuffey, BoseTreacy

11:15 a.m. Remarks by Gov. Joe Kernan

Noon: Luncheon

12:30 p.m. Dr. Larry Sabato Keynote

1:15 p.m. Remarks by Mitch Daniels

2 p.m. The Case for Government Reform

Brian A. Howey, HPR
State Sen. David Long, R-Fort Wayne
Lawrence Township Assessor Paul Ricketts
Indianapolis Deputy Mayor Mike O'Connor



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Indiana 2004 Statewides

Governor 2004: Republican: Mitch Daniels. Democrat: Gov. Joe Kernan. Libertarian: Kenn Gividen. **1996 Results:** O'Bannon (D) 1,075,342, Goldsmith (R) 997,505, Dillon (L) 35,261. **2000 Results:** O'Bannon (D) 1,230,345, McIntosh (R) 906,492, Horning (L) 38,686. **2004 Forecast:** Kernan began running the "haircut" ad today with the Governor in a barber chair. The announcer goes through a list of accomplishments and then asks if he wants his eyebrows trimmed. No, Kernan replies, "Leave 'em something to attack." John Miles of the firm Miles & Brinson set up a corporation titled "Indiana Fair Business Alliance" last Thursday. The IFBA is seeking radio advertising rates to talk about fair business practices. "Sometimes when something is legal, it doesn't make it ethical or right," Miles told HPR. He said the IPALCO issue is one that he is interested in. "I've seen a lot of people who have been hurt and a lot of people who have made a lot of money. Mitch Daniels made \$1.4 million and change." The Daniels campaign speculates that the IFBA is a front group to drive up candidates' negatives on the IPALCO sale issue while evading campaign spending limits (see Aug. 19 edition of HPR). Gov. Kernan and Lt. Gov. Davis will unveil a "Positive Plan for Indiana" today in Evansville, Fort Wayne, South Bend, Indianapolis and Hammond, covering job growth, health care, government reform, education, and military support. With a thunderstorm bearing down on a 2,000-man UAW rally on the lawn of the French Lick Springs Resort Saturday, Gov. Kernan sought to harness the energy of organized labor and Democratic faithful as he entered the homestretch of the gubernatorial campaign (Brian A. Howey, HPR). Kernan reminded them he was a member of Local 172 of the Pipefitters and took aim at the Bush administration. "I was in Washington for a National Governor's Association and during a briefing, the Secretary of Education referred to the NEA as a 'terrorist organization,'" Kernan said of Secretary Rod Paige. "You need to know what these folks think. He meant it." Gov. Kernan said Daniels sent "\$1 billion in contracts overseas. That's work that could be done here." Kernan told the workers, "He should get one of those 'Wander Indiana' license plates and he should add the word 'aimlessly.'" At his keynote address Saturday night, Gov. Kernan reminded Democrats that 25 percent of Indiana National Guard members "have no health insurance" and added, "We are going to take the health care issue and we will bring the private sector in and work to provide health care coverage for 600,000 Hoosiers who have none." And Kernan took aim at



Lt. Gov. Kathy Davis and Gov. Joe Kernan campaign at a UAW rally at French Lick last Saturday. (HPR Photo by Brian A. Howey)

Daniels' record at OMB, saying he presided over "a half trillion dollars" in deficits. Kernan said that while Daniels has been on television since Jan. 19 in "unprecedented" fashion, Democratic pollster Fred Yang says the race is "dead even." Kernan added, "We thought we'd find ourselves down a little bit but we are in a position that gives me a great deal of confidence." Kernan told Democrats that since he declared his candidacy on Nov. 7, "We have raised more than \$10 million and we are optimistic." Daniels campaign manager Bill Oesterle said Daniels has raised \$11.3 million, not including the money the candidate raised in New York during the Republican National Convention. Here's the latest poll roundup. Daniels had a 43-38 percent lead in the Bellwether/IMA poll ((601 likely voters, 39% Republican, 30% Democrat, +/-4 percent) conducted on Aug. 15-18. In the previous Bellwether Polls, Kernan had a 37-36 percent lead in January, Daniels was up 38-37 in March, increasing that to 42-37 percent in June. On the right track/wrong track question, 52 percent said Indiana was on the right track and 30 percent said Indiana was on the wrong track. Kernan's fav/unfavs were 55/21 percent and Daniels stood at 50/16 percent. A National Governor's Association Poll had Daniels up by 8 percent, according to his campaign. For the first time in its history, the Indiana Farm Bureau ELECT committee endorsed a gubernatorial candidate -- Daniels -- on Saturday. The two candidates made video presentations earlier in the day. It requires a vote of at least two-thirds of ELECT trustees to endorse a candidate. "I think they believe Mitch Daniels has a more proactive agricultural agenda," IFB President Don Villwock said. "He has traveled the state since day one during his campaign, saying that he supports agriculture, that we should expand agriculture in the state of Indiana." Eventually, after Indiana's economy grows, Daniels would like to eliminate property taxes. "In Farm Bureau's ears, that's sweet music," Villwock said. On Thursday, Indiana Democratic Chairman Kip Tew demanded to know how Daniels would replace property tax revenue. "Mr. Daniels



needs to do the fiscally responsible thing and explain to Hoosiers how he plans to pay for his hollow promise of eliminating \$5.6 billion in property taxes. And while he's at it, Mr. Daniels also should tell taxpayers how he plans to pay for his other costly campaign promises," Tew said. "If Mr. Daniels intends to eliminate property taxes, he either needs to more than double the income tax on hard working Hoosier families or drastically raise the sales tax to double digits. So which is it?" Daniels spokesman Marc Lotter **responded**, "**That release is typical Kip Tew**

drivel. Mitch spoke about eliminating property taxes as a long-term goal. The Farm Bureau President was even quoted saying that Mitch 'eventually' would like to eliminate property taxes and said Mitch was 'very forthright in saying that we can't do it immediately.' The Farm Bureau doesn't feel misled. Kip's reaction is indicative of the significance of Gov. Kernan losing the endorsement of a group he worked closely with for seven years as commissioner of agriculture. The *Muncie Star Press* reported last weekend that **Daniels wants to double livestock production in Indiana and would seek to ease concentrated animal feeding operations (CAFOs).** "Mitch said we always respect the right of localities to turn away business, but livestock represents an important opportunity for the future of Indiana agriculture," said Ellen Whitt, a spokeswoman for Daniels. "Many of the poorest rural areas would benefit from acting on opportunities such as this. Most such opportunities would operate in compliance with the environmental regulatory framework." Tina Noel responded for Kernan: "The governor's top priority is economic development and growing jobs, and that includes Indiana's agricultural industry. However, he believes this can be accomplished hand in hand with protecting the environment.." **Daniels also picked up an endorsement from the Indiana chapter of the National Federation of Independent Business — which represents 16,000 small businesses in Indiana.** Jack Faris, president of the business federation, said 86 percent of the organization's Indiana members supported Daniels because he understood that small businesses were "the backbone of America." Daniels told WTWO-TV in Terre Haute, "Small business is so central to our hopes for a better Indiana. We've got such opportunity if we can make a change and create a climate that's friendlier to small business which really create the jobs in America. Today means a lot." **Republicans called on Kernan to pull the five-second TV ad that informed viewers that Gov. Kernan had pulled the TataAmerica contract** ("Gov. Joe Kernan canceled a state contract that would have sent our tax dollars overseas"). Said State Sen. Jeff Drozda, "The truth is more than five seconds long" and said that



Daniels walks to meet a bull named "Mitch" on a farm near Amo, Ind. Daniels received the first-ever gubernatorial endorsement from the Indiana Farm Bureau on Saturday. (HPR Photo by Brian A. Howey)

Kernan didn't pull the contract until after he announced he was running for governor. "This is a five-second ad that sums up the governor's actions accurately," said Noel. "He canceled a state contract with a foreign company. We aren't pulling the ad." **Daniels spent Tuesday at the Republican National Convention in New York raising money.** With a boost from New York Gov. George Pataki, Daniels raised thousands at a pair of campaign fund-raisers. "With only 63 (days) to go, I didn't want to burn more than one day here," Daniels said (*Indianapolis Star*). **Status: Tossup.**

Attorney General 2004: Republican: Attorney Gen. Steve Carter. Democrat: Joseph Hogsett. **2000 Results:** Carter (R) 1,077,951, Freeman-Wilson (D) 978,713, Harshey (L) 45,490. **2004 Forecast:** **Democratic Chair Kip Tew called on Carter to keep his promise to disclose all campaign contributions and to reject money from a secretive organization that funnels cash from powerful special interest groups.** Tew also called on the Indiana Republican Party to reject similar contributions generated by the Republican Attorneys General Association but funneled to candidates through the Republican State Leadership Committee (RSCL) and/or RSCL-Indiana. **Tew described RAGA as a "shadowy group that secretly looks out for the interests of big tobacco, oil companies, HMOs and insurance companies under the guise of being a group representing Republican attorneys general."** Tew added, "Despite its name, RAGA's membership is not Republican attorneys general. RAGA's members are actually corporations, trade associations and law and lobbying firms who give big money contributions," Tew said. Carter has been criticized by Hogsett for using this rare state probe into political corruption as a fund-raising tool on Carter's campaign's Web site (Walsh, *Post-Tribune*). **Status: Leans Carter.**

Superintendent of Public Instruction: Republican: Supt. Suellen Reed. Democrat: Susan Williams. **2000 Results:** Reed (R) 1,181,678, McCullum (D) 814,658, Goldstein (L) 81,722. **2004 Forecast:** College-bound Hoosiers in the class of 2004 **fared better overall on the SAT** college-entrance exam than the class of 2003, but they still lag behind the national average (*Fort Wayne Journal*)



Gazette). The College Board released nationwide scores Tuesday, showing SAT scores remained steady. The national average on the verbal section was 508, a one-point increase, and on math was 518, a one-point decrease. "We are continuing to make steady gains on the SAT while increasing the number of students taking the test, and that is significant," Reed said in a written statement. Reed, said she's waiting for reactions to the proposed changes (Dick Kaukas, *Louisville Courier-Journal*). "We just need to know if we do this, what would it mean" to school districts, Reed said. "Would they have to hire more teachers" or provide more training, and if so, who would pay for it? Reed asked. **Status:** *Likely Reed.*

Indiana 2004 Congressional

Congressional District 8: Republican: U.S. Rep. John Hostettler. Democrat: Jon Jennings. Green Party: Clark Gabriel Field. **Geography:** Evansville, Terre Haute, Greencastle; Posey, Vanderburgh, Warrick, Gibson, Pike, Martin, Daviess, Knox, Sullivan, Greene, Owen, Clay, Vigo, Vermillion, Parke, Putnam, Warren and part of Fountain counties. **Media Market:** Evansville, Terre Haute, Indianapolis, Lafayette. **People:** Urban/rural 58/42%; median income \$36,732; poverty 10.7%; race white 93.7%, black 3.7%, Hispanic .9%; blue/white collar: 32/52%. **2000 Presidential:** Bush 56%, Gore 42%; Cook Partisan Voting Index: R+8. **2002 Results:** Hostettler 98,952 (51%), Hartke 88,763 (46%), **2004 Forecast:** Democrats are going to let Hostettler's gun conviction "speak for itself." said 8th CD Chairman Tony Long. MoveOn.org endorsed Jennings. The organization, which aims to defeat President Bush in November's elections, caused controversy by comparing Bush to Hitler in ads posted on its Web site. "He's obviously

embracing them because he hasn't turned back their endorsement," said NRCC spokesman Chris Paulitz. "Nobody asks 'why has a group on the fringe-left of the country endorsed Jon Jennings?' Obviously they think he's their kind of guy." But Jennings spokesman Andrew Whalen said constituents nominated the campaign. "They know they can't attack us on the issues," Whalen said of Republicans. "We're talking about creating good jobs, reversing the economy, making health care affordable." (*Linton Daily Citizen*). "The four darkest years of my life have been under George W. Bush," Jennings said. **Status:** *Tossup.*

Congressional District 9: Republican: Mike Sodrel. Democrat: U.S. Rep. Baron Hill. **Media Market:** Evansville, Indianapolis, Louisville, Dayton, Cincinnati. **People:** urban/rural 52/48%, median income \$39,011; race white 94%, 2.3% black, 1.5% Hispanic; blue/white collar: 34/50%; **2000 Presidential:** Bush 56%, Gore 42%; Cook Partisan Voting Index: R+8. **2002 Results:** Hill 96,654 (51%), Sodrel 87,169 (46%). **2002 Money:** Hill \$1.144m, Sodrel \$1.62m. **2004 Forecast:** Sodrel addressed the Republican National Convention on Monday. Sodrel wrote the 100-word speech himself, and if he practiced it, his wife said, it wasn't in front of her (*Scripps Howard News Service*). "I guess I don't get nervous for him," Kita Sodrel said. "We're just all humans. If he's talking to a few hundred, thousands or broadcasting to millions, what's the difference? He can talk to everyone." Sodrel spoke of his foreign-born great-grandfather, whose obituary called him "intensely American." "He loved God, family, and country ... So do I," Sodrel said. "I know America's stronger when we create family-supporting jobs here in America. I know America's stronger when government takes less money from our nation's families. And I know America's stronger when we defend traditional moral values. **Status:** *Leans Hill* ❖

04 Bush-Kerry Election Presidential Polls

ABC/Washington Post Aug. 26/29, +/-3.5%
Kerry 48, Bush 48, Nader 1

USA Today/Gallup Aug. 23-25, +/-4
Bush 48, Kerry 46, Nader 4

TIME, Aug. 24-26 +/-4
Bush 46, Kerry 44, Nader 4

Rasmussen Tracking, Aug. 31-Sept. 2
Bush 49, Kerry 45

FOX/Opinion Dynamics, Aug. 24-26 +/-3
Kerry 44, Bush 43

NBC/Wall Street Journal, Aug. 23-25 +/-3.5
Bush 47, Kerry 45, Nader 3

Zogby America, Aug. 30-Sept. 2, +/-3.2
Bush 46, Kerry 44

Bellwether/IMA (Indiana Presidential) Aug. 15-18, +/-4
Bush 52, Kerry 40

State Polls

Bellwether/IMA (Indiana Senate), Aug. 15-18, +/-4
Bayh 65, Scott 21 ❖



Lonely Pastrick surveys his city, career, last hurrah

By BRIAN A. HOWEY

FRENCH LICK - The first time I ever saw East Chicago Mayor Robert Pastrick, it was midnight one Saturday at a Democratic Editorial Association convention at the French Lick Springs Resort about 10 years ago. Pastrick, dressed in a white suit, strode into the massive lobby with a large entourage.

Last Saturday at the first Frank O'Bannon Public Service Award Breakfast, Pastrick was there to see his old friend, Birch Bayh, the first recipient. The award is designed to reward "a principled approach to politics and public life based on a set of values which honors truth, honesty, freedom, equal opportunity and the public good." Other legislators and public officials were acknowledged, but not Pastrick.

And after the mayor of the last true machine in American politics finished talking with me later that morning, he said he was driving back to East Chicago ... alone. The embattled mayor's entourage is either under indictment or in political tumult. It was under these circumstances that he surveyed his city, his career, and the coming momentous decisions that could impact politics well beyond East Chicago.

HPR: Are you going to run this last time in the Oct. 26 special primary? And if you are, why?

Pastrick: We're going to see what we're going to do. The first regard is my family. We've seven kids and my wife and 15 grandkids. The most important thing is do I get a consent from them. They're concerned. My wife, for instance, says let's start taking it easy. There's a lot of things we have to do yet. What'll we do about that instead of going through this again. I am being pulled two ways, I really am. I've told my people not to speculate on it. I have two reservations. First is the family and the second is my opponents. We've got some great people, we really do. We have some great people working in our administration despite the things you hear. The reason I ran in the first place (in 2003) was we saw who's running. Pabey was a councilman for four years and didn't do a damn thing.

HPR: He was your police chief. Was he a good chief?

Pastrick: He was for two years. You know, I've made mistakes in my life. We all do and he was one of them. He did not perform well. As a councilman, I don't think he really has the knowledge of city government.

HPR: When do you make the final decision on whether to run?

Pastrick: It should come in the next 10 days.



Chris Sautter, who made *"The King of Steeltown,"* talks with East Chicago Mayor Robert Pastrick last Saturday in French Lick after watching a tribute film to former U.S. Sen. Birch Bayh. Pastrick explained, "I just told him 'You're improving with time.' He said, 'You were my guinea pig' and I said, 'In more ways than one.'" (HPR Photo by Brian A. Howey)

HPR: Rich James of the *Post-Tribune* doesn't think you can win. He says you're toast.

Pastrick: The one thing I can do is go out and win, and then resign and have a good person as a replacement. Talk to the precinct committeemen about putting in a good person.

HPR: That's an option?

Pastrick: That's an option. And I think I could win. The support is out there. People come up and talk to me.

HPR: Are you and Stephen Stiglich on good terms?

Pastrick: He's been supportive.

HPR: Would he want to be mayor?

Pastrick: He's county chairman and his health isn't that great.

HPR: Were you surprised by the Supreme Court decision to order a new election and that Justice Robert Rucker from East Chicago voted with the majority?

Pastrick: I was surprised, to a certain extent. He was a partner of (Lonnie) Randolph's. And when Randolph got in trouble, he walked him through things. He may have resented when he ran for county judge we supported Steve Belac. He probably should thank us for that because if he had been county judge he probably wouldn't have been on the Supreme Court.

HPR: Were you hurt by his vote?

Pastrick: My feelings? Yes, I was hurt because I have a very close relationship with the African-American community and I expect they will support me this time.





HPR: You and Sen. Larry Borst are both 76. What keeps you going? Why not retire?

Pastrick: My mother died at age 98. If I didn't have that one reservation, it would be easy. I've encouraged three or four people to run for mayor. One is black and one is Mexican. There was one on the Port Commission, Luis Gonzalez. I talked to Stig. I thought these would be the people who had the experience to pull this off.

HPR: In 1999, you were quoted in *"The King of Steeltown"* that it would be your last hurrah.

Pastrick: I did say it was the last time.

HPR: So in 2003, you ran again because you didn't think the opposition was up to the task?

Pastrick: I tried to preserve some of the people we had who had done outstanding work with us. I knew if (George) Pabey won he would have cleaned house.

HPR: I write for a largely downstate audience. Most Hoosiers think of East Chicago as a corrupt off-shoot of the old Daley machine in Chicago. Tell these people why your administration has behaved so differently than almost any other municipality in Indiana.

Pastrick: I'm talking many years ago but we sent some real characters to the legislature. They created quite an image down in Indianapolis. Some of them came from foreign families, they came from black families. They were different from the people in these solid white communities in Southern Indiana. They had no conception about what Lake County was all about. They didn't understand and in many cases, they were very prejudiced. We have that same prejudice in Lake County, a situation where you had hard-working white people in good homes, and then you had the black influence that moved in and they sold their homes for nothing and got out and they're sitting down there in southern Lake County still resenting having to move out. The minorities are now moving south to Merrillville, which has two black councilmen now. We have an influx of Chicagoans moving in. Mayor Daley has done a tremendous job rebuilding the South Side. It's a situation where the homes are out of reach of the people who are being displaced. So they are moving into Indiana. And we've been getting a lot of bad actors, really bad.

HPR: So what you're saying is the way you've been governing is because of the teeming masses?

Pastrick: In our community, we provide a tremendous amount of service. We go overboard with the amount of service. We probably spend more money than we should. But I've got people who require those services. All the professional people, the doctors, lawyers and teachers leave our city every night and they leave to us the indigents and the poor. It's got to the point if I didn't provide two garbage pickups a week, the alleys would be full of rats and garbage. I even provided painters for them and things of that nature. Because the people who have been left behind, the elderly and disabled,

there's no way they could do those things. There's no way to get to the hospital, there's no way to get to the doctor, the store. So we provided free service for them. We've provided a band-aid for them because Northwest Indiana never adopted a regional transportation system that goes north and south.

HPR: There was an evolution of the Chicago Machine between the first Mayor Daley and his son. Did you ever think about how your machine should be evolving because you've obviously gotten the attention of DA Joseph Van Bokkelen?

Pastrick: With Van Bokkelen, I feel that some of this has been orchestrated, OK? Maybe I'm super sensitive, but for them to be indicting people every Friday and it's been going on for weeks and weeks and weeks. If you're going to indict them, indict them. It doesn't have to happen every Friday.

HPR: I've described it as the systematic emasculation of the Lake County Democratic organization with the attorney general, the DA, the secretary of state all honing in on the corruption and dead voters.

Pastrick: The Republican Party is trying to destroy the Democratic Party of Northwest Indiana. In order for Mitch Daniels to win, he has to cut into the plurality that Northwest Indiana provides Democrats. Mitch's sister is in Washington with Ashcroft.

HPR: The Daniels campaign denies Deborah Daniels has anything to do with the corruption probe.

Pastrick: Oh sure, oh sure.

HPR: But it's very shrewd politics, right? And as head of a machine yourself, you'd have to appreciate that.

Pastrick: Oh, I do. I appreciate it. I understand exactly what they're doing. I understand what the attorney general is doing; he's got a deal with the Hispanics in our area.

HPR: You've got a special election coming up on Oct. 26, a week before Gov. Kernan comes up for election. If I'm Gov. Kernan, I know I wouldn't be happy with that situation.

Pastrick: In order to prepare for an election, you understand the mechanics you have to go through to prepare the machines. These things take time and it takes time after the election is over with. Take the confusion over getting an absentee ballot for the local election and then the national election. There is going to be a tremendous amount of confusion. It just doesn't make sense to have an election the week before. Why can't they wait until after the November election?



Mayor Pastrick talks with Supreme Court justices last October at the Indiana Statehouse. (Indianapolis Eye Photo by Ellen Jackson)



HPR: Have you had any conversations with Gov. Kernan or his people about this?

Pastrick: I have had conversation with Kip (Tew) and they are concerned about the confusion could create tremendous problems.

HPR: At some point if Tew or Gov. Kernan said, Mayor, it's time for you to retire, would you?

Pastrick: You mean to resign? I guess I could remove my name from the ballot and serve until (Dec.) 29th. It's entered my mind. I wish when they set the ground rules for the primary, they would have opened up filing.

HPR: That would have made a big difference?

Pastrick: That would have made a big difference because we could have selected someone who I thought might move it on and who I felt would try to follow some of the policies we've adopted. And I'm talking about the honorable types we've adopted. We've done a lot of good things for the city. We've improved the quality of life a great deal. Even with all the problems created with the street and curb program, I still don't think any of those councilmen or members of my administration took 10 cents. There were some people out there trying to get votes because we had a lot of councilmen running, we had a judge running. It wasn't just Bob Pastrick. They can't attribute all of this nonsense to our administration. The contractors took advantage of us. In the final analysis of what happened, the improvements made to the city, people cleaning up their properties, really change the tone. The one who put this program together -- it was his vision and I consented to it -- was Jim Knight, who was my city controller. If Jim had lived -- he died of a heart attack on Mother's Day -- there wouldn't have been one bit of problem.



HPR: Do you regret signing off on the making of "King of Steeltown?"

Pastrick: Chris (Sautter) kind of talked me into that. I shouldn't have.

HPR: The original deal was it was supposed to be made after you left office or passed on.

Pastrick: That's right.

HPR: What expedited it?

Pastrick: I just told him (before the interview) 'You're improving with time.' He said, "You were my guinea pig" and I said, 'In more ways than one.'

HPR: What was going through your mind when you attended Van Bokkelen's "Zero Tolerance of Public Corruption" seminar in Hammond last year when the feds were arresting members of your administration and council?

Pastrick: I'm a member of the Quality of Life

Committee with the Academy of Elected Officials. I've been involved in all those things so I was there because it was part of that. I even talked to him. I've known Joe for a long time. Joe was very involved in the Jay Givans murder. Do you remember that? It was in 1981. Jay Givan was the attorney for the city when I became mayor. He was a real sharp guy but he was a little arrogant and at times he wouldn't take any guff from anybody. I'm sure what happened is he probably told somebody, "Go fly a kite." Van Bokkelen tried hard to find the murderer and he and I talked about it a couple times and he and I agreed on who it was who did it.

HPR: Has Van Bokkelen mentioned that if you resigned he might drop you as a target?

Pastrick: He hasn't mentioned it.

HPR: Have you had contact with him recently?

Pastrick: I haven't even got an attorney.

HPR: Are you a target?

Pastrick: They tell me I'm a target because the first question everybody who's indicted is asked about is Bob Pastrick. That's been going on for 25 years.

HPR: That's the thing. You've had a lot of people around you indicted and convicted. And it was a Democrat, President Truman, who said "The buck stops here." Doesn't the buck stop with you?

Pastrick: Mayor Daley in Chicago had them crawling like flies, but they never got anything on Mayor Daley. You know Oscar Goodman? He's the mayor of Las Vegas and he used to be the attorney for the mob. They always felt that Oscar Goodman was tied up with the mob because he always represented them. But they could never find anything that Oscar Goodman did that was wrong. It's the same thing. We carry out our duties. But I can't be responsible for the actions of everybody around me. I'm not a great micro manager. I've always tried to be strong politically. A city our size shouldn't have any clout at all.

HPR: Did you ever call all your department heads together and say, "Hey, folks, you've got to follow the letter and intent of the law or you're fired?"

Pastrick: Yeah, we have. This came after we came up with an ethics policy. But we really didn't have an ethics policy. You know, when you pick people, one of the first things I've always said is "Remember, I've chosen you to be a department head. I'll say, 'Joe, I've appointed you and I'm not going to tell you how to run your department. I've chosen you because you're fit and capable and competent and so I'm not going to bother you. You run your department. The only time I'll bother you if you've done something I don't necessarily believe in." I told the police chief, don't bother me. Don't talk to me about the promotions. I'm not going to give you any advice because if I do, and the guy screws up, you'll come back to me and say, "That was your man." ❖



Rich James, Post-Tribune - If you are among those holding your breath waiting for the feds to indict East Chicago Mayor Robert Pastrick, you might as well exhale. It isn't going to happen. R. Lawrence Steele and James G. Richmond, U.S. attorneys in the 1980s, pursued Pastrick without success. U.S. Attorney Joseph Van Bokkelen has climbed the ladder into Pastrick's inner circle, but chances are he'll never make the top rung. With three East Chicago city officials and three city councilmen under indictment for the concrete scandal, the thinking is that surely one of them will finger Pastrick. Don't bet your paycheck on it. And now there are some thinking last week's indictment of Lake County Councilman Joel Markovich will be Pastrick's coupe de grace. Once again, don't bet with your heart. Judging by the tone of the indictment and Markovich's decision to cooperate, it seems likely that he passed on some of his ill-gotten East Chicago money to others. Those who think Pastrick is one of the "others" don't know him very well. Indiana Attorney General Steve Carter — in his never-ending quest to smear Lake County Democrats — stirred the pot last week when he said Pastrick and others still may be targets of a grand jury. In his civil complaint against Pastrick et al., Carter alleges that Pastrick is among those who "without lawful authority directed and authorized various contractors to do concrete work and tree trimming on private property for political and nonpublic purposes and to submit work proposals in a manner so as to avoid state bidding rules." Again, don't bet the farm. Pastrick talks with pride about the sidewalk project in "The King of Steeltown" — Chris Sautter's documentary about the 1999 mayoral primary. Does that mean he knew the city skirted the proper bidding procedures and that some contractors were paid for work that was never done? Chances are good the answer is no. The last thing Bob Pastrick will ever be accused of is micromanaging his city. There were too many sweetheart contracts, too many shady deals and too little oversight of those he trusted to run the city. For all of that, Pastrick is at fault. And he now is suffering the consequences. Despite his passionate love for his city, he allowed it to crumble from within. Unfortunately for those who lust for Pastrick's demise, being a poor administrator isn't an indictable offense. ❖



Charlie Cook, National Journal - Political reporters and campaign consultants in both parties are abuzz about a possible shakeup inside the Kerry campaign. The prospect is pretty remarkable, given that the Democratic nominee is running only a couple of percentage points below where he was three weeks ago. Indeed, an analysis of public polls conducted during August by Emory University's Alan Abramowitz shows that in the first half of the month, John Kerry averaged 47.2 percent, while Bush averaged 45.3 percent --giving the challenger a 1.9-point edge. During the second half, Kerry slipped to 45.7 percent while Bush ticked up to 45.6 percent - leaving Kerry just one-tenth of a point ahead. Does declining 1.5 percentage points as his rival gained three-tenths of a point mean that Kerry needs to reshuffle his campaign team? That's debatable. But there is no doubt that Kerry has suffered a loss of momentum. What's more, a week-by-week analysis would undoubtedly show that Kerry's strength in the fourth week of August was less than it was in the third. Thus, the widespread view that Kerry let the attacks from the pro-Bush Swift Boat Veterans go unanswered for too long is correct. Many of the accusations were ultimately refuted, and at least partially neutralized, but not before one of Kerry's strengths coming out of the Democratic convention was diminished. ❖

Gary Gerard, Warsaw Times-Union - I want to give John Kerry some advice with regard to the Swiftboat Veterans For Truth. Let it go, John, let it go. I am almost starting to feel sorry for the guy. For the first time in months, Kerry has slipped behind W in a national poll. And trust me, it's not because of the Swifty guys. It's because of Kerry. You see, W was being skewered by 527 ads. Before the Swiftys, virtually all the 527s were Democratic-leaning – MoveOn.org, The Media Fund, America Coming Together – and financed in large part by wealthy individuals (most notably George Soros) and labor unions. These liberal 527s called W a traitor, a coward, a deserter, Hitler, a war monger and all manner of other vile stuff. So what did W do? He ignored them. Along comes the Swiftys, the first notable conservative 527. They ran ads in just two battleground states. They call into question Kerry's Vietnam record and Kerry basically flips out. At every appearance he's defending himself. So what is the net effect? Kerry has managed to keep the Swiftys at the top of the hour on CNN for days. He's giving them publicity they could never in their wildest dreams have imagined. ❖




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Kernan announces tuition cap of 4 percent

Indiana Gov. Joe Kernan asked state-supported colleges and universities Thursday to limit tuition increases for 2005-06 to 4 percent or lower for the second school year in a row (*Lafayette Journal & Courier*). Kernan, who is seeking a full term as governor against Republican Mitch Daniels and Libertarian Kenn Gividen in the November general election, presented his proposal during a campaign news conference on the campus of Indiana University-Purdue University Indianapolis. Tuition and fees at Indiana's public, four-year universities have more than doubled since 1993-94, he said. "Affordability needs to remain one of the key issues that we address across our state," Kernan said. Extending the request for 2005-06 now, Kernan said, "gives the universities the opportunity to plan for that eventuality."



Kernan opens clean fuel complex in Posey County

Countrymark Co-op will build a \$40 million clean-fuel complex that will save 130 local high-tech jobs, reduce emissions at its Mount Vernon refinery and put it in position to meet the U.S. Environmental Protection Agency's 2006 requirements for cleaner diesel fuel, the company said Thursday (*Evansville Courier & Press*). Without the \$40 million project, the company would have had to close its business when the new EPA standards went into effect, said Charlie E. Smith, chief executive officer of Countrymark. Indiana Gov. Joe Kernan, speaking at the groundbreaking ceremony Thursday, said the project "demonstrates that we can have a clean environment and create jobs. This is a

significant example of forward thinking."

Jennings calls Hostettler 'ineffective'

Democratic congressional candidate Jon Jennings assailed Rep. John Hostettler on Thursday for being "ineffective" at bringing federal dollars to Southern Indiana and in dealing with issues such as business development, education and health care (*Evansville Courier & Press*). Speaking Thursday to the Warrick County Rotary Club, Jennings said residents of the 8th CD tell him that they "really want to see an economic resurgence and (have a representative who will) bring back our fair share of federal dollars so we can build things around here." Hostettler, according to Jennings, has focused too much "on issues that divide us." He called the outsourcing of American jobs "a huge problem," and said the 8th District can create jobs in manufacturing technology and alternative fuel sources. Hostettler, through his campaign office in Evansville, fired back at Jennings. "Because Mr. Jennings is so new to the district, having just moved here last year, it is understandable that he is so unfamiliar with my work regarding Crane Naval Surface Warfare Center, I-69, and Doppler radar as well as numerous other projects and grant requests by constituents."



Jennings

Gas prices expected to fall

Gas prices are falling and, aside from a brief spike for the Labor Day weekend, could fade modestly the rest of the year. Regular unleaded in the Lafayette area was going for about

\$1.80 a gallon, while other parts of Indiana are at \$1.769 a gallon, according to AAA. Those prices are down from \$1.884 a month ago and a peak of \$2.058 on May 25. In explaining the drop in gas prices, Dave Costello, an economist with the U.S. Energy Information Administration, said crude oil prices are falling, and high prices have prompted producers to fill low inventories. "There is good reason to believe this downward drift will continue for a while," Costello said.

Daniels to be barred from Princeton Labor Day Parade

Gov. Joe Kernan, U.S. Sen. Evan Bayh and 8th District U.S. House of Representative Democrat candidate Jon Jennings are expected to participate. But their opponents won't be marching, says Labor Day Celebration chairman Charlie Wyatt (*Princeton Daily Clarion*). Wyatt says GOP candidates who don't support unions are not welcome. "Some of the local Republican Party politicians that support unions are welcome, but politicians like John Hostettler and Mitch Daniels are not invited and are not welcome. They do not share our views on unionized labor. It would be an insult for them to be here," said Wyatt. Bill Oesterle, spokesman for the Daniels campaign, said he was shocked by Wyatt's comments. "Not only does the Daniels campaign support labor unions, we are supported by some unions. We just got endorsed by the Operating Engineers Union Local 150. The chairperson of the celebration must be affiliated with the Kernan campaign," he speculated.

MacIntyre new director of IU communications

Former *Star* editorial writer Larry MacIntyre has been named as the new director of public communications at IU. He will begin the new position Sept. 7 (*Indiana Daily Student*). ❖