



## A Senate donnybrook in the wings

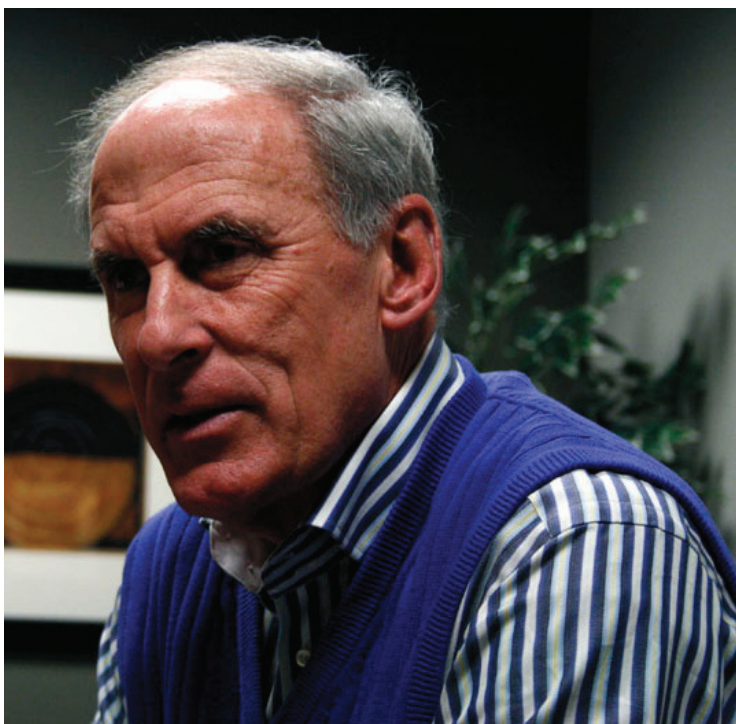
*Bayh surrogates lash out at Coats; GOP promises full disclosure on lobbying*

By **BRIAN A. HOWEY**

INDIANAPOLIS - Late on the afternoon of Groundhog Day, U.S. Sen. Evan Bayh was meeting with a group of Hoosiers in his Washington office discussing the green economy. As the meeting broke up, Bayh quipped, "Now I've got to go deal with a German ambassador."

No one in the room but the senator knew that all hell was about to break loose. By 10 that evening, Howey Politics Indiana broke the story that former senator Dan Coats was preparing a challenge to Bayh. A quick phone call to Indiana Democratic Chairman Dan Parker as the news was breaking brought a response, "You're going to make me work this late at night?" followed by the chairman noting a few minutes later that Coats had lobbied for Bank of America. That was curious attention to what would have been obscure detail only hours earlier.

In the next several days, Bayh surrogates from Parker - who is Bayh's campaign manager - to the Demo-



Former U.S. Sen. Dan Coats met with HPI in Indianapolis on Wednesday to make the case for his challenge to Sen. Evan Bayh and supply some answers. (HPI Photo by Steve Dickerson)

cratic Senatorial Committee unleashed a withering array of information attacking Coats. He is a registered federal lobbyist. He represented Yemen, a terrorist redoubt. He helped Bank of American land \$15 billion in TARP funds. He

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## Paranoia in the House

"Paranoia will destroy ya."

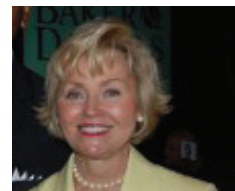
- The Assembly

By **BRIAN A. HOWEY**

INDIANAPOLIS - The Democratic Party is often described as "one big happy dysfunctional family." Many would cite the Washington triumvirate of President Obama, Speaker Pelosi and Sen. Harry Reid as exhibit A.

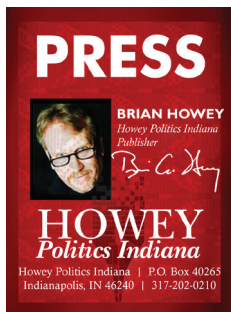
Exhibit B resides in the Indiana Statehouse, Lower Cave of Winds, to the right of the podium, looking east.

A committee report on the Illiana Expressway stalled on a 49-49 vote,



**'Right now, I'm leaning toward running. I never said I wouldn't run.'**

- LT. GOV. BECKY SKILLMAN,  
ON 2012 GUBERNATORIAL RACE





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with State Rep. Chet Dobis joining the Republican minority do what was best for his gridlocked, road raged constituents, not his party caucus. That led Speaker Bauer to pull Dobis's Speaker Pro Tempore post.

**"It's a tradition** that leadership support the committee chair on a vote," Bauer told the Times of Northwest Indiana's Dan Carden. "He knew that when he made that vote, so I know it's not a surprise."

The intriguing aspect to this fallout is that Bauer - perhaps the most powerful speaker in history - appears to be losing control of his caucus. State Rep. Dennie Oxley is missing in action. Highly credible sources tell HPI that after Oxley's heart attack last November, he's now in a coma. And, the story goes, Oxley has not designated anyone as his power of attorney.

But no one around Bauer will confirm this. They say they don't know. Apparently they haven't sent an emissary to former Rep. Dennie Oxley II, now working at an Indiana prison, to help the family deal with this tragedy.

So the 52-48 Democratic majority dwindled to 51-48, while 67,000 Hoosiers in Oxley's district have had no voice in the Indiana House this session, which is simply shoddy leadership at multiple levels.

**With a Dobis** defection on this report and his subsequent demotion making him a self-described "free agent," Bauer's on the verge of losing his majority at a time when he'll need it on redistricting reform, a coming jobs bill, and the Unemployment Insurance reforms that will define the final chapters of this session. And he's doing strange things, taking over sponsorship of the Illiana Expressway bill and sharing it with House Minority Leader Brian Bosma. Who'd a think?

Then came Dobis' remarks on

the speaker's fragile mental state, calling him "paranoid" about Gov. Daniels.

**Dobis told the Times** of Northwest Indiana, "I think he must see him in his dreams because he's always lurking in the shadows even when he's not even around. You don't get positive things done that way. He's evolved into this paranoid politician. That's all he thinks about. I often wonder if his first waking thought every morning isn't, 'How am I going to screw Mitch Daniels today?'"

Bauer did install State Rep. Earl Harris of East Chicago in the tem-

per position, which could be salve for the sore feelings with the House Black Caucus, which is the underpinnings of Bauer's apparent tenuous hold on power.

This all comes

at a time when a tidal wave of Republican talent is taking direct aim at somewhere between 25 and 30 Democratic incumbents. These challengers are raising copious amounts of money with the help of that governor lurking in the shadows. At one point, one challenger - Kyle Hupfer in HD37 - had outraised all the Democratic challengers facing House Republicans.

**There has been** a steady stream of GOP challengers filing each week. This is cascading bad news for a speaker saddled with an unpopular president, a U.S. senator facing the challenge of his life who will suck up as many available dollars as possible, and the need to defend seats against credible opponents that otherwise for years could have been taken for granted. Dobis told the Times, "Come November, the speaker may not be the speaker anymore, I'm not sure, but I know the governor will be governor."

Deep down, Speaker Bauer knows this. At least he's acting like it. ❖







## Coats/Bayh, from page 1

worked for a company with a partnership with Venezuelan dictator Hugo Chavez. He lives in Virginia, has since 1999 and has voted there for the past decade. He wants to retire in North Carolina. By Friday, the DSCC was pumping out a video clip recording Coats speaking to the North Carolina delegation at the Republican National Convention in Minneapolis, that began with the former Fort Wayne Republican saying, "Don't tell the good people of Indiana ..."

Politico described it as the "nuking of Dan Coats" with a series of "ferocious attacks" that was akin to a "freight train."



The Bayh campaign released to Howey Politics polling by Hamilton Campaigns (Feb. 5-6) that showed 70 percent felt Coats' role as a lobbyist "who has been paid by banks that took part" in the TARP program, was a "concern," including 60 percent of the Republicans and 63 percent of independents. Another 75 percent were concerned about his firm's ties to Venezuela. And 66 percent said they were concerned that he had not lived in the state for more than a decade, including 56 percent of Republicans. The campaign did not release any fav/unfav or head-to-head numbers.

And the attacks were not confined to Democrats. State Sen. Marlin Stutzman called Coats a "Washington elitist" and followed up on the DSCC attacks by asking, "Dan, the 'good folks' in Indiana have some questions. How involved were you and your firm in securing billions of dollars in taxpayer money for the bailouts? What is your firm's relationship with Harvest Natural Resources? Harvest is an oil company that partners with Dictator Hugo Chavez. Finally, and probably most concerning is your firm's questionable ties to the terrorist breeding ground in Yemen?"

The scorching tactics seemed to come straight from the playbook of ... Dan Coats. In 1992 he flattened the aspirations of Democratic Secretary of State Joe Hogsett with shots at the Indiana Statehouse while the commercial voice-over asked, "Where's Joe?" The attacks came early in the campaign, questioning Hogsett's promise to serve a full-term as secretary of state before he challenged Coats. Hogsett never recovered and lost by 15 percent.

### Coats responds

On Wednesday morning, high above the snowy streets of Indianapolis on the 20th floor of 101 W. Ohio St., Coats affirmed his candidacy, leaving little doubt that he would attain the 4,500 signatures by next Friday, and walked HPI through the attacks, confronting some, explain-

ing others, promising full disclosure in the near future.

"Washington and Indianapolis Democrat party operatives have made a colossal error in revealing how nervous Dan Coats' candidacy makes them, and by bungling the assault against him," said consultant Kevin Shaw Kellems today. "The charges leveled against Dan have no foundation in the facts, and Sen. Bayh resides in a big, bright glass house on these themes. He will regret encouraging national party operatives to do his bidding. In politics 101, the first rule is to get your facts straight before taking a wild swing at your opponent. This is not the kind of thing you would expect from someone like Sen. Bayh who has spent his entire live in politics."

### Rationale for candidacy

He also presented the rationale for his candidacy and it hinged on U.S. Rep. Mike Pence's decision not to get into the race. Coats said that when Pence "decided not to run, I rose to the call. Marsha and I both agreed we can commit ourselves to this call to service and truly make a difference and be competitive with Sen. Bayh and his presidential war chest."

Coats said that the anemic fundraising of the pending Republican field that includes Stutzman, Don Bates Jr. (who has qualified for the ballot), former congressman John Hostettler and Richard Behney - under \$500,000 combined - prodded him to get into the race. "That was a major factor because I know what it takes. I believed I was in the best position to get what it takes to make this a successful effort. I will be able to raise the funds, put a grassroots network together based on my previous two campaigns," Coats said. "I didn't think anyone else could do it. Simply seeing the enormity of what it is going to take, given his (Bayh's) resources, I would probably be the only person who could put together the network statewide, given my name recognition."

Coats said he will be raising money "in Indiana and nationally. Already I've received calls from people all over the country saying, 'How can we help? What do you need? Come here and we'll help.'"

On the signature drive, Coats said, "I don't think there's any reason to doubt that we're going to be successful in this. We are off to a wonderful start despite the weather. We've got hundreds of people out gathering signatures and calls coming in saying, 'Send me forms.' We're making real progress. It's an enormous challenge in a short amount of time. It will signal - it is signalling - people all over the state are very excited about this possibility. Yes, we have terrific candidates, but can they really go toe-to-toe with Evan Bayh?"

Coats said most of the signature drive is "volunteer" but added, "I'm going to be the first contributor to my campaign. I'm not going to ask the supporters to pay for



this.”

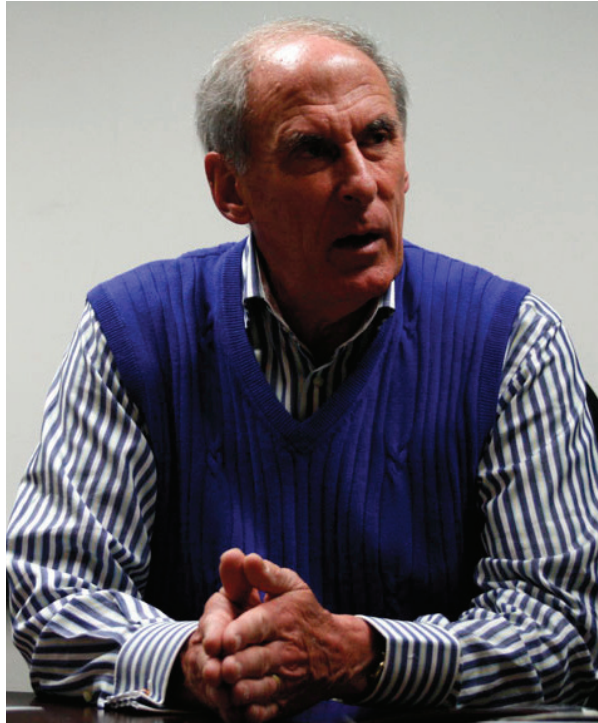
With Bayh having a \$13 million war chest - “and counting,” Coats chuckled - how much will it take to mount a credible race against Bayh? “I don’t think we can match Evan,” he said. “But I also believe the race in 2010 isn’t going to be about who’s got the most money. And it won’t necessarily be of benefit to the incumbent. We’ll raise enough to be competitive. We can get the message out. What has happened in this past year is the American public has woken up to what the liberal agenda really means for this country. They have spoken resoundingly in Virginia and New Jersey and Massachusetts said ‘no.’ A lot of people are getting that message. Nancy Pelosi hasn’t. Harry Reid hasn’t. Rahm Emanuel hasn’t. And Sen. Bayh

- because every Democratic senator is the 60th senator - it would have taken only one person to stand up and say no and stop this thing. On every one of these issues instead of standing up for Hoosiers, he sided with the president.”

On what particular issues? Health care? Stimulus? TARP? “All of the above,” Coats said. “The stimulus has been a disaster. That money could have better used elsewhere or the program could have been better fashioned. The TARP program, unfortunately, was necessary because we were on the brink there. I didn’t agree with every way it was applied, but that was a true crisis.” In the summer of 2008 - as Wall Street teetered on the brink of catastrophe - Sen. Bayh described it as a “systemic failure” in oversight of Wall Street from his perch on the Senate Banking Committee. “His record as opposed to his rhetoric is going to be examined closely,” Coats promised.

As for the attacks from the DSCC, Coats explained, “No. 1, I sure got their attention and they must really be worried to come out with a negative barrage like this. Sen. Bayh has always had this clean cut, good guy image, stay above the fray. But a lot of people are doing some dirty work for him at this point in time that doesn’t have to be.”

Coats defended his 1992 “defining” of Joe Hogsett. “Our race against Joe Hogsett was done in light humor and it was titled ‘Where’s Joe?’ The point was in serving as secretary of state, he pledged to the people that he would not use this as a springboard for another office. We simply used his own words and called that into question. We did it in a very humorous way. I think this is different.”



“It’s like my term limits pledge,” Coats said. “That’s why I left in 1998.”

## Full disclosure

Coats vowed to make a “full disclosure” of his lobbying activities, some of which were conducted by his firm and not himself. He said the paralyzing snowstorm in Washington has delayed obtaining and releasing supporting documents.

“Look, on the lobbying thing, our firm had a standard practice in listing all of our members for the clients, even though they were being worked on by other partners. Most firms don’t do that. I want to be totally transparent. I can’t begin to sort out all the groups they said I lobbied for. Some other partner may have done that.

I’m trying to get those records but things are shut down because of the snowstorm. We’re going to make everything totally transparent and let Hoosiers decide whether what I did was appropriate instead of having the Democratic political machine telling them what I did.”

Did he lobby for Yemen? “I said, ‘Yemen? I didn’t even know we had Yemen as a client,’” Coats said. “I don’t want to make a declarative statement until I can get the actual record.”

Does Coats own property in Indiana?

“I’ve owned property in Indiana for a long time,” Coats responded. “I don’t own property; I’m going to own property. I’ve signed a year lease and will qualify for residency. The first thing that Marsha and I did was to ask ‘Are we ready to go back to Indiana?’ Solid. Affirmative. Yes. And that’s for the duration.”

As for wanting to retire in North Carolina, Coats responded, “Let me explain about North Carolina. I could have kept a faux residency in Indiana. I didn’t think that was honest. There are residency requirements. You have to be here six days a month to qualify for Indiana taxes. I didn’t think that was right. My work was centered in Washington, not just for the law firm, but for defense-related, national security-related groups. My work was also centered here in Indiana through the Sagamore Institute, the Foundation for American Renewal. I have a board membership with Allison Transmission.”

Coats said that his wife’s parents are age 90 and 91. “Marsha wanted to be near them,” Coats said. “We





have a place so we can be near them. Minutes away from them. At the (Republican National) convention, I spoke at the North Carolina delegation. A number of us were surrogates for John McCain. I got assigned to go with Rudy Giuliani and Mike Huckabee. I was third. Giuliani goes up there and, of course, and wows the crowd. Huckabee goes up there with a dozen one-liners that had everybody on their feet. And then, oh yeah, former Sen. Dan Coats of Indiana. I thought, 'I need to say something to get these people's attention.' So I said, 'I do have a connection with North Carolina. I have a second home there. And I really like the weather down there and some day, when we retire, we may very well retire in your state.' That was my connection to them."

### Coats congressional career

Coats served in the U.S. House for eight years and 10 in the Senate. "I was a hands-on congressman. I was on the farm, in the local diner, talk-to-the-average Hoosier congressman. I loved doing that. I got to know this state very, very well. I tried my darnest to represent Hoosier values: limited government, controlled spending. I was active in trying to pass a balanced budget amendment, which failed by one vote. John McCain and I co-authored the line item veto. We passed that legislation. Robert Byrd stood up and said, 'This law will pass over my dead body.' And we did it. I was furiously engaged in going toe-to-toe with Robert Byrd."

"I was not an earmark senator. I was not a pork barrel senator," Coats said. "I didn't think that's what Indiana wanted."

Did Republicans, after he left the Senate, lose their way? "Yes," Coats said. "What we had going for us in 1994 was the Contract for America. Had we stuck to those commitments, we would have been a lot better shape than we were in 2006 and 2008. I think Republicans got away from the basic fundamental principles of limited government, of controlled spending. There were moral and ethical lapses that hurt our party badly. We started acting like Democrats. So the public became disgusted with both of them. They wanted change and Barack Obama came along with very high rhetoric about change. There are a lot of people saying now, 'This is not the kind of change we expected.'"



HPI's Brian Howey interviews former Sen. Dan Coats at 101 W. Ohio St., on Wednesday. (HPI Photo by Steve Dickerson)

Coats pointed to his authoring the Project for American Renewal, which he described as "an extraordinarily complete and well thought out alternative to government or complimentary to government. It dealt with very real social problems."

He said he tried to "transform our national defense from a Cold War to the new realities of this new millennium with terrorist groups," partnering with U.S. Sen. Joe Lieberman. "We did a lot of things to change the old dynamic." He co-authored with Sen. Sam Nunn the "don't ask; don't tell" policy on gays in the military, something he is against rescinding. "We came up with a reasonable compromise that's worked; that the military has supported."

And, Coats said, "I was an out-spoken advocate of protecting Indiana landfills from New York and New Jersey's garbage."

### Almost secretary of defense

After President George W. Bush was elected, Coats came "this close" - he holds his thumb and pointer finger an inch apart - to becoming secretary of defense nine

months before the Sept. 11 attacks, 10 months before the assault on al Qaeda in Afghanistan, and two years before the invasion of Iraq. "About a week before the final decision was made the Washington Post had an above the fold headline that read, 'Coats likely next defense secretary.'" "I don't know what was going on behind the scenes with Vice President Cheney. It seemed to me that everything was on track. Cheney and (Donald) Rumsfeld go way back and at what point Don Rumsfeld came into the picture, I don't know. I do

know was that I was about that far away.

"Obviously my life would have been dramatically different," Coats said. "I would have been secretary of defense in extraordinarily tough times. There are a lot of things Donald Rumsfeld did that I would have done different. But that's all history."

Did he support the Iraq invasion?

"Yes I did," Coats said. "Based on the intelligence we had."

Was he critical of Phase IV in Iraq - after the initial invasion had ended? "Yes I was. I was a strong advocate of



the Powell Doctrine, long before all of this came up. I articulated this on the Armed Services Committee. Just going back to the selection, I was more aligned with Colin Powell. The whole Powell Doctrine is that you do not go into war if there's any other option. When you go in, you go in with full force. And you have an exit plan already agreed on and fleshed out. What we did was we springboarded off Afghanistan and we thought the same thing would be applied to Iraq. There was that additional euphoria when they pulled down that statue (of Saddam) and we did not have an exit plan in place, and so we went through four tragic years."

Does Coats agree with President Obama on the current Afghan surge?

"Yes," Coats said. But Coats urged working with governments in Yemen and Pakistan. "We can't do this alone. We have to convince allies and teach allies that this is in their best interests. To the Europeans, this is in their best interest. We have to take this up now, or we'll have to deal with this later."

## Epilogue

The next eight days will define whether this becomes the first top-tier, competitive Senate race in Indiana since 1990. If Coats qualifies for the ballot, this stands to be a donnybrook. Coats will be the overwhelming favorite to win the Republican nomination. The November showdown could be a tossup.

The Democratic surrogates who tried to pre-emptively derail a Coats candidacy will almost assuredly be matched by Republicans, who will attack Bayh on his family's accumulated wealth, the \$2 million Susan Bayh made on corporate boards over the past two years, a \$1.8 million vacation beach home in Delaware, and his votes on the health reforms and stimulus. They tried to prevent a Coats candidacy because they know the existing GOP field cannot.

A Coats vs. Bayh Senate race could easily crest \$20 million. It will be Bayh's biggest political challenge since he defeated Lt. Gov. John Mutz for the governorship in 1988. It will come in a mid-term election with an unpopular president in his party.

The Bayh political organization has been the best in the Indiana Democratic fold for a generation and one of the best in state history. Hoosiers saw signs of this over the past nine days. Bayh will be dramatically tested if Coats qualifies for the ballot. The two are undefeated candidates who have won past campaigns in difficult circumstances (Bayh winning in 1988 despite the Bush-Quayle ticket; Coats winning in 1992 despite the Bush-Quayle ticket).

An epic clash may be at hand. ❖

## Stutzman has questions for Coats over lobbying

By **BRYAN AULT**

INDIANAPOLIS - As former U.S. Sen. Dan Coats prepares for what promises to be an epic general election battle against U.S. Sen. Evan Bayh, state Sen. Marlin Stutzman, R-Howe, has questions.

"There has been a lot said of the campaign recently, especially with former Sen. Coats announcing his intention to run," Stutzman said. "Obviously, his late entry brings a lot of new dynamics to this race."

"I respect Senator Coats," Stutzman said. "He served this state honorably as a senator and ambassador. He's very capable."



**State Sen. Marlin Stutzman had questions for Coats at a Statehouse presser on Wednesday. (HPI Photo by Steve Dickerson)**

However, Stutzman is demanding answers to questions about Coats' lobbying activities after serving as an ambassador to Germany. Stutzman says those questions are a major distraction heading into campaign season.

"I would ask him to answer those questions as quickly as possible so we can focus on the issues we've been talking about over the last year," Stutzman said. "We know he was working with multiple countries. It's the relationships and the questions

that he's been doing in the past several years that need to be brought to light. All of these questions need to be answered."

"**What you're going to have** is the same profiles battling each other," Stutzman said. "You're going to have a Washington insider against a Washington millionaire. That's going to polarize the electorate. People are looking for a fresh face. They want to look forward. We need a strong candidate who is in touch with Indiana."

Stutzman said he plans to file "in the next couple of days."

Former congressman John Hostettler told the Evansville Courier & Press, "I think what's happening here is, folks in Washington, D.C., and a few select folks in Indianapolis recall their time with Dan Coats. But they don't realize that there are going to be hundreds of thousands of folks in the primary whose main question is, what was Dan Coats doing six months ago? That's where we talk about snatching defeat from the hands of victory." ❖



## McGoff hopes his residuals pay off

By **BRIAN A. HOWEY**

INDIANAPOLIS - With the candidate filing deadline eight days away - and U.S. Rep. Dan Burton and Brose McVey still yet to file - Dr. John McGoff made it clear Wednesday he is in the race to stay.

And in McGoff's mind, a candidate in the five-way 5th CD Republican primary who gets in the 27 to 29 percent range can win. The former Marion County coroner



who came within 7 percent of Burton in May 2008 believes he can be that candidate. In the April 2008 Howey-Gauge Poll, McGoff noted that he had spent \$400,000 and had 48 percent name ID. "Some of that has eroded," McGoff explained.

"How much? I don't know. Maybe 10 percent? It would be reasonable to assume my name ID is still around 35 percent."

The Bellwether Research poll released last week by State Rep. Mike Murphy bears out McGoff's belief that there is some residual name ID for him. He was tied with Murphy with 16 percent identifying him as a viable option to Burton.

Of the field, only Burton in the 90th percentile, is famous. But McGoff believes that works against him in this particular primary. The Bellwether Poll showed Burton's re-elect number at a paltry 28 percent. McGoff did well against Burton in the Marion and Hamilton County parts of the district. "I beat him in his own precinct, township and city," McGoff said. Burton hammered McGoff in the northern part of the district.

"I need to do better in that part of the district, Howard and Grand counties, Peru, Wabash and Huntington," McGoff said. As some of the other challengers have mentioned, the mood of the voters in that part of the district have changed since 2008. "That year, I still heard that sentiment; that Congress is unpopular, but my congressman is OK. I'm not hearing that this time. They don't think much of their congressman."

U.S. Rep. Eric Cantor - the second ranking Republican - hosted a fundraiser for Burton at the Columbia Club on Feb. 1 and McGoff found it curious that the event wasn't publicized.

McGoff believes he might have defeated Burton in 2008 were it not for the Barack Obama/Hillary Clinton Democratic presidential primary. He noted that 11,500 Republicans who voted in the 2004 and 2006 GOP primaries took Democratic ballots in 2008. It dawned on him that it might be a problem when he was going door-to-door in the Spring Mill/136th Street area of Carmel and found a home with about 20 cars parked outside. "I thought it might have been a bridge club," McGoff said. "So I knocked on the door and they said, 'Come on in' and I found all these people folding Obama mailers." He believes he lost votes.

As for the potential impact of the Tea Party movement, McGoff sees that as a question. He's attended five candidate forums, two sponsored by local Republican Parties and three sponsored by the Tea Parties. McGoff said that the Tea Party forums were filled with people who are for guns and against the United Nations and the Federal Reserve. Andrew Lyons, an Elwood school teacher who lives in Grant County has filed in the GOP primary and is well received at the Tea Party forums, though few observers give him much of a chance to win.

McGoff said that at Tea Party events he's attended, Burton has not been well received.

Burton is expected to file next Tuesday and will have an announcement dinner in Marion that night.

In other 5th CD news, former Indiana Republican chairman Jim Kittle Jr. will host another fund-raiser for Luke Messer in March. A similar event last April raised \$100,000 for Messer.



**Dr. John McGoff will press forward with his candidacy. (HPI Photos by Brian A. Howey)**

### ABC/Washington Post Poll shows GOP gaining

Republicans have significantly narrowed the gap with Democrats on who is trusted to deal with the country's problems and have sharply reduced several of President Obama's main political advantages, according to a new Washington Post-ABC News poll. The survey paints a portrait of a restless and dissatisfied electorate at the beginning of a critical election year. More than seven out of ten Americans disapprove of the job Congress is doing, and as many say they're inclined to look for new congressional representation as they said so in 1994 and 2006, the last times that control of Congress shifted. Asked how they would vote in the November House elections, Americans split evenly -- 46 percent siding with the Democrats, 46 percent with the Republicans. As recently as four months ago, Democrats held a 51 to 39 percent advantage on this question. Obama's overall approval rating is holding steady, with 51 percent of respondents giving him positive marks and 46 percent rating him negatively. On the big domestic





issues -- the economy, health care, jobs and the federal budget deficit -- bare majorities of Americans disapprove of the job he is doing.

## **2nd & 8th CD: Bucshon, Walorski on radar**

HPI's Horse Race have long believed that the 2nd and 8th CDs will be in play this cycle. The National Republican Congressional Committee (NRCC) has officially announced Larry Bucshon and State Rep. Jackie Walorski are now 'On the Radar' candidates. It is the important first step in its Young Guns program. Bucshon is challenging U.S. Rep. Brad Ellsworth and Walorski is taking on U.S. Rep. Joe Donnelly.

## **4th CD: Sen. Young to announce candidacy; Savage joins Rokita campaign**

State Sen. Mike Young will announce his 4th CD candidacy at 11:30 a.m. Feb. 16 in Statehouse Room 101.

Cam Savage is leaving as spokesman for Supt. Tony Bennett at the Indiana Department of Education and will manage Secretary of State Todd Rokita's 4th CD campaign. "I think he's in a very good position," said Savage, who has worked on Gov. Daniels and former congressman Mike Sodrel's campaigns. "Fund-raising is off to a good start and a lot of support is coming out of the woodwork."

It is still unclear whether there will be other well-known candidates beyond Rokita, State Sen. Brandt Hershman and Hendricks County Commissioner Eric Wathen, who filed on Tuesday. Other lesser known candidates to file include Cheryl Denis Allen, Daniel Dunham and Mark Seitz. There has been speculation that former Purdue President Martin Jischke, State Rep. Tim Brown, State Sen. Ron Altling and former Lafayette mayor Dan Heath will file.

## **9th CD: Pence to endorse Sodrel**

Mike Sodrel's comeback will get a boost when U.S. Rep. Mike Pence makes an endorsement at the Clark County GOP Headquarters in Jeffersonville on Saturday. Pence wrote in an e-mail to Sodrel supporters, "We need strong conservative leaders in Washington, D.C. House Republicans are fighting hard to keep our liberty intact and we need Mike Sodrel's help. Mike shares our conservative values and understands that we are engaged in the biggest fight for freedom and liberty that our country has seen in a long time. We need someone who can hit the ground running in the battle to preserve our Constitutional rights and conservative principles. Mike Sodrel has proven his ability to win the 9th District Congressional seat."

Republican Todd Young told HPI that he initially thought Pence would stay out of the race. "I'm not surprised by this," Young said. "I've heard it through the grapevine. I think he's endorsed Burton, Coats and Sodrel. It suggests these guys are friends. It's a personal favor.

They are part of the club, they wear the pin. I'm a first time candidate. The national level Republicans went on record saying they preferred I run against Hill, not Sodrel. Just about every statewide Republican is supporting me. They realize the anti-incumbent sentiment. I represent a change from the past."

Young pointed to 2006 ratings by the Citizens Against Government Waste, which rated Pence at 98 percent, while Sodrel and then U.S. Sen. Barack Obama rated at 30 percent.

As for debates with Sodrel, Young said, "We've been trying to schedule them. There's been some complications with scheduling."

In other 9th CD news, U.S. Rep. Baron Hill delayed his filing on Monday due to the snowstorm in Washington.

Also in the 9th, Firedoglake has been commissioning some polls through SurveyUSA on moderate Democrats that's showing some grim results for the Democrats in question: Rep. Steve Driehaus (D) trailing former Rep. Steve Chabot (R) 56-39 in Ohio's first district; Rep. Baron Hill (D) trailing GOP challenger Mike Sodrel 49-41 in Indiana's ninth district; and Rep. Tim Bishop (D) leading his challenger by a thin two percentage points in New York's first district (Good, U.S. News). But the polls have taken some criticism for their sample sizes: Swing State Project and The Washington Post's Chris Cillizza have both raised questions. The issue is the samples of 18-34 year-olds polled: in the Ohio poll, zero percent of respondents were from the 18-34 age group; in New York, 1 percent were 18-34; in Indiana, 5 percent were 18-34. The age group 18-34 year-olds are generally tough to poll. At the younger end of the spectrum, college students and recent graduates tend to move around a lot, live in group houses, or live with their parents - and many of them only have cell phones. SurveyUSA does automated polling, which doesn't sample cell-phone-only respondents. Many automated election polls have proven to be extremely accurate, so that's not to knock the entire methodology; but it is a specific difficulty in a specific age group. Firedoglake and SurveyUSA have responded to the criticism here, and Firedoglake makes note that it has nothing to do with the methodology of its commissioned polling. Jay Leve of SurveyUSA says that "It is a sample of likely mid-term voters. There is no one 'right' way to draw a sample in a congressional district 10 months from a midterm election, but this sample was drawn carefully and defensibly."

## **HD46: Tincher to retire, Vigo sheriff to run**

State Rep. Vern Tincher, D-Riley, will not seek reelection. Informed and reliable sources tell HPI that two-term Vigo County Sheriff Jon Marvel is expected to run. Tincher lost re-election battles in two mid-term elections, 1994 and 2002. "It is a different mood and political climate.





People are truly fed up. To us, it is all about jobs and the economy," Republican Bob Heaton told the Terre Haute Tribune-Star on Monday. Tinchler said he and his wife had first considered he not seek reelection in 2008, but after Heaton announced his candidacy in November 2007, "We decided we would take that challenge and run against him," he said. "The fact that Bob Heaton filed again was not involved in our decision [to not seek reelection]. We beat him by about 500 votes [in 2008]. Interestingly enough, Gov. Daniels carried House District 46 by 4,000 votes in 2008," Tinchler said, adding that the state GOP and Indiana State Chamber of Commerce spent nearly \$300,000 on Heaton's unsuccessful 2008 election campaign.

### HD77: Musgrave files

Former Vanderburgh County Commissioner and former Indiana Department of Local Government Commissioner Cheryl Musgrave filed paperwork with the Indiana Secretary of State of Monday, officially placing her on the ballot for HD77 where she will challenge State Rep. Gail Riecken, D-Evansville (Howey Politics Indiana). Musgrave will do a courtesy filing with the Vanderburgh County Clerk's office on Tuesday. "We need to change the way we do business in Indiana," said Musgrave in a released statement. "Our total focus must be on jobs. In order to keep that focus, we must find ways to reduce the size and scope of government, which will ultimately keep taxes and the cost of doing business low. Over the next nine months I look forward to a spirited discussion about the best ways to do this."

### HD50: Fusselman files vs Leonard

Huntington resident and small business owner, Ron Fusselman, officially filed his paperwork to be a candidate for the HD50 seat, where he will face State Rep. Dan Leonard in the Republican primary (Howey Politics Indiana). "I look forward to meeting the voters of the 50th District over the next several months. House District 50 does not belong to lobbyist and special interest groups, it belongs to the voters of Huntington and Whitley Counties and I intend to return it to them," said Fusselman. "From my opponents votes to increase his salary and benefits, to being only one of 23 representatives to vote against putting property tax caps in the Indiana Constitution, proves he is out of touch with his constituents and chooses his own interests and the interests of the lobbyist over the people he is supposed to represent," added Fusselman.

### HD 64: Dentist to challenge Battles

Dr. Ken Beckerman officially announced he will challenge State Rep. Kreg Battles in HD64. Beckerman is a retired dentist and resident of Hazleton, Indiana. Though a newcomer to politics, he has been serving the folks of

Gibson County and the surrounding area for years. "I have been so blessed for so many years by the folks in this area, and I am excited at the chance to work on their behalf to bring smaller and smarter government," said Beckerman. He says his campaign will reach out and listen to folks, especially folks who are frustrated with the direction of our country. "I think it is time we sent some new voices, from all walks of life, to be true citizen legislators," Beckerman said. "I hope to be one of those voices. I am always inspired by the following quote from Sidney J. Phil: Men are made stronger on realization that the helping hand they need is at the end of their own arm. It is that kind of belief in self-reliance and self-determination that will guide us as we work to make our corner of the state the most job friendly area in the Midwest."

### 2012 Campaign

#### Skillman 'leaning' toward running

Lt. Gov. Becky Skillman is signalling that she will run for governor in 2012, telling IU's Indiana Daily Student (IDS) this week, "Right now, I'm leaning toward running. I never said I wouldn't run." An emotional Skillman is shown here at the 2007 campaign kick off of the Daniels-Skillman reelection campaign when Gov. Mitch Daniels lauded her as his partner. "I'm not sure even those of you who watch closely fully understand what a full partner she is, how



incredibly important she is," Daniels said in June 2007. "We could not have done much of what's occurred without her. She's been our legislative quarterback, strategist, problem solver. She's cleaned up after me on many occasions. She's got great common sense."

Daniels has been asked if he would endorse a GOP successor and told the press that he wanted to get in one more "reform" session of the Indiana General Assembly - in 2011 - before candidates begin emerging to replace him. Skillman's comments to the IDS are the brightest signal that she plans to run.

Many Hoosier Republicans have been waiting for Skillman to signal her plans. They include U.S. Rep. Mike Pence, Indiana Republican Chairman J. Murray Clark, House Minority Leader Brian Bosma and Senate President Pro Tempore David Long. ❖



## McDermott talks about Pabey, Bayh, Dominguez and 'strangled' cities

By **BRIAN A. HOWEY**

INDIANAPOLIS - Lake County Democratic Chairman Thomas McDermott is calling on indicted East Chicago Mayor George Pabey to step down as city Democratic chairman.

"Lake County is changing and moving away from its history of corruption," McDermott told HPI Tuesday morning. "With the indictment last week, my role as chairman is to ask him to step down. We've done a lot of hard work to change people's perception of Lake County and the party. One of my main goals was to change people's perceptions. This is the first indictment since I've been chairman. Anytime a mayor is indicted, it's a bad situation."

"I'm the county chairman and I can tell you this is becoming a distraction in the county," McDermott said. "In a year when Democrats are facing tough reelection chances anyway, this is more negative."

Pabey was indicted last week for using city employees to work on a home he owns in the Miller Beach neighborhood of Gary. Pabey came to office after the Indiana Supreme Court ordered a new election in 2003 after finding election fraud by long-time Mayor Robert Pastrick, who avoided indictment for decades, though many close aides went to prison. Pabey, a former police chief and city councilman, defeated Pastrick in 2004.

McDermott, who is the mayor of Hammond, said he has researched removing a city chair. "City chairs are pretty powerful," he said. "The county chairman does not have direct power to remove a city chairman. I think that's wrong. Unfortunately these are the rules approved by the state party. So I'm hoping that George voluntarily steps down for the good of the party. I want to point out that I'm an attorney. Everybody has their day in court and you're innocent until proven guilty. This is not about guilt or innocence. This is about a distraction for the Lake County Democratic Party. I'm going to ask Mayor Pabey to voluntarily step down. If he does not, we have a tortured process we'd have to go through to remove him and really the odds are

stacked against us. You'd need one-third of the precinct committeemen to petition for the removal - 12 out of the 36. That's not so hard. Then you'd have to hold a hearing and get two-thirds of the precinct committeemen to agree to remove him. That's 24 out of 36. He's been mayor of East Chicago for five years now and that's not going to be easy. I'm just being realistic. He's got loyal people. He would be tough to remove. If he clears his name, when he clears his name, then we would immediately give it right back to him."

HPI talked with McDermott about the 2010 elections, Lake County Sheriff Roy Dominguez, the Woerpel marijuana case, and the property tax caps.

**HPI:** You say this is a distraction. Unless Rep. Visclosky is indicted, I don't see him being in much political trouble. Then you have Sen. Bayh. Is his fate a concern?

**McDermott:** Bayh's reelection is high on our list as well as Visclosky's. From what I've heard, Visclosky has a Republican challenger but at this point it doesn't look like he'll have a Democratic challenger. Evan Bayh is the leader of our party. We have to do our best to protect him as well. He has a pretty tough race. This could definitely distract from that. East Chicago is a pretty big part of Lake County.



East Chicago Mayor George Pabey (left) met a fate that long eluded his predecessor, Robert Pastrick. Pabey was indicted last week, prompting Hammond Mayor and Lake County Democratic Chairman Thomas McDermott to call for him to step down as East Chicago city chairman, "If he clears his name, when he clears his name, we would im-

They give us a good vote and they are mostly all Democratic.

**HPI:** I hear anecdotally how some Democrats were upset with Sen. Bayh over how he handled the health care legislation. Is he in good shape with the party rank and file?

**McDermott:** Evan Bayh is going to get a plurality in Lake County, that goes without saying. On health care, I don't think he hurt himself as far as Lake County goes. Evan knows that Indiana is a conservative state and he doesn't want to be seen as a liberal senator. You've got to



understand who your constituents are. Even though they voted for Barack Obama, Hoosiers are generally conservative people and I think Evan is trying to represent his constituents.

**HPI:** Let's talk about you and Sheriff Dominguez. You were pretty vociferous in saying the arrest of your friend and precinct captain Dave Woerpel and his family was political. With the cases now disposed of legally, with one of the sons pleading guilty and charges dropped on the rest, where does this stand?

**McDermott:** Before I became mayor, I was a public defender. I represented thousands of cases just like the one we're talking about now: possession of marijuana. What you normally see in a situation like that is you have plants growing in the backyard and you investigate. In this case, they came in and arrested mom, dad and the brothers. Dave is a precinct committeeman and very close to me and he didn't know anything about the plants. They were growing in the backyard. They had a helicopter fly over and they filed felony charges against the whole family. This is an issue that is obviously changing in America.

**HPI:** The police never interviewed any of the family members before the arrests?

**McDermott:** Well, they just sort of swept in. There were deputies all over their house and they were all charged with felonies.

**HPI:** You say that the issue is changing with regard to marijuana. How so? Should Indiana be taking a look at that or is that too hot to handle politically?

**McDermott:** I'm not afraid to answer any question. Indiana will be one of the last states to change its marijuana laws. The reality of the situation in my opinion is people don't like the government, right? Here we've got the helicopter flying over the house and they see a few plants. Either the state police flew over the house and saw the plants, or the sheriff targeted them. I don't think Gov. Daniels has so much free time on his hands to fly over a Hammond precinct committeeman's house. I know people who work in the sheriff's department. This was politically targeted by the sheriff. I do believe that things are changing by the day with marijuana laws. Illinois is taking a look at it. Michigan has done it; Hawaii, Colorado (too). In California, in a situation like that, nothing happens to them. Here you have a helicopter fly over and there are four felony charges. I think that's big government.

**HPI:** If marijuana was legalized and taxed, you could probably pay for the health care reforms being debated in Congress.

**McDermott:** You know what, Brian, there are so many problems in Indiana right now. Government resources are scarce, our jails are overcrowded, and in a situation like this, we arrested four people and charged them with felonies because a helicopter flew over their house. It's crazy.

**HPI:** Let's talk about you and Sheriff Dominguez in the context of the 2012 gubernatorial race. Are you still going to take a look at that?

**McDermott:** Oh yeah. First things first. I'm running for mayor in 2011. I understand that running for a third term can be like the third rail in politics. I mean, look at Mayor Peterson. I've developed a lot of great friends over the last eight years and I've developed a lot of enemies. And usually the third term bites you. I love being the mayor of Hammond. I love being the chairman of the party. I'm running for reelection as mayor

and if things go well, I'll look at the governor's race. If they don't go well, I'll go back to private practice as a lawyer.

**HPI:** Are you going to hit the Jefferson-Jackson Day circuit in the next year?

**McDermott:** I'm speaking in Porter County, although I know that's up here. I go to Indy just about every week talking to key Democrats. But, yes, absolutely, I look forward to going around and talking to Hoosiers; talking to Democrats about changing the perception of our party. We've done a good job in Lake County changing the perception of that. This governing board we've put together up here is working. The last two winners in the last two caucuses were supported by the government board. Remember when (Chairman Stephen) Stiglitz couldn't get a party quorum? We had over 80 percent in attendance. Both of the candidates I picked won. The thing is that Lake County Democrats are re-energized. We've got \$80,000 and we're operating in the black for the first time in a decade. Things are going very well and so that's why the Pabey thing puts us back.

**HPI:** Do you have a position on what's going on with the Calumet Township assessor Blumenberg and his fight with DLGF?

**McDermott:** I really don't know too much about that situation. I know that Gary and Griffith are two differ-







ent cities in the township and Griffith is paying for much of the poor relief. They are two separate communities.

**HPI:** Do you favor the township reforms with the poor relief being spread over the entire county?

**McDermott:** I favor reforms, but not with the townships who deal with the poor. This whole privatization with FSSA and Gov. Daniels has turned out to be a fiasco. Now it's happening to people who need poor relief - the people who need it the most. I don't think it's fair to the poor. But that doesn't mean we shouldn't do Kernan-Shepard. They just decided to pick the most sensitive one. There were many recommendations with Kernan-Shepard. I have a great township trustee (Frank Mrvan Jr.) who is very well liked.

**HPI:** Can Gary survive as a viable city?

**McDermott:** No. We have punitive tax caps frozen at, I think, 2008 levels. Our county council and county commissioners won't pass an option income tax. It will strangle our cities. What I think should be done is for Gov. Daniels to pass a county income tax or give cities the opportunity

to do it themselves. I've got Chicago to my left and Gary to my right. I have done everything I can to maintain the safe city that we have. Gary will probably have to lay off 50 policemen and firefighters every year. Crime has gone down in Hammond since I've been mayor, but can I keep the city safe after Gary is forced to make layoffs?

**HPI:** What happens to Hammond over the next several years now that the caps are fully in place?

**McDermott:** I have not laid off a single policeman since I've been mayor. Or a single firefighter. But I've laid off 300 people.

**HPI:** Will you push for cities to get the ability to raise option income taxes?

**McDermott:** We need that power.

**HPI:** Is the answer for Gary consolidation?

**McDermott:** We have 20 different cities. We have all these school corporations. If the cities combined, we'd have a city of 450,000 people. We would be bigger than Evansville and Fort Wayne, could save so much and do so much more. ❖

## Lessons from Illinois

By **CHRIS SAUTTER**

WASHINGTON - Other than Lake County, Indiana, there's no better place to be than Chicago, Illinois on Election Day. Chicago's fascinating feudal political system and bare-knuckled campaigns make for exciting elections in almost any season. But now Chicago is also the hometown of the President of the United States. And, the President's top aides David Axelrod and Rahm Emanuel made their reputations winning elections there.



Chris Sautter  
Column

This past Tuesday, Chicago did not disappoint as hard fought Illinois Democratic and Republican primary elections went late into the night before key races were decided. Some are still unresolved. Republicans hope to score big next November on Obama's home court. The ability of Democrats to keep Illinois blue is critical to the success of Obama's agenda, if not his re-election in 2012.

**On the Democratic side,** winners represent the yin and yang of Barack Obama's Illinois. One of Obama's first political mentors, Toni Preckwinkle, won the Cook County Board President race promising to clean up county government. A Hyde Park progressive, Preckwinkle helped Obama get his first campaign, an insurgent race for Illinois State Senate, off the ground in 1995. Obama's progressive idealism is rooted in Preckwinkle's reform politics.

The winner of the Democratic nomination for U.S. Senate, the seat won by Obama in 2004, was 33-year old Illinois State Treasurer Alexi Giannoulias. The six-two Giannoulias, who played college ball at Boston University, is one of Obama's basketball buddies. Like Obama, Giannoulias is on a fast-break political career. But Obama and Giannoulias also share a former friendship with the infamous convicted Blagojeich fundraiser Antoin "Tony" Rezko. Giannoulias' chief primary opponent, former Chicago Inspector General David Hoffman, hit hard on the relationship, as well as highlighting sticky issues involving Giannoulias' family bank. Republicans have already picked up the attacks on Giannoulias where Hoffman left off.

**The one winner from Tuesday's** Illinois primary with whom Obama has the least personal connection, ironically, is Gov. Pat Quinn. Quinn was a community organizer before Obama had even heard the term. During the 1970's, Quinn established the Citizens Utility Board to fight rate hikes on behalf of consumers and has spent most of his life as a political outsider in a Chicago Democratic party in which outsiders enjoy few rewards. Quinn even won his race for Lt. Governor running against the Democratic organization.

By being thrust into the Governor's office following Rod Blagojevich's impeachment, Quinn became an instant insider with at least some responsibility for the state's bleak fiscal condition. Quinn's primary opponent, State Controller Dan Hynes, ran as an outsider even though he has spent his entire life as a Chicago Democratic organization insider. Hynes finished 2nd to the then-little known Barack Obama in the 2004 U.S. Senate primary.



The gubernatorial race began living up to Chicago's reputation for hardball when Hynes aired a television ad containing a clip from the late Harold Washington criticizing Quinn whom he had fired as the City's finance director. Chicago's African American vote is key in any Illinois Democratic primary. The ad initially worked, as black support for Quinn began switching to Hynes. But Hynes father, Thomas Hynes, had led a racially charged independent campaign to defeat the legendary Washington, Chicago's first black mayor, some 25 years ago. Leaders in the African American community, whom almost universally were supporting Quinn, remembered the sins of Hynes' father and rallied publicly to Quinn's defense the weekend before the election. Then Quinn aired a compelling closing TV spot, suggested by none other than Quinn's former media advisor and White House Senior Advisor David Axelrod, which sealed Quinn's narrow victory.

The races for Illinois Governor and U.S. Senate demonstrate how difficult it might be for Republicans to win big in the fall in the state, if not the country. In this year's topsy-turvy political world, nothing is for certain. Though Quinn seemed headed back to the sidelines and Giannoulas was on the ropes the weekend before the election, both escaped defeat.

**And Republicans failed** to get what they wanted out of the primary. In the U.S. Senate race, Congressman Mark Kirk won, but garnered a woeful 57 percent against pitiful competition. The Republican establishment had cleared the field of meaningful competition. Kirk's showing indicates the conservative base is not quite ready to forgive his moderate voting record. And, the Republican gubernatorial nomination may not be decided for weeks if not months. Currently, downstate Senator Bill Brady is leading suburban Chicago state Senator Kirk Dillard by a mere 406 votes. A recount seems likely even though a formal recount cannot begin until after March 5 when the totals are officially certified. If Brady prevails, Republicans will have

nominated with only 20 percent of the total Republican primary vote a candidate whose ultra-conservative views are incompatible with those of most Chicago area voters. It is Illinois Republicans' worst case scenario.

**Meanwhile, President Obama's** masterful performance at the House Republican retreat in Baltimore has recalibrated the terms of the debate over the administration's agenda. Hoosier Congressman Mike Pence, Chair of the Republican House Conference, insisted afterwards that the



GOP proved they are the party of new ideas not the party of "no."

But the event may have underscored just the opposite. Republicans may have shown they have ideas, but few of them are new. Most are the same ones from the Bush years that either didn't work or Republicans failed to enact when they were in control. And, Republicans at the event reaffirmed that for them it is all or nothing. They have no intention of compromising with a President whose legitimacy most cannot accept.

**The Illinois Primary** failed to reveal either an anti-establishment or anti-incumbent wave. In fact, it underscored that so many elections are decided by complicated and often local political dynamics and personalities. Republicans may have to wait until November for the political wave they so desperately want. Even then, it is not certain the wave they have in mind will materialize. ❖

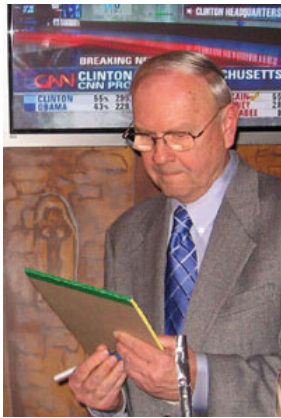
**Chris Sautter is Washington, DC-based political consultant. He was Barack Obama's first media consultant and produced Obama's first campaign ads.**



## A Blue Dog, a pitbull and an underdog

By JACK COLWELL

SOUTH BEND - Jackie Walorski said it loud and clear to a thousand enthusiastic supporters packing the Mishawaka FOP hall at her campaign kickoff: "I'd rather be a pit bull than a Blue Dog any day of the week."



Walorski is the Republican state representative who seeks to defeat Congressman Joe Donnelly, a moderate Democrat \_ member of the fiscally conservative Blue Dog Coalition\_ who now represents the 2nd Congressional District.

Donnelly is proud to be a Blue Dog, even if Republican critics say the coalition is more bark than bite in holding down spending. And Walorski is proud to be likened to a pit bull, a fighter, even if a Republican opponent

now says she is too much of a politician in the pit to win support of independents and defeat Donnelly.

Walorski told the crowd at her campaign kickoff last week that her reputation of being a pit bull came in large measure because of her willingness to take on relentlessly House Speaker B. Patrick Bauer, D-South Bend, in the state legislature.

Now, Walorski said, she wants to take on the current House speaker at the national level, Nancy Pelosi. The crowd showed the expected disdain for Pelosi, similar to the way Democratic crowds once reacted to mention of Newt Gingrich.

"Hold this guy accountable," she said, referring to Donnelly and citing differences with him on health care and environmental legislation and the direction of the Democratic-controlled House. While Donnelly notes how Blue Dogs often have been a thorn in the side for Pelosi, Walorski sees them more as walking side by side \_ to the left.

**But before Walowski** can take on Donnelly this fall, she faces a surprise obstacle in the May Republican primary.

Just as the beauty of a Blue Dog is in the eye of the beholder, so it is with a pit bull. Walorski has a Republican primary opponent who says she is too much of a political pit bull to win over independents and defeat Donnelly in the fall.

That Republican opponent is Jack Jordan, former Eli Lilly executive, who is president of the Bremen School

Board and involved with business consulting and college teaching.

In the canine terms in vogue in this congressional contest, Jordan is an underdog. That's because Walorski, who was recruited by the National Republican Congressional Committee, has raised more money, has greater name recognition and is clearly the party organization favorite.

**Jordan decided twice** to enter the race, once last November, when a professional opinion poll for which he paid, showed Donnelly to be vulnerable. The poll showed voter sentiment against Donnelly's votes on health care reform and President Obama's economic stimulus package and found only 36 percent saying he had done a good enough job to deserve re-election. Forty-three percent said it was time for someone new and 21 percent were undecided.

But Jordan decided not to run when it appeared that Walorski was the likely GOP nominee.

Then, Jordan decided once more to run \_ late in terms of political timing \_ after other surveys convinced him that Walorski was regarded as so political that she would get few votes beyond the Republican base and could not defeat Donnelly.

He says that Walorski, with three terms in the Indiana House and a lot of political activity, including unpopular maneuvering on the daylight time issue, is clearly a politician. He calls himself "truly a citizen candidate."

Well, all candidates are citizens. It's a requirement. But Jordan says he is referring to someone who is not a career politician and would have appeal to more voters than just those in a party political base.

**Jordan says he too is unhappy** with Pelosi and actions in the Democratic-controlled House. However, he says, a pit bull attack to stir the base could drive off other voters. He already learned, however, that some in that base prefer a pit bull. When he said that Donnelly, though wrong on issues, "is a nice guy," some blogs erupted with criticism of him for saying that.

Pit bull?

Blue Dog?

Or underdog with a different approach? The district isn't going to the dogs, but someone with one of those canine descriptions will go to Congress. ❖

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



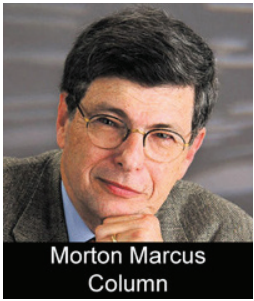


## Radical government budgeting proposed

By **MORTON J. MARCUS**

INDIANAPOLIS - Nerdon Naughton of Noblesville will tell you he is a conservative, but I know him to be a radical. We had this electronic interchange recently:

**NN:** Why do we have all this fuss year-after-year over government budgeting? Deficits at the state or local level are totally unnecessary, except in absolutely catastrophic circumstances. Indiana is issuing reports each month on how revenues are falling short of forecasts. Who cares? Forecasts are inherently unreliable; they only lead to false expectations. Government expenditures should be based on revenue realized, not revenue anticipated.



Morton Marcus  
Column

**MM:** Your approach to government finance seems remarkably simple-minded. Governments make budgets based on programs to benefit citizens. Your system would keep us tied to last year's revenues, unable to meet new challenges and responsibilities as they arise.

**NN:** Just imagine a local government receives a million dollars from its own sources in 2008. Then that million (plus whatever state and federal funds it receives) would be all it could spend in 2009.

**MM:** What's "its own sources"?

**NN:** Taxes, fees and fines should be under the control of each local government. Today, however, property tax collections are based on state-controlled assessments, state-specified deductions and exemptions, state-determined credits, and state approval of proposed budgets. Some local governments receive money from other taxes created and collected by the state ("optional" income taxes and ear-marked taxes on hotel rooms and rental cars or restaurants). These may be used locally as dictated by the General Assembly. At the same time, a locality may get fees from certain privileges it allows (parking), certain inspections (construction or elevators), and fines (speeding or littering).

**MM:** Are you calling these "local" sources of funds when they are subject to overwhelming control by the legislature?

**NN:** That's how they are classified. But that's not the point. The total of these receipts are known by the end of the year (fiscal or calendar, as you prefer). We could put governments (local and state) on a cash basis, prohibited from spending more than they take in during the prior fis-

cal period.

**MM:** We already have balanced budgets where revenues equal expenditures.

**NN:** Those are fakes where expected income equals planned outlays.

**MM:** What is a city to do when there is an unusually heavy snowfall? You can't just take that money away from another activity. Should the mayor announce that, because of the heavy snowfall, all employees will have a reduction in salary for the month?

**NN:** That's why every government, like every household, needs contingency funds saved from prior years. Otherwise, like households, they will have to go into short-term debt. But that's just quibbling. The essential issue is to get out of the cycle where governments plan to spend money they don't know they will receive. Most importantly, it will get governments to see that income and sales taxes are not a solid foundation for funding basic services. Those taxes vary with economic conditions. Taxes or fees that are steady producers of revenues are needed to support basic services.

**MM:** That's what we thought about the property tax. It was stable, but recent experience has shaken that belief. Your scheme would have taxes or access fees on necessities (food, water, parking, sanitary sewers, TV, internet activities) if we are to have stable revenue sources.

**NN:** You've got it. Necessary services should be supported by necessary activities. The public must come to understand that government's share of income must rise in tough times to meet on-going responsibilities. That means a reduction in consumption spending.

**MM:** Nerdon, people might accept a change in the budgeting calendar, but advocating a reduction in private spending during tough times, that will land you in an asylum. I could recommend one. ❖

**Mr. Marcus is an independent economist, speaker, and writer formerly with IU's Kelley School of Business.**



**Doug Ross, Times of Northwest Indiana:** State Rep. Chet Dobis and state Sen. Earline Rogers have long served together in the Indiana General Assembly. Now they have even more in common than before. For both Dobis and Rogers, standing up for the constituents' best interests, as opposed to the Democratic Party line, meant losing a key leadership position. Dobis was stripped of his speaker pro tem title this week by House Speaker Pat Bauer of South Bend. Dobis' sin? Being the sole Lake County Democrat in the House to vote against the poison pills Roads and Transportation Committee Chairwoman Terri Austin attempted to use to block construction of the Illiana Expressway. "It's really not a comfortable position to be in," Rogers said. Rogers knows this well. She surrendered her assistant minority leader position in order to vote for the Major Moves legislation that authorized the lease of the Indiana Toll Road. Rogers, the only Democrat in the Senate to vote for it, did so because the bill would create a new construction jobs training program for minorities, set aside \$20 million for the Gary/Chicago International Airport expansion and protected the jobs of state workers affected by the privatization of the Toll Road. "After it was over, the governor sent me a copy of 'Profiles in Courage,' you know, the book by John F. Kennedy," Rogers told me Thursday as we reminisced. We were discussing Rogers' unique perspective on Dobis' situation. "It's the first thing I thought about when I read about what happened to Chet," she said. "I think Chet absolutely did the right thing," she said. "The Illiana is in our neck of the woods, and we ought to be quarterbacking this." Interesting, isn't it, that both Rogers and Dobis lost leadership positions in the Legislature for championing the cause of major transportation initiatives. Rogers' Major Moves vote wasn't the only time she went against the party line. The first, she said, was when she voted with the Republicans to bring riverboat gambling to Indiana. Sens. Rose Ann Antich and Lonnie Randolph joined her in that dissent. Rogers is surprised none of the other Lake County Democrats in the House joined Dobis in voting against Austin's poisonous amendment requiring the approval of every government agency along the Illiana's route. "I can see politics written all over what (Austin) and Pat Bauer were trying to do with the Illiana legislation," Rogers said. Here's the scenario. "You know, the Democrats have never really been on board with P3, that private-public partnership," she said. So Austin's stance on the Illiana legislation lets her campaign as a populist, saying she tried to fight the construction of another privatized toll road. That's important, because there's a big anti-incumbent movement this year, and the Democrats need to keep every seat in the House they can



to retain their majority. That, in turn, is important because the majority party will control the redistricting process that will determine how the legislative districts are drawn for the next 10 years -- and which legislators will benefit in the process. ❖

**Sylvia Smith, Fort Wayne Journal Gazette:**

Hearts are beating faster on Capitol Hill these days – at least Republican hearts are thumping more quickly and happily – because of Dan Coats. For them, the Coats caffeine pill represents a possibility that was non-existent just two weeks ago – a possibility that Republicans could win enough Senate seats in November to gain a Senate majority. That means holding all 41 seats they now occupy and winning 10 more. There are 36 Senate seats on the ballot this year; 18 held by Democrats, and 18 by Republicans. The idea of Republicans keeping all 18 seats and picking up 10 additional spots was delusional thinking since the 2008 elections. But suddenly the sense of optimistic anticipation doesn't feel like a complete fantasy. It's still highly unlikely we'll have a Republican Senate next year, but it is mathematically possible. And that possibility did not exist in mid-January. There simply were not 10 credible Republican Senate candidates in states where Democrats now have the office. Many credible political analysts thought seven Democratic-held Senate seats were up for grabs. No one saw three more possibilities. But in politics, things can change quickly. First, the improbable victory in Massachusetts by the GOP Senate candidate inspired and buoyed Republicans. Then there's the sense of voter unrest (which always plays out against incumbents) that recent polls and gubernatorial election results suggest. Those factors obviously led to Coats' deciding he could risk a return to politics after a 12-year hiatus. Like Coats, Tommy Thompson, a former governor and Bush administration Cabinet secretary, is thinking about challenging an incumbent Democrat in Wisconsin. Both Coats and Thompson would be credible candidates, the kind donors and handicappers take seriously. There's no guarantee either or both would win, but they would start the race with a lot of the building blocks in place. So that leaves just one more state needing to be in play, and that's why analysts like Charlie Cook of the nonpartisan Cook Political Report say 2010 is a long shot for Republicans, but you can sketch out a scenario and not be laughed off the stage. As a political journalist, I think a Bayh-Coats matchup would be a humdinger. As a cynic, I'm afraid that far too much of the oxygen will be taken up with how many times Bayh made it back to Indiana in the past couple of years and whether Coats did something wrong by having as a lobbying client a firm that did business with Venezuela's Hugo Chavez. ❖



## Palin's numbers dive in ABC/Post poll

WASHINGTON - Two-thirds of Americans are "dissatisfied" or downright "angry" about the way the federal government is working, according to a new Washington Post-ABC News poll. On average, the public estimates that

53 cents of every tax dollar they send to Washington is "wasted."

Despite the disapproval of government, few Americans say they know much about the "tea party" movement, which emerged last year and attracted voters angry at a government they thought was spending recklessly and overstepping its constitutional powers. And the new poll shows that the political standing of former Republican vice presidential nominee Sarah Palin, who was the keynote speaker last week at the first National Tea Party Convention, has deteriorated significantly. The opening is clear: Public dissatisfaction with how Washington operates is at its highest level in Post-ABC polling in more than a decade -- since the months after the Republican-led government shutdown in 1996 -- and negative ratings of the two major parties hover near record highs. But nearly two-thirds of those polled say they know just some, very little or nothing about what the tea party movement stands for. About one in eight says they know "a great deal" about the positions of tea party groups, but the lack of information does not erase the appeal: About 45 percent of all Americans say they agree at least somewhat with tea parties on issues, including majorities of Republicans and independents. Although Palin is a tea party favorite, her potential as a presidential hopeful takes a severe hit in the survey. Fifty-five percent of Americans have



Former vice presidential candidate Sarah Palin poked fun at President Obama for using TelePrompters while talking sixth graders, but Palin was caught using crib notes inked on to her hand during her Saturday address to Tea Party in Nashville.

unfavorable views of her, while the percentage holding favorable views has dipped to 37, a new low in Post-ABC polling. There is a growing sense that the former Alaska governor is not qualified to serve as president, with more than seven in 10 Americans now saying she is unqualified, up from 60 percent in a November survey. Even among Republicans, a majority now say Palin lacks the qualifications necessary for the White House.

## Hoosiers livid at Wellpoint increases

INDIANAPOLIS - Indiana

customers of WellPoint are joining Californians in their outrage over steep hikes in the premiums they pay for individual health-insurance coverage (Lee, Indianapolis Star). Early retiree Perry Stow, South Bend, said he was shocked to learn that as of March 1, his individual coverage through Anthem, a unit of Indianapolis-based WellPoint, would jump from \$280 to \$387.49 a month -- an increase of 38 percent. The increases in Indiana came to light after WellPoint -- the nation's largest commercial insurer in terms of membership -- encountered criticism this week from President Barack Obama and California regulators for increasing premiums on individual health insurance plans by as much as 39 percent in California. The hefty hikes also come after Obama's health-care reform legislation has stalled in Congress, deepening a rift between the administration and the insurance industry and sparking renewed calls by Obama and others for action. WellPoint said rising premiums are caused by the rising cost of health care. "We understand our members' concerns about these increases, which underscore the need for effective health-care reform that addresses the underlying problem of soaring medical costs," WellPoint spokeswoman Kristin Binns said in an e-mail. WellPoint, in its year-end earnings report, said its medical costs rose 8.9 percent in 2009. And Binns said reform must address the main drivers of rising health-care costs, such as price increases from hospitals and doctors.

## Mishawaka tax revenues take unexpected dive

MISHAWAKA - City leaders are trying to determine why property tax revenues slipped nearly 16 percent last year, and what that means for the city's budget (Blasko, South Bend Tribune). Mishawaka's property tax collection amounted to only 80 percent of its total levy in 2009, down from 94 percent the previous year





— a difference of about \$3.5 million. “We have to decide whether this is a fluke or a symptom of a larger problem,” Mishawaka Mayor Jeff Rea said Wednesday. Rea and City Controller Yvonne Milligan met behind closed doors Monday with county Auditor Pete Mullen and Deputy Auditor Cindy Bodle to discuss the issue, but came away with no clear answers. Based on an examination of the data, Rea believes the county might have erred in its distribution, and he has asked for a review. Property tax revenues in the city amounted to only about \$18.3 million in 2009, down from nearly \$22 million the previous year.

## Daniels sees recession in human terms

JEFFERSONVILLE - State reserve funds are being spent, hiring has been frozen and spending cuts — including to education — are among ways the state is staving off the effects of the continuing recession, according to Indiana Gov. Mitch Daniels (Mann, News & Tribune). He spoke to members of economic development agency One Southern Indiana during a Wednesday luncheon at DeCrane Aerospace at River Ridge Commerce Center. “Statistically, economists have said [the recession] is over, but in human terms I don’t think it is,” he said. “In business terms I don’t think it is.” Delivering the good news first, Daniels highlighted a few of the key factors that he believes have kept Indiana afloat during the recent economic instability: He said the state is routinely recognized as one of the nation’s most business-friendly, with low taxes for companies. However, he noted that state revenue will be lower this year than last. Even when anticipating a recovery in 2011, he said, Indiana’s revenue will still be at a level below anything since about 2005. Revenue collections across every category — with the exception of gaming — have been down, he said. And he

warned that revenue may stay down, arguing that a “permanent reset button” had been pushed. “[Consumers] were spending more than [they] were taking in,” he said. “People aren’t going to go back to that.” As the revenue has decreased, the state’s reserves are being spent, he said. “Thank goodness we had those reserves,” Daniels said.

## Daniels, Beshear laud Toyota’s safety record

JEFFERSONVILLE - Gov. Mitch Daniels joined three other governors Wednesday in sending a letter of support for Toyota to several key congressional leaders (Kelly, Fort Wayne Journal Gazette). “As governors who are proud to have Toyota operations in our state we can testify to the exemplary citizenship of one of the most admired companies in our nation,” the letter said. Kentucky Gov. Steve Beshear, Mississippi Gov. Haley Barbour and Alabama Gov. Bob Riley also signed the letter.

## Errington draws two opponents

MUNCIE - A second challenger has emerged to contest state Sen. Sue Errington’s re-election bid in the May 4 Democratic primary (Muncie Star Press). Local tavern owner Lewis R. “Papa Lou” Coulter has formally filed to run for the District 26 seat also being sought by the Democratic incumbent and B. Jeff Ellison, a Muncie musician and business operator. Contacted Wednesday, Coulter said he was challenging Errington because “I don’t think she’s listening to her constituents.” The 64-year-old owner of the Red Dog Saloon and End Zone Sports Bar & Grill noted Errington’s lack of support for placing property-tax caps in the Indiana Constitution. That would first require putting the issue before Hoosier voters in a referendum. “She’s telling people she doesn’t want them to have a chance to vote,” he said. Errington responded by noting

that while she had voted to implement the tax caps, she wasn’t yet ready to declare they should be “set in stone” by being added to the constitution. “We haven’t come under full enforcement of the caps,” the senator said. “We haven’t lived under them to really know their full impact.” Coulter and Errington have squared off in the Democratic primary before.

## Bennett announces new tracking procedures

INDIANAPOLIS - The Indiana Department of Education will track each student’s academic growth instead of focusing on standardized tests to measure their progress and that of their schools, Superintendent of Public Instruction Tony Bennett announced Wednesday (Kusmer, Associated Press). The Indiana Growth Model will help school districts identify which teachers and teaching methods are most effective at improving all students’ performances. Bennett said many schools now concentrate on getting “bubble” students who are close to passing annual state tests over that hurdle, instead of spending more time and resources on those who score very low. The state expects all students to grow, no matter where they start. “Every student is entitled to one year of growth in one year of instruction,” Bennett said.

## Purcell insists he’s still working for Fort Wayne

FORT WAYNE - Former Deputy Mayor Greg Purcell defended his position and pay before the Fort Wayne City Council on Tuesday, saying he is “no ghost.” Purcell resigned as deputy mayor Feb. 1 but will remain as a city employee until April 30 and earn his full salary until then (Fort Wayne Journal Gazette). He makes \$115,000 annually but decided to leave the position so he can help care for his mother in Michigan.