
The Howey Political Report



Why tax reform won't happen in '01

Because of politics, politics, politics

By **BRIAN A. HOWEY** in Indianapolis

News Item: Muncie area legislators called on Gov. Frank O'Bannon last Saturday to take an aggressive leadership role in tax restructuring during this session. "Change in tax reform is not going to happen without leadership from the governor's office; it just absolutely won't," said State Sen. Beverly Gard, R-Greenfield (Andrea Pedtke, *Muncie Star Press*).

State Rep. Thomas Saunders, R-Lewisville, said the state was too busy "putting Band-Aids" on tax concerns rather than initiating feasible solutions. "I am sorry to say that the state is not addressing this issue," Saunders said.

This wasn't an exercise for Republicans only. "I want this discussion to focus on the need to restructure the tax code rather than whether we need more revenue," said State Sen. Vi Simpson, D-Bloomington, said of private talks last week (Steve Hinnefeld, *Bloomington Herald-Times*). She reiterated her call for restructuring. Simpson is proposing a 20-percent property tax cut, an increase from 5 to 6 percent in the state sales tax, and elimination of the 3.4-percent flat income tax, replacing it with one tied to federal income tax rates. "We wanted to play out pieces of a sample plan to get the discussion started. We wanted to show it can be done. It doesn't have to take a lot of time" (Lesley Stedman, *Louisville Courier Journal*).

To which State Rep. B. Patrick Bauer observed, "We're trying to do a budget and they're over there having theory meetings."

HPR ANALYSIS: Here are three reasons as to why it probably won't happen: Politics, politics, politics.

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“QUOTE” OF THE WEEK

"I felt like I fell asleep, woke up and Ronald Reagan was president again...."

- U.S. Rep. Mark Souder to HPR, reacting to President Bush's address to the nation.

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INDIANA HOUSE PASSES BUDGET BY 81-18 VOTE: Fiscal leaders from both parties endorsed the \$21 billion biennial budget that passed the House by an 81-18 vote on Monday. "This bill does a number of different things we thought we couldn't do," said House Ways and Means Chairman B. Patrick Bauer, D-South Bend (Lesley Stedman, Louisville Courier-Journal). "This is a good budget." In drafting the budget, Bauer set aside his qualms about the accuracy of the state's two-year revenue forecast, which predicts a sudden end later this year to the current economic slowdown (Kevin Corcoran, Indianapolis Star). The budget, House Bill 1001, is balanced with \$73 million from the state's Rainy Day Fund, more than \$130 million from a Medicaid surplus and about \$230 million from lottery profits and gambling tax revenue, all sources previously considered off-limits. Crafted by House Democrats, the budget also depends on using more of the state's share of the national tobacco settlement. "Most folks didn't think we could get 3 or 4 percent increases for education," said Rep. Jeffrey Espich, R-Uniondale, a critic of past budgets assembled by the Democratic-controlled House. "We have it" (Indianapolis Star).

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Taxes, *from page 1*

Most legislators think the "secret" negotiations are at best an attempt by vested interests to get more money (as opposed to really addressing any systemic problems) and at worse are just a farce. There seems to be a lot of anger/dismay/amusement/puzzlement (depending on who you talk to) as to why no legislators were part of that group. About a week ago, Gov. O'Bannon pulled assistant John Grew out of the meetings.

Key sources tell HPR that O'Bannon's top advisers - Tom New, David Johnson and Kip Tew - are likening tax restructuring to the proverbial "third rail." They believe any sort of tax increase would be political suicide for O'Bannon and, by extension, LG Joe Kernan.

These key O'Bannon advisers are convinced that the Republicans will put up "another patsy" in 2004 against Kernan. They believe the state can muddle through with the resources it has. They don't put much stock in the idea that all hell is going to break loose in the '03 session because of reassessment. These advisers believe the economy will pull out of what they see as the "second Bush

recession." They believe that Kernan is such an attractive candidate - which is a credible thought - that he'll just have to show up to win. The prevailing theory is that if O'Bannon can beat the two previous GOP rising stars - Stephen Goldsmith and David McIntosh - then Kernan should win in a walk because he's so much better than O'Bannon.

They also believe there's going to be a huge disconnect between federal tax cuts this year or next (courtesy of the Republicans) and potential state tax increases in '03 courtesy of the Democrats. Imagine the 30-second ads in the '04 campaign, paid for by Mike McDaniel.

Reality check

The problem with such Democratic scenarios is that they draw virtually no lessons from what happened to John Mutz in '88 following the '87 tax increase. Mutz, the last gubernatorial candidate with a can't miss resume, didn't lose on the A+ education reforms that brought about a tax increase. He lost over the license branch issue and the youthful verve of Evan Bayh.

The Democrats view the potential 2004 Republican gubernatorial field as

extremely weak - possibly underestimating the ability of McIntosh to reinvent himself, or that other powerful forces are weighing the opportunity.

Revisionist history

What emboldened O'Bannon's advisers was the 1997 special session. Their revisionist views see the governor as master of strategies. They believe the governor can work the end game to his advantage. They discount that until the House Republicans walked out on the last day of the regular session, killing the budget, O'Bannon had gotten zilch. Then he got very lucky, mainly because Steve Goldsmith needed stadiums for the Pacers and Colts and Circle Centre Mall additions. If Paul Mannweiler had let his caucus vote on the budget, he probably would have been the Speaker outright in '99, and O'Bannon might not be governor today.

Borst & ticking bombs

Now, enter the good Dog Doctor, Senate Finance Chair Larry Borst, and the notion of rampant politics. Borst is inclined to believe there won't be enough money in '03, and we'll need an O'Bannon tax increase. There's a reason why Borst came out early in the session and took property taxes off the table by saying they didn't need to be dealt with until '03. That took the pressure off Bauer and O'Bannon to deal with property taxes in this budget, making it easier for the House to vote 81-18 in its favor.

But it creates a huge ticking bomb at the front door of the Kernan campaign in '03. Everyone breathed a sigh of relief and, notwithstanding the "secret" meetings, there is NO energy for a tax hike in the legislature this year. Why take the bullet today when you might be able to put it off until '03, or maybe even dodge it completely, which has become a modern Hoosier executive branch tradition? So, Borst might say, if the economy tanks, it's O'Bannon's fault for a tax increase, and if

it doesn't, then the Republicans are no worse off politically than they are today and they still might be able to stick it to the Ds on tax issues.

A critical question in the Borst equation is this: Is Pat Kiely and the IMA playing a serious role in those secret talks, or is Kiely a stalking horse, trying to bait O'Bannon on a tax increase?

Bauer, Gregg & O'Bannon

Finally, there's Bauer. He's not going anywhere on a tax increase without O'Bannon out front. He's really angry at the administration and the feeling is mutual. The budget agency trashed Bauer's budget within minutes of its passing in Ways & Means. Bauer isn't going to embrace a tax hike because he likes being chair of Ways & Means, fashions himself as a future Speaker, and he's got to be worried about keeping 51 Ds in the House after '02. Those new maps are going to be hell for the Ds, and they know it. You don't run on a tax hike in new areas populated by more Republicans.

So, Bauer cut a deal with Republican Jeff Espich on Build Indiana Fund money (that may have been aimed at Speaker John Gregg, who had intended to run BIF). There may be a bit of a turf war going on, and Espich might have been a co-conspirator on an end-around (See HPR Interview, page 4). Bauer cuts the deal and gets 81 votes for the budget. Sure, it's out of whack and the Senate will hack it up, but the Ds get to run in '02 as bipartisan fiscal conservatives in their new districts: No tax hikes, lots of Rs voting for their budget, good headlines by newspapers that don't know better. That helps elect 51+ Ds, and depending on Gregg and the Bloody 8th, might pave the way for B.Patrick to move into a smaller office suite that comes with a better seat on the House floor.

Or, as we like to say here at the North American Headquarters of HPR, all's normal at the asylum. ❖

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BORST, TURNER DISSENTING BUDGET VOICES: State Rep. Eric Turner, R-Marion, observed, "We're bringing in more money than at any other time in our state's history, yet we cannot fund this budget with the amount we're bringing in. We have to go to excesses and surpluses to fund this budget" (Louisville Courier-Journal). "If the economy makes us whole, Representative Bauer will be a hero. If that's not true, there's only one source of revenue -- and it's the taxpayer" (Indianapolis Star). Turner joined 17 other Republicans. Many in the Senate are uncomfortable with the fact that the House budget contains a \$700 million shortfall yet includes increased spending on education and ignores the spiraling costs of Medicaid, which might require hundreds of millions of additional dollars in the coming years. The House "in essence, has dumped the problem on the Republicans," said Senate Finance Committee Chairman Lawrence Borst, (Terry Burns, Times of Northwest Indiana). "They assume the Republicans will be statesmanlike and correct the mistakes, and chances are we will." For his part, Democratic Gov. Frank O'Bannon, who earlier this year unveiled a far less sweeping budget proposal,

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called the House spending plan a solid first step, even though it doesn't contain money for all of the governor's education initiatives.

BURTON OK WITH JOINT HOUSE/SENATE PARDON PANEL: A proposed joint House-Senate panel to investigate former President Clinton's pardons brought a positive reaction from U.S. Rep. Dan Burton and U.S. Sen. Arlen Specter. "I think that is probably a good idea," said Specter, R-Pa. Added Rep. Burton, "That's something that we could look into" (Fox News Sunday).

DELPH, ROKITA SEEKING GOP SECRETARY OF STATE NOD; MARSH CHAIRS COMMITTEE: Mike Delph has filed his exploratory committee, "Friends of Mike Delph," in anticipation of his candidacy for the office of Secretary of State in 2002. Current Deputy Secretary of State Todd Rokita says he will file next month. Delph currently serves as District Director for U.S. Rep. Burton, where he has worked since 1996.

DEMOCRATS PROMISE DIVERSITY: Indiana Democrats announced Wednesday they will broaden the base of suppliers so that at least 12 percent of the party's discretionary spending, which excludes payroll, rent and public utility costs, is on purchases

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Espich talks of income and spending

INDIANAPOLIS - State Rep. Jeff Espich's recent vote for a budget that spends more than it takes in prompted HPR to ask the ranking Ways and Means Republican several questions:

HPR: How can you vote for and advocate a budget that spends more than it takes in? That seems to run totally counter to what David McIntosh was talking about last year. Am I missing something here?

Espich: House Republicans set a limited number of priorities for this session. The first of those was absolutely no new taxes. We believe we have been successful in stifling a discussion of new taxes that the governor's office initiated earlier this session. We believe that our early and vocal opposition to those tax increases put this discussion on the back burner where it should be. Secondly, we believe that spending should be prioritized toward education. The House-passed budget does prioritize educational spending. Thirdly, this budget, though out of balance, is the most balanced budget that the Democrats in the House have passed in a decade. The only balanced budget passed by the Legislature during this past decade was during the 1995-96 years when Republicans controlled both the House and the Senate. Additionally, we have confidence that the Senate Republicans will take a good look at unnecessary spending and reprioritize spending in a more balanced budget. Senate Republicans have a strong track record of being prudent and frugal with spending. We believe they will exhibit that same philosophy with the House Democrat budget. Finally, I would like to give credit to Representative Bauer for his efforts, which have been extraordinary in difficult times. He has in many cases rejected typical Democrat Party themes to spend, spend, spend and has embraced the concepts that restraint in government program spending must occur, particularly in areas of corrections and Medicaid. Our

cooperation with him in these areas over the past few years has, in fact, led to these savings and to a degree a level of responsibility in this budget. For those reasons, we believe that our cooperative efforts at this time can be a greater benefit to the citizens of Indiana.

HPR: How do you respond to Sen. Borst's criticism that it doesn't cover Medicaid?

Espich: Sen. Borst is correct that the amount appropriated for Medicaid is most likely insufficient to cover the escalating costs of Medicaid. But we must ask why the costs are escalating. One reason for the escalation is that the O'Bannon administration has administrators in the Medicaid office who are advocates.

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These advocates have totally allowed spending to bound out of control. With the

right vision, Medicaid spending can be controlled and adequate services can be provided, but not so long as the O'Bannon administrators are intent on expanding eligibility, utilization, and benefits without any regard to reason or cost. Bauer's approach is both correct and incorrect. First of all, he understands that this program is out of control and that perhaps tightening the purse strings is the only way to force this administration to take action to fix it. Unfortunately, his heavy-handed approach may well harm drug therapy programs that ultimately could provide cost savings. Additionally, his approach on prescription drugs may well lead to second-class medicine for some persons and decisions being made by bureaucrats, not medical doctors.

HPR: What are your thoughts on restructuring the tax code this year? Borst, Bauer and O'Bannon all are indicating it

can't be done. Why?

Espich: I think tax restructuring could occur if we had a vision and leadership from Frank O'Bannon. No major tax restructuring has ever occurred in recent decades without the governor's direct engagement and support. Frank O'Bannon is unwilling to provide that vision and leadership. Therefore, it is very difficult to make major tax restructuring changes. Any restructuring proposal must contain two major provisions: **1.** No new taxes generated for purposes of additional general governmental spending. **2.** The restructuring must lower property taxes.

Unfortunately, the restructuring talk this year has been led by two very disparate groups. The first group claims they want to "restructure taxes" but, in fact, what they are really talking about is new revenues for additional general governmental spending. The second group is fearful of the effects of reassessment and are looking at tax restructuring as a means of protecting their own interests. The only interests we care about are those of the taxpayers and to protect their interests restructuring must mean no new taxes and a reduction of the property tax burden. ❖

Daniels leads Bush budget charge

OMB director argues against Bayh's proposed trigger mechanism

By **MARK SCHOEFF JR.**

The Howey Political Report

WASHINGTON - As director of the Office of Management and Budget, Mitch Daniels is leading the charge for President Bush's budget and tax-cut plans, crunching the numbers and framing the debate.

In doing so, he has joined the battle over a trigger mechanism for tax cuts proposed by U.S. Sen. Evan Bayh.

Under Bayh's trigger, which will be introduced as a bill next week, tax cuts would not be implemented unless a target budget surplus is achieved. The idea has garnered support from the highest-profile economist in the nation, Federal Reserve Chairman Alan Greenspan. But Daniels is skeptical.

"It's flawed conceptually and mechanically impossible," Daniels said on *CNN Late Edition* over the weekend. "A trigger mechanism that rewards Washington for greater spending and penalizes taxpayers is probably a bad idea. Much better, I should think, than to have a trigger is to have one that says if Washington spends too much they should take the haircut and taxpayers should be protected."

But supporters of the trigger make the opposite argument. They say the mechanism ensures that surpluses remain on the books to pay down the debt and to avoid deficits. They point to the Reagan era as an example of excess tax-cutting that ultimately led to tax increases.

"You can sense there is pretty broad interest in it," said Mark Kornblau, a Bayh spokesman. "Next week we expect to roll it out with a good group of Republicans and Democrats from both the Senate and House."

It appears that the Hoosier GOP delegation, though, will not be on board. "It's typical of people who don't like tax cuts to come up with an excuse not to vote for tax cuts," said Rep. Mark Souder, R-4th CD, after President Bush's address to Congress on Tuesday. "The trigger shoots the tax cuts, not the spending."

Centrist Hoosier Democrats, such as Reps. Tim Roemer, D-3rd CD, and Baron Hill, D-9th CD, favor the trigger. Roemer supports splitting the projected \$5.6 trillion surplus over the next 10 years into thirds, devoting roughly equal amounts to increasing spending, reducing taxes, and paying down the debt.

Hill, who has been a debt hawk

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from minority individuals or minority-owned businesses. That would equal about \$50,000 a year. "If you are a minority business, we want to do business with you," said Chairman Robin Winston. "If you are a qualified individual, we want to employ you."

EAST CHICAGO GOP POLL WORKERS WERE REALLY DEMOCRATS: Voting records indicate the chairman of the Lake County Republican Party appointed a slew of Democrats, some with established records of service to East Chicago Mayor Robert Pastrick, to serve as Republican poll workers during the 1999 primary election and as precinct officials since (Rich Bird, Times of Northwest Indiana). The focal point of that primary was the bitter mayoral race between Pastrick and Lake County Democratic Chairman Stephen Stiglich. The revelation has left GOP Chairman Roger Chiabai and various party officials pointing fingers and scratching heads over who is responsible for how the Democrats showed up on the party's list of recommended Republican poll workers and the county election board's list of people who actually worked. "The city chairman picks out people in order to get people in each poll," GOP County Chairman Roger

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Chiabai said. "That's whose list we used. He has to go out and find Republicans. Sometimes there is not enough." The fiasco will bring a challenge to Chiabai's leadership. Joe Hero, chairman of the Republican precinct organization in St. John, said he will challenge Chaibai for control of the party (Rich Bird, Times of Northwest Indiana). Hero said the party has a problem in Lake County and "I think somebody has to stand up and do something about the situation." Rick Niemeyer, a township trustee and assessor, said he also is considering running against Chaibai.

JERREL TO SEEK VANDERBURGH GOP CHAIR: Former Vanderburgh Commissioner Bettye Lou Jerrel has filed to be Republican county chair and Mike Duckworth, city transportation director, has filed for vice chairman (Susan Taylor, Evansville Courier & Press). Jerrel was party chair in the late '70s and early '80s.

SHELBY DEMO HEAD STEPPING DOWN: Linda Emerick has chaired the Shelby County Democratic Party for eight years, but will not seek re-election March 3 (John Walker, Shelbyville News). Linda Montgomery, unsuccessful candidate for the Shelby County Commission last

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since entering Congress, wrote in the *Louisville Courier-Journal*: "I agree that budget surpluses that really materialize over the next 10 years should go to tax cuts [and] important national priorities. Where I disagree with President Bush and many of my colleagues in Congress is that I believe it's irresponsible to act as if the projected surpluses are already in the bank."

Walking and Talking

The debate over a tax-cut trigger is just one of many in which Daniels will be Bush's chief interlocutor. On Sunday, Daniels appeared on two network morning shows. Tuesday night, after Bush's speech, he appeared on ABC's *Nightline*. He also is ubiquitous in the print media. Bush's tax plan could define his presidency, so expect to continue to see Daniels.

"He'll be an OMB director who is on the Hill and in the news much more than we've seen in a long time," said Mark Helmke, who served as press secretary for Sen. Richard Lugar when Daniels was Lugar's chief of staff. "He speaks authoritatively and he can shape news. He knows how to spin things and has a soft manner, but he is tough."

Bush will depend on Daniels behind closed doors, too. When he met two weeks ago with the Republican Study Committee, formerly known as the Conservative Action Team, the room was full of congressmen who advocate a larger tax cut than the \$1.6 trillion over 10 years that Bush is proposing. Reps. Mike Pence, John Hostettler, Dan Burton, and Souder are all members of the group. Pence and Souder support a bill that calls for more than \$2 trillion in tax cuts.

"He was friendly, but he held his ground," Souder said of Daniels. He outlined "what we have to do to meet (the president's) number." Daniels has been similarly firm with government agencies

whose budgets he is trimming.

Daniels tailors his message to the listener. "He knows how to phrase his presentation in a way to influence that person the strongest," Helmke said.

Bush Strikes Chord

On Tuesday, Bush succeeded in influencing two of the most conservative members of the Indiana delegation. Souder and Pence both gave his speech rave reviews.

"The biggest comment among the Republicans is how aggressive and articulate he was on the tax message," said Souder. "I felt like I fell asleep, woke up and Ronald Reagan was president again."

Pence didn't think that Bush was as good an orator as Reagan, but he succeeded in getting his message across. "This changes everything," Pence said after Bush's speech. "The president made a very plain-spoken case for tax relief for working families, small businesses and family farms. What he lacks in polish, he more than made up for in sincerity."

Opening innings

But now the hard part begins for Bush. He must win votes in Congress for his \$1.96 trillion budget for fiscal 2002, which raises spending by 4 percent, reduces the national debt to \$1.2 trillion from \$3 trillion and sets aside \$1 trillion as a contingency fund.

Bush calls his \$1.6 trillion tax cut "just right." The final amount of the tax reduction will be close to Bush's proposal, Souder said. "It shows how much he has framed the debate. What will be different is the (composition) of the tax cuts." For instance, the House may add a capital gains reduction.

The wildcard will be the Senate machinations. With that chamber split 50-50, anything can happen. "If the tax cut is substantially reduced in the Senate, there will be chaos over how to divide the spending side," Souder said. ❖

PERHAPS... WE WANDER

By Brian Howey

The passing of Prof. Michael Downs

FORT WAYNE - I was saddened to learn of the death of Prof. Michael Downs on Jan. 24. Folks here knew Downs as the Democratic representative on the Allen County Election Board. He taught political science at Indiana-Purdue at Fort Wayne. David Griner of the *Journal Gazette* captured the essence of Mike Downs, quoting friends and associates who talked of a "disheveled intellectual ... his touseled hair, well-worn sweater, newspaper and cup of coffee."

I knew Downs during my stint at the *Journal-Gazette* (it was hyphenated back then) as a key source for a moribund Democratic organization with a glorious past, churning out such colorful characters as Jimmy Stier, Ivan Lebamoff and Win Moses. His stories of Fort Wayne politics were fascinating. Like his description of Mayor Lebamoff locking a *Journal-Gazette* reporter in a City Hall conference room closet. At first the gathered staff had a good guffaw, with the reporter tapping on the door, politely begging to be let free. Then there came an uneasiness about the room when Lebamoff refused to relent. Then the temperature shot up about 10 degrees when the pounding behind the door continued while Lebamoff calmly proceeded into the agenda.

Another good Lebamoff story Downs told me was about the time the mayor invited a reporter on a circle-the-city flight, only the reporter showed up and the mayor didn't, instead calling some emergency meeting to ram an initiative through, with the airborne scribe strategically missing the big story.

Downs gave me a copy of Mark Helmke's collegiate dissertation on Fort Wayne's rollicking politics of the 20th

Century to bone up on the history of the city. Such as how Fort Wayne had been a Democratic town until "the bolt," when the city's dominating German Lutherans abandoned the party of Woodrow Wilson after the Great War in the 1920 elections.

Fort Wayne has a ballsy, bare-knuckled political history and it was fascinating to hear Downs talk about it in his wry, subtly witty demeanor.

Downs played another role. He was one of the founders of *The Howey Political Report*. I had done three years in *Journal-Gazette* purgatory, then a relatively hysterical year as an assignment editor at WKJG-TV, before conspiring to commit journalism via newsletter. I would meet with Downs - touseled hair, well-worn sweater, newspaper - over cups of coffee at a State Street restaurant and talk about what HPR would look like and what it would do. There were others who participated in this conspiracy: Steve Shine, the new GOP county chair and a friend; Charlie Belch, a former Fort Wayne Democratic mayoral nominee; and Scott Bushnell of Lincoln National Corp., all acted as key sounding boards for an endeavor that went into the teeth of competition. HPR began in an office overlooking North Anthony Boulevard, in August 1994, just in time to catch the Gingrich Republican revolution sweep the Hoosier state.

Funny thing is, this founder and catalyst never subscribed to HPR. Charlie Belch did, then got so irritated at my '94 election coverage that he cancelled his subscription. Belch would later tell me that he was wrong to "blame the messenger." Downs wasn't one to act aggrieved when events turned on his beleaguered party. He saw the Democratic Party as a deeply flawed, very human child worthy of his deep devotion. Perhaps, he thought, one child was enough. ❖

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year, is expected to be a candidate for the position. Roger Laird, current GOP county chairman, will seek a second term.

DOWNS REPLACES FATHER ON ALLEN COUNTY ELECTION BOARD: Andrew Downs, chief of staff for Fort Wayne Mayor Graham Richard, was sworn in Thursday as the Democratic representative on the Allen County Election Board (Fort Wayne Journal Gazette). Downs replaces his father, Michael Downs, who died Jan. 24. "Andy, having worked so closely with his father, probably had a greater working relationship with the election board than anyone other than Mike Downs," Allen County Democratic Chairman Brian Stier said. City Council President Donald Schmidt said he was surprised Stier had selected someone who plays such a potent role in local politics. "Andy Downs wields a tremendous amount of power and influence in the city as chief of staff to the mayor," Schmidt said.

PENCE CAUTIOUS ON BUSH EDUCATION REFORM: President Bush spent part of the week touting his plan for a \$1.6 billion increase in federal funding for elementary and secondary education. One skeptic he'll have to win over to his education reform agenda is freshman Rep.

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Mike Pence, R-2nd CD. Pence is leery of Bush's approach. Pence said the president is not sending legislative language to the Hill, he's allowing the House Education and Workforce Committee to write the bill. "We could have a noxious brew come out of there," said Pence. "My big concern is preserving state and local control. It would be very hard for me to support mandatory testing at the federal level. "

MORE CONVENTIONS FOR INDIANAPOLIS? As Indianapolis plans to welcome a major Democratic Leadership Council conference this summer, the city will also try to put itself into contention for a 2004 political convention. At a DLC event in Washington earlier this month, Indianapolis Mayor Bart Peterson told HPR he has not made a formal pitch for the Democratic convention to Joe Andrew, former Indiana and national Democratic party chairman. Andrew has been named to head the 2004 Democratic convention. "We have not had what I would call a conversation, but I did make a passing reference." Peterson quickly added that he also wants to make Indianapolis a candidate for the 2004 Republican convention. Andrew said that Peterson is the strongest drawing card. "The success of Bart Peterson is what put Indianapolis on the map for Democrats," Andrew said. ❖

COLUMNISTS ON INDIANA

Sylvia Smith, Fort Wayne Journal Gazette - The Indiana congressional delegation offers a microcosm of the inevitable snags ahead for the Bush administration. The president only has a slim margin in the House, and several of the Republican members he needs to keep in line are in the Hoosier delegation. Freshman Rep. Mike Pence wants to add \$600 billion to Bush's \$1.6 trillion tax bill. Hardly a solo voice on this, Pence and his ilk will be as troublesome to Bush as the others (mostly Democrats) who say the tax cut is too large and too skewed to the wealthy. "I am going to resist the Christmas-tree effect of tax policy. I don't want people putting ornaments on my plan," Bush said at his first press conference Thursday. Rep. Mark Souder has been a gung-ho advocate of the concept of allowing faith-based groups to receive federal grants for do-good activities. But he's also leery of government intrusion into religion. Souder has not indicated any reluctance about Bush's faith-based initiative. But, like some Christian conservatives who have begun raising warning flags, if Souder perceives harm to churches as a result of their new involvement with the government, he could quickly become an opponent to the project. Rep. Dan Burton represents the type of Republican whose personalized hatred of Clinton undercuts what should be a lofty position for the GOP. In his zeal, Burton too often looks like an obsessed Javert in his relentless pursuit of Jean Valjean. That reflects poorly on the Republican Party and Bush. Rep. John Hostettler hasn't criticized the new administration, and perhaps he won't. But his brand of conservatism doesn't value the kind of reaching out that has been a hallmark of the early days of the Bush administration. Did Hostettler think it was a good idea for Attorney General John Ashcroft to meet for 45 minutes last week with the Log

Cabin Republicans, a gay organization, and to go out of his way to call attention to the meeting? More importantly, will super-conservatives cut Bush and his administration any slack for such overtures? The Hoosier Republicans are hardly out to sabotage the Bush administration. Far from it. But it's not likely that all Republicans will be in lock-step with the fledgling administration. ❖

Fred Barnes, The Weekly Standard - The love affair between conservatives and President Bush was epitomized by the appearance of Karl Rove, Bush's chief political strategist, at the Conservative Political Action Conference in Washington. Rove was as eager to be there as the group was to have him. Often attacked by conservatives during his years as a Texas consultant, Rove received two standing ovations. He had offered to speak after attorney general John Ashcroft turned down an invitation. To accommodate CPAC's schedule, Rove cancelled plans to return to Texas to help move his family to Washington. "I got my wife's permission," Rove says. When he arrived, Rove told his hosts he would "sneak out" after his speech. Instead, he stayed to hear other speakers and then lingered for 20 minutes to chat with CPAC attendees. The Rove episode shows how attentive the Bush White House is to conservatives, especially "movement" conservatives. "You don't neglect your base," Rove explains. "This is a natural extension of what we did during the campaign." Nope, it's more than that. Guided by Rove, Bush doesn't treat conservatives as "just another interest group . . . like Native Americans or Samoans," says David Keene, president of the American Conservative Union. "They're a junior partner." ❖