



HPR Special 2008 Presidential Report

Gov. Bayh, 10 years later

By **BRIAN A. HOWEY**

INDIANAPOLIS - It seems so long ago that we watched with real anticipation Evan Bayh's Hoosier governorship as it commenced in 1989. It began in an era before e-mail and the Internet. It was an era where the Cold War ended and we talked of the "peace dividend." Crack cocaine had yet to spread its awful tide beyond Fort Wayne. We were still executing our worst criminals in the electric chair. It was a different administration in that instead of being the capstone of a political career as we had seen with most of our govenors, it was just the ambitious beginning.

The Bayh governorship, which ended with an 80 percent approval rating and a virtual coronation into his

father's old U.S. Senate seat two years later, will become one of the basic planks on the now unfolding presidential aspirations. Evan Bayh was an executive for eight years, making life and death decisions, fighting crime, educating the young and forging jobs. He created the modern campaign mode, matching a relentless message into a communication network that went over the heads of legislators



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Watching Bayh's first steps ...

By **DR. LAWRENCE M. BORST**

INDIANAPOLIS - During all of the years that Evan Bayh served as an elected official for the State of Indiana, I always had the feeling that each progression was just one more step to become the President of the United States.

Even as secretary of state, Evan Bayh and Ed Lewis had charted out his political future. This political future outlined how a Conservative Democrat Governor from the Midwest could obtain the

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"I'm not anti-business. Wal-Mart has become emblematic of the anxiety around the country and the middle-class squeeze."

- Sen. Evan Bayh in Iowa at a Wake-Up Wal-Mart rally



Democrat nomination for President of the United States.

As the "new kid in town", he was not deterred by the fact that others, such as Frank O'Bannon, had been around longer and had "paid their dues." Evan felt that he was on a mission and that the Governorship of Indiana was to be his.

Once elected as governor he formed a Task Force to ascertain how to trim the costs of state government and how to reduce its size. The savings claimed were dubious but seemed to resonate with the public. He immediately made it forbidden for state employees to accept so much as a cup of coffee. This edict was never really enforced, but again, was popular with the public. He allowed for the unionization of state employees and gave them the ability to bargain collectively. This was popular with his campaign financial supporters, but then never entered into any meaningful bargaining with the newly formed unions.

Gov. Bayh treated his supporters with the philosophy: "they need me a lot more than I need them." He was absolutely right.

Publically, Gov. Evan

announced many innovations and changes, new oversight boards and commissions, when in fact most were just a re-naming process or the combining of two existing boards into one with a new name. He was most intent in repealing everything that Governor Orr had accomplished in K-12. The A-Plus Program was taken apart bit by bit. Since legalization of river boat casinos, pari-mutual horse betting, and the state lottery all occurred under his stewardship, his personal fear

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of being remembered in the history books, as the "Gambling Governor", has not happened, he can campaign nationally as an innovative

ex-governor.

Gov. Bayh had very little contact with the Senate Finance Committee. I doubt that I met with him eight times in eight years. Whatever came out of the legislature, he seemed to accept. Gov. Bayh always made

the final decisions. I would never take the word of an underling that "the Governor wants this" until I had put in a call to the Governor himself. There

were no more than four people in or out the Bayh administration that could speak for the Governor

I think that Gov. Bayh thoroughly enjoyed moving the "Capitol" around the state from time to time. He was very good at listening. His guiding policy of "don't rock the boat" was good for Indiana at that particular time in history.

By borrowing the friends and associates of Ed Lewis, Bayh staffed his administration with able, competent, and honest individuals

I personally wish him good luck in his present efforts. Evan Bayh would certainly make a better President than some in his political party that are seeking the same office.

Personally, once again in Indiana history, the other sitting Indiana United States Senator would be the better nominee. ❖





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and into the minds of the people. He totally understood the message and underscored his themes time and again.

It's been 10 years since Bayh walked out of his second floor Statehouse office. That's more than enough time for an assessment. It has been reduced down to a short, tidy paragraph on Wikipedia and history books: More conservative than his liberal Senator father, Gov. Bayh ushered in billion-dollar surpluses, steadily increased education funding, created the 21st Century Scholars program, the Access Indiana website and about 390,000 jobs. He never raised taxes and, in fact, signed the biggest tax cut in state history. The **Wall Street Journal** summed it up succinctly in 1992, saying, "Mr. Bayh's record is one of a genuinely fiscally conservative Democrat." Political observers in both parties - partially out of admiration and some with disdain - would call Evan Bayh a "Republicrat."

The late columnist Harrison J. Ullmann - who was the initial contact between Bayh and Frank O'Bannon that forged the mold-shattering 1988 Democratic ticket - lumped him in with another ambitious man, Stephen Goldsmith, and they became the "Bayhsmiths."

"We have given the Bayhsmiths our governments so they may use Indiana's public offices to demonstrate to the rest of America that they are competent for America's highest offices. The Bayhsmith named Evan, returns from conferences of governors to tell us we are envied for our cheap and tiny state government," noted Ullmann.

Six months before Bayh left the governor's office, he delivered the keynote address before the 1996 Democratic National Convention in Chicago. He explained why he believed he was chosen for the keynote in an interview with Margaret Warner:

"I believe it has something to do with having a record in Indiana of balancing budgets but still being fiscally or socially compassionate, of cutting taxes for working people but still finding the means to provide more for education and health care and the other needs of our society,

reforming welfare in a responsible way, and those kinds of things," Bayh said. "It probably has to do with the fact that I can speak with some authority about the President's efforts and what he hopes to do for our country."



U.S. Sen. Evan Bayh on a recent trip to Iowa to campaign for president. Former House Speaker Paul Mannweiler calls him "well seasoned" after his two terms as Indiana governor. (Bayh Flickr Photo)

Fiscal conservatism from the bully pulpit

Bayh talked about fiscal conservatism, a moderate social agenda and use of the gubernatorial bully pulpit as a commanding and influential view of Hoosier society. Bayh strayed infrequently from the themes he talked about at the earliest part of his political career. His mantra was "no new taxes," and while Republicans like to remind folks of his cigarette and hospital tax increase proposals in 1993, the Bayh years produced the kind of fiscal conservatism that back in 1984 would have been more akin to Doc Bowen.

Former Republican House Speaker Paul Mannweiler, explains, "He wasn't a very hands on guy. He did a lot of controlling the message. He was very good at saying what was popular."

Both Mannweiler and long-time Senate Finance Chairman Larry Borst say they had few face-to-face meetings with Bayh during his eight years. "You dealt with his staff more than anything," Mannweiler said.

A talent magnet

The Bayh staffing has become one of his biggest legacies. His political machine not only revived the once moribund Democratic Party, but forged upsets by Secretary of State Joe Hogsett (over Bill Hudnut), Attorneys General Pamela Carter and Jeff Modisett, the extension of the Democratic gubernatorial dynasty to 16 years with Lt. Gov. Frank O'Bannon's upset win in 1996 over Stephen Goldsmith, and Bart Peterson's epic derailing of the Marion County GOP machine in the 1999 Indianapolis mayor's race. The governor had coattails, bringing along additional Democratic House seats each time he ran. He is in thorough command of the Indiana Democratic Party to this day, having selected the last several party chairs. It is a party that is tacitly gearing up for the Bayh presidential run everyone knew would come some day.



"This group of superb public servants -- under his leadership -- laid the groundwork for his overwhelming 1992 re-election, and it can fairly be said, Frank O'Bannon's success in 1996," says William Moreau Jr., one of Bayh's chief-of-staffs.

Mannweiler mentions current Indiana Supreme Court Justice Frank Sullivan, who helped craft Bayh's fiscal conservatism into the fitful budgets that passed during the troubled recession of the early 1990s. Another was James Verdier, who helped rein in monstrous Medicaid costs that had the potential of devouring state initiatives.

"Evan Bayh called to service some of the most remarkable human beings who have ever held positions of responsibility in Indiana state government," Moreau added. "I would happily invite any objective analyst to match those folks' credentials--and records -- with any group of Indiana public servants ever assembled. These were honest, ethical people who got up every day trying to figure out how to do their jobs better and, yes, they were motivated by a governor who demanded excellence."

Moreau continued, "Evan Bayh was the kind of governor you wanted to please and the kind of governor you never wanted to disappoint. There were consequences for disappointment, and I would

Key Bayh/O'Bannon Accomplishments

Taxes

Bayh's two terms as governor marked the first eight-year period in 40 years without a tax increase. It was followed by eight more years during the O'Bannon-Kernan governorships without a general tax increase. Bayh slashed the state's annual auto excise tax in half, saving taxpayers \$1.6 billion over six years.

Budgets

Bayh reduced full-time employee by 1,600 or 4 percent, outside of the Department of Corrections. There, he added 4,000 new prison beds. In 1996, Bayh invested \$250 million in pensions. Bayh left office with a \$1.6 billion budget surplus. Reduced Medicaid expenditures from 14 percent of total spending to 9 percent. Provided \$146 million in the Build Indiana Fund from Hoosier Lottery proceeds.

Welfare

Bayh implemented 50 waivers of federal welfare regulations. He claimed to have helped transition 1,000 families per month, saving \$140 million. Added 31,000 child care slots. Bayh claims that child support payments doubled during his eight years. His FSSA reorganization resulted in the the transfer of decision-making authority to 92 county-based step ahead councils. It combined the Departments of Human Services, Mental Health and Public Welfare. Closed Central State Hospital on June 30, 1994, claiming to redirect \$19.5 million into community based care, sending 400 residents elsewhere. Critics said many of them ended up on the streets.

Education

Increased education spending in his four biennial budgets that included \$3.1 billion in new dollars for K-12 education above rate of inflation. Boosted \$1.5 billion in new higher education dollars. 33,000 students became 21st Century Scholars by keeping a C average and staying off drugs. Linked 295 school corporations to the internet by 1997.

Crime

Sent 50 Indiana State troopers to Gary for two months in 1995. Proposed and signed tougher sentencing guidelines. 40 percent reduction in drunk driving. Executed two death row inmates, the last in the electric chair and first by lethal injection.

Roads

Completed I-469 at Fort Wayne, the U.S. 20 bypass around South Bend, Mishawaka and Elkhart. Completed I-164 to Evansville from I-64 Extended four-lane Indiana 37 to just north of Mitchell.

Jobs

Added 390,000 new jobs, but that included 7,500 jobs at the United Airlines Maintenance Facility that were not realized. Major company expansions included Toyota at Princeton, AK Steel at Rockport, Chrysler transmission at Kokomo. 7 percent manufacturing job expansion.

Environment

Largest expansion of the state park system since the 1930s by adding Fort Benjamin Harrison, Prophetstown, Summit Lakes, Charlestown and Falls of the Ohio state parks. Toxic chemical emissions declined by 82 percent. Halted almost all of out-of-state waste being dumped into Indiana landfills. ❖



add to the list of accomplishments Evan Bayh's ability to direct people to return to the private sector, when necessary. This recruitment of excellent people, tight ethical and fiscal controls, and management decisiveness -- amplified by EB's extraordinary communication skills -- convinced Hoosiers that Democrats could, in fact, govern. This was no mean feat after 20 years of rule by the other party. Indiana Democrats had literally lost a generation to state government service, and Hoosiers were understandably skeptical about our ability to be good stewards of their money and their ambitions.



"He recruited people of all colors, religions, backgrounds, sexual orientations, etc. There were so many 'firsts' among his appointees to the executive branch, the judiciary and boards and commissions we literally lost count," Moreau said.

Learning curve

While Gov. Bayh left office with the huge \$1.6 billion surplus and lofty approval rating, the first years were troubled. The new governor came into office with scant time to present his first biennial budget (and for this reason, HPR argues that the Indiana General Assembly should convene at the first of February in long-sessions after a gubernatorial election). His second budget - in 1991 - exposed his enigmatic leadership skills in the Indiana General Assembly that eventually saw two contentious special sessions that lasted until mid-June. He had few Statehouse relationships and that was exacerbated by the first 50/50 split House in Indiana history in 1988. He didn't submit his first spending plan until fewer than 15 sessions days were

left in 1989.

Indiana Chamber President Kevin Brinegar, working on the Finance staff, recalls, "It was the first time in a long time there had been a Democratic governor and you had the 50/50 house. We'd gone through this period of time where Republicans put budgets together in the House, and the Democrats would put in all these pet projects, get it over to the Senate and it would usually be the Senate which would clean it up further."

Brinegar said that Ways & Means co-chair B. Patrick Bauer put the budget together "per se." The Republican co-chair, current Indiana Manufacturers Association President Patrick Kiely, went to his caucus with copies of Democratic amendments from recent years, passed them out and said, "Who wants to offer this one? This one?"

The Democrats didn't shoot them down on the floor; the Senate didn't clean it up and Gov. Bayh's first budget was "hundreds of millions of dollars over balance," Brinegar said. Bayh vetoed that bill. The budget that passed in the 1989 special session was even bigger.

By December 1990, the budget forecast was for a \$966 million deficit by June 1993. Bayh imposed a hiring freeze, and 3 percent agency reductions. State agencies returned \$233 million in unspent funds; with \$67 million more reversions in 1992 that finally balanced the budget.

His second biennial budget in 1991 was submitted



Govs. Edgar Whitcomb and Evan Bayh at the 2003 funeral of Gov. Frank O'Bannon. (HPR Photo by Brian A. Howey)

1986 Indiana Secretary of State

Evan Bayh 828,494
Rob Bowen (R) 704,952

1988 Governor

Evan Bayh 1,138,574 53%
John Mutz (R) 1,002,207 47%

1992 Indiana Governor

Evan Bayh 1,382,151 62%
Linley Pearson (R) 822,533 37%

1998 U.S. Senate

Evan Bayh 1,012,244 64%
Paul Helmke (R) 522,732 35%
Other 23,641 1%

2004 U.S. Senate

Evan Bayh 1,496,976 62%
Marvin Scott (R) 903,913 37%
Barger (L) 27,344 1%



early - in January - but didn't conclude until after two special sessions. That produced one of the hallmark phrases of his governorship. Frustrated by legislative leaders, Bayh turned to what he called the "white hot heat of public opinion." He didn't distinguish between parties, noted John Ketzenberger in a 1992 analysis for the Fort Wayne Journal-Gazette.

Unlike Govs. Robert Orr, Doc Bowen and Matt Welsh who were creatures of the legislature and worked from within, Bayh took his message right over their heads and drug them along. Or he just claimed victory no matter what actually happened. Think of the budget he vetoed with gaming. The legislature called his bluff on dangling gaming as a way to get his budget passed. Instead, House Speaker Michael K. Phillips and others took the gaming and the Republican budget.

"As I recall he just claimed victory as time went on," says Karl Berron of the Indiana Realtors. "Same with the hospital tax increase. After it was killed by the legislature he took credit for keeping taxes down with a fly-around. Our polling through that period always showed that the public trusted Gov. Bayh more than Republicans on taxes. It drove them nuts."

A record re-elect

Despite the recession and budget troubles, Bayh had successes that included landing in November 1991 a billion-dollar United Airlines maintenance facility in Indianapolis. In March 1992, he revealed plans to balance the budget.

There were other steps that Bayh took that impressed upon Hoosiers a decisive leadership style. He fired Hoosier Lottery Director Jack Crawford after a messy affair became public. He ended the prison furlough program following the murder of a Mishawaka woman by her ex-husband, Alan Metheny.

In November 1992, Bayh was re-elected with 62 percent of the vote, an Indiana record that still stands. His national rising star was officially cast.

But one more messy budget

His second term commenced with one of the most controversial budget sessions in state history in 1993. The state was still under considerable economic duress.

Democrats controlled the House; Republicans in the Senate. The only way out of these disparate spending priorities turned out to be riverboat casinos. Democratic House Speaker Michael K. Phillips pushed the casinos, but Bayh vetoed the budget just hours before the state's fiscal year was to end. "Everybody had wanted to go home," Brinegar recalls. "Some folks were really being hindered financially not getting back to their jobs. In the end, Gov. Bayh vetoed the budget because of the gaming, and legislature almost immediately overrode.

Through Bayh's first three, torturous budgets, there was one consistency: no new taxes, though at one point Bayh did propose cigarette and hospital tax increases.

While the governor and legislators could point to no general tax increases, the burden shifted to property taxes, leading Lt. Gov. Frank O'Bannon to campaign in 1996 on a platform of tax reform (though that didn't occur until 2002).

Earl Ryan of the Indiana Fiscal Policy Institute and David Bennett of

the Taxpayer Research Association acknowledged that the first three Bayh budgets were creative in what was widely called "smoke and mirrors."

"They had to do some creative accounting during the course of the recession to avoid tax increases," explained Ryan in a 1994 HPR interview. "Now that the revenue system is beginning to produce, they've gotten over the hard part."

There are more explosives to dodge over the next two years. The Bayh administration targeted more than half a billion-dollars in Medicaid cuts that had the potential of swamping state finances.

In their 1994 interview, both Ryan and Bennett were in chorus that Bayh, Medicaid chief James Verdier and his Budget Director Jean Blackwell stepped on a lot of feet. "They made a lot of client groups mad at them," Ryan said. "At the same time, they managed things so that no state program was decimated. Education complained, but nonetheless it was a slowdown in growth and not a huge cutback."

Added Bennett, "They made everybody mad, which means they did a pretty good job. A lot of people can take credit, but Evan Bayh was the governor. This came on his watch, and he didn't raise taxes. We go through the recession without any tax increases many other states had to go through."



Gov. Evan Bayh with some of his 21st Century Scholars.



Welfare and wages

The latter part of the Bayh governorship was marked by two issues that demonstrated his centrist path. He was an early pioneer in welfare reform, coaxing out of the Clinton administration 50 federal waivers.

Gov. Bayh would claim to have helped transition 1,000 families per month from welfare to work, saving \$140 million. This was one of the hot issues that led to the 1994 Republican revolution in Congress that Bayh missed due to fortunate election cycling. In fact, he was in front of the issue before most in his party. Welfare caseloads had risen 34 percent between 1989 and 1994.

He explained this facet of his fiscal conservatism to Margaret Warner on the eve of his 1996 Democratic National Convention keynote: "I view balancing the budget and fiscal responsibility as a necessary precondition to social compassion and progress. The people who get hurt first in our country, the poor, the sick, the young, are those who depend upon the government. So if we go bankrupt as a state or a country, they're the ones who get hurt first. If we're going to do more for education, more for health care, more for the environment, we only can do that if we have the money. And that means balancing our budget and growing our economy. So I think that the priorities would be a little bit different."

"Many feared a social calamity after these waivers," notes University of Maryland Prof. Douglas J. Besharov of the American Enterprise Institute. "But in the years since, although researchers have strived mightily, they've found only small pockets of additional hardship. Even better, the earnings of most single mothers actually rose."

Besharov, writing this week in the **New York Times**, gives some of the credit to Bayh-style welfare reform, which he says accounts for a 25 to 35 percent reduction in welfare caseloads, but also credits an improved economy. "Yes, welfare reform reduced welfare dependency," Besharov observes, "but not as much as suggested by the political rhetoric, and a great deal of dependency is now diffused and hidden within larger social welfare programs."

The second was the prevailing wage showdown in 1995. Republicans, swept back into control of the Indiana House during the 1994 tsunami, had been approached by local governments and contractors to help cut school and

municipal construction costs. That resulted in the prevailing wage legislation that produced an out-raged labor movement. Some 25,000 workers gathered for one of the biggest Statehouse rallies ever.

Both sides dug in. Mannweiler remembers appearing on a WFYI-TV show taping as the session was ending with House Minority Leader John Gregg. "He noticed that Sen. (Robert) Garton and myself weren't very animated about prevailing wage and he sensed something was up." Gregg rushed back to the Statehouse where he learned that Bayh wasn't going to hold up the session with a prevailing wage veto.

That brought a great deal of grumbling from organized labor about "carrying the water for Evan." Brinegar said that Gov. Bayh had the attitude of, "They may be upset, but where else are they going to go?" After it became law, there were no studies available to verify that prevailing wage saved local governments anything.

The auto excise cut

Throughout his two-year tenure as Republican Chairman, Al Hubbard constantly complained about how "Evan Bayh is stealing our ideas."

The classic example of this came in 1994-95. Legislative Republicans had been proposing an auto license plate tax cut. At first, Gov. Bayh was not enthused. But as the economy heated up and the surpluses grew, Bayh became a convert.

"Borst had concerns," Mannweiler recalled. "He didn't think we could afford to do it; maybe phase it in. But with so much money coming in, Borst agreed and Gov. Bayh jumped out front and took credit for it. But it really

was a Republican plan. We sped it up." Yet the indelible image that emerged was Bayh with the huge Indiana license plate that read "Tax Cut" being sliced in half.

Bookends on the 'Education Governor'

Gov. Bayh called himself the "Education Governor" and he presided over a 7 percent increase in 1989, another 7 percent in the 1991 biennial budget during the recession. Bayh would boast \$3.1 billion in new monies for education during his two terms, and another \$1.5 billion for higher education. He has received national attention for his 21st Century Scholars program that gave college scholarships to some 34,000 lower income Hoosier students.

But the Bayh governorship was sandwiched in between two bolder initiatives - Gov. Robert Orr's 1987 A-





Plus program that raised taxes, and Gov. Frank O'Bannon's establishment of the Education Roundtable and increased course and accountability standards. There were significant education initiatives on either side of Gov. Bayh that were far greater in reach and controversy.

A prudent governorship

His crackdown on deadbeat parents for child support, a 40 percent reduction of drunk driving, an expansion of in-home care for seniors, a 4 percent reduction of the state workforce (outside of corrections), and the elimination or reduction of 650 fees all point to what could be termed prudent Bayh leadership.

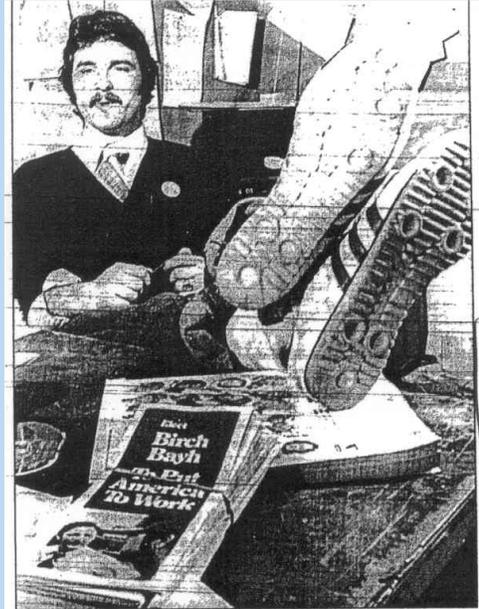
The Bayh governorship presided over the crack cocaine crisis that engulfed Fort Wayne in the late 1980s and then spread to Anderson, Muncie, Bloomington and Indianapolis, which was recording 160 homicides a year in the mid-1990s. Bayh responded by adding 4,000 new prison beds.

It was on the crime issue that produced one of the more memorable sequences and photos of his governorship. Gary had become Murder Capital USA again. On Oct. 3, 1995, Bayh paraded into the Steel City with 50 Indiana State Troopers and 25 squad cars. "Our city has endured economic and social dislocation of immense proportions for several decades. This support helps us to grapple with an important fallout of that dislocation--too many guns, too much drug abuse and trafficking, too much violence," said Gary Mayor Thomas Barnes in the Post-Tribune.

Achievements, disappointments

As for the disappointments, Moreau explains, "I have a few. I think folks grossly underappreciated the tough decisions Evan Bayh made every day to keep the state budget in the black. I think (First Lady) Susan's incredible contributions were undervalued. Her literacy efforts changed many, many lives. Certainly, there were some knuckleheads who snuck through the vetting process and screwed up royally, but I do believe history must record that Evan Bayh led a scandal-free administration. I don't think folks appreciated the way EB broke the back of the 2 percent clearance card system and mentality. On the political front, Joe Hogsett's defeats were so painful, as was Stan Jones' and the 1994 landslide that buried Katie (Humprheys), Tim (Jeffers), Elmo (Gonzalez) and Allison (Wharry) and cost us the House. Awful."

Former Indiana Republican Chairman Rex Early recalls Bayh as somewhat of a micromanager. "He knew what was going on in each of his departments. He did a fairly decent job," said Early, who served with Secretary of State Bayh on the 1986 legislative and congressional recounts in Elkhart and St. Joseph counties. Early said Bayh was ever conscience of the polls, including the era when



The Makings of a Fiscal Conservative

Earlier this week, the **New York Times** recounted how several sons - Jack Carter and Evan Bayh - were following their fathers' footsteps into national prominence.

Here is an excerpt of Bayh's experience as campaign manager for his father's unsuccessful 1980 re-election campaign against U.S. Rep. Dan Quayle:

Bayh was 24 when his father ran for re-election in 1980; he took a break from law school to be chairman of his campaign. It was clear, early on, that it would be a tough election: double-digit inflation, a hostage crisis, an embattled Democratic president at the top of the ticket, and the emergence of a tough new conservative organization known as the National Conservative Political Action Committee, or Ncpac. Ncpac wanted not only to defeat a generation of liberals — Mr. Bayh, Mr. Culver, Senator George McGovern of South Dakota, Senator Frank Church of Idaho and a handful of others — but also to "send a shiver down the spine of every other liberal senator and congressman," as one official put it. They succeeded at both.

Afterward, "I came close to being turned off to politics," Evan Bayh said. "I love my father and I believe in him. And he lost to Dan Quayle. I had a hard time understanding how that could happen." But Mr. Bayh said he ultimately came to see the loss as "an occupational hazard." He added: "Every once in a while, an election comes along and who you are and what you believe gets subsumed in a larger tide. It just happens." People wanted change in 1980, he said. "And I think people want a change now," he added. ❖



Toyota wanted to locate a plant at Princeton. It took Bayh some time to sign on, Early said, particularly after Bayh had criticized his 1988 opponent, Lt. Gov. John Mutz, over the Japanese Suburup-Isuzu plant at Lafayette.

A ‘caretaker governor’

In 1997, HPR’s analyzed the departing Gov. Bayh: Many observers have been quick to consign the term “caretaker” to Bayh’s two terms in office. The political advantages that come with that reputation have propelled Bayh into the national consciousness as a true “New Democrat” at a time when President Clinton strayed both right and left in the spectrum.

The term “caretaker” can be seen as negative. But Bayh was a cautious governor who worked the fringes and margins of what state government can do. The fact that he did not offer the bold steps of Doc Bowen on an issue like property tax reform or Gov. Bob Orr’s “A-Plus” education reforms allowed the caretaker tag to persist.

What you have to remember is that Indiana’s governorship is constitutionally weak. The governor’s veto can be overridden by a simple majority and it was such a maneuver that opened Indiana lakes and rivers to casinos in 1993. Bayh came to the governor’s office with an Indiana House split 50/50 and had few working relationships with Republican and Democratic leadership. It wasn’t until the sixth year of his tenure, for instance, that Bayh and Senate President Pro Tem Robert Garton were able to settle into a productive working relationship that helped produce the state’s largest tax cut in history last year.

The storminess of his relationships with the legislature were not confined to Republicans. Many Democrats chafed under his elusive stewardship and the number of unfunded programs and declining services that would have fed their political constituencies.

While Indiana has a \$1.6 billion surplus, it also has a decrepit road system and unbuilt highway arteries from Indianapolis to Evansville and from Lafayette to Fort Wayne.

The Daniels contrast

The advent of the administration of Gov. Mitch Daniels draws a sharp contrast to that of Gov. Bayh. It is

safe to argue that Gov. Daniels has exposed more political capital in 18 months than Gov. Bayh did in eight years. Bayh advanced to the U.S. Senate with much of his gubernatorial capital. A classic example of this contrast came in 2005 when Daniels went to his suburban conservative base and sold a tax increase for an NFL stadium to be located in downtown Indianapolis that will benefit a Democratic mayor and City-County Council. That wouldn’t have happened during the Bayh-O’Bannon era. A big contrast

between Bayh and Daniels is that there is little bitterness expressed by Republicans towards Bayh as he prepares his presidential campaign.

Moreau counters, saying, “OK, it may not have been ‘Camelot on the White River,’ but the eight years of the Bayh/O’Bannon administration were among the best in Indiana’s history by any objective measurement of job creation, fiscal stewardship, environmental protection, support for education and diversity of folks called to public service. Those of us who were lucky enough to serve are all still very proud of that service and remain very close to today.”

The difference is that like most Indiana governors, their tenure at the Statehouse is their final political chapter. For Evan Bayh, it was the second act in what was widely perceived as a career that would take aim at the White House.

“This is the guy who knew where he wanted to go,” the Chamber’s Kevin Brinegar. reflected this past week. “That was widely established pretty early and he worked well within the boundaries of that. He worked politically as governor to get to where he wanted to be.”

The overall notion when it comes to Evan Bayh is that his years as governor had been good for Indiana. There were flashes of greatness and drama, as well as an overall steadiness, along with some missed opportunities that would have been politically perilous. He certainly projected a true two-party dynamic into the state once dominated by Republicans.

Perhaps, given his presidential aspirations, he is better suited as a U.S. senator than a governor. As governor, his political ambitions fettered him to policy standards that had to be kept in check. ❖



The HPR website - www.howeypolitics.com - now features the Bayh Resource Center with articles and columns about Evan Bayh dating back to 1984, covering his career as Indiana secretary of state, governor, U.S. Senator and an emerging presidential candidate. Today’s special report will be added to this resource center.



Where's the buzz?

100 days until Bayh's big announcement

By **MARK CURRY**

For the past year or so Evan Bayh has bounced non-stop around the country like a senatorial version of the Energizer Bunny.

He's visited 24 states at least once and some, like New Hampshire, several times. Earlier this week Indiana's former governor made his fifth appearance in Iowa for 2006, this time to tout his renewable energy plan among state fair goers, attend a series of fundraisers and appear at a "Wake Up Wal-Mart" press conference in Cedar Rapids.

Afterward he was slated to begin a much overdue two-week vacation with Susan and the twins. He will need the time to rest and recharge: Only about 100 days remain before Thanksgiving when the senator is expected to announce he will indeed make a run for the White House in 2008.

So far Bayh and his supporters have spent millions of dollars and dedicated thousands of hours to develop a presidential-grade campaign organization. As previously noted on these pages, several respected analysts have been impressed with the resulting infrastructure. But some, like Chuck Todd of **National Journal**, hedge their praise with questions about the Bayh persona. "Bayh has to find a base-rousing issue that he can call his own," Todd wrote in an article ranking the 2008 Democratic contenders. Bayh was listed as fourth, behind Hillary Clinton, John Edwards and Mark Warner. "Maybe it'll come from his union friends, or show up as a radical (but practical) health insurance proposal. Will it be enough to differentiate him from the top three?"

Chris Cillizza of the Washington Post political blog, **The Fix**, is among Bayh's most influential supporters in the media. He repeatedly ranks the senator among the five Democrats most likely to win the party's presidential nomination. In a recent article the pundit noted the value of the senator's organizational strength in Iowa, but concluded with this paragraph: "Bayh's biggest hurdle is his perceived charisma deficit. In his speech yesterday Bayh was competent and engaging but not inspiring or overwhelming. His advisers say - and we agree - that he has made progress in his speaking and stump skills, but much work remains to be done. The question is whether Bayh's low-key charisma will hurt his ability to generate a spark in Iowa."

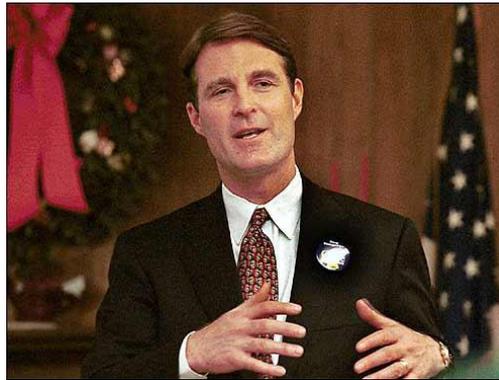
Well-paid reporters aren't the only ones to wonder if and when a Bayh campaign will be able to create that spark, a buzz, some sort of sizzle that will positively sear his name in the voter consciousness. Naysayers at either fringe eagerly cite lack of such as evidence when proclaiming Bayh's centrist brand will fail. Even some friends are worried - just two weeks ago this writer sat down with an outright Bayh fanatic at an ice cream shop south of Indy who asked much the same question.

But these things must be handled delicately. It's all a matter of timing: The next Iowa presidential caucuses are 15 months out. Peak too soon in today's broadband world and you're a has-been by the end of the week.

Too late and you're a never-was. Bayh's competitors are a smart bunch with a variety of assets. Hillary is popular, Edwards portrays charm, John Kerry has name recognition, even Warner emits a neophyte appeal. Bayh faces the seemingly indomitable task of piercing through the media clutter inspired by current events and the rest of the field. His campaign must effectively deliver an incisive message to convince a good number of persuadable moderates that this Hoosier is the real deal.

Supporters may find comfort in the innovative organizational plan implemented last week with Bayh's send-off of 50 paid and trained staffers to the key states of Iowa, New Hampshire, Nevada, South Carolina and Indiana. And, the senator has demonstrated he knows how to stay on message. He repeatedly touts the substance of a successful public career - a former red-state governor, author of a viable energy proposal, smart and tough on security, possesses labor and education credentials, and so on. Any one or combination of events, aided by dumb luck or abetted by extensive foresight and hard work, could create the right setting for Bayh's grand entrance into - or exit from - the country's political psyche.

Evan Bayh was born to politics. He has a significant record as governor and senator. He demonstrates a winning work ethic. He's assembled a staff considered by many to be among the best. He's in the top tier in fundraising. He has a following, and it's growing. Everything is in place for a hard charge at the tape, but sooner or later Bayh must seize our attention, if only for a moment to demonstrate he possesses the ability to inspire and motivate and lead the nation through the good and bad that lay ahead. If he doesn't another candidate certainly will and Bayh's moment will be gone, possibly forever. ❖



This photo adorns Evan Bayh's page on myspace.com, where the senator writes that he would like to meet "People who think we ought to be investing more in The United States, it's people and education system. HOPE in the future of our country!"



Merritt leaving pro tem race, says Parker

INDIANAPOLIS - Indiana Democratic Chair Dan Parker issued this statement on State Sen. Jim Merritt's withdrawal from the President Pro Tempore race: "It's nice to see that after 16 years, Jim Merritt has decided to stop focusing on what's next for Jim Merritt and start focusing his attention on the district and the voters he represents. The Senate leadership struggle has turned into a circus as almost every Republican tries to fight for more power. It's obviously time we elect a Democrat to District 31 who wants to serve the people and carry their ideas to the Statehouse."



IDEA to honor Jacobs, McCarty

ELIZABETH, Ind. - The annual Indiana Democratic Editorial Association Convention will take place this weekend at Caesars Indiana Casino Resort. The event brings together Democratic elected officials, activists and supporters from across Indiana. The convention traditionally has been held in French Lick, but the hotel there is closed for renovations this year. "We're excited that we were able to keep the event in Southern Indiana, and we're looking forward to a successful weekend in Elizabeth," said Indiana Democratic Party Chair Dan Parker. "This is something Indiana Democrats look forward to all year. It's a time for us to get together and pool our energy and ideas as we come down the home stretch to November." The event, which is sponsored by the UAW, begins Friday morning with a golf tournament, which is followed by a reception and hospitality suites. Gov. Frank O'Bannon Public Service Awards Breakfast Saturday will honor the late

Virginia Dill McCarty and former Congressman Andy Jacobs. The Saturday dinner will feature 9th CD challenger Baron Hill and 8th CD challenger Brad Ellsworth.

AG Carter targets more union funds

HOBART - Attorney General Steve Carter and the Indiana/Kentucky Regional Carpenter's Union are seeking to recover nearly \$150,000 in training grant funds taken by a former officer of the Carpenter's Union Local 1005 based in Hobart, Indiana. The Attorney General and the Union have jointly filed a lawsuit in United States District Court for the Southern District of Indiana against Paul Hernandez who had been entrusted with a \$203,000 training grant (HPR). "The union is to be commended for its efforts in seeking ways to assist in the recovery of state grant funds," Attorney General Steve Carter said. "The state and the union were both victims of this scheme to divert funds for personal use and we have recognized the value in working together to recover losses."

Cops lend support to troubled BMV

INDIANAPOLIS - A pair of high-profile law enforcement groups came to the aid of embattled state Bureau of Motor Vehicles Commissioner Joel Silverman on Wednesday (**Times of Northwest Indiana**). After meeting with Silverman last week, the Indiana Association of Chiefs of Police and the Indiana Sheriff's Association say they are confident that the BMV is fixing computer glitches that, in some cases, made it difficult for officers to access electronic driving records. "As a result of this meeting the IACP and the ISA are pleased to inform the law enforcement community of significant progress made to resolve communication and interface issues" that arose after the BMV installed a new computer system in early July, IACP President

George Kehl said in a statement. "We were having problems gaining access online for a while ... the most problems we had was when officers were trying to access the system on their in-car terminals," said Sgt. Tim Emmons, public information officer for the Porter County Sheriff's Department. "It's still not totally corrected, but apparently the service is a lot better than it had been for a while." Lake County deputies have not experienced any problems with the new system, a sheriff's spokesman said Wednesday.

Donnelly talking oil in Porter County

CHESTERTON - Joe Donnelly, the Democratic candidate running against Republican incumbent Chris Chocola for the 2nd District seat, addressed a group of more than 25 people at a meeting of the Democratic Alliance (**Post-Tribune**). Donnelly's message was one of taking back the House for people, not conglomerates, targeting drug companies and oil companies specifically. "The future of our country is on the line. Our country shouldn't be controlled by the lobbyists who give out steak dinners," he said. Policy in the Middle East is driven by oil, he said, and the United States is funding both sides of the conflict through oil. He favors alternative energy sources, such as ethanol and bio-diesel fuel, instead of giving tax breaks to oil companies making record profits. "I'd rather be putting that money into the pockets of Middlewestern farmers than Middle Eastern sheiks."

Daniels to announce more jobs next Monday

RICHMOND - A major economic development announcement for Wayne County is expected Monday. Gov. Mitch Daniels will be at the Indiana Gateway Industrial Park for the public announcement.