

TRANSCRIPT OF PROCEEDINGS

NATIONAL GOVERNORS' ASSOCIATION

FIRST PLENARY SESSION

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Hilton Head, South Carolina

Sunday, August 24, 1986

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NATIONAL GOVERNORS ASSOCIATION

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FIRST PLENARY SESSION

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Hyatt Regency Hotel

Ballroom I

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Hilton Head, South Carolina

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Sunday, August 24, 1986

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The first plenary session convened at 12:35 p.m.

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1 P R O C E E D I N G S

2 GOVERNOR ALEXANDER: Good morning, ladies and
3 gentlemen, guests. I would like to call this meeting of
4 the Governors session to order.

5 MR. BRANSCOMB: Audio.

6 GOVERNOR ALEXANDER: Thank you very much.
7 Ladies and gentlemen and my fellow Governors, we want to
8 begin the 78th meeting of the National Governors'
9 Association, and ask the Governors to please take their
10 seats; some of the most comfortable seats, as Governor
11 O'Neill observed, in any of the Governors' meetings. We
12 thank Governor Riley for that. We have a fascinating
13 afternoon ahead of us and I think a fascinating next 2-1/2
14 days. I have a few pieces of business to get out of the
15 way before we begin.

16 May I have a motion and a second for the
17 adoption of our usual rules of procedure. Motion and a
18 second.

19 Any objection?

20 They are adopted.

21 I would like to announce at this time that any
22 Governor intending to offer a motion, or a suspension of
23 the rules, for the purpose of introducing a policy
24 statement for consideration at Tuesday's plenary session,
25 must do so in writing by the close of business tomorrow.

1 If the Governors have substantial amendments, it
2 would be a help if they would also be made in writing. I
3 hope you will give all copies of that to Jim Martin of the
4 NGA staff.

5 There will be some elections of our own before
6 we leave on Tuesday, and I have asked five of our members
7 to serve as members of the nominating committee for next
8 year's Executive Committee: Governors Janklow, Atiyeh,
9 Riley, Lamm, and Governor John Carlin as Chairman.

10 We are already enjoying South Carolina and
11 Hilton Head and the Rileys, the first family here, as well
12 as all of the other families. And to welcome us again, the
13 honorable Governor Dick Riley, the Governor of South
14 Carolina. Dick.

15 (Applause.)

16 GOVERNOR RILEY: Thank you so much, Lamar. It's
17 certainly a great honor for me as Governor to welcome all
18 of you here. South Carolina is so proud to have this very
19 important conference, proud to have all the distinguished
20 Governors and the guests here with us. I think you can
21 sense the great warmth that's present here from the people
22 of this state. One of my favorite stories about the sea
23 coast is when my wife and I had our children down to
24 Pawleys Island, which is up the coast a little bit from
25 here, one summer. We had three little children at the time.

1 We have four now; but Hubert was about four years old, and
2 we were walking on the beach early one morning, nobody was
3 out there but Hubert and myself, and I told Hubert to look
4 out into the ocean -- and no boats, no nothing -- and to
5 concentrate on what was important -- and he was a little
6 tiny fellow. He looked out at the ocean, the ocean waves
7 were rolling in and rolling in. He looked up at me, big
8 eyes shining, he said, "Daddy, it just keeps flushing and
9 flushing and flushing." So I hope as you all look out into
10 the ocean, you can have a little more profound thoughts
11 than Hubert.

12 But I am so proud, as the issues we have
13 discussed here at this meeting -- we will address the
14 critical issues for all states and, really, for the future
15 of this nation, and for all young people, certainly, and
16 all the people. That is this issue of quality education,
17 American educational reform.

18 But Hilton Head and all South Carolina have
19 thrown their doors open. And I hope, in turn, you will be
20 impressed with the beauty of this island and the entire low
21 country of South Carolina. It is indeed steeped in legend
22 and in mystery, and is unsurpassed, I think, in natural
23 beauty and climate anywhere.

24 By the end of your stay, I am sure you will
25 agree with our court laureate Henry Timrod, who lived in

1 the mid-1800s and served as court laureate then. Talking
2 about this state, he said, "We thank Him for placing us
3 here beneath so kind a sky."

4 This welcome also would not be complete without
5 thinking of those farmers all across the country and
6 thanking you Governors and all involved, for sending the
7 large quantities of hay here during our very critical
8 drought that has occurred over the past six or eight months.
9 It was an outpouring of warmth and support. We appreciate
10 it. I think it has touched people all over the nation and
11 certainly we have been very grateful.

12 With the focus of this meeting on the 1991
13 Education Report, I think it's particularly significant
14 that it's being held here in South Carolina. We in our
15 state are proud of the pioneering efforts that have been
16 made for educational reforms, by parents and children and
17 grandparents and teachers and principals, business people,
18 all working together.

19 Knowing the caliber of Governors here, their
20 determination to place the children of America as their top
21 priority, I am certainly confident, as one of your fellow
22 Governors, that we will succeed.

23 As Governor of this state, it is a privilege for
24 our state and Hilton Head to be the location of this
25 important national effort led by our states' Governors.

1 Our one great treasure, Mr. Chairman, that we
2 have in South Carolina, is a great appreciation and
3 sensitivity of all the arts. Last night those of you who
4 were at the function saw and heard Clay Rice, who, along
5 with his well-known grandfather, Carew Rice, was a
6 silhouetter, a person who developed this great art of
7 silhouetting. Clay has done a special silhouette of a low
8 country scene that will be mailed to all the Governors. I
9 know you will enjoy and appreciate it. Walter Greer is an
10 excellent, well-recognized national artist from Hilton Head
11 and one of his paintings, of course, you will have of a low
12 country scene.

13 But I am pleased this morning to have with us
14 Grace Freeman of Rock Hill, South Carolina, our beloved
15 poet laureate. She and her husband, John, are down
16 visiting with us. We put at all of your desks a copy of
17 her most recent volume, "Not Set in Stone." I would note
18 what she said about her husband in it, as she dedicates the
19 volume to him, that he is her constant in life. Grace has
20 autographed a copy for each of you. I know you will enjoy
21 it. Let me ask Grace, and John too, if you will stand and
22 be recognized.

23 (Applause.)

24 GOVERNOR RILEY: Let me ask you, if you would,
25 as I conclude my welcoming remarks, turn to page 11 of the

1 title poem, "Not Set in Stone." Grace, if you don't mind
2 me saying, a whimsical yet very meaningful little poem,
3 with an important message that would provide, I think, a
4 sound beginning, Lamar, for this conference. The last two
5 lines, I would like to read it; the last two lines I will
6 share with you, "Life's appetites and answers are not set
7 in stone."

8 So, Mr. Chairman and my fellow Governors,
9 welcome to South Carolina. Answers to our heavy state
10 problems are indeed not set in stone. We are all anxious
11 to share our ideas, to seek our best solutions working
12 together. Welcome.

13 (Applause.)

14 GOVERNOR ALEXANDER: Thank you very much, Dick
15 Riley and the host committee and the people of South
16 Carolina, for this wonderful visit. A few years ago, it
17 was possible to find a great many parents, citizens and
18 especially educators, who would tell you in a minute that
19 the Governors were too disinterested in education. Now,
20 many of those same people think they have found something
21 even worse: Governors who are too interested in education.

22 If you look over the horizon and see a big cloud
23 of dust, it's not likely to be the Russians or the
24 buffaloes coming; it's likely to be the Governors coming to
25 save the schools, and coming in virtually every state.

1 Governor Riley said, and he believes it, and the people of
2 South Carolina mean it, they are very proud of South
3 Carolina's efforts to improve the quality of education in
4 this state, and they have done a number of pioneering
5 things here that people respect in every state.

6 But it's just not only true in South Carolina.
7 You can interview the Governors as they leave this room,
8 and each one will give you a pretty good and honest speech
9 about his or her deep belief that the state that Governor
10 represents has the best education reform package in that
11 state's history. The Governors, in their own ways, in
12 their own states, are making great steps forward.

13 No one can quite remember the nation's Governors
14 ever doing anything quite the way we have done our look at
15 better schools over the past year. We have divided into
16 seven task forces to work on seven tough questions. We
17 have produced a variety of answers and issued those in a
18 report that looks ahead for five years. They are not easy
19 questions and they are not always the favorite questions of
20 many professional educators. We have done it because we
21 believe that better schools mean better jobs, and that our
22 -- the future of the people who elect us depend upon having
23 better jobs. We have come to some conclusions about it
24 which we would like now to begin to present.

25 For the first next hour and a half, we are going

1 to begin that presentation. We will have a film about 12
2 minutes long featuring the chairmen of those seven task
3 forces, and a number of other very important individuals,
4 many of whom are seven, eight and nine years old, at whom a
5 lot of this is directed and intended to help. We will then
6 hear presentations from three of the Governors who led the
7 task forces on teaching, on leadership and on choice. And
8 then to assist us, we will welcome six very distinguished
9 persons in the field of American education: The honorable
10 William J. Bennett, the United States Secretary of
11 Education; Mr. Lewis Branscomb, the chief scientist for IBM
12 who headed the task force of the Carnegie Foundation on
13 teaching which we have been hearing so much about;
14 Mrs. Mary Futrell and Mr. Al Shanker, the heads of the two
15 national teachers unions in this country, who have come
16 here today; Mr. Everett Hawks, principal of Central High
17 School in Little Rock, Arkansas; Ms. Georgeanne Sherrill,
18 who is a career ladder 3 elementary teacher in Tennessee.
19 The six of them will be here to respond to the questions of
20 the Governors.

21 The most important thing I could say about the
22 report, just before we see the film, is this: This is not
23 a report of a professor, no matter how distinguished that
24 professor might be. Neither is it the report of a
25 commission, no matter how distinguished that commission

1 might be. This is a report of the nation's 50 chief
2 executives. The chief executives of states, who have the
3 responsibility for setting the agenda and making things
4 happen state by state by state.

5 It is my judgment and hope that this report, and
6 the issues upon which it focuses, will help to set the
7 agenda for American public education for the next decade.

8 I want to thank the staff of the National
9 Governors' Association, Ray Schpock, Joel Nathan, and a
10 variety of other persons too numerous to mention for some
11 of very skillful help. We begin now with the presentation
12 of the report itself featured in this film for the next 12
13 minutes.

14 (Film was shown.)

15 (Applause.)

16 GOVERNOR ALEXANDER: She would be a threat, too.

17 The way we are going about this is to deal with
18 three task force reports today: the first by Governor
19 Clinton, the task force on school leadership and management;
20 then Governor Kean's, then Governor Lamm's.

21 Tomorrow at the Executive Committee meeting, we
22 will meet with the leaders of the distinguished education
23 groups who are here to find better ways to develop this
24 compact so we can spend more time working together. Then
25 on Tuesday we will continue with the reports of Governor

1 Riley, Governor Sununu, Governor Schwinden and Governor
2 Ashcroft.

3 We want like to get to the summary presentation
4 of the reports now so that we can then get to the opinions
5 of our distinguished visitors. To do that, the vice
6 chairman of our association, Governor Bill Clinton, chair
7 of the task force on school leadership and management.

8 GOVERNOR CLINTON: Thank you very much,
9 Mr. Chairman. I will be very brief, because I, like all of
10 you, am more interested in what the panel has to say than
11 what we have to say to repeat our program. I would like to
12 begin by thanking the staff of the NGA and others,
13 including people from ECS and other education communities,
14 for their help in this report, and by complimenting our
15 vice chairman, Governor DiPrete, as well as our principal
16 staff people, Representative Cabe from Arkansas and
17 Mr. DiOrio from Rhode Island.

18 There were two central ideas in this report,
19 which I will try to make succinct and clear. The first is
20 that the state can do a very good job of raising minimum
21 standards through the state reform programs, that we can
22 lift the bottom, if you will. We can require more courses
23 to be offered, more courses to be taken, more support
24 services to be given to students. But that anything beyond
25 that, the achievement of real excellence and maximum

1 educational productivity, has to take place in the school,
2 in the magic that exists between the teacher and the
3 students and the environment of the school.

4 The second idea is that, following from that,
5 that this is not very likely to happen unless that school
6 has a very good school leader; and that in every state
7 there can be dramatic improvement in the system we have for
8 selecting, training, supporting and evaluating school
9 leaders.

10 The principal area of disagreement, I should say,
11 and one that we never really fully resolved, was to what
12 extent state certification requirements were relevant for
13 the selection of school principals, and to what extent they
14 should be changed.

15 The most radical position taken in all of our
16 hearings was that -- predictably, I think -- taken by
17 Dr. Finn of the Department of Education, who suggested that
18 a good corporate executive might be a good school principal
19 and perhaps should be put into a school on an experimental
20 basis, if a person who had good management experience in
21 another area of life wanted to run a school. There were
22 others who said, no, we should have very detailed
23 educational requirements for becoming a school principal.

24 However, 100 percent of the people who testified
25 in our hearings agreed that every state needed to go back

1 and look at the certification requirements for principals
2 and make absolutely sure that there was more practical
3 experience required and that each of the course
4 requirements for becoming certified was actually relevant
5 to the work to be done.

6 The committee members did a good job; the
7 witnesses were terrific. I think this is an important
8 report and I hope that all of us will devote more time and
9 attention to the process of selecting and supporting and
10 training school leaders. Thank you very much.

11 GOVERNOR ALEXANDER: Thank you, Governor Clinton.
12 Bill Clinton's leadership is very important to the success
13 of this report. He is the new chairman of the Education
14 Commission of the States and will be the new chairman of
15 the National Governors' Association. None of us remember
16 anybody having both jobs at once, and no year could be
17 better than next year, which will be the first of the five
18 years that we intend to track these issues.

19 Governor Tom Kean of New Jersey headed our task
20 force on teaching, former teacher himself. He was chairman
21 of the Education Commission of the States last year, and
22 was the Governor who, incumbent Governor who served on the
23 Carnegie Commission's task force on teaching. Governor
24 Kean.

25 GOVERNOR KEAN: Thank you, Governor Alexander,

1 and first of all, let me commend you on your leadership of
2 this whole effort and, secondly, to thank the members of my
3 particular task force. We have done as Governors a
4 tremendous amount up to this point, and I don't think we
5 should underestimate that. But I think we also should say
6 that there is no way we can stop here. We are just
7 beginning, I think, for instance, to tap the vast energy of
8 2 million teachers. They haven't really been involved in
9 the effort before, and one of the things our particular
10 task force felt strongly in -- in the various states, we
11 have got to listen more, talk more with those teachers and
12 tap the tremendous energy that they bring to the whole
13 process. We have got to attract the kind of teacher who
14 told me that, hey, when they have a problem, when people
15 have a problem with the schools, they don't call the
16 Governors's office, they don't call even the principal;
17 they call me, they call the teacher. We have got to
18 involve that kind of a teacher and keep them in the
19 classroom.

20 40 percent of our teachers leave in the first
21 two years; and that's wasted talent, and we've got to stop
22 it.

23 There is a consensus emerging around the new
24 agenda; no question about that. That teachers must assert
25 high standards of performance and live by it; we believe

1 that our National Board of Professional Standards is the
2 way to do that, and we hope that Governors will support
3 that particular effort.

4 Colleges and universities must rebuild teacher
5 education. There are too many teacher education courses
6 that are simply a waste of time and money, and the teachers
7 who are taking them know it. We have got to rebuild those
8 agendas.

9 Educators must redesign schools to make them
10 more productive. More productive places to learn and more
11 productive places to work. We have to go beyond the
12 combative school form where the only time principals and
13 school boards and teachers talk to each other is around
14 collective bargaining, and they are fighting with each
15 other. We have got to get them in and around the classroom,
16 centered around issues about how to improve what goes on,
17 how things get into a child's head.

18 We need to redesign our regulatory system. We
19 want a more thoughtful teacher recruitment and retention
20 program. Teachers want to succeed, and they want a
21 professional work environment, and we have got to give it
22 to them.

23 We outline basically 10 things, now I will
24 mention them very briefly, that Governors can do to move
25 forward our agenda.

1 First of all, we are asking that Governors
2 convene a statewide panel to review those national teacher
3 policy reports. We have three or four great reports, this
4 is the latest in that, but we want the states to review
5 those reports and devise out of that a plan for your state,
6 so you as Governors can move ahead on those issues and get
7 moving.

8 Secondly, as I mention, we hope you will support
9 the National Board of Professional Teacher Standards.

10 Third, we would like Governors to develop
11 initiatives to rebuild schools for performance. Start with
12 a model. Say look, we're looking for a few visionary
13 principals, we're looking for people who want to take
14 chances, who aren't satisfied with the status quo, and we
15 have to back those risk-takers, we have to back those
16 people, and if necessary, put some money behind them. I
17 think you better than anyone else, you as Governors, can
18 set the stage for a new compact between teachers and the
19 public.

20 Fourth, we have got to simply challenge higher
21 education and teacher education. We have got to convene,
22 if necessary, presidents, deans, trustees, whatever it
23 takes, and ask them what they can do to make teacher
24 education meaningful, what they can do to resolve teacher
25 recruitment problems, and how we can build alliance with

1 teacher educators who are willing to assert ambitious goals,
2 who want to raise their own standards and make their own
3 work meaningful. We have got to support those people and
4 we've got to hold them accountable.

5 Fifth, we have got to establish a meaningful way
6 for the state to intervene in bankrupt schools. We have
7 got to provide for the education of children, if there are
8 districts that repeatedly failed to teach them. Makes no
9 sense to abandon anything, let alone children, to a
10 bankrupt organization. I suspect that each and every one
11 of you, right this minute, could think of a school district
12 in your state where education isn't taking place and hasn't
13 taken place for a number of years and those kids have been
14 cheated year after year. We happen to believe that at this
15 point we have a duty as Governors to massively intervene if
16 necessary in those school districts to make sure that
17 education is taking place.

18 There are other actions which we recommend in
19 our report. They are not easy things to do. They are
20 tough things to do. Some of them are tough politically but
21 they are practical things and things that Governors can do
22 to create opportunities for others.

23 Many people in the classroom, we have found,
24 many teachers are willing to take the risks for better
25 education; many administrators are, too. We have got to

1 support those risk-takers.

2 Above all, we have got -- again, make the point
3 over and over again -- we support those good teachers. We
4 want to back them, and we believe in the importance of
5 their profession. This doesn't mean business as usual or
6 even education as usual. It means education that is
7 fundamentally better than it is right now.

8 Education is good politics, and it's good
9 governing. I campaigned on education issues in every city
10 in my state, and last year I carried every city in my state,
11 a good deal on those issues. Education is the way for
12 Governors to do something practical about economic
13 development, and education is a way we can fight economic
14 competition from abroad. Education, I believe, may be the
15 very best way that the Governors can contribute to the
16 defense of our nation.

17 We are not going to move on to another agenda.
18 Governors are with this agenda, and I suspect you're all
19 going to stick with it, and for that I thank you.

20 GOVERNOR ALEXANDER: Thank you, Tom Kean. Tom
21 and Bill were vice chairmen of this large undertaking that
22 involved all of the Governors; we're only now hearing from
23 the chairmen, but all of the Governors were involved one
24 way or another.

25 The third report we will discuss in more detail

1 today is the report on choice. Seems like a fairly simple
2 question, but it produces a wild, complex array of answers.
3 Why not give parents more choice of the school their
4 children attend?

5 Governor Dick Lamm of Colorado led that task
6 force.

7 GOVERNOR LAMM: Mr. Chairman, in addition to
8 recognizing your leadership in this, I would like to
9 recognize Governor Tony Anaya and Governor Mike Castle, who
10 were extraordinarily helpful in this very complex task
11 force that we looked at. What we were looking at is how
12 can we give additional flexibility to parents and students
13 in choosing their schools within the public school context.
14 Is there a possibility, and what are the options in terms
15 of allowing a student more choices. There is this sort of
16 monopoly right now by where you live dictates where you go
17 to school.

18 A number of states have started -- in fact, some
19 started as much as 10 years ago -- trying to find ways to
20 give parents and students a series of options. In Arizona,
21 they come up with a system where K through 12, students can
22 attend different public schools than necessarily the one
23 that is dictated by where they live.

24 In Minnesota, they have a program where juniors
25 and seniors in high school can take community college

1 credits and courses and those count toward their high
2 school.

3 A number of states -- and this is not a panacea;
4 this is no magic bullet, but in terms of the total arsenal
5 of education reform, very clearly a number of states have
6 tried to enlarge the amount of choice that their students
7 have available.

8 You know, it is interesting that America is a
9 land of choices. We have 100 breakfast cereals to choose
10 from, 200 different makes of cars. But in this one
11 educational area -- and for some very good reasons -- we
12 have not done a lot in choice. Some of these could be
13 magnet schools, some of them could be alternative schools,
14 some of them could just be different options among the
15 public schools.

16 By the way, one of the most depressing charts,
17 on page 71 of this report, "A Time for Choice," on page 71
18 there's a study that shows where some of America's public
19 school teachers send their kids to school. Those people
20 that are in the front lines, those people that know what
21 happens in our public schools best. You will see that in
22 percentages substantially higher than average, public
23 school teachers send, in these studies -- this isn't all
24 America but this is a number of significant cities -- that
25 they send their kids to different schools.

1 The task force also looked at the question of
2 parental involvement. We are convinced that an educated
3 child can be maximized by maximizing the amount of interest
4 that parents take in their children's learning, the context
5 of children's learning, the school that they go to. And we
6 have recommended a number of different, again, examples
7 from other states where states have tried successfully and
8 successfully tried to encourage the amount of parental
9 involvement. The two things we looked at: choice,
10 parental involvement. They are related but they are also
11 separate. We decided that there was an awful lot of wisdom
12 in trying to enlarge -- by the way, in a nondiscriminatory
13 way, one of the things that all of these programs start out
14 with is you have to make sure that it does not in any way
15 interfere with access or equity. But there are a lot of
16 experimental programs that show very promising results by
17 enlarging the amounts of choices that we can have for our
18 kids.

19 Thank you, Mr. Chairman.

20 GOVERNOR ALEXANDER: Thanks, Governor Lamm.

21 Now, for the Governors' questions. The format
22 is to address our questions to our six experts, who are
23 among the most prominent thinkers and leaders in American
24 public education today. I am going to toss the first one
25 out. Secretary Bennett, you are the top U.S. education

1 official. You have seen the report. What are its pluses,
2 what are its minuses? How long will it take, and what will
3 happen, especially if some of the ideas that the Governors
4 suggest are carried out, in turning over more
5 responsibility to local school districts? What if they do
6 a worse job instead of a better job? And thank you for
7 being here.

8 SECRETARY BENNETT: You are welcome. Thank you,
9 Governor. First, if I can comment on that film. Those
10 children are free to choose their careers, and you notice
11 the careers they talked about, being an astronaut, being a
12 person who helps other people, being a governor. You
13 notice no one said being a career federal bureaucrat. You
14 see the way the educational system is working; things are
15 getting better, and we should take advantage of it. If I
16 may make a couple of general comments following the
17 presentations that have been made.

18 In a nutshell, I would say that your reports, I
19 would give them an A. They are great, they make sense. I
20 encourage you to go to it, and I offer my congratulations
21 to the Governors for their clarity, their cogency and their
22 courage in regard to these questions. These reports showed
23 that the nation's Governors are at the center stage of
24 education reform, and that's a very good thing.

25 I think your reports may be the most important,

1 constitute the most important event in American education
2 in the last five years, and a lot of important things have
3 occurred in the last five years. That's because you are in
4 charge of schools in your states, and when you decide to
5 act you can act.

6 I would hope, Governor, that by 1991 -- you said
7 how long -- these reforms would be visible in every school
8 in the land. But I think that the time frame can be
9 considerably shorter for a number of these reforms, maybe
10 next year for some of them.

11 The good thing, one of the very good things
12 about these reports, is that Governors, unlike some of us
13 in the education business, have a bias toward action, and
14 that is a good thing. And to be making sense, and to have
15 a bias toward action while you are making sense, is, I
16 think, very promising.

17 If I could comment just specifically very
18 briefly on the three reports that have been briefly
19 summarized. Governor Lamm's report, I applaud Governor
20 Lamm and his group for recognizing that parental choice is
21 critical to educational reform. I think it's growing.
22 Endorsement, acceptance and your specific endorsement of it
23 may be the education story of the year. Educational choice
24 does make for better schools, better students, and more
25 satisfied and involved parents. Indeed, it's the best for

1 those students, who need it the most -- those students who
2 have the most to gain from school and those students who
3 are hurt the most by the operation of the current system.
4 A student who is poor, who does not get much intellectual
5 stimulation at home, and who is at a school that is not
6 serving him well, that is the student who needs choice the
7 most.

8 Second, on Governor Clinton's report, he
9 embraces -- the Governors embrace the proposition that the
10 quality of the school is apt to be closely tied with the
11 quality of its leader, usually principal, and that
12 performance, not paper credentials, is how you judge a
13 principal or school leader. This is right, it is surely
14 right. The evidence is clear that it is right. The
15 research makes it plain that this is right. A recent study
16 in the state of Washington showed that the immediate
17 beneficiaries of strong principals and strong leaders are,
18 again, the children who need school the most, the children
19 for whom school matters the most.

20 Enticing and hiring a good principal is what I
21 call the \$50,000 solution. A community looking for a
22 relatively inexpensive way, given what education costs, to
23 improve a problem school, could do no better than cajole,
24 entice, tempt, and then hire a man or woman as principal to
25 do the job. I've made it a point in the last few months to

1 meet with some of these extraordinary people. They are
2 worth their weight in gold. A man like Doc Williams, if I
3 can just speak of Washington, D.C. for a moment, Doc
4 Williams of Cordoza High School, Ralph Neal at Eastern High
5 School, these guys take over schools where the dropout rate
6 is 50 percent, where drugs are rampant, where students are
7 not taking math after the 9th or 10th grade, and by their
8 leadership, and their ability to elicit the loyalty of the
9 professional staff, the teachers, these people turn schools
10 around. They get the dropout rate from 50 percent to 10
11 percent. They get everybody taking math in the 11th grade.
12 They give students aspirations they did not have before.
13 These are some of the real heroes of American education,
14 and we need to pay more attention to them. There are very
15 few schools that are not well led. I congratulate Governor
16 Clinton and his group.

17 Governor Kean talks about teaching and teaching
18 reform, and Governor Kean knows of what he speaks. He has
19 not only spoken a good game here, he has acted a good game.
20 He has done it in the state of New Jersey. I won't go into
21 detail, but I think that the things that Governor Kean has
22 done to open up the teaching profession to people who are
23 otherwise qualified, other than through the usual route,
24 has led to an increase in standards in the teaching
25 profession of New Jersey. That has enlarged the pool, it's

1 responded in part, I think, to teacher shortages, and it's
2 generally been very good for education in the state.

3 You acknowledge, Governor, that all sorts of
4 routes can lead competent people into teaching, and that
5 that's what we need, that school systems should not rule
6 out the competent, whether they have the methods courses or
7 not.

8 You also acknowledge that teachers need to have
9 more interesting and more rewarding careers, particularly
10 good teachers. I couldn't agree with you more. Teachers
11 need many kinds of rewards, not just financial. And that,
12 let's face it, some teachers are better than others. If
13 you go into the schools, where I have been the last year
14 and where I'm going tomorrow, opening school in Idaho, you
15 will see that some teachers are better than others, and
16 that should be recognized and those good teachers should be
17 rewarded.

18 So I congratulate Governor Kean. I am not
19 usually an easy grader, Governor Alexander, let me say, but
20 I think these reports are splendid. I just briefly
21 mentioned, it wasn't discussed this morning, although your
22 film mentioned it, that I am delighted with Governor
23 Ashcroft's report, too, on higher education. It is about
24 time that we paid more attention to accountability in
25 higher education. The public, as you know, feels very

1 strongly that its elementary and secondary schools belong
2 to it, belong to the public. They feel less strongly that
3 their institutions of higher public education do. Well,
4 they should exercise that sense of ownership more than they
5 are, and I am delighted that the Governors are leading the
6 way there in terms of accountability.

7 I hope that we see a similar dynamic now on the
8 part of all those involved in the education business.
9 There will be those who will want to carp about your
10 reports and take exceptions to it. Obviously you want
11 questions and debate. I don't argue against that.

12 But I see education now, vis-a-vis your reports,
13 in roughly the same situation that I see taxes, federal
14 taxes, in relation to the Congress' recent action. There
15 is a broad consensus. Some people are going to start
16 nipping at it, carping about it, complaining that the
17 interest of their particular group isn't served. I hope
18 you will listen patiently, and in the end not brook any
19 nonsense and proceed to act. It is time for results.

20 Thank you for that opportunity.

21 GOVERNOR ALEXANDER: Thank you, Mr. Secretary.
22 Governor Kean has a question for Mr. Branscomb.

23 GOVERNOR KEAN: I would like to ask you, Lou,
24 American business has been faulted, really, for a
25 short-term focus. I guess the same thing is true for those

1 of us in political life. Yet investment and education are
2 a long-term thing, it takes a long time before you see
3 results. So given this focus on short-term performance,
4 first of all, how do you account for senior business
5 leaders such as yourself who are willing to invest the kind
6 of energy in education reform that you have, and more to
7 the point, if we as Governors stick to it, stick to this
8 agenda, will the business leadership in this country stick
9 with us?

10 MR. BRANSCOMB: Governor Kean, the companies
11 that are committed to educational reform and are active are
12 the companies that take the long-term view. Companies that
13 take the short-term view may not be around very long, and
14 that might even be said of governors. I think the
15 important issue is, indeed, a long-term view for our whole
16 economy. A lot of companies that take that longer view
17 invest enormous sums in their internal training and
18 education of their people. My company, IBM, spent last
19 year close to \$2 billion on internal education, counting
20 the salaries of our people while they were in class. Our
21 knowledge of what competition skills are around the world
22 is considerable; we operate in 127 countries, and in
23 virtually every country all the employees in that country
24 company are natives of the country, including the
25 management. And so we can compare performance of different

1 groups of people around the world tackling the same set of
2 industrial problems in our industry. It's kind of
3 interesting that not only is it true that many of these
4 competing companies also believe that education is critical
5 to their competitiveness, but they are reaping considerable
6 rewards. We looked at the average educational level of
7 IBMers in countries around the world, and somewhat to my
8 astonishment we discovered the best educated IBM employees
9 in the world are in IBM South Korea, where a full 91
10 percent have education beyond high school. That came as a
11 surprise to me, and would probably come as a surprise to
12 many Americans that realize as we compete with countries
13 around the world, particularly in Asia, we are often
14 competing against companies with lower wage scales than
15 ours. That is not true in Japan where the principal
16 competitor's wages are quite similar to ours. The thing we
17 don't realize is we are competing against societies that
18 take education even more seriously than we do. So it's not
19 just a matter of patching up our education to be as good as
20 it was, it's a matter of training people for a world of
21 work where thinking for a living is the key to success.

22 I might also point out that there's been a fair
23 amount of discussion in the press about whether or not it's
24 really true that we need a broad-based educational reform
25 in order to be successful in high-tech industries, and some

1 reports that claim that the biggest increase numerically in
2 future jobs is going to be in low-tech jobs. I think
3 that's dead wrong. It's certainly true that the high-tech
4 companies are not going to be the principal source of new
5 employment, although they will, as they grow, as the
6 economy grows. Because high-tech companies are those in
7 the best position to be very productive, using their own
8 tools, and their own way of working. Indeed they must be
9 very productive because it's precisely in that sector that
10 our foreign competition is most productive. You'll find
11 that while our company is a labor-intensive company -- we
12 have 300,000 or so employees in the United States -- and
13 labor is a big fraction of product cost, the factory-direct
14 labor -- on the assembly lines, if you like -- is typically
15 3 or 4 percent of product cost. What happened, who are all
16 the people who contributed to the profits? The answer is
17 they are former factory workers who are now maintenance
18 people on the machinery, who are the programmers of that
19 equipment, who are the schedulers, planners and managers of
20 that enterprise. That's all been done with internal
21 education.

22 We hear a lot about a knowledge-based economy.
23 I think it's important to appreciate that moving into a
24 knowledge-based economy, if that's what it takes to be
25 competitive, that we can't expect the smokestack industries

1 to create the new employment. Then we have to ask, "What
2 is industry in a knowledge-based economy?" The answer is
3 the education industry. The next question you ask is, "Well,
4 how competitive is the education industry?" A question
5 Governor Lamm asked in a very interesting paper I read.
6 You have to say our education industry -- to be sure a
7 public sector industry, nonetheless an industry -- is not
8 competitive today. So, if our economy is going to be
9 competitive, the education industry has got to be
10 competitive.

11 I think the key to engaging a long-term interest
12 and commitment of companies is the adoption of a reform
13 strategy, like that proposed by the Carnegie task force and
14 the Governors' task force, that is based on genuine and
15 fundamental change in which the principles are more
16 emphasis on professionalism in the teaching, deregulation
17 to free people to be innovative, incentives, positive
18 incentives to encourage creativity and imagination, and
19 accountability, not just on the part of the teachers and
20 school administrators, but accountability on the part of
21 those citizens who have to understand why we need better
22 schools.

23 My final comment is to observe that in the old
24 days we used to depend for citizen support on the parents.
25 And parents are absolutely crucial because of course they

1 do care deeply about their children's futures, but parents
2 are a declining percentage of the voting population in this
3 country. It will not be sufficient to have just the
4 parents in favor of better schools. We have got to have
5 the retired population understanding that their future
6 Social Security payments depend upon the earnings of those
7 kids who are now going into school.

8 So I think we have a real collective job.
9 Business has a major responsibility to work with you to try
10 to convince the American people that what we have at stake
11 here is not just get the schools back like they used to be
12 for our children of the parents, but, is, in fact, the most
13 important central strategic investment we can make for a
14 competitive society in the future.

15 GOVERNOR ALEXANDER: Thank you, Mr. Branscomb.
16 I want to thank you on behalf of all of us for the Carnegie
17 Commission report, which you, Governor Kean, Mr. Shanker,
18 Mrs. Futrell, all worked hard on. We are grateful for that.
19 It's a tremendous blueprint for the future of teaching as a
20 profession. Governor Clinton has a question for
21 Mrs. Futrell.

22 GOVERNOR CLINTON: Thank you you, Mr. Chairman.
23 Before I ask this question, I would also want to say that I
24 appreciate all these panelists coming and I particularly
25 appreciate the fact that we have a classroom teacher in

1 Ms. Sherrill, coming from Tennessee, and a high school
2 principal from Arkansas here. I would invite all of you
3 not to feel too rigidly bound to the format here. So if
4 you want to comment on somebody else's question, feel like
5 you can.

6 Mrs. Futrell, I suppose the conclusion of the
7 task force on leadership and management is self-evident to
8 anyone that has ever spent any time in education, that we
9 need to devote more time and attention to selecting and
10 supporting good school leaders. The question really is how
11 do we do it. We have 10 specific recommendations here.

12 But the question I would like to ask you is
13 based upon your experience as the president of the NEA and
14 as a classroom teacher; if you were -- if you had to tell
15 the Governors what one thing, or two things at most, what
16 could we do that would have the biggest impact on getting
17 more good principals, what would it be? If you had to say,
18 you can only do one or two things, and if you do these
19 things, I think you would have more good principals, what
20 would you tell us to do?

21 MS. FUTRELL: Thank you. First of all, let me
22 applaud the Governors for issuing such a very strong and
23 very positive set of reports regarding education and trying
24 to prepare the children of America for the future. I would
25 like to indicate to you that we believe that the next step

1 that you have now is to return to your states and to
2 implement the recommendations you have; to let you know
3 that the NEA and the state affiliates that we have
4 throughout the nation stand ready to work with you in every
5 way possible.

6 I would especially like to applaud you for
7 involving teachers at every step of the way because it's
8 extremely important to recognize that if there is going to
9 be change in the schools, teachers must be involved from
10 day one. You are one of the leading groups in the country
11 to recognize that teachers are going to play a major role.

12 With reference to the question you asked about
13 what you do to attract leaders into the schools, and to
14 retain them, well, I think one of the things we have to do
15 is look at the way we train administrators in America.
16 Most administrators will tell you that the programs which
17 are offered are not of the highest quality, and that many
18 of the courses which are offered do not prepare them to go
19 into the schools and be the kinds of leaders that we need.

20 I would suggest* that the programs need to be
21 changed to provide not only better managerial skills, but
22 to also help the administrators to understand what it means
23 to be an instructional leader. And being an instructional
24 leader also means being able to work with the people who
25 are assigned to your school. It means having knowledge

1 about the substance and about the instructional process,
2 sharing that information with the people in the schools.

3 We conducted a survey about a year ago and
4 basically what the teachers said to us was that they really
5 don't have confidence in the administrators who are
6 assigned to their buildings. They don't know or don't feel
7 that the administrators really have a strong background as
8 it relates to the academic knowledge and as it relates to
9 the instructional process.

10 I think the second thing we should do is to help
11 the administrators understand that a participatory
12 decision-making process is not a threat to them
13 professionally. But the participatory decision-making
14 process is to utilize all of the talents and the skills of
15 the individuals in the school to try to have the highest
16 quality of education that can be provided for the children.

17 And oftentimes, I think people feel threatened
18 when we talk about shared decision-making. I think it's
19 also important to say to administrators that you need to
20 constantly have a dialogue with the teachers in the schools.
21 We are your partners, your allies, not the enemy. We have
22 the same goals that you have and that is to improve the
23 quality of education for our children. I think we must
24 give them the authority to be leaders, and in many
25 instances, I think that what happens is the administrators

1 simply receive the dictation downtown and they feel that
2 they don't have flexibility to address their needs in their
3 schools and that they must carry out the mandates as they
4 have been told to carry them out. They need the resources
5 in order to be able to have a good school environment, to
6 provide resources to make sure that we have adequate
7 materials, supplies, to be creative in the learning process,
8 et cetera. So, in other words, give them more flexibility,
9 give them the leadership, give them the authority.

10 Finally, I think that if I had to make a
11 suggestion, I would say that we need to, as you talk about
12 the compact, not ignore administrators. And as we talk
13 about the compact regarding parents, the community and
14 teachers, let's not leave out the administrators, and let's
15 all work together to help define what it is what we want to
16 do and how we are going to do it.

17 Again, thank you for inviting me to come and I
18 applaud you for the report you've issued.

19 GOVERNOR CLINTON: One quick follow-up question.
20 As you know, our task force, and I think all of them that
21 looked at this question, strongly agree there should be
22 more shared leadership. Can Governors mandate that in some
23 way, or is the best we can do to encourage that? Should
24 we -- can we mandate it or should we just encourage it?

25 MS. FUTRELL: My personal opinion, Governor, is

1 it cannot be mandated. What the Governors can do is to
2 certainly encourage school districts, communities, and the
3 people in the state, to support this kind of leadership
4 style.

5 Secondly, I think the Governors can work with
6 state legislators, work with the departments of education,
7 work with the different education groups, to review and to
8 revise the policies to allow us to have the kind of
9 management, the kind of leadership that we want and need in
10 our school. That's what I think governors can do.
11 Governors can be a good support system and say to the
12 administrators, say to the teachers, we're not here to
13 dictate the mandate, but we are here to work with you and
14 to help you achieve the kinds of schools that you want and
15 we know we need in order to have the results that the
16 states and the local communities must have.

17 GOVERNOR ALEXANDER: Mary, thank you for being
18 here and for your willingness to stay tomorrow and meet
19 with the Executive Committee so we can talk more about
20 developing a closer working relationship between
21 educational leaders and the Governors. We are also glad to
22 have Al Shanker, innovative thinker in education, head of
23 the American Federation of Teachers. Governor Lamm has a
24 question for Mr. Shanker.

25 GOVERNOR LAMM: Well, Al Shanker, you were very

1 thoughtful in Denver about the question of choice and where
2 you pointed out there are certain fundamental things like
3 equality that you cannot compromise by choice, that
4 teachers' unions ought to work toward the maximum amount of
5 choice in the schools. Would you just share with this
6 group what -- your feelings on this concept.

7 MR. SHANKER: Well, I first want to thank you
8 for this opportunity to be with you. I want to, if we are
9 going to do a report card here, I too want to agree with
10 Bill Bennett's mark of A on all these reports. I think
11 they are outstanding, they are sophisticated. They have
12 moved away from the first level of quick regulations to try
13 to pull up those minimums into a very in-depth
14 understanding of how complex the institution is, but yet a
15 gutsiness to be willing to go in there and look at the
16 issues and become familiar with them and make some
17 outstanding recommendations. I will get back to that in a
18 second.

19 I think the choice issue is one of -- we live in
20 a society where that is one of our top values. I think
21 that is, you have a more and more educated population, they
22 want more and more choices; people who are less educated
23 generally are more willing to be assigned to the local
24 clinic or they may not have any other choice. But as we
25 have had over the years a society where basically most

1 people were pretty close to the bottom and yet a very small
2 group in the middle and on top. And now we have so many
3 people -- I look at this phrase on the tax reform bill of
4 the "working rich."

5 I think it's a great thing to have a country
6 where you have got a lot of people who are the working rich.
7 People like that demand choice. I also think that with --
8 that when you pick something, you have more of a commitment
9 to it.

10 Kids have more of a commitment when they decide
11 on a program or a school than parents do.

12 I want that same choice for teachers. I notice
13 you have got that here in terms of one of the reports in
14 terms of greater mobility within states and across the
15 country for teachers as well.

16 I just think as we move into that, we have got
17 to be -- I think we have got to be careful, in terms of how
18 we jump, in terms of that movement.

19 One of the most important books in the education
20 effectiveness literature, and I guess the first one, was
21 "15,000 Hours" by Michael Rudder and Associates in England.
22 We quote all sorts of things about principals and school
23 climate and everything else. But there is one basic piece
24 of information there that we practically never quote, even
25 though that was one of the central pieces of the book; and

1 that is that Rudder said he never found a school that was
2 effective if it didn't have at least 25 percent of the
3 students in it who were learning students. That is, if you
4 put together a collection of students, none of whom want to
5 learn anything and they are not making it, and there are no
6 models among other students, then he never saw a group of
7 adults or others lift that school up.

8 And I am very concerned, and I think all of us
9 have to be concerned, that there are situations where
10 choice could result, let's say, in the top 25 percent of
11 the students in a major city being offered nice spots in
12 suburban schools, and leaving the schools in that city that
13 might very well be on their way to coming back, leaving
14 them without any role models at all for those other
15 students.

16 So I think that we all know that part of the
17 education of any child is not just the teacher or the
18 textbooks or the curriculum. Part of the education are the
19 kids who sit next to that child. That's why a lot of
20 Americans move from one community to another. They are
21 sort of buying the school with the real estate, as you
22 suggest.

23 Therefore, as we move towards systems of choice,
24 I think you ought to be very sensitive that we may be
25 leaving a lot of kids behind, and we have got to look at

1 that. That's not to argue against choice, it's just to
2 argue that we do it in a thoughtful way.

3 I would like to congratulate you for pulling
4 together your own thoughts and those of the Committee on
5 Economic Development and the Holmes Report and the High
6 Scope on Early Childhood Education, and the Carnegie task
7 force and a number of others.

8 You have recognized in these reports that
9 regulation is not enough, and that we need some very
10 important structural changes within the schools. Schools
11 are maybe the only institution in our society that look
12 pretty much the same today as they did 200 years ago:
13 bunch of kids sitting there, blackboard, teachers up front;
14 and if we were to take most of these regulatory reports and
15 proceed to put them into effect, we need to analyze what
16 the consequences of that would most likely be.

17 That is, if we had outstanding teachers and if
18 we were to require students to take a tough curriculum, and
19 if we were to give them homework to do and make sure that
20 they did the homework, and if we didn't promote any student
21 unless the student learned what he or she was supposed to,
22 or graduate them, we would have schools just like the ones
23 that I went to in 1939, '40, '41, about that time in New
24 York City.

25 And there were schools like that all across the

1 country. We had wonderful teachers during the Great
2 Depression, and after that. And we had a tough curriculum.
3 We also had a 76 percent dropout rate in this country in
4 1946 -- in 1940; 76 percent. Basically kids started
5 staying in school when we promised them sort of an easy
6 ticket, so we had a school system with a high dropout rate
7 that was kind of quality standards, then we moved to one
8 which had lower standards and kept everybody in. Now we
9 need to do something that is different from what we have
10 ever done before. We have to maintain standards, raise
11 standards, raise them very considerably, and do it in such
12 a way that we don't go back to 1940 and end up pushing out
13 75 or more percent of the students.

14 So that means structural change. You've also
15 recognized a different role for the teacher, and that's
16 important not just because you have leaders of teachers'
17 unions here, or this is Be Nice to Your Teacher Day, or
18 week, or month or something like that, but basically we
19 have a -- there are changing attitudes on the part of
20 American workers, all workers. People used to work for
21 just one reason; they expected the work to be hard and
22 dirty and messy, and they exchanged it just because they
23 had to make a living.

24 But today most workers work because they get
25 satisfaction from the job. Work is a form of using your

1 talents and being recognized because you used them and, yes,
2 Governor Alexander, because you get recognized for doing
3 better than somebody else. That's part of what people want
4 from work.

5 That means that we have got to change the way
6 schools operate, which are very much like factories. We
7 treat kids in ways that they shouldn't be treated.
8 Teachers are also treated very much like the old factory
9 model; told what to do, told what textbook, told how many
10 minutes to teach something. It's almost as though we are
11 saying to them we don't trust you, you have got no judgment.
12 We will tell you every little thing to do and we will come
13 in and watch you every once in a while.

14 We know we are not going to get good people to
15 come or stay if that's what we do. You have asked the
16 right questions, I think you have provided a lot of the
17 right answers; but, more important, I think we have got to
18 the point where we realize that education is not one of
19 those things that gets done or fixed once and for all.

20 We wouldn't think about medicine as saying, well,
21 what is a five-year program of medicine so everything will
22 work. Well, what is a five-year program for the defense of
23 America?

24 We know that defending our country, and we know
25 that medicine, we know these are the things where you

1 constantly have to keep working at it. You have to
2 constantly keep thinking and constantly have to do
3 something different, something new, and something better
4 than what you have done before. It's living. There are
5 new problems that come up and they will need new answers.

6 I think what you have outlined here is not just
7 a one-shot kind of thing, if you put this together,
8 everything is going to be great. You are thinking about an
9 ongoing structure which is going to bring improvement from
10 year to year in the decades to come. So I want to thank
11 you for the work that you have done and for confounding the
12 experts who said that people in political life can only be
13 interested in things for a short period of time, while it's
14 got the headlines or their term of office or something else.
15 This long-term commitment for the last 3-1/2 years, five
16 more, I think it shows those people were dead wrong. So
17 thank you.

18 GOVERNOR ALEXANDER: Al, thank you for your
19 leadership and presence; we look forward in talking more
20 with you tomorrow. I didn't say it earlier, but tomorrow's
21 meeting with the Executive Committee is a meeting all
22 Governors are welcome to attend, if they would like. It's
23 specifically for the purpose of getting down a little more
24 to brass tacks about how do we Governors work with
25 education groups, without -- maintaining our positions,

1 without wasting everybody's time and arguments and battles,
2 if we can possibly avoid them.

3 Tomorrow we have with us Dr. Frank Walter, who
4 is president of the Council of Chief State School Officers;
5 Mrs. Nellie Weal, president of the National School Boards
6 Association; Dr. Earl Ferguson, president of the American
7 Association of School Administrators and superintendent of
8 public schools in Oregon; Dr. Edna Mae Merson, president of
9 the National Association of Elementary School Principals,
10 Dr. Robert Saunders, immediate past president of the
11 American Association of Colleges for Teacher Education;
12 Mrs. Futrell and Mr. Shanker. So that ought to be a busy
13 hour or so in the morning.

14 Now, we have stolen from the classrooms two very
15 busy people as school is starting, I guess, in Little Rock
16 and Nashville: Everett Hawks and Georgianne Sherrill. We
17 thank you for that, for coming today.

18 Governor Thornburgh has a question for Mr. Hawks.

19 GOVERNOR THORNBURGH: Mr. Hawks, this is a tough
20 one. I think your views, as well as the other panelists',
21 would be welcome on it. During the work on the school
22 readiness task force, we had a great deal of difficulty
23 tying together two threads that seem to run through a lot
24 of the testimony that we received. One was, in our
25 hearings, as well as, I suspect, in a lot of other task

1 force hearings, there was frequent reference made to the
2 importance of parental involvement with the school and with
3 the children in producing a higher degree of excellence. I
4 assume that there would be agreement on this panel in that
5 regard as well.

6 On the other hand, increasingly our attention
7 was focused, in the school readiness task force, on the
8 problem of the at-risk child; determining ways in which the
9 new increased curriculum requirements and heavier emphasis
10 on quality in education could become opportunities rather
11 than barriers for particular children with problems of one
12 kind or another in reaching that minimal standard that
13 would enable them to take off and take advantage of these
14 new opportunities being offered to them.

15 The most at risk of those at-risk children, I
16 think we agreed, were those who lack a family structure;
17 there was either no parent or no effective parent available
18 to relate in any way to the school system or to the child
19 in the classroom environment. That seemed to us to be one
20 of the toughest questions that we as a society face, and at
21 the same time, acknowledging that this most at-risk group
22 is unfortunately increasing with the breakdown of the
23 family structure in certain areas; there is a lot of
24 attention to the family structure. But I wonder if you
25 have any thoughts as to how that deficiency can be

1 addressed by teachers, and, in your case in particular, the
2 principal.

3 MR. HAWKS: That is indeed a hard question.
4 Thank you for saving it for me.

5 If I had the answer to that question, I would be
6 a lot better off than I am right now. Before I answer that
7 question -- I am not stalling, I promise you -- I want to
8 thank the Governors for inviting me to this meeting. I
9 feel a fairly significant burden on my shoulders,
10 representing principals. I consider principals all over
11 this great country as being my brethren, and I do feel
12 somewhat a responsibility to them. I appreciate Mrs.
13 Futrell's answer about whether Governors can help
14 principals.

15 Governors need to keep in mind when school opens
16 and whenever we start the reforms that you have so
17 magnificently started, it's the principals and the
18 schoolteachers who are going to have to do the bulk of the
19 work. So when we say we need your support, we really mean
20 we need your support. Because we are the ones that stand
21 in the schoolhouse and greet the students and greet the
22 parents when they come to our new reformed schools.

23 It's important you don't forget us, and I know
24 you won't, because you have done a marvelous job of having
25 led the input to this point.

1 To your question; relates, I am sure, to the
2 quality of the teachers in the school building, to the
3 quality of the administrators in the building. Whether we
4 like it or not, as school administrators and as teachers,
5 we are parents for those children that come to our
6 schoolhouse building. Sometimes we don't like that.
7 Teachers will tell you that, "I don't have enough time for
8 dealing with a particular student's problems; his mother
9 ought to take care of that" or "the parents ought to deal
10 with that." But those days are gone, I think, for good. I
11 think we have a significant number of our students who come
12 to our school buildings who really, for six hours a day,
13 the closest thing they will find to parents are the
14 teachers and fellow students that they relate to in that
15 school building.

16 My suggestion would be that we equip our
17 teachers, we equip our administrators with as many skills
18 as we can possibly give them. Skills that enable them to
19 deal with the needs of these particular students. There
20 are several ways this can be done. I think that, starting
21 with the classroom teacher, I think the colleges of
22 education could do a much better job of providing
23 significant course material and course work in dealing with
24 situations with students like this.

25 Local school districts which have a

1 preponderance or a large number of these at-risk students
2 can do a better job of training our classroom teachers to
3 deal with the kind of student we are talking about.

4 As far as administrators are concerned, I think
5 an administrator who did not realize the importance of
6 approaching this very crucial problem in his building would
7 probably not be very successful, especially in urban areas.
8 We do have a large number these students in our buildings
9 today. In our school district, as a matter of fact, we are
10 making real efforts, this year especially, with a
11 significant grant to deal with dropouts, to deal with the
12 drug situation.

13 I think that's the only way to do it; to make
14 the people that work with the students and the parents, on
15 a daily basis, more effective in what they do.

16 With regard to the question of parental support,
17 it is extremely vital that the community be involved in our
18 schools.

19 Any way a principal or a teacher can get a
20 parent to the school building to help should be tried and
21 should be utilized.

22 GOVERNOR ALEXANDER: Thank you, Mr. Hawks.
23 Thank you for being here.

24 Governor Bob Graham of Florida, who has been a
25 pioneer in teacher reform, has a question for

1 Mrs. Georgeanne Sherrill from Nashville, who I am proud to
2 welcome. She has been a teacher for 18 years, an
3 elementary school teacher and has earned the top
4 designation in Tennessee's career ladder system.

5 Governor Graham.

6 GOVERNOR GRAHAM: Thank you, Mr. Chairman.
7 Ms. Sherrill, I share the enthusiasm for having close
8 involvement with the profession and particularly teachers
9 in this effort. I recognize that success requires the
10 participation and a sense of common commitment of all of
11 those, particularly those who are going to be in the
12 classrooms with the day-to-day responsibility for educating
13 our children.

14 Many states have attempted various ways to
15 recognize and reward the performance of teachers. I wonder
16 if you could comment on those various initiatives such as
17 the career ladder program in your state, and what, from
18 that experience, you would suggest to other Governors as to
19 state policy on recognition and rewarding of teachers.

20 MS. SHERRILL: Thank you, Governor Graham.
21 First I would like to thank all the Governors for this
22 invitation to be here, and I would like to congratulate you
23 on this report. I think it's a wonderful report.

24 I also would like to show my appreciation to
25 Governor Kean's remark about supporting those teachers who

1 are risk-takers. I assure you that every one of us, the
2 first year that Tennessee implemented a career ladder,
3 those of us who attempted those higher levels, we very much
4 felt we were risk-takers. Those risks have been greatly
5 reduced because of the communication about our career
6 ladder.

7 In answering your question, I would hope that
8 the first three steps that any state or Governor would look
9 at, would be to establish your goals and to get input from
10 educators and include educators on the task force.

11 From there, I would suggest that you stop and
12 look at what other states have done. There are several
13 states, I know, that are working to implement a career
14 ladder. Tennessee is beginning its third year. In these
15 years we have learned a lot, we've made a lot of
16 adjustments. Our program is succeeding. We have been very
17 fortunate to have leadership from Governor Alexander and
18 the legislators. They have worked together. They have
19 utilized the recommendations of teachers, and with those
20 recommendations, we are improving our program.

21 We now have over 4000 teachers on the upper
22 levels of the career ladder. Our teachers have been
23 fearful of change, and I think this is true in any state,
24 and it's going to be. Teachers are going to be afraid.
25 That is not only true in education, it's true in business

1 and government and any time you try to implement a new
2 program.

3 There are some key points that I would like to
4 suggest that you keep in mind as you work on a career
5 ladder program.

6 One is that, in my opinion, career ladder is a
7 very strong motivator for some teachers. Since we are
8 concerned about retaining quality teachers, we need to look
9 at all motivational factors, and career ladder is
10 definitely one.

11 The upper levels of the career ladder are not
12 meant for every teacher. The process that teachers go
13 through in itself is an educational process. The career
14 ladder in Tennessee is the choice that a teacher can make.

15 Also, career ladder provides the opportunity to
16 advance and still remain in the classroom.

17 In teaching, in the teaching profession, you
18 have teachers and you have administrators, and there are
19 many teachers that would like to feel that they are moving
20 up and still remain in the classroom.

21 Our teachers who climb the upper rungs of the
22 ladder continue to be rewarded as we work with other
23 teachers who are constantly showing interest in the ladder.
24 This summer I have been very fortunate to work with several
25 of our teachers who have called me and asked me to talk

1 with them about applying for the career ladder. I feel
2 like I have been able to eliminate fears on their part, and
3 I have a lot of friends that are applying for the career
4 ladder this next year. I feel very good about that.

5 I am also very proud to be a career ladder
6 teacher, and I would just like to say that I wish all of
7 you success in your program.

8 GOVERNOR ALEXANDER: Thank you, Ms. Sherrill.
9 Now, we have, as one might expect, a number of Governors
10 with questions. I have written them down in this order and
11 then we will go beyond that. The sharper the questions and
12 the more pointed the answers, the better it will be. So
13 that's just a general admonition.

14 Governor Babbitt, Governor Orr, Governor Dukakis,
15 Governor Janklow and Governor Carlin would be the first
16 five. Then if we have more time, we will go beyond that,
17 but we only have about 15 more minutes.

18 Governor Babbitt.

19 GOVERNOR BABBITT: Mr. Chairman, I will try to
20 rise to your admonition with the following question to
21 Secretary Bennett.

22 Many of us, as we have worked through these
23 education reform issues, have rediscovered an old problem
24 that is not being talked about very much. It's called
25 fiscal equalization. The fact is that American education

1 is still grounded in local districts within states which
2 have vastly unequal fiscal capacity and financial resources.
3 It is a problem on which there is some progress being made,
4 but frankly, not very much. It is a problem with civil
5 rights overtones, for obvious reasons routed in the housing
6 patterns of American cities and municipalities.

7 My question is this: Does the federal
8 government have any responsibilities in mandating, pushing,
9 or otherwise leaning on the states, to do something about
10 this issue of equalization on an intrastate basis among
11 school districts?

12 SECRETARY BENNETT: Yes, well, I think to the
13 degree that federal programs make sense in this area and
14 can be used --

15 GOVERNOR BABBITT: But suppose there were no
16 federal programs at all?

17 SECRETARY BENNETT: If there were no federal
18 programs at all, the state would inherit that additional 7
19 percent, that last 7 percent.

20 GOVERNOR BABBITT: But wouldn't you have a
21 responsibility even if there weren't federal programs?

22 SECRETARY BENNETT: You mean to make sense about
23 what should be done in terms of equalization? Sure, we
24 would.

25 GOVERNOR BABBITT: The Supreme Court came within

1 one vote, as I recall, about 10 years ago saying that it
2 was constitutionally mandated. Now if it's not
3 constitutionally mandated, isn't there an argument that it
4 is at least something that the federal government ought to
5 deal with directly?

6 SECRETARY BENNETT: Yes. It is something that
7 the federal government ought to deal with, and it's
8 something that the federal government does deal with. For
9 example, we would welcome your comments, Governor, as we
10 face the reauthorization of one of our largest single
11 programs, Chapter 1, a \$3.5 billion program. It's a
12 program aimed at poor students and disadvantaged students,
13 students who are not learning well. One of the
14 difficulties with this program as we have seen it is the
15 way it's been set up, there are a number of students who
16 benefit from the program who, although they are behind in
17 terms of reading and mathematics, are not poor.

18 The question is, should we target those
19 resources so that we are focusing exclusively on poor
20 students? It's an open question, but it's the kind of
21 question, question of equity and equalization: Should all
22 of our programs or a majority of our programs, reach first
23 towards the students who are the least well-off? That's
24 one of the issues, obviously, in higher education, too.

25 GOVERNOR BABBITT: Let me just ask you more

1 question, if I may, in pursuit of a little controversy.
2 Would you advocate a federal law mandating that the states
3 take some effort at a minimum acceptable level of
4 equalization; that is, a federal law not dealing with
5 federal programs but going directly to the issue of
6 equalization?

7 SECRETARY BENNETT: Equalization state to state
8 or within state?

9 GOVERNOR BABBITT: Intrastate, within states.

10 SECRETARY BENNETT: Within states.

11 GOVERNOR BABBITT: Yes.

12 SECRETARY BENNETT: Within the State of Arizona.
13 You are not comparing Arizona to California.

14 GOVERNOR BABBITT: Yes. saying, for example,
15 just hypothetically, every state must devise a minimum
16 level of per student support that would apply in all
17 districts across the state.

18 SECRETARY BENNETT: Many states have something
19 like this already. Whether I would want a federal law
20 depends on exactly what that federal law says.

21 GOVERNOR BABBITT: I got it. Thank you.

22 GOVERNOR ALEXANDER: Thank you.

23 Governor Orr.

24 GOVERNOR ORR: Mr. Chairman, this question is to
25 Mr. Branscomb. I am wanting to inquire about the valuation

1 of performance and reward systems. In American industry
2 and business and in many, many professions, individuals are
3 evaluated, rated against some kind of a standard, and a
4 reward system, depending upon the business or industry, is
5 established for those individuals; and, likewise, in many,
6 many businesses, large and small, various units of the
7 business will be placed against some kind of an evaluation,
8 branch plants for example, and a reward system established
9 for that whole unit of the business. It is a part of our
10 economic system and accepted as such, yet there seems to be,
11 despite some of the things said by many of the panelists
12 there, a reluctance to move in that direction in education,
13 either a reward system for schools individually or as a
14 unit, as a group, or the individual professionals within
15 the schools.

16 How do you think, from your observation, we can
17 sell that kind of concept, it being the belief of most
18 Governors that something of that kind is very necessary
19 indeed in order to uplift a standard, but more particularly,
20 uplift the spirits of people involved in educational
21 process?

22 MR. BRANSCOMB: The Carnegie Task Force which
23 spent a lot of time discussing that subject, certainly
24 agrees with the general view that there needs to be a
25 reward system for performances of schools as a whole that

1 is appropriate -- an appropriate measure of that
2 performance to be established by the community. I think
3 that the day may well come, some day in the future, when
4 there is a personnel management system in schools that is
5 appropriate to the professional character of the job done
6 by teachers and which bears some similarity to the kind of
7 personnel management system that is used in more
8 progressive companies.

9 I don't think we can get there from here in one
10 step. One reason for that is because there is not only a
11 considerable lack of experience and even competence on the
12 part of teachers in the way in which individual evaluation
13 might be carried out in today's schools; but, in fact, the
14 way the school is structured. In most cases, that's not a
15 practical thing. You have to think about span of
16 management responsibility. In industry, there is a
17 standard of -- depends on different parts of the country --
18 but a span of six or seven people reporting to a single
19 supervisor.

20 Many schools have a principal and a few
21 assistant principals with the entire teaching faculty
22 reporting to that one individual or two individuals. So
23 you don't have the same situation.

24 I think our view is that the right first step in
25 that direction is, first of all, begin to build an

1 incentive structure that rewards the teachers and the
2 school administration if they collectively get their act
3 together, cooperate with each other, help each other where
4 they're weak, let the strong indeed carry a little more
5 burden if they can, and deliver a better aggregate result
6 for the community. And the aggregate measures are a better
7 test. A very interesting experiment being conducted in
8 Florida in that respect, and it seems to be working.
9 Everybody is watching it very carefully.

10 That's important for the very reason that Al
11 Shanker mentioned. Our society wishes, correctly, in my
12 view, to have all the kids get a good education and there
13 is a huge span of ability and family support and so forth
14 within any given school; and, therefore, the teachers need
15 to be incented to cooperate with each other to handle that
16 full span of problems.

17 I think the other thing that is required is a
18 change in the school structure that recognizes different
19 levels of responsibilities to different people in the
20 school; so that the way you measure their performance is
21 appropriate to what is expected of them in their specific
22 jobs and what they bring to that job in order to perform.
23 I don't think it's reasonable to expect every teacher,
24 bringing whatever background that individual brings in the
25 way of experience and training, to perform at the same

1 level; therefore they shouldn't be measured by the same
2 standard. I think the best first step is an incentive
3 system that does reward performance by the school team as a
4 whole, that commits the community to participate in the
5 goal-setting that allows the teacher to participate in that
6 goal-setting, so that they commit to the objectives; and
7 that then rewards the group collectively if they can
8 overachieve the objectives.

9 GOVERNOR ALEXANDER: Governor Dukakis.

10 GOVERNOR DEUKMEJIAN: Mr. Chairman, this
11 question is addressed to Secretary Bennett, to Al Shanker,
12 and perhaps other members of the panel may want to comment.
13 It has to do with the issue of choice which you referred to,
14 Al. In the early 1850s in the city of Boston -- just to
15 demonstrate that choice is not a new one -- certain Yankee
16 parents -- and when we refer to "Yankee" we don't mean
17 Yankee in the definition of South Carolina -- those who
18 were there before the rest of us arrived -- asked that
19 their kids be transferred out of certain schools which had
20 growing Irish enrollments. The Boston school committee, to
21 its great credit, I believe, sought to discourage the
22 practice on the grounds that to further concentrate one
23 ethnic and income group in individual schools appeared
24 educationally unsound and morally unwise.

25 I guess my question to you is this: If what the

1 Boston school committee believed in the early 1850s made
2 sense then and makes sense today, don't we have to rather
3 severely constrain this concept of choice lest we end up,
4 Al, with the kinds of schools that you described, and with
5 the kinds of effects that many of us are concerned about,
6 and I think all of you are concerned about, and way back in
7 the middle of the 19th century that was concerning the
8 school committee of the city of Boston.

9 MR. SHANKER: I think that was the conclusion of
10 what I said is allow choice, but watch it very carefully or
11 else you get results of that kind.

12 GOVERNOR DEUKMEJIAN: How do you do that?

13 MR. SHANKER: Well, you don't start tomorrow,
14 you maybe conduct a few limited experiments. Many of our
15 cities have magnet schools and do have elements of choice.
16 I have to think that one of the most important elements of
17 choice is not the question of whether this parent can take
18 a child out of this school and move the child X number of
19 miles. I don't know how many parents will do that. One of
20 the most frequent problems you have is you have a teacher
21 and a child who don't hit it off with each other. I think
22 they ought to try to hit it off with each other. But we
23 have some situations where for an entire year a student and
24 a teacher who don't get along with each other, it's a waste
25 of an entire year, can be pretty deadly to the teacher and

1 the student. Often, schools don't want to go through the
2 paperwork that it takes, they say if I do it for one child
3 I have to do it for everybody. So we don't have to think
4 of these necessarily in grand terms. You can be on an
5 individual basis within the same school.

6 There is one other downside which hasn't been
7 mentioned on this. In England they allow a good deal of
8 choice. If there is a vacancy in a school and a parent
9 wants to move a child to that vacancy, it's generally
10 permitted. The parents' associations in England complain
11 bitterly that if you have the right to switch, nobody wants
12 to fight. That is, nobody is left to argue that you need
13 improvement in the school because the dissatisfied people
14 move out, leaving only those who either don't know what is
15 going on or who don't care, or don't have the time or the
16 energy to move.

17 When you are all finished, I think our society
18 is not going to tolerate a system in which you have all the
19 rigidities of the past in which there is no choice. I
20 think you have got to move to that system. I can't answer --
21 I don't know all the problems that are going to arise. But
22 I don't want to do it all at once. I want to do it slowly.
23 I want to experiment. I want to make sure we don't
24 decimate the cities. I want to make sure that we still
25 have active -- in other words, you can't get a reduction of

1 involvement by parents. If each parent can rescue his or
2 her child, they are less motivated to do something about
3 who is the principal, who are the teachers, what are the
4 policies in the school. You rescue your own kid and say
5 the heck with the rest of it. These things have to be
6 watched.

7 In spite of that, I think if we don't provide
8 for more choice in public schools there will be more and
9 more of a demand for choice in the nonpublic sector.

10 One final thing, I think that those figures in
11 the book about the percentage of teachers who send their
12 children in certain cities to private schools would be
13 perhaps more accurate if it were measured against not the
14 general population but those of the same income bracket.
15 If you were to break it out by religion, for instance,
16 teachers in different cities comment generally it's a
17 certain wave of immigrants who enter into teaching. It's
18 one of the early jobs that one gets when one makes it.

19 You may find that in those cities you have a
20 very high percentage, higher than normal of Catholics as
21 teachers, you may find you have certain people in certain
22 income brackets. I think it would not be fair to leave
23 with the notion that that represents that teachers know
24 something that leads them to take their kids out. I don't
25 think that's so. I think that the number of teachers with

1 children in nonpublic schools undoubtedly is exactly the
2 same as others in the population of their income, their
3 religion and so forth.

4 GOVERNOR ALEXANDER: Mary had a question or a
5 point.

6 MS. FUTRELL: I wanted to respond.

7 SECRETARY BENNETT: The Governor wanted me to
8 respond to the question, too, if I could.

9 GOVERNOR ALEXANDER: Good. We are running short
10 of time.

11 SECRETARY BENNETT: I will be sharp. Governor,
12 you talked about the fear of the Yankees in the sense --
13 you were talking about them leaving. They have already
14 left a lot of those schools, that's what we need to be
15 plain about. Take a look at the Boston city schools. I
16 don't have to tell you that. Tell me how many Boston Back
17 Bay Brahmins send their children to the Boston public
18 schools. The point of Governor Lamm's choice proposal, as
19 I recommend it, is to give those poor kids a chance. A lot
20 of the affluent, wealthy, and talented kids have already
21 left. Some of the talented kids, or kids that are
22 interested in learning, but who are poor are left behind.
23 Nobody has a right to be in a wretched school. If a school
24 is wretched, we should let people leave it. If only 25
25 percent of the kids in the school are learning, referring

1 back to what Al was saying, that school is not being run
2 properly; you don't have the right principal and the right
3 teachers. If you get the right principal and the right
4 teachers, you can do better than 25 percent. That's why I
5 think choice programs, I agree with Al, should be exercised
6 carefully, but the main beneficiaries of this program are
7 the kids of the poor who are trapped in bad schools and who
8 ought to be given the choice of a good school.

9 GOVERNOR ALEXANDER: Mary.

10 MS. FUTRELL: Yes. Mr. Chairperson, I will try
11 to be very brief, but I would just like to say to Governor
12 Dukakis that the concern you have raised is a very real one
13 which we cannot ignore. There is the inherent danger that
14 we could end up with a lot of inequities in school. There
15 is the inherent danger that we could end up with public
16 dollars going into private schools, even though I know here
17 we're talking about public schools. I think that when we
18 talk about the choice issue, the choice continuum as it is
19 today is very wide. We have alternative schools, magnet
20 schools, choices with respect to curriculum, et cetera.
21 It seems to me that the primary concern should be for
22 parents to choose what kind of education they want for
23 their children in those schools and to make sure that that
24 education is provided.

25 I think that as we look at this whole issue we

1 have to move forward very cautiously, make sure we have
2 very clearly defined criteria, so that we can avoid some of
3 the pitfalls you have identified and that we monitor the
4 system. So that is what I would suggest we would do as we
5 talk about this issue.

6 Thank you.

7 GOVERNOR ALEXANDER: Thank you, Mrs. Futrell.
8 Mr. Hawks and Ms. Sherrill, do you all have anything to
9 throw into the choice discussion? You are there in the
10 schools every day. What is your reaction to the question?

11 MR. HAWKS: I would like to make a brief comment
12 concerning the cooperation that our new schools are going
13 to require and going to need. I think Mrs. Futrell touched
14 on the basic issue that there has to be, there has to be a
15 great spirit of collegiality between administrators and
16 teachers if our schools are going to succeed in the future.
17 The "good ol' boy" days when the principal was selected by
18 the downtown administration because he was another good
19 football coach who was a friend of the superintendent, are
20 and should be gone. It's going to take an academically
21 intelligent and wise principal to work with teachers, to
22 provide them equal footing when it comes to running the
23 school. I think that will be a critical issue in the
24 future. I think principals need to realize they must have
25 the support of their faculty, must be on an equal basis, in

1 order to be successful.

2 GOVERNOR ALEXANDER: Thank you.

3 Ms. Sherrill, do you have anything on choice?

4 MS. SHERRILL: I would just like to say one
5 thing. I think it's in connection with what Ms. Futrell
6 said. I think we can give parents a choice in education
7 without having to pull the students out of one school and
8 put them in another school. We can work with parents to
9 structure the program in that school to meet the needs of
10 the parents that have children in that school.

11 GOVERNOR ALEXANDER: Thank you. I am going to
12 try to give as many Governors as we can within the time
13 limits a chance to ask questions, but we may not make it.

14 Governor Janklow.

15 GOVERNOR JANKLOW: Mr. Chairman, I will be very
16 brief. There is one fact in these reports, one thing in
17 these reports that's been unique to American education that
18 I really find sadly missing, and I can't find it in any of
19 the issue papers or task force papers that were put forth.
20 And that is the unique phenomenon that we have only in
21 America that occasionally when you have a genetic accident
22 in the community and you have five superb athletes that are
23 classmates, you end up with a successful basketball season
24 two or three years in a row. Two and three always
25 guarantees the coach a job with the next opening as either

1 a superintendent at least, or I should say the principal at
2 least, or the superintendent at best, in the community.

3 Occasionally they bring other attributes to the
4 job because they have been willing to volunteer their spare
5 time to teach math or science when nobody else in the
6 faculty wanted to teach those subjects in some of those
7 schools. I find that that unique phenomenon is missing
8 from the report.

9 What I would like to ask Mrs. Futrell, if I
10 could, and Mr. Shanker, if I could; given the two
11 associations that you belong to, the two groups that you
12 represent, what is the most substantive thing in the report
13 that your group, Mrs. Futrell, or your group, Mr. Shanker,
14 disagree with with respect to what has been brought
15 together so far? Is there a primary issue that you can't
16 buy?

17 GOVERNOR ALEXANDER: Who wants to go first?
18 Well, that's terrible.

19 MR. SHANKER: I will go first. There is nothing
20 in here that I couldn't live with in some form. But, no,
21 basically, I would say that about 98 percent of what is in
22 here I can really embrace. I don't want to be -- I don't
23 want to make it look like I am lukewarm, because I am not.
24 I think it's terrific.

25 There are a few things like the choice thing

1 that we have got to monitor and we've got to do carefully.
2 I think there are so many good things, I think the creation
3 of a National Board of Teachers -- the problem that you
4 talked about there was essentially a lack of integrity in
5 the field, namely that we do things for other purposes. If
6 you had a National Board of Teaching Standards -- and I
7 think that it's terrific that Governors representing 50
8 states talk about -- in a period when doing things
9 nationally isn't the style. Recognize that as other
10 professions have national professional boards, have that
11 item in there several times, the elimination of emergency
12 licenses, a whole bunch of things.

13 I think what you are dealing with there is a
14 standards issue. Somebody obviously, for political reasons
15 in that community, decides they may -- they may be moving
16 the guy along, not because he was successful for five years
17 but because he started to be unsuccessful and they needed
18 to make room for a new coach.

19 If we can start doing things in education for
20 reasons that are educational; namely, it would be good for
21 kids, good for the building or the teaching profession
22 instead of a whole bunch of other reasons which we have
23 been doing them for, then I think that there's great hope
24 and I think that's what this report points to.

25 GOVERNOR ALEXANDER: Thank you. Mrs. Futrell.

1 MS. FUTRELL: Yes. I should have known that
2 question was going to come up sooner or later. We did
3 indicate in our press release that while we applaud the
4 report, especially for addressing issues such as bringing
5 an end to emergency certificates, establishing a national
6 standards board, and we also believe that there should be
7 strong state standard boards because you need that
8 infrastructure, and that you are strongly advocating that
9 teachers be empowered to make more of the decisions, and I
10 would particularly like to applaud the report that deals
11 with readiness. It is very sensitive; it indicates that
12 the Governors who put together that report understood the
13 problems that we are facing in the schools and the children
14 that we are teaching and will be teaching in the future and
15 that we must address the concerns surrounding those
16 children today.

17 I also was very impressed with the section
18 dealing with involvement of parents, because I believe that
19 unless parents are involved, that half the battle is lost,
20 and we absolutely must involve parents.

21 I was a little dismayed that the report was not
22 as strong as it could have been on issues dealing with the
23 reciprocity issue and affordability issue; certification
24 and retirement as teachers move from one state to another
25 and especially as we look at choice.

1 We also indicated in the press release, trying
2 to be very candid, but recognizing that the Governors have
3 taken a giant step forward, that we do still have concerns
4 regarding career ladders, especially since we would take
5 the best teachers, as most career ladder plans have been
6 structured, out of the classroom, or we would pay the
7 teachers who are out of the classroom or performing
8 non-instructional duties, more money. How do we keep those
9 good teachers in the classroom?

10 We, through the Metro program in California and
11 through the Master in Learning program, are trying to look
12 at how do we give teachers more authority, more power, but
13 not necessarily take them out of the classroom 50, 60, 70
14 percent of the time. That is an area of concern.

15 Another area of concern, obviously, is the one
16 dealing with choice. Trying to work with the communities,
17 work with parents so that they have flexibility and have
18 choice but at the same time trying to avoid the pitfalls
19 described by Governor Dukakis which might lead to
20 inequities.

21 The third area where we had a concern was the
22 area dealing with performance-based pay. We believe that
23 educators should be accountable. We strongly advocate that
24 people should be evaluated for those things for which they
25 could be accountable.

1 We believe the primary responsibility of an
2 accountability system or an evaluation system, it should be
3 for professional growth. To help the teachers do a better
4 job. We have a real concern that as we look at school-based
5 or school performance or student performance, that we will
6 try to tie teachers' pay to that, even though there is no
7 research to support it. We believe that a better way to
8 look at it would be school-based or school district-based
9 performance; that way you are holding the whole school
10 district accountable or the school accountable because it's
11 very difficult to say to the teacher that you are to be
12 totally accountable for all of these issues even though you
13 might not have any control over them.

14 GOVERNOR ALEXANDER: Mr. Branscomb, let me ask,
15 this issue of portability, teacher moving from one state to
16 another is the kind of issue likely to escape a Governor's
17 attention; we just aren't likely to pay much attention to
18 it. My sense of it is there is hardly any disagreement
19 about it, that it just needs to be squarely addressed and
20 dealt with so that teachers in this very mobile society can
21 have a chance to pursue their profession wherever they may
22 be and states can take advantage of their talents. Is that
23 right or am I missing the point?

24 MR. BRANSCOMB: That's absolutely right. I
25 think lack of portability is an important contributor to

1 the fact that half the teachers leave the profession in
2 seven years; because as you know, many teachers are spouses
3 of working spouses who have the primary income in the
4 family, so when that spouse is moved from one state to the
5 other, the teacher is kind of forced to move.

6 I think it is not just a matter of being
7 certified in the state you move to; it's very important
8 that when a teacher moves that there be a mechanism for
9 allowing a teacher to benefit from their full experience.
10 I think the big problem is, yes, you can teach when you
11 move to another state, but you drop back to the entry level.
12 That's just a terrific time to decide to give the subject
13 up.

14 Finally, we have been told in our task force by
15 our two colleagues who know about these things that the
16 pension arrangements of teachers are complicated and so the
17 task of fixing it so it can be mobile and not screw up the
18 pension arrangement has to be looked at by a technical
19 expert.

20 GOVERNOR ALEXANDER: I am going to ask Governor
21 Clinton in working with Governor Kean and Governor Castle,
22 who will be chairman of the relevant committees in the NGA,
23 if they might suggest to the Executive Committee of the NGA,
24 how we can work with whomever we ought to work with in the
25 professional associations to find a way to fix that. The

1 Governors can help do that with the legislators, and we
2 might be able to raise the attention, but you would need to
3 tell us how to do it without messing it up.

4 MR. BRANSCOMB: I am delighted it came up. This
5 is the one issue that the Governors can uniquely address.
6 Nobody else can address it.

7 GOVERNOR ALEXANDER: I am going to have to
8 apologize to some of my fellow Governors. We are basically
9 out of time. I am going to call on Governor Carlin for a
10 question, then to Secretary Bennett for a quick wrap-up. I
11 will say to Governors Sununu, Ariyoshi, Earl and Kunin, may
12 I call on you first or early in our next session, either at
13 the Executive Committee meeting tomorrow or on Tuesday when
14 we consider some of the same issues again.

15 Governor Carlin.

16 GOVERNOR CARLIN: Mr. Chairman, given the hour
17 and being a past chairman myself, I will pass and help you
18 out a little bit.

19 GOVERNOR ALEXANDER: Mr. Secretary. You have
20 heard this. Any last words?

21 SECRETARY BENNETT: Two, quickly.

22 One, in the obviously growing ecumenical spirit
23 that is around this table today, on this question of choice,
24 I will just make one comment, and I will not use the
25 privilege of being the last speaker to make a statement

1 that I think anybody will disagree with. Let's bear in
2 mind that with choice, where choice has been put into
3 effect, it has strengthened the public school system
4 vis-a-vis the private school system. A couple of comments
5 have been made about the fact this is a public school
6 choice only.

7 I think that's fine. Buffalo, Cambridge,
8 Massachusetts, Washington, D.C., where there has been
9 choice, it has strengthened the public school system.
10 People have sent their children back to public schools. I
11 think that is a good thing.

12 Finally on the ecumenical note, what are you
13 going to do, Governor Alexander, now that the Secretary of
14 Education gives you an A; Albert Shanker gives you an A;
15 Mary Futrell says very high marks; do not be deluded into
16 in thinking you did not say anything substantial in this
17 report. You said a lot substantial. You got consensus.
18 Obviously there will be some disagreements along the way,
19 but I think a number of the recommendations, if I may say
20 so, that you have urged could be put in place within a year,
21 and all of them by 1991, which is your target date, if you
22 will continue to press ahead. And as the Packwood and
23 Rostenkowski of education, now I hope you will go full
24 steam ahead for the American people and let the special
25 interests carp and nick but not distract you.

1 GOVERNOR ALEXANDER: Thank you, Mr. Secretary.
2 Thank all of you for coming. We appreciate your
3 constructive response to what we have tried to do. We know
4 very well there are things in there that could be made
5 better. I guess a big part of what we are trying to say is,
6 we can take all of this to a point, then we really need
7 some help from those of you who can make it work. We will
8 talk more about that tomorrow morning.

9 I would invite all of the Governors who would
10 like to join that Executive Committee meeting to come at 8:00
11 to that session. There is also a copy of the tape for
12 every Governor if they would like to have it. The meeting
13 is adjourned.

14 (Whereupon, at 2:35 p.m., the meeting was
15 adjourned.)

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ORIGINAL TRANSCRIPT OF PROCEEDINGS

NATIONAL GOVERNORS ASSOCIATION

PLENARY SESSION

Hilton Head, South Carolina

Tuesday, August 26, 1986

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NATIONAL GOVERNORS ASSOCIATION

PLENARY SESSION

Hyatt Regency Hotel
Ballroom I
Hilton Head, South Carolina

Tuesday, August 26, 1986

The plenary session convened at 9:45 a.m.

P R O C E E D I N G S

GOVERNOR ALEXANDER: I would like to call to order the plenary session of the National Governors' Association and I would like to ask the Governors to please assume their places and if everyone else in the room would please assume your places, we will be able to hear each other.

Today we have a very tight agenda. We have Governors and others who will be leaving to catch planes, but we have an interesting agenda. We have these three things to do: First, we will be hearing summary reports from four of the task forces on education, the Governors 1991 Report. The conversation among Governors about seven of the most important issues facing American education, our best advice to each other.

Secondly, we will be considering the proposed policy statements. The focus of our meeting has been education in the future of this country, but at the same time, we have been dealing with a great many other issues from product liability to telecommunications, to agriculture, and we will be hearing about some of the policy statements that the committees have adopted and are recommending for us.

Finally, we will elect the National Governors' Association Executive Committee for next year.

1 First, I would like to present to you Marc
2 Tucker, who is executive director of the Carnegie Forum on
3 Education and the Economy, which initially recently issued
4 "A Nation Prepared: Teachers for the 21st Century."
5 Mr. Tucker's distinguished career includes work on
6 educational telecommunications and science curriculum. He
7 was at the National Institute of Education in the early
8 1970s and was for four years associate director for
9 Educational Policy and Organization.

10 There have been a great many education reform
11 reports over the last four years, but I believe, and I
12 believe most Governors agree, that one of the most
13 important and far-reaching of those reports is the Carnegie
14 Forum on Education and the Economy. What it does is boil
15 into a single strategy some fairly radical notions for
16 restructuring the teaching profession. And we believe that
17 better schools are essential to better jobs, then, of
18 course, having the best teachers are essential for having
19 the best schools.

20 Mr. Tucker will then have an introduction of his
21 own and the release for the first time of some very
22 interesting new national survey information, which is
23 directly relevant to the work we have been doing in the
24 1991 report on education.

25 Mr. Marc Tucker.

1 MR. TUCKER: Thank you, Governor Alexander, for
2 those kind remarks, for your leadership on education, and
3 for the critical role that you have played in helping make
4 our report a success.

5 It is a special pleasure to be here today. When
6 the Carnegie Forum Task Force began its work, we knew that
7 the Governors were the key to the necessary revolution in
8 school policy.

9 Our work went forward with that prospect in mind,
10 and we kept in very close touch with many of your aides as
11 your report and our report were written in parallel.

12 The results are clear. The Governors and the
13 members of the Carnegie Task Force are of one mind on the
14 issues and on strategy. The Carnegie Forum stands ready to
15 join with each of you and with the National Governors'
16 Association in implementation of our common agenda. I
17 invite those of you with whom we are not now in contact to
18 give me a call in Washington.

19 We now know that the Governors of this country
20 are solidly committed to a new political compact in
21 education and to a set of powerful strategies for
22 completing that compact.

23 Last May, when we issued our report, we wanted
24 to know what the American public, though, thought about
25 these issues, because little progress will be made on

1 changes as fundamental as those outlined in these two
2 reports without broad and deep public support.

3 We turned to the dean of one of America's most
4 respected polling organizations, Lou Harris and Associates
5 for the answer. Lou will tell you in a moment what he
6 found. As he does, you will notice that I have left.
7 Unavoidable family obligations make it necessary for me to
8 catch the 10:25 plane from Hilton Head. But I wouldn't
9 have missed this meeting for anything. No one can doubt
10 that American education reached a turning point here this
11 weekend.

12 Not only have America's Governors committed
13 themselves to leading a revolution in the schools, but as
14 you are about to hear, the American public is with you all
15 the way.

16 Thank you. We turn now to Lou Harris.

17 (Applause.)

18 MR. HARRIS: Thank you, Marc.

19 Governor Alexander, distinguished members of the
20 National Governors' Association, once upon a time not so
21 long ago, there was a golden dream in America that no
22 matter how humble or modest your present means, in this
23 great land of opportunity, you might just do a lot better.
24 But even more, your kids could make it beyond what you did.
25 And the reason for that, it used to be told, was that they

1 could get an education you never had. The public education
2 system could and would work literally miracles.

3 Then about 15 years ago, I'd date it, it all
4 seemed to be going sour. The schools seemed to become a
5 mess, a blackboard jungle, a place where kids could get in
6 trouble and where many never learned to read or write or
7 even to add or subtract. Indeed, in this study we just
8 concluded for the Carnegie Forum on Education and the
9 Economy, only 54 percent of the American people and 52
10 percent of the top business leaders -- let me say we
11 surveyed a cross section of 1513 people, public, your
12 constituents, and 52 percent of the top 1000 business CEOs
13 in the country; well, a bare majority gave the school
14 system a passing marks, clear 3 to 2 majorities -- and this
15 should be noted -- don't think they get good value today
16 for their tax dollars. Roughly half the public gives the
17 schools a vote of little or no confidence as the public
18 school system is set up today.

19 It's evident the American people feel that that
20 golden dream for their kids' success through education has
21 been slipping away. They are deeply worried, but they are
22 also desperately eager, eager for some new approach, some
23 plan, some way to change the education system to make it do
24 what they always dreamed it would.

25 But the problem, they feel, is compounded by yet

1 another survival problem; it's one that all of you feel, I
2 know, in your own states: How could America be
3 competitive in the world again? They see jobs and whole
4 industries being exported. A big 3 in every 4 are
5 convinced Japan has a rate of increase in productivity far
6 beyond that of the U.S. By 3 to 1, top American business
7 leaders concede that Japan is ahead of us in quality of
8 output and a plurality of the public and a big majority of
9 corporate leaders believe that Japanese public school
10 students outperform U.S. students in math, science, and
11 other fields, and understand that is objectively the case.

12 Given the perceived deep trouble this country is
13 in in competing in the world, it's significant that 7 of
14 every 10 people reject the route of trade restrictions on
15 the one hand or of cutting U.S. wages and living standards
16 as a means to catch up.

17 Instead, 8 in 10 Americans -- and we tested this
18 -- say the answer is to create new, higher-skilled jobs to
19 produce new products and services that will outcompete the
20 rest of the world; but to do that they are convinced a
21 whole new approach must be taken in educating and training
22 the American work force. This education, 3 in every 4
23 believe, should teach students to learn to write and reason
24 well, to really understand math, science and technology,
25 and to be able to use those skills and to learn to figure

1 out what they need to know and how to find it out. Also
2 viewed as critically important is to educate students who
3 can think their way creatively through tough problems and
4 to learn to understand this complex society in order to be
5 an effective citizen body.

6 Note it well, the American people are not
7 talking about educating a new elite in this country. They
8 are saying that all the nation's children must learn these
9 new things if the country is to develop the new level
10 skills to make us competitive.

11 But that means facing the issue of educating the
12 poor, many of whom are minorities; close to 7 in 10 people
13 and almost all the business leaders are convinced that
14 these groups are now getting a poor education. That's
15 costing this country dearly in welfare programs, the
16 criminal justice system, and remedial education courses.
17 They conclude we can compete only if the least privileged
18 groups are lifted up to the new skill levels required for
19 national survival.

20 Of course, people are convinced the heart of the
21 matter lies in what is done about teachers. Let me say the
22 key in the end of the American people is who is learning
23 and who is teaching and almost all the rest becomes quite
24 irrelevant. The key question about teachers is
25 double-barreled:

1 First, can the quality of teaching be upgraded
2 to be capable of educating this new type of product of the
3 public school system?

4 And second, is society willing to give the
5 teachers the added authority and incentive rewards to
6 attract the best to the profession and to keep the best in
7 the system?

8 Significantly, 9 in every 10 people reject the
9 notion that the way to solve the current teacher shortage
10 is to temporarily lower the standards among teachers. To
11 the contrary, they say standards must be raised and
12 teaching made into a career with better pay and more
13 independence.

14 Of course, this means, in turn, new ground rules
15 for teachers. That's what the public and top business
16 leaders say; and these ground rules are such as, paying
17 teachers by a new bottom line, and mark it well, what kind
18 of progress their students are making; paying the highest
19 salaries to those teachers with the most proven
20 professional competence and on how much they contribute to
21 their schools; and finally, finally, at last, paying
22 teachers competitive salaries on a level, for example, with
23 accountants.

24 But then with these upside inducements must also
25 go stiff, stiff accountability, such as annual reporting of

1 school-wide student performance, regular reports on student
2 ability to understand, summarize and explain relatively
3 complicated information on a whole host of subjects; and --
4 this is the key one -- allowing parents the chance to
5 choose which public school to send their kids to as a
6 device to reward schools that are successful.

7 It should be noted that three-quarters or better
8 of the public and businessmen favor such measures. Similar
9 huge majorities support steps such as these: that the best
10 positions be reserved for teachers who prove their
11 competence through tough assessments; that teachers be
12 involved in the process of deciding how subjects are to be
13 taught; rewarding the most capable teachers with higher pay
14 and responsibility to keep them in the system and teaching;
15 giving the best teachers leadership roles in schools to
16 improve the entire performance, the entire school, to other
17 teachers and students; and having the top teachers
18 coordinate the work of other teachers, thus optimally
19 utilizing the school's resources.

20 Put bluntly, this means a new compact in
21 education, a trade-off, if you will, between higher
22 salaries and more autonomy for teachers on the one hand, in
23 exchange for higher standards and accountability for
24 teachers measured, in what: in terms of student
25 performance. This is basic.

1 The Carnegie Forum Task Force did come up with
2 13 sweeping recommendations, all of which met with majority
3 backing from the public. Here they are:

4 Big majorities favor setting up a national board
5 for professional standards which would spell out high
6 standards for teachers and would certify teachers who meet
7 those standards. Other professions have it; teaching does
8 not.

9 A close to unanimous majority agree that
10 teachers should be required to demonstrate full command of
11 their subjects and their ability to communicate it all to
12 their students.

13 And then, 3 in every 4 of both groups would
14 support the national board issuing a code of ethics and
15 then enforcing it, disciplining those who would violate it.
16 But sizable majorities also say that if teachers are held
17 strictly accountable for student progress, they also should
18 have a real say over what is taught, how materials are used
19 and how the budget in their school is spent. In other
20 words, cut the teachers into the action the first time.

21 The concept of a lead teacher, to be filled by
22 the most competent teachers who would be responsible for
23 helping to improve the performance of other teachers and
24 students, also meets with wide approval.

25 Then, 7 in 10 also back the requirement of a

1 four-year college degree in the subject the teacher will
2 teach before the professional study of teaching itself; and
3 8 in 10 support creating a new graduate degree, a master in
4 teaching, to prepare teachers indeed for the mastery of
5 their subjects, for understanding student growth and
6 learning abilities and for command of sound teaching
7 techniques.

8 The majorities also agree that real emphasis
9 must be put on increasing the numbers of minorities who
10 become teachers; and they realize this means many more
11 graduate fellowships and other financial aid for needy
12 minority students who are qualified and promise to become
13 teachers.

14 They are nearly unanimous in support of the
15 recommendation creating incentives to focus the schools'
16 entire energies on improving student performances; and 9 in
17 every 10 also back the proposal that teacher salaries and
18 career opportunities would be made competitive with other
19 professions, which means raising pay to attract and keep
20 the best. And we laid it right on the line in this survey:
21 This specifically means teachers' pay similar to that of
22 accountants, who range between \$20,000 as a starting salary,
23 to a high of \$60,000; note, though, that's for 12 month's
24 work, a full year's work.

25 The only exception of the remarkably high

1 endorsement of the recommendations emerged over the
2 proposal, and I quote it, "In some cases, lead teachers
3 would actually hire administrators, instead of being hired
4 by them, as is the case now."

5 The public backed proposal by a modest majority;
6 businessmen oppose it by 68 to 24 percent.

7 Now as important as is the adherence to the 13
8 key recommendations of the Carnegie Forum Task Force is the
9 overwhelming endorsement by 90 percent or better of both
10 the public and business leaders of the principles
11 underlying that report. They hardly go along with the view
12 that for the U.S. to become competitive, we must pay more
13 for quality education, but we must also get tangible
14 results back and returns on our investment. Also that if
15 teachers are to be paid more and have more say about how
16 schools are run, then they should really know their subject
17 and how to teach it and should be willing to be held
18 accountable for their students' performance and the
19 teachers must be paid according to their level of
20 responsibility, their competence, their experience and
21 their success in teaching students.

22 Also, that ways should be found to reallocate
23 education money from administration to instruction. I will
24 repeat that, because that is basic. Ways should be found
25 to reallocate education money from administration to

1 education and instruction.

2 Finally, that investment in education is one of
3 the best investments the country can make because
4 well-educated people are the best guarantee of what? A
5 rising standard of living in these United States.

6 The reaction of the American people and the top
7 business community to the Carnegie Forum's Task Force
8 recommendations and approach is nothing less than
9 overwhelming and staggering; the clear mandate is for
10 nothing less than complete and comprehensive overhaul of
11 the entire public education system. And it's significant
12 that people are playing for keeps and not just indulging in
13 easy rhetoric.

14 Specific proof of that was never more clear than
15 the fact that 77 percent of the public -- mark that well --
16 and 65 percent of the top business leaders, are willing to
17 pay higher individual and higher corporate taxes
18 respectively to improve the quality of education in this
19 country. The backing comes from every region, every sector,
20 every state, from every strata of society, high, low,
21 people in all occupations. Let me say the challenge facing
22 Governors and educators, businessmen, parents, the
23 leadership of the country and the citizenry, I believe is
24 to act now, not later, before it's too late.

25 Now let me say this week, if I might indulge

1 myself in one personal observation in closing, I have been
2 deeply impressed by what I have heard here at your meetings.
3 Traditionally, those who have wanted the least government
4 action, the least decisive action, said, many cases for
5 many years, "Just turn it over to the states."

6 It's true that each state, each locality, public
7 school system is different; and yet this crisis in
8 education pervades every state and is truly national in
9 character. There are those traditionalists who want little
10 done at the national level who welcome your taking
11 responsibility. But let me say, make no mistake about it,
12 you are making national policy right here and now, filling
13 a national vacuum, exerting national leadership.

14 But that's the history of this country, if I
15 might suggest, when federal leadership does not move on a
16 critical problem, a crisis, the states then innovate and
17 act. What you do today will be national policy
18 tomorrow, and a generation from now, it's my view, that a
19 grateful nation will give you its thanks for what you have
20 done here this week. Thank you very much.

21 (Applause.)

22 GOVERNOR ALEXANDER: Thank you, Mr. Harris and
23 Mr. Tucker. Thank you very much for announcing your survey
24 at this time when it-- and obviously we are pleased by it
25 because what it shows is that what the Governors have found

1 after a year of study ought to be done is what the American
2 people want done, and that's very reassuring.

3 It's also an interesting twist, I think, to hear
4 a long-time observer of American government say when the
5 federal government fails or won't innovate, then the states
6 must. That's just the reverse of what we heard 25 years
7 ago. People were saying the states wouldn't, so the
8 federal government had to.

9 We have a moment for maybe one question or
10 comment by a Governor to Mr. Harris before we go on, if
11 there is one; or we can move right on to our summaries.

12 GOVERNOR ORR: Mr. Chairman.

13 GOVERNOR ALEXANDER: Governor Orr.

14 GOVERNOR ORR: May I ask a question? I am not
15 sure that I could glean from your comments how well our
16 people understand the nature of global competition, and
17 whether or not we have a job to do as Governors showing
18 leadership to help to bring about a recognition and
19 understanding as to how serious global competition will
20 soon be.

21 MR. HARRIS: Governor, we asked that directly
22 and we got 73 percent that said it's very serious; another
23 22 percent who said it's somewhat serious; but the point is,
24 apart from that, I think, just as I reported here, that
25 people have been shocked over the last 15 years, this great

1 American dream of education really being the way to haul
2 yourself and your kids up by their bootstraps, has somehow
3 been slipping.

4 So too in the whole competition area, the
5 American people were led to believe for a long, long time
6 that the United States was the engine of great basic
7 research, of technological competence; we invented it all,
8 we are superior to everybody else, all of a sudden, up from
9 the blind side, somebody comes along,-- they think it's
10 Japan mainly, but -- because we did test western Europe and
11 some other sources -- somebody else is superior to us:
12 productivity, quality, a whole host of things; able to
13 outcompete us.

14 And I think people are just shocked that this
15 has happened and they are willing to go to great extremes
16 to correct it. They mean business on it.

17 In fact, I would say if we went on another five
18 years like this, our people would get in a very mean and
19 ugly mood about throwing a lot of rascals out who don't--who
20 haven't done anything about this. I think it's a major,
21 major issue. And it's the coincidence of those two things
22 of, on the one hand, of having a great golden dream of
23 education being shattered to a degree and this other one of
24 our great technological competence also coming under real
25 question. The coincidence of those two that has finally

1 led people to believe, even if it costs them more taxes, to
2 say for heaven's sake, let's overhaul this education system
3 and do it right, do it right. Not by lowering our standards
4 to compete, let's say with Korea, where we never will on
5 wages; but, rather, developing a whole new skilled labor
6 force that will turn out products that are unique and
7 totally not only competitive, but nobody else in the world
8 can offer them.

9 If there is an American way, I think I have just
10 summed that up. That's what people feel right to the
11 bottom of their hearts and souls.

12 GOVERNOR ALEXANDER: We have time for two more
13 questions: Governor Thornburgh and then Governor Carlin.

14 GOVERNOR THORNBURGH: Mr. Chairman, it's
15 reassuring to hear poll results that substantiate the
16 direction in which this association wants to move in
17 educational matters. But as Governors we know that
18 implementing the political agenda often depends on finding
19 those areas where we may be swimming against the tide as
20 far as public opinion goes. I think it would be useful if
21 our staff and the staff of Carnegie Forum and Mr. Harris'
22 organization were to get their heads together and pinpoint
23 those areas where there may be public resistance to the
24 implementation of some of the the recommendations that
25 we've made for the next five years so that we can

1 prioritize our efforts at the state level and the local
2 level in getting the job accomplished.

3 GOVERNOR ALEXANDER: Governor Thornburgh, I will
4 ask Ray Shapok on our staff to work with Mr. Harris and
5 that will be a supplement that could go to the Governors
6 following this meeting. Thank you.

7 Governor Carlin.

8 GOVERNOR CARLIN: Mr. Harris, did you ask the
9 public anything about their support for change,
10 consolidation, closing the schools, that sort of thing, to
11 come up with the resources or a part of the resources to
12 fund these programs?

13 MR. HARRIS: I think a key, Governor Carlin, a
14 key result -- I repeated it in my remarks here a minute ago
15 -- people are, 3 to 1, they are prepared to see less money
16 spent on administration of schools and more on teaching.

17 GOVERNOR CARLIN: But closing of schools?

18 MR. HARRIS: We did not talk about this business
19 of bankrupt schools. We did not cover that as such.

20 GOVERNOR CARLIN: But not necessarily bankrupt,
21 but just smaller schools where, particularly in a rural
22 state where consolidation historically has been a very
23 tough political issue and is really one of the keys, as we
24 look to the future, again at some point another round, as
25 to whether they relate that to improvement in the schools

1 as well.

2 MR. HARRIS: We did not ask about that
3 specifically, Governor, but let me add this: that the
4 whole tenor of what emerged was people just poured out
5 their hearts with this and said, look, whatever it takes,
6 what we want is for our kids to get a quality education and
7 to make America more competitive.

8 This was the -- details become less important
9 than this; and people, I am sure, are going to judge by
10 that bottom line, just as they want teachers for -- I think
11 it's a very radical thing -- to have teachers paid by how
12 well they produce in terms of the success of their students,
13 you know, and learning. If this means closing schools, if
14 it means consolidating schools, I am absolutely certain
15 they will do it.

16 I am sure, let me add, that there is a lot more
17 work to be done because each school district and each state,
18 each area of the country is different. But I'll eat it if
19 the overall results don't hold in any single state or
20 municipality in this country; this is felt far too deeply
21 to be denied.

22 GOVERNOR ALEXANDER: Your last comment,
23 Mr. Harris, there are lots of surveys and you have
24 conducted lots of them. Is there any comment you can make
25 about intensity of feeling? Sometimes intensity of feeling

1 -- you almost made one as you finished there. What else is
2 there to say about the intensity of feeling on this subject?

3 MR. HARRIS: I think, Governor Alexander, it's a
4 matter of -- it's a word I think you have used and others
5 have used in politics through the years. It's "enough is
6 enough." We have had enough on this whole subject of
7 education; let's start acting. Let's start getting
8 something done.

9 It's curious because a few of the Governors have
10 come up to me and said, you know, this doesn't seem to be
11 on people's minds when you ask them about things. I said,
12 well, have you tried out, though, saying, you know, I think
13 there is a way to make the schools a lot better. And then
14 people -- you just ask that and people will just respond
15 like nothing flat, I must say. They will just say to you,
16 holy smoke, it's about time somebody wanted to do that.

17 And then if you have some kind of plan, you got
18 some orderly way to do it -- and I am not suggesting that
19 you can keelhaul the school system in one day -- but if you
20 say to them, it's going to take us two to three years here
21 but we are going to make drastic changes, I think you will
22 find this is just about as popular an idea as you can run
23 into.

24 Don't mistake, though, that you haven't got an
25 entrenched bureaucracy and a whole lot of other things that

1 aren't going to fight you tooth and nail on it. I think
2 you know that better than I.

3 GOVERNOR ALEXANDER: Mr. Harris, this is a
4 fascinating report. It is providential that our report is
5 entitled "Time for Results," which seems to be what the
6 people are saying through your survey. Thank you for
7 joining us today and I know many of the Governors will look
8 forward to talking to you more individually about this
9 survey in the future.

10 We will now move to the second part of our
11 session this morning, which is to consider the remaining
12 parts of the 1991 Report on Education. On Sunday afternoon,
13 we heard from Governors Clinton, Governors Kean and
14 Governors Lamm on leadership, teaching and giving parents
15 more choice of the public schools their children attend.

16 Four task forces will report briefly today and
17 then we will have some discussion of those reports.
18 Governor Riley's Task Force on Readiness, young children,
19 what can we do to make sure they are prepared for school.
20 Governor Schwinden's Task Force on School Facilities, most
21 of which are closed half the time. Governor Sununu's Task
22 Force on Technology, are we using it properly. And
23 Governor Ashcroft's task force asking, how can we tell if
24 college students are learning?

25 We will begin with Governor Dick Riley of South

1 Carolina.

2 GOVERNOR RILEY: Thank you, Mr. Chairman. I
3 would like to point out my particular interest in Lou
4 Harris' --

5 GOVERNOR ALEXANDER: Governor Riley, excuse me.
6 Could I ask those sitting in the back to keep the
7 conversation down, please. It's hard for the Governors at
8 this end to hear. Thank you.

9 GOVERNOR RILEY: I was very interested in Lou
10 Harris' comment that from his data, all the nation's
11 children need to have new, higher skill levels. That's
12 certainly consistent with our report and I think we all
13 must go into this issue realizing that we have some 25
14 percent of our children on an average drop out, and many
15 more in addition to that group who end up being poorly
16 prepared. That is really what this task force dealt with.

17 I commend the National Governors' Association
18 once again for challenging us as Governors to examine the
19 comprehensive educational climate and to set the priorities
20 for the next five years.

21 Governor Thornburgh, vice-chair of this Task
22 Force on Readiness, has worked with us, and we have worked
23 as a team; our staffs have worked as a team; and because of
24 his commitment and support, I have asked him to join this
25 morning with me in making this brief presentation of our

1 report.

2 The Task Force on Readiness looked squarely at
3 the issues surrounding increased educational standards and
4 requirements due to the recent education reform movement
5 that swept across this nation.

6 For some students, these increases were needed
7 challenges. For others, however, the increases promised
8 only additional barriers, unless -- and that is part of
9 this report -- unless new and effective educational
10 strategies could be initiated.

11 Our task force decided to focus its attention on
12 these students at high risk of failure.

13 Yesterday, Mary Futrell made some kind remarks
14 about our readiness report. She said that we must, to
15 quote her, "teach the public." In our own state of South
16 Carolina we, like many of you who have passed massive
17 education reforms, we too are facing what may be the
18 largest and most understated obstacle to successful
19 implementation.

20 To put it simply, we are trying to make sure
21 that our parents and students and teachers fully understand
22 what the higher standards and requirements are and what
23 they as parents and students must do to get ready for them.

24 For example, as part of our 61-point education
25 reform package, we have undertaken a massive public

1 information campaign to help students get ready for the new
2 exit exam in basic skills before they get to 10th grade,
3 and to help them meet the higher college entrance
4 requirements by taking the right courses in the 9th and
5 10th grades before they graduate.

6 To get everybody's attention, we have used one
7 of today's popular words, "awesome," and I would call your
8 attention to the bumper sticker that you have at your desk
9 as part of our awareness effort.

10 Once we get their attention, we must be ready to
11 help them in a realistic way to succeed in their efforts to
12 meet these higher standards. And that's what the Readiness
13 Task Force is truly all about.

14 Our Task Force on Readiness realized that our
15 task was, indeed, awesome. In order to meet this challenge,
16 we have recommended two sets of bold strategies. The first
17 set of recommendation targets seven proposed state
18 initiatives to help at-risk preschool children get ready
19 for school.

20 Some of these initiatives, such as kindergarten
21 for all five-year-olds and half-day programs for at-risk
22 four-year-olds, will cost some money now, but will save
23 millions and millions of dollars later in reduced remedial
24 programs, less welfare, less crime, a reduced dropout rate,
25 and many other beneficial results.

1 Others, such as developing support systems for
2 parents through community cooperation and education, will
3 require time and a high degree of coordination.

4 Other initiatives address the need for quality
5 child development programs, accreditation for day-care
6 centers, staff training, teacher credentialing; they are
7 all important. And we, as members of this task force, have
8 made every effort to represent the best collective thought
9 of early childhood professionals and experts as well as
10 policymakers from around the country.

11 We urge each state to bite the bullet and
12 consider these preventive recommendations. They are sound
13 investments, I assure you, for the future.

14 Now, Mr. Chairman, I would like to ask Dick
15 Thornburgh to present the second set of recommendations at
16 this time.

17 Dick.

18 GOVERNOR THORNBURGH: Thank you, Governor Riley.
19 The second part of our report recommends special steps to
20 ensure that new higher educational standards act as a
21 challenge and not as a barrier to at-risk children once
22 they are in school. Tougher education requirements,
23 special attention to basic skills and increases in the
24 number of mathematics and science courses are crucial to
25 improving our public schools. But these new standards will

1 not accomplish their purpose if we ignore those at-risk
2 children who are beginning their educational experience at
3 an immediate disadvantage because of inadequate preparation
4 and a lack of parental and family support systems so
5 crucial to academic success. These are the children who
6 have the intelligence to succeed but don't. They are at
7 risk of failing without special help which can prevent them
8 from falling through the cracks of our educational system.

9 At our task force hearings, it became apparent
10 that we needed to develop a set of recommendations for
11 states to employ in keeping these children in school and
12 allowing them to complete on an equal basis with their
13 peers. We therefore, recommended, first, extra assistance
14 in basic skills for students with major deficiencies in
15 reading, writing or mathematics, such as the Tell's testing
16 program in Pennsylvania which has tested more than 300,000
17 students for reading and mathematic skills in the third,
18 fifth and eighth grade and is now providing extra help to
19 some 95,000 found to be in need.

20 Secondly, the establishment of parent-school
21 relationships to encourage and involve parents in their
22 children's education; particularly in the areas of homework,
23 school attendance and discipline.

24 Third, providing incentives, technical
25 assistance and training to principals and teachers in the

1 most effective learning methods for all students.

2 And finally, rewarding schools which make
3 progress in improving the quality of education for all
4 students.

5 The nation's public school systems have
6 responded in a most encouraging way to the 1983 "Nation At
7 Risk" report on the need for educational reform. But these
8 reforms will fall short of their goal if we do not prepare
9 all children for success in the classroom and sustain our
10 support for them as they make their way through the
11 educational system.

12 In closing, I would like to thank Governor Dick
13 Riley for asking me to share the results of our task force
14 work with you. He and I and our staffs have developed our
15 own educational partnership during the last year and have
16 learned much about what Governors and states can do to
17 continue to improve education with a particular focus on
18 the at-risk portion of our student population.

19 Thank you, Dick.

20 GOVERNOR ALEXANDER: Thank you, Governors Riley
21 and Thornburgh.

22 I think the Readiness report makes a very clear
23 statement that we are very much aware as Governors that
24 teachers and parents and all of us are dealing with a very
25 changed set of circumstances today than we might have been

1 in other years and that those family structures and
2 circumstances that we are dealing with are very important
3 to the results that we hope to achieve. Thank you.

4 Governor Ted Schwinden chaired the task force
5 that asked the question about whether we were using our
6 school buildings, our school facilities, as well as we
7 might.

8 Governor Schwinden.

9 GOVERNOR SCHWINDEN: Thank you very much,
10 Mr. Chairman. If the task force, which was vice-chaired
11 ably by Governor Bangerter from Utah, began with the
12 presumption that buildings are boring, I think we found, as
13 we have wound our way through the testimony, that the
14 better use of school facilities across this country is a
15 real challenge. We have offered a series of
16 recommendations that encourage, among other things, more
17 efficient use of those facilities for educating students.
18 We have urged the greater use of school property for
19 general community use and invited the active involvement of
20 states in restoring buildings to safety and good repair.
21 The task force also asks for the adoption of policies for
22 the disposition of old and obsolete facilities; and finally,
23 for the development of greater expertise by national
24 education organizations, in alternative school use and
25 design.

1 Not surprisingly, the greatest obstacle that we
2 foresee to acceptance of the task force recommendations,
3 one we have already heard Mr. Harris confirm in response to
4 one of the questions, the greatest obstacle is tradition;
5 the existing institutions.

6 If you ask why schools are closed for as many
7 days of the year as they are open, the answer is "We have
8 always done it that way." If you ask why sports facilities
9 and kitchens and even classrooms are not available to
10 community groups, the answer is, "We have never done that
11 before." If you ask why unused buildings are boarded up
12 and decaying, the answer is invariably some variation of
13 that same theme related to tradition.

14 The task force found some bright spots. We
15 heard many examples of innovative facility use and
16 efficient property management. But to the extent that
17 tradition is a major obstacle to new approaches, Governors
18 certainly can and should exercise a positive influence on
19 the ways that communities choose to use the vast investment
20 that they have in school facilities today. Governors can
21 promote nontraditional ideas, applaud innovative local
22 action, and Governors can lead state government away from
23 the restrictions and prohibitions that have been imposed by
24 tradition. And perhaps most importantly, Governors can
25 motivate community leaders by asking them one simple

1 question: Your taxes paid for these buildings, why don't
2 you use them? The range of alternative uses of facilities
3 is as broad as one's imagination.

4 Our report stresses one in particular, and that
5 is, the appropriate use of facilities for day care and
6 afterschool programs for young children; because the demand
7 for high quality day care typically across the country,
8 exceeds the supply and certainly schools are uniquely
9 designed to provide quality care.

10 The value of existing school facilities
11 nationwide, we have estimated to be in the neighborhood of
12 \$250 billion, and we ask in the task force report whether
13 the inevitable investment of a similar amount of tax
14 dollars ought to duplicate what we have traditionally
15 provided or should we try to produce something better in
16 the decades ahead.

17 The question obviously, as indicated by Lou
18 Harris' comments this morning, is one of great interest to
19 the public but one that remains open. Communities and
20 school officials will deal most directly with the answers,
21 but Governors can certainly foster an environment that is
22 conducive to change.

23 We can help develop alternative means of
24 financing new construction or maintenance needs, needs
25 which may already constitute a \$25 billion backlog across

1 this country. We can urge development of new design
2 considerations for schools that would house alternative
3 uses. And most importantly of all, as government leaders,
4 we as Governors can strive to ensure the investment in
5 education that most Americans clearly still want to make,
6 results in a product that is the very best that we can make
7 it.

8 My appreciation to you, Mr. Chairman, for
9 focusing the attention of the nation's Governors and the
10 public on education this past year and the opportunity to
11 work with our task force and the vice chairman, Norm
12 Bangerter, in this area of better use of school facilities.
13 Thank you.

14 GOVERNOR ALEXANDER: Governor Bangerter,
15 anything to add to that?

16 GOVERNOR BANGERTER: Ted and I agreed that in
17 the interest of time, we would just listen to his
18 presentation, but I concur with everything he said. It is
19 a major area where we can make some change if we are
20 willing to do it.

21 GOVERNOR ALEXANDER: There probably could be no
22 other area more obvious than the area that you worked on.
23 The very idea that the most expensive buildings in most
24 communities are, in most cases, closed half a year at a
25 time when education and jobs are urgently related, is

1 astonishing, when you step back from it and look at it.

2 The other thing that just occurs to me, and I
3 think I have to say this, as I heard Governor Riley,
4 Governor Thornburgh, Governor Schwinden and Governor
5 Bangerter, what is important about this is these are not
6 reports of other people that Governors are reading; this is
7 not one Governor's report; these are 50 Governors who come
8 to their own conclusions and who are giving their best
9 advice to each other, and so far as most of us know, that
10 hasn't happened before quite this way in American public
11 education.

12 Governor John Sununu led the Task Force on
13 Technology. In a world of new technology, how well are the
14 schools using it? Three, two, one.

15 (Laughter.)

16 GOVERNOR SUNUNU: Thank you very much,
17 Mr. Chairman. I want to thank Governor White of Texas, who
18 served as vice chairman, and the other members of the
19 committee. It was, I think, one of the most challenging
20 and interesting things I have had an opportunity to do.
21 There's been a lot of discussion about it, the role of
22 technology and what it can and can't do in the classroom.
23 And I think that we tried very hard in the committee to
24 make a distinction between the promise of technology and
25 what it can accomplish and tried to emphasize that one of

1 the difficulties that will be encountered in the classroom
2 is that there may be some overexpectations and some
3 assumptions that technology may replace, or be an
4 alternative to the teacher.

5 If there is a single message in what is included
6 in the report that ought to be emphasized and emphasized
7 again and again and again, it is that the role of
8 technology is most appropriate and, in fact, best
9 implemented in the classroom if it is used to leverage the
10 capacity of the teachers to deal with the needs of the
11 student as a professional, and that it is an adjunct to the
12 teacher, it is a tool for the teacher; it is by no means an
13 alternative or a replacement of the teacher.

14 The report goes on to address some of the
15 specifics that we would recommend that states and Governors
16 in particular focus on as they try and bring technology into
17 a more productive role in education.

18 The first point -- and it is sometimes taken for
19 granted and then not implemented -- is the fact that
20 planning is a crucial part of this; particularly with the
21 conflicting claims and developments that are taking place
22 in terms of hardware and software, and the reality that
23 that technology must be dovetailed into the curriculum,
24 requires that planning be done not only at the state level,
25 but at the regional and district level as well.

1 The second point that is to be emphasized in
2 what was accomplished is that teacher training is crucial.
3 It is crucial both from the point of view of the teachers
4 being able to utilize the resource that is being provided;
5 and, secondly, from the point of view of being comfortable
6 and willing to utilize it. And a teacher that is not
7 trained and comfortable with the hardware and software that
8 the investment is being made in is not going to be a
9 teacher that can make the best use for their own personal
10 -- in terms of leveraging their own personal professional
11 capacity, but in terms communicating with the students.

12 The role of the state as a coordinator is also
13 crucial. The state can provide funds, it can provide
14 resources, it can stimulate development, but it also must
15 assist the regions and the districts within the state in
16 coordinating their activities and, in fact, transferring
17 productive results that are achieved in one district to
18 others. Networking is a reality in the utilization of
19 technology today in education, and that networking role
20 will certainly be implemented by the professionals
21 themselves in teaching that the state itself can become a
22 significant facilitator in that.

23 And finally, at the risk of being repetitious, I
24 want to emphasize again that it is up to the teachers to
25 develop the mechanisms for dovetailing this technology with

1 the curriculum that is presented to the students. There is
2 no substitute for the capacity and the willingness and the
3 comfort factor that a teacher will have in making
4 technology service.

5 I am certain that with those caveats, technology
6 can add to the quality and effectiveness of our educational
7 revolution that I think all of the Governors hope will be a
8 product of this 1991 report. Thank you very much,
9 Mr. Chairman.

10 GOVERNOR ALEXANDER: Thank you, Governor Sununu,
11 and thanks to Governor White and the other Governors who
12 participated on that panel.

13 The seventh Governors' task force looked at
14 higher education and asked the irreverent question: How
15 much are students really learning in college, and should we
16 try to measure that? Governor John Ashcroft of Missouri
17 led that task force.

18 GOVERNOR ASHCROFT: Thank you very much and
19 thank you for having allowed us to make this inquiry. It's
20 a little bit unique, I guess, to say the least, that we
21 would be the only task force dealing with higher education.

22 I want to thank Governor Bob Graham of Florida
23 for his vice-chairmanship and Governors Deukmejian, Carlin,
24 Hughes, Dukakis, Anaya and Moore for their participation in
25 this effort. The charge of the task force was to determine

1 how much students are learning in our colleges and
2 universities, and our task force chose to focus its
3 attention on the undergraduate aspects of education.
4 Somewhat alarmingly to me, I found out that most colleges
5 and universities don't have any systematic method of
6 determining how much their undergraduate students are
7 learning. In particular, this is true when we begin
8 investigating issues such as the availability or the
9 ability to think critically or solve problems or
10 communicate effectively.

11 There are some nationally norm tests that
12 certain portions of our college graduate population take,
13 and those test scores are not encouraging. One report
14 indicated that between 1964 and 1982, in 11 of 15
15 categories tested on the Graduate Record Examination, test
16 scores were in a decline.

17 So I think the real thing that is the first
18 dawning revelation of a need is the need for our colleges
19 and universities to begin assessing progress, and we took a
20 keen interest in saying that colleges and universities
21 should make an assessment of what is happening to
22 individuals who are on their campus. We think this is
23 important because we are investing substantial public
24 resources in public higher education; it's important that
25 we know what happens as a result of that investment. The

1 public has a right to know what it is getting for its
2 expenditure of tax resources, and consumers -- the
3 individuals have a right to know what happens on a campus
4 when they expect to go there.

5 Our task force did discover that there are
6 several colleges and universities in the country, a growing
7 number, in fact, that are beginning to conduct regular
8 assessments of progress at the undergraduate levels, and
9 this happens not only in community colleges -- there is a
10 significant we heard testimony about from Florida -- but in
11 public colleges at the four-year level as well as private
12 and in the research universities as well.

13 The recommendations included that we ask the
14 colleges first to define their mission; colleges to do that
15 in conjunction with a legislature and their governing
16 boards, and to take that defined mission and to begin to
17 make assessments of what kind of progress is being made.

18 We recommended that we as allocators of public
19 resources begin to reward institutions that would make such
20 efforts to define their missions and assess progress and
21 reward those institutions that as a matter of fact did a
22 good job. Multiple measures of assessment are important.
23 Sometimes assessments can be made successfully on paper and
24 pencil. Others may require better techniques including
25 surveys of graduates and evaluations by trained evaluators

1 in the program.

2 Financial incentives within regular funding
3 programs, however, ought to reward institutions that can
4 demonstrate that they do a good job.

5 We have committed ourselves to the concept which
6 we believe is true, that quality, assessment in performance
7 and access to education are not incompatible, that they are
8 achievable goals contemporaneously.

9 Last but not least, we suggested that
10 accrediting associations require institutions to begin
11 assessing what happens to students at those institutions,
12 and then that accrediting associations consider student
13 progress in institutions as a part of the data on which
14 they base accreditation.

15 My personal feeling is if you can't really
16 demonstrate that anything good is happening to individuals
17 while they are in the program, we ought to look very
18 carefully at whether or not an institution continues to
19 carry accreditation.

20 I am pleased to have had this opportunity to
21 cooperate with these other Governors. I want to commend
22 them, commend the staff, members of the offices who spent a
23 lot of time with us on this, along with our collaboration
24 with ECS and Governor Kean, who was running his program
25 contemporaneously.

1 GOVERNOR ALEXANDER: Thank you, John. That
2 completes the seven reports. We have just a few minutes
3 for further discussion. Governor Orr and Governor
4 Blanchard next. Governor Orr.

5 GOVERNOR ORR: Mr. Chairman, this is, indeed, an
6 overwhelming agenda that these seven task forces have laid
7 before us. It might also be said that it so dominates
8 everything that our future efforts as an association may
9 well spend most of our time if not all of our time trying
10 to carry out these state strategies that have been laid
11 before us to measure what we have done and what we expect
12 to do against what is put before us here, as a result of
13 countless hours of so many people and the involvement,
14 really, of almost all Governors in a united effort, which I
15 think is demonstrating the kind of leadership that is so
16 important for the country.

17 I do believe that while we take pride in our own
18 initiatives, and all of us do, because everybody has some
19 special things, that we have far to go before we sleep, in
20 relationship to a lot of other things that must come
21 forward.

22 Indiana is proud of its prime time program and
23 we are proud of our own technological program, which I
24 believe may be unique, and we all are moving towards
25 incentives of one kind or another, patterning our existence

1 after that which has been accomplished in Tennessee. One
2 thing which has never been voiced, however, in all of our
3 deliberations over these three days, has to do with time on
4 task. It is something which in Indiana at the moment is
5 subject to considerable debate. Our superintendent of
6 public construction, Dean Evans, is leading that, in the
7 belief that we need to expand on time on task. He was a
8 part of a group that visited in Japan, and many Governors
9 here have had the opportunity, as have I, to visit schools
10 in Japan, where they spend 240 days a year in school, to
11 say nothing of all of the rest of the things that they do.
12 Our country averages something like 180 days.

13 I am wondering if this is something that for
14 some reason or another we haven't mentioned on purpose, or
15 just simply because it is assumed that with improvement, we
16 are going to be adding to time on task the number of days
17 in the school year, but it seems to me important to bring
18 this up. It is a matter of debate in the State of Indiana.
19 I wonder if it is in other states.

20 GOVERNOR ALEXANDER: Thank you, Governor Orr.
21 Any Governor have a comment on that? I wonder, Governor
22 Kean, if the Carnegie Forum discussed the question of more
23 school days, time on task as an aspect of teaching, and if
24 so, if you have any reaction to Governor Orr's remark.
25 Governor Kean was the Governor who was a member of the

1 Carnegie Forum.

2 GOVERNOR KEAN: Yes, we talked about longer
3 school day, longer school year. Our main emphasis, though,
4 was to get more out of the time we now spent in school. We
5 recognize that many of our foreign competitors do spend
6 more time on task, simply do spend more time, more school
7 days, more school hours. But our primary task was to try
8 to adjust the hours we now spend to get more out of them.

9 GOVERNOR ORR: I think the primary task that all
10 of us have is that, but as we move forward with innovations,
11 is that not something that we properly should take into
12 consideration?

13 GOVERNOR ALEXANDER: I think clearly it should,
14 Governor Orr, and one of the most interesting kinds of
15 statistics the Governors could ask for in their own states
16 is how much time do teachers spend actually teaching, and
17 the results seem to show that it might be anywhere from 15
18 to 25 percent of their time because they have so many
19 noninstructional duties. So a lot of people come to the
20 conclusion that until we straighten that out and do a
21 better job with the days we've got, that maybe we shouldn't
22 go to more days.

23 Let me go to Governor Blanchard who has a
24 comment or question.

25 GOVERNOR BLANCHARD: Thank you, Governor

1 Alexander.

2 I would like to thank the Governors that led
3 these task forces and also the staff, because I think these
4 documents and findings are going to be helpful to all of us.
5 I think it's a very worthwhile project.

6 I would like to mention something on a related
7 note, and that is, earlier this year I proposed a tuition
8 guarantee program in Michigan which would allow parents or
9 grandparents to make a downpayment now, and therefore, and
10 then guarantee four years of tuition free at any one of our
11 15 public colleges and universities. We are in the process
12 now of hoping to enact it. My House of Representatives has
13 passed it by a vote of 89 to 11, strong bipartisan support.
14 It will be the first of a kind that a state has brought
15 forth. I would like to recommend that you seriously
16 consider it.

17 We in Michigan, like most of you, are very proud
18 of our higher educational system, our public higher
19 educational system, but the cost of tuition has indeed
20 skyrocketed. We are looking for ways that the state
21 government can be a catalyst in providing opportunity
22 without creating a bureaucracy and trying to redistribute
23 income. The way we develop, we think will work, is this
24 what we call baccalaureate education system trust program,
25 tuition guarantee, which allows people to make a modest

1 downpayment and 18 years later guarantee four years of
2 tuition, or installment payments. And how it works,
3 basically, is that people pay now, the state has a trust
4 managed by a financial -- private financial consultants
5 that invest the money. The money earned is tax exempt, and
6 it is used, therefore, to guarantee tuition. Obviously
7 this is state universities, state colleges, so we have a
8 great deal of influence on what tuition will be. In fact,
9 we have froze tuition two years in a row in Michigan as
10 well.

11 But it's, I think, it's an idea whose time has
12 come. We'll keep you posted on how it's working. But 35 --
13 representatives of 35 states have inquired, and the status
14 is right now, it's on the threshold of being enacted by our
15 Senate and we hope to put it in place by the end of the
16 year. It does deal with the question of providing access
17 to higher education.

18 And also, I think, if a young person realizes
19 that they have tuition guaranteed at a public college or
20 university, I think they are likely to work a lot harder,
21 because they will realize if they work hard, money will not
22 deny their admission to a college or university.

23 GOVERNOR ALEXANDER: Thank you, Governor
24 Blanchard. Before we conclude this session, I want to go
25 back and make certain that Governor Earl, Governor Ariyoshi

1 and Governor Kunin have a chance to ask a question or make
2 a comment if they wish to. On Sunday afternoon we ran out
3 of time and I don't want to do that again. Governor Earl.

4 GOVERNOR EARL: In observation of we don't have
5 the folks here to ask the question, it seemed to me in some
6 ways we are pulling in two different questions, and I was
7 curious to get the reaction of the educators, particularly
8 the principal and the school teacher we had, to this
9 observation: Magnet schools and choice do move in the
10 opposite direction of site management of schools.

11 If you want to get more parental involvement,
12 and you want to give the teachers and the principals in the
13 neighborhood school greater involvement, that is moving in
14 quite a different direction from the choice notion. This
15 has been debated here.

16 I was curious to get the teacher and the
17 principal's reaction to greater on-site management with
18 whichever agency represents the state, Department of Public
19 Instruction, whatever, dealing directly with the school in
20 trying to reward superior performance there, rather than
21 going through the school district, especially in a large
22 urban district, and whether they thought that would be more
23 effective and represent better educational policy, than
24 moving in a direction of magnet schools, which as
25 attractive as they are, do create many of the problems that

1 were cited here. You remove many of the role models from
2 schools, you give some youngsters a notion that they have
3 not been ticketed for success because they aren't going to
4 the magnet schools. I was anxious to get those educators'
5 responses. I'd be anxious to hear from some of you
6 afterward, your action to this, because it seems to me that
7 is a very critical debate we will be facing in following
8 the recommendations of the task force.

9 GOVERNOR ALEXANDER: Thank you, Governor Earl.
10 Governor Kunin.

11 GOVERNOR KUNIN: Thank you. I'd like to -- is
12 Governor Riley still here or has he left?

13 GOVERNOR ALEXANDER: He's right here, moving
14 around.

15 GOVERNOR KUNIN: I would just like to pick up on
16 something. We, in Vermont, established kindergarten for
17 all school children in the last year, figuring that was the
18 best investment we could make. I think we are all in
19 agreement that early childhood education has the greatest
20 return.

21 You note in your report that then there is some
22 competition, whether you should get into full-time
23 kindergarten, whether you should have extended day care
24 programs, whether you should have supplementary headstart.
25 Obviously we would like to do all of those. But if you

1 have to make choices, where do you think we can have the
2 most effective program after having established
3 kindergarten? Where do you go next if you want to move
4 down from kindergarten to making an impact on in early
5 childhood?

6 GOVERNOR RILEY: I think, Governor Kunin, if we
7 had to say in order of preference, which is the hard part
8 of being governor, the half-day program for kindergarten,
9 quality kindergarten program, first, I think, the half-day
10 program for at risk four-year-olds would be second, that
11 then often your school districts where they want to put
12 their local dollars into a full-day kindergarten program or
13 full-day four-year-old program or whatever, of course would
14 have that option. But in terms of the state providing the
15 proper services, I would say in that category, this preschool
16 business, early childhood education, and development, of
17 course, touches on educational component, the developmental
18 side, the health side, the social side; but it's very, very
19 critical to having the increased level of education as you
20 point out.

21 GOVERNOR ALEXANDER: Governor Ariyoshi, did you
22 have a comment.

23 GOVERNOR ARIYOSHI: Yes. We have had a great
24 deal of talk about how we can improve the many things in
25 education. One of the concerns that I have is the

1 increasing dollars that we spend in administration. And
2 I'm not sure how it's happening elsewhere, but in my state,
3 we have been spending more and more dollars on
4 administration side, and Lou Harris made mention of that
5 this morning. With that kind of increase has come greater
6 restrictions on what the teachers can do. We tell the
7 teachers about what they can teach, how they can teach, the
8 kind of aids that they are to be using; we tell them every
9 time there is a survey anything that's done about our
10 schools, the teachers end up getting all of these
11 assignments and they have to respond to many nonteaching
12 assignments.

13 The other very important part about this also is
14 the collective bargaining process. In our state we have
15 collective bargaining for all teachers, and the unions tell
16 us what the teachers should be doing and what they should
17 not be doing, and more and more we have been placing
18 teachers in straitjackets, placing greater restraints on
19 the kinds of things that they can do. I am very concerned
20 about that. I wanted to especially get some reaction when
21 the teachers were here and principal were here, about how
22 they would look at freeing the teachers from -- and the
23 willingness of the unions also to step back from putting
24 some of these constraints on what the teachers can do in
25 the classroom.

1 GOVERNOR ALEXANDER: Those are very important
2 concerns, Governor. Perhaps one way to get at that is that
3 our report, in effect, makes an invitation to local school
4 districts to come back to the Governors, to the federal
5 government, and perhaps to the teachers unions, and say,
6 let's agree on goals, and then free us from a lot of these
7 restrictions which cause the administrative paperwork and
8 let's see if we can produce the results. I would like to
9 see us begin to do that in connection with the federal
10 government and with states who would like to try it and
11 school districts who would like to try it and that might
12 get directly at the point you are making.

13 GOVERNOR ARIYOSHI: My concern is that the
14 unions have always talked about better education, but I
15 have never ever heard them talk about what they have to do
16 and about pulling back in order to make it possible for
17 teachers to get free. In my state I have talked to the
18 union leaders, and I've said if you really care about
19 education, then you have to also step back. And the
20 response I get is, but we don't tell all teachers they
21 can't do some of these things. My response to them is yes,
22 but if the teachers want to do a little bit more, everybody
23 else looks to them and says, how come, why are you making
24 it more difficult, why are you doing more than you are
25 required to do.

1 GOVERNOR ALEXANDER: That's a very important
2 point, Governor. I want to thank the Governors and
3 conclude the part of this program on the Governors' 1991
4 report with this observation. As I mentioned earlier, it
5 is worth repeating over and over again that these
6 conversations are among Governors. That is an important
7 point. The report has a great many pluses. It embraces
8 some fairly radical notions. It earned an A-plus from even
9 education groups who did not agree with some of the
10 conclusions. It looks to the long term, which too many
11 efforts don't do. It is realistic, and it offers
12 opportunities for new compacts with, among people who have
13 been arguing a lot in the past; and it decentralizes: If
14 the Governors are not saying give it all to us, we are
15 saying, in effect, in terms of excellence, we would like to
16 give you more of the responsibility, if you will give us
17 better results.

18 My own observation, and this is only a personal
19 one, so you can take it for what it is worth, is this:
20 that one reason there is so much interest today in the
21 better schools among Governors is the point that Mr.
22 Harris' survey relied upon. America's number 1 worry is
23 better jobs, whether we will have good salaries in the 1990s
24 because of international competition, and most Governors
25 have concluded, as most Americans have, that better schools

1 mean better jobs.

2 People have asked me why haven't the Governors
3 done more before. I think it's no lack of respect for
4 other Governors to say that for some years Governors were,
5 first, uneducated about education matters. It is a very
6 difficult subject. And Governors had shorter terms. A
7 crop of Governors is retiring this year, and many of them
8 are the first Governors in their states who have had a
9 chance to serve two consecutive four-year terms. It takes
10 half of that to learn the subject. As a result, even
11 Governors in their own states were, to a large part,
12 intimidated by the difficulty of the subject, the
13 complexity of the solutions, and the penalty that might be
14 paid by coming out against the powerful interests who were
15 arrayed in terms of the status quo.

16 But today I think we see things changing.
17 Mr. Harris' survey talked about some very common sense
18 solutions that the American public overwhelmingly supports,
19 which are exactly the same sorts of directions that the
20 Governors have talked about looking into: paying more for
21 teaching well, more choices for parents, using schools all
22 year long. It's hard to imagine why we weren't doing that
23 in the first place, and that is what the citizens will be
24 asking of us.

25 So what the Governors have done in this meeting

1 is to do something that, in my opinion, will change the
2 agenda for American public education for several years to
3 come.

4 I want to especially thank Governor Clinton and
5 Governor Kean who because of their respective positions
6 with the education commission of the state and this
7 association for their leadership, and I want to thank all
8 of the Governors for focusing so much of their attention on
9 one issue. With all that is on your plates, that's hard to
10 do.

11 GOVERNOR ORR: Mr. Chairman, may I have a word.

12 GOVERNOR ALEXANDER: Governor Orr.

13 GOVERNOR ORR: It's my belief that your
14 colleagues would be remiss in not identifying the great
15 leadership which you have given. You have learned your
16 lessons well, as you put it. You have given us all
17 inspiration by your leadership in this education initiative.
18 I think it's important that we all give you a round of
19 applause for what you have done.

20 (Applause.)

21 GOVERNOR ALEXANDER: Thank you very much.

22 I may make a tape of that and take it home.
23 Thank you, Bob. That was unnecessary, but I appreciate it
24 very much.

25 We now will move to the variety of other issues

1 that have been hot on our agenda also for the last three
2 days. We have been debating them on committees all around
3 Hilton Head Island and in various places. We will now have
4 discussions and votes on the new and revised committee
5 policy positions that were sent to all of the Governors
6 before August 8. You have before you those policy
7 statements, stacked up like this, along with any changes in
8 amendments that are coming from the committees. To
9 expedite matters, we are going to vote en bloc. In other
10 words, I am going to bring up each committee's policies all
11 together, except where a request is made to consider a
12 proposal on an individual basis. We are going to proceed
13 in alphabetical order by the committees, beginning with the
14 Committee on Agriculture, and suspensions of the rules will
15 be considered last. By the way, suspensions of the rules
16 should have been in to the NGA staff by yesterday so we
17 know what they are.

18 I am going to ask the standing committee
19 chairman now to please summarize and move the adoption of
20 their policy positions. I will ask Governor Branstad, the
21 chairman of the Committee on Agriculture, if he will go
22 first.

23 Governor Branstad.

24 GOVERNOR BRANSTAD: Governor Alexander, thank
25 you very much.

1 As you all know, American agriculture has been
2 going through a very difficult crisis period for the last
3 several years. I think we can be proud that the Governors
4 and especially the Governors' committee, the National
5 Governors' Association Committee on Agriculture has been at
6 the forefront of pushing for national policies to help our
7 farmers through this very difficult and stressful time,
8 including addressing such issues as the restructuring of
9 the agricultural debt, and the exercising of forbearance
10 by lenders and more reasonable policies in terms of dealing
11 with the debt crisis.

12 That problem is still with us, even though it is
13 not in the headlines as much as it has been, and the
14 agriculture committee is continuing to monitor the actions
15 there as well as push for the interests of the farmers as
16 we deal with the major problem in the farm credit system
17 involving the land bank and the PCA.

18 This year, the agriculture committee addressed a
19 couple of other issues that are also of great concern to
20 agriculture and rural America, and we have two policy
21 statements that the committee has recommended.

22 The first, G-2, deals with export marketing and
23 trade policy. Among other things, we take a very strong
24 position supporting implementation of all existing
25 agricultural export enhancement programs to all nations,

1 recognizing that we must compete in a world marketplace and
2 need to do all we can to improve the competitive position
3 of the American agricultural producers.

4 The other policy statement which was addressed
5 by the agriculture committee is G-11. It's a policy on
6 agricultural and rural development, recognizing that our
7 rural communities are going through a very difficult time
8 of transition, and there is need for federal assistance, as
9 well as state initiatives, to encourage and assist the
10 revitalization of our rural communities and agricultural
11 economy.

12 These two initiatives, G-2 and G-11, are
13 approved by the agricultural committee.

14 The committee decided to withdraw the proposed
15 policy, G-12, with the understanding -- and that is a
16 policy that deals with clear title on agricultural products.
17 The withdrawal of that proposal is under the understanding
18 of the agriculture committee members that it will be
19 reviewed by the committee, and all issues involving this
20 critical and controversial issue of clear title to
21 agricultural products will be communicated to the members
22 with the recommendations from the agriculture committee.

23 Governor Kerrey, who recommended that resolution,
24 may want to comment on the clear title issue.

25 I am ready to move the proposed policy changes G-2

1 and G-11 and so move at this time.

2 GOVERNOR ALEXANDER: And 12?

3 GOVERNOR BRANSTAD: 12 has been withdrawn by the
4 committee as I pointed out.

5 GOVERNOR ALEXANDER: G-2 and -11 have been moved
6 and seconded. Is there any discussion?

7 Governor Kerrey, do you --

8 GOVERNOR KERREY: I only want to make a comment
9 on the resolution that was withdrawn with my support. Not
10 too long ago in my past, I spent a fair amount of my time
11 sitting around and trying to calculate how much plastic
12 explosive it would take to blow up one particular thing or
13 another. I apologize to the committee for having
14 apparently done that with this particular resolution.

15 What I intended to do and what I would like to
16 do in a brief period of time here was identify,
17 particularly for nonagricultural state Governors, Governors
18 that in particular don't have an awful lot of livestock
19 industry, identify for them a potential problem that was
20 created when the Food Security Act of 1985 was amended with
21 Article 1324. That problem centers on what we know in our
22 agricultural states as an issue known as double jeopardy.
23 Where under the Uniform Commercial Code, agricultural
24 products are considered to be different than other types of
25 security interests; namely, that if you sell a product to a

1 purchaser, and that purchaser buys the product and
2 discovers that there is a lien on that product, the
3 purchaser himself is liable for the clearance of a lien and
4 then finds himself faced with what is essentially double
5 jeopardy. And what 1324 of the Food Security Act did is
6 clear that up by saying that all agricultural products that
7 are purchased are purchased free and clear with two
8 exceptions, and those two exceptions are if prenotification
9 occurs on the part of the lender, if the lender notifies
10 the purchasers of liens that exist with the prenotification
11 effort; and, secondly, if there exists in the states a
12 system known in general as central filing or central
13 indexing.

14 Central indexing is not required, but I think
15 that most of the people on the agricultural committee that
16 have faced this issue recognize that central indexing is
17 clearly the most desirable, clearly the most desirable; and
18 if you have not faced this issue and do not have central
19 indexing in place by the deadline of December 24, 1986,
20 your lenders in your state will be required, if they want
21 to protect their security interest, they will be required
22 to prenotify in order to accomplish that objective. They
23 will be required to shorten this presentation up and do it
24 with certified mail. They will be required to do it in
25 mass mailings, and I will close by just saying a word of

1 caution, that if you have not prepared yourself and your
2 states to consider central indexing as an alternative, in
3 my judgment, you will face what could affectionately be
4 referred to as a prenotification nightmare that will, in my
5 judgment as well, place a burden on the very people we are
6 trying to help, the borrowers. Because the elimination of
7 the agriculture interest under Uniform Commercial Code was
8 designed to provide the maximum amount of leverage for the
9 minimum amount of security.

10 In taking that security interest away, we will,
11 without a central indexing, we will place an additional
12 burden upon the lender which will be translated potentially
13 into additional burden on the borrower.

14 So I, with all due respect, attempted with this
15 resolution to simply bring before the Governors a potential
16 problem for them.

17 GOVERNOR ALEXANDER: Thank you, Governor Kerrey.
18 Governor Sinner.

19 GOVERNOR SINNER: Everything that Governor
20 Kerrey has said is true, and it's a very, very serious
21 issue for Governors that have not started on it. There are,
22 what, Terry, eight states? -- I think there are eight
23 states that have the program in place, there has been a lot
24 of research done, and the committee -- Terry and I and with
25 the help of NGA staff -- will send you a letter and we will

1 try to give you an analysis of the states that have the
2 programs in place so that you know what you have to do. We
3 will try to get that done very quickly. It is a big issue.
4 Bob is absolutely right. You have got to get at it. You
5 have to get legislation passed; and if -- that you can't
6 delay. You must get at it.

7 GOVERNOR ALEXANDER: Thank you, George, and Bob.
8 That's very good practical advice for all of us. The
9 motion has been made and seconded. If there's no other
10 discussion, I would like to move for a vote. All in favor,
11 please say "aye."

12 (Chorus of ayes.)

13 GOVERNOR ALEXANDER: Any opposed? The ayes have
14 it.

15 Governor Graham, chair of the Committee on
16 Criminal Justice and Public Protection.

17 GOVERNOR GRAHAM: Thank you, Mr. Chairman. We
18 have two proposed changes, both of which are essentially in
19 the nature of a rewrite and consolidation of existing
20 policies. The first is B-13, which rewrites the policy on
21 the Army and Air National Guard. It continues the emphasis
22 on the responsibility of the Governor to oversee and direct
23 the Guard during peacetime, and the President's
24 responsibility if they are mobilized for national service.

25 Second, B-23 is a rewrite and consolidation of

1 several policies which relate to comprehensive emergency
2 management and civil defense policy. There are no
3 substantive changes made in either of these two policy
4 positions. I move them.

5 GOVERNOR EARL: Second.

6 GOVERNOR ALEXANDER: Is there any discussion?
7 Governor Babbitt.

8 GOVERNOR BABBITT: Governor Alexander, I take
9 this motion as an endorsement of the status quo with
10 respect to the issues which we all now confront in terms of
11 the deployment of National Guard units to Central America
12 and specifically Honduras.

13 Like many of you, I have denied the requests
14 coming from the Pentagon to deploy my Guardsmen in the
15 Honduras. I have done that because I believe that the
16 requests that are now coming to Governors are part and
17 parcel of the policy that is intended to draw American
18 forces into direct support of the contras and ultimately
19 into a widening war in Central America.

20 I believe that when those requests come to the
21 Governors, that we inevitably are required to use our
22 constitutional and legal judgment and to pass on the merits
23 of those requests, and that the Governors are therefore
24 inevitably required by their actions to state whether or
25 not they support the President's policy. I do not. I

1 believe it is a mistaken policy.

2 I would point out in support of this resolution,
3 however, the President clearly has authority to send
4 Guardsmen to Central America as part of the Federal Reserve.
5 I would simply emphasize, underline, and remind all of the
6 Governors that the President, by asking us to send them as
7 a state reserve, is drawing us directly into the execution
8 of what I believe is a mistaken policy. He is doing it,
9 not withstanding that he has clear authority under existing
10 law, to deploy Guardsmen as part of the Federal Reserve, as
11 a federal decision.

12 GOVERNOR ALEXANDER: Thank you, Governor Babbitt.
13 Governor Clinton.

14 GOVERNOR CLINTON: Mr. Chairman, as someone who
15 did permit his Guardsmen to go to Honduras to train, I also
16 want to speak in support of the resolution, and I also want
17 to say that I agree with Governor Babbitt that we should
18 not permit the training in Honduras to allow something to
19 be done indirectly which could not be done directly and to,
20 in effect, circumvent Congressional policy accordingly.

21 We had some very strict guidelines on the
22 training which occurred, and I did send, in effect, a major
23 portion of the Capitol Press Corps to Honduras to cover the
24 training during the time they were there. I thought it
25 should be done and thought it was appropriate because I

1 think they can be called up to fight in Central America and
2 I thought I had an obligation to see that they received
3 their appropriate training to do that. So I did permit it.
4 But I agree with Governor Babbitt and with the committee on
5 the policy.

6 Let me just say one other thing. If we stay
7 with the policy and if the bill which is now moving through
8 Congress would remove our authority to deny involvement
9 does not pass, that is, if the President -- if the status
10 quo is maintained, I would just urge all of our Governors
11 to be very careful in reviewing precisely what you have and
12 have not authorized. Because I discovered, much to my
13 surprise, that in addition to the people who had trained in
14 Honduras, whom I was well aware, five Guardsmen from my
15 state were sent to Chile and war games exercises at a time
16 when the policy of this government was opposed to giving
17 military aid to that government.

18 So I support the policy. I think we should
19 continue it. I supported training in Honduras with certain
20 restrictions. I think if the status quo is maintained, all
21 of us need to very carefully review what it is we are and
22 are not authorizing, because I promise you, I had no idea
23 we had five National Guardspeople in Chile.

24 GOVERNOR ALEXANDER: Governor Ashcroft, then
25 Governor Kunin, then Governor Atiyeh. Governor Ashcroft.

1 GOVERNOR ASHCROFT: I support this resolution.
2 I think the Governors of the states ought to continue to
3 exercise their role in helping make decisions about
4 National Guard training.

5 I personally went to Honduras to evaluate the
6 training exercise which the Missouri National Guard
7 exercised leadership in in Honduras. I think we had as
8 many Guardsmen there for as long a time as all the rest of
9 the states put together. It was very clear to me, from an
10 on-site inspection, that this was not an exercise in
11 cooperation with the contras or an exercise in interfering
12 with military objectives of any parties in Central America.
13 At least that's my conclusion, having visited every inch of
14 the roadway being constructed between two very remote
15 villages. I talked to the mayor of the one city, and her
16 only complaint was that we were doing something out in the
17 country to connect two villages rather than redoing the
18 streets in her city, and she was eager to have us come down
19 the next year to help provide assistance in the city.

20 I just want to make it clear, my understanding
21 is, as someone who had an on-site visit, spoke with
22 civilians and spoke with governmental officials and
23 examined every inch of the roadway being constructed, that
24 it was a training project and nothing more from anything
25 that I could observe there. I think it was in our interest

1 to be there. The reason I had my troops there is I think
2 it's the kind of training they need to get, and I couldn't
3 imagine a better locus for them achieving that training,
4 and I'm sure that's why other Governors sent their troops
5 as well.

6 GOVERNOR ALEXANDER: Governor Kunin.

7 GOVERNOR KUNIN: I am in strong support of this
8 resolution. I believe that there is a new policy at work
9 in how the Guard is being used as part of the total forces
10 concept, and that it is, in fact, being used as more than a
11 training exercise, but rather as a show of force. These
12 words are words that were quoted from people within the
13 military most recently. That is the terminology that is
14 being used. I think that show of force is being used
15 without Congressional action, without federalizing the
16 Guard. And it is this kind of back door escalation that I
17 don't believe the Governors wish to be a part of.

18 Because this is being considered by the Congress
19 right now, and is the subject of debate at the committee of
20 conference, I would urge that if this resolution is adopted,
21 if this policy change is adopted, that it be brought to the
22 attention of the appropriate committees immediately,
23 because action is pending in this area and the Governors'
24 position should be known.

25 GOVERNOR ALEXANDER: Thank you. Governor Atiyeh.

1 GOVERNOR ATIYEH: I don't want to prolong this
2 much longer. I think it's very clear. The Governors who
3 did allow their guards to go to Honduras and those that did
4 not, both oppose -- or support the resolution and oppose
5 the proposal in Congress. That is in regard to our
6 autonomy and we believe our constitutional right as
7 Governors.

8 In the case of Oregon, we did send our troops to
9 Honduras. It is part of their mission in the event that
10 anything were to take place. I felt it was in the best
11 interests of the young men and women in my Guard that they
12 be where they might go. But it is important, I think, to
13 whomever who is watching or listening, that both those that
14 did and those that did not support a resolution that say:
15 Keep your hands off; and I hope that message is quite clear
16 in Congress.

17 GOVERNOR ALEXANDER: Thank you, Governor Atiyeh.
18 Governor Graham has made his motion, it's been seconded.
19 Further comment, Governor Graham.

20 GOVERNOR GRAHAM: I would just like to close
21 briefly. Mr. Chairman, there is a new role for the
22 National Guard. It is much more part of our national
23 security assets integrated into a total forces concept than
24 has been in the past. I think that puts some new
25 obligations on Governors in carrying out their

1 responsibility.

2 I have supported and have also visited our
3 troops in training in Central America. I have found that
4 it has been an effective training exercise which emphasizes
5 innerunit cooperation particularly with typically National
6 Guard units from several states jointly engaged in an
7 exercise. It represents real theater of operation
8 conditions, not only in Central America -- our troops have
9 also been to Korea, and Europe and other potential areas in
10 which they might be deployed -- and has the benefit of
11 leaving behind a positive contribution to that particular
12 community, whether it is a roadway or other capital project,
13 that will engender positive attitudes because of a
14 constructive outreach to the people towards the United
15 States and the values for which we stand.

16 I believe that Governors should continue to have
17 this responsibility, and I would urge them to take all
18 those factors into consideration in discharging their
19 responsibilities.

20 GOVERNOR ALEXANDER: Thank you. This has been a
21 very helpful discussion I think for all the Governors. May
22 we now move to a vote. All in favor, please say "aye."

23 (Chorus of ayes.)

24 GOVERNOR ALEXANDER: Any opposed? Carries.
25 Governor Dukakis, chair of the Committee on

1 Economic Involvement and Technological Innovation.

2 GOVERNOR DUKAKIS: Mr. Chairman, there are two
3 resolutions before you, the first having to do with
4 technological innovation; and more particularly, an
5 amendment to an existing policy, which urges the
6 continuation of the SBIR program. I think most of the
7 Governors know that that's one of the most innovative and
8 one of the most important federal programs that we have had
9 which has been extremely helpful to young, growing
10 entrepreneurial businesses.

11 So the first resolution on technological
12 innovation urges the continuation of that program and I
13 would move its adoption at this time.

14 GOVERNOR ALEXANDER: Second? Any discussion?
15 All in favor, please say "aye."

16 (Chorus of ayes.)

17 GOVERNOR ALEXANDER: Any opposed? It's adopted.

18 GOVERNOR DUKAKIS: Mr. Chairman, the second
19 resolution has to do with liability insurance, and more
20 particularly, the question of a federal products liability
21 code. Before offering it for discussion and for action, I
22 would like, with the permission of the Chair, to ask
23 Governor DiPrete of Rhode Island who was chairing our Task
24 Force on Liability Insurance to make a statement on the
25 work of the task force, and more particularly, on this

1 resolution. Governor DiPrete.

2 GOVERNOR DI PRETE: Thank you, Mr. Chairman.
3 Specifically reporting on the work of the Insurance Task
4 Force as respects liabilities insurance, we met several
5 months ago and took testimony from people at various levels
6 of government, people from the insurance industry, from the
7 rating bureaus, from consumers. A cross section of people
8 in one area or another involved in the problems of
9 liability insurance as respects environmental liability,
10 day-care liability, medical malpractice, as well as other
11 forms of professional liabilities, liquor law liability,
12 and this list is not intended to be all-inclusive. However,
13 we did consider the nature of the problem and possible
14 approaches towards a rational solution, and it was our
15 intent to furnish the various Governors a list of options
16 in which to address these particular forms of liability
17 insurance.

18 You have a report before you, and on pages 32
19 through 36, are a number of proposed solutions or at least
20 proposed approaches by the various Governors. Some may be
21 more acceptable in your particular state than others.
22 However, it was our intent to address these problems head
23 on, provide the Governors with a variety of options and,
24 obviously, there would be the person making the decisions
25 whether or not to pursue those options further.

1 I might add that the task force intends to
2 develop those recommendations further. We received several
3 good suggestions from the Governors, both at the task force
4 level and Economic Development Committee level.

5 GOVERNOR ALEXANDER: Thank you, Governor DiPrete.

6 Any further comment on that motion and second?

7 GOVERNOR DUKAKIS: Mr. Chairman. I would like
8 to offer the motion which is before the Governors at this
9 time and discuss it briefly and then I understand that
10 Governor Graham has an amendment to the motion.

11 The issue of products liability insurance is one
12 which I know all of us has been working on, in some cases,
13 looking at legislatively and it's part of what has been for
14 many of us a very serious problem of liability insurance
15 generally in our states.

16 This resolution reflects the feeling on the part
17 of the task force and the Committee on Economic Development
18 and Technological Innovation, that it is time now for the
19 Governors to break with what has been our traditional
20 position and to endorse a federal product liability code.
21 This should not be interpreted to be an endorsement of any
22 particular piece of legislation. There are many proposals
23 before the Congress. But it does represent a recognition
24 on the part of the Governors, if you approve it, that the
25 complexity of the manufacturing process and the whole

1 process of interstate commerce, does now argue for Governor
2 support of a federal product liability code.

3 I should add, however, speaking both for myself
4 and for the committee, that, as I think every Governor
5 knows, it's not just the legal rules of the game that are
6 creating the problem. All of us have received a mounting
7 number of complaints from small businesses, small
8 manufacturers, day-care centers and others, and that
9 obviously goes beyond just products liability.

10 But particularly in the products liability field,
11 there are small and medium-sized businesses, that the cost
12 of their insurance policies has risen by a factor of 3, 5,
13 or in some cases 10. In many cases, this doubling or
14 tripling or quadrupling of the cost of the policies has
15 been accompanied by significant limits on the coverage.
16 And that in some cases, they can't even get insurance. An
17 increasing number of businesses in my state, and I know in
18 yours, are finally saying, well, we're going to be
19 self-insurers and we don't know what's going to happen to
20 us but if we're hit with the big judgment, we're out of
21 business.

22 So the purpose of the last paragraph in this
23 resolution is to clearly reflect the feeling on the part of
24 the Governors, which I believe you all share, which is that
25 in addition to reform of the legal rules of the game with

1 respect to products liability, that effective oversight of
2 the industry, which deals with these astronomical increases
3 in price, the question of availability, cancellation on
4 policies, coverage restriction and reinsurance, are things
5 which we must look at and must be part of a total solution.

6 Now, I know, Mr. Chairman, that Governor Graham
7 has an additional problem and it's one that I think all of
8 us care about very deeply, and that has to do with the
9 effect of a federal products liability code on occupational
10 and product safety.

11 I would defer to him for the presentation of an
12 amendment on those issues.

13 GOVERNOR GRAHAM: Thank you, Governor.

14 I would propose to add a new paragraph, which
15 would be on page 7 after the first paragraph and before the
16 last paragraph, and would read as follows:

17 In establishing a uniform federal product
18 liability code, Congress should assess the impact of a
19 uniform code on public safety and consumer protection, and
20 if deemed appropriate, enhance federal safety and consumer
21 protection standards.

22 Mr. Chairman, the purpose of this is to
23 recognize the fact that if we reduce the sanction of the
24 tort law, and the essential thrust behind this movement is
25 to do so by having a uniform code, that that raises the

1 question of what will occur in terms of standards of public
2 safety and consumer protection. We have seen, in areas of
3 medical products, industrial products, and others, where
4 there have been serious public safety issues. If Congress
5 is going to reduce the sanction of the tort law, then it
6 should assess whether there are other federal safety and
7 consumer protection standards that need to be enhanced in
8 order that the public not be in jeopardy as a result of
9 this action.

10 GOVERNOR DUKAKIS: Mr. Chairman, I would second
11 Governor Graham's amendment.

12 GOVERNOR ALEXANDER: Our situation is we have a
13 motion on the floor and we have an amendment and a second.
14 So we will vote first on the amendment, which I gather is
15 acceptable to the committee generally. If there is no
16 further discussion -- Governor Thompson.

17 GOVERNOR THOMPSON: Mr. Chairman, I just wanted
18 to say, as one of the sponsors of the task force resolution
19 which was approved yesterday by the committee on economic
20 development, that I think Governor Graham's amendment is
21 not inappropriate. The problem faced by manufacturers in
22 the United States, which is an extraordinary one, is one of
23 postmanufacture, jury judgment under the tort laws of 50
24 states. What Governor Graham suggests is that if we moved
25 in that crazy quilt pattern of postmanufacture judgment,

1 hindsight judgment, by adopting a uniform code of product
2 liability we ought to at the same time take a look at
3 premanufacture federal regulation, especially in the area
4 of consumer products like pharmaceuticals and others. That
5 is not inconsistent with the resolution; and, in fact,
6 would bring greater regularity, greater reliability, and
7 ought to have an equally strong result in forcing insurance
8 rates down because you could depend upon one uniform
9 standard of premanufacturing or predistribution regulation.
10 So I would urge support of both the amendment and the
11 resolution.

12 GOVERNOR ALEXANDER: Thank you, Governor
13 Thompson. Governor DiPrete.

14 GOVERNOR DI PRETE: Mr. Chairman, as chairman of
15 the Task Force on Liability Insurance, I also support the
16 amendment proposed by Governor Graham. I feel that it
17 dovetails very well with the intent of the Federal Uniform
18 Products Liability Code. I might just say quickly in
19 passing, as Governor Thompson and I worked on that policy
20 statement, we did not take lightly the question of federal
21 preemption, but after considering the interstate aspects of
22 machinery being made in one state, shipped to another,
23 distributed to another, installed in another and serviced
24 in another and a claim occurring in another, we feel that
25 while this is breaking new ground, that NGA should adopt

1 this position.

2 GOVERNOR ALEXANDER: Thank you. I am going to
3 ask that we move to a vote now in Governor Graham's
4 amendment. All in favor please say "aye."

5 (Chorus of ayes.)

6 GOVERNOR ALEXANDER: Any opposed? The ayes have
7 it.

8 Now we will move to a vote on Governor Dukakis'
9 motion that we adopt the report. All in favor, please say
10 "aye."

11 (Chorus of ayes.)

12 GOVERNOR ALEXANDER: Any opposed? It's adopted.

13 Let me thank Governor Dukakis, Governors Graham
14 and Thompson. Governor DiPrete, we thank you for your work
15 as chairman of the task force. That was a lot of work on a
16 very complicated area.

17 Governor Thornburgh has a comment as it relates
18 to a policy position of the NGA and economic development.
19 Governor Thornburgh.

20 GOVERNOR THORNBURGH: Before we leave the
21 general area of economic development, Mr. Chairman, I would
22 like to make an observation and an admonition to this
23 association. The Wall Street Journal this morning reported
24 that 31 states characterized their economy as being in a
25 state of recession. Yesterday at the meeting of the

1 economic development committee, Governor Blanchard and I
2 were privileged to share with our colleagues some of the
3 strategies adopted in Michigan and Pennsylvania to deal
4 successfully with economic downturn. The discussion
5 included reference to the respective roles of the state and
6 the federal government in dealing with economic problems,
7 and obviously this morning, we have taken an important step
8 to petition the federal government to take action in the
9 field of product liability insurance.

10 But in my view, the most important step that the
11 federal government could take remains the balancing of the
12 federal budget, and to rid us of the scourge of \$200
13 billion deficits as far as the eye can see. The credit
14 card mentality that has produced this string of deficits
15 and now a \$2 trillion national debt is, in my view, the
16 biggest single threat to economic growth and the quality of
17 life in each of our states.

18 While there has been some attention given to the
19 deficit in the Congress and by the Administration through
20 such mechanisms as the Graham-Rudman-Hollings bill and son
21 of Graham-Rudman-Hollings bill and other legislative steps
22 in the right direction, they represent, in my view,
23 something akin to a preoccupation with dining room seating
24 arrangements on the Titanic.

25 This association is on record favoring a

1 balanced budget amendment to the United States Constitution,
2 adopted after considerable debate and on a bipartisan basis,
3 and adopted with good reason, because each of us in our
4 states, with one exception -- and I think in Vermont it
5 might be redundant to give them their Yankee frugality --
6 we are subject to the fiscal discipline of a balanced
7 budget amendment in matching expenditures with revenues.

8 I would like to take this opportunity, in my
9 last session as a member of this association, to urge
10 continued pressure by the National Governors' Association
11 to force the Congress and this Administration and
12 successive congresses and administrations, if necessary, to
13 adopt a similar discipline at the federal level, to provide
14 the balanced budget that will provide the kind of
15 stabilization in the federal fiscal picture which can only
16 help those of us who have the real responsibility on the
17 firing line to deal with economic problems in our state
18 with a sound base from which to proceed.

19 Thank you, Mr. Chairman.

20 GOVERNOR ALEXANDER: Thank you, Governor
21 Thornburgh.

22 We now have several more committee reports and I
23 thank the chairmen for moving as rapidly as possible on
24 them.

25 GOVERNOR RILEY: Mr. Chairman.

1 GOVERNOR ALEXANDER: Excuse me, Dick.

2 GOVERNOR RILEY: I would point out on everybody's
3 desk you have a South Carolina educational television
4 booklet. It will describe the new microwave
5 telecommunications statewide system, state owned also, that
6 we have put in effect in South Carolina under this category
7 of technological change. We think it's going to be a very
8 strong system of the future, very comprehensive and
9 advanced technologically. We urge you to take a look at it
10 and it tells you how to contact anybody if you are
11 interested in this information.

12 Thank you.

13 GOVERNOR ALEXANDER: Thank you you, Governor
14 Riley. Excuse me for overlooking that point.

15 Governor Earl, chair of the Committee on Energy
16 and Environment.

17 GOVERNOR EARL: Mr. Chairman, in interests of
18 moving this along, our committee yesterday adopted one new
19 policy and amended another. We adopted a policy on global
20 resources after hearing from Lester Brown and Ted Turner.
21 Suffice it to say that as much attention as we all paid to
22 international economy, we paid relatively little attention
23 to the world environment, and as Mr. Brown so aptly pointed
24 out, today's environmental deficits will be tomorrow's
25 economic deficits, and we ought to pay equal attention to

1 the global environment as well as the global economy.

2 In energy production, we reviewed an amendment
3 to existing policy that was worked out by Governor White
4 and Governor O'Neill aided by Governor Nigh of Oklahoma.
5 It urges us to have a balanced energy policy, urges us to
6 continue to pursue energy independence, and to assure that
7 we fill up the national reserve a bit faster. I recommend
8 adoption of the new policy and the amendment to existing
9 policy. And so move.

10 GOVERNOR ALEXANDER: Is there a second?

11 You have the policy before you. Any discussion?
12 All in favor please say "aye."

13 (Chorus of ayes.)

14 GOVERNOR ALEXANDER: Any opposed? The ayes have
15 it. Thank you, Governor Earl.

16 Governor Castle, chair, Committee on Human
17 Resources.

18 GOVERNOR CASTLE: Thank you, Governor. The
19 human resources committee yesterday had an interesting
20 presentation by four former welfare recipients who had sort
21 of a different story to tell than perhaps we often hear.
22 It's part of the ongoing project which a number of our
23 committee members serve on with respect to the welfare
24 reform committee which we have formed. We also passed a
25 resolution which endorsed a report and recommendations of a

1 work group establishing between the human resources
2 committee and the agriculture committee a review of the
3 crisis in rural America and what perhaps could be done from
4 the human resources side of things. And then as far as
5 this plenary session is concern, the committee unanimously
6 passed an amendment to our health policy which is C-5.
7 That policy speaks to health care coverage for the uninsured,
8 describes the growing access problems by individuals who do
9 not have health care coverage, reference to state
10 initiatives to help meet the medical needs of the uninsured,
11 and articulates the Governors' position on possible federal
12 responses.

13 Mr. Chairman, I would respectfully move the
14 adoption of this policy by the association.

15 GOVERNOR ALEXANDER: Is there a second? Second.

16 You have it before you. Any further discussion?
17 All in favor please say "aye."

18 (Chorus of ayes.)

19 GOVERNOR ALEXANDER: Any opposed? It is adopted.
20 Thank you Governor Castle.

21 Governor Sununu, chair of the Committee on
22 International Trade and Foreign Relations.

23 GOVERNOR SUNUNU: Thank you very much,
24 Mr. Chairman. We considered one amendment to an existing
25 policy and one new policy position. The amendment to an

1 existing policy addressed an important area that is going
2 to even get more important, and that is the importance of
3 services in international trade. Historically goods and
4 commodities have been the principal concerns of
5 international trade. We have now reached a point where we
6 have significant amounts of services -- financial services,
7 insurance, information services -- being traded
8 internationally. This amends the policy to recommend
9 an establishment of strong international rules on dealing
10 with the international trading services.

11 The second item we consider was a policy on
12 U.S.-Canadian trade. Canada and the United States are the
13 largest trading partners in the world, about \$150 billion a
14 year in trade crosses our borders, and we have named a task
15 force to begin to work with the Canadian Premiers in trying
16 to establish criteria and recommendations for the bilateral
17 trade talks that are taking place as well as addressing
18 specific trade issues that are going on. This policy
19 endorses the bilateral negotiations. It provides a policy
20 basis for the continuation of the work of the NGA task
21 force.

22 I would move both the amendment dealing with
23 services and the new policy position dealing with U.S. and
24 Canadian trade.

25 GOVERNOR ALEXANDER: Is there a second? We have

1 a second.

2 Any further discussion? Governor Evans.

3 GOVERNOR EVANS: Mr. Chairman, I appreciate
4 Governor Sununu's strong support of the effort to establish
5 a Governors/Premiers task force on trade. I want to report
6 to you today that 20 of you are now on that task force;
7 that task force is in place. Governor Grant Devine of
8 Saskatchewan is the cochair of that task force representing
9 the Premiers. I think it opens a door of opportunity for
10 us to cement relationships and communicate the problems of
11 trade between our two countries and, of course, Canada is
12 the United States's largest trading partner as we are
13 theirs. So it will provide us a model for further trade
14 programs and development possibly with other neighbors and
15 possibly to the south, particularly in Mexico.

16 So I am very pleased to have been a part of that
17 and it's taken a long time to put it together, but we are
18 now on target. Thank you very much.

19 GOVERNOR ALEXANDER: We appreciate the work done
20 by all the members of the committee. If there is no
21 further discussion, we will move for a vote. All in favor,
22 please say "aye."

23 (Chorus of ayes.)

24 GOVERNOR ALEXANDER: Any opposed? It carries.
25 Governor Orr, chairman of the Committee on

1 Transportation, Commerce and Communications.

2 GOVERNOR ORR: Mr. Chairman, I wish that it were
3 possible for me to be rapid in dealing with the matters
4 having to do with the transportation, commerce and
5 communications committee, but they are somewhat complex.
6 In the first instance there were three matters that came
7 before the committee in the way of policy changes F-2, F-9
8 and F-10. F-10, by unanimous action of the committee, has
9 been withdrawn, but I will later ask for point of personal
10 privilege for one of those who was present, a member, to
11 talk on the subject of F-10 telecommunications.

12 As for F-2 which deals with highways, and F-9
13 which deals with insurance, no-fault insurance specifically,
14 please understand that F-9 is really only a technical
15 update with a few editorial changes to add to the existing
16 policy which provides for state regulation of auto
17 insurance.

18 F-2, having to do with highway transportation,
19 is somewhat more complex. In the first place, it sets
20 forth the whole matter of Congressional action that needs
21 to be taken. Our policy, with respect to urging the
22 Congress to move on the whole Surface Transportation
23 Assistance Act of 1986. It urges prompt action, it urges a
24 number of other things that all of us are interested in,
25 and most particularly, that there will be no diversions or

1 use of the federal highway trust fund for purposes that
2 might be helpful in other ways than in maintaining and
3 constructing our state highway programs.

4 I think it important for me to point out, while
5 I am talking on that subject, that coming before all of the
6 Governors is a letter to be addressed to the members of
7 Congress, this was very largely drafted by Dick Thornburgh
8 with some additions that were considered by the committee,
9 in an effort to draw to the attention of Congress the
10 absolute necessity that they take prompt action. Otherwise
11 we are going to find ourselves in a continuing mess as we
12 have in the past, and it is important that the two houses
13 come to some form of agreement and move forward in the
14 enactment of that program.

15 I would hope that everybody would feel
16 comfortable in signing this letter which in a sense is an
17 add-on to the highway transportation policy. With that, I
18 will move for the adoption of F-2 and F-9 policies as
19 presented.

20 GOVERNOR ALEXANDER: Is there a second?

21 Is there any further discussion on those two
22 policies before we move to a vote? If not, all in favor
23 please say "aye."

24 (Chorus of ayes.)

25 GOVERNOR ALEXANDER: Any opposed? They are

1 adopted.

2 Governor Orr.

3 GOVERNOR ORR: Mr. Chairman, I have two other
4 matters. One is the motor carrier procedures that our
5 states have been involved with for, now, the last two or
6 more years, to try to bring about a consensus among the
7 states for the handling of those matters that have to do
8 with motor carriers -- trucks, buses -- to simplify the
9 paperwork, to simplify the means by which those very
10 important elements of our states' economy can operate
11 without being burdened with so much bureaucracy and
12 paperwork.

13 We have reached a point now where this consensus
14 agenda must be implemented by the states. This little
15 booklet is in the process of being mailed out, I believe
16 someplace in your material you will find this, but it
17 describes in simple form what this effort is all about and
18 what must be done still in order to implement a policy
19 which can be another shining example of how the states can
20 work together to bring about a very necessary improvement
21 without this whole area of procedures by which we regulate
22 and tax motor carriers being preempted by the federal
23 government.

24 Without any question, this will accomplish that.
25 I would hope that you would all go back, check with the

1 person that was appointed by you to be involved in this
2 procedure, and see what needs to be done by you as Governor
3 to make sure that this gets implemented at as early a date
4 as is possible. This little booklet, if you will glance at
5 it, read through it, it doesn't take very long, it will
6 convey the message as to what needs to be done. It is, in
7 my opinion, something that can easily be accomplished, but
8 time is of the essence, so as to make sure that we retain
9 control of this very necessary function of state government.

10 With that, I would like to move to the matter of
11 telecommunications which came before the committee, and we
12 did withdraw that policy, but in return for a willingness
13 to withdraw the policy, as chairman, I did agree with
14 Governor Kerrey, who would have the opportunity for a few
15 minutes to express his concerns in this telecommunications
16 deregulation area. Yesterday he described himself in this
17 way: I don't mean to be ornery, but I am ornery.

18 (Laughter.)

19 I think it might be said that he is very
20 pleasantly ornery. So I yield to the pleasantly ornery
21 Governor Kerrey.

22 GOVERNOR ALEXANDER: Governor Kerrey. We look
23 forward to hearing from you.

24 GOVERNOR KERREY: Thank you, Mr. Chairman. A
25 year ago or so I was asked if I would be the lead Governor

1 to evaluate telecommunications policy in the States and to
2 work with the CSPA in a year-long study to present to this
3 association. I readily agreed to it, because I have a
4 personal interest in telecommunications. I believe
5 personally that it is something that can benefit
6 individuals enormously.

7 I see, as I look at telecommunications, enormous
8 potential for individual people, that it has the potential
9 to do for individuals far more than our current environment
10 of regulation and expenditure will. And I have an urgency
11 to act that unquestionably does translate into orneriness
12 from time to time.

13 I think that it's important for the Governors to
14 consider that we must involve ourselves in
15 telecommunications policy for the very reasons that I have
16 heard expressed in education and in economic development
17 during the course of this association's meetings. We
18 understand what telecommunications can do. We feel the
19 urgency as we consider delivering technology to school
20 children. We feel the urgency as we consider delivering
21 technology to businesses. We have, I think, a much better
22 perspective to evaluate not just what our state
23 telecommunications policy should be, but also what this
24 nation's telecommunications policy should be.

25 As we debated it, and as we discussed what ought

1 to occur in the way of a policy resolution, you move
2 quickly from a vision into the details, and it is at that
3 point that things get very, very difficult and very, very
4 murky. In that area, the Governors are pushed and pulled
5 and tugged and shoved from a variety of directions.

6 There are political terms that are difficult for
7 us to comprehend. It is difficult for us to comprehend the
8 differential, for example, between universal service and
9 universal access. We don't know and don't quite
10 understands at times what it means to have price
11 discrimination in the marketplace by the Federal
12 Communications Commission. We don't understand pooling
13 exactly. We don't exactly understand the implications of
14 removing the restrictions on the regional Bell operating
15 companies. We don't exactly understand what cost based and
16 rate of return pricing is. All these terms tend to confuse
17 us.

18 In addition to that, the technological language
19 is not an altogether pleasant experience either. We find
20 ourselves listening to technological explanations of what
21 telecommunications can do. With the possible exception of
22 John Sununu, most of us tend to doze off. It is a
23 difficult language to comprehend, and that language itself,
24 I think, tends to present us with a barrier that is
25 difficult for us to get across. And what I --

1 John Sununu just came awake down there, I see.

2 (Laughter.)

3 And I think it's important, as this item of
4 business is referenced back to the transportation and
5 communications committee, for us as policymakers to begin
6 to imagine what is possible with this telecommunications
7 system of ours, begin to imagine that it's possible for an
8 individual to sit in their home in the most remote of
9 locations, at any time of the day or night, and to access
10 data, to access sound and to access visual information.
11 The technology is there today to make that possible. We
12 have got to begin to imagine what that will do to our
13 individuals. They will have the ability to be able to
14 communicate directly with people that can teach them
15 foreign languages. They will have the ability to
16 communicate directly and access information that will give
17 them greater understanding of the world and make them more,
18 not just competitive but also make them more understanding
19 of what other people in other parts of the world are doing.
20 It will open up the world to our people in ways that we
21 can't even imagine today.

22 I would suggest to you that we must keep that
23 idea in mind as policymakers. Otherwise, we are apt to get
24 bogged down and immersed in struggles and fights between
25 the regional Bell operating companies and AT&T, between

1 newspaper publishers and telecommunications companies,
2 between people who have vested interests in VHF television
3 stations and cable suppliers. You find people with vested
4 interests that understandably are out trying to protect
5 their market shares they perform for share owners. We
6 begin to get confused by their arguments.

7 Part of the joy of working with this past year
8 is getting people all of a sudden concerned about
9 delivering telecommunications services to the poor. It is
10 very much like tax reform in many ways. We, I think,
11 oftentimes mask our concern for the poor with other
12 motivations and other objectives in mind.

13 We, in Nebraska, have an elected form of
14 selecting who our public service commission members are
15 going to be. I think it's very instructive to listen to
16 those people when they campaign for office. They don't
17 campaign on the promise to deliver universal service. You
18 can't campaign on a promise to deliver the lowest priced
19 telephone service and give you the maximum amount of dial
20 tone service for. I think we must consider as policymakers
21 that telecommunications is much bigger than that and has a
22 much greater potential to help our people.

23 I am very grateful that Governor Orr permitted
24 me to do this work. I am very grateful to Governor Harris
25 as well for discovering a graceful way out of the mess that

1 we found ourselves in as a result of the rules of the NGA,
2 and I appreciate very much the advice and consent that has
3 been given to me by a number of the Governors in this room
4 who have themselves developed very, very innovative and
5 exciting telecommunications policies for their states.

6 GOVERNOR ALEXANDER: Thank you, Bob. You have
7 worked hard to bring this to our attention. We appreciate
8 it. You have done a good job of educating more of us on
9 the importance of telecommunications.

10 Governor Orr, did we vote on your motion yet? I
11 think we did.

12 GOVERNOR ORR: You voted on the motion, but I
13 had one word I wish to conclude with, in thanking Governor
14 Kerrey for his work as you did, but to make the point that
15 this is something we need to continue to work on. It was
16 not because of lack of interest in the subject matter that
17 we ran into a blockage; it was simply as to who's vote that
18 counts, that of the staff or of Governors. That is one of
19 those things that I do believe needs to be cleared up with
20 respect to some of the rules of procedure which created a
21 big problem here. I want to assure Governor Kerrey that
22 having yielded my job as chairman, I have informed Governor
23 Clinton that I will not be a candidate for continuing as
24 chairman of the transportation, commerce and
25 telecommunications committee, that I will attempt to assume

1 his ornery role to make sure that telecommunications is
2 kept before the body.

3 I wish to thank those members of the committee
4 who have work so diligently with me during my time as
5 chairman, and most particularly members of the staff who
6 have worked on this consensus agenda, Warren Dunham, the
7 transportation director of the State of Iowa being the lead
8 dog in that. With that, I conclude my report.

9 GOVERNOR ALEXANDER: Thank you, Governor Orr.

10 Now, we have the following business left. We
11 have four suspension of the rule attempts which will be
12 made. We have a brief comment that Governor Dukakis would
13 like to introduce and we are already out of time and we
14 will quickly begin to lose Governors if we don't move along.
15 So I am simply going to respectfully urge my colleagues to
16 be models of succinctness as they make their motions for
17 suspension. First, Governor Graham, from the Committee on
18 Criminal Justice and Public Protection. So you will know
19 what we are doing, these are motions which didn't come in
20 through the regular process, so they will require under our
21 rules a three-fourths vote for the motion to be suspended
22 and they will require a three-fourths vote to be adopted.
23 It may not be controversial. We will see. Governor Graham.

24 GOVERNOR GRAHAM: Mr. Chairman, I do not believe
25 this will be controversial. We were requesting a

1 suspension of the rules to consider an amendment to policy
2 B-6, which would add a new section relative to controlling
3 abuse and illegal traffic in narcotics with particular
4 emphasis on the role of the Governor in the demand side
5 suppression of drugs. This proposal was largely written by
6 Governor Dukakis. It was approved by our committee. I
7 would defer to Governor Dukakis for any further comments.

8 GOVERNOR DUKAKIS: Thank you very much, Bob. I
9 will observe your restriction, Mr. Chairman, and simply say,
10 if we are going to deal with this drug epidemic in this
11 country, enforcement by itself isn't going to do the job.
12 I think that's something all of us now recognize. The
13 purpose of this resolution is to get the 50 states actively
14 involved with the President, with the Congress, and with
15 our communities in this effort and I would strongly
16 recommended it to the Governors.

17 GOVERNOR ALEXANDER: If there is no further
18 discussion, let me just ask, is there any objection to
19 suspending the rules for this purpose? Any, do I hear any?

20 Then the rules will be suspended for the purpose
21 of considering Governor Graham's motion.

22 GOVERNOR GRAHAM: I move the amendment.

23 GOVERNOR ALEXANDER: Is there a second? Second.
24 All in favor please say "aye."

25 (Chorus of ayes.)

1 GOVERNOR ALEXANDER: Any opposed? It's adopted.
2 Just as a matter of record, the adoption of the
3 liability policy is a replacement of existing policy. That
4 question was raised, and Governor Dukakis stated that, I
5 believe, when he went through. Governor Earl, Committee on
6 Energy and Environment, has two motions.

7 GOVERNOR EARL: Thank you, Mr. Chairman. I am
8 going to ask suspension of the rules to consider a
9 resolution which urges reauthorization of the clean water
10 fund, then I will turn this over to my colleague Senator
11 Kean -- pardon me, Governor Kean. Sorry for that.

12 (Laughter.)

13 I like him, too.

14 -- who will ask for suspension on Superfund.
15 Briefly stated, I asked for suspension so we can pass a
16 resolution urging prompt attention to the Clean Water Act.
17 Each House has passed differing versions. It has been
18 going ahead with stopgap funding, but they haven't got
19 around to acting on it. Tax reform has been cited as one
20 of the reasons they haven't got it done. I would hope that
21 we would suspend the rules, adopt the resolution. Even
22 more important, I hope each of us when we get back to our
23 state capitols will be in touch with our respective
24 Congressional delegations urging them to act on this on
25 Superfund before they adjourn. So I would ask for

1 suspension of the rules, Mr. Chairman, so we could consider
2 this resolution.

3 GOVERNOR ALEXANDER: On the Superfund.

4 GOVERNOR EARL: On clean water, and I'll ask
5 Governor Kean on Superfund.

6 GOVERNOR ALEXANDER: On clean water, of course.
7 There is a second on Governor Clinton. All of these are
8 contained in the information before you with a pink sheet
9 on the front. It's a nondebatable motion. All in favor of
10 suspending the rules for this purpose, please say "aye."

11 (Chorus of ayes.)

12 GOVERNOR ALEXANDER: Any opposed? It carries.

13 GOVERNOR EARL: I now move adoption of the
14 resolution.

15 GOVERNOR ALEXANDER: Is there is a second? Is
16 there further discussion? All in favor please say "aye."

17 (Chorus of ayes.)

18 GOVERNOR ALEXANDER: Any opposed? It carries.

19 Governor Castle -- or Kean, excuse me.

20 GOVERNOR KEAN: I am in a little bit of trouble
21 toward the end of this meeting. They forget very quickly.

22 The case is very similar here as it is with the
23 Clean Water Act. Superfund should have been reauthorized
24 two years ago. The Congress has been in committee, but
25 they haven't been able to do it as yet. Stopgap measures

1 means you can't plan, you can't hire people, you can't let
2 out the contracts for cleanup. If Congress doesn't act
3 shortly, there will be cleanups all over this country which
4 simply stops. So this resolution, which I asked suspension
5 of the rules for, simply asks the Congress to move
6 expeditiously by the end of this September and reauthorize
7 Superfund.

8 GOVERNOR ALEXANDER: All in favor of suspending
9 the rules for the purpose of considering the Superfund
10 motion, please say "aye."

11 (Chorus of ayes.)

12 GOVERNOR ALEXANDER: Any opposed?

13 There is a motion. Is there a second?

14 We had a second. Any further discussion on
15 superfund motion?

16 GOVERNOR GRAHAM: Mr. Chairman, could I ask
17 Governor Kean a question?

18 GOVERNOR ALEXANDER: Yes.

19 GOVERNOR KEAN: Yes.

20 GOVERNOR GRAHAM: Governor, one issue that is of
21 particular concern to several states is that there is a
22 judicial ruling which essentially says that Congress
23 intended to preempt the states from having their own
24 Superfund programming. We have been urging that in this
25 reauthorization that Congress clarified that it did not

1 intend to exclude the state from also being involved in
2 these cleanup activities. Does your resolution speak to
3 that issue of preemption?

4 GOVERNOR KEAN: The resolution doesn't speak to
5 it. We have instructed or asked our own Congressmen who
6 are on the conference committee to work very, very hard to
7 make sure that preemption is removed from that Superfund
8 legislation. I believe, as it comes toward conference,
9 that there will not be that preemption. We were assured
10 that by Senator Bradley.

11 GOVERNOR GRAHAM: I don't have words in front of
12 me, but would you be amenable to accepting a sense of the
13 body amendment which would include in your resolution a
14 request to the Congress that it eliminate this ambiguity as
15 to whether it intended to preempt and to allow states to
16 have complimentary programs?

17 GOVERNOR KEAN: No, I have not. I think that
18 problem is fixed, but I would welcome that kind of a sense
19 of the meaning.

20 GOVERNOR ALEXANDER: Is there any objection to
21 Governor Graham's suggestion? It's agreeable with Governor
22 Kean. Is there any further discussion?

23 All in favor of the motion then on the
24 reauthorization of the superfund, please say "aye."

25 (Chorus of ayes.)

1 GOVERNOR ALEXANDER: Any opposed? It's adopted.
2 Governor Castle.

3 GOVERNOR CASTLE: Thank you, Mr. Chairman.

4 The human resources committee unanimously passed
5 a resolution supporting the principles espoused by the
6 Carnegie report, classroom teaching as a career. At this
7 time I would ask for suspension for the purpose of
8 considering this policy.

9 GOVERNOR ALEXANDER: Is there any objection to
10 suspending the rules for this?

11 I hear none. A motion is in order. Second?

12 GOVERNOR GRAHAM: Second.

13 GOVERNOR ALEXANDER: I think before we vote, we
14 ought to again thank Governor Kean for his participation.
15 Former Governor Hunt also participated on the Carnegie
16 Forum report. Further discussion?

17 All in favor then of Governor Castle's motion,
18 please say "aye."

19 (Chorus of ayes.)

20 GOVERNOR ALEXANDER: Any opposed? It's adopted.
21 One other -- Governor Dukakis.

22 GOVERNOR DUKAKIS: Mr. Chairman, with your
23 permission, I would like to ask Governor Lutali of American
24 Samoa and Governor Ariyoshi to discuss very briefly a
25 special problem that American Samoa has which Governor

1 Lutali brought to our attention at the committee meeting
2 yesterday. We do have in our policy language which
3 suggests that the territories ought to be treated not only
4 sensitively, but with special awareness of the fact that
5 they have special problems and special opportunities, but
6 this is a particularly difficult problem for him, and I
7 would appreciate it if the Governors would direct their
8 attention to both Governor Lutali and Governor Ariyoshi.

9 GOVERNOR ALEXANDER: Governor Lutali.

10 GOVERNOR LUTALI: Thank you, Mr. Chairman, for
11 giving me the opportunity to speak about the one problem I
12 brought with me 10,000 miles. In June of this year, a
13 committee of three came from the Labor Department of
14 Washington and decided to increase our wages from 189 to
15 325. That decision has devastated our territory. Two of
16 our biggest -- the two biggest canneries in American Samoa
17 are moving out. They are moving to Western Samoa, an
18 independent nation about 40 miles from us, because they
19 have 40 cent minimum wage. Not only that, we negotiated
20 with several companies from New Zealand, Australia, Fiji
21 during last year, to come and establish in American Samoa.
22 Seven companies were willing. They went so far as
23 establishing bank accounts in the local banks and to file
24 corporation papers. The whole idea was for American Samoa
25 to generate our own revenues. All these years from 1900 to

1 1950 we never paid one penny for our own support. It was
2 paid by you people, taxpayers of United States. From 1950
3 to 1967, when we adopted the American, the United States
4 tax law, in its entirety, because we were tired of being
5 called parasites -- we wanted to be independent, we wanted
6 to have our pride in ourselves. We are most grateful for
7 the generosity of the United States. But there comes a
8 time when a person must do things for himself. That is the
9 idea we have in our government.

10 Now, when this canneries move out, they employ
11 about 40 percent of our work force, and we are going to
12 layoff about one-third of our government work force, and
13 even in the private sector. So I am here to ask the
14 support of this august body to try and help us. I now know
15 what your ancestors felt when decisions were made in
16 England.

17 (Applause.)

18 GOVERNOR LUTALI: I would like to bring up
19 another point. American Samoa is the only piece of America
20 in the South Pacific. American Samoans are very
21 pro-American, very loyal. Right now we have more Samoan
22 boys and girls in the armed forces than any other community
23 of its size. Russia is moving around us. They have been
24 accepted to call into Fiji ports, which is a few hundred
25 miles north of us. In Western Samoa about 40 miles they

1 are now talking with the Western Samoa government. One
2 country a short distance from us are having an affair with
3 Libya. We are surrounded by all these countries, but we
4 are the only American territory south of the equator. We
5 don't want to be in such a decision that this decision made
6 by the Labor Department in Washington has brought to us. I
7 am asking for your support. We are a proud people. We
8 want to develop our own economy. We are -- we do not want
9 to count on Washington's generosity all the time, although
10 we are most appreciative.

11 Thank you.

12 GOVERNOR ALEXANDER: Thank you, Governor Lutali.
13 Governor Ariyoshi.

14 GOVERNOR ARIYOSHI: Mr. Chairman, I would like
15 to also point out the big picture, which is that we have
16 many emerging nations in the Pacific, and they look to the
17 American territories, and how we treat the American
18 territories is what they consider they will be treated by
19 the United States. To me it's so important for us in this
20 particular instance with American Samoa is going to be so
21 impacted that we lend a helping hand. I think what we are
22 asking for, we cannot have a policy position adopted here,
23 but I would like to urge every Governor in the United
24 States to provide such support as may be necessary, in the
25 Congress of the United States, and talking to the President,

1 in urging the support of American Samoa's bid to get a
2 waiver and exemption from the wage and hour law in this
3 particular instance.

4 GOVERNOR ALEXANDER: Thank you, Governor
5 Ariyoshi. Governor Clinton has a suggestion.

6 GOVERNOR CLINTON: Governor Lutali, I was
7 totally unaware of this problem until you came here to this
8 conference. Let me ask you, does anyone sitting around
9 this table object to the Executive Committee trying to help
10 Governor Lutali with his problem? Is there anybody who
11 objects to our working with him to try to then get back to
12 you with a request that you could contact your
13 Congressional delegation on this issue?

14 If not, I would like to take it up with the
15 Executive Committee as soon as we adjourn this general
16 session. Governor, I don't know what your time problem is,
17 but if you or Governor Ariyoshi could come by for a few
18 minutes, we might develop some mechanism by which we could
19 get back to the Governors and contact the United States
20 Congress on this issue. I really appreciate your bringing
21 it to our attention.

22 GOVERNOR ALEXANDER: That would seem to me to be
23 a good suggestion, Governor Lutali. Let the Executive
24 Committee work with you and see what could be done to make
25 all of us helpful.

1 GOVERNOR LUTALI: I just wanted to mention that
2 we have no unions, so that is no problem.

3 (Laughter.)

4 GOVERNOR ALEXANDER: Thank you very much.
5 Governor Dukakis, thank you for bringing this to our
6 attention.

7 One other item. There has been a lot of
8 conversation about the tax bill percolating in Washington.
9 Our position is clear. We have a policy which we have
10 thrashed out on it. We generally support tax reform, have
11 been one of the leading organizations in urging it, and
12 having expected it to come out just like we wanted it and
13 it didn't come out just like we wanted it. We're very
14 disappointed by the provisions on sales taxes and on bonds.
15 Governor Lamm will continue to work with the Executive
16 Committee to find a way to express that feeling and make
17 whatever adjustments can still be made between now and the
18 time Congress comes back. But it is a point that Governors
19 might individually want to discuss with the members of
20 their delegations while the Congressmen are home before
21 they go back in September.

22 GOVERNOR ORR: Mr. Chairman, may I voice one
23 thing. I am terribly embarrassed by the fact that I
24 neglected to recognize my fine vice chairman, Governor
25 O'Neill, for his very hard work during the course of the

1 transportation committee's activities and his efforts in
2 every possible way, and stupidly I just neglected to
3 mention it. I didn't want to have the meeting close
4 without my having said that I greatly appreciate his loyal
5 support.

6 GOVERNOR ALEXANDER: Thank you, Governor Orr.
7 Governor O'Neill, thank you. It's one of the busiest
8 committees we have and you have made an enormous
9 contribution.

10 Now, we would like to offer some thanks to two
11 special folks. Tunky and Dick Riley. No one else could
12 have brought us such beautiful beaches, artichoke relish
13 and sweet potato chips all at once. We couldn't have had a
14 better time and more wonderful hosts and we thank you very,
15 very much for this 78th meeting.

16 (Applause.)

17 GOVERNOR ALEXANDER: I understand Dick has been
18 signed up by Alabama to travel with them, hat and all. It
19 says on the schedule, closing remarks of the chairman. I
20 have had my say. I have said what I want to say. The only
21 observation I would like to make is I am convinced that the
22 Governors working together are more and more doing what
23 Governors ought to be doing. This meeting shows that.
24 Governors are setting the agenda and making things happen
25 in their states. That's what chief executives are supposed

1 to do. There is a clearer line now today between what
2 Washington does and what we are supposed to do. It's not a
3 line done in the most pleasant of ways, but it's there.
4 They are mostly interested in war, welfare, Social Security
5 and debt, and we are interested more and more in everything
6 else. It's the everything else -- better schools, roads,
7 jobs, healthy children and clean water -- that we find
8 ourselves of more and more responsibility for and it makes
9 our jobs much more exciting.

10 We have said plenty about the school report.
11 There is no doubt that it will change the agenda for
12 American public education for years to come. The follow-up
13 that is already scheduled by the new chairman, I am sure he
14 will have more to say about that as time goes on, but
15 Governors know what to do and are doing it.

16 I want to thank and congratulate the members of
17 this association for giving me the chance to be the
18 Chairman and to not only have the very best job in the USA,
19 which is someone's opportunity to be the Governor of his or
20 her home state, but to be the Chairman of the National
21 Governors' Association. I am convinced Governors learn
22 most from other Governors, and we have learned a lot in the
23 last few days and I have learned the most in the last year.
24 Thank you very much.

25 (Applause.)

1 GOVERNOR ALEXANDER: Governor John Carlin of
2 Kansas is someone that all of us owe a lot to. He has been
3 a steady and reliable influence in our development as an
4 association. He is also chairman of the nominating
5 committee for next year.

6 GOVERNOR CARLIN: Mr. Chairman, on behalf of
7 five very distinguished has-beens who never met, despite
8 the meeting I scheduled in the Indigo Club at 2:00 a.m., I
9 do have a report. Somewhat in conflict with what we have
10 just been all about, the nominating committee is suggesting
11 for continual remedial action that Lamar Alexander stay on
12 the Executive Committee; that Jim Thompson, who has always
13 been and probably always will be on the Executive Committee
14 continue; and that those two distinguished soon to be both
15 past chairs be joined by Governors Orr, Kean, Schwinden,
16 Blanchard, Kunin, Sununu and Clinton, with Governor Sununu
17 being our new vice chair and our new chair, Governor Bill
18 Clinton of Arkansas.

19 (Applause.)

20 GOVERNOR ALEXANDER: We will move to a vote
21 unless there are other nominations. All in favor of the
22 nominating committee's report, please say "aye."

23 (Chorus of ayes.)

24 GOVERNOR ALEXANDER: Any opposed? It's adopted.
25 Governor Clinton, you are the Chairman.

1 Congratulations.

2 (Applause.)

3 GOVERNOR CLINTON: First of all, let me say I
4 know the hour is late. I have been here so long, I am
5 dying to go to the bathroom. So I will be brief.

6 One of the things I promise you is a few laughs
7 along the way, but we will never again equal the
8 performance put on by Governor Janklow at the agriculture
9 committee yesterday in which he read the press releases
10 from the extension service in South Dakota from 1981
11 through 1982.

12 I want to say first of all, I have been sitting
13 here looking around this table thinking about all the
14 people who are going to be leaving. I became Governor for
15 the first time in 1979 when I was 13 years old.

16 (Laughter.)

17 My whole idea about what it is to be a Governor
18 is wrapped up in the people that are around this table, and
19 I say that in all sincerity. My old seat mate, Governor
20 Graham, who first convinced me that you really could do a
21 lot of things if you were a Governor. My friends, George
22 Nigh, who took better care of me when I was beat than even
23 when I was elected. So many others. I would like to go
24 around and say something about everyone. I should say that
25 Governor Thornburgh is not taking retirement lightly. He

1 has told me, Governor Lutali, that the appropriate way to
2 handle this problem is to appoint the 19 retiring Governors
3 as a special mission to American Samoa to closely study
4 this problem.

5 I just want to say, as Lamar has said, one of
6 the most important things about being a Governor to me in
7 the last several years has been the opportunity to learn
8 from and become friends with so many of you who are now
9 leaving, and we miss you all and we wish you Godspeed.

10 I also want to thank Governor Alexander who,
11 even though all of us are pretty good at what we do, may be
12 the very best of all the Governors at focusing his energies
13 and focusing the rest of our attention on one single
14 objective and then seeing it through to some satisfactory
15 conclusion.

16 Lamar has been a leader, along with some of you
17 around this table, in pushing the proposition over the last
18 several years that we ought to spend more time learning
19 from each other about how to be better Governors and how we
20 can do our jobs better back home. I am very grateful to
21 him for that in general as well as for the 1991 report in
22 particular.

23 I have to perform one ceremonial function, and I
24 want to give him now this plaque and hammer or gavel or
25 whatever it is. I hope when you look at this you will

1 remember how much we all thought of you and how much we
2 learned from you.

3 GOVERNOR ALEXANDER: Thank you, Bill.

4 (Applause.)

5 GOVERNOR CLINTON: If you have seen the rather
6 large delegation of my fellow Arkansans roaming around here
7 in their T-shirts proclaiming "Bill Clinton is 40," you
8 know I just had a birthday. This is a milestone or maybe I
9 should say a millstone year for me. I am one of the first
10 generation of baby boomers, the generation born and reared
11 immediately after World War II in that economically charmed
12 if socially turbulent period. The generation which grew up
13 taking the American dream for granted. Today we know
14 better. Today I come as the first of the over-the-hill
15 baby boomers, to ask you, with all my jokes aside, do you
16 really believe we can make America work for all Americans
17 again. I believe we can, but only if we can find ways for
18 Americans to be able to work and to have work.

19 After World War II, our country for the first
20 time in history stood alone as the dominant economic power
21 in the world. Our adversaries and our allies were largely
22 in ruins. They could not compete. Other countries with
23 which we compete today had very primitive economies then.
24 Still others like Taiwan and South Korea did not even exist
25 as nations in 1945. And so we enjoyed three decades of

1 unparalleled and largely unbroken prosperity.

2 In 1964, in the middle of that period, when I
3 finished high school, we had about 3 percent unemployment
4 in this country, about 3 percent inflation and 3 percent
5 real economic growth. The nuclear family was alive and
6 well. Poverty was under attack and receding. I literally
7 did not know a person in my little town in Arkansas, old or
8 young, rich or poor, black or white, with or without an
9 education, who wanted a job who didn't have one. Not a
10 single soul. My grandfather, who raised me until I was
11 four, had barely more than a grade school education. He
12 was never out of work. My stepfather, who then raised me,
13 did not have a high school diploma, but he was never out of
14 work. In my part of the country, the South, which had for
15 so long been so much poorer than the rest of the country,
16 we were living proof then of John F. Kennedy's famous
17 slogan, "a rising tide lifts all boats." From 1945 to 1978,
18 the South's per capita income rose from 65 percent of the
19 nation's average to 85 percent of the national average.
20 But all that has changed now.

21 Over the last decade, we have been pulled into a
22 world economy which we no longer dominate and for which,
23 frankly, we are still largely unprepared.

24 While the percentage of our GNP tied directly to
25 trade has risen from about 3 percent before World War II to

1 about 13 percent today, the reconstructed economies of
2 Japan and Europe have had higher productivity growth rates
3 than have we. Newly emerging economies have captured
4 markets which formerly were ours by providing quality
5 products at labor costs we can't hope to compete with.

6 The long-term consequences are alarming. From
7 1978 to 1985, the per capita income of the South has
8 actually declined as a percentage of the national average,
9 notwithstanding the enormous success of Nashville and
10 Kentucky in attracting foreign plants and the urban areas
11 of the South like Atlanta, and Little Rock and others.

12 From 1981 to 1986, most disturbing of all, four
13 in 10 Americans, four in 10 Americans actually had a
14 decline in their incomes. 40 percent of our people got
15 richer, 20 percent held on and 40 percent got poorer.

16 Productivity growth rates are still too low.
17 The trade deficit remains astronomical notwithstanding the
18 dollar's fall against the yen and some other major
19 currencies.

20 In May and June for the first time in 27 years,
21 we actually had an agricultural trade deficit, and about 20
22 states are suffering in what Business Week calls the
23 "Deflation Belt of America," because of the precipitous
24 drop in farm and other primary product prices.

25 Paralleling these disruptions have been deep and

1 troubling changes in the social fabric of our country. A
2 dramatic rise in single-parent households and latchkey
3 children. Huge numbers of young women and their children
4 in poverty. Millions of adults so illiterate they are
5 literally unemployed. Higher rates of welfare dependancy,
6 teenage pregnancy, school dropouts and drug and alcohol
7 abuse. Now the news obviously is not all bad. The
8 bi-coastal economy, as the Joint Economic Committee calls
9 it, is doing very well. The urban heartland is doing very
10 well. Some of our most prosperous states like
11 Massachusetts are even contemplating how they are going to
12 deal with labor shortages.

13 But we seem to be in a state of flux. We are
14 also more serious than ever before, and I am really proud
15 of this, for all of us as a people, more serious than ever
16 before in dealing with the social ills that affect only
17 some of us, but which undermine the quality of life for all
18 of us.

19 The hard fact remains that unless we can do more
20 with these economic and social problems, which limit the
21 ability of our people to work and to be productive, we
22 cannot preserve the American dream as we know it.

23 All of you deal with numbers and charts.
24 Visualize the chart from 1981 to 1986 -- 40 percent doing
25 better, 20 percent holding on, 40 percent losing income --

1 and run that chart out another 20 years and ask yourself if
2 the America you know is still here.

3 For the past few years, we have focused on
4 education as the key with which Governors could unlock a
5 better economic future for their people. Under the
6 leadership of Governor Alexander we have produced this fine
7 1991 report, and with it a commitment to continued
8 education reform. I am pleased that Governor Kean, my
9 predecessor as the chairman of the education commission of
10 the states, has agreed to continue to serve as our lead
11 Governor on education, and to work with us through both NGA
12 and ECS to keep the flame burning in following up the 1991
13 report.

14 But this year I think our Governor's must do
15 more. We must face squarely our responsibility to make
16 Americans more competitive from the ground up, and to
17 reverse the tide of lost human potential in those who have
18 fallen through the cracks in what I like to call America's
19 leaky bucket.

20 I have asked the Chairman of the committees on
21 economic development, trade and agriculture, Governors
22 Dukakis, Baliles and Branstad, to cochair an effort to
23 develop solid strategies for local and regional economic
24 reforms; to recognize the very different, very real
25 differences among the regions of this country; and to take

1 special account of the terrible crisis in rural America.
2 Let me be clear about this. The last thing we need is
3 another study. We have got a lot of good studies to start
4 with. We have a wealth of excellent material. What I want
5 are action plans and programs, like the Jobs for the Future
6 program developed first by Governor O'Neill in Connecticut
7 which we have shamelessly copied and which I hope will be
8 implemented in every state in this country, or the Buy
9 America program which we are implementing in our state with
10 the cooperation of all employers, foreign and domestic, who
11 are willing to put our people to work.

12 Most Governors spend lots of time on economic
13 development, and we are all a lot more sophisticated about
14 what it takes to generate new jobs than we used to be. But
15 we still have much to do to develop the kind of local and
16 regional strategies which are really adequate to the
17 competitive challenge we face.

18 Of course, there must be debate too about what
19 our national policy should be, what kinds of policies we
20 need to be effectively, but I would urge that we focus on
21 what we need nationally that would enable us to do a better
22 job for our own people.

23 Finally, and most importantly, we need to come
24 up with action plans that involve all the states in
25 bringing down the barriers to productive lives. We all say

1 we want to promote work and not welfare. We are for
2 independence, not dependence. Most of us have done some
3 things towards that end but now is the time for all of us
4 to do more.

5 I will set up five tasks forces to deal with the
6 major barriers to work and productive lives in this country.

7 The strategic plan for welfare prevention
8 developed by the Welfare Prevention Task Force, which
9 Governor Castle and I have been cochairing, outlines these
10 barriers for the welfare population.

11 Governor Castle will chair the Welfare Reform
12 Task Force, which is off to a great start thanks to the
13 groundwork which has already been laid by the task force
14 and the human resources committee hearing yesterday
15 featuring Ken Aletta and those four fine women who worked
16 their way off welfare.

17 I will also appoint four other task forces
18 concentrating on barriers which were outlined in the
19 welfare prevention plan, but which affect a larger
20 population.

21 Governor Ashcroft will lead our Adult to
22 Literacy Task Force with a special emphasis on getting all
23 of us to vigorously participate over the next year in the
24 PBS/ABC attack on adult illiteracy. This is a massive
25 problem that has an affordable price tag and that can have

1 a beginning, a middle and an end. A problem which permits
2 us to remove the disability from millions of Americans from
3 returning to productive lives. I would urge you all to
4 participate.

5 Governor Thompson will lead the Task Force on
6 Teen Pregnancy, building on the fine work he has done in
7 Illinois and on the excellent guidance provided by the
8 Children's Defense Fund documents published a few months
9 ago. I know we all recognize the sensitivity of this issue.
10 Some of us enjoyed seeing Governor Riley have a few of the
11 placards here in South Carolina we sometimes see at home.
12 But now is the time for every Governor in this country to
13 step up to the bar on this issue. We don't have to violate
14 traditional values to preserve the lifestyle of people and
15 a traditional American way.

16 Governor Earl will head the Task Force on School
17 Dropouts. Wisconsin has an important initiative in this
18 area. It is absolutely unconscionable that in this country,
19 among the states, the dropout rates vary from a little over
20 5 percent to a little over 35 percent. Governor Earl will
21 work with Governor Kean, our lead Governor on education, on
22 this project.

23 Finally, perhaps most important of all, Governor
24 Collins, the vice chair of the human resources committee,
25 will head the Task Force on Drug and Alcohol Abuse

1 Prevention. I want to compliment Governor Dukakis and the
2 committee which Governor Graham chairs in adopting a much
3 stronger position for the NGA, in playing our role in drug
4 abuse prevention. It's time that we responded aggressively
5 to the challenge that the President has laid down for us to
6 the demand that the folks back home have placed on us. I
7 think that Governor Collins will be an especially effective
8 national spokesperson for us as we face up to the problem
9 together that we have sidestepped for too long.

10 Again, let me be clear. I don't want studies, I
11 want action. I want us to help each other to act.

12 These task forces will be charged with outlining
13 action plans for the states to implement. Next August,
14 when we meet in Michigan, we will publish a report on what
15 we have done as well as what we still need to do.

16 I really believe -- I may be wrong about this,
17 but I really believe the American people are coming
18 together on the issues of welfare prevention and economic
19 competitiveness in much the same way that they came
20 together on education just a few years ago.

21 Like education, they are issues of human renewal
22 as well as economic necessity. Like education, they are
23 issues of common sense; and like education, they are issues
24 which bring us together as a community and not merely as a
25 swarm of isolated individuals.

1 || America won't work if Americans can't work.

2 || There can be no American dream without the dreamers.

3 The Governors have always believed we could make
4 America work and once again, it's up to us to do our part.
5 Thank you very much.

6 (Applause.)

7 GOVERNOR CLINTON: Thank you.

8 If there is no further business to come before
9 the National Governors' Association, I adjourn the meeting.

10 (Whereupon, at 12:40 p.m., the meeting was
11 adjourned.)

12 (The document follows:)



STATE OF ALABAMA

GOVERNOR'S OFFICE

MONTGOMERY 36130

GEORGE C. WALLACE
GOVERNOR

August 20, 1986

Honorable Lamar Alexander
Governor of Tennessee
Chairman, National Governors' Association
Hall of the States
444 North Capitol Street
Washington, D.C. 20001-1572

Dear Lamar:

As you may know, I had planned to attend the National Governors' Association annual meeting this month and had requested an opportunity to present a proposed policy statement concerning the matter of illegal drugs. Now it appears I will not be able to attend as we are in the process of calling a special session of the legislature to deal with revenue shortfalls, as most states are experiencing.

I am sorry that my health will not allow me to jump on an airplane and make even a brief appearance at the conference and ask consideration of the enclosed policy statement. As a matter of personal privilege, I would ask that my fellow governors allow the statement to be read at the proper time, even though I will not be present to ask for suspension of the rules for the statement's full consideration. This is a matter of great concern to me, and I am sure of many other of my colleagues. I do not even ask that anyone make a motion to suspend the rules unless someone desires to do so. I would be satisfied if granted only the right to have the resolution read and placed in the records.


Honorable Lamar Alexander
Page 2
August 20, 1986

As a senior member of this exclusive club, I want to say how much I have enjoyed the many experiences and friendships that have developed during the sixteen years of my membership, and the sixteen months that my late wife, Governor Lurleen Wallace, was a member. I hope that I will have the opportunity of meeting you and each of our fellow governors as our paths cross in the future years.

May God continue to bless you, and each of our states in the years to come.

With kind personal regards to you and our fellow governors, I am

Sincerely yours,


George C. Wallace

GCW:slg

Attachment

Proposed Policy Position Regarding
IMPOSITION OF DEATH PENALTY FOR
"KINGPIN" DRUG TRAFFICKERS

Submitted by Governor George C. Wallace
Alabama

For Consideration by the
National Governors' Association
August 26, 1986

During the past three years the National Governors' Association has developed and adopted policies and resolutions to curb drug trafficking in the United States. Recently the President has implemented an intensified initiative, and Congress has enacted legislation allowing for increased military involvement in the war against illicit drug trafficking.

Despite continued efforts of federal, state and local law enforcement agencies drug trafficking has mushroomed into a multi-billion dollar industry resulting in thousands of deaths and countless robberies and crimes of all types committed daily in our country. The importation and sale of illegal drugs is carried out and fostered by large organized crime figures who operate with total disregard for human life and the laws of our society. The President has publicly recognized the need of the death penalty in curbing this insidious evil that continues to debauch our youth and the entire population.

RECOMMENDATION:

The National Governors' Association strongly urges the President of the United States and the Congress to cause the death penalty to be imposed for those "kingpin" operators who continue to import drugs into this country with total disregard for destruction of human lives. We recommend swift passage and implementation of this needed penalty since fear of death is the only effective deterrent to the "kingpins" of the drug trade.

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TRANSCRIPT OF PROCEEDINGS

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PLENARY SESSION

Washington, D. C.

Sunday, February 23, 1986

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NATIONAL GOVERNORS ASSOCIATION

PLENARY SESSION

Hyatt Regency Washington
Yorktown Room
400 New Jersey Avenue, N.W.
Washington, D. C.

Sunday, February 23, 1986

The plenary session of the meeting of the National
Governors Association convened at 3:00 p.m., Lamar Alexander,
Governor of the State of Tennessee, presiding.

P R O C E E D I N G S.

GOVERNOR ALEXANDER: Welcome ladies and gentlemen, fellow governors, to the 1986 winter meeting of the National Governors' Association. I will now call this meeting to order. I would recommend that if you don't listen you are going to miss something spectacular, information. May I have a motion for the adoption of the rules of procedure.

GOVERNOR ORR: So move. Louisiana.

GOVERNOR ALEXANDER: Governor Orr so moves. Is there a second?

GOVERNOR CELESTE: Second.

GOVERNOR ALEXANDER: All those in favor please say "aye."

(Chorus of ayes.)

GOVERNOR ALEXANDER: All opposed? The ayes have it. The rules of procedure are adopted. I would like to welcome a new governor to our midst, not a new governor to government, but Jerry Baliles is here, new Governor of Virginia.

(Applause.)

GOVERNOR ALEXANDER: Governor Baliles, will you please stand up. He has been at all the meetings right in, joined right in. Chuck Robb was a good and valued friend to this association, and you will step right in to his

1 shoes, I will say.

2 I should say to Tom Kean, who has survived a
3 reelection since our last meeting, in the only other
4 governor's race last year, and one with a great big vote in
5 New Jersey; if he's here, I'd like to acknowledge his
6 victory and welcome him back, Governor Kean.

7 (Applause.)

8 GOVERNOR ALEXANDER: One of the legal wonders of
9 the world is the United States Constitution. We are in the
10 process of celebrating the 200th anniversary of this great
11 document of justice and liberty. The Chairman of this
12 great commemoration is none other than the Chief Justice of
13 the United States Supreme Court. He is the Chairman of the
14 Commission on the Bicentennial of the U.S. Constitution.
15 He has consented to join us for a few minutes today to tell
16 us what he is doing and to say a few words to us about the
17 important role the governors and the states can play in
18 this celebration.

19 Ladies and gentlemen, the Chief Justice of the
20 United States.

21 (Applause.)

22 CHIEF JUSTICE BURGER: Thank you, Governor
23 Alexander, ladies and gentlemen. I hate to begin by -- in
24 a way that undermines what the governor's chairman said.
25 Rather than tell you about the plans, which would take a

1 bit too long, I would rather tell you a story, and I was
2 moved in part to tell that story by some of the signs that
3 were hanging on the ceiling of the hall as I came in,
4 Valley Forge, Yorktown and some others.

5 The function of our commission -- and I hope
6 that will have the full support, I know we will have the
7 full support of all the state commissions -- will be to
8 stir up some memories and what I want to say to you now in
9 this little tale, there will be nothing new to you, but I
10 hope it will stir some memories of things we haven't had
11 occasion to think about for a long time.

12 The story could begin when the New Jersey troops
13 reported to George Washington at Valley Forge, and this
14 story is documented. In the routine process of having them
15 take the oath to the Continental Congress, to the armies,
16 they refused, and one of them spoke up and said, "Our
17 country is New Jersey, our country is New Jersey."

18 There is another story that appears in the books,
19 and not so well-documented, that a young officer, affluent
20 enough so that he could have a uniform tailor-made, before
21 he left New Hampshire, came down and a senior officer
22 stopped him and said, "Lieutenant, you are not in uniform."
23 And then he pointed out what was wrong with the uniform,
24 and the young lieutenant said, "Sir, with respect, in the
25 New Hampshire Army, we wear what we damn please."

1 Now, why is this important? It suggests
2 something that we have forgotten for a long time -- I know
3 I had forgotten much of it -- that putting that
4 Constitution and our system of government together was no
5 easy task. We almost didn't put it over. By the time the
6 revolution was over, and it was a marvel that we had won it,
7 because none of the states had any obligation, any binding
8 obligation to send troops or to send clothing or guns, and
9 hundreds of men starved and froze to death at Valley Forge
10 and other places because of the lack of that kind of
11 equipment, and that taught the men who were involved in it
12 something about the need for a strong central government
13 under a written constitution.

14 Of course by that time, the end of the
15 revolution, George Washington, Hamilton, Madison and some
16 others, were all thoroughly convinced that that's what we
17 needed. But when a resolution was introduced to the
18 Continental Congress meeting in New York to have a
19 constitutional convention, the best they could get, all
20 they could settle for was a resolution to send delegates to
21 Philadelphia for the sole and express purpose -- that was
22 the language of the resolution -- for the sole and express
23 purpose of reviewing and revising the Articles of
24 Confederation.

25 But they went to Philadelphia and completed the

1 task and over the next two, three, four years, we will be
2 hearing a lot about it, I hope, with your help.

3 But when that Constitution was reported back to
4 the Continental Congress in New York, there were
5 resolutions introduced to censure the delegates for having
6 done something they hadn't been sent to do. And these
7 stories about the two soldiers that I mentioned were borne
8 out by an event in my adopted State of Virginia.

9 Patrick Henry was one of the 72 delegates from
10 all over the country to go to Philadelphia. He wouldn't
11 have any part of it. He said he smelled a rat and the rat
12 that he thought he smelled was that they were going to try
13 to write a Constitution and create a strong central
14 government, so he didn't go.

15 And of the 72 delegates that were allocated by
16 all the states, only 55 of them ever showed up, and about
17 40 or 45 of them carried the main load.

18 At one time, the conflict between the rights of
19 these 13 sovereign states -- and they were sovereign, each
20 state put up tariff barriers against the other; each state
21 as we remembered issued currency, each state, except they
22 surrendered some rights under the Articles of Confederation
23 theoretically could have negotiated for peace with an enemy.
24 That's the kind of a problem these folks were confronted
25 with in Philadelphia.

1 It's a marvel that they managed to reach an
2 agreement. Do you remember what Franklin said at the end
3 of the convention, that he didn't think he agreed with all
4 of it, but that he was willing to give it a try. And then
5 it had to go the rounds of the states, and nine states had
6 to approve it. Most of the states were waiting to see what
7 Virginia would do.

8 It was the most colorful, the largest state in
9 the Union -- and I am misspeaking myself, it was not a
10 union -- in the Confederation, a very mild union, and they
11 debated for eight years with Patrick Henry the great
12 patriot violently opposed to the Constitution, and even all
13 the prestige of George Washington and Madison and John
14 Marshall carrying the debate on the floor against Patrick
15 Henry. And the vote, if you have forgotten it from your
16 school days, was 89 for the Constitution and 79 against it
17 and it went up to New York and passed by a margin of 3
18 votes. Went on to New Hampshire and passed by a margin of
19 I think 10. When it got to Rhode Island they rejected it.

20 How did it work that we managed to put this
21 system together under the divided powers of the Federal
22 system is a marvel of all the ages. The philosophers had
23 dreamed about that kind of a government, of checks and
24 balances, but none of them ever really believed it would
25 work.

1 Of course we remember what Churchill said,
2 democracy is a terrible form of government, but all the
3 others are worse.

4 As you Governors now meet and confront the kinds
5 of problems that you have to meet, and that they are trying
6 to meet here in Washington, that brings back what Churchill
7 had to say about it, but we functioned longer under this
8 Constitution as we know it than any other written
9 constitution in all of history.

10 Now, that's the story we are going to try to
11 remind people about over these next few years, and we very
12 much need your help.

13 If you do not have your commission organized, we
14 hope you will, and as soon as we get fully organized and
15 staffed in the national commission, we will have at least
16 one person designated to be the contact with your state
17 commissions.

18 And as the time goes on, there will be, we hope,
19 more of them than one person.

20 This is a great opportunity we have got to
21 remind ourselves of how this great system of ours came
22 about and how difficult it was to come by and remind
23 ourselves also that if we don't work at it, we won't keep
24 it.

25 Thank you for letting me come in, and I will be

1 in touch with you and your commissions regularly, if you
2 will get the commissions created. Thank you very much.

3 (Applause.)

4 GOVERNOR ALEXANDER: Thank you, Mr. Chief
5 Justice. All of the governors will pay attention to your
6 request to be a part of the celebration of our 200th
7 birthday of the Constitution.

8 Can all of the governors hear all right from
9 here? Thank you.

10 This morning we had a two hour working session
11 on the governors' report on U.S. Education, 1991. It could
12 have only been just the Chairman of the seven task forces
13 which have been organized. Most of the vice chairmen came
14 and so did most of the other governors who were here. They
15 all had something to say and something of interest, an
16 indication of where the governors' priorities are. We
17 haven't abandoned our interest in taxes, and tax reform and
18 New Federalism traditionally interest the governors when
19 they come to Washington and we showed that during the
20 meeting of the Executive Committee.

21 But we have focused our attention on the things
22 that we are in charge of or leaders of, as chief executives
23 of our own states, and number one on the list in most
24 states is education.

25 In fact, some educators who once complained that

1 governors were not interested enough in education have now
2 been heard to say that we are too interested in education.
3 They think they found something worse.

4 Perhaps that is because governors have been
5 asking some uncomfortable questions, uncomfortable because
6 commonsense answers to questions require climbing out of
7 some deep ruts that public education has found itself in.
8 The questions we are asking were the questions we reviewed
9 this morning. Aren't there better ways to help poor
10 children with weak preparation to learn and succeed in
11 school? Why not let parents choose the public schools
12 their children attend? Why not pay more for teaching well?
13 Why are some of the most expensive public institutions, our
14 school buildings, closed half the year in many states when
15 the children are undereducated and some of them are crammed
16 into oversized classrooms? Are students on college
17 campuses learning anything? Why shouldn't schools also use
18 the newest technology. What can we do to encourage and
19 reward outstanding leaders in our schools?

20 For those who are disturbed by these questions, these
21 issues that we are discussing represent an effort by the
22 governors, that is, a very direct effort to get involved
23 and to help set the agenda for public education in our own
24 states for the future. It is not an issue that is
25 dwindling in our interest; it is the very beginning of a

1 long-term interest of ours.

2 I hope that the education community continues to
3 welcome the governors' interest as it has so far as our
4 task forces have developed, because no one is in a better
5 position to rally public support for public education than
6 is the Governor in his or her own state, and broad-based
7 support community by community is what most public schools
8 need more of.

9 Public education is the largest item in the
10 budgets of most of our states. It is half the budget, for
11 example, in our state, and in many other states.

12 And the governors are in the best position, we
13 believe, to represent the interests of the people as a
14 whole; and the goals in the long run will be met if the
15 people as a whole and not just the education interests
16 establish quality for the standards of public schools.

17 I think it would be appropriate to ask why
18 Governors have so recently become so interested in public
19 education. First, the reason is that the people who
20 elected us want us to. Americans have suddenly become much
21 more worried about whether we can keep our high standard of
22 living and have understood that better schools are the
23 quickest way for better jobs. The greatest issue facing
24 our country, our nation's leaders in Washington, is how
25 will we be ready to compete in the world market of the

1 1990s? It will be harder and harder for us to keep the
2 large share of the world's dollars that we have today.
3 Basic skills, computer skills, the new job skills are
4 absolutely essential if our states are to survive the
5 economic transitions that they are in.

6 Bluntly speaking, unless we have better schools
7 we will have lower incomes and the Governors and the people
8 who elect us know that. This is especially true for the
9 southern states, states like my own Tennessee. We may have
10 been doing more in the South to get ahead in public
11 education, but we were further behind, and we have
12 recognized that, we have been willing to compare our
13 results with the results in other states, and we are moving
14 on.

15 The second reason we have not been as interested
16 as we might have been in the past is that we have not been
17 as well informed as we might have been. Education is, very
18 frankly, an intimidating, complicated subject, and many
19 Governors, and I would count myself as one of them, when we
20 were elected and even in the first year or two of our terms,
21 simply didn't understand the whole issues well enough to
22 ask the right questions. And when we asked the right
23 commonsense questions such as why not pay teachers more for
24 teaching well, we were greeted with such a response that it
25 made us a little bit reluctant to ask any other questions

1 in public education. There would be bound to be something
2 else that would be easier for us to get into.

3 But now we are not so intimidated by the issues.
4 We understand them, we talk to each other about them. We
5 understand that we need to listen well as Governor Kean
6 pointed out in our meeting this morning and we are on our
7 way. The education reform movements which have been,
8 according to Ross Perot in Texas, for example, the meanest,
9 toughest, bloodiest, most frustrating enterprise he has
10 ever been in and he has been in a lot of enterprises, are
11 now assuming a little different personality and it has
12 involved the cooperation of most of the education groups
13 with the governor.

14 This morning, I think the people who were there
15 saw, not just a routine report, but brief, brief
16 suggestions by governors who are deeply involved in issues.
17 Governor Clinton talked about the hearing in Little Rock
18 where there were 600 people talking about leadership and
19 where one person suggested that principles simply needed to
20 be good leaders and didn't need any paper credentials or
21 academic training in education. Or Governor Kean listening
22 to teachers. He is chairman of task force on good teaching.
23 He suggested that a teacher's salary should be \$20,000 to
24 \$60,000 a year but that might never happen unless teachers'
25 groups are willing to help us find a way to pay some

1 teachers more than others. Or Governor Schwinden, about
2 the efforts his task force is making, a concern of looking
3 at our school facilities and whether we are using them
4 enough. Governor Riley, expressing the concern we all have,
5 to make sure that children are ready for school and that
6 higher standards don't rule out poorly prepared students.
7 Higher standards should actually help those students
8 especially.

9 Governor Ashcroft reviewing the discussions and
10 the hearings that his group of governors had about higher
11 education and the questions that we lay governors and
12 legislators have. Should we put another \$50 or \$60 million
13 into institutions that can't tell us whether or not anyone
14 there is learning much and are offended if we ask a
15 question. Governor Sununu, talking about his experience of
16 16 years in the classroom as a teacher and then saying that
17 teaching was the last profession to adopt the newest
18 technologies and ought to be one of the first.

19 Governor Lamm really questioning the whole
20 series of issues that are before us about choice and
21 wondering to just what extent we could prescribe a general
22 attitude or if we should at all about giving parents more
23 of a choice about the public or perhaps even the private
24 schools their children attend.

25 Those are tough issues, challenging issues.

1 What we propose to do is carry those into a report that
2 would be ready at our South Carolina meeting this summer
3 and then keep up with how we are doing, how each state
4 addresses those issues over the next five years.

5 Governor Clinton, who is the vice chairman of
6 this association and the vice chairman of the education
7 commission of the states, is very much involved in this
8 with me as is Governor Kean who this year is the chairman
9 of the education commission of the states, and we mean for
10 this to be a serious long-term effort that will put
11 Governors with their big spotlights in their states
12 focusing on the quality of public education and results we
13 are getting for the next several years.

14 We believe it is the most important thing we
15 have to do and that as the nation looks at how it prepares
16 to compete with the rest of the world, it will see that we
17 will not even be able to address that as a nation unless
18 the states and local governments do a better job in setting
19 the agenda and the standards of quality for public
20 education community by community.

21 Today we have three distinguished citizens of
22 this country: one, a business leader; one, the Federal
23 Government's chief spokesman for education; one, an
24 innovative person who has not only written a book but tried
25 to put what he wrote into effect in education in this

1 country. They are going to help us get what we are doing
2 in better perspective, so that as we develop our report and
3 our thinking, we will be able to do it more usefully, that
4 we will do what governors ought to be doing and avoid what
5 governors ought not to be doing.

6 The first of those is TedSizer, a professor and
7 chairman of the department of education, of Brown
8 University in Providence. He is widely respected as a
9 practitioner and a researcher. He has participated in
10 education at about every level. He is a graduate of Yale
11 with a master's degree from Harvard, headmaster of Philips
12 and Andover, one of the outstanding secondary schools in
13 America. He has been chairman of task forces, he has
14 written his own book, "Arts and Compromise: The Dilemma of
15 the American High School." As I mentioned, he has not been
16 content to write about reform, he has formed a network to
17 try to put his ideas into practice. Dr. Sizer, we thank
18 you for giving up part of your Sunday afternoon and welcome
19 you and Mrs. Sizer to the meeting of the National
20 Governors' Association.

21 (Applause.)

22 DR. SIZER: Thank you very much for the welcome.
23 Thank you for the honor of being able to join the
24 conversation with the governors. Leadership for this wave
25 of reform of elementary and secondary education in the

1 United States has come from the state houses. For those of
2 us who are in the middle of it, in the thick of things, to
3 have the opportunity to join with you is a great pleasure.

4 My message today will be very simple and very
5 straightforward. I will speak solely on high school, which
6 is the area I know something about, having had some
7 considerable experience. In my message to you is the
8 assertion that the high school, as it currently is designed,
9 is inefficient and fundamentally flawed, and that any
10 serious effort to achieve improved learning by young people
11 at this level absolutely requires honest rethinking and
12 redesign of this institution. Everything follows from it.

13 My recommendation, which I will repeat at the
14 end, to the governors, is to urge state support of the
15 ablest and most imaginative school people who have the
16 courage to try some new things, ambitious new things to try
17 to rearrange the way teachers and students spend their time
18 in school.

19 I can't say this urgently enough. It is not
20 just my voice. Commission after commission, research study
21 after research study, has pointed out the need for
22 fundamental restructuring of the institutions of education,
23 and yet by and large it has not happened; and, indeed, some
24 state policies may, in fact, push the other direction by
25 closer regulation, stiffen the way the schools are

1 organized and thus making the effort to restructure them
2 all the more difficult.

3 Let me give you some specifics very, very
4 briefly. Virtually every high school in this country is
5 organized in the same way, by the chronological ages of the
6 youngsters, 9th, 10th, 11th, 12th grade and by the almost
7 completely separated departments of English, mathematics,
8 social studies, science, language, art, music, physical
9 education, business education and the rest.

10 It is astonishing that in a nation which has no
11 central Secretary of Education, is indeed broken into
12 17,000 separate public authorities, that the high schools,
13 in fact, are so alike in the public and private sector as
14 well.

15 This structure, with which we and our parents
16 would be completely familiar, is a product of the 1890s and
17 would be fine if it did not rest on some profoundly false
18 assumptions.

19 Again, let me just give you a few examples to
20 make the point. We organize youngsters, as I reminded you,
21 by chronological age, and yet you and I know that our
22 youngsters, and we ourselves, did not develop at the same
23 rate at the same time in the same way, physiologically or
24 socially or intellectually. Thus, to say that all
25 13-year-olds or that all 15-year-olds should have the same

1 thing, the same textbooks, the same approaches, the same
2 norms, flies in the face of common sense about how you and
3 I grew up and about how our children grow up; and so a
4 school system that starts as its basic organizing principle
5 with a chronological age of children simply is wrongheaded.
6 It is bureaucratically inefficient. It is educational
7 nonsense and it hurts kids.

8 Most high school teachers in this country are
9 faced each day with between 100 and 180 different
10 youngsters. The assumption is that we can teach that many
11 at once in groups of 18 to 35. Typical contract load in a
12 big city in this country as you know is five classes a day
13 each with 35 youngsters, that's 175.

14 Let us say that you agree with a commonsense
15 truism that each of us learns in a different way; the way
16 that you and I learn is to be engaged one by one and the
17 way we have been best taught is when our teachers knew us;
18 and ask: Is that kind of individual attention possible
19 with those kinds of numbers?

20 Let's say that you wish to spend 10 minutes a
21 week on the particular work of each youngster in your
22 classes, and you have 175 youngsters, that's 29 hours. If
23 you have 120 youngsters only, that's 20 hours, which means
24 that high school students by and large pass through
25 anonymously, in spite of the best efforts of those of us

1 who work in schools. There are too many of them for too
2 few of us.

3 A third assumption is that the best way of
4 proceeding with school is to convey information or, to use
5 the jargon, to deliver instructional services. You and I
6 know that the way we learn involves our engagement with
7 ideas, not in being preached at. Being talked to, like I
8 am doing now, is one of the most inefficient ways of
9 anybody learning anything; and yet the research shows that
10 high school teachers talk at the kids over 70 percent of
11 the time, and only 5 percent of the time in schools are the
12 youngsters absolutely required to respond to the task at
13 hand, with the result that the yield of learning is very
14 low.

15 I could give other examples, suffice with these
16 to give you a sense. When we say that we have to take
17 youngsters one by one, that they develop and learn at
18 different rates in different ways, this is not a romantic
19 notion, it is a commonsense notion.

20 When we say that the high school is trying to do
21 too much in too short a time with too many youngsters, this
22 is not a radical notion, this is a commonsense notion.

23 And the trick that we have is now to take
24 existing resources and redesign a way that young people and
25 adults in schools spend their time so that the most

1 essential things in schooling, which are the ability to use
2 one's mind, are achieved.

3 It means giving things up. It means that most
4 difficult of all politics, the politics of subtraction, in
5 order, for example, to get those ratios down from 175 to 1
6 to 80 to 1, one way to do it is to simplify the program, to
7 say there aren't this range of electives, good though they
8 may be, there are a few things, the most important things.
9 We will do those and we will do those well and we will have
10 few enough youngsters in our class so we will know each one
11 well enough to move her or him forward.

12 It is painful for a person in my position, who
13 has spent his life in schooling, to admit that many of the
14 assumptions under which we run our schools simply do not
15 stand up to common sense or to research.

16 This plea to you to support and to back
17 significant reform is the plea of an educator who is deeply
18 concerned and pained since what we have been trying to do
19 doesn't work.

20 The first step is to accept the reality that the
21 school design of the 1890s, which we live with now, is
22 flawed. To accept it without embarrassment, without being
23 defensive, as I say to my friends in the schools, everybody
24 who designed that system has been dead for at least 40
25 years, stop being so upset about it, move ahead, and to try

1 something new. And the the second thing we must do is to
2 recognize that the alternative is not self-evident, that
3 you can't put together a commission and say, aha, this is
4 the better high school and plug it in. That's not the way
5 it works. High school is a very complicated place; and
6 what is absolutely required is ambitious, long-term
7 politically protected efforts at systematic school redesign.

8 So my plea to you, ladies and gentlemen, is to
9 find those school people and citizens in your states who
10 have the courage to admit that the direction we are going,
11 the way to run our schools is wrong, and to have the
12 further courage to try in a responsible long-term way to
13 rearrange within the existing finance, the way that
14 teachers and pupils spend their time. They need your
15 political support, they need your financial support, and
16 they need your protection, because only by rethinking and
17 redesigning the high school is the kind of excellence which
18 we have talked about these last four years for the schools
19 of this country likely to emerge.

20 We must go beyond the short-term, the limited
21 new regulation, we must go beyond that to profound thinking,
22 to some ambitious systematic efforts at improving.

23 I say, again, my pleasure at being among you, as
24 no group in this country is better positioned to take the
25 lead in vigorous school redesign. The profession is behind

1 you, if you were to take this lead. The two great teachers
2 associations are on the record. Many of the other groups
3 are similarly on the record. What is needed is your
4 leadership.

5 Thank you very much.

6 (Applause.)

7 GOVERNOR ALEXANDER: Thank you, Dr. Sizer. The
8 way we plan to proceed is to have a couple of comments
9 after each of the speakers and then the speakers have
10 agreed to stay for further questions and comments from the
11 governors after that. Governor Kean, chairman of the
12 education commission of the states and chair of our task
13 force on teaching.

14 GOVERNOR KEAN: I would just like to ask one
15 question of Dr. Sizer. You have been privileged to spend a
16 lot of time with schools and teachers who have been given
17 the leeway to do things differently. That must have been
18 exciting and exhilarating in many ways.

19 But as you you pointed out, I hate to use this
20 term, but schools are intensely bureaucratic and there is
21 not a lot of things that we have been able to do as
22 governors to make them less bureaucratic. I wonder what we
23 can do as governors to make schools less bureaucratic, to
24 make more schools and teachers have the freedom to excel,
25 to get around the bureaucracy, to do things differently.

1 In other words, what can we do to roll back the kinds of
2 obstacles that you pointed out and which we all know are
3 there, but are very difficult to get at, to give people
4 more freedom?

5 DR. SIZER: One particular idea within the
6 general framework is, give us the end and leave the means
7 to us. The specific idea, if every state were to have a
8 competitive -- what we call a graduation exhibition, an
9 opportunity for young people in your state -- not a
10 requirement, voluntary opportunity, not to just take one
11 type paper and pencil test, but to take a serious range of
12 tests, an opportunity to show off what they know -- if they
13 met a certain significant standard, to receive full support
14 or tuition and fees and other costs at the universities in
15 their states. You would, at a fraction of the cost of
16 regulation, get every community in the state saying to its
17 school principles and superintendent, hey, can kids in our
18 school achieve this? Which is to say, please, set up
19 magnets. Don't set up caterpillar tractors pushing. Don't
20 tell us how to do our work, because you don't know our kids.
21 My kids are different than your kids and I have to deal
22 with them differently. Give us a common goal and let us
23 figure out how to get there.

24 A good way would be to make a very clear
25 financial advantage with very clear status given by the

1 state governor.

2 GOVERNOR ALEXANDER: Governor Clinton.

3 GOVERNOR CLINTON: First of all, let me say, I
4 am very persuaded by what you say, but I have some
5 questions, and I would like to ask two briefly. One is if
6 we cannot batch children by chronological age, and we begin
7 to undo that, what would be the social and political and
8 emotional consequences of that for the children and their
9 families involved. And, secondly, maybe more importantly,
10 as all of us consider the impact of what we did in
11 requiring the schools to provide more courses and lower
12 class size and we regulated them more from the state level;
13 if it is not true that the best way to teach is to convey
14 information; if it is true that education gets worse if you
15 overload teachers, that it's not necessarily better for
16 children to spend more time on their seats listening to
17 people and to process information, can we conclude from
18 that that the Japanese system of education is a failure
19 where the kids spend more time on their seats in bigger
20 classes, basically listening to people impart information
21 to them than, they do in the United States?

22 DR. SIZER: We are working with a school in
23 Texas, in Fort Worth, where a so-called 9th grade has
24 within it the range of youngsters reading at the 4th-grade
25 level and three youngsters who as 12-year-olds received

1 such high grades on the preliminary scholastic aptitude
2 test they are flown to North Carolina every summer for a
3 special program in humanities. These are all kids the same
4 age. It's very difficult to respect where each youngster
5 is, because the 4th-grade reading level kids are already
6 demoralized and defeated.

7 First of all, you can't lie to them. You can't
8 pretend. The second thing is, you have to engage in large
9 dollops of ambiguity. You have to arrange things they do
10 very imaginatively in that school in Fort Worth, so that
11 the kids are grouped together for all kinds of social
12 activities and other activities, where the ones who happen
13 to be fast readers and very adroit thinkers in an academic
14 sense are not always the big cheerers.

15 I have been the principal of a school which
16 mixed youngsters across five or six years. It has been
17 done and the youngsters fundamentally respect the honesty.

18 It's when you pretend a kid can do something
19 that he or she knows she he or she can't do you get in
20 trouble. My answer to your first question is it is
21 extremely difficult, but it can be done. It was done
22 routinely in the 18th and 19th century. It's only in the
23 20th century we have locked ourselves in. I think we can
24 learn a lot from the 18th century academies.

25 The second reference is your reference to

1 Japanese. I have not visited Japanese schools. My
2 knowledge of Japanese schools is secondhand. I am
3 interested that the Ministry of Education in Japan has set
4 up a commission to review its perception of the serious
5 inadequacies in secondary education. I'm not for a moment
6 going to suggest that telling people things is necessarily
7 bad. It's just that if you do nothing else but that, if you
8 don't ask the youngster to use it, for example, I can
9 lecture to youngsters about how to write. I can tell them
10 to read Strunk & White's "Elements of Style," but until
11 they pick up a pencil or turn on the word processor and get
12 involved, they don't know that. They don't learn how to
13 write. The way to learn how to write is to write and the
14 way that one accelerates that process is to criticize that
15 youngster's writing back and forth: Billy do it again,
16 Billy do it again, Billy do it again. That's the way you
17 learn how to write. The same in mathematics. I can
18 lecture on the binomial theorem, but until the youngster
19 uses it and uses it in real examples several times,
20 different angles, the usefulness of that doesn't come out.

21 I am not persuaded -- and I have seen many in my
22 career of youngsters who have all the vocabulary words
23 memorized, who can give me the name of every vice-president
24 in the United States, who can list things in the right
25 order. Those are not educated. They are just drunk in

1 trivial pursuit. What we need is a nation who are
2 resourceful, imaginative, who can take a new problem and
3 twist it and turn it and answer it in that way, is the same
4 way of giving those people new problems and saying Billy,
5 go do it.

6 (Applause.)

7 GOVERNOR ALEXANDER: Dr. Sizer, thank you. We
8 will get back to you in a moment. Governor Celeste will
9 introduce our next speaker.

10 GOVERNOR CELESTE: Thank you Mr. Chairman.
11 Bradford Butler became chairman of Procter & Gamble in
12 January 1981, but he had been with Procter & Gamble since
13 1945, and became its vice chairman back in 1974.

14 He is a member of the board of directors of
15 Armco, the Hospital Corporation of America, Northern
16 Telecom, Limited, a member of the board of overseers of the
17 Amos Tuck School of Business Administration at his alma
18 mater Sawyer College. And he serves as vice chairman of
19 the board of trustees of the Committee for Economic
20 Development and there he has also acted as chair of the
21 committee's subcommittee on business in the public schools
22 and was senior author of their report, "Investing in Our
23 Children's Business in the Public Schools," which appeared
24 last September.

25 That report has far-reaching implications for

1 the future of public education. It outlines strategies for
2 improving public education by involving the business
3 community, and Brad Butler is a man who practices what he
4 preaches in his corporate leadership. I can say that
5 Procter & Gamble has always been deeply involved in public
6 education in Cincinnati and in Ohio. It has been generous
7 with its employee's time and a variety of community
8 involvements. And so by his corporate leadership and his
9 community leadership, he brings a very special perspective
10 to this matter we are discussing which is of great interest
11 to us and to all of our citizens. Brad Butler.

12 (Applause.)

13 MR. BUTLER: Thank you. Thank you very much,
14 Governor Celeste.

15 Trying to sum up three years of study and a
16 million dollars worth of research in 12 minutes is somewhat
17 limiting. I am going to skip around, of course, in order
18 to accomplish that objective.

19 But there are certain things you really need to
20 understand about this report. First, the Committee for
21 Economic Development got itself involved in the question of
22 public education for one of the reasons that Governor
23 Alexander mentioned in his opening remarks, and that is a
24 conviction on the part of the 250 business executives who
25 make up the board of trustees of the Committee for Economic

1 Development, that America's world competitiveness depends
2 more on the quality of public education than on any other
3 single factor. We think that is important. We don't think
4 it's as important as what Chief Justice Burger said this
5 morning, when he said, liberty and democracy, if we don't
6 work at it, we won't keep it.

7 I would submit to you that public education is
8 as critical to the protection of liberty and democracy as
9 it is to the protection of our world competitiveness.

10 I hope some of you will at least have some of
11 your staff read the committee's policy statement, because
12 it's a recipe. It's a list of things that can be done now,
13 many of them at no cost, to improve the quality of public
14 education in your state. But as you think about our report,
15 I would like you to understand what it isn't, as well as
16 what it is. It is not a comprehensive comment on public
17 education.

18 In order to develop this report, the first thing
19 our subcommittee did was decide which areas of public
20 education it addressed and which you couldn't, because
21 education is sort of like automobiles. Everybody in the
22 United States has had one and therefore everybody is an
23 expert, and what we didn't want to produce was the opinions
24 of 20 or 30 chief executives about what public education
25 ought to be.

1 We decided we would focus entirely on these
2 areas: One, we would focus only on kindergarten through
3 12th grade public schools. They are not the only part of
4 education that is important, but we had the pulse.

5 Secondly, we agreed we would focus only on those
6 areas of public education in which business ought to be
7 able to bring some unique expertise. That means we didn't
8 tackle the question of arts and poetry which all of us
9 agree are terribly important, but we also agree that we
10 don't bring any expertise to that field.

11 Third, we agreed that every recommendation in
12 our report would be based on research, not opinion; and,
13 fourth, that the research would be done by people at the
14 firing line. The research on employability, for example,
15 was not done among chief executives. It was done among the
16 first line supervisors in our companies who hire and deal
17 with incoming high school graduates.

18 Those set of restrictions, that set of
19 restrictions, led us to concentrate on only four issues.

20 The first is employment, everybody in this
21 country talked about employment, nobody has defined it.

22 The second was investment. Can we do education
23 as an investment, a moneymaking profitable investment? If
24 so, what does that tell us about our present level of
25 spending and about the ways we are spending our money?

1 Third, can we learn from all that industry has
2 learned in the last 10 years about better management and
3 motivation of people, something that can be applied to
4 better management of the teacher workforce. That is, can
5 we do a better job of recruiting, educating, training,
6 motivating, compensating teachers; and, fourth, what have
7 we learned about business/public school partnerships that
8 can be applied.

9 As I said, there are a number of specific
10 recommendations, 67 to be exact. Most of them are free.
11 But, there is one overriding conclusion, and that
12 conclusion is that there is room in this country for a
13 higher level of productive investment in education. We can
14 do a lot to improve schools without spending more money,
15 but we also should be investing more money in education.

16 Now, in these days of tax revolts, talk about
17 lower taxes, that doesn't scare me a bit as a taxpayer and
18 I hope it won't scare you as governors. Because I would
19 remind you that I started school, public school, in 1929,
20 and I graduated in 1940, and those who are my age will
21 remember those were not the rosiest economic days this
22 country ever had. My parents and their peers were
23 genuinely struggling to put food on the table, to put
24 clothes on our backs, to put a roof over our head.

25 Neither I, my parents nor my neighbors owned

1 automobiles, took vacations at all, or had anything that --
2 any of the luxuries that are practically necessities in
3 today's life. And yet, struggling to stay alive
4 economically, they were still willing, in that generation,
5 to spend the money to provide me and my generation with a
6 public education that was unparalleled anywhere in the
7 world. That's one place they didn't skimp and for anybody
8 to suggest that this nation today, with its wealth, with
9 its luxury, cannot afford that same quality of education
10 for the next generation of children, simply doesn't have
11 his or her priorities in the right place.

12 A little bit about what we learned. Unemployment;
13 we learned, very simply, that there are two essentials for
14 employment and no others.

15 The essentials are part attitude and behavior
16 problem and part school. The attitude and behavior portion
17 is in a sense self-discipline, the ability to work well
18 with others, the ability to accept responsibilities for
19 work assigned, a willingness where one is supposed to be
20 when one is supposed to be there, that set of attitude and
21 behavior patterns. The other essential is literacy, real
22 literacy in the English language, written and spoken, and
23 those are the only essentials.

24 Young people who come out of school with those
25 two characteristics can expect to find and retain

1 employment, and those children who come out of school
2 without those characteristics cannot expect to find and
3 retain employment.

4 Now, that doesn't mean, for heaven's sake, that
5 all the other things we need in schools are no good.
6 Mathematics is wonderful, computer skills are wonderful,
7 geography and an understanding of the world in which we
8 live. All of these things are extras, and they can and
9 should lead to even more rewarding employment.

10 But the difference is between quality of
11 employment and career progress, rather than the difference
12 in employment or nonemployment, and so one of the cost-free
13 things that you can do to improve the economy of your
14 states is to insist that your schools educate young people
15 in work habits.

16 Now, that's a positive term. That's part of
17 education. That is not a lot different from some of the
18 things you call discipline or deportment, but discipline
19 and deportment don't explain to either the parent or the
20 child what it is you are trying to do. I think that's one
21 of the reasons we have so much resistance to it. But if
22 you understand that those things are educating young people
23 in good work habits, I think it's positive.

24 The other thing you can do is make literacy in
25 English an absolute must for every student who graduates

1 from your schools, to every student who enters a vocational
2 training program. It is an absolute waste to teach young
3 people job skills if you haven't taught them work habits
4 and literacy.

5 Let me try to illustrate the literacy issue,
6 because it's probably also the greatest single investment
7 opportunity we have.

8 Out of the 16 to 24-year-olds in the country, 60
9 percent or 4.9 million are dropouts from school. 60
10 percent of those dropouts are illiterate, which means
11 2,940,000 16 to 24-year-olds not now in school are
12 illiterate and 13 percent of the 17-year-olds who are in
13 school are illiterate. If you add those two numbers
14 together you get 3,330,000.

15 Would anyone care to guess what the number of
16 unemployed 16 to 24-year-olds in this country is? It has
17 to be a statistical fluke, but it's 3,330,000.

18 Now, I am sure they are not identically the same,
19 but fundamentally, those people are an economic burden on
20 your state and our country for the next 50 years. Worse
21 than that, they are a moral outrage. We should be ashamed
22 of ourselves.

23 Those illiterates, as they go through life, will
24 make up 40 percent of the adults who earn less than \$5000
25 per year, 70 percent of the prison population and 35

1 percent of the welfare parents.

2 There is a solution available and the solution
3 is called free school, and for an expenditure of about
4 \$5000 per child for those children at the age of three or
5 four, we can save half of them, and that's probably the
6 best single investment that this country could make in
7 education. Certainly not the only one.

8 For teachers -- my time is about out -- we need
9 higher salaries and we need, like Dr.Sizer said, we need
10 to free teachers from regulation, whether it's by
11 government or by corporate management, and we are just as
12 guilty as governments are, when governments and managements
13 tend to regulate and when they regulate, they impose method
14 instead of results. They tell people what they must do
15 instead of what they must accomplish, and that's what we do
16 to our school system, and that's what industry under the
17 pressure of international competition is finally learning
18 to quit doing. And we are beginning to learn to tell our
19 people what we want them to achieve rather than what we
20 want them to do.

21 Unfortunately, there is no such clear economic
22 pressure on education, but you have it in your power to
23 begin the deregulation of the school and to begin to free
24 the teacher to be a teacher, and that's just as important
25 as salary. We need higher standards for people entering

1 the teaching profession; and in one state where 60 of the
2 school districts now test all incoming teachers with the
3 standard Princeton tests, they find that fewer than half of
4 the teachers that were certificated to teach in that state
5 can pass the Princeton test for professional competence.
6 We need standards for teachers and we need standards for
7 students. We need standardized testing, because there is
8 no other way you can impose results instead of means as
9 your method for managing a school.

10 We need incentive compensation, but, again, you
11 can't have incentive compensation unless you have a method
12 for measuring results, so these things come in order. You
13 need to be able to measure results. Given the ability to
14 measure results, then you must begin to reward those who
15 are good and free those who achieve adequate results.

16 I am going to close with that, say again that I
17 owe to a generation who were adult during this country's
18 Great Depression an education, a public education which has
19 enabled me to accomplish everything I have been able to do
20 in this life. For that I am eternally grateful, and for
21 that I feel an obligation to try to stir our country to do
22 the same for the next generation of young people. Thank
23 you.

24 (Applause.)

25 GOVERNOR ALEXANDER: Thank you, Mr. Butler. I

1 believe Governor Riley has a comment or a question.

2 GOVERNOR RILEY: Mr. Chairman; Mr. Butler, I
3 thank you and your company for your interest and your
4 support for quality public education. It's very important.
5 You mentioned the partnership with education and government,
6 and I thank you for your leadership and your statement. I
7 was interested, of course, in your strong statement on
8 preschool which I support fully.

9 The fact is that higher standards, though, while
10 they apply in a very good way to the student in the middle,
11 if not carefully designed, may, instead of being a
12 challenge to a student on the bottom, might be a barrier.
13 And the same can happen to a student at the top who is a
14 gifted and talented student. It's not, unless designed
15 properly, a challenge to that student, either, for the
16 opposite reason.

17 I wonder if you would comment to that point,
18 that is, it's so important as we lift standards -- I know
19 in your report, you are strong on higher standards, and I
20 agree with that, and I think your report is very good and I
21 am happy to say that our program in South Carolina is very
22 similar to the program that you recommend.

23 But I wonder if you will speak to that point,
24 that special strategies for children within the system, how
25 we might reach those high-risk children at the bottom and

1 gifted and talented at the top within the same system of
2 raising standards.

3 MR. BUTLER: Yes, sir, Governor. I think there
4 are several proven techniques. First, the most
5 intellectually disadvantaged children -- and this is
6 generally the economically disadvantaged children, those
7 who come from illiterate households -- clearly have to
8 start with expensive preschool training at the age of three
9 or four. That is clearly a necessity. If those children
10 don't have that, they have failed when they reach first
11 grade. The teacher is virtually helpless. Those children
12 are defeated in kindergarten or first grade and they give
13 up for the rest of their school lives. The evidence of
14 preschool testing is that somewhere around half of those
15 children can be saved with really good preschool training,
16 and I think that's what we have to start with those
17 children.

18 Now that still leaves you you with half with
19 whom you have to deal with, and we recommend in the
20 standard setting that in addition to the regular standard
21 settings, that we have higher standard settings for the
22 awarding of honors diplomas. Now that takes care of the
23 group you talked about. How do you challenge the most
24 capable youngsters, and that is by having achievement --
25 and I think the kind of examinations Dr.Sizer is talking

1 about, again, that are extensive enough to recognize the
2 competent graduate but also to recognize the outstanding
3 graduate, are one of the ways to achieve that and to form a
4 basis for awarding honors diplomas.

5 The third area of how do you keep from
6 discouraging the less talented youngster is, I think you
7 have to give him a less demanding curriculum, but I think
8 you have to decide what the essentials are that every child
9 must get, and I call that an understanding of how to behave
10 in society and literacy. I think you have to add a
11 reasonable amount of numerical literacy to language
12 literacy and say we must teach those, and for some children
13 we may not be able to go very far beyond what we teach, but
14 I think we have to be willing to tailor to individual
15 children, but we need measurements of our results so that
16 we can free the schools to do that in a way that works out.

17 GOVERNOR ALEXANDER: Governor Sununu.

18 GOVERNOR SUNUNU: Mr. Butler, one of the
19 interesting pieces of arithmetic involved in education
20 today is the investment, if you will, per classroom full of
21 students. If you look at a classroom of 20 students, not
22 even the 35 that Mr. Sizer referred to might be the norm in
23 some school systems; we are spending about \$3500 to \$4500 a
24 student to educate them. That means a classroom full of
25 students represents a community and state investment of

1 between \$70- to \$90,000 a year. We give about \$22,000 to
2 the teacher at the front of the room, and that difference
3 of \$70- to \$90,000 to \$22,000 represents administrative
4 costs, overhead, and other.

5 I would like a businessman's view as to whether
6 or not maybe we as a society have lost track of what the
7 school systems were all about in light of that educational
8 arithmetic.

9 MR. BUTLER: I think many of us have. The cost
10 of the nonteaching portion of education rose from 52
11 percent of the budget in 1970 to 62 percent of the budget
12 in 1980. In just 10 years, we took another 10 percent of
13 the total spending, that's about \$13 billion, for increased
14 nonteaching costs in our public education system, and that
15 came at a time when the number of children in the system
16 were shrinking.

17 I think, again, that business has been guilty of
18 some of the same problems. I think what we are seeing in
19 these great drives for productivity in business today is a
20 determination to get rid of unnecessary overhead, and the
21 way to get rid of unnecessary overhead is to deregulate,
22 which means to establish goals for achievement rather than
23 to establish a means of working, and there have to be ways --
24 any comparison of public schools with parochial schools --
25 any comparison of public schools today with 10 years ago

1 will suggest that there is substantial administrative costs
2 in our public education systems in the United States which
3 can be eliminated, thereby generating money to hire better
4 teachers.

5 I think the application of business principles
6 will do that, and this is -- I have not talked today about
7 what business can do to assist, because I taught that
8 subject to business audiences.

9 But one of the things we are asking business
10 people all over the country to do is get involved with the
11 management of the schools at every level, principals,
12 school districts, county districts, state organizations,
13 and offer to help find more efficient ways to manage the
14 business of educating, which includes a lot of business
15 functions, like buying, building, maintaining structures,
16 mass feeding, mass transportation, et cetera. I think
17 that's an area where the business community can and will be
18 happy to help. Thank you.

19 (Applause.)

20 GOVERNOR ALEXANDER: Thank you, Mr. Butler. A
21 copy of the CED report, "Investing in our Children" was
22 sent to each governor a month ago. I wanted to make sure
23 that each of you saw what it looks like.

24 We have now heard from one of the nation's
25 leading educators, an expert on high schools, one of the

1 nation's most prominent businessmen, chairman of a study of
2 education, and now we will hear from a writer/philosopher,
3 who happens to be the Secretary of Education and in the
4 news a great deal. William J. Bennett is the third
5 Secretary of Education. He took office in February of '85.
6 He was chairman of the National Endowment for the
7 Humanities. Before that he was director of the National
8 Humanities Center in Raleigh, North Carolina.

9 He has attended a lot of schools, taught at a
10 lot of schools, consulted at a lot of schools and
11 frequently comments on what we are doing and what we are
12 not doing. We are delighted that he has jointed us today.
13 The honorable William J. Bennett, Secretary of Education.

14 (Applause.)

15 SECRETARY BENNETT: Thank you, governors. Thank
16 you ladies and gentlemen. I think what the governors are
17 doing is just great. I must say I have to change my tone a
18 little bit. In the midst of some of the claims of the
19 system being seriously flawed and us being ashamed of
20 ourselves, I am going to rain on some of this a little bit
21 with some good news. We have to, as Professor Martin
22 Diamond once said, tell the truth about America, even if at
23 times it is pleasant. So I would like to do that. I do
24 have to say something directly to Mr. Sizer. My good
25 friend Mr. Sizer, a Yale man should never say what I think

1 he said, that people who designed the high school system
2 have been dead for 40 years. That's not a good argument.
3 The people who designed the Constitution and Declaration
4 have been dead 160 years. Just because someone is dead
5 doesn't mean they are dumb. Just because someone is alive
6 doesn't mean they are smart.

7 I wanted to talk about facts. I think facts are
8 important to learn. Maybe you regard it as trivial
9 pursuits, but I have heard endless arguments by
10 well-educated people who are in important positions of
11 responsibilities who were educated on facts, and now want
12 to save the next generation from that ordeal. Half of our
13 high school students do not know the difference between
14 Stalin and Churchill. That's not good. I don't care about
15 your critical thinking, but you have got to know the
16 difference between Stalin and Churchill and I am sure Ted
17 agrees, there is a proper mix of both.

18 But there is a kind of fashion, I think, an
19 intellectual fashion brought in the land that is antifact.
20 I think I am very qualified to speak to it. I got a PhD in
21 philosophy, so I am an expert in factlessness. I spent
22 five years graduate study without ever confronting a fact,
23 without ever being bothered by a fact.

24 It has its strengths and it has its limitations.
25 There are people with fine minds who don't know anything,

1 and it's important to know things.

2 I do want to say some good news and congratulate
3 the governors. We released the wall chart, state by state
4 comparison, a national report chart, if you will. I want
5 to congratulate you for your efforts. 35 states have
6 improved the scores of our seniors and in 39 states we have
7 seen the dropout rate lowered. This is very, very good
8 news. The three states with the highest scores in the SAT
9 or ACT are Iowa and New Hampshire and Wisconsin, but I
10 would like to pay particular attention to two other sets of
11 states for other reasons. Congratulations to those three
12 for being at the top.

13 But South Carolina, Utah, Alabama and Kentucky
14 showed the biggest gains over the last three years; and I
15 think it is obvious that the kinds of efforts that have
16 gone in from leadership for those states have paid off.

17 Also, Virginia, Illinois, Delaware, South Dakota,
18 California and Maine bear out a very interesting and I
19 think centrally important fact, if you will.

20 These are states with higher than average
21 concentrations of poor students, and these are states with
22 higher than average achievements by the SAT and ACT index.
23 Achievement does to some extent correlate with poverty, but
24 poverty is not a trap from which one cannot escape through
25 the educational system. It is possible to have a state in

1 which a large number of people are poor and yet to have a
2 state in which a large number of people achieve very well,
3 as those states showed us on this wall chart. So there are
4 some grounds for encouragement, and I congratulate the
5 governors for that. I think American education is on the
6 mend. I think things are looking better.

7 We still have a ways to go, but I encourage you
8 and congratulate you for the good news.

9 If I may, if there is something we want to be
10 distressed about, just to insert one comment, because it's
11 not an item on your agenda, I think, I may be wrong, but I
12 think in the context of education, two statistics which are
13 troubling, having to do with the use of drugs. A lot of
14 drug use is down, but we have found out that this year 17
15 percent of our seniors say that they have used cocaine.
16 That's the uptown drug, usually used by the wealthy because
17 it's expensive.

18 The downtown drug in many of our cities, PCP
19 phencyclidine, which attacks the neocortex, destroys the
20 neocortex. The neocortex is that part of the brain which
21 inhibits irrational impulses and functions. Some million
22 young people a week use PCP. There is no recovery once PCP
23 has taken its toll, because it burns out the brain. If I
24 were a governor, I wouldn't hesitate, within constitutional
25 boundaries, of course, to enlist all law enforcement

1 personnel methods to rid the schools once and for all of
2 drugs. I don't care whether it's the police, highway
3 patrol, sheriff, private security forces, special personnel
4 or the Marines and I don't care whether people are in
5 uniform, trenchcoat or blue jeans. If there's a drug
6 problem in the schools, there should be people there whose
7 sole responsibility is to eliminate it right away, then and
8 there. No ifs, ands or buts about it. You will be hearing
9 more from us in the Department about this, but I don't have
10 it in schools. You do. We can talk about what we find out
11 and we will try to tell you what we find out about
12 effective programs for drug prevention and drug elimination
13 as we find out about it.

14 Let me comment just very briefly on three areas
15 of concern to your task forces.

16 One, on teachers, again, I think there's some
17 good news, just some facts, if you will allow them. 22
18 percent increase in three years in teachers' salaries
19 around the country. This is very good, 22 percent increase.
20 This year college freshmen told us -- more college freshmen
21 told us they were interested in going into teaching than
22 told us they were interested in going into computers. This
23 is the first time this has occurred in a long time. I
24 think it has to do with the conversation about education
25 that is going on around the country, and the scores of

1 freshmen who declare an interest in teaching are rising
2 faster than the national average in the SAT scores. They
3 are not up where they should be by any means, but they are
4 going up. We have got to keep this conversation going, I
5 think, and we will get more people interested in teaching.

6 I think that one of the most encouraging signs
7 in education is the presence of things such as alternative
8 certification schemes, career ladders and the like. What
9 Lamar Alexander has done in Tennessee, what Tom Kean has
10 done in New Jersey, what Governor Graham has done in
11 Florida, with service personnel, their reenlistment, if you
12 will, in the teaching force, getting people into teaching
13 who come from backgrounds that are not the typical
14 backgrounds. I think this is all very much to the good and
15 suggests a more interesting, diverse teaching force in the
16 next few years, and suggests a teaching life or career that
17 is more interesting and diverse. Many experiments in the
18 states, and this is all also encouraging.

19 The second matter, teachers' area of choice,
20 very briefly, a number of states experimenting with
21 different choice plans, Minnesota had great success with
22 allowing its 11th and 12th graders to take some courses in
23 college and universities. Colorado, Governor Lamm's
24 program to allow transfer of student to public or private
25 schools or special students with special needs or special

1 problems. South Dakota, Governor Janklow allowing
2 interdistrict transfers.

3 More, I think, generally, one can talk about the
4 success of magnet schools in the United States. I had
5 dinner with the associate superintendent of the Houston
6 public schools on Friday. There are 80 magnet schools in
7 Houston. Magnet schools work, and in her words, they work
8 because, as she said, when students choose the school that
9 they are attending, they work harder and their parents have
10 to work harder, and the professional staff believes that it
11 can ask for those students. I think Ted and I would agree
12 on that absolutely that this kind of meeting of the minds
13 that comes about through a magnet school can be a very
14 promising thing.

15 I was interested to see how much use there is of
16 the magnets in Massachusetts, in Cambridge, and very
17 interested to see a new program in New York City that is
18 drawing students out of some private schools into some
19 public schools, students traveling across town to New York
20 to go to magnet schools in Harlem. This is a very good
21 thing. Some people think, I believe, that those who favor
22 choice -- some of those who favor choice really only favor
23 choice from the public to the private. Absolutely not.

24 I think that choice is its own justification,
25 and I think it's great what has happened in New York where

1 some students have left expensive parochial private schools
2 to go to public schools because they were set up with
3 programs that attracted them.

4 Same thing happened here in Washington, D.C.,
5 with Banneker High School, which now has an increasing
6 number of private school 8th graders applying to this D.C.
7 public school which has a very strong academic program.

8 I think choice, magnet schools and other notions
9 that fall under choice is part of the future.

10 A final comment on higher education, just to
11 throw that into the mix this afternoon. Governor Ashcroft,
12 Northeast Missouri State, a lot of efforts in Missouri that
13 I think are very notable, and worth commenting on.
14 Encouragement of institutions of higher education to assess
15 themselves, to engage in self-assessment, but with some
16 press, some push, from the state house, I think, is a good
17 thing. We have been through a long and sustained period
18 now -- three years is a long time in America -- of
19 secondary and elementary education. I think it's time to
20 look at higher education. It's expensive. It's a big item
21 in your budget; it's a big item on a family's budget, and
22 we need to have better indicators of what students are
23 learning in colleges and universities.

24 Coming out of it as I do, I am still distressed
25 about the fact that 75 percent of American college and

1 university students have been graduating without taking a
2 course in American history or European history, classics,
3 philosophy and literature.

4 I think institutions need to decide what they
5 are there for, what their purpose is, and I think governors
6 can help them in that task of self-scrutiny and in the
7 resolution of that identity crisis.

8 It is, I think, only sensible to extend the
9 inquiry that we have made about high schools in both
10 directions, both to the elementary school -- we have a task
11 force on the elementary school with the department, with
12 Governor Orr as a member -- and upward to higher education
13 to see what we are getting for our dollar there.

14 There is some movement among people in higher
15 education to take a serious look at assessment, but it
16 wouldn't hurt at all, I think, for Governors to be prodded
17 in that direction. Thank you very much.

18 (Applause.)

19 GOVERNOR ALEXANDER: Thank you, Secretary
20 Bennett. A couple of questions, since you mentioned
21 Governor Ashcroft, he is chairman of our task force
22 examining college equality, and he may have a comment or a
23 question. John.

24 GOVERNOR ASHCROFT: We are grateful for your
25 recognition of the fact that we need to be assessing the

1 quality of the job that institutions are doing. In higher
2 education, we find a bit of resistance among them, but I
3 think that resistance really is well-intentioned, and when
4 the benefits of assessment are really seen, I think we will
5 have enthusiastic participation.

6 SECRETARY BENNETT: I think people in higher
7 education have to get used to the idea of assessment. And
8 I think particularly in public institutions they need to
9 get more used than many of them are to the idea of public
10 accountability. I wouldn't characterize it as the response
11 heard from most, but people many in higher education, when
12 I talked about assessment, a couple just said, why don't
13 you go beat up on the secondary schools some more. That's
14 not good enough. We talked about hospital cost containment
15 in this country. I think we need to talk a little bit
16 about university cost containment, if possible.

17 I think that one interesting area of assessment
18 is assessment of quality among both public and private
19 institutions in a state, and I noticed that some governors
20 are looking at that -- I think that's part of the future
21 too -- what institutions in my state, be they public or
22 private, are doing the best job of educating their students.
23 Thank you very much.

24 GOVERNOR ALEXANDER: Governor Lamm is a chairman
25 of our task force on parent involvement and choice. He may

1 have a comment or reaction.

2 GOVERNOR LAMM: Mr. Secretary, in Colorado, our
3 second chance program is only to another public school.
4 But I was willing -- in a dropout situation, I don't care,
5 whoever can solve that dropout problem, I would say Godspeed,
6 we would be willing to give him what we call our ARB.

7 However I, like I think most of the other
8 governors, are desperately concerned about opening up
9 choice to public or private school and the choice of a
10 voucher or any similar thing, with cannibalizing the
11 existing public school system, about taking resources that
12 are already really too limited. I know you have strong
13 feelings on this. I would like you to state again what
14 your position is on the question of how do you take funds
15 that are already inadequate and divide them that many more
16 ways and still make sense out of public education?

17 SECRETARY BENNETT: Fair enough. First of all,
18 the funds are there, at least in theory and many times in
19 practice, the funds are there to educate students for the
20 purpose of educating children. And if the child leaves the
21 system, it should in theory and often in practice -- some
22 number of children leave -- cost somewhat less for the
23 system, if the money follows the child. I think we need a
24 number of experiments in this area.

25 I was taken with your proposal of your second

1 chance proposal, because in some ways it follows the spirit
2 of our proposal to turn our Chapter 1 program, into a
3 voucher. No one can argue in our chapter 1 program to turn
4 that into a voucher is to try to cream the best students
5 out of the public schools into other public schools or into
6 the private schools, because the very students affected are
7 those who are by definition at the bottom, those who are
8 educationally disadvantaged, who are a year or two behind
9 in reading.

10 I feel, I guess, like you do, that the schools
11 are there to educate children, and children are not getting
12 educated. And if parents consciously believe that they can
13 get a better education at another school, then they should
14 have the opportunity to do so.

15 It's been argued, I think, too much, and
16 inaccurately, that our particular proposal, our chapter 1
17 proposal, is anti-public school. It isn't anti-public
18 school. There are some wonderful Chapter 1 programs, a lot
19 of them in public school programs around the country. No
20 parent is going to lead or pull their son or daughter out
21 of a school that is doing well. It's not an anti-public
22 school proposal. It's an anti-bad school proposal. A
23 parent may pull a child out of a school that isn't doing
24 its job. I think to have that element of competition, for
25 a school to know that if it doesn't deliver by the children,

1 it may lose a few and, yes, it may lose some resources; but
2 that wouldn't be the worst incentive in the world for the
3 school.

4 But again, choice is the point, not public and
5 private or public to public. As I said earlier, I was
6 delighted to hear about New York City setting up a system
7 of public magnet schools that are now drawing students from
8 private schools. They are therefore saving those parents
9 that additional burden of tuition.

10 I think experiments of the sort you established,
11 the sort that is being established in Minnesota and other
12 things, will be the best way for us to test this
13 proposition. Thank you, Governor.

14 GOVERNOR ALEXANDER: Mr. Secretary, while you
15 are on that, if choice is the point, as a tactical matter
16 at least, why don't you concentrate on choice within the
17 public schools and avoid the controversy with public school
18 advocates, because it's such a sweeping notion for many
19 people that they can't digest it anyway; when you throw in
20 private, independent education with your initial barrage it
21 makes it a virtually impossible task. Why don't you do it
22 in stages and start with those education groups including
23 some of the teacher organizations who have agreed that
24 choice among public schools is okay?

25 SECRETARY BENNETT: Well, they have -- I might

1 comment, to the degree they have said that's okay, they
2 have come to that fairly recently. That is, this may be
3 one good function of making the argument in the way that we
4 have made it, that choice within the public system now
5 becomes more acceptable to some parts of the education
6 establishment. That's progress. They also now believe
7 teachers should be tested, and that's progress, and even in
8 some states, they even believe in career ladders or at
9 least are willing to give it a try. So I think there are
10 some virtues to making the argument this way.

11 The reason we can't limit, the purpose of our
12 Chapter 1 proposal is Congress has said, every child who is
13 eligible shall receive these services whether that child is
14 in public school or private school. For 20 years, as many
15 of you know, students in both public and private schools
16 were receiving those services. Now we have got the
17 opposite little problem created by the Supreme Court
18 decision in the Felton case, which, as many of you know,
19 has made it very difficult and has become a testy issue as
20 to how to provide those services to private school students.
21 We can't distinguish in Chapter 1 between public and
22 private. We are talking about providing services to
23 children and if you will, are blind, as to -- institution
24 blind, in that program. Thank you.

25 GOVERNOR ALEXANDER: Thank you, Mr. Secretary.

1 We have about 10 or 15 minutes remaining for questions that
2 could be directed to any of the three distinguished
3 visitors. A couple of governors have already indicated an
4 interest in that. Let me start with them. Governor
5 Schwinden chairs the task force on school facilities. I
6 wonder if he might have a question and after that I will go
7 to Governor O'Neill and then Celeste.

8 GOVERNOR SCHWINDEN: Yes. In our discussions
9 about the utilization of school facilities, one of the
10 things that was pointed out was that the application of
11 choice can have some dramatic impacts on the ability of
12 districts to make decisions about the funding or
13 construction of school facilities. How do you make long,
14 three, four, five or 10-year plans about the kinds of
15 school facilities that you are going to build and utilize
16 if you allow the dynamics of choice to apply, Mr. Secretary?

17 SECRETARY BENNETT: I think what you do is you
18 obviously have to build in some degree of flexibility. If
19 you have a pretty good fix on the number of students, at
20 least as good a fix as you can get on the number of
21 students your district will be serving, and of course those
22 things are always difficult to assess; you don't know about
23 general in-migration out-migration in the community. But
24 to the degree that you can fix on that number, I think to
25 set up the institutional facilities to serve that number,

1 and a number of different buildings around the community,
2 and then be prepared for -- if you will allow me a phrase --
3 flexible redeployment. One of the things I noticed in
4 Shreveport -- the success of their magnet schools there --
5 was that they, every -- in setting up their magnet schools --
6 are refurbished buildings; put some buildings out of
7 existence and brought them back into existence again three
8 or four years later, depending on what was occurring.

9 There is no doubt that having this kind of
10 choice creates certain degrees of uncertainty, but I don't
11 think the problems are insurmountable.

12 We have seen this occur in higher education,
13 where college students have the same kind of choice. In
14 fact the Federal Government supports it in grants and
15 guaranteed students loans and the like. It makes it hard
16 for admissions offices to predict with certainty, but
17 trends do develop over time and with good management, good
18 leadership, I think, again, a flexible redeployment of a
19 district's resources can be managed.

20 GOVERNOR ALEXANDER: Governor O'Neill.

21 GOVERNOR O'NEILL: Yes, thank you, Mr. Chairman.
22 Mr. Secretary, in Connecticut we have what we call this
23 year is going to be the year of excellence in education.
24 In front of my general assembly, I have proposed a minimum
25 starting salary for teachers of \$19,300 which, if passed,

1 would be the highest in the nation, with bumping provisions
2 in it with those that are already in the profession. I was
3 very interested to hear in your statement today that more
4 people are becoming interested in education, more college
5 students.

6 I believe, really, if we are going to have
7 excellence in education, we have to have excellence in
8 instruction to begin with, and I am very encouraged to hear
9 that people are turning in that direction, Mr. Secretary.

10 I might also add that in Connecticut two years
11 ago, I put together a task force of private sector people,
12 business people, to come up with this document that all the
13 governors have on their desks and it's "Jobs for
14 Connecticut's Future." It's a detailed report of what our
15 state is going to need as far as educated people in the
16 future on into the '90s. And for those of us that are
17 politicians, that's a long way down the road. It's a long
18 way to look because many times you only look from one
19 election to the next. There is a three-year period that
20 you talked about. I know Governor Bill Clinton is going to
21 undertake the same project in Arkansas. I think these are
22 the kinds of ways we have to go if we are going to educate
23 excellence.

24 SECRETARY BENNETT: If I could comment briefly,
25 education and excellence has to be broadened in definition

1 for teachers. I think we should allow again and encourage
2 people into teaching whether they have gone to a school of
3 education or not. In my view there ought to be three
4 initial qualifications to be in the classroom. You should
5 be able to demonstrate that you are competent in the
6 subject matter, second that you are a good character and
7 third that you have some interest and ability in
8 communicating with young people. If you can demonstrate
9 all three, I think you should be allowed in the classroom
10 at least on a provisional basis, even if you are a history
11 major or math major or chemistry major and not an education
12 major.

13 GOVERNOR ALEXANDER: Governor Brennan.

14 GOVERNOR BRENNAN: Thank you, I would like to
15 direct a question to Mr. Sizer. You said the high schools
16 are asked to be too much, that less would be more, that we
17 have got to get into the politics of subtraction. Would
18 you give some examples of some of the programs that high
19 schools ought to get out of, that you absolutely recommend
20 that we eliminate from high schools?

21 DR. SIZER: Yes. I think that in some cases,
22 some of the vocational and technical subjects take too much
23 time, are too expensive. It always struck me as odd in
24 several high schools that I visited where you found general
25 science teachers facing 175 kids and teachers in

1 cosmetology facing 50. To me, that's an absolute confusion
2 of priorities.

3 The heart of the basic intellectual powers that
4 every citizen has got to have, and if it takes sharply
5 focusing the program and eliminating, for instance, some of
6 the offerings -- the specific offerings in vocational
7 technical education -- if it means simplifying the
8 administration so there are fewer assistant principals, if
9 it means cutting back some of the time lost in very
10 extensive interscholastic athletics -- the sacred cow of
11 them all -- then we are going to have to get on with it.
12 Hard, hard decision, particularly the athletics one.

13 GOVERNOR ALEXANDER: Governor Anaya.

14 GOVERNOR ANAYA: Mr. Secretary, I have a quick
15 comment and then a question. The quick comment, I have
16 become a strong believer of choice in recent months,
17 particularly as it relates to choice within a public school
18 system. The comments that have been made about higher
19 education was just getting ready to undertake a very
20 extensive review in New Mexico of our higher education
21 system. One of the problems we have in New Mexico with our
22 inefficient expensive higher education system is we have
23 too much choice. We have too many institutions, and
24 because of Pell grants and state grants and so on it makes
25 it too easy to have the choice, the duplication and so on.

1 I would just make the comment for my colleagues to kind of
2 crank into their thinking as we go through the choice
3 question.

4 My comment, however, or my question, however, is
5 with respect to the comments you have made on drug
6 enforcement. I want to thank you for the strong statement
7 you just made. We are also turning our attention to that
8 area. We just finished a review in our largest public
9 school system in New Mexico -- the Albuquerque public
10 school system has approximately one-third of all of our
11 public students in that one system -- a study and analysis
12 of the extent of the drug problem, and the results were
13 staggering, not only in the high school level, junior high,
14 but reaching down into some of the very, very low grades,
15 including down into the second, third grade levels.

16 We don't really know how to deal with it, but we
17 are attempting to try to come up with a solution.
18 Obviously law enforcement, as you have enumerated it,
19 should be part of it, and you have indicated that you will
20 be releasing some other comments in the near future. From
21 my perspective it can't just be send in the Marines or send
22 in the National Guard or send in the state police.

23 Can you give us a preview, without necessarily
24 tipping your hand before you are ready to, as to how we
25 might be able to leave this conference with some thoughts

1 as to how we can go back home and address that crucial,
2 crucial problem of drugs in our schools?

3 SECRETARY BENNETT: Thank you, Governor, yes,
4 very briefly. I do think that -- I agree with you, we just
5 can't be sending in the National Guard, but I don't think
6 that ought to be diminished either. That is, we sometimes
7 tend to react in the area of education, when we have
8 problems, we say, well, let's have a course on it and we
9 will educate people about it. Our track record in
10 educating people about a particular catastrophe in our
11 society, or continuing source of catastrophe, is mixed, at
12 best. And sometimes, I think, we just need to grab the
13 problem by the back of the neck. I think this is one that
14 deserves to be grabbed by the back of the neck.

15 Senator Moynihan's latest book was just very
16 interesting; part of the book where he talks about being in
17 Paris and the French minister talking about the drug
18 problem in the United States and the French minister
19 turning to Senator Moynihan and saying, what is wrong with
20 you people anyway? I mean, this is an attack on the very
21 soul of your country.

22 Well, whatever the right response is, I don't
23 think we focused enough on just how fundamentally serious
24 this problem is.

25 What we will do, Governor, is to try to identify

1 the best programs that we have seen in the schools. One of
2 the things that we think we ought to be doing a better job
3 at frankly is providing governors with examples of what
4 works, what is effective. We will provide you with the
5 best examples we know of drug education programs, as well
6 as the use of local authorities to prevent drugs and drug
7 abuse in the school.

8 Everything we know, in terms of where it has
9 been successfully dealt with, we will be giving to you in
10 as short order as we possibly can.

11 It's that kind of approach that we want to
12 propose.

13 GOVERNOR ALEXANDER: We are out of time, so the
14 last three questions will come from Governor Celeste,
15 Governor Thornburgh and Governor Evans. Governor Celeste.

16 GOVERNOR CELESTE: Thank you, Governor Alexander.
17 I am going to try to squeeze two in if I may. Secretary
18 Bennett and Dr. Sizer: How long is the payoff in terms of
19 education reform. One of the things you mentioned in your
20 wall charts is that we see real product today. When does
21 the investment have to be made; as we talk to our
22 constituencies and as we set achievement goals for our
23 educational leadership, what kind of a turnaround can we
24 look at. Is it two or three years? The people who
25 graduate from high school today are the product of

1 something that has been going on a long time.

2 The second question, really to all, is the
3 parents' role has been cited as critical. What about where
4 there is no parent? Who is doing the best thinking about
5 what we do where there is no parent?

6 GOVERNOR ALEXANDER: Let me try to -- let me
7 send that second question to Dr.Sizer and then back to --
8 or Mr. Butler and then Mr. Secretary.

9 DR. SIZER: The question is what turnaround time;
10 do you want me to deal with that one or which one?

11 GOVERNOR ALEXANDER: I think the second question
12 involved parents.

13 GOVERNOR CELESTE: Where there is no parent.

14 DR. SIZER: Where there is no parent, the school
15 has to be surrogate. This means that the load on the
16 teachers has got to be rolled in. The parentless child is
17 loose, and the one institution that can deal with that.
18 That is part of the original argument behind Chapter 1,
19 Title 1, and it's as sound today as it was in 1965.

20 GOVERNOR ALEXANDER: Mr. Butler.

21 MR. BUTLER: I would like to point out that the
22 preschool program, which is one that has been evaluated
23 over a period of more than 20 years, deals specifically
24 with that issue, because in that preschool program the
25 teacher has five students. He or she spends the morning in

1 classroom environment with those five children and spends
2 each afternoon in one of the homes, so that that preschool
3 program includes one day each week of the teacher and the
4 child in the child's residence so that the teacher can try
5 to teach whoever the guardian might be.

6 GOVERNOR ALEXANDER: Mr. Secretary.

7 SECRETARY BENNETT: Very briefly, where there is
8 no parent, there is a problem. Michael Novak said the
9 family is the original Department of Health, Education and
10 Welfare. That's right. There is a reason we have families.
11 They are remarkably efficient at nurturing character and
12 intellect.

13 But other institutions then must take up the
14 slack, as Ted Sizer said. The school plus other
15 institutions, the neighborhood, the church, the community.

16 On where do you see the payoff, I think we will
17 see the real payoff in terms of productivity, college
18 scores and the like, about 1990. But I think, judging from
19 talking to my wife's relatives from South Carolina, there
20 is already a payoff there with a tremendous degree of state
21 pride and enthusiasm at the tremendous efforts; New
22 Hampshire, same thing.

23 People feel good about their students doing
24 better. It's one of those things that's good in itself,
25 whether it translates to economic growth or not.

1 GOVERNOR ALEXANDER: Governor Thornburgh.

2 GOVERNOR THORNBURGH: We spend a considerable
3 amount of federal and state dollars on vocational education
4 programs or what are styled vocational education programs,
5 and I would like to blend three observations into a
6 question. The first and most obvious is that there is a
7 shortage of resources for most of the programs that we
8 carry out in education. Secondly, what Dr. Sizer has
9 observed, that we now ask high schools to do too much. And,
10 thirdly, we are told by Mr. Butler that the employability
11 essentials are attitude and behavioral patterns and
12 literacy. Doesn't this lead very close to a recommendation
13 that what we now style as vocational educational programs
14 be removed from the public school arena and confined to
15 post-high school, community college or other specialized
16 training areas, for both maximum use of resources and
17 insuring maximum opportunity of employment among those who
18 are now involved in vocational educational programs.

19 SECRETARY BENNETT: Brad Butler is the world's
20 expert.

21 GOVERNOR ALEXANDER: Mr. Butler.

22 MR. BUTLER: Our recommendation is that
23 vocational education be totally redefined in this country
24 and I think that's the same that you are suggesting,
25 Governor Thornburgh. There are some excellent educational

1 vocation schools which start by teaching young people good
2 work habits, literacy, numeracy and job skills that are
3 relevant in today's market.

4 Unfortunately there are also, under the same
5 general name of vocational education, so-called programs or
6 curricula at general purpose high schools whose student
7 body is primarily made up of young people who never did
8 become literate and never did become good workers, and they
9 use something called vocational education as an inducement
10 to get them to keep coming to school in order to accomplish
11 what Dr.Sizer has called the complete years. We think
12 that needs to be sorted out. Certainly there are some good
13 vocational schools at the high school level. There are
14 clearly some good technical college postgraduate vocational
15 training. There are some good private vocational schools
16 for post high school training.

17 What we do need to do is get out from under the
18 banner of vocational education, all those programs that are
19 simply holding tanks to keep young people in the schools
20 who really have either failed the school system or been
21 failed by it.

22 GOVERNOR ALEXANDER: Secretary? Before we go to
23 the last question from Governor Evans, let me make 30
24 seconds of announcements. The White House dinner with
25 President and Mrs. Reagan tonight is at 7 p.m. sharp, and

1 you are on your own in terms of transportation. The White
2 House business meeting with the President tomorrow will
3 begin at 10:15 sharp and all the Governors will travel by
4 escorted bus from the hotel and we will leave here at 9:45.

5 Our rules of procedure require that the
6 governors who have any new proposals, that have not already
7 been received, have them to us in writing by tomorrow by
8 about 5:00.

9 If you have a -- in order for them to be brought
10 up the next day, there will need to be a 3/4 vote of
11 approval just to bring them up and a 3/4 vote of approval
12 to pass it.

13 Finally, the special governors' work session
14 with corporate executives is scheduled for tomorrow morning
15 at 7:45. Some very top corporate executives are joining us.
16 I think you will very much enjoy this focus on how we do
17 our jobs as chief executives. We have tried to match the
18 assignments as closely as possible with your preferences
19 and an assignment sheet is being passed around so you will
20 know about it.

21 Now, Governor Evans.

22 GOVERNOR EVANS: Thank you, very much,
23 Mr. Chairman.

24 Dr. Sizer, you were talking about the high
25 school system that we have got in this country today, the

1 flawed system. But you didn't describe or define a single
2 model program that is in existence through the
3 experimentation process and proving effective.

4 Do we have any in the country at all that we can
5 draw from their experience?

6 DR. SIZER: There are a number of programs. I
7 am associated with 12 high schools around the country, some
8 of which are still planning, some of which are under way.
9 What characterizes them is a very simple program, universal
10 for all the youngsters, focused primarily on the basic
11 intellectual and academic work, but organized in such a way
12 that it takes the youngsters where they are, such as the
13 program I mentioned in Texas.

14 The watch word is simplicity and focus in very
15 clear aims and the award of a diploma only when it is
16 earned. These schools have joined with us and have
17 accepted the notion that there will be an exhibition of
18 mastery and the youngsters will not get a diploma until
19 they deserve to get it. It's very complicated work. The
20 schools are just beginning, but I find it very promising
21 and the signals I got from, again, a recent trip to Texas,
22 from the superintendents, are very exciting.

23 GOVERNOR ALEXANDER: There will be a 9:00
24 meeting here of which I hope every Governor will send a
25 representative to so you will know what your

1 responsibilities are between now and August between all of
2 the task forces. This has been an exciting discussion and
3 really a very interesting day for all of us.

4 We look forward to our work in August and I
5 thank the Chairman of the various task forces for working
6 so hard since August. We especially thank Dr. Sizer,
7 Mr. Butler and Secretary Bennett for sharing this meeting
8 with us. The meeting is adjourned.

9 (Whereupon, at 4:47 p.m., the meeting was
10 adjourned.)

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ORIGINAL TRANSCRIPT OF PROCEEDINGS

NATIONAL GOVERNORS ASSOCIATION

SECOND PLENARY SESSION

Washington, D. C.

Tuesday, February 25, 1986

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NATIONAL GOVERNORS ASSOCIATION

SECOND PLENARY SESSION

Hyatt Regency Washington
Yorktown Room
400 New Jersey Avenue, N.W.
Washington, D. C.

Tuesday, February 25, 1986

The second plenary session of the meeting of the
National Governors Association convened at 9:40 a.m.,
Lamar Alexander, Governor of the State of Tennessee, presiding.

1 P R O C E E D I N G S

2 GOVERNOR ALEXANDER: The second plenary session of
3 the National Governors' Association will come to order. Good
4 morning, ladies and gentlemen, governors and their guests.
5 This has been a good meeting for us and we have a busy agenda
6 this morning so we would like to go ahead with it.

7 We have a very full agenda: A presentation by the
8 Ambassador of France to the United States, visits by the
9 Honorable Dan Rostenkowski, chairman of the House Ways and
10 Means Committee, and Majority Leader of the Senate Bob Dole.

11 We'll also have a discussion by three of our
12 governors concerning the future of federalism and we'll have
13 time hopefully to consider the resolutions that have been
14 working their way up through our committee.

15 It is my privilege first to present to you the
16 Ambassador of France to the United States. If I could have
17 the attention of the governors, please. The United States
18 and France became good friends a long time ago, during the
19 Revolutionary War and before. The French helped us when we
20 needed it most. Relations between the American people and
21 the French people have always been deep and strong and we
22 share a very special love of our liberty. It is my privilege
23 to present to the governors of the United States and their
24 guests the Honorable Emmanuel de Margerie, Ambassador of
25 France to the United States.

1 Mr. Ambassador, it is a pleasure to have you and
2 your wife and your associates with us today.

3 MR. DE MARGERIE: Mr. Chairman, Mr. Vice-chairman,
4 governors, it is certainly uncommon for an ambassador to find
5 himself at this table with representatives of the 50 states
6 of a union gathered together. This is an extraordinary event
7 and I thank you for so honoring the representative of France,
8 which stems from the fact that this year would see the
9 celebration of the centennial of the Statue of Liberty.

10 On July the 4th of this year, the President of the
11 United States will unveil the restored Statue of Liberty in
12 New York harbor, 100 years after it was given to the American
13 people by the people of France. President Reagan has invited
14 the President of the French Republic to join him on this
15 great occasion. The two heads of state will unite in
16 saluting the symbol of an ideal so dear to both our peoples
17 that throughout the history they have fought side by side to
18 defend it.

19 Although the Statue of Liberty itself stands in
20 the harbor of New York, the gift of the French people is
21 intended for Americans everywhere. This is why we wish to
22 evoke the symbol by giving to each of the states of the union
23 a replica of the statue crafted from the original model made
24 by the French sculptor Auguste Bartholdi. On February 6, I
25 personally brought to the President the statuette intended

1 for him. The United States Senate and House of
2 Representatives will also receive one.

3 Today, I have come to this meeting with Ambassador
4 Francois de Laboulaye, chairman of the official
5 Franco-American Committee for the Celebration of the
6 Centennial of the Statue of Liberty and great grandson of
7 that Frenchman Edouard de Laboulaye who conceived the idea of
8 the Statue of Liberty more than than 100 years ago.

9 We would like to present these replicas to each of
10 the governors representing all the states of the union. You,
11 Governor Lamar Alexander, Governor of Tennessee, chairman of
12 the National Governors' Association, will receive the
13 statuette bearing the inscription "From the people of France
14 to the people of Tennessee." These statuettes, which you
15 will soon be receiving individually, governors, are each made
16 from a single block of crystal and more than 1200 hours of
17 patient labor went into that creation.

18 Mr. Chairman, permit me to thank you once again
19 for having welcomed me here today and to express the intense
20 pleasure we feel in sharing with the American people a common
21 ideal, a common value, that of liberty. Mr. Chairman,
22 perhaps you will allow Monsieur de Laboulaye to say a few
23 words in the name of the French committee.

24 MR. DE LABOULAYE: Mr. Chairman,
25 Mr. Vice-chairman, honorable governors, in entrusting to each

1 of you a crystal replica of the Statue of Liberty, the people
2 of France is inspired by the very same intention as that of
3 the authors of the primitive gift. We owe these replicas to
4 the Saint-Gobain Company, to its experience, to its
5 technological skill. Saint-Gobain grants all this that today
6 one of the world's most important glass manufacturers, has
7 been in the business ever since the 17th century and during
8 the reign of Louis XIV, Saint-Gobain produced the glass at
9 the magnificent Hall of Mirrors of Versailles. It has been
10 associated with the American company Certainteed since 1976.
11 Many of you, I am sure, are familiar with this company that
12 has more than a hundred installations in the United States
13 employing 7500 people. Its president, Monsieur Michel
14 Besson, is with us this morning.

15 Today, the French people wish that from coast to
16 coast it be known that they share with the people of the
17 United States an identical devotion to that great principle
18 of liberty on which our social structures have been built and
19 our civilization has blossomed. Liberty has to be alive if
20 it is to be implemented.

21 Conditions change and so do circumstances. For
22 instance, one may say that some of the remarkable progresses
23 of science and technology are of such a nature as to
24 constitute a danger for individual liberty. The laws and
25 regulations that protect that liberty must therefore be

1 adapted. We must not take liberty for granted. It has
2 always been protected; it might need to be defended.

3 In a few words, this is the meaning of our gift.
4 It also is the expression of the wish and the will always to
5 share with the United States that friendship which in war, as
6 in peace, has been and will remain the best guarantee of our
7 liberty. Thank you.

8 GOVERNOR ALEXANDER: Governor Clinton, the
9 vice-chairman of the association and I, on behalf of all the
10 governors and all the states, want to thank Ambassador de
11 Margerie and Mr. De Laboulaye for the generous gesture on
12 behalf of the people of France to the people of the United
13 States. We share your devotion for liberty and we believe
14 that the strength of our states is one of our guarantees for
15 our ability to preserve that liberty. Thank you very much.

16 The governors are chief executives of states and
17 so for a big part of this meeting we have focused on our jobs
18 as chief executives on issues such as schools, and meeting
19 with chief executive officers of some of the largest
20 corporations in America to compare our jobs as chief
21 executives with theirs. How are they similar? How are they
22 different? But it has been traditional at this meeting in
23 Washington for us to focus our attention also on issues of
24 the national government because they are important to us.
25 They are especially important to us because about 20 percent

1 of our budgets are dollars that come from the national
2 government which we help to spend and administer, and through
3 our resolutions and actions in the past we have recognized
4 that the importance of the need to balance the federal budget
5 or at least to bring it closer in line between spending and
6 revenues is important to the economies of our state.

7 In addition to that, we're interested in what will
8 our jobs be and what will the jobs of the national government
9 be, federalism, and the new federalism that is today being,
10 in the words of some, a forced federalism. So this morning's
11 plenary session is devoted to federal and state issues:
12 Taxes, federalism, tax reform, budgets. It includes
13 discussions by the governors who have helped us frame our
14 leadership positions on those issues and some of the
15 representatives from Congress who have leadership positions
16 there.

17 Now first on the agenda, we will have a discussion
18 of the federal budget, the national budget and its impact on
19 state government. One of the figures that always interests
20 me the most and I think astounds people who haven't heard it
21 before is that the increase in the national debt last year,
22 the increase about equaled the amount that all the states
23 collected in taxes last year. So it is a remarkable
24 situation that we find ourselves discussing.

25 Governor John Carlin, immediate past president of

1 the National Governors' Association, took the lead when he
2 was chairman and helped us over a two-year period of time to
3 develop a comprehensive budget policy. It was a little bit
4 ahead of its time. It helped pave the way for some of the
5 things being done today, and it wasn't easy for us to adopt.
6 We want to make it easier for the United States Congress and
7 the President to do their job, not harder.

8 Governor Carlin will therefore moderate a
9 discussion on three of the areas that make the most
10 difference to us as we look at the federal budget:
11 Transportation, energy and environment, and economic
12 development. And the discussion will be led by the governors
13 who are chairmen of our committees.

14 I want to personally thank Governor Carlin for his
15 leadership in the budget area and his willingness to continue
16 to represent the National Governors' Association as our lead
17 governor in interpreting our views to Congress and to the
18 world on the deliberations involving the federal budget.
19 Governor Carlin.

20 GOVERNOR CARLIN: Thank you very much, Lamar, and
21 at this time, with that very appropriate introduction from
22 our chairman, I won't add anything to it other than to assure
23 you that I along with your support intend to continue very
24 actively involved to pursue the implementation of the
25 resolution that we did adopt last year.

1 To get a little more detail and explanation on how
2 the federal budget and its impact exists on the states, as
3 the chairman has indicated and we'll hear from three of our
4 chairmen, and I'll first call on Governor Bob Orr, who is
5 chairman of the Committee on Transportation, Commerce and
6 Communication, for a brief presentation on the impact on the
7 states as it relates to this area. Governor Orr.

8 GOVERNOR ORR: Thank you, Governor Carlin. I do
9 appreciate the opportunity to include transportation in this
10 discussion on infrastructure and its importance in a new
11 federalism concept. Our committee vice-chairman, Bill
12 O'Neill of Connecticut, has been the lead governor on
13 infrastructure and I think it important that I recognize his
14 contribution to the understanding of all of these issues.

15 Without any question, the investment that all of
16 us have in infrastructure in the way of transportation --
17 highways, bridges, airports, so on, transit systems -- means
18 that we must keep this uppermost in our minds in terms of the
19 maintenance of that system because of the investment and
20 because of the unbelievable impact that all of that
21 transportation infrastructure has upon our states'
22 economies.

23 Indeed, I think as all of us now move to attempt
24 to bring international investment into our states, it is one
25 of those things that comes up in the discussions that we have

1 with the visitors of coming to bring -- to find out about our
2 potentials, they are one of the things they bring up very
3 first is the transportation infrastructure.

4 Connecticut does have a 10-year program which is
5 important and I want to identify. Governor O'Neill has been
6 in the forefront, obviously, both in this association as well
7 as at home. In Illinois, Governor Thompson has legislative
8 approval for a five-year program. Governor Branstad in Iowa
9 has a new program known as RISE: Revitalizing Iowa's Sound
10 Economy. Pennsylvania has implemented a program that enables
11 local governments to create transportation improvement
12 partnership districts. Indiana created something called
13 Indiana infrastructure, the private sector coming together
14 with the public sector to look ahead and see what we need to
15 do. It's my opinion that the states are properly in the
16 forefront in working on all of these matters.

17 It is essential, in my opinion, that we also look
18 to the financing of our infrastructure and endeavor in every
19 way possible to bring that within the control of state
20 government so as to be able to assure our people that the
21 projects and the programs and the planning that we do can be
22 carried out adequately by the state government.

23 Where is Governor Carlin? He is -- with that, I
24 urge all of you to keep in mind the importance of the
25 transportation infrastructure. Thank you very much, Governor

1 Carlin.

2 GOVERNOR CARLIN: Thank you, Governor. I
3 apologize. You did listen when we said to be brief and I
4 didn't -- I guess I didn't expect my advice to go that well
5 heeded. At this time, I'll call on Governor Earl, chairman
6 of the Energy Committee.

7 GOVERNOR EARL: Thank you, Mr. Chairman. With all
8 of the discussion of federalism and the appropriate roles for
9 state and federal governments, few areas lend themselves more
10 to a partnership than the areas of energy and the
11 environment. My task today is to describe to you the impact
12 of the proposed federal budget on environmental protection
13 and on energy policy.

14 Our committee met yesterday with EPA administrator
15 Lee Thomas and with secretary -- the deputy secretary of the
16 Department of Energy, Danny Boggs. The conversations were,
17 in the lexicon of Washington, D.C., frank and productive, but
18 it is clear that the partnership which exists and ought to
19 exist between the states and the federal government is in for
20 some difficult times in the years ahead because of budget
21 problems.

22 There is clearly a national consensus that we have
23 to get a handle on and resolve the federal deficit. It is
24 understood that the policies of the last several years have
25 put an unconscionable debt on our people and worse, on future

1 generations. But at the same time there's a consensus that
2 the emphasis that has developed over the last several years
3 on protection of our environment ought not be diminished.
4 There's a battle ahead as these two consensus points of view
5 conflict with one another. Let me use some examples to make
6 those conflicts clear.

7 Consider the construction grants program.
8 According to EPA's most recent estimate, \$110 billion would
9 be necessary between now and the turn of the century to meet
10 the clean water goals of the 1972 Clean Water Act. But the
11 proposed federal budget for fiscal year '87 requests no money
12 for new project starts and sharply reduces funding for
13 in-project construction and establishes a complete phase-out
14 of the program by 1991. All of this despite the fact that
15 every state and local government are still going to be
16 required to meet the clean water mandates of the act. I
17 don't think there should be any doubt about the proposition
18 that the consensus behind clean water is as strong as it ever
19 was, but events are now beginning to take shape which will
20 place very severe pressure on the ability of the states to
21 meet the clean water goals.

22 Now many states have pulled their own weight in
23 this regard and have not relied upon federal grants to move
24 ahead. In my state we have spent on our own clean water
25 program more dollars than we get from the federal government,

1 and I know many other states have similar efforts. But in
2 virtually every state, the availability of federal funds to
3 complement the clean water goals of the 1972 act have made it
4 politically possible to make progress toward making our lakes
5 and streams fishable and swimmable.

6 We now face a situation in which many of our
7 states are under severe fiscal pressure. Certainly that's
8 true for those of us who live in the Great Lakes area. It's
9 true for those of you in which agriculture is a large part of
10 your economy and more recently those of you for whom oil and
11 gas is important find yourselves in difficult fiscal
12 straits. That makes even more difficult advancing your other
13 budgetary concerns including environmental matters.

14 As the carrot to federal aid disappears in the
15 next few years, as it is scheduled to do so, the pressure is
16 going to build to cut back on the stick of federal
17 regulation. There will be more incentives for states to go
18 their own way in environmental protection, thereby increasing
19 the likelihood that in addition to all the other ways states
20 compete with one another in the area of economic development,
21 we will be seeing industries shopping for states where
22 environmental protection laws are weaker or their enforcement
23 is less effective with the notion that cost can be kept
24 down.

25 Rather than having a uniform situation which keeps

1 this kind of shopping to a minimum, we could have a situation
2 which places consistent pressure on individual states to
3 settle for contaminated water or polluted air as a tradeoff
4 for industrial expansion. If it comes to that, it will be a
5 tragedy for all of us. We'll be asked to choose between a
6 vital economy and a wholesome environment, when I think most
7 of us know that the two not only can exist side by side but
8 must coexist.

9 The federal budget and regulatory policy of the
10 last few years placed that delicate balance between a vital
11 economy and a wholesome environment in jeopardy. If we
12 return to the law of the jungle in environmental protection,
13 we can all expect to be casualties in the long run.
14 Pollution is no respecter of political boundaries.

15 The same general trend can be seen in the
16 Superfund hazardous waste cleanup program. If there's one
17 matter on which all of us, regardless of our political
18 persuasion, agree, it is that the Superfund program needs to
19 be expanded, but the tax revenues which nourish that program
20 have expired and Congress and the administration cannot yet
21 come to an agreement on a new revenue source. As Lee Thomas
22 told us yesterday, the result is that before very many more
23 days EPA will issue stop-work orders on all cleanup sites.

24 This inaction takes place against the backdrop of
25 greater than ever public concern about the health and safety

1 risks that are posed by hazardous wastes. Inaction and
2 confusion at the federal level has left the states to fend
3 for themselves in these matters, and in general we're coping,
4 but the fact is that effective management is impossible and
5 costs are unnecessarily large when federal-level action is so
6 consistently unpredictable and slow. It is simply not
7 possible to do the job right at the state level so long as
8 the budget in these areas remains on a roller coaster, with
9 uncertain funding, muddled policy direction, and the lack of
10 timely action on basic regulatory legislation with cycles of
11 deobligation and start-up.

12 There are other examples of federal nondecision
13 which hurt. Let me just touch on one in the energy area
14 which certainly affects a good many of us if not all of us.
15 The department is now conducting a very far-reaching siting
16 investigation under the direction of the Nuclear Waste Policy
17 Act for locating a high-level radioactive waste repository.
18 All the states that have been a part of that process have
19 complaints about it, and I've talked to several of you about
20 it, but at least there is a process. But ironically enough,
21 there is no process at all for making the transportation
22 decisions which will be crucial to any final repository
23 siting decision. Whatever site or sites are finally chosen,
24 millions of tons of radioactive waste are going to be
25 traveling our highways and rails en route to those ultimate

1 destinations. But so far as we are aware, there is no
2 planning taking place that reflects the need to address this
3 problem.

4 The states are doing their best, it seems to me,
5 but the lack of federal action makes it difficult for us to
6 go as far as we should.

7 Let me conclude by making one thing clear. It is
8 not my intention to simply complain about funding cuts and
9 environmental protection programs. We all understand that in
10 order to cut the deficit it is necessary to reduce funding in
11 virtually every category, but those funding cuts should be
12 made in a way that are consistent with sensible and effective
13 administration. EPA's own operational budgets should
14 concentrate on those research and analysis efforts which can
15 be utilized by all the states in their programs and make cuts
16 in those EPA activities which are redundant with what is
17 going on at the state level.

18 My greatest fear is that the current federal
19 deficit crisis is being used by some as a protective cover
20 for a radical deregulation philosophy which is at odds with
21 the national consensus which has been developing over the
22 years in favor of protection of the environment. Those of us
23 who have a strong commitment to protection of the environment
24 have a responsibility to guard federal and state institutions
25 which have been set up to protect the environment against

1 those whose distaste for government, and sometimes amounting
2 to an anti-government ideology, blinds them to the need for
3 firm, consistent federal action in support of clean air,
4 clean water and cleaning up nuclear waste sites.

5 It is possible to deal with the budget without
6 turning back the clock on environmental protection. But at a
7 minimum there must be effective federal-state partnership
8 based on a national consensus in favor of aggressive
9 environmental protection. I'm not convinced that that
10 partnership exists today. It seems to me the goal of each of
11 us as governors and the goal of this association ought to be
12 to make sure that that partnership becomes a reality.

13 Thank you, Mr. Chairman.

14 GOVERNOR CARLIN: Thank you, Governor Earl. I
15 want to call on Governor Sununu for a very brief
16 introduction.

17 GOVERNOR SUNUNU: Thank you very much. There is a
18 copy of a book at all of your chairs that is entitled "The
19 Wealth of States." I think it is an excellent piece of work
20 done by Roger Vaughan, Robert Pollard and Barbara Dyer
21 describing what I think is the modern perception of the best
22 way that states can become attractive to industry and
23 investment. I think it probably does reflect what virtually
24 all of the successful states are doing and I think that --
25 number one, I appreciated working with them in putting it

1 together but number two, I think that they deserve the
2 benefit of you taking a little time perusing it and if you've
3 got some nice comments about it, get it back to them. Thank
4 you very much.

5 GOVERNOR CARLIN: Thank you, and now I'll call on
6 Governor Dukakis, chairman of the Committee on Economic
7 Development and Technological Innovation.

8 GOVERNOR DUKAKIS: Thank you, John, very much.

9 Tony used the phrase "federal-state partnership,"
10 and in a few brief minutes I would like to pick up from that
11 and apply it to the issue of economic and community
12 development, not by being particularly specific about UDAGs
13 and CDBGs and EDA and revenue bonds and the nuts and bolts of
14 what all of us these days are doing in our states, but to
15 talk for just a few brief minutes in more broadly
16 philosophical terms about what this partnership means to the
17 economic future of this country.

18 I'm the governor of a state which 10 years ago was
19 flat on its back. It had a 12 percent unemployment rate, the
20 biggest state deficit in the country, and most of our
21 businesses were looking northward to John Sununu's state as a
22 place to expand. Today, our unemployment rate as of January
23 was 3 percent. We have the fastest rate of growth and
24 personal income of any state in the country and most people
25 cite Massachusetts as an example of the kind of strong,

1 diverse and healthy economy that every state in this nation
2 would like to have.

3 How did it happen? How was it that in 10 years a
4 state in the kind of shape mine was in 10 years ago was able
5 to turn things around? Well, to some extent it had to do
6 with the initiative and energy of people who refused to quit,
7 refused to admit defeat and were willing to go to work and
8 turn things around. I can say unequivocally to you that we
9 couldn't possibly have achieved the kind of economic success
10 we've achieved in the past 10 years in my state had it not
11 been for a combination of federal, state and local resources
12 which helped us to do it.

13 The city of Lowell, Massachusetts, which today is
14 cited as one of the great urban success stories, couldn't
15 possibly have done what it did and couldn't possibly have
16 served as the model for urban and community revitalization
17 nationally without that federal-state partnership. And in
18 making judgments, as we all must, about national priorities,
19 about the national budget process, about where we invest
20 public resources, I believe it is very important that the
21 governors of this nation, all of whom are deeply involved in
22 economic development and in strategies for economic growth,
23 help to convey that sense that healthy state economies are a
24 major contribution to national economic success; and that
25 whatever we do together, and whatever policies we advocate to

1 the President and the Congress, we do so not because we're
2 supplicants at the federal table or because it is simply a
3 matter of taking cuts.

4 The real issue, the real issue before this nation
5 is whether Washington and the states and business and labor
6 and the educational community and all of us move forward
7 together. It is that sense of a shared partnership in our
8 economic future which both Bob and Tony have talked about
9 which is so fundamental.

10 I hope, John, that as we work together and work
11 with the administration and the Congress through what is
12 unquestionably going to be a difficult fiscal period, that we
13 bear in mind that there are certain overarching national
14 goals which all of us believe in and which this concept of
15 shared resources, shared leadership and a shared partnership
16 speak to very directly.

17 That's one of the reasons why we have been talking
18 and I have been talking so much these past few days about the
19 issue of federal revenue and of resources owed that are not
20 being collected. Because if we believe in these programs, if
21 we believe as I think most of us do that they have played a
22 major role, not just in the revitalization of my state's
23 economy -- we've heard eloquent testimony from Joe Riley, the
24 mayor of Charleston, South Carolina, yesterday before our
25 committee, no relation to our friend Governor Dick Riley but

1 he pointed out that he had never met a Riley that he didn't
2 like yesterday -- but we had eloquent testimony from Mayor
3 Joe Riley as to what this combination of federal, state and
4 local resources had meant to the rebirth of Charleston, today
5 one of the most successful communities in America. So it
6 isn't limited to my state or two or three other states; it's
7 something which is pervasive, it's fundamental and it seems
8 to me that as governors, that's the message that we've got to
9 deliver to our friends here in Washington and to our partners
10 in what I think all of us believe and hope will be a very
11 bright economic future for this country of ours.

12 GOVERNOR CARLIN: Thank you very much, Governor.
13 Governor Ashcroft, do you have a question or comment?

14 GOVERNOR ASHCROFT: It's ultimately important that
15 we take the reins in our own hands whenever possible to
16 promote economic development. Four years ago the Missouri
17 General Assembly decided to use enterprise zones as a way of
18 stimulating growth. It's a zone where new or expanding
19 businesses can qualify for a variety of special tax
20 incentives including an abatement of real estate tax, tax
21 credits on income tax, and additional credits for job
22 creation. Obviously a law like that is designed to promote
23 growth and stimulate entrepreneurship and create jobs where
24 there aren't any. We have 24 such zones in Missouri. Some
25 are bigger than others. The smallest zone, according to the

1 National Journal, which recently wrote on the topic, is a
2 one-square mile zone; we have a 450-square mile zone in one
3 of the rural parts of the state. In just 2-1/2 years this
4 active posture by the state of creating enterprise zones has
5 resulted in \$88 million in new investment, 4600 net new jobs
6 in the zones, and it looks like industrial development in the
7 enterprise zones is increasing rapidly and will continue to
8 do so.

9 One particular example is exciting to us. The
10 enterprise zone in the city of Cuba, a small town in Missouri
11 of 2100 residents, was particularly important. In 1984 Cuba
12 had an unemployment rate of 13 percent. It was losing jobs
13 rapidly. After the designation of the enterprise zone and
14 several significant efforts following that, Cuba's economy
15 since 1984 has added 500 new jobs. Those new jobs are
16 equivalent to 24 percent of the town's population. It is
17 that kind of effort that I believe we as states can engage in
18 which is important to doing what we can to get the ball
19 rolling for development.

20 Congress has been considering enterprise zone
21 designation for federal zones for several years but such
22 legislation has been stalled. I think it's clear that the
23 Congress has an opportunity to move ahead and I would urge
24 them to do so with a valuable economic development tool.

25 I'm always reluctant to give away secret

1 advantages that a state might have in economic development,
2 but when the Missouri city of Macon reported that 475 new
3 jobs have been developed since 1983 and another small town of
4 Salem reports that they had over 400 and Mark Twain's old
5 home town of Hannibal has been revived by more than \$3
6 million in new investment and 300 new jobs in just one year,
7 I think enterprise zones are a story that ought to be told
8 and I think it's a concept that the federal government would
9 do well to join in.

10 GOVERNOR CARLIN: Thank you, Governor Ashcroft.
11 Not seeing anyone else asking for recognition, Mr. Chairman,
12 may I just summarize in closing by saying that I think from
13 our presenters this morning we've heard in essence what we
14 can do by ourselves and what we feel we should be doing in
15 partnership with the federal government and that many of
16 those partnerships should continue.

17 As it relates to the deficit, our resolution is a
18 sound one. We have shown that the numbers can be put
19 together. But I think the message we want Washington to
20 understand is that it is not just numbers, that it's the
21 proper sorting out of responsibility that's important; that
22 national priorities must be set; that areas where we need to
23 invest, we must make those investments; that in all of these
24 decisions timing is very important and that if the proper
25 timing can be packaged with a lessening of strings and red

1 tape, we the governors of this country are willing not only
2 to lead our states but to continue to work with the Congress
3 and the administration to resolve the budget issue that's
4 before this country at this time.

5 With that, Mr. Chairman, I'll yield the floor back
6 to you and thank you for your time. I think you have two
7 minutes plus.

8 GOVERNOR ALEXANDER: Thank you, Governor Carlin,
9 and governors. Governor Carlin will continue to be the lead
10 governor on budget matters. There be will be testimony today
11 in the House by four of our governors on the federal budget:
12 Governor Carlin, Governor Sununu, Governor Janklow and
13 Governor Clinton, the vice-chairman. Governor Lamm will
14 continue to be the governors' lead governor and spokesman on
15 tax reform.

16 The President asked us yesterday to be involved
17 with his proposal to consider how to restructure welfare in
18 the country and we intend to take that seriously. Governor
19 Castle is chairman of the Human Resources Committee, will
20 lead our efforts there although we expect the Executive
21 Committee to be deeply involved in that. We strongly believe
22 that income maintenance ought to be a national
23 responsibility.

24 Governor Sununu will be a lead governor in the
25 area of strings, regulatory reform. The President also asked

1 us to help with that. Governor Janklow and others have
2 spoken to that point and Governor Sununu will be working on
3 that.

4 We now move to the consideration of proposed
5 policy positions. These have been thrashed out in the
6 committees by and large. The way we will proceed is I will
7 ask each of you to turn your attention to the package that
8 you have received. All of you have all of the changes and
9 you only need to look at the new package which you received
10 yesterday. We will move committee by committee. There are
11 no proposals which came up for special consideration. In
12 that respect, I would like to thank the chairman of the
13 Republican and Democratic governors' groups for following the
14 schedule and adjourning on time today. That's helped us a
15 lot in staying on schedule.

16 I will ask each of the committee chairmen to -- we
17 will consider each of the committee resolutions in block
18 unless the committee chairmen request differently. We will
19 be voting aye and no on each of the blocks unless someone
20 asks differently. We will begin, Governor Branstad, the
21 chairman of the Committee on Agriculture.

22 GOVERNOR BRANSTAD: Governor Alexander, thank you
23 very much. I'm very pleased to report that the Agriculture
24 Committee of the nation's governors' association is keeping
25 us at the forefront of assisting and protecting America's

1 farmers as we go through this serious agricultural crisis in
2 America.

3 Yesterday, at the urging of the governors, the
4 USDA announced intentions to file interest buy-down rules to
5 help our farmers plant a crop this spring. We also received
6 commitments at the committee meeting by Don Wilkinson to move
7 forward on the rules for the new Capital Credit Corporation
8 and, as you know, I asked the President about the appointment
9 of the board to oversee the new Farm Credit Administration,
10 which was signed into law before the end of the year. We're
11 hopeful that we're going to see action on that in the very
12 near future and the Agriculture Committee amendments address
13 that very critical issue of agricultural finance, and I think
14 in a very positive and comprehensive way, recognizing the
15 critical need for our farmers to get the financing they need
16 to plant a crop this spring.

17 We also have an amendment to our policy position
18 on agriculture finance that recognizes the importance of the
19 cooperation of the FDIC and the other bank regulators in
20 working with the farm credit problems being faced by our
21 lending institutions. There is an amendment to the
22 agriculture research, technology and innovation section.
23 There's also a change in agricultural policy-making
24 recognizing the need for longer range agricultural policy to
25 return this, the important productive industry, to

1 profitability. And there is new policy positions in the area
2 of agricultural tax reform. I'm very pleased to report that
3 the committee is recommending in the area of agriculture tax
4 reform that we restrict tax loss farming and correct the
5 rules that can cause farmers that have been foreclosed or
6 sold out to be faced with a major tax liability of the
7 federal government.

8 There's also a somewhat complex policy change in
9 the area of FIFRA policy. Again, I would like to reiterate
10 the fact that the nation's governors have been at the
11 forefront of recognizing the farm crisis, of offering and
12 recommending and pushing for constructive ways to help
13 farmers through this very difficult transitional time, and
14 this policy will continue at the forefront and in fact
15 continue to prod the federal government to treat agriculture
16 in a more reasonable way.

17 GOVERNOR ALEXANDER: Thank you, Governor. Is
18 there a second?

19 GOVERNOR SINNER: Mr. Chairman, I second the
20 motion and remind the committee that -- the plenary session
21 here that the work of the Trade Committee is of fundamental
22 importance also to agriculture. Unless we level out the
23 international playing field, agriculture, which has been the
24 leading exporter of products from the United States for years
25 and years and years, will not have a chance to prosper. What

1 the Agriculture Committee has worked with and Governor
2 Branstad just reported to you are the temporary problems that
3 keep us alive while we get the other corrections made, and I
4 can't emphasize that enough. I second the motion.

5 GOVERNOR ALEXANDER: Thank you, Governor Sinner.
6 Any other comment? I would urge the governors, we've now
7 used half our time for seven reports on one committee, so the
8 time will come at the expense of our visitors although I
9 don't want to restrict any governor unnecessarily. Governor
10 Clinton.

11 GOVERNOR CLINTON: Mr. Chairman, I just want to
12 commend Governor Branstad and say that the finance section in
13 particular represents an innovative bipartisan response to
14 the crisis of agriculture, relatively low cost and no cost,
15 and we got some encouragement yesterday from the chairman of
16 the FDIC who was there who urged us to recommend these
17 changes and seemed to imply that he would try to help us if
18 we did. So this is a very important thing that could be very
19 beneficial to our farmers.

20 GOVERNOR ALEXANDER: Can we move to consider the
21 motion of Governor Branstad?

22 GOVERNOR CLINTON: So move.

23 GOVERNOR ALEXANDER: All in favor, please say aye.

24 (Chorus of ayes.)

25 GOVERNOR ALEXANDER: Any opposed? Motion passes.

1 Governor Thompson.

2 GOVERNOR THOMPSON: Thank you, Mr. Chairman. I
3 intend to vote, and did vote for the resolution as it turned
4 out, though I had my hand up for recognition rather than to
5 vote. But I just wanted to ask one clarification of Governor
6 Branstad who I think has done some of the best committee work
7 I have ever seen in 10 years with the NGA on this issue at
8 this time.

9 I had one small concern that was raised by the
10 farm bureau in my state and that is the effect of new policy
11 position G.-9, agricultural tax reform on land values.
12 Declining land values is something of enormous concern to the
13 farmers in my state, his state and everybody's state. And I
14 wanted the opinion of the chairman on whether the adoption of
15 this resolution, which I think in the long run is good, would
16 have any more than minimal effects on land prices now.

17 GOVERNOR BRANSTAD: As you know, land prices have
18 been dropping precipitously and I don't think this resolution
19 is really going to have that much of an impact on land
20 prices. It will make quite a difference for that farmer,
21 however, that is sold out, and right now, all the assets may
22 go to pay off debts and yet be hit with a major tax liability
23 to the federal government. That's certainly not fair, plus
24 it's really not fair for our family farm producers to be
25 competing with people who are in agriculture merely to lose

1 money to offset other income. And this is designed to place
2 some restrictions on that and encourage people to invest in
3 agriculture because they want to be family farmers or
4 involved in agricultural production.

5 I think Governor Kunin, who headed up this
6 subcommittee, did an excellent job and I'm very pleased that
7 the governors have endorsed it.

8 GOVERNOR ALEXANDER: Governor Bob Graham, chairman
9 of the Committee on Criminal Justice and Public Protection.

10 GOVERNOR GRAHAM: Mr. Chairman, the focus of our
11 meeting was on the issue of drug trafficking. We had the
12 Attorney General, we had Congressman Charles Rangel and
13 Congressman Bill Hughes discuss this subject from the
14 administration and the congressional perspective. A constant
15 theme was the emphasis on the need to have a dual strategy of
16 both law enforcement to suppress the supply and effective
17 education programs to reduce the demand, with particular
18 attention to our youth. We received reports on other
19 subjects, one of which was on missing children and Governor
20 Martha Layne Collins would like to supplement that report
21 with some remarks. Governor Collins.

22 GOVERNOR COLLINS: Thank you, Governor Graham and
23 fellow governors. I want to take this opportunity to speak
24 once more about our role in addressing the growing national
25 problem of missing and exploited children. We have come a

1 long way in a short time, and I want to commend the men and
2 women of the National Center for Missing and Exploited
3 Children for all the work that they have done in the past two
4 years. Their hotline, their work on actual cases, the
5 materials that they have developed on prevention and
6 education are moving examples of what can be done in this
7 area.

8 In Kentucky we have taken a number of steps to
9 deal with this issue as well as related problems. One, we've
10 developed and put into use in our classrooms a comprehensive
11 curriculum on preventing family violence, including the
12 problem of missing and exploited children. Two, we've
13 enacted child and adult protection laws requiring mandatory
14 reporting and setting out the proper procedures for doing
15 so. Three, we have developed training programs to help local
16 police, social workers and other professionals deal more
17 effectively with abusive families. Four, we have developed
18 treatment programs for sex offenders. Five, we have created
19 a child victim trust fund to help local task forces identify
20 local problems and to work towards solving them. And six, we
21 have established within the Kentucky State Police a missing
22 child information center to serve as a clearinghouse for data
23 on missing children. And I have established a special staff
24 liaison in my office to review and coordinate all of these
25 efforts.

1 I'm very pleased with what we have been able to
2 do. But there's an initiative that would enable us to do a
3 great deal more. Not just in Kentucky but in every state.
4 What I'm talking about is a more effective coordination
5 between and among the states. Much progress has been made
6 toward implementing resolution B.-20. As a result, America's
7 children are safer. We need to hasten progress in three
8 areas by, one, initiating legislation that reinforces our
9 commitment to protect children from sexual abuse and
10 exploitation; two, providing America's mothers and fathers
11 with accurate information about how parents can insure their
12 children's safety; and three, integrating information on
13 child safety in the public school curriculum in all grades.

14 To focus attention in these areas, Governor
15 Thompson and I have agreed to co-chair the national campaign
16 to protect our children. Working with the National Center
17 for Missing and Exploited Children, we'll be in touch with
18 each of you. Governor Thompson and I want to ask you to lead
19 the efforts in your state, not to follow and not just to
20 approve or accept, but to lead the efforts in your state.
21 Our plans are to expand the network started by the Southern
22 Governors' Association and the interstate enforcement
23 agencies to recover children. We must send a message that
24 we're willing to share the knowledge, the information and
25 resources in our commitment to this new generation of

1 America's youth.

2 Therefore, Governor Graham, with your permission,
3 I would encourage the Criminal Justice Committee and its
4 partner, the National Criminal Justice Association, to
5 aggressively pursue the implementation of the current policy
6 and to recommend to us strong measures that we can all take
7 to protect our youth. Thank you.

8 GOVERNOR ALEXANDER: Thank you. Thank you,
9 Governor Graham. I'm going to call one more committee
10 chairman. Governor Dukakis, do you have a motion in block to
11 accept your committee's report?

12 GOVERNOR DUKAKIS: I do, Mr. Chairman. These
13 resolutions are very straightforward and I would move their
14 adoption.

15 GOVERNOR ALEXANDER: Is there a second?

16 GOVERNOR DI PRETE: Second.

17 GOVERNOR ALEXANDER: All in favor please say aye.

18 (Chorus of ayes.)

19 GOVERNOR ALEXANDER: Any opposed? They're
20 adopted.

21 We'll now move to our discussion of changing
22 federal-state relations. We have four more committee reports
23 which we don't have time for now so we'll move them to
24 11:45. To introduce our next speaker, it is my privilege to
25 call on the Governor of Illinois, Jim Thompson.

1 GOVERNOR THOMPSON: Mr. Chairman, thank you. We
2 have been joined by a distinguished guest, a distinguished
3 son of the Prairie State and its principal metro center,
4 Chicago, on the shores of beautiful Lake Michigan, one of the
5 world's greatest natural resources, as is our guest. Dan
6 Rostenkowski is a legend in our city and a legend in the
7 Congress. He represents us not only as a congressman and as
8 a stabilizing force in our congressional delegation, but as
9 the distinguished chairman of the House Ways and Means
10 Committee he has been the principal architect of tax reform
11 in the United States. That doesn't mean that we all agree
12 with him either in Illinois or in the NGA, and I'm sure the
13 Senate will have something to say about it. But but for this
14 man's efforts there would be no national debate on tax
15 reform, there would be no bill moving. The President has
16 never had a better partner in this issue. It is my pleasure
17 to introduce the distinguished congressman from Illinois, Dan
18 Rostenkowski.

19 GOVERNOR ALEXANDER: Let me ask those who are our
20 guests in the room to please keep your voices down, please,
21 and give attention to the congressman the rest of the
22 debate. Some of the governors are having a hard time hearing
23 and we don't want to miss a word. Congressman.

24 REP. ROSTENKOWSKI: Thank you, Jim. It is nice to
25 be here in this bipartisan atmosphere. I feel a little bit,

1 and I can feel that you will certainly understand it, a
2 little bit like Patton after VE Day, knowing the rest of the
3 war as far as tax reform will be fought in another theater.
4 The combat as I knew it, in tax reform, has moved over to the
5 other body, and for the moment at least, I see our troops
6 covering the guns, plugging up, filling in the trenches until
7 such time as we get to conference. I'm certainly in hopes
8 that we will see in a very short time, for all the confusion
9 and jockeying over legislative schedules and the sequence of
10 economic targets, that I still think that we will send to the
11 President a tax reform bill this year by the year's end. I
12 wish, my colleagues and government, I were as confident on
13 the budget.

14 We recently did a match-up between your position
15 on tax reform a year ago and what the House has passed in
16 December. Fairly enough, it turns out as a near eclipse.
17 Revenue neutrality, massive rate cuts, base broadening,
18 greater fairness, better balance between personal and
19 corporate taxes are all there. We protected state and local
20 tax deduction, what I interpreted as a significant threat in
21 the Reagan proposal. We all but spared charitable giving and
22 fringe benefits. Limitations on tax-free bonds were applied
23 with care, allowing for liberal growth of the government
24 obligations. Any distortions, I might add, in that area can
25 certainly be fixed in conference.

1 And perhaps most significant of all, we lifted
2 more than 6 million poor and near poor off the tax rolls,
3 which translates into a direct \$2.7 billion pay-out in 1987.
4 That's \$2.7 billion that states could never wrestle out of
5 Washington through appropriations. People will have money in
6 their pockets and so you won't have to be coming to
7 Washington with your hands palm up.

8 There were days when I thought we'd lost the bill,
9 when it seemed we would never find the revenue to pay for the
10 cuts and still protect state and local deductions and carve
11 out what is necessary transition rules. Sometimes you
12 couldn't find your friends through the fog of special
13 interests, and when you found them, their handshake was less
14 firm than the day before. But such is the political
15 process.

16 We spent months on a high wire gently shifting the
17 balance of the President's package without -- without, mind
18 you, losing his backing. He maintained his oath of silence
19 as we fought for state and local deductions, stretched out
20 depreciation rates and added a few points to his tax cut.
21 And his final commitment turned out to be as strong as his
22 original promise. He deserves, in my opinion, a solid
23 measure of tribute for keeping up the political pressure and
24 his visibility and commitment.

25 But if his last-minute blitz won the day, I'd say

1 the Democrats won the issue, when the President challenged us
2 with the most massive reform proposal in history. We really
3 didn't have much choice in my opinion but to accept, and pay
4 with some of the toughest economic votes cast by legislators
5 in years. And I want to thank most of you for stiffening our
6 hand. Our alliances proved victorious and our differences
7 are all but forgotten.

8 Now the war for economic control moves us all to a
9 second front: Deficit reduction. And Gramm-Rudman. The
10 President can have his way on taxes, the President can have
11 his way on deficit reduction, but he can't have his way on
12 both.

13 I have long been a strong proponent for tax
14 increases as a means to shrink the deficit. On the heels of
15 the great 1981 Reagan windfall, we came back with significant
16 tax increases in 1982 and in 1984. The deficit spiral was
17 tempered -- not turned back, but tempered. We found that
18 paying more taxes doesn't have to halt the country's
19 expansion. It doesn't have to undo the reforms that tax cuts
20 contained in the House-passed bill. We can have tax reform
21 and tax increases, but the President has declared his
22 administration against revenue increases. He wants an even
23 balance between tax cuts and tax gains, and having suffered
24 the terrible discipline of revenue neutrality, I would hope
25 it remains one of the dominant forces in shaping the Senate

1 tax bill.

2 To attempt to achieve tax reform and deficit
3 reduction in the same bill is to risk losing both. It would
4 be the great Washington paradox that one noble cause could
5 wreck another. Budgeteering has been an erratic crusade for
6 years. The pursuit of the balanced budget becomes more and
7 more cynical, more and more guided by unreliable forecasts
8 and more and more weakened by regional and philosophical
9 difference. We're about to put aside the 1986 budget, which
10 proved more than we could handle, only to begin on a much
11 tougher 1987 budget.

12 This year we begin the ritual with the guillotine
13 of Gramm-Rudman suspended overhead. The President has opened
14 the bidding with a budget that increases defense spending
15 without additional taxes. Congress has answered with reports
16 that the Reagan budget is dead on arrival, DOA.

17 The President is a man unencumbered with the
18 nagging little details and contradictions of deficit
19 reduction. He knows how popular it is to talk about massive
20 cutbacks in spending and how painful it is to fill in the
21 names of the victims. Talk about welfare queens is cheap.
22 Welfare reform is enormously complex. Balancing the needs of
23 America's poor, sick and abandoned can't be done with slogans
24 and one-liners, or with proposals that couldn't muster a
25 hundred votes on the House floor on an easy afternoon.

1 The notion that we will cut \$54 billion more out
2 of Medicare over the next five years is pure hyperbole. It
3 gets the President to his budget target but nothing more.
4 We've driven the elderly far enough since 1981. We have cut
5 Medicare programs by \$45 million over the last five years,
6 against an almost \$125 billion increase in the defense
7 budget.

8 Medicare is regressive to begin with. Higher
9 premiums hit the poor harder than the rest. Age, sadly,
10 knows no income barriers. The more the President asks for
11 broader funding, the more he hurts the least able to pay. He
12 can't cut both providers and beneficiaries and expect
13 congressional tolerance. His Medicare cuts will certainly
14 get a good hearing in the Ways and Means Committee, but in my
15 opinion stand little chance of passage.

16 I'm a Democrat. My father and my grandfather were
17 Democrats from the north side of the city of Chicago. I am
18 as sensitive as any politician to the punishment of
19 Reaganomics and what it has in the administration to urban
20 families. For an administration that has found the American
21 family a convenient political theme, one wonders whether this
22 president has ever set foot on the tarmac of a hot August
23 city street. His vision of America has great blanks.

24 If the President's national vision is hazy, the
25 fact remains that he has caught a rising spirit for reform:

1 The native sense that government has strayed from the public
2 mean. He has found the center of our frustrations and raised
3 some powerful forces for change. If Congress followed his
4 early lead, we have since become increasingly doubtful and
5 weary. What was obedience five years ago turned to
6 reluctance and now to belligerence. It isn't just Congress
7 that has balked at Reagan-style federalism, it's the American
8 people, who don't want to trade veterans' benefits for more
9 armor.

10 Clearly, the Reagan era has seen a great
11 perceptual change in the role of the federal government. He
12 has provoked a debate that has left us unsure about its
13 legitimate reach of government, which has ultimately led to
14 the reluctant adoption of Gramm-Rudman. It was a sense that
15 we could threaten ourselves to make choices that we have
16 avoided for decades, that we could set out our own paper
17 tiger that looks fearsome from a distance but would never
18 bite.

19 We harbor this hope that Gramm-Rudman will force
20 us to make free choices before the axe of sequestering
21 falls. Maybe it's just what we've been looking for, a blunt
22 tool for reform that with a bit of sharpening and deftness
23 might work. But for the moment, my colleagues, the divisions
24 in Congress and the White House seem almost irreconcilable.

25 The struggle is not over dollars and cents but

1 over the very gut questions of federalism. You are asked to
2 sort out your own state budgets with little more than a guess
3 at what Washington's bottom line is, knowing only that the
4 trend toward greater cutbacks in federal aid continues. Most
5 Democrats have tried to spare the most popular and proven
6 programs for the poor and the near poor. That was certainly
7 clear in the final Gramm-Rudman document, but given the size
8 of the deficit and the entrenched orthodoxy at the White
9 House, the traditional federal role of provider and protector
10 is being redefined into a kind of rough frontiersman high on
11 self-reliance. What concerns me most as a congressman and an
12 institutionalist is the slow but steady dawning that we can
13 no longer govern.

14 The consequences of stalemate and gridlock are not
15 just the grist for columnists and Wall Street newsletters,
16 but are becoming the nagging truths for all Americans, and
17 with reason. For what they hear from Washington these days
18 is what can't be done, not what can. The President is
19 already countering predictions in Congress that his budget is
20 dead on arrival with his own threat that any tampering with
21 the balance will be vetoed on arrival. Congress talks of tax
22 hikes to reduce the deficit; the President and his men are
23 vehemently against the idea. Add to that the recurring
24 inability to hold to fiscal targets, never mind produce an
25 annual budget, and the nay-saying becomes even louder on

1 specific spending issues like military procurement, aid to
2 the contras, and the proposed elimination of
3 revenue-sharing.

4 After awhile, skepticism dominates and economic
5 decisions become distorted. The public doesn't elect
6 politicians just to go off and debate the great issues of our
7 time. They elect us to go off and debate and then do
8 something. They don't want to spend their time trying to
9 follow the action along Pennsylvania Avenue. Their concern
10 is Main Street. The public cares less about the subsection
11 of a bill than they do about the mere decision to act. They
12 want to know that their institutions work, that someone is in
13 charge, that the nation's business is getting done. And all
14 it comes down to is leadership: Telling the country what can
15 be done instead of what can't, and then doing it.

16 I'm not suggesting that Washington become a
17 hallelujah choir or that traditional tensions between the
18 White House and Congress or between houses disappear. I just
19 think we ought to give this country a better showing.
20 Remember, as I do, Washington under Eisenhower, Rayburn,
21 Johnson -- no one asked that they be fast friends, just to
22 reach conclusions. And to do that, they had to cross over
23 their own partisan and philosophic thresholds. They
24 identified national leads and dealt with them before they
25 became national crises. Boring years? Perhaps. Peaceful

1 negotiation is often boring. But things get done, even with
2 a bit of time for golf, because our leaders understood the
3 obligations of their office.

4 The chances for deficit reduction and tax reform
5 come down to the measure of the President's commitment and
6 Congress' willingness to negotiate a balanced agreement and
7 seal it before campaign politics seize the capital. The
8 cynics don't believe it can be done. They said the same
9 about prospects for tax reform last year. For the moment, we
10 have the luxury of a relatively strong economy. If the
11 decision is to cut spending right down the line and raise
12 taxes, the economy is durable enough to absorb part of the
13 shock. If we all give some ground now, we all gain some
14 ground in the end.

15 It's a matter of leadership. If we move with
16 optimism and move now, we can reach a bipartisan accord that
17 will reflect well down to the smallest village in the
18 nation. If we move to the negotiating table to gain
19 political advantage, we risk another year's delay at an
20 enormous cost in public confidence. Thank you very much.

21 GOVERNOR ALEXANDER: Thank you, Mr. Chairman. If
22 you could stay here, I'm sure that the governors would have a
23 few questions. Governor Lamm is our lead governor on tax
24 reform and may be before your committee at some time. Dick.

25 GOVERNOR LAMM: Mr. Chairman, three points.

1 Number one is thank you for the objectivity that you had to
2 this organization. You gave us due process, you gave us an
3 access to your whole committee. We're very appreciative.

4 Point number two, we have a substantial problem
5 with the whole question of municipal bonds. It is a problem
6 that I know has been brought to your attention that you are
7 fairly familiar with, but we live with the results of the --
8 it doesn't make any sense to us, and I don't think to the
9 country, to open up the door on the industrial revenue bonds
10 at the same time you are closing down and putting in the,
11 particularly the nonessential categories, the other various
12 restrictions -- would urge you to look at that when it comes
13 back to committee.

14 Third point, unbeknownst to any of us at the time
15 when we were meeting with you and your committee and
16 apparently at the very last of it, there were some very
17 onerous reporting requirements that were put in, and it falls
18 on state and local governments. When we send property tax
19 statements, we're going to have to do a 1099-type form. The
20 more that I look into that whole new area of the fact of what
21 seems to be unnecessary or at least excessive reporting
22 requirements inherent.

23 So those are the three things: Thank you, you
24 were really more than fair; two, the municipal bond and
25 three, the report.

1 REP. ROSTENKOWSKI: Well, thank you, Governor. I
2 remember your testifying before my committee and I appreciate
3 it.

4 I think what you gentlemen who have had the
5 privilege of being in the legislature before achieving this
6 executive office must remember that I am negotiating. The
7 executive in every instance can draw the line of purity, but
8 I have to negotiate up to it. So what I have done -- and I
9 am the first to admit that we'll go back to a conference that
10 is going to negotiate, I hope, in the final analysis, a good
11 bill. I'm not saying that the bill that we've reported is
12 the best bill that Congress can conceive, and I recognize
13 that there are some areas that have since been observed as
14 being unfair.

15 I will, in my capacity as a member representing
16 the House, naturally try to protect the House position, but I
17 don't think I'm committed to it in cement nor do my
18 colleagues expect that. As a matter of fact, in more
19 instances than not people voted for it, the bill, only to
20 suggest that maybe changes could be made. But we're, as far
21 as I'm concerned, committed to trying to reduce the abuses
22 that take place, and I think that members of the Senate as
23 well as the House will try to commit themselves to that.

24 GOVERNOR ALEXANDER: Governor Sununu?

25 GOVERNOR SUNUNU: Thank you, Mr. Chairman. Thank

1 you for coming to visit with us, Congressman. I must say,
2 I'm a little bit disturbed, however, at what I have perceived
3 is a rather significant thread of inconsistency in some of
4 what you have said and some of what has been done in Congress
5 over the years. I do appreciate the fact that there is a
6 perception and perhaps a reality that there has been at least
7 a checking of expansionism of government, but I am concerned
8 that a great deal of the rhetoric I hear in Congress about
9 what is going to happen now, even though they are willing to
10 get down and deal with issues, is still the price tag
11 mentality of programs. And every time I hear a congressman
12 talk to me about the budget, frankly they are unwilling in my
13 opinion to address the reality that merely increasing price
14 tag does not increase effectiveness. We still have to deal
15 with crazy inconsistencies and inflexibilities in what is
16 there, and I think that the recommendation that there are
17 programs that have funds in them that can be cut ought to be
18 addressed in that light.

19 When governors can spend money more effectively
20 for the elderly in a home care setting, and Congress
21 constrains us to do it only by institutionalizing the elderly
22 and saying we must increase spending without addressing our
23 ability to be more effective, I think is a congressional
24 failure. And to suggest that the President in recommending
25 that you cut funds from programs means that you cannot make

1 those programs more efficient is a congressional failure.

2 I think what has happened in the past 20 years in
3 terms of Congress seeking to take the route by default of
4 increasing budgets has perhaps been checked a bit by
5 Gramm-Rudman, which I consider an effort by Congress, and I
6 would hope a successful effort by Congress, to legislate
7 itself a backbone, is something that I think ought to happen
8 and in terms of perhaps redressing the failure of Congress
9 over the last 20 years, I think is constructive.

10 In terms of the fact that we as governors see
11 programs in which funding has been increased constantly only
12 to end up with increasing dependency on our constituencies
13 rather than giving them an opportunity to gain in the stature
14 and in the self-esteem that comes where we see those funds
15 might have been spent in programs to create opportunities for
16 them I think is reflective of what the governors feel is an
17 appropriate philosophy; reflective, I think, of some of the
18 message that the President sent to Congress and in fact
19 inconsistent with what you feel, I believe, is merely an
20 appropriate mandate to increase spending.

21 You may doubt that the President has a sense of
22 the heartland of America because you may not feel he has set
23 foot on a hot city street. I suggest to you, Congressman,
24 that America is made up much more of just than your district
25 which may be consisting of hot city streets. The state of

1 New Hampshire and other states across the country have a
2 variety of needs that must be addressed more than just by
3 adding to the price tag but having some constructive
4 creativity in congressional action. And I urge you to go
5 back and take from these governors -- and I hope it's a
6 bipartisan mandate, I think it has been in the past a
7 bipartisan mandate -- a plea for flexibility, a plea for
8 constructive legislation, a plea for legislation that doesn't
9 constrain us and require us to spend money the way you folks
10 who have the beltway mentality think it ought to be spent,
11 but in a way where we might deal with the needs that truly
12 exist back in our state.

13 I have said this before in a less forceful tone; I
14 am now going to say it as clearly as I can: I am tired of
15 congressmen and senators coming to us as governors and
16 telling us we don't understand the political pressures you
17 face from the constituency groups that are here in
18 Washington. We live with them day in and day out. We face
19 them in the headlines and must present ourselves to them day
20 in and day out back in the real world.

21 I suggest to you, Congressman, that the real world
22 extends beyond Potomac, that the reality of what the American
23 public wants is not an expansionist government, a government
24 that seeks to intrude in their lives, but a government that
25 truly passes legislation that deals with their needs. It

1 comes not from the price tag mentality; it can be achieved
2 with constructive legislation. And I would hope that with
3 the pressures of the deficit before us, that Congress,
4 instead of telling us that you must respond to the alphabet
5 lobbyists that occur down here, would respond to the
6 constituencies that are real back home.

7 We need your help. We need constructive
8 legislation, and the economic strength of this country needs
9 Congress to deal with the deficit. I think that there is a
10 balance between the points you have raised and the points
11 raised by the budget that the President sent down. And
12 somewhere in between there, I assure you that the governors
13 on a bipartisan basis, in terms of the budget statements we
14 have passed for the past three years, are ready, willing and
15 able to stand up for the policies that make some sense. But
16 please stop coming down to us and telling us we don't
17 understand political pressures. It is getting to the point
18 where I think that you have become captives of yourselves and
19 we really do need your help. Thank you very much.

20 REP. ROSTENKOWSKI: Thank you, Governor. Let me
21 just make one or two observations. When I point out that
22 Reagan has a problem with walking on a tarmac of a hot city
23 street, Illinois is also a state that contributes greatly in
24 the farm area, and I don't know, unless I'm being misled, I
25 don't know that the farmers of this country are as enamored

1 with this administration's program as we are as a result of
2 having problems in cities.

3 I don't recommend to governors or lecture to
4 governors. All I know is that I've been here, Governor, for
5 27 years now, and I was in the legislature. And I remember
6 on the local level how reluctant we were to invoke any tax
7 increases on our constituencies. I saw the change and the
8 circumventing of state capitals because cities were dying and
9 the revenue-sharing proposals of Richard Nixon were adopted.

10 I just think that we're all going to have to
11 tighten our belts, but I receive quite frequently memorials
12 from the general assemblies that we continue to try to
13 strengthen our hands in deficit reduction, at the same token
14 suggest that we share more revenues with them. That's a
15 problem, but I think that we're all going to have to increase
16 the velocity of our chemistry in our tummies and stand up to
17 what we think waste is and how we can best get people or get
18 government off people's back.

19 GOVERNOR SUNUNU: Congressman, I'm glad you
20 brought up the farm issue, and I don't want to create
21 constituency versus constituency here, but I can't think of a
22 better example of the failing of congressional policies over
23 the past two decades than the farm issue. You have had to
24 pump in an additional \$60-plus billion in the last four years
25 to deal with a constituency that by virtue of your, quote,

1 "generosity," unquote, for the last two decades, you created
2 such a dependency on government and a dependency on programs
3 that merely were designed to increase price tags that you
4 created a monstrosity there that even \$88 billion that you
5 have given over the next few years is not going to be able to
6 solve its problem. But I don't want to go into them one by
7 one.

8 GOVERNOR ALEXANDER: We have time for two more
9 questions. Governor Clinton and Governor Janklow, and our
10 next guest is here after that.

11 GOVERNOR CLINTON: Congressman Rostenkowski, you
12 certainly don't need help from me defending yourself, but I
13 would like to ask a constructive question but make two
14 prefatory remarks.

15 First of all, that expensive farm program was a
16 program recommended by the administration and the cost of it
17 was made inevitable by the high dollar in the destruction of
18 American markets. Secondly, Gramm-Rudman-Hollings was an
19 attempt for Congress to legislate itself a backbone or a
20 framework. That usually comes from an executive budget
21 recommendation which Congress has not gotten for five years,
22 so they did it and I would have voted for it, too, but I
23 think we need to avoid all this fingerpointing.

24 What I'd like to ask you, Mr. Chairman, is -- as
25 Governor Lamm said, you were kind enough to hear from us on

1 tax reform. What can the governors do in a constructive,
2 nonrhetorical, practical way to help you in the Senate and
3 the administration resolve this impasse? What can we do to
4 help to meet the deficit reduction targets without
5 disinvesting critical investments in America?

6 REP. ROSTENKOWSKI: Well, Governor, I think
7 meetings such as this and counseling with your legislators is
8 probably the most important and most effective area in which
9 we in Washington feel the effectiveness of the home
10 constituents. My -- the same people that complain to me
11 about government waste are the same people that complain to
12 me when we cut programs. I think what we've got to do is
13 educate our constituencies into understanding that when they
14 demand that government get off their back, that they're going
15 to have to start doing some things for themselves.

16 As far as what posture will be taken with respect
17 to reform in the Senate, I was fortunate enough to have
18 gotten a commitment from the President and from Bob Packwood
19 that no comments would be made as long as I felt the
20 President was sincere about trying to write true reform. He
21 kept his word and I applaud him for that. I'm not, nor do I
22 intend to say anything to or about what Packwood is doing in
23 the Senate until such time as he creates the atmosphere in
24 the Senate to pass the bill and we go to conference. I
25 think, as far as I'm concerned, silence on my part until such

1 time as I see a product is probably the biggest contribution
2 I could make.

3 But there are diverse views here as to just where
4 we can go with respect to some what is in the bill. And I
5 know that as a negotiator, I ran up against a steel wall
6 until I talked to many of my colleagues about state and local
7 taxes. I notice some and I don't know, as I understand it,
8 the state deductibility of taxes in Illinois doesn't affect
9 us one bit. But as I said earlier, to Governor Lamm, I'm a
10 negotiator. My commitment was as long as a Republican
11 president talked about reform -- it has often been the
12 largest plank in the Democratic platform -- that I was going
13 to pick up that plank and run with it, and I honestly think
14 that we did a great job.

15 My problem is that we squeezed that turnip until
16 we actually got blood. How they're going to move in the
17 Senate, transferring funds around without having an adverse
18 effect in areas that have very forceful lobbies, is going to
19 be very difficult. I wish them well. I hope that truly the
20 President will recognize that his resistance to revenue
21 increases is going to cause a great dilemma in negotiating in
22 both the Senate and the House on a deficit reduction
23 package.

24 I don't say this as a Democrat. I think my
25 Republican colleagues in the Senate and in the House have

1 recognized that the President cannot continue to stand fast
2 in this area because, ladies and gentlemen, there is no way
3 any legislative body can pass a bill without the support of
4 the President of the United States. If we haven't got Ronald
5 Reagan endorsing a program, the bill is not going to pass
6 with respect to revenue.

7 GOVERNOR ALEXANDER: Governor Janklow is next and
8 then Governor White and then we'll stop, if we may.

9 GOVERNOR JANKLOW: Mr. Chairman, when we were
10 discussing this in the Executive Committee the other day, to
11 pick up on the point that a couple of the governors have
12 made, an example of the kinds of constraints that we have to
13 deal with is the alcohol, drug and mental health block grant,
14 which as you know is called a block grant, where funding has
15 been reduced over the last several years. But at the present
16 time, the item which is called a block grant requires that 35
17 percent has to be spent in drug and alcohol curative action,
18 30 percent has to be spent on community mental health-type
19 treatment, 20 percent must be spent in early detection and
20 prevention, 15 percent must be spent in administration, and
21 yet at the same time 5 percent of the whole grant must be
22 spent for exclusively in the area of women's services, which
23 will equal 18 percent of three of the categories. And they
24 call it a block grant.

25 Now no one is quarreling, or at least in my state

1 we're not quarreling with the fact that we'll have to take
2 the reduced funding. But with that has to come a removal of
3 the types of barriers that prevent us from having the
4 flexibility to make an intelligent decision. For example,
5 some other area of the country may have a greater problem in
6 terms of dealing with the curative aspect of drugs. And we
7 may be more inclined to deal with the early prevention,
8 interdiction or detection of those types of things so we
9 don't have to get to a problem where we have to deal with the
10 curative aspect. But given the constraints of the law, we
11 have no flexibility and it's absolutely a maddening type of
12 thing to have to try and deal with.

13 The secondary is in the federal highway funding,
14 for example. There are 11 different ways that a state can
15 have its federal highway funding taken away from it, none of
16 which really pertain to highways. Or the building and the
17 construction of the interstate or primary/secondary systems.
18 Everything from 21-year-old drinking requirements, which is
19 the new mandate that was recently passed by Congress, to
20 billboards, to minority contracting, to things such as those
21 types of activities. And again, none of them have to really
22 do with the building or the maintenance, construction or
23 administration of highway systems. It's just that type of
24 thing that's so difficult for any governor or any state to
25 deal with.

1 But the question that I have is really in a
2 different area. It's in the area of House Bill 1212, which
3 deals with taxation. Because of the dates that were put in
4 the bill that deal with January of 1986, I think, as you
5 clearly know, for all practical purposes tax freeze have been
6 eliminated, or knocked right in the head in the IDB area.
7 And we're having a tremendously difficult time finding anyone
8 who will buy a bond or work with you to get one issued
9 because of the date time that's been put into House Bill
10 1212. Recognizing that it will probably be much later this
11 year, if at all this year, that a tax bill will pass, what's
12 the possibility that that particular proviso could be agreed
13 that it would be removed to some future date and transactions
14 grandfathered in so we could continue about our business,
15 because for all practical purposes, that portion of the bill
16 is more than passed. It's absolutely killed the tax-free
17 area which so many of us really truly depend upon at this
18 particular time of high real interest rates, sir.

19 REP. ROSTENKOWSKI: Governor, I understand your
20 problem, and I'll be glad to look into it. I just want to
21 say one or two things with respect to effective dates or
22 extenders.

23 We have had a meeting with Bob Packwood and John
24 Duncan, Russell Long and myself, and we are talking about
25 giving extensions or negotiating extensions so that we can

1 bring some certainty into the area. In this particular
2 problem I'm not as familiar with as I should be, but I'm sure
3 that in the very near future you're going to see us sign a
4 document giving some certainty in the extensions, provisions
5 and in the extended provisions.

6 I want to say again that I think we're going to be
7 quite selective, just in the conversation that I've had with
8 my colleagues. What our main goal was in the elimination or
9 the reform was to eliminate the abuses, and I think, I'm
10 hoping that in the next several days if not the next week we
11 can come to some favorable conclusion.

12 GOVERNOR ALEXANDER: One more question. Governor
13 White.

14 GOVERNOR WHITE: Congressman, that was essentially
15 the question that has been on the tip of my tongue. We have
16 76 percent of the people of Texas voted for the issuance of
17 \$200 million in bonds to help our agriculture sector. The
18 effective date of the bill kills \$200 million in bonds. If
19 we can just change the effective date, we would be able to
20 save water in Texas. You can imagine how good that issue is
21 for our farmers.

22 REP. ROSTENKOWSKI: Well, Governor, let me be very
23 candid with you. I -- in negotiations, you like to keep
24 pressure on members of the negotiating team so that we do see
25 some effect or conclusion to legislation. I'm sure that you

1 are going to see an extension as provided for by the Bob
2 Michel resolution which we adopted in the closing hours of
3 the session last year.

4 GOVERNOR WHITE: I'll surrender. No more
5 pressure.

6 REP. ROSTENKOWSKI: I do want you to understand
7 that the extensions aren't going to go to 1986, at least I'm
8 not going to approve anything like that, but I think a
9 reasonable date at which time we could maintain the pressure
10 on the Senate for them to get a tax bill will be taken into
11 consideration.

12 GOVERNOR ALEXANDER: Mr. Chairman, let me say on
13 behalf of all the governors, you have a lot of people coming
14 to your doors who have had an open door to us and have
15 listened to what we've had to say, and we have strong
16 opinions among us just as you have strong opinions. Thank
17 you for that open door. Thank you for coming.

18 I'll call on Governor Carlin to introduce our next
19 distinguished guest.

20 GOVERNOR CARLIN: Mr. Chairman, it's my pleasure
21 to present to you a man who needs no introduction, but
22 certainly deserves a very positive comment. In reference to
23 our previous discussion on leadership, I would say in a town
24 where leadership is short and leaders are few, we have one of
25 those few with us today. It's my pleasure to introduce to

1 you the Senate Majority Leader and fellow Kansan, Senator Bob
2 Dole. Senator Dole.

3 SENATOR DOLE: Thank you very much, Governor
4 Carlin. The last thing I'm going to do is bore you with a
5 long speech. I'll just take about five minutes and if there
6 are questions, I would be happy to respond.

7 In case you haven't had your TV on, Marcos is now
8 at Clarke Air Force Base in the Philippines with about 30 of
9 his friends, including General Ver. I'm not certain when
10 they're going or where they're going, but we're now in the
11 post-Marcos era and now we'll start looking over what the
12 other candidate had to say in the election. And how much she
13 wants from our government and all these things. So we're
14 looking at, now we'll go back -- but in any event, I think
15 perhaps that solution would occur in any event.

16 I know you've heard about all the speeches. I
17 don't know how you want to do it. I want to congratulate all
18 the governors who are here, and perhaps the ones who are not
19 here, for your tolerance. You deal with these problems on a
20 daily basis just as we do and it must be a little bit boring
21 to have all of us come over here and tell you how to do it.
22 We don't know any more how to do it sometimes than you do,
23 but we're willing to work at it and you're willing to work at
24 it, and we're willing to do it on a bipartisan basis just as
25 you are. And I've had a chance to sort of look over, at

1 least get some briefing on the general reaction of governors,
2 Republicans and Democrats alike, and I'm very pleased that
3 you are still with us in the very general sense, as you were
4 last year under Governor Carlin's leadership, on the budget
5 issue.

6 I don't think it's gone away. I don't believe it
7 will go away. I believe we need to work with the governors
8 and I believe that we need to pay some attention to some of
9 the areas you're looking at, investment in the future,
10 looking at problems today, maybe a reordering of priorities,
11 but overall sticking with it on the budget. And I would hope
12 with very few exceptions.

13 I don't believe we can overlook entitlement
14 programs unless we want to take a big, big chunk of the total
15 federal budget off, and every time we take something off, it
16 puts more pressure on those who are still in the pot. And
17 coming from a farm state, I can tell you that the first round
18 of Gramm-Rudman has increased the misery in farm states
19 because we exempted certain programs and limited other
20 programs and therefore those that were left took a greater
21 cut than they would have had we been pretty much across the
22 board. So I'm here to suggest, as Pete Domenici did on
23 Sunday, that obviously the budget is the number 1 issue
24 before the Congress.

25 The second issue, you just had the chairman of the

1 Ways and Means Committee, an outstanding member of the House,
2 an outstanding chairman, who did a good job in putting
3 together a tax bill. And he sent that to the Republican
4 Senate and Danny and I are good friends, and now people want
5 tax reform, I have them call Bob Dole or Bob Packwood. We're
6 very happy that not too many people have called.

7 There doesn't seem to be any growing enthusiasm
8 for the bill. The President indicates he would veto that
9 bill if it came to him, and I would say in the quiet of this
10 room -- I know nothing ever would leave here -- that there
11 isn't a great deal of enthusiasm among Republicans or
12 Democrats to face up to that until we've looked at the
13 deficit. And that doesn't mean we can't do both. I believe
14 there will be a tax reform bill this year but it may not be
15 totally alike the one that passed the House. So that's the
16 second biggest issue.

17 The third issue is the one I had an opportunity to
18 visit briefly with the southern governors on Sunday evening
19 and that's trade, and I would start with a general disclaimer
20 that we'd all do if we were standing here: We're not
21 protectionists, we don't believe in protectionism; we believe
22 in access, we believe in open markets, but we also believe --
23 and again, this is a bipartisan group of us, about 38 of us
24 led by Senators Bentsen from Texas and Danforth from Missouri
25 -- we believe in this new concept that, yes, open markets,

1 yes, access, but fair trade. And we believe the
2 administration should be more aggressive when it comes to
3 unfair trade practices, and we're going to help them become
4 more aggressive.

5 I believe you're going to see legislation -- I
6 don't know whether Chairman Rostenkowski talked about it, but
7 we do have a deindustrialization going on in this country and
8 we should be concerned about it. Many of us believe that
9 where there's an unfair trade practice, that we should meet
10 it and meet it very promptly. We certainly have no hostile
11 feelings toward any country whether it's Japan or Canada,
12 wherever it may be. But if you have lost your farm or lost
13 your job in any state because of closed markets or because of
14 increased imports into this country of goods that were once
15 made here, then I think it's a problem we should try to
16 address. So trade will be the third important issue.

17 The deficit, tax reform, trade. That with the '86
18 elections ought to be enough to keep most of us occupied.
19 Then of course we have the normal appropriation bills and
20 probably a number of other things that many in this audience
21 have an interest in. Having said that, I would hope that the
22 chairman of the Ways and Means Committee and the chairman of
23 the Finance Committee and Congressman John Duncan from
24 Tennessee and Congressman Russell Long from Louisiana would
25 get together on the effective dates. I think Governor

1 Janklow just asked a question; many of us believe the
2 effective date ought to be 1/1/87, except in some cases. We
3 don't believe that there's that much leverage. We're going
4 to work on tax reform whether the date is 1/1/86 or 1/1/87.

5 The President of the United States wants tax
6 reform, and he's the one who got elected. And this is his
7 number 1 issue, and we feel a responsibility to try to put it
8 together. But we don't see any great leverage in telling the
9 American people that you can't issue bonds, or that you can't
10 build this or we're going to change the depreciation rate,
11 you can't buy equipment and use the investment tax credit.
12 So if it slips one year, let it slip a year. Many of us
13 don't see the leverage in saying, well, we got to keep the
14 leverage on.

15 We're going to work at it and I know the chairman,
16 having been chairman of the Finance Committee, they see a
17 little bit differently. I sympathize with both Rostenkowski
18 and Packwood but I also sympathize with many people in my
19 state who would like to buy some equipment, who would like to
20 build something, who would like to issue some bonds, who
21 would like to put people to work, and I don't really think
22 they care about the leverage that somebody has in the
23 Congress of the United States, whether it be in our bailiwick
24 or yours. They're out there trying to make a living and
25 that's where the focus should come, and I hope we settle the

1 effective date matter very quickly.

2 I don't want to get into the revenue game on what
3 the President will do and what he should do, but I think many
4 in this audience have demonstrated we might be overlooking
5 the possibility, and that's tax amnesty at a federal level.
6 Some of you have tried it in your states, it's been very
7 effective. I know I've listened to Governor Dukakis on the
8 television talk about it in his state, and so we believe it
9 deserves a look. And I know that there are studies going on
10 right now in Treasury to see how much we might anticipate in
11 revenue and obviously that won't be enough probably to take
12 care of all our problems but it's a factor I think that
13 deserves looking.

14 And again, I congratulate the governors for
15 providing the initiative, for testing it in a number of
16 states rather successfully, and I believe it has been the
17 efforts by governors which has sort of underscored maybe a
18 need to take a look at it at a national level. Having said
19 that, I'll just touch on one other problem and I'll be happy
20 to submit to questions.

21 I think many in this audience -- well, most
22 everyone in this audience, I look around, you have farmers in
23 your states. There's a lot of focus on the American farmer.
24 This week CBS is spending a week on it. CNN is spending a
25 week just on looking at the farm problem: Whose fault is it,

1 what should we do about it, where do we go from here. I
2 would just suggest that I believe generally we have been
3 responsive in the Congress. Maybe some don't think we spend
4 enough money. We passed a bill last December that the price
5 tag said 52 billion. We were only kidding -- it is probably
6 going to be much greater than 52 billion over a three-year
7 period. We've looked at the farm credit system, we think
8 we've shored up the federal system, and we wish that we would
9 get some appointments up to the Congress so we could confirm
10 the officers so they could start to work.

11 We're now looking at how we might be of some
12 assistance in energy areas and ag areas as far as banks are
13 concerned, because if you don't help the bank, you can't help
14 the producer. And I know Governor White and others have had
15 suggestions along that line. As Governor Carlin knows, we've
16 been working with his office and the Kansas bankers and
17 bankers in other states to see what kind of a program we can
18 put together to help farmers in the next two- or three-year
19 period. We don't have all the answers. We're willing to
20 work out to most anything. Interest buy-down is very
21 attractive to some but it costs money, and some would require
22 the states to buy down interest, some would require the
23 federal government, some would require the banks. You would
24 have in effect maybe a 5 percent buy-down on interest rates.
25 I guess the question is where do we find the money. But

1 again, we're willing to work with the governors because you
2 are out there every day, you're on the firing line, and you
3 know the problem probably better than we do.

4 So I would just suggest that this is a great
5 organization, I'm honored to be here. We view the governors
6 as the spokesmen for their states, or the spokespersons for
7 their states -- Governor Collins and Governor Kunin -- so
8 we're very happy to work on a bipartisan basis with this
9 association, and we know and appreciate your willingness to
10 help us in this rather difficult time. If you have any extra
11 money just send her on in. We'll be glad to help you with
12 it.

13 GOVERNOR THORNBURGH: Senator, many of my
14 colleagues have expressed their gratitude for the House of
15 Representatives' full retention of deductibility of state and
16 local taxes. I would just like to strike a blow for truth in
17 advertising this morning as you undertake consideration in
18 the Senate of tax reform proposals and look for equity and
19 fairness along the lines that the governors have supported.

20 Much of the support for retention of full
21 deductibility is expressed as a concern for lower and middle
22 income taxpayers. Few of these taxpayers itemize and only
23 one-third of all taxpayers claim a deductibility of state and
24 local taxes. In fact, of the \$36 billion in deductions that
25 are claimed, 83 percent of the amount goes to the richest 20

1 percent of the taxpayers, and I think the hue and cry across
2 the nation, if you and the Congress were to enact a \$36
3 billion benefit program that were to put 83 percent of those
4 benefits in the pockets of the 20 percent richest taxpayers,
5 would be substantial indeed. And as you consider the tax
6 reform measures, I think it's well to reconsider what the
7 benefits might be from providing a rate reduction and an
8 increase in the personal exemption for all taxpayers rather
9 than acceding to the argument expressed by some that this is
10 a benefit that is directed toward low and middle income
11 taxpayers.

12 As a governor of a low tax state, I must admit to
13 some self-interest in this, but I urge it upon you on the
14 grounds of equity more than anything else.

15 SENATOR DOLE: I certainly understand the
16 question, and I don't understand the answer. But I would
17 just say -- again, I'm no longer the chairman of the Finance
18 Committee so I can be a little more flexible -- I assume
19 we'll start in the Senate Finance Committee just as they
20 start in the House, with everything on the table. We're not
21 starting out with a House-passed bill, and I think, I would
22 say that, you know, there aren't any hidden agendas that I
23 know of. We're told that if we want to go back and restore
24 some of the pro-business elements in the tax bill and do some
25 other things on personal exemption, we need to find \$115- to

1 \$130 billion, and to do that we've got to go back and take a
2 look at the entire thing. But I certainly understand the
3 concerns of most every state. It is a matter of some
4 interest. Now there have been all kinds of options proposed
5 that maybe we go to sales tax, maybe a percentage, maybe a
6 cap or a floor. So I would just say, Governor, I think we're
7 certainly sensitive to the concern. I think you are in
8 pretty good shape on the Senate side. I don't believe
9 there's going to be any repeal of that deduction. There
10 could be some little thing happen but --

11 GOVERNOR ALEXANDER: Senator Dole, as much as I
12 hate to do this, the position that Governor Thornburgh just
13 expressed is affectionately called within the Association the
14 Thornburgh-Alexander position because almost no one else
15 supports it. And he's exactly right, but you should know
16 that our position is different from that since you are likely
17 to be on that and Governor Lamm will, or others would speak
18 to that point. Our position also strongly urges that
19 whatever you do in that area, should you do anything, that
20 the differences among the states and their different tax
21 structures be taken into account. We've had a big debate on
22 that and Dick would want me to also say that, too.

23 SENATOR DOLE: Well, some have income tax, some
24 have sales tax, some don't have one of those. And I think we
25 have to take a look at each state if we're going to make

1 changes and try to find some fair position, but --

2 GOVERNOR ALEXANDER: Governor Kunin.

3 GOVERNOR SUNUNU: And one has neither.

4 GOVERNOR ALEXANDER: And one has neither, that's
5 right.

6 SENATOR DOLE: I have been to New Hampshire. I
7 may be going back there but -- after it warms up.

8 GOVERNOR KUNIN: Thank you. Thank you, Senator
9 Dole. We appreciate your presentation here, and the
10 governors at this conference have heard a lot of flattering
11 compliments about what a great job we are doing with our own
12 economies and with getting people off of welfare, and
13 sometimes I fear that we may be being flattered into benign
14 compliance with some of the side effects of Gramm-Rudman.

15 I just would like to point out that some of the
16 successes that we've had, as I'm sure you recognize, are in
17 fact because we have had a partnership with the federal
18 government in some very key areas: In the welfare reform
19 that occurred in Massachusetts; Vermont is going to emulate
20 the Job Training Partnership Act monies; we're going to
21 continue to need UDAG grants in order to revitalize our
22 declining areas of our states. Do you believe that as the
23 Congress deals with Gramm-Rudman, that they can make the
24 distinctions amongst programs that truly do revitalize the
25 states, that do create equity in equal opportunity, that get

1 people independent, and not simply use the across-the-board
2 cuts; and will you try to find another way to get back to the
3 automatic cutting machine if -- whatever happens, or will you
4 make individual prioritized decisions?

5 SENATOR DOLE: I think it's a very good question.
6 The answer would be the last words you spoke: It should be
7 individual prioritized decisions. Because it seems to me
8 that Gramm-Rudman is probably a good discipline but we don't
9 want it to be applied a second time. Across-the-board cuts,
10 in my view, are not good policy. It might be good politics
11 -- everybody says, oh, everybody is going to take the same
12 cut. But programs are different. Some are more sensitive,
13 some are more directed to low income Americans. In most of
14 those cases we've tried to avoid in even Gramm-Rudman any
15 reduction. But my answer is that wherever I have any
16 authority to control the events and what course we take, will
17 be to go back and take a look at where we are spending money
18 and try to do, as I'm certain you must have done with cuts as
19 you've indicated in federal programs, go back and take a look
20 at the priorities and spend some time in that area.

21 But it's not easy, let's face it. You heard Pete
22 Domenici as recently as Sunday. We still have to find
23 sufficient -- a lot of money. I think many people say, well,
24 just take it out of defense. But I must say, I think when
25 we're spending more in '86 than we're spending in '85 -- or

1 spending less in '86 than we spend in '85 for defense, we've
2 given defense a pretty good whack. And while many of us
3 recognize it's easy to go after defense, I think we have to
4 be a bit careful in that area.

5 But I certainly will -- I'm chairman -- the only
6 chairmanship I kept when I became majority leader was the
7 chairmanship of the Nutrition Committee, so I have in that
8 committee jurisdiction over food stamps, the WIC program and
9 school lunch. And we've been very sensitive in these areas
10 to take a look at the administrative costs, but not take a
11 look at cutting benefits. They are pretty well cut now. So
12 we would like to work with the Governors' Association. We
13 don't flatter you to lull you into that trap of saying, well,
14 you're doing so good, why not have you take on another load.
15 I hadn't thought of that until you mentioned it, but we'll
16 keep that under advisement.

17 GOVERNOR ALEXANDER: Governor Martin? I'm sorry.
18 Governor Celeste.

19 GOVERNOR CELESTE: Senator, you said that we've
20 given defense a good whack. Jim Miller indicated the other
21 day that there's \$299 billion of unexpended defense authority
22 that was committed in previous years; he described it as a
23 pipeline and said some of that money has been available for
24 reprogramming, for example, maybe where they look for the
25 hundred million dollars for aid to contras, as an example.

1 Is it fair for us to ask you and your colleagues to subject
2 that 300 billion to some kind of pretty tough scrutiny that
3 says, perhaps during its time in the pipeline some of that
4 expenditure just isn't needed? A 5 percent savings there
5 would be \$15 billion.

6 SENATOR DOLE: I think it certainly is. I think
7 we must look at them. I believe at least in the last two
8 years we've really scrutinized defense spending, and I think
9 early on there was sort of the blank check approach that if a
10 billion is good, 2 billion must be better. And that was, I
11 think early on may have been -- I don't say necessary but
12 desirable. But now we're feeling the crunch and I think with
13 Gramm-Rudman, whatever the Supreme Court does, the pressure
14 is still there. It's on the White House, too, because
15 without some resolution, about half the spending cuts are
16 going to come from defense. So we're going to try to be very
17 sensitive. It's much like, I assume when you're dealing with
18 your legislature, we're the legislative body. The executive
19 generally has a bit of a different view and we don't quarrel
20 with that, but we have a mix, as you all know, in the House
21 and Senate, who controls which body and by how much, so we
22 need to compromise, and we are certainly going to take a look
23 at defense.

24 The point I would make is that while we're looking
25 at defense and scrutinizing defense and probably reducing

1 what Jim Miller talked about, we do need to keep in mind
2 there is still an obligation there that we have to fulfill.
3 We're even looking at agriculture, and someone would say, oh,
4 don't look at agriculture. But I think we have to be, in
5 fairness, we have to look right down the alphabet.

6 GOVERNOR ALEXANDER: Governor Evans?

7 GOVERNOR EVANS: Thank you very much,
8 Mr. Chairman. Senator Dole, we struggled, as governors
9 coming from great farm states like yours, with the 1985 farm
10 bill, and we weren't all happy with exactly what came out but
11 we recognize it was a compromise and we accepted that
12 compromise. Now the President's budget is recommending
13 severe cuts in that particular program at a time when our
14 farmers just can't afford to accept those kinds of cuts. My
15 first question is, do you think the Senate will accept the
16 President's recommendation in relation to the severe cutbacks
17 in the 1985 farm bill?

18 My second question is a technical question because
19 under the farm bill it provides that under the set-aside
20 proposal, part of the set-aside could then be planted in
21 nonsupported crops and nonbilled crops, and the concern that
22 my farmers in Idaho have is that that allows those farmers
23 who have never produced potatoes and beans and onions and on
24 and on and on will flood the market, kill our crop, kill the
25 productive base of those nonsupportive crops. Don't you

1 think that Congress is going to be able to address that issue
2 -- because it has complicated the whole process -- and
3 hopefully correct it?

4 SENATOR DOLE: Let me address the last one first,
5 because I agree with you, even though it would benefit my
6 state. We're a weak state, we're a price-supported state.
7 We don't have to plant all the acres now to receive the
8 benefits, and we're told in the new law that on that acreage
9 we're not using we could plant potatoes, dry edible beans,
10 whatever. But I'm not certain -- that isn't very fair. We
11 get our full benefit and then we go out and compete with
12 somebody who's not in the farm program. So from the
13 standpoint of fairness it ought to be changed. We hope to
14 change it this week.

15 There are five provisions in the '85 farm bill
16 that we hope to change, and I would say, not defensively
17 because it was a 13-pound bill with thousands of provisions,
18 it's like any bill that passes a legislative body that large,
19 you've got to go back and correct some things. We need to
20 correct the dairy program so that there's not a 50-cent cut
21 in price supports. We're going to do that by increasing the
22 assessment. There is a yield problem which is particularly
23 troublesome in the wheat and feed grains that we hope to
24 correct by using some commodities to pay for it so there's no
25 budgetary impact. We do need to correct the underplanning

1 provision you mentioned, and there are one or two other areas
2 that we need to address.

3 I must say there is some opposition to changing
4 the underplanning position. My view is it should be
5 discretionary as it has always been in the past. Or at least
6 we should say, well, these are the committed crops on those
7 acres so they are not competing with your potatoes. We've
8 heard from not only Idaho but we've heard from Maine and
9 we've heard from Michigan, where they raise a lot of dry
10 edible beans, so we know there's not equity in that provision
11 and we hope to change it.

12 Will we support the President's cuts? No. And I
13 think those of us from farm states are responsible, but we
14 also understand the need to maintain the farm community where
15 we can. Some cases it's not possible. We want to work with
16 the President. There may be some areas in the USDA budget
17 where we can make some savings but not in the income
18 protection area. And I think that is one concern that
19 farmers have with reference to the yields. While we froze
20 the target price, we in effect lowered it by changing the
21 yield formula. That's why we want to change that back.

22 GOVERNOR ALEXANDER: Last question from Governor
23 Sinner.

24 GOVERNOR SINNER: Senator, it seems obvious to me
25 that the exchange rate problem is going to continue because

1 it is more and more obvious that the countries are completely
2 capable of manipulating their evaluations of their
3 currencies. Is that clearly understood in Congress and is
4 there a will to find some automatic adjuster to this exchange
5 rate problem, because if we don't, we will continue to be
6 blown out of our world markets that we've lost.

7 SENATOR DOLE: The question, is there an
8 understanding of that? I would say this: I think there's
9 more of an understanding now than there was, say, a year ago,
10 and more, you know, as we come down to it.

11 I just happened to visit last night with the
12 Treasury secretary; we were going to New York in the same
13 airplane -- commercial -- and he mentioned that this is
14 something he really had to focus on and I agree with him.
15 Now whether we tie it to commodities or something else, I
16 don't know, but we have to have some regularity and some way
17 to rely on the exchange rate so that we know when we make
18 some bargain what it's going to be. So I think it's an area
19 that we need to focus on. We believe it's an area the Fed
20 needs to focus on. We've even gone so far with the help of
21 the governor to have a Kansas farmer now on the Fed, Wayne
22 Angel, who's a real life farmer, was sworn in as a member of
23 the Fed just two, three weeks ago. We hope he will make that
24 point time and time again at the Fed.

25 I appreciate very much the chance to visit with

1 the Governors' Association. We do and we will be working
2 with your Executive Committee. We hope to have meetings as
3 we did last year from time to time on a bipartisan basis,
4 with Democrat and Republican senators, not just the
5 leadership but others, where we can try to hammer out some
6 agreements because if you are not supportive of what we do,
7 it makes it very, very difficult. We're going to work with
8 you and we hope if you have any problems, you'll let us
9 know. Thank you very much.

10 GOVERNOR ALEXANDER: Senator Dole, thank you.
11 Bob, Let me say to you on behalf of all of us, we know how
12 busy you are and how many people try to get to you. You've
13 had an open door to us and we would like to continue that.
14 John Carlin's going to continue to represent our views on the
15 budget, Dick Lamm on tax reform. We're going to accept the
16 President's invitation to get busy with his thoughts about
17 welfare reform this year, and we have some very strong
18 opinions about that. Mike Castle, Governor Castle, will be
19 our lead governor on that and Governor Sununu is going to
20 work with several who want to continue to work on taking the
21 strings off block grants. So we thank you for that openness
22 and thank you for coming.

23 We will now resume our schedule of considering
24 policies. We have several more to do in a short period of
25 time. Governor Earl, chairman of the Committee on Energy and

1 Environment.

2 GOVERNOR EARL: Mr. Chairman, the Committee on
3 Energy and Environment approved nine policy positions, the
4 most significant of which was one relating to groundwater
5 protection. I move adoption of the policy positions en banc.

6 GOVERNOR ALEXANDER: Is there a second? You have
7 it before you. Is there any discussion? All in favor please
8 say aye.

9 (Chorus of ayes.)

10 GOVERNOR ALEXANDER: Any noes? The ayes have it.
11 Governor Castle, chairman of the Committee on
12 Human Resources.

13 GOVERNOR CASTLE: Thank, Mr. Chairman. The Human
14 Resources Committee was active in considering a number of
15 things, particularly a focus on the needs of children.
16 Before I get into that, there is something I would like to
17 announce. You all received -- I don't know if you received
18 it here at this conference but you received in your offices
19 something entitled "The Robert Wood Johnson Foundation."
20 It's a program for the chronically mentally ill. I hope you
21 will take a look at it. Some of you will be able to take
22 advantage of it. Some of you will not be able to, such as
23 Delaware, because it pertains to some of our biggest cities.
24 But basically it is a major new initiative cosponsored by the
25 Robert Wood Johnson Foundation and the NGA aimed at forging a

1 solution to the tragedy of the chronically mentally ill
2 homeless, and Robert Wood Johnson and the Department of
3 Housing and Urban Development have created a public-private
4 partnership to help large cities develop a coordinated
5 package of help, social services and housing to assist the
6 mentally ill homeless, and the Foundation and HUD -- and this
7 is important -- are making \$100 million available to eight of
8 the nation's 60 largest cities for grants, low interest loans
9 and rent subsidies, and the cities will compete for these
10 funds. Plans will have to be submitted, and you should give
11 careful consideration to all this in the brochure. And if
12 you think I have any conflict of interest, I do not, because
13 no city in Delaware is big enough to qualify for this
14 particular program program, and I wish you well in your
15 competition for that.

16 We, as the other committees, adopted certain
17 policy changes yesterday. They are in a pale green set of
18 papers which you have before you, and one pertains to the
19 Medicaid law and some preventive prenatal programs and other
20 matters of great concern to the poor, to poor women and to
21 others to give them an equal opportunity in life. Another is
22 a children's policy which calls for a sustained national
23 commitment to an investment in our children through good
24 policies in that area. And the third is a policy which urges
25 continued federal funding of an employment and training

1 program for welfare recipients with of course the appropriate
2 flexibility the states would like to have.

3 On the first of these, Governor Riley has worked
4 extremely hard on this policy for some time arising from his
5 natural interests and his interests in infant mortality in
6 South Carolina, and did an outstanding job of shepherding
7 this through the committee with some of the concerns that
8 were there. I at this time, Mr. Chairman, will move these
9 policies as a block and encourage their adoption, but I would
10 hope that after the second takes place, that Governor Riley
11 would have an opportunity to speak to his policy position
12 which he worked so hard on.

13 GOVERNOR ALEXANDER: Is there a second?

14 Governor Riley.

15 GOVERNOR RILEY: Mr. Chairman, and I thank you,
16 and Governor Castle, the policy position on amending the
17 policy on Medicaid here gives the state several additional
18 options to extend Medicaid coverage to poor pregnant women,
19 poor infants and poor children with incomes above the AFDC
20 eligibility standard. The proposed amendment which has been
21 approved is a great statement, I think, for governors to
22 make. It came out of our infant mortality task force study
23 in the south. It allows states and the federal government to
24 spend less to fund health care for these targeted groups. It
25 is pro-family. It's preventive. It's cost effective. It's

1 fiscally conservative. It's humane common sense. I feel
2 it's pro-work incentive. It helps really to balance the
3 federal budget over the even short run. It is consistent
4 with our opposition to a cap. And I want to thank Governor
5 Alexander for expressing that position when we were at the
6 White House yesterday.

7 The cap on Medicaid is a decisionless approach.
8 We cannot let Gramm-Rudman-Hollings constrain our capacity to
9 think and to innovate, to try to find better ways to do
10 things. We must not stop being governors who are trying to
11 improve people's lives and do it in a more cost effective
12 way. I'm very pleased that we are making this statement
13 today. It gives us more flexibility, more options, better
14 targeting opportunities. Thank you very much.

15 GOVERNOR ALEXANDER: Can we move to a vote? Thank
16 you, Governor Riley. All in favor say aye.

17 (Chorus of ayes.)

18 GOVERNOR ALEXANDER: Any opposed? Ayes have it.

19 Governor Sununu, chairman of the Committee on
20 International Trade and Foreign Relations.

21 GOVERNOR SUNUNU: Mr. Chairman, we have one policy
22 change for adoption by the body. It is a policy on tourism.
23 The current policy focuses on promoting tourism into the
24 United States from outside of the country by foreign
25 visitors. It was recommended and adopted that we also

1 encourage our own citizens to tour within the United States.
2 There's also one minor amendment designed to support regional
3 cooperation. I move the adoption of the amendment. It is
4 policy H.-6. I think you have a copy of it before you.

5 GOVERNOR ALEXANDER: Is there a second? You have
6 it before you, and we move to a vote. All in favor please
7 say aye.

8 (Chorus of ayes.)

9 GOVERNOR ALEXANDER: Any opposed? The ayes have
10 it. Governor Orr, chairman of the Committee on
11 Transportation. I'd like to direct the attention of the
12 group to Governor Orr and ask for those in the back to please
13 be quiet.

14 GOVERNOR ORR: Thank you, Mr. Chairman. First,
15 may I seek your approval to separate the two issues that are
16 contained in F.-2, one of them having to do with finance, the
17 other having to do with a regulatory matter on signs.

18 GOVERNOR ALEXANDER: So done.

19 GOVERNOR ORR: Let me therefore move first to the
20 part that relates to the regulatory function and dispose of
21 that. At the last meeting, Governor Janklow of South Dakota
22 and Governor O'Neill of Connecticut suggested that designated
23 parking spaces reserved for the disabled -- we have many laws
24 and ordinances that make for those provisions but they are
25 not all the same. This policy affirms the governors' belief

1 that vehicles bearing international symbols of access be
2 issued by the authorized agency in the state of registration
3 and should be accorded all special parking privileges
4 afforded a handicapped person without regard to the state of
5 residence of the handicapped person utilizing such
6 privilege. Answering this challenge is something that states
7 under our leadership should be able to handle very easily and
8 the committee unanimously recommends adoption of this
9 policy.

10 GOVERNOR ALEXANDER: Is there any discussion? All
11 in favor please say aye.

12 (Chorus of ayes.)

13 GOVERNOR ALEXANDER: It carries. Second part,
14 Governor Orr? I would like to direct the governors'
15 attention to this. This is an important issue.

16 GOVERNOR ORR: Thank you, Mr. Chairman. This is
17 important. We talk a great deal about federalism and about
18 the opportunity for us to operate on the basis of having
19 control of our programs and in particular, having both the
20 funding as well as the opportunity to manage and operate
21 those programs. What our committee yesterday acted upon is
22 very much in that domain because we have here a change in our
23 policy which calls for the turnback of the 9 cents now
24 collected by the federal government which goes to the highway
25 trust fund which is then sent back to us in sometimes

1 complicated formulas, but which under many circumstances
2 during the last several years for one reason or another has
3 been seriously delayed in getting to us.

4 You will all remember the battle that we engaged
5 in on the interstate cost estimate and it took us some two
6 years to get the full measure of monies coming to us. There
7 are examples that I don't need to bring to your attention
8 where this has happened, that has happened. But in any
9 event, what it has meant is that we've had great difficulty
10 in planning our programs and then in carrying out those plans
11 because obviously highways are long range and must be planned
12 well ahead, and it takes a long time to build a road and
13 indeed, even maintenance and the reconstruction of bridges is
14 sometimes delayed as a result of the nonaction that sometimes
15 takes place in Congress.

16 Let me put a bit of history behind this proposal.
17 When, prior to the advent of the interstate program, states
18 raised almost all of the money to put together our network of
19 highways and those that were connected one state to another.
20 Only very limited amounts of federal money went to the states
21 to do anything, in some instances where in the far west I
22 believe there was more federal assistance, for obvious
23 reasons, than in the rest of the country. But beginning with
24 the interstate program in 1957, there was a federal tax put
25 in place, concept being to build this new system, and it was

1 added to a year or so after the first penny went into place,
2 and again in 1982 we all participated in the addition of 5
3 cents in the Service Transportation Assistance Act of 1982,
4 one penny of that 5 cents at that time being devoted to mass
5 transit. First time that this had been something which was
6 handled by a user tax. Most of the states have user taxes of
7 one kind or another in place, funding that portion of the
8 highway programs where there is a share of responsibility.

9 I think I should add that after the initial effort
10 to get the interstate program under way, some of those
11 federal funds now go to all manner of things, even county
12 bridges as an example, when there is a request for those
13 funds to be employed in that way by the states.

14 It is my considered judgment that with those
15 monies that come to us from the 9-cent federal tax also comes
16 a huge amount of baggage in the form of regulations of one
17 kind or another which cause us to take as much as two years
18 or more additional in any highway construction project. Also
19 there have been a number of sanctions that were brought
20 forth. Governor Janklow mentioned those this morning and I
21 would only correct his comment that there are 11 of these in
22 the highway program to say that there are actually 13, my
23 count. Whatever it is, it seems to me unfortunate that that
24 kind of baggage is contained.

25 Yes, there is a program of a block grant that is

1 being considered by the administration. It has been
2 introduced and is in Congress being heard at this time. But
3 the \$3.3 billion which would come to us as a block grant that
4 we could do with as we wish still carries that baggage of
5 rule and regulation of potential sanction that limits our
6 ability to be able to do as we might wish. It is timely that
7 we now act, as I hope that we will act this morning. The
8 highway construction program that is the interstate program
9 is drawing to a conclusion. Many states have all but
10 completed that program and within the next five years at
11 least, that will be finished.

12 Also this is the year where Congress reauthorizes
13 the highway programs that are contained within the 9-cent
14 proposal. It is my opinion that therefore, if we could make
15 the change at this stage of the game, inasmuch as present law
16 continues the collection through the fiscal year 1988, we
17 would be able to make sure that we could finish the
18 interstate program. There is diesel tax and some permit
19 fees, things of that kind, that could continue to fund the
20 completion of the interstate program and a few other federal
21 programs that would have to continue such as safety and
22 things of that nature. But that the rest of it could very
23 promptly come to us as an opportunity for our legislatures to
24 pick up that 9 cents.

25 Indeed, I understand that there are some states

1 that have a conditional piece of legislation in place
2 already, an act in place I should say, where it says that
3 automatically we in this state will pick up the 9 cents when
4 the federal government drops it or any portion thereof.

5 It is an opportunity for us to put federalism up
6 front and by action and not just by rhetoric, make the point
7 that the Governors' Association believes that it can operate
8 our highway programs once again.

9 Now that the interstate program is completed, it
10 seems the appropriate time to bring this matter before you.
11 The committee voted yesterday responsibly on this, and I
12 would hope that this body would see fit to support this
13 program so that we can move ahead on a federalism program
14 with great strength and purpose.

15 GOVERNOR ALEXANDER: Thank you. Is there a
16 second? There is a second.

17 Let me ask the governors' indulgence on this.
18 This is an important proposal. It has been fully debated by
19 the Transportation Committee where there was a split vote; it
20 has been discussed at most of our meetings and you've had the
21 information before you. Governor O'Neill, who is the
22 vice-chairman, I will call on next, and he will, just as
23 Governor Orr has summarized eloquently the reasons in support
24 of the idea, Governor O'Neill will summarize the reasons
25 against it. I would like to ask the governors to consider

1 whether it will be necessary for everyone to make a speech
2 about the roads in their state or whether it will be possible
3 for us to listen to both sides, have only the most urgent
4 speeches, and then vote, and then the press from your state
5 will be willing to hear your position at a later time.
6 Otherwise plane schedules will be missed. I'm not going to
7 restrict people who just feel the need to express themselves,
8 but this would be an orderly way to go about it.

9 I would remind you that it takes two-thirds of
10 those present and voting to change a policy of the National
11 Governors' Association. So I will now call on Governor
12 O'Neill and then I will see who feels an urgent need to add
13 points to either side.

14 GOVERNOR O'NEILL: Mr. Chairman, let me tell you
15 about the roads in Connecticut. I shan't do that.

16 We had a good open debate yesterday in the
17 Committee on Transportation, and it's very seldom that the
18 chairman and I disagree on a particular issue but I do have
19 to take exception today. I'm concerned as a governor, I'm
20 concerned about a federal policy on transportation or a lack
21 thereof, if you will, because I really believe that if we
22 take this money back and try to bring it to our own
23 legislatures and try to enact it into law to get the same 9
24 cents we're now getting from the money going to Washington
25 and coming back to us, I think it's going to be a lack of

1 support on the federal level. And I am for federalism as you
2 are here in this room today, but there is a place for the
3 federal government. And indeed, governor of the great state
4 of Pennsylvania back in 1916, Governor Pinchot, at that time
5 said let's get the farmer out of the mud, and that's where it
6 all began. That's where the first policy began as far as
7 building roads in the United States of America. And it's
8 been going on ever since. And prior to that, the towns built
9 to the town line and the county built to the county line and
10 eventually the state to the state line.

11 Well, I think we're past that in the United
12 States. I think there's got to be an overall policy, and I
13 really believe if this 9 cents becomes ours to enact at a
14 local basis back home, suddenly that national policy, what
15 little there is of it, will totally disappear.

16 I'm also concerned, and there's an East Coast
17 governor on rapid transit and mass transit which is part of
18 the overall federal program, and I believe it should be
19 because it's all part of a national policy. I think we as
20 governors would be making a mistake here today to recommend
21 to Congress turning this back to us so we can act
22 individually. Because we may not -- we're not going to
23 always be the individual governors, and I think it would be a
24 mistake for the 48 contiguous states particularly to go their
25 own way. I think there's a need for the federal government's

1 involvement in this kind of a situation and therefore I think
2 we leave well enough alone. It works. We pay 9 cents in, we
3 get 9 cents back, and there is federal involvement. Thank
4 you, Mr. Chairman.

5 GOVERNOR ALEXANDER: Thank you, Governor O'Neill.
6 Governor Thompson feels the need to be heard and I will then
7 call on Governor Carlin and then we'll see what other
8 necessary speeches are needed. Governor Thompson.

9 GOVERNOR THOMPSON: One, I don't want to talk
10 about the roads in Illinois. The roads are great and we're
11 putting a lot of our own state Illinois money back into it.
12 Number two, it grieves me more than anything else in my 10
13 years with this Association to have to disassociate myself
14 from both my neighbor and my chairman of the Transportation
15 Committee, but I think his proposal is too radical, at the
16 wrong time, for the real world.

17 Governor O'Neill is quite right. Adoption of this
18 proposal will leave those states with mass transit concerns
19 without an anchor. Now it may well be that in an abstract
20 world, the federal government should not be paying for mass
21 transit which is a local regional piece of infrastructure as
22 opposed to interstate highways. But we've got to have a
23 decent transportation from one period to the next. This
24 takes away the guaranteed penny and threatens the stability
25 of the mass transit systems in all of our states which rely

1 upon them as a balanced component of their systems.

2 Number two, I think we run a grave risk of
3 sending a message to Congress that we in the states are
4 capable of enacting a 9 cents gasoline tax increase and the
5 answer we get back is we'll keep our 9 cents. If you want
6 increases, you go do them in your own legislature and I have
7 a grave fear even if they turn back the money, they wouldn't
8 let go of their fearsome regulations. We ought to go after
9 the regulations and the red tape rather than the money, in
10 the real world. I think we're too late in the congressional
11 process to do this. I think we ought to put the whole matter
12 over until the summer meeting.

13 GOVERNOR ALEXANDER: Governor Carlin.

14 GOVERNOR CARLIN: Mr. Chairman, I am pleased to
15 join Governor Orr in strong support of this resolution.
16 Quite frankly, I think the time is right for bold leadership
17 and bold ideas and particularly given the situation where
18 reauthorization is now. Waiting until the summer is simply
19 stalling and missing the opportunity to participate in the
20 debate and succeed. Now is the time.

21 I think we've talked a lot about federalism and
22 sorting out. This is a very logical, appropriate move and I
23 certainly strongly support Governor Orr. I compliment him
24 for his strong leadership in bringing this innovative idea,
25 and with your support we can move to the Hill and be

1 successful.

2 GOVERNOR ALEXANDER: May I ask the consent of the
3 group that we move to a vote? We've had two excellent
4 speeches on both sides of a thoroughly discussed issue over
5 the last three days.

6 Governor Evans would still like to speak.

7 GOVERNOR EVANS: Yes, Mr. Chairman. I want to
8 talk about roads in the west because we have huge areas out
9 there, huge states with little resources available to us.
10 There's a number of reasons why we should not pass this kind
11 of radical legislation this time and I support Governor
12 O'Neill and Governor Thompson in their efforts to oppose it
13 here today. A number of our legislatures are now considering
14 gasoline tax increases and obviously this would send a mixed
15 signal to those legislatures and it's critically important
16 that we don't do that.

17 A number of states have constitutional or
18 statutory limitations on being able to increase the taxes
19 this much, so some states may be eliminated from increasing
20 and accepting the 9 cents, and whether my own legislature
21 would accept the 9 cents is seriously doubtful. Our western
22 leaders in the departments of transportation, their
23 association studied it very carefully, came out and solidly,
24 unanimously opposes this move in a radical direction. We
25 need to reauthorize our highway legislation and transit

1 legislation and not get this into that kind of circumstance.

2 Lastly, in our western states, seven of the nine
3 states that would not have sufficient revenues to continue
4 the programs would be left in the lurch even though there's a
5 whole harmless clause in the proposal here. As we see the
6 reductions in the budget for transportation, it would mean
7 that we would be severely hurt by the legislation. So I'm
8 calling upon this session to oppose this legislation. Let's
9 study it carefully, make sure it's properly formulated. It's
10 a little too radical at this time. Thank you very much.

11 GOVERNOR ALEXANDER: Thank you. Governor Martin,
12 and then I'll entertain a call for the question unless
13 there's a serious objection.

14 GOVERNOR MARTIN: Thank you, Mr. Chairman. I will
15 support the resolution offered by Governor Orr. In North
16 Carolina it's a very simple proposition: We don't get back
17 what we pay into the federal gasoline tax. It might be hard
18 to imagine, but North Carolina, with one of the lowest -- I
19 believe the sixth lowest per capita income, is a donor state.
20 We are subsidizing the rest of you richer states when it
21 comes to highway fund monies. We put in 9 cents, we get back
22 6 cents. So I say vote for Orr, or else.

23 GOVERNOR ALEXANDER: Call for the question. We'll
24 now move to a vote on Governor or Orr's motion. We've had
25 three eloquent statements on each side of it including his

1 own. It will take a vote of two-thirds to change the policy
2 of the National Governors' Association and I will ask for the
3 vote to be taken by raising of the hands, and I'll ask the
4 staff to then count.

5 GOVERNOR EVANS: Mr. Chairman, may I ask for a
6 roll call vote?

7 GOVERNOR ALEXANDER: It will take the votes of 10
8 governors as required under the rules, Governor Evans. So if
9 you want to round up 10 governors. We'll raise our hands
10 good so everyone can see our votes if that would be
11 suitable. Otherwise you'd have to get nine other governors
12 to agree.

13 GOVERNOR EVANS: Do I have 10 governors to agree
14 on a roll call vote? Raise their hands.

15 (Counting of hands.)

16 GOVERNOR ALEXANDER: So we will have a roll call
17 vote on the issue. An "aye" is in favor of Governor Orr's
18 motion, a "nay" is against.

19 MR. MARTIN: Governor Thornburgh?

20 GOVERNOR THORNBURGH: No.

21 MR. MARTIN: Governor Dukakis?

22 GOVERNOR DUKAKIS: No.

23 MR. MARTIN: Governor Riley?

24 GOVERNOR RILEY: Aye.

25 MR. MARTIN: Governor Baliles?

1 GOVERNOR BALILES: Aye.
2 MR. MARTIN: Governor Martin?
3 GOVERNOR MARTIN: Yes.
4 MR. MARTIN: Governor Kunin?
5 GOVERNOR KUNIN: No.
6 MR. MARTIN: Governor Ashcroft? Governor
7 Blanchard?
8 GOVERNOR BLANCHARD: No.
9 MR. MARTIN: Governor Earl?
10 GOVERNOR EARL: Aye.
11 MR. MARTIN: Governor Carlin?
12 GOVERNOR CARLIN: Aye.
13 MR. MARTIN: Governor Lamm?
14 GOVERNOR LAMM: No.
15 MR. MARTIN: Governor Janklow?
16 GOVERNOR JANKLOW: No.
17 MR. MARTIN: Governor Nigh? Governor Babbitt?
18 Governor Tenario?
19 GOVERNOR TENARIO: No.
20 MR. MARTIN: Governor Lutali?
21 GOVERNOR LUTALI: No.
22 MR. MARTIN: Governor Bordallo?
23 GOVERNOR BORDALLO: No.
24 MR. MARTIN: Governor Anaya?
25 GOVERNOR ANAYA: No.

1 MR. MARTIN: Governor Bangerter?
2 GOVERNOR WHITE: White's no.
3 MR. MARTIN: Governor Bangerter? Governor Evans?
4 GOVERNOR EVANS: No.
5 MR. MARTIN: Governor Schwinden? Governor Sinner?
6 GOVERNOR SINNER: No.
7 MR. MARTIN: Governor Moore?
8 GOVERNOR MOORE: Aye.
9 MR. MARTIN: Governor Atiyeh?
10 GOVERNOR ATIYEH: No.
11 MR. MARTIN: Governor Branstad?
12 GOVERNOR BRANSTAD: Aye.
13 MR. MARTIN: Governor Graham?
14 GOVERNOR GRAHAM: Aye.
15 MR. MARTIN: Governor Brennan? Governor Thompson?
16 GOVERNOR THOMPSON: No.
17 MR. MARTIN: Governor Orr?
18 GOVERNOR ORR: Aye.
19 MR. MARTIN: Governor Celeste?
20 GOVERNOR CELESTE: Yes.
21 MR. MARTIN: Governor Collins?
22 GOVERNOR COLLINS: No.
23 MR. MARTIN: Governor DiPrete.
24 GOVERNOR DI PRETE: Aye.
25 MR. MARTIN: Governor Sununu?

1 GOVERNOR SUNUNU: Yes.

2 MR. MARTIN: Governor Hughes? Governor O'Neill?

3 GOVERNOR O'NEILL: No.

4 MR. MARTIN: Governor Kean?

5 GOVERNOR KEAN: Aye.

6 MR. MARTIN: Governor Castle?

7 GOVERNOR CASTLE: Yes.

8 MR. MARTIN: Mr. Chairman?

9 GOVERNOR ALEXANDER: Aye.

10 MR. MARTIN: The vote is 15 ayes and 17 noes. The

11 amendment fails.

12 GOVERNOR ALEXANDER: Governor Orr's amendment

13 fails and the policy of the National Governors' Association

14 stays the same. I want to thank Governor Orr, Governor

15 O'Neill and the others on the committee and the others who

16 spoke. It's a bold presentation, fully debated, and I'm sure

17 will attract the attention of a great many policymakers in

18 Washington for its consideration. We have a few --

19 GOVERNOR ORR: Mr. Chairman, there's another

20 policy statement that I need to --

21 GOVERNOR ALEXANDER: Would you like to move it in

22 block? We'll be glad to adopt it.

23 GOVERNOR ORR: What it is is the efforts that have

24 been made by Governor Branstad and Warren Dunham, his --

25 director of the Department of Transportation, to bring about

1 uniformity in the way by which we obtain -- we tax and
2 regulate interstate motor carriers.

3 GOVERNOR ALEXANDER: There's no controversy to
4 that, is there?

5 GOVERNOR ORR: I think there is no controversy to
6 this. It is a means by which we can make things greatly
7 easier for the motor carrier business, provide them with an
8 opportunity for deregulation or lower cost of operation and
9 therefore for better deals for the consumer.

10 GOVERNOR ALEXANDER: Is there a second? All in
11 favor please say aye.

12 (Chorus of ayes.)

13 GOVERNOR ALEXANDER: Any opposed?

14 GOVERNOR KEAN: No.

15 GOVERNOR ALEXANDER: Excuse me, Governor Kean,
16 should I --

17 GOVERNOR KEAN: We've got some litigation on
18 this. I don't oppose it in principle but we've got some
19 litigation, so I can be recorded in opposition.

20 GOVERNOR ALEXANDER: Anyone else who wishes to say
21 something on that? I would like to ask the governors to give
22 us about four more minutes of attention and then we'll
23 conclude nearly on time. Governor Riley.

24 GOVERNOR RILEY: Mr. Chairman, I want to say a
25 word about our next meeting. A poet described South Carolina

1 as a place beneath so kind a sky. I think that's an accurate
2 description. The people at Hilton Head are playing golf this
3 afternoon in shirtsleeves and I want to say that we look
4 forward so much to having the governors be with us August 24
5 through 26 at Hilton Head. We had distributed the book
6 "Images," which is about the island and some of the beautiful
7 scenes that you will see there. Kentucky and I want to
8 personally again invite and welcome everyone here to come to
9 South Carolina in August. We're very proud -- all the people
10 in South Carolina are proud to be having the conference
11 there. You will have a grand time in addition, I am sure, to
12 reaching some sound decisions beneath so kind a sky. Thank
13 you.

14 GOVERNOR ALEXANDER: Thank you, Governor Riley.
15 We look forward to coming to South Carolina. We have two
16 other comments by governors and then we will conclude. Let
17 me express my appreciation to the governors for their
18 courtesy to each other that has permitted us to move in an
19 orderly fashion all during this conference. This conference
20 has signalled I think a significant shift in the way the
21 governors look at their own jobs and in the way the country
22 looks at governors and a trend that will continue to
23 establish itself. We'll continue to be interested in the
24 issues in Washington that affect us and affect our people.
25 But at the same time we will continue to be even more

1 interested in our job as chief executives and will seek to do
2 a better job in that respect.

3 My thanks especially to the education commission
4 task force chairman who worked so hard. We look forward to
5 their report in August. My thanks to the NGA staff for its
6 work, especially on the federalism report from which the Orr
7 resolution emerged. We'll be hearing more from that report.
8 Governor Martin.

9 GOVERNOR MARTIN: Thank you, Mr. Chairman. North
10 Carolina has accepted the challenge from all the rest of
11 you-all to play basketball in the NCAA tournament, so now I
12 want to extend a challenge to you to come to North Carolina
13 and play golf in the Bing Crosby Celebrity Golf Tournament
14 which will be conducted in the North Carolina Bermuda Run
15 Golf Course June 6, 7 and 8. That's a Friday, Saturday and
16 Sunday; three days, 54 holes, a golf tournament which of
17 course has been very famous for raising money for charity.

18 This year the Crosby will feature competition
19 among the 50 states with two-member celebrity teams,
20 including yourselves, men and women playing at your own
21 handicap for one million dollars in prize money for the
22 charity of your choice. Not for you, not for your political
23 campaign, but for the charity of your choice. Every team
24 will win at least \$5000 for that selected charity. The first
25 prize will be \$500,000, again, not for you but for the

1 charity selected by you. You will be the team captain
2 whether you play golf or not, but we would hope that you
3 would be able to play all three days. If not, you can play
4 any two days or any one day with another celebrity, and a
5 bona fide celebrity being your designated hitter to
6 substitute for you. We'll negotiate that if you'll get in
7 touch with me and my office. But again, your state will have
8 two players playing at a time; a partner and if necessary a
9 substitute who would be celebrities approved by the Crosby
10 officials. But I would hope that the governors, as many of
11 you as possible, will choose to play so that we can have this
12 offer renewed at subsequent Crosby tournaments. Look forward
13 to seeing you there at the clambake.

14 GOVERNOR ALEXANDER: Thank you, Governor Martin.
15 The Executive Committee of the National Governors'
16 Association will meet in the spring; the task force will meet
17 between now and July. I ask the governors all to fully
18 participate in that. Thank you for your attendance. The
19 meeting is adjourned.

20 (Whereupon, at 12:20 p.m., the meeting was
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