

# TRANSCRIPT OF PROCEEDINGS

NATIONAL GOVERNORS' ASSOCIATION

**ORIGINAL**

1992 WINTER MEETING

PLENARY SESSION

Washington, D. C.

Tuesday, February 4, 1992

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PLENARY SESSION

J. W. Marriott Hotel

Grand Ballroom

Fourteenth Street and  
Pennsylvania Avenue, N.W.

Washington, D. C.

Tuesday, February 4, 1992

9:40 a.m.

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P R O C E E D I N G S

(9:40 a.m.)

GOVERNOR ASHCROFT: (Presiding) May I ask that the governors please take their seats and we will begin the session this morning.

Good morning. I now call the plenary session to order.

Ladies and gentlemen, governors, families of governors, it's nice to see you here. It's a pleasure to welcome you to the plenary session of the 1992 winter meeting of the National Governors Association.

At this time I would like to welcome new governors to their first NGA meeting.

Is Governor Jones here, of Kentucky?

He had to leave.

Governor Fordice is here from Mississippi. It's a pleasure to see you. Welcome. I hope you find the NGA and the relationships with your fellow governors to be rewarding not only to you personally but to your State.

I now call this meeting to order. May I have a motion that the rules of procedures be adopted?

GOVERNOR BRANSTAD: So moved.

GOVERNOR ASHCROFT: It has been moved that the rules of procedures be adopted. Is there a second?

VOICE: Second.

1 GOVERNOR ASHCROFT: All in favor say "aye".

2 (Chorus of ayes.)

3 GOVERNOR ASHCROFT: Opposed?

4 (No response.)

5 GOVERNOR ASHCROFT: The ayes have it. The rules  
6 of procedure are adopted.

7 This year governors are exercising leadership  
8 through concrete actions that will move our Nation closer to  
9 achieving the national education goals. Action teams on  
10 school readiness, school years and lifelong learning met  
11 Sunday. Governors were joined by corporate executives,  
12 policy experts, and educators from various points of the  
13 system.

14 In each action team, the comments of the private  
15 sector leaders were incisive and helpful, drawing upon their  
16 experiences as managers of complex organizations. These  
17 corporate leaders talked about implementing systems oriented  
18 toward performance.

19 The educators who participated were very  
20 progressive in their call for high standards and performance  
21 assessments that truly gauge achievement levels.

22 The school readiness team is pushing states to  
23 broaden children's services and collaborating with the  
24 schools, together with social services, health and mental  
25 health to include parents, business executives and civic

1 leaders.

2 The school years action team discussed the  
3 importance of systemic change, emphasizing standards and  
4 assessment. The group is recommending that the action team  
5 agenda team from Sunday be replicated in each of our states,  
6 and I think that's a good idea, bringing business leaders  
7 together with educators to learn how to better improve our  
8 delivery of education services to the young people of our  
9 states.

10 The lifelong learning action team is working on  
11 linking education and training with the changes in the work  
12 place. They want to stimulate private sector training  
13 initiatives, eliminate federal barriers to coordination of  
14 programs, and develop skills standards.

15 The group is developing a tool kit for states to  
16 assist in the development of a competitive, highly skilled  
17 work force.

18 I want to thank Governor Voinovich, Governor  
19 Thompson and Governor Sullivan, all of whom have chaired  
20 these task forces, and their co-chairs. Governor King,  
21 and -- let's see, I've probably lost some of the co-chairs.  
22 Governor Bayh, with the school years and Governor  
23 Symington -- Governor Bayh with the lifelong learning and  
24 Governor Symington on the school year.

25 The leadership team, consisting of the chairman

1 and vice chairman of action teams and our corporate  
2 colleagues, will be working with governors between now and  
3 the annual meeting in August to develop better ways to share  
4 our best practices and most talented innovators.

5 We are examining the business practice of bench  
6 marking for its usefulness in identifying high performance  
7 schools within each district and state throughout the world  
8 -- pardon me, in our districts and states, and we, of  
9 course, want to be able to match world standards.

10 I appreciate the work of each governor in this  
11 endeavor and look forward to working together and redefining  
12 the paths to achieving our national education goals.

13 Today we are fortunate to have with us an old  
14 friend and colleague, Governor Lamar Alexander.

15 Governor Alexander brings a background that's  
16 rich in both governance and education. As chairman of the  
17 National Governors Association, he led the governors' effort  
18 that produced a landmark report called, "Time for Results".

19 This effort has been sustained by the National  
20 Governors Association ever since, to the point where we can  
21 now discuss actual successes which have characterized our  
22 endeavors to improve education.

23 Please join me in welcoming to the podium Lamar  
24 Alexander, U.S. Secretary of Education.

25 Lamar?

1 (Applause.)

2 SECRETARY ALEXANDER: Thank you, Governor  
3 Ashcroft. Governor McWherter of my home state, thank you  
4 for inviting me. I know you have a busy schedule, and I  
5 know education is at the top of your agenda.

6 I'll get right to the point.

7 I would like to make one introduction, just for  
8 practical purposes. I would like to point out Lanny  
9 Griffith, who has been working at the White House, and whom  
10 the President has nominated to come work with me at the  
11 Department of Education.

12 Lanny's job is to make our work with you easier  
13 and more effective. I just wanted you to see his face, and  
14 to know Lanny. Thank you.

15 One of you said to me yesterday at the White  
16 House, we're here to talk about jobs. And I'm here to talk  
17 about jobs. Real jobs. Better jobs. More jobs. For the  
18 rest of this decade and on into the next century.

19 Because the President knows, and every governor  
20 here knows, that better schools mean more and better jobs.  
21 Tomorrow our most respected national testing organization  
22 will announce a 20-country survey of what our 9 and 13 year  
23 olds in this country and those other countries know about  
24 math and science.

25 I've read it front to back. There's no good news

1 in it for the United States of America, and there will be no  
2 excuses to make. There have been some international  
3 comparisons before that you could put to one side for this  
4 reason or that reason, but not in this case. At all.

5 So, what it will tell us is that this country,  
6 that has less than 5 percent of the world's population, more  
7 than 25 percent of the world's wealth, and spends more per  
8 student on education than any other country except  
9 Switzerland -- our America likes to be first in the world,  
10 and is dragging its heels and dragging the bottom in  
11 achievement scores.

12 Every governor knows what that means.

13 It means fewer jobs and worse jobs for ourselves,  
14 our children and our grandchildren.

15 Every governor knows what's happening.

16 The standards of the world are higher than they  
17 were. Our children are growing up differently than we did.  
18 Our schools are grossly out of date. They do not fit the  
19 way families are today, and we need to go back to school  
20 ourselves. Today's work force needs to go back to school.  
21 We all know that.

22 Every governor knows what to do about it.

23 And most governors are doing something about it.  
24 Since 1985 and '86, when this association committed itself  
25 in an extraordinary way to spend more time on education than

1 on anything else, the nation's governors, both Democratic  
2 governors and Republican governors, have been the principal  
3 agents for change in the American educational system.

4 Of course, there are a lot of other important  
5 players in this crusader movement. Among the educators like  
6 the National Council of Teachers of Mathematics, which came  
7 up with a world class mathematics standards.

8 Many business leaders, like the Business  
9 Roundtable, many CEOs committing ten years to this priority.

10 Many community leaders, like those in Las Cruces  
11 2000 or Fresno 2000 or San Antonio 2000 or Metro Richmond  
12 2000.

13 But the most important players have been and will  
14 be and are the governors, because your agenda is the agenda  
15 for radical change instead of business as usual.

16 And because you have a partnership with the  
17 President of the United States, and if you and the  
18 President -- if the Governors and the President set an  
19 agenda, and throw yourselves into it for as long as you are  
20 in office, you will wear everybody else out, and you will  
21 get your way.

22 And that is the single message that I would like  
23 to deliver today.

24 It is vitally important to this country that you  
25 continue to do that. That is why I'm glad that Governor

1 Ashcroft and others of you this year continued with the  
2 focus on education.

3 I'm not going to spend my time with you today  
4 telling you about our position in the world in terms of  
5 student achievement. Handling it is not leadership.

6 This is a nation that likes to be first. A  
7 nation that grew up reading The Little Engine that Could.  
8 The last time I read the story, which was a long time ago,  
9 as I remember, the engine didn't pull over to the side rail  
10 and contemplate all the problems or complain about the size  
11 of the mountain. He just got on over it.

12 So, I would like to talk very briefly and very  
13 specifically about what the Governors and the President are  
14 doing together to produce radical change in the American  
15 educational system so that we can move ourselves more  
16 rapidly, community by community to the six national  
17 education goals that you and the President together adopted.

18 Doing is the problem.

19 I imagine the next speaker will talk about that a  
20 little more. The biggest obstacle we have still is that too  
21 many people say that the nation is at risk, but I'm okay.  
22 They don't believe that we have a problem in their hometown,  
23 their school, their family.

24 Before I mention the things that we are doing  
25 together, I want to say a word about money.

1           We support money for education. The President  
2 thinks of it as an investment, not as spending. I raised  
3 taxes with the help of Governor McWherter and other members  
4 of the legislature in Tennessee for education when I was  
5 governor.

6           Some educational needs cost more money. The  
7 President has proposed more money. Head Start spending will  
8 go up 127 percent over the President's four years, while the  
9 national budget has only gone up 25 percent during the same  
10 time.

11           There are more new dollars in the federal  
12 education budget this year than in any other department  
13 aside from entitlement spending. There are \$2 billion  
14 federal dollars for math and science. That's the largest  
15 increase ever for Pell grants and loans.

16           I didn't know until I became Secretary of  
17 Education that one out of two American college students has  
18 a federal grant or loan to help pay for college.

19           There are \$63 billion of loans outstanding today  
20 backed by the federal government to help Americans go to  
21 college. There is a record increase in research and  
22 assessment -- half a billion for new American schools, half  
23 a million for a GI bill for children to go to elementary and  
24 secondary schools of their choice.

25           Federal spending is up 41 percent over the four

1 years, while in the states it's only up 25 percent.

2 So, money is important, but we all know money is  
3 not the problem.

4 The first year I was governor, in 1978, federal  
5 spending on elementary and secondary schools was  
6 \$93 billion. The last year I was governor, in 1986, the  
7 same year that many of you worked on "Time for Results",  
8 spending was \$161 billion. In 1993, this next year, all  
9 spending on elementary and secondary education will be \$257  
10 billion.

11 We are spending as much as anybody in the world  
12 per student except Switzerland, and most of our competitors,  
13 Japan, Germany and China, for example, are beating the socks  
14 off us.

15 The average person knows it, and they don't want  
16 more money in the same system. They want more money on your  
17 agenda, which is the agenda of change.

18 Working together with the President on the goals,  
19 I hope you will repeat them every speech you make: children  
20 ready to learn; 90 percent graduation rate; world class  
21 standards in math, science, English, history and geography.  
22 First in the world in math and science. Adults literate.  
23 Skilled work force. Drug-free, violence-free schools.

24 It takes 15 or 20 seconds to say them. And it's  
25 the direction America needs to go.

1                   And there are no better persons to say it than  
2 the persons who set the goals of the President and the  
3 Governors -- the Partnership.

4                   I want to thank Booth Gardner and John Ashcroft,  
5 with whom I have worked in the last year as presidents of  
6 your association for maintaining the tradition of courtesy  
7 and bipartisanship in terms of our work together between the  
8 Democratic and the Republican parties.

9                   The President has repeatedly said he wants  
10 education to stay outside of politics. He and Mrs. Bush  
11 have been to states to kick off 2000 activities, not just  
12 with Governors McKernan, Voinovich and Fordice, as Mrs. Bush  
13 is going next week with Governor Bayh, Governor Romer and  
14 Governor Schaefer. The goals panel.

15                   I want to compliment Governor Campbell and  
16 Governor Romer for their work this year, as well as the  
17 other members in the monumental achievement. We will talk  
18 about it more today I'm sure. To try to bring together an  
19 assessment of testing that will affect every single  
20 classroom in this country.

21                   And there are 110,000 schools. It has to do with  
22 world class standards. It has to do with a national  
23 examination system.

24                   In the process, the President agreed that there  
25 would be two more Democratic governors on that panel because

1 he thought it was important to maintain the balance of  
2 politics on the panel, and there are too few administration  
3 members.

4 We're glad to do that, if that keeps this  
5 bipartisanship in the partnership toward education.

6 Number four. World class standards. And the  
7 exams we were talking about. You should know that the  
8 Senate, because of the work with the governors, in the last  
9 year principally, unanimously passed a structure that will  
10 move ahead with the goals panel on world class standards,  
11 and the American achievement test.

12 Senator Bingaman did a lot of work on that. It  
13 has not yet passed the House. You may want to know that,  
14 and you may want to let the members of the House from your  
15 home towns and your home states know about that, too.

16 Next, the America 2000 communities. More than 31  
17 states have formally formed a 2000 effort. Most of the rest  
18 of you are working with us on that. A thousand communities  
19 are involved in America 2000 communities.

20 Governor Miller was here to kick off an effort to  
21 create 500 more, using the auspices of the National Chamber  
22 of Commerce, Governor Roberts, Governor Castle, Governor  
23 McKernan has a model program.

24 I think almost every state has become a main 2000  
25 state. What I'm saying is that has become a structure for

1 carrying out the goals you are working on with the  
2 President. That is very important.

3 I will be meeting with Governor Skinner and  
4 Governor Hickel before they go home about the same thing.

5 Flexibility. Many of you mentioned to the  
6 President flexibility yesterday. I didn't speak up because  
7 I thought it was your right to have the time yesterday.

8 But you need to know that we spend \$11 billion on  
9 elementary and secondary education, in the Department of  
10 Education and more than 80 programs.

11 I cannot grant you a waiver. The law does not  
12 permit it.

13 The Senate has passed a compromise of our  
14 proposal to permit me to designate 300 sites in six states  
15 where I could grant waivers if there's a good educational  
16 reason for it.

17 Six states is too few. Ann Richards has 100  
18 communities that she and Skip Mino want to free from state  
19 regulation. If they free those 100 Texas communities, and  
20 I've still trapped them, that doesn't do much good.

21 George Voinovich has a commission who can free  
22 every single Ohio community, if there's a good educational  
23 reason for that.

24 So I urge you to be aware of that. The House can  
25 change that, and the Senate and the House might want to know

1 your opinion.

2 Now the New American Schools. Judd Gregg talked  
3 about them in his state of the union address in Derry, New  
4 Hampshire. Opening schools all year, using the extra time  
5 for the Alan B. Shephard School of Math and Science, giving  
6 parents choices, including private schools. Inviting  
7 schools in the community to come in, too.

8 Others in New Hampshire are coming in. There are  
9 design teams from the New American Development Corporation  
10 that will be ready to help, and we hope there will be money  
11 from the federal government that could help in those schools  
12 this current year. You need to know about that progress.

13 Finally, the GI bill for kids. I hope you will  
14 notice this. It is a different proposal. It is federal  
15 support for a state Pell grant for middle and low income  
16 families to create a million \$1000 scholarships that these  
17 children can spend, at any school of their choice, public or  
18 private, so they have some of the same choices of schools  
19 that rich people have.

20 This is the same principle that we have applied  
21 for 50 years in America in our colleges and universities.  
22 It has helped to build the finest system of colleges and  
23 universities in the world.

24 It's poured a lot of federal money through  
25 families into institutions of their choice. And this is no

1 insignificant proposal. It would mean \$78 million for  
2 Philadelphia; \$27 million for San Antonio; for Memphis,  
3 \$44 million.

4 So I hope you will notice that. That is the  
5 agenda. The governors are the leaders. The President is  
6 your partner. World class standards in achievement tests,  
7 America 2000 communities, charter schools, New American  
8 Schools, more flexibility for teachers, more choice for  
9 moderate and low income families.

10 I believe we agree on almost all of those --  
11 almost all of us.

12 And my single message today is that you have the  
13 podium, you have the agenda. The country badly needs your  
14 leadership and partnership with the President.

15 And if you and the President throw all you can  
16 into it for us for as long as you are in office, you will  
17 wear everybody else out and the country will succeed.

18 (Applause.)

19 GOVERNOR ASHCROFT: Thank you very much, Lamar.  
20 We are grateful for you. Every time you come back you  
21 inspire us and you make it sound like it's so simple that  
22 even governors ought to be able to get it done.

23 (Laughter.)

24 GOVERNOR ASHCROFT: So, thank you. It's a  
25 pleasure now to introduce Dr. Yankelovich, who heads the

1 Public Agenda Foundation. The foundation has a leadership  
2 role in identifying the gap between education and the future  
3 work force needs of the nation.

4 The foundation is bridging this gap through the  
5 media, and community groups in cities such as Nashville,  
6 Hartford, Indianapolis, New Orleans, and Seattle.

7 We are privileged to have you with us this  
8 morning, Dr. Yankelovich. Please come and speak to us.  
9 Thank you.

10 (Applause.)

11 DR. YANKELOVICH: Thank you very much. I am  
12 pleased to be here. The 1992 presidential campaign is on  
13 everyone's mind, and to my own surprise, I find myself  
14 feeling rather upbeat about it.

15 I think it's going to be a better campaign than  
16 the last several in terms of moving the country forward on  
17 some important issues.

18 The reason for being upbeat is I think the  
19 awesome self-corrective powers of democracy at work. Every  
20 society in every era has problems at least as severe as  
21 those we now face. The main difference between systems such  
22 as communism and our democracy is this self-correcting  
23 factor, and it's exhilarating to begin to see that in  
24 action.

25 From my own vantage point as an interpreter of

1 public opinion, I would like to comment on how this process  
2 applies to three issues that are usually considered  
3 separately, but are now merging together in the public's  
4 mind because of the recession.

5 One of the three issues is the one you are most  
6 concerned with today -- the ability of the education system  
7 to meet world class standards, and meet the six goals you  
8 and the President have established.

9 The second is the threat to America's ability to  
10 compete successfully, and in tomorrow's global economy, the  
11 competitive issue is closely linked to the education issue.

12 The third is the ability of America's health care  
13 system to provide the public with high quality, affordable  
14 health care -- the health care issue.

15 None of these issues are new to leadership. All  
16 of them have been kicking around for at least a decade.  
17 Many of you, as well as leaders in the business, education  
18 and health communities have been in a state of alarm about  
19 all three issues. And mystified by the public's seeming  
20 lack of responsiveness.

21 At the leadership level, the education issue has  
22 probably made the most headlines of the three in terms of  
23 analyzing causes, offering policy options, setting goals and  
24 monitoring progress.

25 Among the electorate, however, none of this

1 issues has made very much headway over this last decade  
2 until this past year or so.

3 The lack of progress of them has been nothing  
4 short of dismaying given the immense importance of all three  
5 to America's future standard of living and quality of life.

6 All three issues in the public mind have been  
7 dominated by wishful thinking. The public has resisted  
8 confronting them realistically, and has been psychologically  
9 unprepared to confront the real cost trade-offs and  
10 sacrifices that each one involves.

11 As you governors know better than anyone else,  
12 with no strong public understanding and support, it's very  
13 difficult for leadership to make real progress on any of  
14 these issues, let alone all three, and particularly the  
15 education issue.

16 The reason I am upbeat about the campaign is that  
17 I think its self-corrective powers will move both leadership  
18 and the public a significant distance along the learning  
19 curve on all three issues. Due to the recession, the  
20 process has already been well launched among the public, as  
21 Samuel Johnson said about the act of hanging, "It powerfully  
22 concentrates the mind."

23 Well, the recession has had the same effect in  
24 raising the public's consciousness about the importance of  
25 all three, and the urgency of doing something about it.

1                   Unfortunately, however, the public's conception  
2 of these issues and that of the leadership diverge sharply  
3 from each other.

4                   I would like to take a few minutes on each one to  
5 describe the huge gap of misunderstanding that now separates  
6 leadership thinking from the way the public sees each issue.

7                   And finally, at the end, I would like to  
8 interpret what all this means for political action that you,  
9 as governors, can take to advance these issues and close the  
10 gap between you as leaders and the voters.

11                   Let me start with the competitiveness issue.

12                   The country's business leadership has been deeply  
13 concerned about the problem for at least a decade. By the  
14 mid-1980s our research shows that more than 80 percent of  
15 policy makers had concluded that America was losing its  
16 competitive edge in international trade and that this  
17 concern evoked more concern among leaders than any social or  
18 economic issue we have studied over the past twenty years.

19                   Unfortunately, however, the high level of concern  
20 has not translated itself into a politically viable strategy  
21 for action as communicated to the public.

22                   One reason, and the main reason, is the  
23 fragmentation of analysis among various groups of leaders  
24 and experts. When it comes to causes and remedies,  
25 economists tend to focus on technical factors, such as

1 monetary exchange rates, interest rates, the low level of  
2 savings and investment.

3 People in government focus on trade issues, such  
4 as non-tariff barriers in Japan, industrial lack of a level  
5 playing field, the federal budget deficit, the low levels of  
6 skill training in the education system, the need for the  
7 U.S. to do more to retain scientific and technological  
8 leadership.

9 As a result of this fragmentation of analysis,  
10 when it comes to solutions, I have seen many thoughtful,  
11 intelligent reports from business and education leaders that  
12 end with literally hundreds of recommendations, as well as a  
13 plea for a nationwide political consensus, but the plea for  
14 consensus is impossible to achieve when you have so many  
15 different analyses of the causes, because the public has no  
16 clear sense of what's wrong and what to do about it.

17 The public's perspective on this issue is very  
18 different from that of the leadership.

19 The public is at least a decade behind the  
20 business leadership is recognizing the urgency of the  
21 problem, but over this past year, that urgency has begun to  
22 develop and the public's level of anxiety has been rising  
23 steadily.

24 A recent Council on Competitiveness poll shows  
25 that 77 percent of Americans believe that "Japan is ahead of

1 the United States in terms of its ability to compete." A  
2 75 percent majority believes that America's ability to  
3 compete is stagnant or declining, and a 60-62 percent  
4 majority believe that American job opportunities and  
5 standard of living are getting worse as a result.

6 It is this fear that underlies today's lack of  
7 consumer confidence, which is helping to prolong the  
8 recession. The fear that this recession is different.

9 Economists like to think of recession as a  
10 periodic traffic jam. Maybe it slows you down for awhile,  
11 but as soon as it breaks up, you go back to full speed. The  
12 average American suspects that this is not just another  
13 traffic jam, but that something is fundamentally wrong in  
14 our economy, even though they can't quite put their finger  
15 on it because of this incoherence of analysis from  
16 leadership.

17 It's partly because they can't put their finger  
18 on it that there is so much free-floating anxiety about the  
19 economy among the citizenry. And, as a result, people  
20 aren't really thinking clearly and consistently about this  
21 issue.

22 For example, in a study the Public Agenda  
23 recently completed with the Business Higher Education Forum,  
24 when the public was asked to rank the importance of eight  
25 national priorities, they ranked increasing U.S. ability to

1 compete in the world economy in seventh place -- seven out  
2 of eight, way behind such priorities as cleaning up the  
3 environment, fighting the spread of AIDS, reducing taxes on  
4 the middle class, helping poor children to get a good start,  
5 reducing the federal budget deficit, and improving the  
6 nation's schools, unconnected to this issue.

7 All of these priorities received majority  
8 support. Improving U.S. competitiveness does not.

9 What I am saying is that even though Americans  
10 fear that Japan is winning the competitive war, and we are  
11 falling behind, the public hasn't yet focused on this issue  
12 as an urgent priority for action.

13 One reason is that the nation's leaders have not  
14 yet presented the public with a single credible diagnosis in  
15 solution, and I would emphasize the word "credible" because  
16 the public has its own diagnosis of the problem, and will  
17 tend to resist any prescription that doesn't fit.

18 The public sees the problem of competitiveness as  
19 one in part of quality, government failure, and business  
20 short term thinking. Americans believe that while Japan may  
21 not play fair, that is not the reason the Japanese are not  
22 buying our automobiles -- the reason has to do with quality.

23 The public believes that in other countries,  
24 government and business work together to strengthen their  
25 competitiveness while here at home they just fight with each

1 other. The public believes that our corporations care more  
2 about short term profits than building for the future and  
3 saving American jobs.

4 I don't say this out loud very often to my  
5 corporate clients, but I think the public is a lot closer to  
6 the mark than a lot of economists and other experts.

7 It seems to me that the governors have a  
8 tremendous opportunity to advance the debate, to close the  
9 gap between leaders and the public and help the country to  
10 focus on a simple, credible, coherent diagnosis and strategy  
11 for action.

12 I believe that progress in winning public support  
13 for at least half of the six goals depends on elevating the  
14 competitiveness priority, and linking it more directly to  
15 education than is now the case in the public mind.

16 I will come back to this in a few minutes.

17 I am going to skip over the health care issue  
18 because, although it is important as an issue for the  
19 country, and to you as governors, I understand that you  
20 shortened this meeting for other purposes. So, in the  
21 interest of time, let me go right to education.

22 On the education issue, the gap between leaders  
23 and public is just as large as on the other issues.

24 The leadership perspective is that an urgent need  
25 exists to improve the quality of American education to

1 enable the United States to compete effectively in the new,  
2 integrated, global marketplace. Not just against Japan and  
3 Southeast Asia, but also increasingly against a Europe that  
4 is slowly but surely achieving economic integration.

5 Leadership sees the need to be particularly  
6 urgent at the K to 12 level, not simply with imparting basic  
7 skills to the 20 percent or so of the work force who are  
8 functionally illiterate, but even more urgently to improve  
9 skills in math and science, proficiency in languages and so  
10 forth for the middle class majority.

11 In the field of education, the leadership has  
12 made much more headway in defining the problem, setting  
13 goals and tracking progress and stimulating innovation than  
14 in either of the two issues.

15 But unfortunately, the school issue is singularly  
16 difficult to get one's arm around, because of the local  
17 character of the school system. Therefore, to a greater  
18 extent than the other two issues, success depends critically  
19 on public understanding of support, which is why I am  
20 emphasizing it.

21 Local school boards, teachers and custodian  
22 unions are powerful forces. They will change if and only if  
23 the change is driven by public pressure.

24 What will it take to mobilize the public, and how  
25 optimistic can one be about the changes for doing so?

1                   There is reason for optimism about ultimate  
2 success because the American public cares so deeply about  
3 education and its quality.

4                   In the Public Agenda study, the number one  
5 priority for the public, ahead of all others, was improving  
6 the nation's schools, relatively unconnected to the economic  
7 reasons for doing so.

8                   In Gallup's annual survey of education, 89  
9 percent of Americans ranked developing the best educational  
10 system in the world far above other priorities, such as  
11 developing the most efficient industrial production system,  
12 or building the strongest military force in the world.

13                   In a recent Yankelovich/Clancy/Shulman poll for  
14 Time-CNN, the three top priorities were: one, the best  
15 education system in the world, 73 percent; followed by  
16 health care, 64 percent; followed by economic  
17 competitiveness, 54 percent.

18                   The irony of the situation is that the field of  
19 education captures the public's idealism more than any other  
20 goal. When it comes to education, they want the best. But  
21 in practice, they settle for mediocrity.

22                   The public cares deeply about education, but  
23 hasn't made the connection between schools and the economic  
24 dangers to America's standard of living. It hasn't yet seen  
25 illiteracy and school dropouts as problems of the society

1 and the economy and not just the individual.

2 Above all, it doesn't see the schools problem as  
3 a middle-class problem. It sees it as an inner-city  
4 problem. Let me take a minute on this, because it is the  
5 heart of the matter.

6 When in Gallup's survey people are asked to grade  
7 the public schools, only one out of five, 21 percent give  
8 public schools nationwide an "A" or a "B" rating. But 73  
9 percent of parents with kids in public schools give an "A"  
10 or "B" rating to their own school, and the teachers in those  
11 schools. The majority of Americans believe something is  
12 wrong with other people's schools, but not with the schools  
13 their kids attend.

14 This has been the case for the last six or seven  
15 years. It's known to all of us.

16 What I think is the case, however, is that it  
17 hasn't received sufficient focus as a resistance that unless  
18 one breaks through, there is no real hope for urgent public  
19 support.

20 Any real progress on behalf of the goals you have  
21 set to the extent that they depend on public pressure and  
22 support, depends on understanding why people hold this view  
23 and how to set them straight about the realities of the  
24 situation that Secretary Alexander just described without  
25 demoralizing them.

1           People are very touchy about their kids' schools,  
2 and one reason for this perception that it's other people's  
3 schools is that there is something very concrete and  
4 dramatic about not being able to read and write and about  
5 dropping out of a school.

6           It's so clear-cut that Americans assume that this  
7 and a general lack of discipline is what's wrong with the  
8 schools.

9           When the leaders say yes, something is wrong and  
10 the public says something is wrong, they agree something is  
11 wrong. But the "something" is different in each case.

12           The education issue in America is a matter of  
13 both equity and excellence. Americans care about both.

14           But if I were to put the issue in crass political  
15 terms, as far as the middle class goes, if equity means  
16 giving other people's kids a fair break, okay. Then a  
17 nickel for equity.

18           Americans are coming to understand the equity  
19 issue in education and are prepared to give their nickel, if  
20 they feel it won't go down a black hole.

21           If excellence means giving their own kids the  
22 kind of education and training that will improve their  
23 standard of living, then a dollar for education.

24           But the middle class doesn't understand the  
25 excellence issue yet in terms of international competition,

1 and therefore, they are not yet ready to give their dollar,  
2 or their energy and support.

3 But they are interested enough to want to talk  
4 about it more, and in talking about it, the public has to  
5 absorb some different, new realities that they will begin to  
6 during this campaign.

7 The general public in the United States has not  
8 yet grasped these new realities. Secondary education in  
9 America is not the best in the world. Far from it. That in  
10 today's world, willingness to work without technical skills  
11 are no longer enough.

12 And their own kids need skills they themselves  
13 never learned, and didn't have to learn in their world, and  
14 that the ability of American business to compete abroad is a  
15 new economic necessity that depends on educating and  
16 training Americans at world class levels.

17 Until and unless the public absorbs these  
18 realities, it is not likely to obtain the kind of vigorous  
19 support needed to transform education at the local level.

20 From this perspective of a gap between leaders  
21 and public, let me try to tease out a few implications for  
22 our political leadership on these issues.

23 On competitiveness, what the public wants above  
24 all is a pragmatic form of government/business cooperation  
25 whose effects will be to improve product quality, to build

1 for the future in science and technology, and to assure  
2 American jobs and standard of living through training and  
3 education.

4 Let me emphasize the word "pragmatic". Corporate  
5 leadership is scared to death of a so-called "industrial  
6 policy", where the government will be telling them how to  
7 run their business. And one can't blame them.

8 In the 1980s, our country had a sterile  
9 ideological debate between supporters of so-called  
10 "industrial policy" and supporters of free trade. It  
11 clarified nothing. It only added to the confusion, and  
12 introduced an ideological element into a practical problem,  
13 making it much more difficult to solve.

14 From the public's perspective, it's time to park  
15 the ideology outside and get on with the practical task of  
16 figuring out how government and business can work together  
17 case by case, industry by industry.

18 And there's no arena where cooperation is more  
19 important than in training and education. When it comes to  
20 education, the public is receptive to three themes.

21 First is the vision theme. The strongest,  
22 deepest indicia in America is the theme of American  
23 exceptionalism, the idea that America has a special moral  
24 mission in the world, to make the world a better place,  
25 thanks to the American example.

1                   Nothing symbolizes America's moral passion as  
2 well as faith in education. Having the best education  
3 system in the world is a vision that Americans resonate to  
4 as they don't resonate to being number one militarily or  
5 industrially.

6                   These other goals may be important pragmatically,  
7 but they don't arouse America's moral fervor to the extent  
8 that education does.

9                   To mobilize this moral fervor effectively, a huge  
10 obstacle has to be removed -- the majority believe that  
11 their kids' schools are just fine, and the related middle-  
12 class misconception is that what is wrong with our education  
13 system relates primarily and exclusively to inner-city  
14 dropouts, drugs and illiteracy and not to the education  
15 their middle-class Americans get in their public schools.

16                   There is no quick fix antidote to these beliefs.  
17 They are firmly embedded in the public mind.

18                   But that's not a reason for pessimism. The moral  
19 passion Americans bring to the subject of education is a  
20 force of unbelievable power. The question is, how do you  
21 mobilize and make it concrete? Because it's a rather  
22 delicate issue.

23                   When it comes to persuading the middle class that  
24 their kids' schools are not good enough, one has to tread  
25 lightly and gingerly. People are depressed enough these

1 days without laying on them an even deeper sense of failure.

2 So the effort has to be positive and upbeat.  
3 People must come to feel less anxious about the future  
4 because you, the leaders, are determined to impart to their  
5 children the education and computer and technical/scientific  
6 skills they will need for the United States to get more good  
7 jobs.

8 The message is that what sound educational  
9 practice was for the world of their parents must now be  
10 upgraded for this new global economy. This means new  
11 national standards, and a great national effort to make sure  
12 that any kid, however poor and disadvantaged, will be given  
13 the opportunity to meet these new standards.

14 In other words, upgrade the poor kid, level up,  
15 don't level down, to mediocrity for everyone in the name of  
16 equity.

17 The business community can be critically helpful  
18 here by developing its own high standards and formal tests  
19 for jobs that can force local school boards to stretch and  
20 to raise standards.

21 And I think that the governors, working with  
22 global business communities, can be very helpful.

23 When you look at these problems from the public's  
24 perspective, you do see them differently than from the  
25 perspective of experts.

1                   From an expert perspective, a wide range of  
2 actions may be needed. From the public's perspective, if  
3 the public is going to focus and build a consensus, you have  
4 to have that focused on one or two programs of action, not  
5 on eight or ten.

6                   And I would like to underscore what Secretary  
7 Alexander said about standards because through an emphasis  
8 on high, concrete standards, it is through that kind of  
9 emphasis that quality can be upgraded in a way that is  
10 acceptable psychologically to the American public.

11                   The need to improve quality can be communicated  
12 to the middle class, and I think that progress along this  
13 front is very helpful. We have kind of gained a couple of  
14 years on this issue.

15                   Where the leadership may be lagging is on the  
16 training fund, but the roughly half of our young people who  
17 get some post-secondary school education, who go on to  
18 college, the school-to-work transition, while not perfect,  
19 functions reasonably well.

20                   The great failure -- and this is almost unique to  
21 the United States -- is the incredible lack of training for  
22 what has been called the "flat half" -- the more than  
23 50 percent of our young people who do not beyond a secondary  
24 school.

25                   It is this transition that has to get more

1 attention than it has.

2 I want to wrap up now, because of limits of time.

3 Let me sum up and conclude this way.

4 The Great Recession of 1991 and 1992 has rudely  
5 awakened Americans from the prolonged mental holiday of the  
6 1980s. The low level of consumer confidence that is  
7 prolonging the recession may be uncomfortable, but it may  
8 also be a much healthier and realistic state of mind than  
9 the out to lunch, greed is good mindset of the 1980s.

10 This is a moral country, and the lessons of  
11 morality are always harsh. We are paying a high price for  
12 the sins of the '80s, but we are a practical, down to earth  
13 people with immense moral, political and technical  
14 resources.

15 It's my prediction that if the 1992 campaign  
16 stimulates real and genuine debate on these issues that we  
17 have been discussing on competitiveness, on education and on  
18 health care, linked to the other two, the restorative, self-  
19 corrective power of democracy will once again set us on a  
20 path that will renew national confidence and usher in a  
21 creative near era in American life.

22 Thank you.

23 (Applause.)

24 GOVERNOR ASHCROFT: Thank you. I would inquire  
25 of the association now whether you would like to move

1 directly into a 45-minute discussion provided for by the  
2 executive committee of economic issues and health care, or  
3 whether you would like to ask a few questions of the  
4 speakers who have just spoken to us

5 It would be my intention to indicate that in the  
6 event we were to ask questions, we would not infringe the  
7 45 minutes, but we would displace it.

8 It's up to the membership.

9 How many would like to move directly into the  
10 45 minute time set aside by the executive committee? Please  
11 raise your hand.

12 (Show of hands.)

13 GOVERNOR ASHCROFT: How many would like to have a  
14 few questions?

15 (Show of hands.)

16 GOVERNOR ASHCROFT: Let's take three questions.  
17 Governor McKernan of Maine.

18 GOVERNOR MCKERNAN: Dr. Yankelovich, I wanted to  
19 ask a question, if I could, on a point you made right at the  
20 end, which is one that I think is critical to the future  
21 competitiveness and standard of living in this country.  
22 That has to do with school-to-work transition, and what we  
23 do with the 50 percent of the young people whom our  
24 education system has neglected for some 200 years.

25 What do you see as the best approach from a

1 public relations standpoint to those of us in policy making  
2 positions to explain to the public the importance of  
3 starting to address this aspect of our educational system?

4 It's one we feel very strongly about in Maine.  
5 But I agree with you that people have not quite come to  
6 understand the importance of that to our standard of living  
7 over the next 25 years.

8 DR. YANKELOVICH: I think that there is greater  
9 readiness to understand that issue when it is tied in with  
10 overcoming functional illiteracy and imparting technical  
11 skills.

12 I think what is lacking is the concrete training  
13 programs that will provide the link. In other words, it's  
14 harder to get public support for an abstraction than for  
15 something concrete for kids that don't go on to college.

16 The vision of jobs and the readiness for jobs, is  
17 the single most important factor that will hold them in  
18 school. If that is missing from their education, then they  
19 are not going to stay in school. They are going to be bored  
20 and uninterested.

21 The schools by themselves cannot deal with that  
22 vocational aspect without it being supplemented by some  
23 external training program. That is sort of the functional  
24 equivalent of going on to college.

25 That is one of the great lacks in the United

1 States, both in education and in competitiveness. And I  
2 think that the 50 states have the opportunity for each to be  
3 a natural experiment in developing those kinds of school to  
4 work training programs.

5 It is essentially important, in other words, if  
6 you were to identify the real institutional failures in the  
7 United States, the school to work transition for the  
8 50 percent who don't go on to college, is one of the most  
9 serious failures of institutionalization in the world.

10 And that is, it seems to me, absolutely necessary  
11 for the governors to address if you are going to make the  
12 link between competitiveness and education.

13 GOVERNOR ASHCROFT: Thank you very much. I am  
14 going to curtail this again. I have been reminded that we  
15 have a progress report on the National Education Goals to be  
16 given by Governor Carroll Campbell, chairman of the National  
17 Education Goals panel, and Governor Roy Romer, co-chairman  
18 of the National Council on Education Standards and Testing.

19 We will take that up immediately, then we will  
20 move on to the rest of the agenda for the morning.

21 Governor Campbell.

22 GOVERNOR CAMPBELL: Thank you, Mr. Chairman. We  
23 won't take very long.

24 This is the fifth NGA meeting at which I have had  
25 the opportunity to report on the National Education Goals.

1 I don't know if that's some sort of a record or not, but do  
2 think it's an indication of the commitment the governors  
3 have to this process.

4 We have been involved in it a long, long time.  
5 The goals articulate high national aspirations for education  
6 and provide a framework for educational reform.

7 Many governors are setting up their own policy  
8 making apparatus around them. And in my own state, we have  
9 set up a multi-agency South Carolina Education Goals panel.

10 But today I would like to report that some 45  
11 states and one territory released Education Goals reports in  
12 conjunction with the first National Goals report issued in  
13 September.

14 And I hope we'll do even better this year.

15 The Goals panel is currently working to produce  
16 its second annual report, which will be published in  
17 September. But we are finding that there will be very  
18 little new data to report.

19 That underscores the need to spur development of  
20 new indicators and information so that we can make good  
21 policy decisions that are based on real results.

22 We are moving forward on K through 12 education  
23 standards. The Goals panel is also looking carefully at the  
24 advisability of recommending some new early challenge  
25 assessment mechanisms and voluntary student records systems

1 for K through 12.

2 We have also asked our higher education  
3 commissioners to make some preliminary recommendations on  
4 the possibility of college level performance assessments.

5 So we are moving forward on reporting progress  
6 toward the goals, but not as quickly as we would have hoped.

7 As an aside, the Southern Governors Association  
8 and the Appalachian Regional Commission have set up separate  
9 projects in each of the states that belong to those  
10 organizations. Each state picks one goal and designs a  
11 program to reach that goal. Grants are given; information  
12 is shared among all.

13 What this demonstrates is that the governors are  
14 working together, sharing information and seeking to move  
15 forward to find solutions.

16 Today, we are going to take another step, as  
17 Lamar Alexander indicated in his remarks, in the evolution  
18 and institutionalization of the goals progress.

19 We will be voting on policy that has come out of  
20 the executive committee to reconfigure the National  
21 Education Goals panel. We want to strengthen congressional  
22 participation, provide for partisan balance, and add  
23 important new functions related to standards and  
24 assessments.

25 The new configuration was arrived at as part of a

1 larger agreement about whether elected policy makers will  
2 have a say over what constitutes the world class standards  
3 that our children have to meet.

4 We have set up a two-stage process, where content  
5 and student performance standards and criteria for national  
6 assessments will be certified.

7 I think that's important. We don't have national  
8 standards, and we don't even know what the international  
9 competition that we are trying to meet is. That's the  
10 reason we are in trouble. We are operating in a vacuum.

11 But we have sought to try to establish those  
12 national standards.

13 First, by a technical standards council, and then  
14 final certification. We will establish some standards. The  
15 goals panel will be the final decision maker on this. This  
16 gives the very sensitive standards-setting process a high  
17 degree of public accountability.

18 These standards will be voluntary. They will be  
19 sent out for everybody to know what is a standard of  
20 excellence.

21 Then there will be a voluntary undertaking to  
22 meet them, which you will be able to judge against them.

23 The process was worked out in the National  
24 Education Council on Standards and Assessment, which is  
25 seeking to set these high standards, and an accurate

1 assessment mechanism.

2 Roy Romer will report on that in just a minute.

3 It also ensures technical expertise. Most  
4 importantly, with eight governors and six federal level  
5 officials on the panel, we keep the states in charge, and  
6 assure a reality check in the process.

7 At every step of the way, there are those who  
8 seek to impose input measures and requirements on the  
9 nation's education system.

10 So, I think that as a feature it's absolutely  
11 essential to have governors in a position to put a check on  
12 this and deal with reality.

13 We are seeking to have output measurements on  
14 education voluntary. And those things are important to us.

15 Governor Romer is now going to report a little  
16 more extensively on the activities of the National Council  
17 on Standards and Testing, which the two of us co-chaired in  
18 some very, very long meetings.

19 Roy, I'll turn that over to you. Go ahead and  
20 make that report.

21 GOVERNOR ROMER: Thank you. I enjoyed working  
22 with Carroll Campbell. I even got a southern accent, I  
23 spent so much time with him.

24 (Laughter.)

25 GOVERNOR ROMER: It was a very successful thing.

1 To most governors here, this is a very thing we are about to  
2 do. We are reconfiguring the National Goals panel.

3 I think that is a major structural change. That  
4 reconfiguration is going to give us credibility in Congress  
5 that we did not have before.

6 The reconfiguration will give Congress full  
7 voting membership rather than ex officio. This has been a  
8 barrier.

9 In terms of Lamar Alexander's comments this  
10 morning, we have a partnership, not just with the President,  
11 to develop a better partnership with Congress, because we  
12 cannot make the changes in education in this country that we  
13 need to make unless we have a willing and understanding  
14 partner in Congress.

15 That's the first point.

16 The second point is this. What is all this  
17 about? Let me give you a simple illustration. If we had  
18 been pole vaulting in the middle of Colorado and saying the  
19 mark is 15 feet and all of us had been reaching for 15 feet  
20 for ten years, what do you think we would feel if somebody  
21 brought us this information? You understand -- while you  
22 have been jumping 15 feet, the world has been doing 19.

23 We would change radically. We would say the  
24 world is doing 19, we can and we will do 19. And we would  
25 change our regimen to get there.

1           What we are after in standards, quite frankly, is  
2           to take -- to every parent in America -- what the mark is.  
3           In sixth grade, eighth grade, tenth grade, in math, English,  
4           and say -- this is the mark that the world is reaching and  
5           this is the mark you should reach.

6           That's what standards are all about. They will  
7           be voluntary. We're not going to force them. We are going  
8           to make them available.

9           Next, it's not enough to have a standard. You've  
10          got to know where you are in terms of reaching it.  
11          Therefore, we need to develop more authentic assessment  
12          instruments.

13          So that we truly will know whether or not we are  
14          meeting that mark.

15          When you do a pole vault, you know whether you  
16          meet it -- whether the bar stays on the pole.

17          But in education, we frankly have an assessment  
18          that does not give us an indication of what it is we ought  
19          to know and be able to do.

20          That's what all this is about. And I think there  
21          has been a major improvement and progress has been made, and  
22          I look forward for the governors having a continuing  
23          partnership, not just with the President, but with Congress  
24          and with state legislatures to get this job done.

25          Thank you.

1 (Applause.)

2 GOVERNOR ASHCROFT: Thank you very much for that  
3 report. I am grateful to you for delivering it.

4 As we focus on strategies to encourage public  
5 participation, and encourage the public to engage in a  
6 dialogue on education record, I want to highlight the  
7 efforts that states have made in reporting progress.

8 You know that 45 of our states and one territory  
9 -- completed state progress reports and released. NGA had  
10 suggested that options for content and organization on these  
11 reports, each state independently decided on their own  
12 report content and approach.

13 I believe the most important aspect of the  
14 National Education Goals is that they focus our attention on  
15 performance. I wanted to commend states that produced  
16 outstanding reports focused on education outcomes.

17 As we strive to nurture an education citizenry,  
18 it's critical that we focus on performance. The National  
19 Education Goals report had the individual state reports  
20 measure of progress in meeting our high standards for  
21 success.

22 Today, I am presenting the first annual  
23 Chairman's Award for excellence in performance reporting.  
24 What we did was -- the staff of the Goals Panel evaluated  
25 the reports, and the staff of the NGA, the Education Office

1 evaluated the report, and they delivered to me about a dozen  
2 finalists, and contrary to all the laws of politics, which  
3 say that you should crown the beauty queen, but never choose  
4 the beauty queen.

5 I chose three winners that I thought were the  
6 kind of reports that best focused on performance. Those  
7 reports are to be commended.

8 My instance here: This year's winners -- and I  
9 hope this becomes an annual item -- for rewarding  
10 performance reporting to the people, are Pennsylvania South  
11 Carolina and Wyoming.

12 Will Governors Campbell and Sullivan and -- hold  
13 on. Carroll, the secretary of education from Pennsylvania.  
14 Please come forward.

15 (Applause.)

16 GOVERNOR ASHCROFT: Let's make sure I have the  
17 right bell engraved to the right folks on each of these  
18 awards.

19 "Through Words, Numbers, Graphs, Charts --"  
20 Pennsylvania's report provides a comprehensive picture of  
21 student and school performance in their state. It is my  
22 pleasure to present this to Don Carroll, Secretary of  
23 Education from Pennsylvania, for Governor Casey.

24 I thank you very much for an outstanding job.  
25 The bell reads, "NGA Chairman's Award for Excellence in

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1 Performance Reporting, Pennsylvania, Governor Robert P.  
2 Casey, 1991 -- State Progress report.

3 (Applause.)

4 GOVERNOR ASHCROFT: South Carolina's report is  
5 significant because in addition to the outcome, data  
6 reported on all other goals. They provided a direct measure  
7 of results in the readiness area.

8 First of all, the goals -- and perhaps the most  
9 foundational -- it was the only state among the finalists to  
10 have that kind of data comprehensively reported in the  
11 report, and I commend you, Carroll Campbell, for your  
12 outstanding work in this respect.

13 Your bill similarly reads, with name changes, to  
14 the inscription on the Pennsylvania bell.

15 (Applause.)

16 GOVERNOR ASHCROFT: Wyoming graded itself with a  
17 real letter grade on each goal, to let every parent in the  
18 state know how Wyoming was -- measure up! It's not nearly  
19 as thick as the other reports, but it's a real indication  
20 for performance that people can understand and use to drive  
21 toward the kind of radical change that Lamar Alexander has  
22 talked to us about today, and that we know must take place  
23 in education if we are to be successful.

24 I congratulate you, Governor Sullivan, for your  
25 good work, and I am pleased to present to you this: the

1 first of the Annual Chairman's Awards for performance  
2 reporting.

3 (Applause.)

4 GOVERNOR ENGLER: Mr. Chairman, would it be  
5 possible for the staff to send the three reports that have  
6 just been award winners to all the governors, with perhaps a  
7 little bit of a detail of what they liked, the strengths in  
8 the information, and maybe if there was one of these in the  
9 finalist category that was particularly strong on one of the  
10 goals, that would be very helpful because many of us have  
11 education departments that play a key developmental role in  
12 these reports.

13 And I think it's always helpful to be able to go  
14 to our own bureaucracies and suggest that there are better  
15 ways to do things.

16 GOVERNOR ASHCROFT: I appreciate that. Any  
17 governor that seeks to have copies of these reports should  
18 contact the staff. We'll do our best.

19 I want to indicate to you that there was a 41-  
20 state tie for fourth place in this whole operation.

21 (Laughter.)

22 GOVERNOR ASHCROFT: You can all go home and  
23 announce that your report was tied for fourth.

24 Our next agenda item comes at the request of  
25 several governors, and follows an agreement reached Saturday

1 at the executive committee meeting.

2 For the next 45 minutes, we will discuss economic  
3 growth and health care. I will be calling upon Ray  
4 Scheppach to outline a briefing paper, which is before you.  
5 Ray Scheppach is the author or coordinator -- the collector  
6 of this information.

7 We will then move to a discussion among governors  
8 on this topic and on the paper, as well as other items that  
9 you wish to express.

10 I just want to say a word about Dr. Yankelovich's  
11 remarks. His remarks helped us focus on an understanding  
12 that we have a great job to do in helping the public  
13 understand the link between education and economic recovery.

14 As a matter of fact, he cited that as one of the  
15 problems that we face as a country -- our inability to  
16 communicate to the public and to develop that understanding  
17 on a broad base. It's one of the reasons we haven't been  
18 able to generate the energy in the education system  
19 necessary for the real reform and improvement in  
20 performance.

21 It is my understanding that education is the only  
22 or perhaps the single most important long-term economic  
23 survival and recovery strategy that this nation has, that  
24 prompted me to make education the theme of this, my year as  
25 the chairman of NGA.

1           It is not because I would not address the  
2 economic needs of this country that I would have as the  
3 theme of this year education. It is specifically because I  
4 would address our needs, not only tomorrow, not only next  
5 year, not only in this decade, but in the century to come.

6           I thank Dr. Yankelovich for reminding us that our  
7 responsibility is to communicate to the public that, indeed,  
8 among all those things that will be discussed about both  
9 economic recovery and survival as a matter of fact,  
10 superiority of performance and productivity, education, if  
11 not the most important point, it certainly is among those at  
12 the very top.

13           I believe that our country is tired of those who  
14 would rather argue than act. And unfortunately, there are  
15 those who would rather make this organization a partisan  
16 organization instead of making it a productive organization.

17           And I regret and am saddened and am embarrassed  
18 that instead of a bipartisan productive discussion yesterday  
19 at the White House, that that forum was turned into a  
20 partisan, political forum of rhetoric.

21           I encourage all of us to take a hard look at the  
22 way we meet, and the way we work together. We have a  
23 heritage of success and of cooperation because of a  
24 bipartisan approach, and a willingness to cooperate.

25           If we are about to talk about economics, let's

1 talk about economics. Let's check the political guns at the  
2 door, and let's have the kind of discussion what will lend  
3 dignity to this organization and help move us forward toward  
4 our goal of serving the people.

5 The Executive Director of the National Governors  
6 Association, Ray Scheppach, is known to us for his work with  
7 this Association. He is the author of the economic growth  
8 briefing paper, and he has a strong background which has  
9 provided him with the tools to frame this issue, a B.A. in  
10 business and an M.A. in economics, and a Ph.D. in economics.

11 Ray Scheppach was an economist for Standard Oil  
12 of Ohio, and then later was the former deputy director of  
13 the Congressional Budget Office.

14 I am pleased now to call upon Ray Scheppach to  
15 kick off this discussion with an explanation of the economic  
16 growth briefing paper, which is before all of you, which he  
17 prepared when inquiries were forwarded to him from  
18 interested individuals.

19 Ray?

20 MR. SCHEPPACH: Thank you, Mr. Chairman. First,  
21 if we were to look at that happened to long run economic  
22 growth over the postwar period, 1947 or so to current, we  
23 find that growth averaged about 3 percent.

24 If you look at what has happened over the last  
25 few years, we would that we started to get some mild

1       downturn in 1989, when growth slid to about 2-1/2 percent.

2               Then in 1990, it flipped again, average only  
3       1 percent for that particular year.

4               In the last quarter of that year, however, on an  
5       annual rate, it went down. About 4 percent.

6               The next year, 1991, it really went negative  
7       during the whole year. We had a minus point 7.

8               The first quarter there was also down quite  
9       dramatically. About 2-1/2 percent.

10              But the second and third quarter of '91, then we  
11       had an uplift and growth increased by 1 to 2 percent.

12              Only to hit the fourth quarter were early  
13       indications that we have growth and only about 3/10 of one  
14       percent -- so we sort of slide into this recession, with  
15       growth slowing, finally going negative, turning up slightly,  
16       and then perhaps going into a double dip kind of situation.

17              It seems to me we currently have both a short run  
18       cyclical problem, and a longer run structural problem.

19              The cyclical downtown started, I think, primarily  
20       by declines in commercial real estate, and then a real drop  
21       for consumer confidence.

22              In the long run, the problem seems to be one of a  
23       huge increase in debt over the decade of the '80s. Debt by  
24       the federal government which increased from \$75 billion to  
25       close to \$400 billion over that period; increase in private

1 debt, in the leveraged buy-outs; and a substantial increase  
2 in consumer debt in that period where the savings went down.

3 The Federal Reserve has now taken fairly dramatic  
4 action to lower the interest rates.

5 However, history tells us that normally monetary  
6 policy takes six to nine months before you get any upturn,  
7 and perhaps it's not quite as effective this time, because,  
8 although interest rates are low, there are still some  
9 banking problems, and therefore banks are not writing as  
10 many loans as normally.

11 Most economists agree now, however, that we will  
12 in fact get some recovery during the second quarter of this  
13 particular year. Most are indicating that the growth in  
14 real terms in 1992 would probably be about 2-1/2 percent,  
15 increasing in '93, to about 3 percent.

16 The problem is that normally when we come out of  
17 a recession, the growth rate for the next year and a half to  
18 two years, is about double the average.

19 So, normally when we come out of a recession we  
20 see growth rates of up to five to six percent for a couple  
21 of years. Most indications are now that, although we will  
22 have a recovery, it will probably only be approximately half  
23 in terms of growth rates of the normal recovery.

24 This is primarily, I think, because we continue  
25 to have a fair amount of debt that needs to be paid back.

1                   What do we do in the long run? There seems to be  
2 a fairly strong consensus in the long run versus the short  
3 run. In the long run, I think, there is a fairly good  
4 national consensus that we need to increase public  
5 investment in infrastructure, education, job training,  
6 research and development.

7                   Second, we need to increase private sector  
8 investment in equipment, research and development. And the  
9 federal government has a role in terms of tax incentives to  
10 help do that.

11                   Third, however, we do need to decrease the  
12 federal deficit.

13                   So there seems to be agreement on those policies.  
14 There is a lot of disagreement on the particular individual  
15 policies to get there, and the mix of those policies. But I  
16 think there is agreement on what we need to do for the  
17 structural, long-run problem.

18                   Short run policy, I think, is much more  
19 difficult. There is a lot of concern that any major  
20 stimulus package that increases the deficit in the short run  
21 will merely trade longer run economic growth for short run.

22                   In the short run, it seems to me, we have three  
23 basic options.

24                   The first is to do nothing, and assume that  
25 monetary policy will turn the economy around.

1           The second is to reduce national defense, and use  
2 the money, such as the President is advocating, for tax cuts  
3 for individuals and for businesses.

4           The third option is to reduce national defense  
5 and increase domestic spending, such as a number of the  
6 Democratic proposals, such as Sasser, Sarbanes, Mitchell and  
7 so on.

8           You might ask the question, how do you get a  
9 stimulus if you in fact cut defense and move it into  
10 domestics on the budget?

11           The major reason there is that defense normally  
12 pays out, particularly in weapons systems, over a seven- to  
13 eight- and sometimes nine-year period.

14           Most of the domestic programs, particularly in  
15 the education and job training areas, pay out over a two- to  
16 three-year period, so if you decrease appropriations in  
17 defense, and you move to the domestic side of the budget,  
18 you may get an increased short run in terms of the spend-  
19 out, or the spending relative to that obligation or that  
20 appropriation, so you do get some stimulus by that movement.

21           The degree, of course, depends on what program.  
22 You'll probably get less in highways and traffic and more in  
23 capital things than you do short run in education.

24           Which of the policies of those three is the most  
25 effective really depends upon behavioral changes, and it's

1 very difficult to determine that.

2 For example, if you give a tax cut to consumers,  
3 are they going to spend it, and therefore stimulate the  
4 economy, or are they going to pay off debt? Those  
5 behavioral changes are very important yet very difficult to  
6 predict. Many economists are advocating some explanation in  
7 the state administered programs. They say this for several  
8 reasons.

9 First, due to budget cuts and tax increases over  
10 the last several years, that governors, states or state  
11 legislatures are adding to the recession or elongating the  
12 recession -- they are making decisions, which you have to  
13 for the financial integrity of the states, but you are  
14 acting in a so-called "pro-cyclical" way.

15 You are making the problem worse. Therefore, if  
16 the federal government were to offset some of that activity,  
17 that would pull us out of the recession more quickly.

18 I must also argue a second reason that if money  
19 were spent through state programs, those are existing  
20 programs and the money will be spent quickly. In highways  
21 there are a lot of projects that have already been approved,  
22 and therefore the money will come out very fast.

23 You don't have to set up a new program.

24 Third, a lot of the funds that would be spent  
25 would in fact be spent in the general investment area in

1 construction, education, and training, which might help  
2 initially, in the short run, but are also consistent with a  
3 long run strategy what we need to do, anyway, and are  
4 therefore, the minimum risk strategy in the short run.

5 In the briefing paper before you, what I have  
6 tried to do is to bring together a number of state programs  
7 that if we were to have a domestic stimulus package, would  
8 make sense in terms of individual programs.

9 They are grouped, and you can see on the front  
10 page of it -- just look at the executive summary -- they are  
11 grouped into four categories.

12 The first is infrastructure. Highways and  
13 transit. Water quality. Areas where projects have in fact  
14 been approved but the money is not available.

15 The second area is what we call productivity  
16 investments. Those are the education and job training  
17 programs.

18 There is a third category called permanent anti-  
19 cyclical. This is where you might make a permanent change  
20 whereby the federal share of Medicare and AFDC would  
21 increase when the economy went negative, so you would get  
22 sort of a permanent anti-cyclical activity built in.

23 So, rather than you having to cut AFDC payments  
24 that in fact, the federal government would just increase its  
25 share as the economy turned down.

1           The fourth area is just to release some delayed  
2 appropriations.

3           What we have assumed in the paper is that there  
4 would in fact be national defense cuts that would offset  
5 these increases in domestic spending, and that domestic  
6 spending increases would only be one year.

7           So therefore, under this scenario you would have  
8 a short term stimulus of money, in these particular state  
9 administered programs, but in the out years, you would get  
10 the deficit reduction, due to cuts in defense.

11           The paper does have the legislative changes that  
12 are necessary. The appropriations levels that could be  
13 spent, some of the justification -- and actually the state  
14 by state experiences.

15           Just let me make one final comment. The health  
16 Policy is on your table that as adopted at the Seattle  
17 meeting. Let me summarize that quickly.

18           It basically says that the states and federal  
19 government need to work with the private sector on health  
20 care. A major part of that policy is to accelerate  
21 statewide approaches and to expanding access, and containing  
22 costs.

23           Where we hope that various states would go  
24 forward with the various types of programs. Some might try  
25 a single-pair, some might try all pair -- some might have

1 more market approach. And that the federal government ought  
2 to be helping with some enhanced waiver authority.

3 In areas like using Medicare money in the pot,  
4 waiving ERISA, and so on. The policy also talks about  
5 reform of the health care market, long term care with the  
6 possibility of the federal government taking over more long  
7 term care populations, and the governors taking over more  
8 low income population.

9 With that I will stop.

10 GOVERNOR ASHCROFT: Are there questions?

11 Governor Thompson?

12 GOVERNOR THOMPSON: Thank you very much, Mr.  
13 Chairman. I don't have a specific question to raise about  
14 Mr. Scheppach's analysis. I do appreciate the analysis and  
15 I appreciate the package, and what hopefully we can do as  
16 states.

17 But I would like to make a couple of comments,  
18 Mr. Chairman, in regards to a growth package and I believe  
19 that that's the discussion.

20 I had the opportunity to meet with the President  
21 prior to the State of the Union, and listened to what he was  
22 trying to do. I was quite impressed with several things,  
23 and if we could set aside our partisanship, and get down to  
24 what is really needed in this country, I think all of us  
25 would be much more eager to embrace what the President is

1 talking about.

2 The starting point is investment credit. Fifteen  
3 percent. Whether we be Democrats or Republicans, each and  
4 every one of us knows that if we are going to get our  
5 economy moving, we are going to have to have corporate  
6 America start investing in their plants and equipment in  
7 order to create jobs.

8 That's not a partisan issue. That's an economic  
9 issue. An economic issue to get this economy moving.

10 Secondly, capital gains. And I know the rub is,  
11 oh, you can't do that because that's going to benefit  
12 somebody. Well, take a look at capital gains. And the  
13 State of Wisconsin has them. We are one of the seven states  
14 that has a 60 percent exemption.

15 Our unemployment is at 5 percent. We've got  
16 businesses coming into Wisconsin. People asked us to join  
17 the recession this year, and we decided to decline.

18 (Laughter.)

19 GOVERNOR THOMPSON: We didn't want to go to the  
20 party. Our unemployment went down again last month, and one  
21 of the reasons is when I go out and talk to businesses,  
22 coming from Wisconsin, it's an arrow in my quiver that a lot  
23 of you don't have.

24 I can go out there and talk to them and say, you  
25 know, come to Wisconsin, invest in your plant and equipment,

1 and when you sell it, you know what's you've got in  
2 Wisconsin? You've got a 60 percent exemption. You're  
3 kidding me!

4 And it's stimulating growth, ladies and  
5 gentlemen, whether you like it or not. It helps the  
6 economy.

7 Then you take a look at the first time home  
8 buyer. The President is saying, we really want to get this  
9 economy moving. You know something, the Democrats in  
10 Congress have got the same proposal, but it seems to me that  
11 if they would set aside their partisan differences, we could  
12 come up with a \$5,000, \$4,000 or \$6,000 housing credit.

13 What a way to get this economy moving! What a  
14 way for first time home buyers to say, I'm going to go out  
15 there and invest. I've got a credit. I'll take some money  
16 out of the IRA.

17 It will help each and every one of our states.  
18 We were very fortunately in Wisconsin this past year. We  
19 are the only state that can say this in 1991: We have a  
20 record number of housing sales. The best year in the  
21 history of our state for housing sales.

22 The best year since 1979 for housing starts. We  
23 have a credit. I know it works. It would work on a  
24 bipartisan basis, and that's really what this national  
25 governors organization for the last five years, up until

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1 yesterday, was all about.

2 And then, you know, I listened to the President  
3 saying, a year ago after the Persian Gulf War, he said, if  
4 we could set aside our differences then we could come back  
5 here in 100 days and pass a transportation bill, pass a  
6 crime bill.

7 Will America ever be proud of us? Who gets the  
8 credit? It's the right thing to do.

9 We couldn't pass a transportation bill until  
10 December, 207 some odd days beyond the 100-day limit.

11 And for every \$1 billion of segregated trust  
12 funds, that go into the States of Indiana, Texas, Colorado,  
13 Oregon. Create 60,000 jobs. Can you imagine what our  
14 economy might be doing if that were passed in March? and  
15 April? When the President asked them to?

16 And then of course we had to put in an item that  
17 we are going to build a courthouse in Brooklyn, Whoever did  
18 that? I suppose they paved the highway going into the  
19 courthouse, and that's how they could justify \$3 billion.

20 Because of that \$1 billion is not going to be  
21 able to be released. That's over 60,000 jobs.

22 The President needs an item veto because those  
23 kinds of things don't get in there. But we can't have that.  
24 Forty-three governors -- Democrats and Republicans alike.  
25 But if the President asks for it, well that would give the

1 President too much power. It would be the best thing in  
2 this country for deficit reduction.

3 So I don't dare who gets the credit, and I don't  
4 care if the Democrats pass a growth package, as long as it  
5 has some of these ingredients.

6 The President wants to work with them. That was  
7 the message of the State of the Union, it was the message  
8 yesterday, and it should be the message that comes out of  
9 our group here today.

10 A bipartisan effort on investment credit, on  
11 capital gains, on housing credits, on going back to Congress  
12 and rectifying the mistake on the surface releases it to  
13 60,000 other Americans can get a job.

14 We all know if it goes much longer than that,  
15 nothing is going to get done.

16 But you know something? We're in this together.  
17 And the best thing the President said was let's do something  
18 for America. Let's do something on a bipartisan basis.  
19 Let's get beyond the presidential politics, and let's  
20 develop a growth package that's going to build and invest in  
21 America.

22 GOVERNOR ASHCROFT: I intend, as the one  
23 presiding over this meeting, in calling upon a Republic and  
24 a Democrat -- I don't know who is calling me. I had been  
25 asked earlier by Governor Romer if he would be allowed --

1 why he --

2 GOVERNOR THOMPSON: I will yield to Mr. Romer,  
3 Mr. Chairman. I just wanted to say that without a Democrat  
4 having spoken yet, I have heard the partisan/nonpartisan so  
5 many times, it really makes me think that we are protesting  
6 too much.

7 And so in the spirit of nonpartisan ship, I would  
8 like to yield the floor to Governor Romer of Colorado.

9 (Laughter.)

10 GOVERNOR ASHCROFT: Governor Romer, You know, we  
11 need to clear some air here, Let me say to all of you that  
12 I am the incoming chair of this organization. I take that  
13 responsibility very seriously. I intend to do everything I  
14 can to have this organization function, and let me give you  
15 just a little history.

16 When the President of the United States announced  
17 America 2000, I was chairman of the Democratic Governor's  
18 Association. I showed up in the Oval Office and I said, Mr.  
19 President, you're doing the right thing.

20 And I got a lot of heat from some Democrats for  
21 doing that. But if you want to look personally at Roy  
22 Romer's record, I have publicly been as bipartisan and  
23 nonpartisan as any governor at this table.

24 Now let's go to the next issue.

25 I come to the issue of budget on the basis of

1 institutions.

2           You -- whether you are Republican versus Democrat  
3 represents the institution of a state. Now what happens in  
4 the federal budget is critical to the institutions of states  
5 whether you are a Democrat or a Republican governor.  
6 Congress and the President both have to make that budget.

7           It is absolutely critical when we come together  
8 as governors to have an open discussion about both  
9 approaches to that project. Yesterday, at the White House  
10 before I went, I was informed that the press would be in the  
11 room. The President spoke, Governor Ashcroft spoke and I  
12 spoke.

13           When that information was not carried out, I  
14 happened to interrupt a procedure -- some of you may find  
15 that abrupt -- I said to myself, it was absolutely important  
16 that we have the fundamental issue of budget discussed  
17 publicly, and not have it discussed only one from one side  
18 while the press is in the room.

19           Now, I think we need on another day to take up  
20 the question of how we relate to the White House in terms of  
21 photo op sessions.

22           But let me go back to the budget. The critical  
23 question on my mind about the budget is this: that budget  
24 which the President suggested has a hard freeze in it on  
25 domestic expenditures for the next five years.

1           Now, let me tell you what it would take for us  
2 just to keep our domestic side up with inflation.

3           It would take \$175 billion. That budget  
4 yesterday has a hard freeze on Head Start, on WIC, on  
5 transportation, except for a few minor exceptions, let me  
6 tell you as governors, before we buy off on the President-  
7 only version of that budget we ought to look very carefully  
8 about what that is going to do to our ability to function in  
9 our own budgets.

10           And I just want to put that issue on the table as  
11 number one. We ought to look at the freeze on the domestic  
12 side for the next five years.

13           Let me give you the second issue we ought to look  
14 at. There are some figures in that budget that if they  
15 don't come through, I anticipate also coming off state  
16 budgets.

17           To be specific, there is a \$12 billion  
18 unidentified item in 73-74, that need to be identified. And  
19 I have had enough experience with the federal government to  
20 know that when they have an unidentified item like that, it  
21 usually comes off the backs of states.

22           The third item is there is \$28 billion in there  
23 on a new form of accounting -- accrual accounting on  
24 anticipated receipts. It may be proper, but it does not  
25 happen -- and many people say it will not happen. It's

1 going to end up in a deficit.

2 The fourth item in that budget that ought to be  
3 discussed at this table is what is the size of the cutback  
4 that can be made in the military and transferred to the  
5 domestic side?

6 Let me tell you what \$50 billion is. Fifty  
7 billion dollars is around 3 percent -- over a five-year  
8 period -- is 3 percent of the 1990 military budget.

9 I think there are some other rich nations in the  
10 world that can provide some defense for themselves that we  
11 don't need to provide, and we can take care of some domestic  
12 monkeys.

13 I view these, Governor Thompson, as an  
14 institutional question. I think I am here today, saying,  
15 whether I am a Democrat or a Republican, that I need to  
16 participate in the budget debate, so that their failure to  
17 adequately budget and to adequately fund does not force me  
18 to raise more taxes in Colorado, which I am having to do  
19 right now, to pay for inadequate federal fiscal programs.

20 I think that's a debate we ought to have.

21 And the final thing is to have our counties and  
22 cities and municipalities up there, saying divide it up for  
23 us. I think we as states ought to come out of here, if we  
24 can, or designate the executive committee, to come out of  
25 here with a program that says, Mr. President, Congress -- we

1 want to have an adequate budget that prepares us to take  
2 care of our domestic needs and our economic growth for a  
3 five-year period.

4 Governor Campbell?

5 GOVERNOR CAMPBELL: Thank you, Mr. Chairman.  
6 There are several things. And I would like to ask a couple  
7 of questions of Ray Scheppach. And then make a couple of  
8 comments.

9 I was interested in his presentation. We talked  
10 about long term investments that we ought to be investing in  
11 education and job training, R&D tax incentives for  
12 investment and infrastructure.

13 I don't think any of us disagree with that.  
14 Whether the President proposed it or somebody else proposes  
15 it. Those things are in a lot of different packages. They  
16 have to be in the President's package, too.

17 I don't think we disagree with that on any kind  
18 of a partisan basis. Some of us might individually, but  
19 that's what you proposed, Ray, and I was listening to your  
20 report. You also said something about the other long term  
21 action that can be taken and that is to reduce defense and  
22 cut taxes.

23 There is a debate. Roy has mentioned this about  
24 increasing the reduction in defense, and there has been an  
25 argument to that by the Secretary of Defense and others, who

1 have said we can bring down our defense but you have to  
2 bring down programs and that takes time.

3 And it takes a few years for it to come in.

4 And the President has said, we can bring it down  
5 \$50 billion and not risk the safety of this country, because  
6 there are still problems with the possible proliferation of  
7 nuclear weapons with the breakup of the Soviet Union.

8 At the same time, we are sitting here with over  
9 2,000 scientists in the Soviet Union that we have already  
10 heard are being paid \$6.00 a month, being bid for by Libya  
11 and other countries.

12 There may be a risk, and there the President came  
13 forward and said, yes, we need to maintain the security of  
14 this country.

15 And questions were raised about going to  
16 \$150 billion, and rightly so. The President asked where do  
17 you cut?

18 My question to Ray is -- Ray, where do we hit a  
19 point in this cut in taking that money and putting it into  
20 circulation, that we have diminished returns strictly from  
21 an economic standpoint by the number of jobs we cut out?

22 Because as I look at it, it appears to me the  
23 only place you can cut immediately, quickly and get it is to  
24 cut manpower. And that's to take so many people that are on  
25 the payroll and throw them out.

1           If we do that, where does that give us stimulus  
2 in the short term? It doesn't. I'm worried about that  
3 question, because I don't have enough information as a  
4 governor to say what the security needs of this country are.

5           But I do know we can come down some, but I don't  
6 know how much. I don't think any of you do. I want to do  
7 it in an orderly fashion.

8           But I am concerned, when my state has lost a base  
9 or two, what's the economic impact for me when you cut back  
10 another \$100 billion, and I lose another base, and I lose  
11 more jobs than I have money coming in?

12           You're taking a real economy and changing it.  
13 That bothers me. And I would like for Ray to address that.

14           The items that I have mentioned in the long run  
15 we all seem to agree on. And I don't think we ought to  
16 really fight over those things.

17           You mentioned one of the causes of the recession  
18 was the collapse of real estate. Some of the causes of the  
19 collapse were the change in tax policy of the country. Some  
20 of them were greed and the things that took place by S&Ls.  
21 Two causes.

22           A lot of people are proposing to Democrats and  
23 Republicans that we do something to stimulate the real  
24 estate industry. Everybody has said real estate leads us  
25 out of a recession.

1 Most of the people are proposing these things.

2 We talk about lowering rates. The Fed lowered  
3 the rates. We talk about problems with regs. I have heard  
4 the President -- and I have heard Democrats -- call for  
5 regulatory relief.

6 Let's do something about these regulations and  
7 get them off our backs so we can move forward.

8 I don't think we disagree on these things. I  
9 don't think they are partisan. I agree with Roy. I think  
10 there are things we can do together. I just don't think we  
11 ought to polarize first and try to get back and do it.

12 I think we ought to try to put them out on the  
13 table and see what we can.

14 I have heard people attack capital gains because  
15 the President proposed it. There is no question that it is  
16 an economic stimulus. I have it; many of you have it.

17 But Bill Clinton's proposal -- it's not a  
18 partisan issue, though it has become partisan. It's on the  
19 table. We ought to talk about these things.

20 There are realistic issues that should be there.

21 Now, I am interested in what Ray has put before  
22 us, but I am more interested in another thing that happened,  
23 and I think this is important, and it does demonstrate that  
24 we have some common ground in all of this.

25 Yes, the President proposed that we act by

1 March 20th on his package. A lot of people disagree with  
2 components of his package. I'm sure Republicans and  
3 Democrats may have a little difference on any of the  
4 package. Sure we do.

5 But do any of us disagree? And what I heard at  
6 the White House along discussion from Democrat governors,  
7 including Governor Romer, was no, we don't disagree, the  
8 Congress needs to act, and needs to act quickly. Whatever  
9 package we are going to have.

10 I don't think we disagree on that, and I would  
11 like to see us having this discussion and bring it to a  
12 little bit of a higher level, and say, what do we want? Do  
13 we want Congress to go ahead and get a package forward that  
14 we can agree or disagree with in part or in whole?

15 More likely in part, because I don't think we  
16 will.

17 And are we willing to stand up and say to the  
18 Congress, go ahead and act? It may not be on the  
19 President's package, and it may not be on what I would write  
20 or what you would write, Roy, but go ahead and act.

21 And then let's move forward and move this  
22 country. That's what I'd like to see us do, and I want to  
23 put it down and I want to list these things.

24 Ray, you can take a note that I mentioned it, and  
25 I would appreciate any response that you have.

1 MR. SCHEPPACH: I knew I shouldn't have said it.  
2 Just to clarify one thing on the President's budget in terms  
3 of the domestic side. The budget is frozen over five years  
4 in terms of total, but there is a reallocation within that  
5 today towards infrastructure and investment.

6 GOVERNOR ASHCROFT: Pardon me? Infrastructure  
7 and what?

8 MR. SCHEPPACH: Infrastructure and education. On  
9 the defense budget, the mix generally there is -- about a  
10 third of that is personnel costs. About a third of it is  
11 operation and maintenance, and about a third of it is  
12 weapons systems.

13 If you are going to cut more quickly, you've got  
14 to basically take it out of the O&M side. Or the personnel  
15 side.

16 Regardless of how you do it, I think it's got to  
17 be linked to more money and job training and so forth, so  
18 that you've basically got no need for the transition. But  
19 it's really hard to say how fast you can do that, and do  
20 more jobs on the domestic side without major dislocation.

21 It really almost has to be done regionally.

22 GOVERNOR ASHCROFT: Governor Walters?

23 GOVERNOR WALTERS: Thank you, Mr. Chairman. Let  
24 me first of all say I appreciate Governor Campbell's remarks  
25 about the tone of the debate, and I think that's what we all

1 have an interest in here.

2 I agree, as I look at this agenda, that facing  
3 the challenge of education is exactly as you said, Mr.  
4 Chairman, a long term issue for us to look at.

5 But I also agree with the executive committee  
6 that we obviously as governors have to face other critical  
7 problems that need to be discussed, and when we face an  
8 almost unprecedented national recession, of the like and  
9 severity that we have not seen in this country in decades,  
10 it is essential that we talk about it in debate.

11 So appropriately, of course, the President has  
12 offered a plan. Elements of that plan, I think many of us  
13 think are good. Many of us want to question, and that's  
14 what I view as really what this is all about.

15 The majority in Congress is not for all of the  
16 plan. Maybe not even much of the plan. But what concerns  
17 me, I guess, is that as we have the President's plan and we  
18 have opposing plans, we have not only a bidding war underway  
19 in an election year, but we now have a race underway as to  
20 who can get it done first.

21 In that context, I see us governors as really  
22 being stuck in the middle. I think there are some key  
23 issues in that plan. I don't think we are going to have a  
24 lot of disagreement when we talk about investment credits,  
25 when we talk about capital gains.

1           When we talk about housing credits, I think some  
2 version of capital gains, of course, we can all come to.

3           What we are concerned about, I believe, is as we  
4 look at a peace dividend, which as Governor Campbell said, I  
5 don't feel qualified to say whether it should be \$50 billion  
6 or \$100 billion, but as we look at it, how are we going to  
7 use it?

8           Are we in fact going to use the peace dividend to  
9 fund election year bidding for votes? When do these  
10 investment credits really become election incentives? Or,  
11 are we in fact going to take those funds and invest them in  
12 jobs and economic growth?

13           When you look at this five-year freeze, I must  
14 tell you, it does give me calls for a great deal of concern.  
15 While we talk about increases in Head Start and  
16 transportation, it is clear that we are going to have  
17 cuts -- not only there, but in WIC and Medicaid, and  
18 probably education, and certainly in research and  
19 technology.

20           We have a big issue in front of us as governors,  
21 regardless of the size of the peace dividend. Where is it  
22 going to go? Is it going to fund these tax cuts, or is it  
23 going to fund investments?

24           The second point is, is this budget real? I must  
25 say I have listened to both sides of the \$12 billion and the

1 \$28 billion -- I am not sure. But I think some questions  
2 have been raised, and if that thing has a \$40 billion hole  
3 in it, most certainly it's going to wind up in our budgets.

4 And given the budgets that we face, that's a very  
5 important debate for us to have.

6 The last thing I was going to say is that it is  
7 apparent to me as I have listened to economists that this  
8 thing is going to cost money and add to the debt. Any sober  
9 economist who isn't on the payroll that I have seen so far  
10 estimates this thing as simply not going to pay for itself.

11 It is going to add to the debt. And when we  
12 currently face interest costs each and every year that are  
13 the equivalent of two S&L bailouts, I think that is  
14 something we need to be concerned about.

15 We don't need to be adding to the debt. We need  
16 to have a real budget and I appreciate you for allowing me  
17 us to have this real debate.

18 Thank you, Mr. Chairman.

19 GOVERNOR ASHCROFT: Governor Engler?

20 GOVERNOR ENGLER: Mr. Chairman, I had a question  
21 also for Mr. Scheppach. But on the broader question of this  
22 freeze, it is my understanding that the origin of that  
23 action is the Budget Act that was passed by the Congress and  
24 signed by the President.

25 GOVERNOR ASHCROFT: We have about ten minutes if

1 we are going to stay with the budget on time. So I might  
2 ask all of you to be as telescopic as you can. We'll get  
3 more governors called on.

4 GOVERNOR ENGLER: Just to dismiss the five-year  
5 freeze focus, we have trouble enough getting Congress just  
6 to pass a one-year budget without being particularly  
7 concerned about the five-year freeze.

8 That's the real issue that is on the table. The  
9 issue is the growth package and the timeliness of action by  
10 Congress. I am certainly an advocate for prompt action by  
11 March 20. I think it is imperative to recognize as former  
12 legislators who have that background, and understand that  
13 that is a give and take process that the Administration is  
14 currently engaged in.

15 The overriding interest of the governors has to  
16 be to have action by March 20. I think that's a point we  
17 ought to reaffirm this morning.

18 The one thing, though, that I was somewhat  
19 concerned with was not in the executive summary of the  
20 document. On economic growth, it was the regulatory side --  
21 I suspect that takes a little more to put that in, but in a  
22 number of areas, it seems to me there are significant  
23 barriers to speeding up the expenditure of funds, just  
24 simply by the regulatory processes, and I would hope that we  
25 could do an addendum to this document, and I would like Mr.

1 Scheppach to address this.

2 Do what could be done to break through some of  
3 the gridlock at the regulatory level. We heard from  
4 Secretary Alexander this morning in education how many rules  
5 and regulations are there that prevent innovation on behalf  
6 of the states.

7 That's something that every Republican and  
8 Democratic governor has addressed at various times in these  
9 governors association meetings.

10 Our collective frustration at the micromanaging  
11 by Congress of state and local affairs -- it seems to me  
12 that that's something we have no partisan differences on at  
13 all. We ought to speak clearly, forcefully, that it is time  
14 for Congress to stop being an obstacle with the regulatory  
15 hammerlock that they have on the states.

16 So I would hope we can identify -- as the  
17 President challenged us to do yesterday -- specific  
18 statutory changes or regulations that could be changed, and  
19 make that part of an immediately growth agenda for the  
20 governors.

21 MR. SCHEPPACH: I need to say, some of them are  
22 in the individual write-ups, Governor. We could look across  
23 the board for some more comprehensive regulatory changes.

24 GOVERNOR ENGLER: I would certainly be  
25 encouraging on that front, and would be eager to work with

1 more members of Congress and the governors to see if we  
2 can't push that.

3 GOVERNOR ASHCROFT: Governor Florio?

4 GOVERNOR FLORIO: Thank you very much, Mr.  
5 Chairman. I think it's appropriate, also, that we do spend  
6 at least a minute or two on the health care component of  
7 this.

8 And I think it's appropriate because, as Ray said  
9 in his report, and as our speakers indicated, health care is  
10 becoming more a more a drag on our economy, impacting upon  
11 the competitiveness of our industries, our products and our  
12 services because of the costs of the inefficient health care  
13 system we have now are being rolled into the product, are  
14 being rolled into the services, where our competitors around  
15 he world do not roll those costs into their products,  
16 therefore, giving them a competitive advantage over our own  
17 producers.

18 I hope we can all sign on in a bipartisan way to  
19 the proposition that the existing system is not working very  
20 well. It is not working from the standpoint of health care  
21 consumers anywhere. And we are not just talking about poor  
22 people. As a matter of fact, people who are most adversely  
23 impacted, are working people. Working poor people. We've  
24 got something like 30 million people or so that are not poor  
25 enough to be on Medicaid, not old enough to be on Medicare,

1 don't happen to have an employment based health care system.

2 Therefore, they fall between the cracks.

3 Those are the folks that show up at the emergency  
4 rooms. The system is literally driving us all to  
5 bankruptcy. In a very provincial way, we as governors, can  
6 associate ourselves with that proposition: that the fastest  
7 growing part of most of our budgets, I believe, are  
8 Medicaid.

9 Twenty percent of my budget is health care costs.  
10 So we have the need to deal with these problems. And I  
11 would just hope that we would have a broad, general outline  
12 as to what should be incorporated into such a system.

13 First and foremost, control over the costs. We  
14 have to be able to get control. We can't be playing a shift  
15 the cost game. If there is going to be a proposal to create  
16 tax credits -- that's not going to help. That's just means  
17 that we would pay the escalating bills out of our pockets  
18 and taxpayers as opposed to paying them out of our bills as  
19 health care consumers.

20 We can't be talking about capping Medicaid  
21 without having controls put into the system. That would  
22 just mean that we will continue with this effort of trying  
23 to put 10 pounds of potatoes into a five-pound bag. It just  
24 doesn't work. What we've got to do is to conceptually build  
25 in preventive care, primary care, education, to provision of

1 those types of health care delivery.

2 I guess what I am saying is this is one area that  
3 is relatively easy to address if you look at it objectively.  
4 Because we are not talking about money. We have already put  
5 more money into the system that we should be.

6 We are talking about making the system more  
7 rational.

8 The policy decisions to do that are not easy, I  
9 can see, but this is not a dollar question. This is a  
10 reallocation -- we need to apply more efficiency and more  
11 equity -- So I should hope that as we talk about this issue,  
12 we try to focus people's attention on this -- we would be  
13 able to offer ways -- particularly at the state level -- to  
14 be able to come up with a better system of values that will  
15 assure that all people in this most rich nation on the face  
16 of the Earth don't have to be left behind when it comes time  
17 to talk about health care.

18 Thank you, Mr. Chairman.

19 GOVERNOR ASHCROFT: Thank you, Governor Florio.  
20 Governor Martin?

21 GOVERNOR MARTIN: Mr. Chairman, thank you very  
22 much. I believe we have had a pretty good discussion here  
23 today.

24 I wanted to see if I could clarify one thing,  
25 though, that we were talking about. The same budget

1 proposal.

2 I think it was appropriate for questions to be  
3 raised about the proposed freeze, because I think we ought  
4 to see what that means and come to a good understanding.

5 But I thought I had understood that education  
6 programs -- particularly the Head Start program -- were not  
7 part of what was proposed to be frozen. I thought I  
8 understood it was about a \$1 billion increase proposed for  
9 Head State? The Governor of Colorado indicated the he had  
10 found that Head Start was frozen within that proposed  
11 freeze, and I wonder if you could clarify that.

12 That's one of my major words of encouragement.

13 GOVERNOR ASHCROFT: I would accept a good faith  
14 clarification.

15 GOVERNOR ROMER: A good faith clarification:  
16 there is an increase in the current budget year. You are  
17 correct. The President is proposing that.

18 GOVERNOR MARTIN: A billion dollars.

19 GOVERNOR ROMER: But after that, then it's frozen  
20 with all the other domestic accounts for the next years?  
21 And I am simply laying out the consequences to all of us at  
22 the state level.

23 Because when you have a program that has been set  
24 at a certain level and then you have a freeze, we have to  
25 absorb the inflation.

1                   GOVERNOR MARTIN: Let me share with you one of  
2 the things we found that's already had approval from the  
3 Department of Health and Human Services.

4                   We can take off the day care funds, appropriated  
5 in 1989 and put them into allowances and provide them there.  
6 And we can reach just about all of the at-risk four year  
7 olds right now. So we will be in a position to reach down  
8 to the others at risk.

9                   With this proposal the President -- I think it's  
10 a pretty good proposal. It may be that you can propose a  
11 freeze, but I would raise the question of whether that means  
12 a larger federal deficit if you don't do what the President  
13 has asked you to do about this freeze?

14                   Does that mean a larger federal deficit? Maybe  
15 beginning with a tax increase or maybe yet another \$50  
16 billion to \$100 billion cut in defense.

17                   But is somebody going to propose a \$100 billion  
18 cut in the annual appropriation for defense? But I hope you  
19 will volunteer some bases in your states that can be closed.

20                   Because I want to keep the ones in my state. I  
21 would yield to the governor of South Carolina.

22                   GOVERNOR ASHCROFT: Could I have one minute to  
23 speak?

24                   GOVERNOR CAMPBELL: How about 30 seconds?

25                   GOVERNOR ASHCROFT: A good faith 30 seconds.

1                   GOVERNOR CAMPBELL: Very simply this. I wanted  
2 to ask you -- just a minute, for a resolution which says  
3 that the nation's governors believe that economic growth  
4 depends on jobs for our people and opportunities for each  
5 citizen to improve through training and education.

6                   The President has called upon Congress to adopt  
7 his economic growth package by March 20, but found many  
8 governors disagree on specific elements of the growth  
9 package, that we are united in believing that Congress must  
10 act to create jobs, and economic opportunity immediately.

11                   I would like to offer that as a resolution.

12                   GOVERNOR ASHCROFT: It is someone passing those  
13 things out?

14                   VOICES: Second.

15                   GOVERNOR ASHCROFT: The motion has been made and  
16 seconded. They are passing it out. What is it again? It's  
17 a resolution that says we don't agree on everything, but we  
18 think it would be appropriate to act quickly?

19                   (Laughter.)

20                   GOVERNOR WILDER: Mr. Chairman?

21                   GOVERNOR ASHCROFT: For what cause does the  
22 governor seek to be recognized?

23                   GOVERNOR WILDER: To speak.

24                   (Laughter.)

25                   GOVERNOR ASHCROFT: Speak on the motion?

1                   GOVERNOR WILDER: I think the resolution ought to  
2 be taken up when we take up resolutions, and the proponent  
3 has said that. So I would like to be recognized to speak as  
4 he was speaking earlier.

5                   GOVERNOR ASHCROFT: Okay. Without objection,  
6 I'll just put it in that framework.

7                   GOVERNOR WILDER: I would just like to state it  
8 clearly, that I think a lot of the concern that has been  
9 expressed by some of the governors is not personal, and I  
10 sat yesterday at the East Room in the White House and was  
11 silent throughout. I didn't say a word. I have said a lot  
12 for the last seven months.

13                   (Laughter.)

14                   GOVERNOR WILDER: But I think, first of all, the  
15 American people have lacked a great deal of confidence, not  
16 just in consumer spending, but we have been told countless  
17 times that we were not in a recession. Those of us who even  
18 describe it as a recession were prophets of doom and gloom.

19                   Accordingly, people are somewhat leery of these  
20 piecemeal solutions. Capital gains has never been a  
21 solution. It was there until 1986. It was removed by  
22 President Reagan, and as a result of it, we can't agree that  
23 things were so great up to that point in time, that the  
24 results would cause the nation to go down into the doldrums  
25 of economic despair.

1           Moreover, I think people are questioning now the  
2 fairness of taxes. When you impose a 15 percent capital  
3 gains tax for the rich, when you consider that there is no  
4 incentive, no requirement for investment at all, but the tax  
5 is relieved, and on the other hand, a \$500 exemption if you  
6 have an additional child.

7           We have seen what deregulation has done with the  
8 airlines. We don't likewise like to go under this tax plan.  
9 Where will the money come from to not only sustain our  
10 growth, but likewise, not to increase the deficit.

11           When we speak to the health concerns, I have been  
12 to several meetings around the country and I have heard any  
13 number of persons speak about how we needed health reform.

14           I know any number of your have been very  
15 passionate relative to how you feel about that.

16           But I can tell you that my experience in Virginia  
17 with reference -- with trying to get a handle on everyone  
18 participating and come to the table equitably, is any  
19 indication of what we are going to face nationally, we are  
20 going to be in for some very tough sledding.

21           The President has yet to detail his health plan,  
22 and every presidential candidate is going to have one. As  
23 you know, I had one -- supposedly --

24           (Laughter.)

25           GOVERNOR WILDER: But I can tell you, unless you

1 can get your handles, we are going to benefit from spending  
2 on health. Jim Florio was absolutely right. We spend  
3 \$750 billion a year on health care. Just in several  
4 programs.

5 Don't think for a moment that we aren't going to  
6 spend the money? Where does it go? In some instances, \$300  
7 for the rental of a walker that you can buy at the K-Mart  
8 for \$49; \$10 for a pair of surgeon's gloves that cost  
9 34 cents; \$5 for a Tylenol tablet.

10 Let's not kid ourselves. These things go on not  
11 just in my state. In your state, too. And we pay for it.  
12 The taxpayers pay for it.

13 They are upset. We are not going to have a  
14 health care plan unless we are serious about dealing with  
15 one of the most effective lobbies in our nation. I don't  
16 have to tell you who they are.

17 In addition to trying to be serious about the  
18 budget, and likewise knowing that when we pay these kinds of  
19 monies and spend these kinds of dollars for health, you are  
20 not going to have the money for education, infrastructure,  
21 transportation, and the other things that we so desperately  
22 need.

23 So I think it's essential that governors take the  
24 view, yes, Mr. President, we don't want any more mandated  
25 programs, either, and we encourage you to use that veto that

1 you do have to veto any such bill that comes through there  
2 saying that you are going to mandate programs of the states.

3 And then let the 50 some odd governors band in  
4 unison to ask our congressmen and our representatives to  
5 overturn such legislation when it comes his way.

6 GOVERNOR ASHCROFT: I think our time has run out.  
7 But the former chairman of this organization, Governor  
8 Branstad, has asked for time.

9 And I think if you speak, that will be an equal  
10 number of Republicans and Democrats who have spoken.

11 GOVERNOR RICHARDS: No, it won't.

12 GOVERNOR BRANSTAD: I think Governor Thompson  
13 started out. I don't care if I have the last word. But I  
14 have been seeking to be recognized from the very beginning.

15 GOVERNOR ASHCROFT: Then I recognize you. You  
16 are Terry Branstad.

17 (Laughter.)

18 GOVERNOR BRANSTAD: For awhile there, Mr.  
19 Chairman, I wondered if you were going to recognize me.

20 Thank you.

21 I want to speak as a veteran of this association  
22 who has been here and faithfully attended, I think, every  
23 meeting for a decade.

24 And I've got to say that I have been very proud  
25 to be a member of the National Governors Association. I

1 have served as its vice chair; I have served as its chair.  
2 This organization has been a bipartisan, consensus-building  
3 group.

4 I remember, starting with Lamar Alexander in  
5 education, under Bill Clinton in welfare reform, we really  
6 have made some significant progress in bringing people  
7 together and solving problems.

8 That's why I was troubled by the confrontation  
9 that occurred in the White House yesterday, and I think for  
10 the vice chairman of the association and for all of us, we  
11 really need to make a special effort to work together and  
12 recognize that, yes, we do have partisan differences and  
13 this is a presidential election year, but for this  
14 association to really be effective, as we have been on so  
15 many issues, we have got to continue to work in that, I  
16 think, very professional and bipartisan way.

17 I think it's important that consensus-building,  
18 not confrontation, be our style, and that we continue to  
19 look at how we can in fact help shed light on these issues.

20 Now, I'll tell you, I remember a decade ago,  
21 during that recession, and the discussions focused on the  
22 economy and what could be done at that time, and I also  
23 remember this association taking a strong stand then about  
24 the need to balance the Federal budget, which we didn't have  
25 much affect on.

1           What bothers me is I then -- and I will be the  
2 first to tell you, as a Republican governor, I probably  
3 asked the administration some of the toughest questions at  
4 the White House over the years.

5           Some of you were there during the farm crisis,  
6 and you saw the kind of tough questions I asked, because I  
7 was concerned about people in the heartland, who were losing  
8 their farms, being ignored. But I've also learned as I've  
9 worked with all of you around this table and many of your  
10 predecessors, that this association can be most effective  
11 when we work together in a bipartisan way.

12           And I recognize there are differences and I hope  
13 that we can, if we do have a problem, I think we need to  
14 bring that up and try to work it out and not in a surprise  
15 sort of way. And so I guess I would just say that I'm  
16 disappointed in what happened yesterday.

17           I think the discussions today have been good. I  
18 think there's been a clear airing of concerns about these  
19 issues, but I hope that we can try to get back to a -- to  
20 get away from a confrontational style and into a consensus  
21 building style that has served this organization so well and  
22 has made us effective in leading the way in things like  
23 welfare reform and education and health care.

24           Thank you, Mr. Chairman.

25           GOVERNOR ASHCROFT: Governor Miller will close

1 the discussion.

2 GOVERNOR BOB MILLER: Fortunately, I think much  
3 of the conversation has taken a substantive issue, but I'd  
4 like to conclude it in the procedural area that Governor  
5 Branstad brought forward, and that is the spirit of  
6 bipartisanship.

7 I think that's the goal of all of us that are  
8 present, and to respectfully disagree with Governor  
9 Thompson, we have had previous partisan differences. We had  
10 a serious partisan difference in Alabama, in which there was  
11 some mis-characterization of Democratic governors and other  
12 Democratic office-holders, ostensibly through some  
13 Republican advertising.

14 We resolved that issue and moved on from there at  
15 an executive board meeting, and I hope we will move on from  
16 this one. But one thing I'd like to raise, at least from my  
17 personal vantage point, that needs to be clarified in my  
18 opinion, is that the decision yesterday was a spontaneous  
19 one.

20 It was not a plan of the Democratic Governors'  
21 Association, or any combination. And I think it was one  
22 born of frustration, and the frustration is the element that  
23 we have to correct so that we can get back to the  
24 partisanship.

25 I think Governor Romer's explained that. He

1 anticipated the opportunity to present a differing point of  
2 view in front of the press and then, apparently, the  
3 decision was made without his knowledge, that that  
4 opportunity wasn't going to be present.

5 I realize that the protocol at the White House is  
6 beyond our control, but I would hope that in working to this  
7 resolution, that we get to at least ask the White House, and  
8 whoever else is going to appear in front of us, to make sure  
9 that both points of view have an equal opportunity for  
10 airing.

11 When the president spoke to us last summer by  
12 satellite, of course, the whole thing and all points of view  
13 were raised in front of the nation, and this appeared to be  
14 an exception. Whether you agree or disagree with his  
15 decision, and frankly I wasn't totally supportive of the way  
16 it occurred either, but I think that the basis for his  
17 decision was one of frustration of being deprived of the  
18 opportunity to present a counter view and not necessarily a  
19 planned Democratic plot on any other issue.

20 So I would hope that we can get past this and do  
21 it in a procedural manner that guarantees that everybody  
22 gets the opportunity to present their points of view whether  
23 they agree or disagree with whoever else is present.

24 GOVERNOR RICHARDS: Mr. Chairman, I don't think  
25 any of us came to this meeting for any partisan reasons.

1 I felt the organization was set -- and we in  
2 Texas pay, I don't know, what, \$160,000 to belong to it.

3 We came because we got problems and if we look at  
4 an agenda that doesn't have anything to do with those  
5 problems, then we've got to do something to force the issue.

6 I would suggest that while it's all very well and  
7 good for us to listen to speakers, that we have got to, in  
8 this town of all towns, to have an opportunity to tell you  
9 what's wrong in our states, and how this town, with all of  
10 its power, whether it's over in the White House or other in  
11 the Capitol, can address those problems.

12 I am telling you in a very serious way, I am  
13 really happy for Governor Thompson, but in Texas we know, we  
14 know, that we are going to lose somewhere between 60,000 and  
15 70,000 jobs that are directly related to defense cutbacks.

16 We have already lost 11,000 in one county. We  
17 have already spent every dime we are allowed in job  
18 training.

19 And we've got to be able to say, Governor  
20 Ashcroft, that our problems at home are directly related to  
21 the fact that the number one job in this town is to figure  
22 out what we are going to do about jobs.

23 It's not just a problem in Texas. It is a  
24 problem all over this country. I don't care whether you cut  
25 back \$50 billion or \$100 billion, we know however much you

1 cut back, it means people are out of work.

2 And we have got to have some job training program  
3 that emanates from Washington nationally that assists the  
4 states with that.

5 Any one of these governors here -- I don't care  
6 what party they are -- can tell you that they have projects  
7 in their states that can put people to work. And it doesn't  
8 help us a bit in Texas if you give us a tax cut when they  
9 don't have a job.

10 So I look at this report, and I listen to Ray  
11 Scheppach and God knows, I don't think Ray is partisan --

12 (Laughter.)

13 GOVERNOR RICHARDS: And our problem is not job  
14 growth, economic growth; our problem is decline. And that's  
15 what Scheppach's just gotten through telling us, is that for  
16 the last four years, three years, we have had less job  
17 creation and less job growth than we have had since Herbert  
18 Hoover was the President of the United States.

19 And we can't sit here and hear no evil, see no  
20 evil, speak no evil just because somebody's got their nose  
21 bent out of joint that we happen to be from different  
22 parties.

23 We've got problems at home. And our problem in  
24 Texas is jobs. And we do not see anything in the  
25 President's budget that addresses the fact that when you cut

1 back on defense, we are all going to lose jobs.

2 And we are all in positions of leadership, where  
3 we say we will take responsibility, but you are going to  
4 have to help us from this town.

5 And I thank you very much for allowing me to  
6 speak.

7 GOVERNOR ASHCROFT: I know you addressed some of  
8 your remarks to me. Were you intending me to answer you or  
9 did you just want to have that?

10 GOVERNOR RICHARDS: Any way you want to cut it.

11 (Laughter.)

12 GOVERNOR ASHCROFT: I'll tell you how I would  
13 suggest to you, that if you look at a 15 percent investment  
14 tax allowance and that doesn't translate into jobs for your  
15 state, you've got a very short range of perspective, because  
16 if we invest in the plant and equipment of the United States  
17 of America, that's going to make us the low cost competitive  
18 producers, and we will be able to sell our goods and  
19 services.

20 So investment tax credits are job related. The  
21 highway bill, which the President has addressed, which the  
22 Congress waited from February to December to enact is the  
23 60,000 -- there are 60,000 jobs in the Mickey Mouse  
24 courthouse from Brooklyn. I think it's unfair for you to  
25 say that there's nothing about jobs in here. It's pretty

1 clear to me that there's lots of things about jobs in here.

2 And I now will call upon -- I'll tell you what.

3 I guess we have one more Republican to go to, since you  
4 followed Miller, and this will close the debate, and I'm  
5 sorry, Governor Fordice. I know you want to do this, but I  
6 assured Governor Castle a long time ago, and I will not  
7 break my word to him, and he's very conciliatory.

8 (Laughter.)

9 GOVERNOR ASHCROFT: Mike? It's yours.

10 GOVERNOR CASTLE: I wasn't going to be all that  
11 conciliatory but that's okay with me.

12 (Laughter.)

13 GOVERNOR CASTLE: I just observed a lot in this  
14 last couple of days. So much is bothersome to us, and a lot  
15 of it is from frustration. It's sort of coming around.

16 It seems to me that Governor Romer was arguing  
17 for further defense cutbacks and Governor Richards was sort  
18 of arguing for not doing that. So perhaps we are arguing  
19 with each other to some degree.

20 But the truth of the matter is that I really do  
21 think that the problems we see are ones of frustration, and  
22 not bring another culprit into it, not to do this on a  
23 political basis, but I just don't agree with everything that  
24 is happening in Washington today.

25 One of the comments that interested me,

1       pertaining to this resolution that Governor Campbell has  
2       before us, is the President said we had to do this by  
3       March 20.

4                   And somebody in Congress -- the leadership, I  
5       guess -- said we don't do things by date certain. That's  
6       the whole problem. They don't do things by date certain.  
7       They don't do things in general.

8                   And I think what we do in our states -- and I am  
9       probably speaking for every single state represented here --  
10      fifty-some states and territories represented here at this  
11      table -- we all balance our budget, we all have to balance  
12      our budget -- practically all of us do by our constitution.

13                   If we don't, we do it anyhow. Generally, we have  
14      balanced budget amendments. Generally we have line item  
15      vetoes, we have revenue forecasting processes in which we  
16      agree on what the numbers are.

17                   In most states, we have eliminated automatic cost  
18      of living increases which still exist in all kinds of  
19      programs in the federal government at this time, including  
20      pay programs, benefit programs or whatever it may be.

21                   It just continues throughout this tremendous  
22      deficit, and people in Washington simply have not addressed  
23      that problem.

24                   And Congress has not addressed that problem. We  
25      hear about health care, and again, I know in the various

1 states, I know that Oregon has made substantial proposals  
2 and John in Hawaii has done a wonderful job on that.

3 I even made a proposal in Delaware to cover all  
4 the children up to age 18. I don't know if it will be  
5 adopted or not, but I see nothing coming out of Congress at  
6 this time.

7 The economic growth -- at least the President has  
8 made a proposal. Congress needs to respond to it. I am not  
9 faulting anybody. But I am faulting institutionally what we  
10 are going in this country today.

11 I believe that we do need to make basic changes.  
12 We do need to balance the budget. We do need to get out the  
13 unnecessary courthouses, if that indeed is an issue.

14 And the other pork barreling which we see -- we  
15 do need to focus on economic growth. I couldn't agree with  
16 Governor Richards more. I think the number one  
17 responsibility in Washington right now is to try to create  
18 jobs. That's a very correct statement. We do have to  
19 stimulate the economy, yet the Federal Reserve is the only  
20 place I see -- by cutting interest rates -- attempting to  
21 stimulate the economy at all.

22 I believe the Congress has really come to a  
23 standstill, and I really believe that it needs to address  
24 some problems, too.

25 The states have problems and the governors have

1 to address those problems, and I believe that we are doing  
2 it.

3 The White House has to recognize this. I believe  
4 they are stepping forward and doing it and Congress has to  
5 pick up the mantle, and also wear it properly if we are  
6 going to resolve the problems of this country.

7 Now I don't want you to think this is a paid  
8 campaign speech. I happen to be running for Congress. I'm  
9 not running from it; I'm running for it.

10 And I must tell you that I don't necessarily want  
11 to be a part of it so much as I want to change it, because I  
12 think it's been a tremendous part of the problem in this  
13 country. I am not faulting a political party when I say  
14 this, but nonetheless the congressional process does not  
15 lend itself to solutions in this country, and it must be  
16 added as another group that needs to be focused on when we  
17 talk about what we are going to do short term and long term  
18 to solve the problems of the United States of America.

19 GOVERNOR ASHCROFT: We will consider the revised  
20 and new committee policy positions that were sent to you on  
21 January 17.

22 You have before you the Committee policy  
23 positions plus the amendments made by the executive  
24 committee and standing committees at this meeting.

25 There are several resolutions. Please note that

1 resolutions recognize persons, places or events which  
2 support existing policy of the association. No new policy  
3 is adopted by means of resolution.

4 These policies and resolutions will require a  
5 two-thirds vote of those present and voting.

6 We will take the policies in basically  
7 alphabetical order by committee with the executive committee  
8 and suspensions last.

9 To expedite matters, we will vote en bloc on  
10 these proposals of each committee except where a request is  
11 made to consider a policy proposal individually. So if you  
12 have a problem in voting en bloc on a proposal, and you  
13 would like them segregated, let that request be made known.

14 Will the committee chairmen please move the  
15 adoption of their policy positions and resolutions? I call  
16 first upon Governor Nelson, Vice Chairman of the Committee  
17 on Agriculture and Rural Development.

18 GOVERNOR NELSON: Mr. Chairman, thank you. I  
19 move the adoption of the agricultural and rural development  
20 committee report. The amendment is for an agricultural  
21 barter proposal to permit and support the development of  
22 guarantees for barter transactions involving American  
23 agricultural products in connection with American producers  
24 and republics of the former Soviet Union.

25 GOVERNOR ASHCROFT: The motion has been made. Is

1 there a second?

2 VOICE: Second.

3 GOVERNOR ASHCROFT: All in favor say "aye".

4 (Chorus of ayes.)

5 GOVERNOR ASHCROFT: Opposed?

6 (No response.)

7 GOVERNOR ASHCROFT: The ayes have it. Governor  
8 Edgar, Chairman of the Committee on Economic Development and  
9 Technological Innovation.

10 GOVERNOR EDGAR: Mr. Chairman, I move that the  
11 NGA adopt the two proposals -- two policy and one resolution  
12 that were approved by the Economic Development and  
13 Technological Innovation Committee in its meeting two days  
14 ago.

15 First, we adopted a policy on affordable housing  
16 that is needed because all housing programs must be re-  
17 authorized this year.

18 Next, we adopted a policy on insurance regulation  
19 that opposes federal regulation and calls for further study  
20 on several topics, and makes recommendations for state  
21 action to approve regulation.

22 In the committee we unanimously adopted an  
23 amendment to examine state law changes and provide benefits  
24 to concern them.

25 Finally, we adopted a resolution on interstate

1 bank branching that replaces the proposed resolution with  
2 language stating our goal -- that legislation on interstate  
3 branching, not lessen the state's control over banking  
4 operations within its borders.

5 The resolution also called for the committee to  
6 develop and approve more specific criteria by March 15 on  
7 how to attain that goal.

8 I move the adoption of this report.

9 VOICE: Second.

10 GOVERNOR ASHCROFT: Governor Castle?

11 GOVERNOR CASTLE: I have spoken to Governor Edgar  
12 about this, but in Delaware we have a rather unique  
13 situation with respect to our banking laws. I am very  
14 concerned about voting for anything that would seem to  
15 impinge on that in any way.

16 I may be unique and I don't necessarily want to  
17 sell a wholesale amendment to everybody here, but I would  
18 be -- request if possible if the resolution on interstate  
19 branching would be voted on separately.

20 GOVERNOR ASHCROFT: We will vote on it  
21 separately. For the other two a motion has been made and  
22 seconded. All in favor say "aye".

23 (Chorus of ayes.)

24 GOVERNOR ASHCROFT: Opposed?

25 (No response.)

1                   GOVERNOR ASHCROFT: Okay. On the remaining  
2 resolution, from Economic Development and Technological  
3 Innovation, all in favor say "aye".

4                   (Chorus of ayes.)

5                   GOVERNOR ASHCROFT: Opposed?

6                   GOVERNOR CASTLE: I am opposed.

7                   (Laughter.)

8                   GOVERNOR ASHCROFT: Let the record show that the  
9 governor from Delaware is opposed. And the governor from  
10 Vermont. Do I hear a third?

11                   (Governor Mickelson raises hand.)

12                   GOVERNOR ASHCROFT: And Governor Mickelson.  
13 Okay. All right.

14                   Governor Bangerter, Vice Chairman of the  
15 Committee on Energy and the Environment.

16                   GOVERNOR BANGERTER: Mr. Chairman, I move the  
17 amendments on water resources management, amendment D-23, to  
18 a comprehensive national energy policy -- D-44, and reaffirm  
19 the forestry policy, D-14. This calls for flexibility in  
20 the integrations of wetlands management. The proposed  
21 resolution on energy policy urges the federal government to  
22 continue to move forward with establishing that policy.

23                   GOVERNOR ASHCROFT: Is there a second? From  
24 Governor Roberts?

25                   GOVERNOR ROBERTS: Second.

1 GOVERNOR ASHCROFT: Comments?

2 (No response.)

3 GOVERNOR ASHCROFT: All in favor say "aye".

4 (Chorus of ayes.)

5 GOVERNOR ASHCROFT: Opposed?

6 (No response.)

7 GOVERNOR ASHCROFT: The ayes have it. Governor  
8 McKernan, the Chairman of the Committee on Human Resources.

9 GOVERNOR MCKERNAN: Mr. Chairman, the Committee  
10 on Human Resources recommends the adoption of two existing  
11 policy positions: one on meeting the needs of the changing  
12 American families in the form of a substitute, and the other  
13 on our drug enforcement policies. As well, we recommend  
14 affirmation of the set of existing policy positions.

15 Mr. Chairman, I move these policies en bloc.

16 GOVERNOR ASHCROFT: Is there a second?

17 VOICE: Second.

18 GOVERNOR ASHCROFT: Discussion?

19 (No response.)

20 GOVERNOR ASHCROFT: All in favor say "aye".

21 (Chorus of ayes.)

22 GOVERNOR ASHCROFT: Opposed?

23 (No response.)

24 GOVERNOR ASHCROFT: The ayes have it. Governor  
25 Walters, Chairman of the Committee on International Trade

1 and Foreign Relations.

2 GOVERNOR WALTERS: Mr. Chairman, the committee  
3 met on Sunday and approved three policy amendments for the  
4 association's consideration, the first regarding trade  
5 disputes that calls upon Congress and the Administration to  
6 establish a new state/federal partnership on trade policy.

7 The second amendment supports extra federal  
8 efforts to improve customs, immigration and other  
9 infrastructure on our borders with Canada and Mexico, and to  
10 facilitate expanded trade.

11 The third proposal recognizes the European  
12 Community's efforts to form a single internal market in  
13 1992.

14 Mr. Chairman, I move these three amendments be  
15 considered and approved.

16 VOICE: Second.

17 GOVERNOR ASHCROFT: It has been seconded as well  
18 as moved. Is there discussion?

19 (No response.)

20 GOVERNOR ASHCROFT: All in favor say "aye".

21 (Chorus of ayes.)

22 GOVERNOR ASHCROFT: Opposed?

23 (No response.)

24 GOVERNOR ASHCROFT: The ayes have it. Governor  
25 Miller, Chairman of the Committee on Justice and Public

1 Safety.

2 GOVERNOR BOB MILLER: The committee met yesterday  
3 afternoon with Attorney General Bahr on violent crime.  
4 Although the conversation was less violent than this  
5 morning, Senator Kohl, Chairman of the Senate Subcommittee  
6 on Juvenile Justice and Congressman Matthew Martinez,  
7 Chairman of the House Subcommittee on Human Resources, in  
8 front of which I will testify tomorrow on kids in trouble  
9 relating to juvenile justice.

10 We have an amendment to policy position B-2,  
11 delinquency prevention and youth offender programs, and a  
12 resolution on continuing the attack on violent crime and  
13 drug abuse.

14 Without objection, I will move both of these en  
15 bloc.

16 VOICE: Second.

17 GOVERNOR ASHCROFT: Moved and seconded en bloc.  
18 The recommendations of the Committee on Justice and Public  
19 Safety, all in favor say "aye".

20 (Chorus of ayes.)

21 GOVERNOR ASHCROFT: Opposed?

22 (No response.)

23 GOVERNOR ASHCROFT: The ayes have it. Governor  
24 Thompson, Chairman of the Committee on Transportation,  
25 Commerce and Communications.

1                   GOVERNOR THOMPSON: Thank you very much, Mr.  
2 Chairman. As we discussed at both the Executive Committee  
3 and the Transportation Committee here this morning, your  
4 help is needed to encourage Congress to act immediately on  
5 technical corrections legislation to restore \$1.1 billion in  
6 federal highway obligation ceiling.

7                   This resolution is advanced by Governor Miller,  
8 showing bipartisanship. It supports full funding of the  
9 appropriations process for highways and mass transit, as  
10 authorized in the Service Transportation Act.

11                   I move the adoption of the policy resolution. Mr.  
12 Chairman.

13                   VOICE: Second.

14                   GOVERNOR ASHCROFT: It has been moved and  
15 seconded that the resolution of the Committee on  
16 Transportation, Commerce and Communications be approved.  
17 All in favor say "aye".

18                   (Chorus of ayes.)

19                   GOVERNOR ASHCROFT: Opposed?

20                   (No response.)

21                   GOVERNOR ASHCROFT: Does anyone wish to be  
22 recorded as opposed, please say so.

23                   (No response.)

24                   GOVERNOR ASHCROFT: All right. I believe that  
25 finishes up the standing committee reports and their

1 recommendations.

2 We move on now to consideration of the Executive  
3 Committee policies. May I please have a motion and second  
4 for the Executive Committee amendment to policy C-24, which  
5 is the item which had previously been explained by Governor  
6 Romer.

7 GOVERNOR CAMPBELL: I move the policy.

8 GOVERNOR ASHCROFT: Moved by Governor Campbell.

9 GOVERNOR ROMER: Second.

10 GOVERNOR ASHCROFT: Seconded by Governor Romer.

11 Any questions?

12 (No response.)

13 GOVERNOR ASHCROFT: All in favor say "aye".

14 (Chorus of ayes.)

15 GOVERNOR ASHCROFT: Opposed?

16 (No response.)

17 GOVERNOR ASHCROFT: The ayes have it. There were  
18 three items proposed for ratification in terms of policies  
19 from the Executive Committee. I believe one was related to  
20 voting rights for the District of Columbia, and another  
21 related to the Martin Luther King Holiday, and the last,  
22 related to the Equal Rights Amendment.

23 May I have a motion and a second for these  
24 affirmations?

25 GOVERNOR BRANSTAD: I ask that they be voted on

1 separately.

2 VOICE: Moved.

3 VOICE: Second.

4 GOVERNOR ASHCROFT: It has been moved and  
5 seconded that -- a request has been made for them to be  
6 voted on separately. Without objection, I will ask that  
7 they be voted on separately.

8 I will just ask for a vote on the support of the  
9 association for the affirmation in support of the Equal  
10 Rights Amendment. Ayes?

11 (Chorus of ayes.)

12 GOVERNOR ASHCROFT: Nays?

13 (No response.)

14 GOVERNOR ASHCROFT: Would you care to have the  
15 record show that please.

16 (Motion carried.)

17 GOVERNOR ASHCROFT: Contact the organization for  
18 the Martin Luther King Holiday. Affirmation of the support  
19 of this association for a holiday. All in favor, say "aye".

20 (Chorus of ayes.)

21 GOVERNOR ASHCROFT: Those opposed say "nay".

22 (No response.)

23 (Motion carried.)

24 GOVERNOR ASHCROFT: On the item relating to the  
25 voting rights in the District of Columbia. All in favor say

1 "aye".

2 (Chorus of ayes.)

3 GOVERNOR ASHCROFT: All opposed, say "nay".

4 (Chorus of nays.)

5 GOVERNOR ASHCROFT: I would like to ask for a  
6 show of hands on that. Let me read this. Thank you, Roy.

7 For the voting representation for the District of  
8 Columbia is the topic which has been provided to each of  
9 you.

10 All in favor of reaffirming that policy, raise  
11 your hand?

12 (Show of hands.)

13 GOVERNOR WILDER: Could we have a roll call vote  
14 on that?

15 GOVERNOR ASHCROFT: It takes ten governors to ask  
16 for a roll call vote. Are there nine other governors that  
17 would join with Governor Wilder in asking for a roll call  
18 vote?

19 (Show of hands.)

20 GOVERNOR ASHCROFT: I think I have ten here. Let  
21 me count again. Eleven. Want to go around again? I mean,  
22 that's enough.

23 There will be a roll call vote. Okay. I think  
24 all of these items require two-thirds for passage, and  
25 that's two thirds of the members voting and present.

1 CLERK: Governor Romer?  
2 GOVERNOR ROMER: Aye.  
3 CLERK: Governor Miller?  
4 (No response.)  
5 CLERK: Governor Weld?  
6 (No response.)  
7 CLERK: Governor Campbell?  
8 GOVERNOR CAMPBELL: No.  
9 CLERK: Governor Wilder?  
10 GOVERNOR WILDER: Aye.  
11 CLERK: Governor Martin?  
12 GOVERNOR MARTIN: No.  
13 CLERK: Governor Dean?  
14 GOVERNOR DEAN: Aye.  
15 CLERK: Governor Fordice?  
16 GOVERNOR FORDICE: No.  
17 CLERK: Governor Engler?  
18 GOVERNOR ENGLER: No.  
19 CLERK: Governor Richards?  
20 GOVERNOR RICHARDS: Aye.  
21 CLERK: Governor Thompson?  
22 GOVERNOR THOMPSON: No.  
23 CLERK: Governor Carlson?  
24 GOVERNOR CARLSON: Aye.  
25 CLERK: Governor Finney?

1 (No response.)  
2 CLERK: Governor Bob Miller?  
3 GOVERNOR MILLER: Yes.  
4 CLERK: Governor Mickelson?  
5 GOVERNOR MICKELSON: No.  
6 CLERK: Governor Gardner?  
7 (No response.)  
8 CLERK: Governor Sullivan?  
9 GOVERNOR SULLIVAN: Aye.  
10 CLERK: Governor Walters?  
11 GOVERNOR WALTERS: Yes.  
12 CLERK: Governor Waihee?  
13 GOVERNOR WAIHEE: Aye.  
14 CLERK: Governor Hernandez-Colon?  
15 (No response.)  
16 CLERK: Governor Farrelly?  
17 GOVERNOR FARRELLY: Yes.  
18 CLERK: Governor Coleman?  
19 GOVERNOR COLEMAN: No.  
20 CLERK: Governor Bangerter?  
21 GOVERNOR BANGERTER: No.  
22 CLERK: Governor Nelson?  
23 GOVERNOR NELSON: Yes.  
24 CLERK: Governor Roberts?  
25 GOVERNOR ROBERTS? Aye.

1 CLERK: Governor Wilson?

2 (No response.)

3 CLERK: Governor Branstad?

4 GOVERNOR BRANSTAD: No.

5 CLERK: Governor McKernan?

6 GOVERNOR MCKERNAN: No.

7 CLERK: Governor Edgar?

8 GOVERNOR EDGAR: No.

9 CLERK: Governor Bayh?

10 GOVERNOR BAYH: Yes.

11 CLERK: Governor Voinovich?

12 GOVERNOR VOINOVICH: No.

13 CLERK: Governor Jones?

14 (No response.)

15 CLERK: Governor Castle?

16 GOVERNOR CASTLE: No.

17 CLERK: Governor Ashcroft?

18 GOVERNOR ASHCROFT: No.

19 CLERK: The resolution fails, 13 to 14.

20 GOVERNOR ASHCROFT: We will now consider  
21 proposals that will require a suspension of the rules.

22 These require a three-quarters vote for  
23 suspension and another three-quarters vote for passage.

24 I recognize a motion in favor of the presidential  
25 line item veto authority, an item sent forward by the

1 Executive Committee.

2 GOVERNOR WAIHEE: Mr. Chairman, I move that we  
3 suspend the rules for all resolutions en bloc.

4 VOICE: Second.

5 GOVERNOR ASHCROFT: All in favor in suspending  
6 the rules for all of these en bloc, please say "aye".

7 (Chorus of "ayes").

8 GOVERNOR ASHCROFT: All opposed?

9 GOVERNOR ASHCROFT: Nay.

10 (Laughter.)

11 GOVERNOR WAIHEE: Mr. Chairman, I move that we  
12 adopt these resolutions.

13 VOICE: Second.

14 GOVERNOR BANGERTER: Mr. Chairman, point over  
15 here. Does this include the Campbell resolution?

16 GOVERNOR ASHCROFT: That's a different category.  
17 All in favor, say "aye".

18 (Chorus of ayes.)

19 GOVERNOR ASHCROFT: Opposed?

20 (No response.)

21 GOVERNOR ASHCROFT: Okay. Would you care to have  
22 the record reflect your dissenting vote? Contact the  
23 counsel.

24 I believe, then, that this leaves us with one  
25 remaining issue, the proposed motion by Governor Campbell.

1 I would recognize him, to speak and address it at this time.

2 GOVERNOR CAMPBELL: Mr. Chairman, I just offered  
3 that resolution that we were discussing. There were so many  
4 areas we agreed on that we call the Congress, and also  
5 recognizing in this resolution that we disagreed on some  
6 things.

7 But rather than have an impasse, that at least  
8 what I heard discussed, we are united that the Congress  
9 ought to act immediately on the economic package. There  
10 are a lot of common areas, and a lot of areas of  
11 disagreement -- there is going to be a lot of give and take  
12 between us.

13 I'm sure that Congress and the Administration and  
14 this -- but my resolution is to ensure that they act  
15 immediately.

16 GOVERNOR ASHCROFT: Governor Bangerter is asking  
17 to be heard.

18 GOVERNOR BANGERTER: Mr. Chairman, I wanted the  
19 floor earlier. I wanted to speak non-partisanly on behalf  
20 of Governors Weicker and Hickel. You didn't recognize me  
21 then. I really want to make an addition to this resolution.

22 I think on the last sentence we should say that,  
23 "Congress should act with the President". Let's get both of  
24 them on the line.

25 Then I would like to have another section: "The

1 governors further believe that this growth package should  
2 not increase the deficit."

3 I think if we believe what we have said about  
4 deficit reduction, about fiscal responsibility, we ought to  
5 ask him to act within that kind of a framework.

6 I make that substitution.

7 GOVERNOR CAMPBELL: If you make that resolution,  
8 I have no problem with it. I have no problem with saying we  
9 ought not to increase the deficit, so I have no problem.

10 GOVERNOR ASHCROFT: That is consistent with the  
11 current policy. Go ahead, Roy.

12 GOVERNOR ROMER: Governor Bangerter, I think the  
13 intent of your motion is that they both act. You are not  
14 asking that the Congress act and adopt totally? You are  
15 saying the both should act.

16 GOVERNOR BANGERTER: I just thought we ought to  
17 add in the spirit of bipartisanship that they act with the  
18 President. They've got to act together, I believe.

19 GOVERNOR ASHCROFT: The President and the  
20 Congress act together.

21 GOVERNOR ROMER: That's great. I like that. The  
22 President and Congress act together.

23 GOVERNOR CAMPBELL: We'll go with that.

24 GOVERNOR ASHCROFT: There's no objection?

25 (No response.)

1 GOVERNOR ASHCROFT: Is there further comment?

2 GOVERNOR WAIHEE: I would say again in the spirit  
3 of bipartisanship, maybe we should delete the first sentence  
4 of the paragraph. The problem with the sentence -- the  
5 intention of this motion is excellent.

6 But the problem with the sentence is that it  
7 starts to recite facts, and if we are going to recite facts,  
8 we should have recited another. And pretty soon we'll have  
9 a preamble.

10 So rather than starting to recite facts, maybe we  
11 should just delete that sentence and incorporate the  
12 suggestion that Governor Bangerter said, and it probably has  
13 the bipartisan sense of our association.

14 VOICE: With the resolution before us, we can do  
15 it with half the votes, but in order to pass it, we have to  
16 have three quarters of a vote.

17 GOVERNOR ASHCROFT: And three-quarters to amend  
18 it. Pardon me, I have been corrected. Three-quarters.

19 GOVERNOR WAIHEE: If we could take that in the  
20 spirit it was offered, we could probably pass this  
21 resolution expeditiously.

22 GOVERNOR MARTIN: If we can do that in a meeting  
23 in your distinguished state --

24 GOVERNOR WAIHEE: You can all come. We could use  
25 a little recovery.

1                   GOVERNOR CAMPBELL: Mr. Chairman, I have no  
2 problem with the spirit in which the governor of Hawaii  
3 offered this. The gentleman and I have always worked with  
4 all members of this association in finding answers to  
5 problems and solutions to sticky questions, and our joint  
6 effort is to ask that the Congress and the President work  
7 together immediately on the pressing problems.

8                   And what that, I would say that we will accept  
9 that. But we are asking to work immediately.

10                  GOVERNOR ASHCROFT: Okay. I don't know exactly  
11 how it reads, but it's going to boil down to an agreement  
12 between you and Waihee that says that they will act together  
13 immediately to address these issues.

14                  GOVERNOR CAMPBELL: That's what I mean.

15                  GOVERNOR ASHCROFT: Can someone read it? Can  
16 someone write it up? Carroll, will you write that up  
17 immediately?

18                  GOVERNOR CAMPBELL: Basically, other than the  
19 Bangerter amendment, what is reads is, "The nation's  
20 governors believe that economic growth depends on jobs for  
21 our people and opportunity for each citizen to improve their  
22 training and education. While governors may disagree on  
23 specific elements of a growth package, we are united in  
24 believing that the President and Congress must act together  
25 to create jobs and economic opportunity immediately."

1 GOVERNOR ASHCROFT: Is there a second?

2 VOICES: Second.

3 GOVERNOR CAMPBELL: Plus the Bangerter amendment,  
4 which was adopted earlier.

5 GOVERNOR ASHCROFT: All in favor, say "aye".

6 (Chorus of ayes.)

7 GOVERNOR ASHCROFT: Opposed?

8 (No response.)

9 GOVERNOR ASHCROFT: The ayes have it. This  
10 brings the 1991 Winter Meeting to a close. I look forward  
11 to seeing you again this summer in Princeton, New Jersey,  
12 August 2-4.

13 We have a very special program planned. Governor  
14 Florio has been working hard to entertain you and your  
15 families.

16 The meeting stands adjourned.

17 (Whereupon, at 12:25 p.m., the meeting was  
18 concluded.)

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