NATIONAL GOVERNORS' ASSOCIATION

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1992 WINTER MEETING

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

(Chorus of ayes.)

GOVERNOR ASHCROFT: Opposed?

(No response.)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lamar?
(Applause.)

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

I'll get right to the point.

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

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

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

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

I've read it front to back. There's no good news
in it for the United States of America, and there will be no excuses to make. There have been some international comparisons before that you could put to one side for this reason or that reason, but not in this case. At all.

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

Every governor knows what that means.

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

Every governor knows what's happening.

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

Every governor knows what to do about it.

And most governors are doing something about it.

Since 1985 and '86, when this association committed itself in an extraordinary way to spend more time on education than
on anything else, the nation's governors, both Democratic
governors and Republican governors, have been the principal
agents for change in the American educational system.

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

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

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

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

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

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

It is vitally important to this country that you
continue to do that. That is why I'm glad that Governor
Ashcroft and others of you this year continued with the focus on education.

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

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

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

Doing is the problem.

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

Before I mention the things that we are doing together, I want to say a word about money.
We support money for education. The President thinks of it as an investment, not as spending. I raised taxes with the help of Governor McWherter and other members of the legislature in Tennessee for education when I was governor.

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

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

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

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

Federal spending is up 41 percent over the four
years, while in the states it's only up 25 percent.

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

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

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

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

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

It takes 15 or 20 seconds to say them. And it's the direction America needs to go.
And there are no better persons to say it than the persons who set the goals of the President and the Governors -- the Partnership.

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

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

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

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

In the process, the President agreed that there would be two more Democratic governors on that panel because
he thought it was important to maintain the balance of politics on the panel, and there are too few administration members.

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

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

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

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

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

I think almost every state has become a main 2000 state. What I'm saying is that has become a structure for
carrying out the goals you are working on with the
President. That is very important.

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

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

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

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

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

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

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

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

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

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

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

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

It's poured a lot of federal money through families into institutions of their choice. And this is no
insignificant proposal. It would mean $78 million for Philadelphia; $27 million for San Antonio; for Memphis, $44 million.

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

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

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

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

(Applause.)

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

(Laughter.)

GOVERNOR ASHCROFT: So, thank you. It's a pleasure now to introduce Dr. Yankelovich, who heads the
Public Agenda Foundation. The foundation has a leadership role in identifying the gap between education and the future work force needs of the nation.

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

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

Thank you.

(Applause.)

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

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

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

From my own vantage point as an interpreter of
public opinion, I would like to comment on how this process applies to three issues that are usually considered separately, but are now merging together in the public's mind because of the recession.

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

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

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

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

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

Among the electorate, however, none of this
issues has made very much headway over this last decade
until this past year or so.

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

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

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

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

Well, the recession has had the same effect in
raising the public's consciousness about the importance of
all three, and the urgency of doing something about it.
Unfortunately, however, the public’s conception of these issues and that of the leadership diverge sharply from each other.

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

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

Let me start with the competitiveness issue.

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

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

One reason, and the main reason, is the fragmentation of analysis among various groups of leaders and experts. When it comes to causes and remedies, economists tend to focus on technical factors, such as
monetary exchange rates, interest rates, the low level of savings and investment.

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

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

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

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

A recent Council on Competitiveness poll shows that 77 percent of Americans believe that "Japan is ahead of
the United States in terms of its ability to compete." A 75 percent majority believes that America's ability to compete is stagnant or declining, and a 60-62 percent majority believe that American job opportunities and standard of living are getting worse as a result.

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

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

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

For example, in a study the Public Agenda recently completed with the Business Higher Education Forum, when the public was asked to rank the importance of eight national priorities, they ranked increasing U.S. ability to
compete in the world economy in seventh place -- seven out
of eight, way behind such priorities as cleaning up the
environment, fighting the spread of AIDS, reducing taxes on
the middle class, helping poor children to get a good start,
reducing the federal budget deficit, and improving the
nation's schools, unconnected to this issue.

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

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

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

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

The public believes that in other countries,
government and business work together to strengthen their
competitiveness while here at home they just fight with each
other. The public believes that our corporations care more about short term profits than building for the future and saving American jobs.

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

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

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

I will come back to this in a few minutes.

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

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

The leadership perspective is that an urgent need exists to improve the quality of American education to
enable the United States to compete effectively in the new, integrated, global marketplace. Not just against Japan and Southeast Asia, but also increasingly against a Europe that is slowly but surely achieving economic integration.

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

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

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

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

What will it take to mobilize the public, and how optimistic can one be about the changes for doing so?
There is reason for optimism about ultimate success because the American public cares so deeply about education and its quality.

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

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

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

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

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

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

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

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

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

Any real progress on behalf of the goals you have set to the extent that they depend on public pressure and support, depends on understanding why people hold this view and how to set them straight about the realities of the situation that Secretary Alexander just described without demoralizing them.
People are very touchy about their kids' schools, and one reason for this perception that it's other people's schools is that there is something very concrete and dramatic about not being able to read and write and about dropping out of a school.

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

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

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

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

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

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

But the middle class doesn't understand the excellence issue yet in terms of international competition,
and therefore, they are not yet ready to give their dollar, or their energy and support.

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

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

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

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

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

On competitiveness, what the public wants above all is a pragmatic form of government/business cooperation whose effects will be to improve product quality, to build
for the future in science and technology, and to assure
American jobs and standard of living through training and
education.

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

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

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

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

First is the vision theme. The strongest,
deepest indicia in America is the theme of American
exceptionalism, the idea that America has a special moral
mission in the world, to make the world a better place,
thanks to the American example.
Nothing symbolizes America's moral passion as well as faith in education. Having the best education system in the world is a vision that Americans resonate to as they don't resonate to being number one militarily or industrially.

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

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

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

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

When it comes to persuading the middle class that their kids' schools are not good enough, one has to tread lightly and gingerly. People are depressed enough these
days without laying on them an even deeper sense of failure.

So the effort has to be positive and upbeat.

People must come to feel less anxious about the future because you, the leaders, are determined to impart to their children the education and computer and technical/scientific skills they will need for the United States to get more good jobs.

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

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

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

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

When you look at these problems from the public's perspective, you do see them differently than from the perspective of experts.
From an expert perspective, a wide range of actions may be needed. From the public's perspective, if the public is going to focus and build a consensus, you have to have that focused on one or two programs of action, not on eight or ten.

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

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

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

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

It is this transition that has to get more
attention than it has.

I want to wrap up now, because of limits of time. Let me sum up and conclude this way.

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

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

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

Thank you.

(Applause.)

GOVERNOR ASHCROFT: Thank you. I would inquire of the association now whether you would like to move
directly into a 45-minute discussion provided for by the executive committee of economic issues and health care, or whether you would like to ask a few questions of the speakers who have just spoken to us.

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

It's up to the membership.

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

(Show of hands.)

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

(Show of hands.)

GOVERNOR ASHCROFT: Let's take three questions.

Governor McKernan of Maine.

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

What do you see as the best approach from a
public relations standpoint to those of us in policy making positions to explain to the public the importance of starting to address this aspect of our educational system?

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

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

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

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

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

That is one of the great lacks in the United
States, both in education and in competitiveness. And I think that the 50 states have the opportunity for each to be a natural experiment in developing those kinds of school to work training programs.

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

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

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

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

Governor Campbell.

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

This is the fifth NGA meeting at which I have had the opportunity to report on the National Education Goals.
I don't know if that's some sort of a record or not, but do think it's an indication of the commitment the governors have to this process.

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

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

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

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

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

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

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

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

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

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

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

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

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

The new configuration was arrived at as part of a
larger agreement about whether elected policy makers will
have a say over what constitutes the world class standards
that our children have to meet.

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

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

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

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

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

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

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

    Roy Romer will report on that in just a minute.

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

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

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

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

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

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

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

    (Laughter.)

    GOVERNOR ROMER: It was a very successful thing.
To most governors here, this is a very thing we are about to do. We are reconfiguring the National Goals panel.

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

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

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

That's the first point.

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

We would change radically. We would say the world is doing 19, we can and we will do 19. And we would change our regimen to get there.
What we are after in standards, quite frankly, is to take -- to every parent in America -- what the mark is. In sixth grade, eighth grade, tenth grade, in math, English, and say -- this is the mark that the world is reaching and this is the mark you should reach.

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

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

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

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

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

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

Thank you.
(Applause.)

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

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

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

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

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

Today, I am presenting the first annual Chairman's Award for excellence in performance reporting. What we did was -- the staff of the Goals Panel evaluated the reports, and the staff of the NGA, the Education Office
evaluated the report, and they delivered to me about a dozen finalists, and contrary to all the laws of politics, which say that you should crown the beauty green, but never choose the beauty green.

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

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

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

(Applause.)

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

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

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

(Applause.)

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

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

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

(Applause.)

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

I congratulate you, Governor Sullivan, for your good work, and I am pleased to present to you this: the
first of the Annual Chairman's Awards for performance reporting.

(Applause.)

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

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

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

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

(Laughter.)

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

Our next agenda item comes at the request of several governors, and follows an agreement reached Saturday
at the executive committee meeting.

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

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

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

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

It is my understanding that education is the only or perhaps the single most important long-term economic survival and recovery strategy that this nation has, that prompted me to make education the theme of this, my year as the chairman of NGA.
It is not because I would not address the economic needs of this country that I would have as the theme of this year education. It is specifically because I would address our needs, not only tomorrow, not only next year, not only in this decade, but in the century to come.

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

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

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

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

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

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

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

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

Ray?

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

If you look at what has happened over the last
few years, we would that we started to get some mild
downturn in 1989, when growth slid to about 2-1/2 percent. Then in 1990, it flipped again, average only 1 percent for that particular year.

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

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

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

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

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

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

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

In the long run, the problem seems to be one of a huge increase in debt over the decade of the '80s. Debt by the federal government which increased from $75 billion to close to $400 billion over that period; increase in private
debt, in the leveraged buy-outs; and a substantial increase
in consumer debt in that period where the savings went down.

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

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

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

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

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

This is primarily, I think, because we continue
to have a fair amount of debt that needs to be paid back.
What do we do in the long run? There seems to be a fairly strong consensus in the long run versus the short run. In the long run, I think, there is a fairly good national consensus that we need to increase public investment in infrastructure, education, job training, research and development.

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

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

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

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

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

The first is to do nothing, and assume that monetary policy will turn the economy around.
The second is to reduce national defense, and use the money, such as the President is advocating, for tax cuts for individuals and for businesses.

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

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

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

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

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

Which of the policies of those three is the most effective really depends upon behavioral changes, and it's
very difficult to determine that.

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

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

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

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

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

Third, a lot of the funds that would be spent would in fact be spent in the general investment area in
construction, education, and training, which might help
initially, in the short run, but are also consistent with a
long run strategy what we need to do, anyway, and are
therefore, the minimum risk strategy in the short run.

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

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

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

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

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

So, rather than you having to cut AFDC payments
that in fact, the federal government would just increase its
share as the economy turned down.
The fourth area is just to release some delayed appropriations.

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

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

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

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

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

Where we hope that various states would go forward with the various types of programs. Some might try a single-pair, some might try all pair -- some might have
more market approach. And that the federal government ought to be helping with some enhanced waiver authority.

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

With that I will stop.

GOVERNOR ASHCROFT: Are there questions?

Governor Thompson?

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

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

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

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

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

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

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

    (Laughter.)

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

    I can go out there and talk to them and say, you know, come to Wisconsin, invest in your plant and equipment,
and when you sell it, you know what's you've got in Wisconsin? You've got a 60 percent exemption. You're kidding me!

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

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

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

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

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

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

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

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

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

And then of course we had to put in an item that we are going to build a courthouse in Brooklyn, Whoever did that? I suppose they paved the highway going into the courthouse, and that's how they could justify $3 billion. Because of that $1 billion is not going to be able to be released. That's over 60,000 jobs.

The President needs an item veto because those kinds of things don't get in there. But we can't have that. Forty-three governors -- Democrats and Republicans alike. But if the President asks for it, well that would give the
President too much power. It would be the best thing in 
this country for deficit reduction.

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

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

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

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

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

GOVERNOR ASHCROFT: I intend, as the one 
presiding over this meeting, in calling upon a Republic and 
a Democrat -- I don't know who is calling me. I had been 
asked earlier by Governor Romer if he would be allowed --
GOVERNOR THOMPSON: I will yield to Mr. Romer, Mr. Chairman. I just wanted to say that without a Democrat having spoken yet, I have heard the partisan/nonpartisan so many times, it really makes me think that we are protesting too much.

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

(Laughter.)

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

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

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

Now let's go to the next issue.

I come to the issue of budget on the basis of
institutions.

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

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

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

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

But let me go back to the budget. The critical question on my mind about the budget is this: that budget which the President suggested has a hard freeze in it on domestic expenditures for the next five years.
Now, let me tell you what it would take for us just to keep our domestic side up with inflation.

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

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

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

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

The third item is there is $28 billion in there on a new form of accounting -- accrual accounting on anticipated receipts. It may be proper, but it does not happen -- and many people say it will not happen. It's
going to end up in a deficit.

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

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

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

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

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

And the final thing is to have our counties and cities and municipalities up there, saying divide it up for us. I think we as states ought to come out of here, if we can, or designate the executive committee, to come out of here with a program that says, Mr. President, Congress -- we
want to have an adequate budget that prepares us to take
care of our domestic needs and our economic growth for a
five-year period.

Governor Campbell?

GOVERNOR CAMPBELL: Thank you, Mr. Chairman.

There are several things. And I would like to ask a couple
of questions of Ray Scheppach. And then make a couple of
comments.

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

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

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

There is a debate. Roy has mentioned this about
increasing the reduction in defense, and there has been an
argument to that by the Secretary of Defense and others, who
have said we can bring down our defense but you have to bring down programs and that takes time.

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

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

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

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

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

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

Because as I look at it, it appears to me the only place you can cut immediately, quickly and get it is to cut manpower. And that's to take so many people that are on the payroll and throw them out.
If we do that, where does that give us stimulus in the short term? It doesn't. I'm worried about that question, because I don't have enough information as a governor to say what the security needs of this country are.

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

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

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

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

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

A lot of people are proposing to Democrats and Republicans that we do something to stimulate the real estate industry. Everybody has said real estate leads us out of a recession.
Most of the people are proposing these things. We talk about lowering rates. The Fed lowered the rates. We talk about problems with regs. I have heard the President -- and I have heard Democrats -- call for regulatory relief.

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

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

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

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

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

There are realistic issues that should be there.

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

Yes, the President proposed that we act by
March 20th on his package. A lot of people disagree with components of his package. I'm sure Republicans and Democrats may have a little difference on any of the package. Sure we do.

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

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

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

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

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

Ray, you can take a note that I mentioned it, and I would appreciate any response that you have.
MR. SCHEPPACH: I knew I shouldn't have said it. Just to clarify one thing on the President's budget in terms of the domestic side. The budget is frozen over five years in terms of total, but there is a reallocation within that today towards infrastructure and investment.

GOVERNOR ASHCROFT: Pardon me? Infrastructure and what?

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

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

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

It really almost has to be done regionally.

GOVERNOR ASHCROFT: Governor Walters?

GOVERNOR WALTERS: Thank you, Mr. Chairman. Let me first of all say I appreciate Governor Campbell's remarks about the tone of the debate, and I think that's what we all
have an interest in here.

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

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

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

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

In that context, I see us governors as really
being stuck in the middle. I think there are some key
issues in that plan. I don't think we are going to have a
lot of disagreement when we talk about investment credits,
when we talk about capital gains.
When we talk about housing credits, I think some version of capital gains, of course, we can all come to. What we are concerned about, I believe, is as we look at a peace dividend, which as Governor Campbell said, I don't feel qualified to say whether it should be $50 billion or $100 billion, but as we look at it, how are we going to use it?

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

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

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

The second point is, is this budget real? I must say I have listened to both sides of the $12 billion and the
$28 billion -- I am not sure. But I think some questions have been raised, and if that thing has a $40 billion hole in it, most certainly it's going to wind up in our budgets. And given the budgets that we face, that's a very important debate for us to have.

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

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

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

Thank you, Mr. Chairman.

GOVERNOR ASHCROFT: Governor Engler?

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

GOVERNOR ASHCROFT: We have about ten minutes if
we are going to stay with the budget on time. So I might
ask all of you to be as telescopic as you can. We'll get
more governors called on.

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

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

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

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

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

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

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

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

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

GOVERNOR ENGLER: I would certainly be encouraging on that front, and would be eager to work with
more members of Congress and the governors to see if we
can't push that.

GOVERNOR ASHCROFT: Governor Florio?

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

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

I hope we can all sign on in a bipartisan way to
the proposition that the existing system is not working very
well. It is not working from the standpoint of health care
consumers anywhere. And we are not just talking about poor
people. As a matter of fact, people who are most adversely
impacted, are working people. Working poor people. We've
got something like 30 million people or so that are not poor
enough to be on Medicaid, not old enough to be on Medicare,
don't happen to have an employment based health care system. Therefore, they fall between the cracks. Those are the folks that show up at the emergency rooms. The system is literally driving us all to bankruptcy. In a very provincial way, we as governors, can associate ourselves with that proposition: that the fastest growing part of most of our budgets, I believe, are Medicaid.

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

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

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

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

We are talking about making the system more
rational.

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

Thank you, Mr. Chairman.

GOVERNOR ASHCROFT: Thank you, Governor Florio.

Governor Martin?

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

I wanted to see if I could clarify one thing,
though, that we were talking about. The same budget
I think it was appropriate for questions to be raised about the proposed freeze, because I think we ought to see what that means and come to a good understanding.

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

That's one of my major words of encouragement.

GOVERNOR ASHCROFT: I would accept a good faith clarification.

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

GOVERNOR MARTIN: A billion dollars.

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

Because when you have a program that has been set at a certain level and then you have a freeze, we have to absorb the inflation.
GOVERNOR MARTIN: Let me share with you one of the things we found that's already had approval from the Department of Health and Human Services.

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

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

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

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

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

GOVERNOR ASHCROFT: Could I have one minute to speak?

GOVERNOR CAMPBELL: How about 30 seconds?

GOVERNOR ASHCROFT: A good faith 30 seconds.
GOVERNOR CAMPBELL: Very simply this. I wanted to ask you -- just a minute, for a resolution which says that the nation's governors believe that economic growth depends on jobs for our people and opportunities for each citizen to improve through training and education.

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

I would like to offer that as a resolution.

GOVERNOR ASHCROFT: It is someone passing those things out?

VOICES: Second.

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

(Laughter.)

GOVERNOR WILDER: Mr. Chairman?

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

GOVERNOR WILDER: To speak.

(Laughter.)

GOVERNOR ASHCROFT: Speak on the motion?
GOVERNOR WILDER: I think the resolution ought to be taken up when we take up resolutions, and the proponent has said that. So I would like to be recognized to speak as he was speaking earlier.

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

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

(Laughter.)

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

Accordingly, people are somewhat leery of these piecemeal solutions. Capital gains has never been a solution. It was there until 1986. It was removed by President Reagan, and as a result of it, we can't agree that things were so great up to that point in time, that the results would cause the nation to go down into the doldrums of economic despair.
Moreover, I think people are questioning now the fairness of taxes. When you impose a 15 percent capital gains tax for the rich, when you consider that there is no incentive, no requirement for investment at all, but the tax is relieved, and on the other hand, a $500 exemption if you have an additional child.

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

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

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

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

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

(Laughter.)

GOVERNOR WILDER: But I can tell you, unless you
can get your handles, we are going to benefit from spending on health. Jim Florio was absolutely right. We spend $750 billion a year on health care. Just in several programs.

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

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

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

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

So I think it's essential that governors take the view, yes, Mr. President, we don't want any more mandated programs, either, and we encourage you to use that veto that
you do have to veto any such bill that comes through there
saying that you are going to mandate programs of the states.

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

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

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

GOVERNOR RICHARDS: No, it won't.

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

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

(Laughter.)

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

Thank you.

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

And I've got to say that I have been very proud
to be a member of the National Governors Association. I
have served as its vice chair; I have served as its chair. This organization has been a bipartisan, consensus-building group.

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

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

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

Now, I'll tell you, I remember a decade ago, during that recession, and the discussions focused on the economy and what could be done at that time, and I also remember this association taking a strong stand then about the need to balance the Federal budget, which we didn't have much affect on.
What bothers me is I then -- and I will be the first to tell you, as a Republican governor, I probably asked the administration some of the toughest questions at the White House over the years.

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

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

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

Thank you, Mr. Chairman.

GOVERNOR ASHCROFT: Governor Miller will close
the discussion.

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

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

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

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

I think Governor Romer's explained that. He
anticipated the opportunity to present a differing point of view in front of the press and then, apparently, the decision was made without his knowledge, that that opportunity wasn't going to be present.

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

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

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

GOVERNOR RICHARDS: Mr. Chairman, I don't think any of us came to this meeting for any partisan reasons.
I felt the organization was set -- and we in Texas pay, I don't know, what, $160,000 to belong to it.

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

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

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

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

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

It's not just a problem in Texas. It is a problem all over this country. I don't care whether you cut back $50 billion or $100 billion, we know however much you
cut back, it means people are out of work.

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

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

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

(Laughter.)

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

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

We've got problems at home. And our problem in Texas is jobs. And we do not see anything in the President's budget that addresses the fact that when you cut
back on defense, we are all going to lose jobs.

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

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

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

GOVERNOR RICHARDS: Any way you want to cut it.

(Laughter.)

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

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

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

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

(Laughter.)

GOVERNOR ASHCROFT: Mike? It's yours.

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

(Laughter.)

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

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

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

One of the comments that interested me,
pertaining to this resolution that Governor Campbell has before us, is the President said we had to do this by March 20.

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

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

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

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

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

And Congress has not addressed that problem. We hear about health care, and again, I know in the various
states, I know that Oregon has made substantial proposals
and John in Hawaii has done a wonderful job on that.

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

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

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

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

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

The states have problems and the governors have
to address those problems, and I believe that we are doing it.

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

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

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

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

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

There are several resolutions. Please note that
resolutions recognize persons, places or events which
support existing policy of the association. No new policy
is adopted by means of resolution.

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

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

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

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

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

GOVERNOR ASHCROFT: The motion has been made. Is
there a second?

VOICE: Second.

GOVERNOR ASHCROFT: All in favor say "aye".

(Chorus of ayes.)

GOVERNOR ASHCROFT: Opposed?

(No response.)

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

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

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

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

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

Finally, we adopted a resolution on interstate
bank branching that replaces the proposed resolution with language stating our goal -- that legislation on interstate branching, not lessen the state's control over banking operations within its borders.

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

I move the adoption of this report.

VOICE: Second.

GOVERNOR ASHCROFT: Governor Castle?

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

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

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

(Chorus of ayes.)

GOVERNOR ASHCROFT: Opposed?

(No response.)
GOVERNOR ASHCROFT: Okay. On the remaining resolution, from Economic Development and Technological Innovation, all in favor say "aye".

(Chorus of ayes.)

GOVERNOR ASHCROFT: Opposed?

GOVERNOR CASTLE: I am opposed.

(Laughter.)

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

(Governor Mickelson raises hand.)

GOVERNOR ASHCROFT: And Governor Mickelson.

Okay. All right.

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

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

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

GOVERNOR ROBERTS: Second.

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GOVERNOR ASHCROFT: Comments?
(No response.)

GOVERNOR ASHCROFT: All in favor say "aye".
(Chorus of ayes.)

GOVERNOR ASHCROFT: Opposed?
(No response.)

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

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

Mr. Chairman, I move these policies en bloc.

GOVERNOR ASHCROFT: Is there a second?

VOICE: Second.

GOVERNOR ASHCROFT: Discussion?
(No response.)

GOVERNOR ASHCROFT: All in favor say "aye".
(Chorus of ayes.)

GOVERNOR ASHCROFT: Opposed?
(No response.)

GOVERNOR ASHCROFT: The ayes have it. Governor Walters, Chairman of the Committee on International Trade
and Foreign Relations.

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

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

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

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

VOICE: Second.

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

(No response.)

GOVERNOR ASHCROFT: All in favor say "aye".

(Chorus of ayes.)

GOVERNOR ASHCROFT: Opposed?

(No response.)

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

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

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

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

VOICE: Second.

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

(Chorus of ayes.)

GOVERNOR ASHCROFT: Opposed?

(No response.)

GOVERNOR ASHCROFT: The ayes have it. Governor Thompson, Chairman of the Committee on Transportation, Commerce and Communications.
GOVERNOR THOMPSON: Thank you very much, Mr. Chairman. As we discussed at both the Executive Committee and the Transportation Committee here this morning, your help is needed to encourage Congress to act immediately on technical corrections legislation to restore $1.1 billion in federal highway obligation ceiling.

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

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

VOICE: Second.

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

(Chorus of ayes.)

GOVERNOR ASHCROFT: Opposed?

(No response.)

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

(No response.)

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

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

GOVERNOR CAMPBELL: I move the policy.
GOVERNOR ASHCROFT: Moved by Governor Campbell.
GOVERNOR ROMER: Second.
GOVERNOR ASHCROFT: Seconded by Governor Romer.

Any questions?

(No response.)

GOVERNOR ASHCROFT: All in favor say "aye".
(Chorus of ayes.)
GOVERNOR ASHCROFT: Opposed?
(No response.)

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

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

GOVERNOR BRANSTAD: I ask that they be voted on
separately.

VOICE: Moved.

VOICE: Second.

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

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

(Chorus of ayes.)

GOVERNOR ASHCROFT: Nays?

(No response.)

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

(Motion carried.)

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

(Chorus of ayes.)

GOVERNOR ASHCROFT: Those opposed say "nay".

(No response.)

(Motion carried.)

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

(Chorus of ayes.)

GOVERNOR ASHCROFT: All opposed, say "nay".

(Chorus of nays.)

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

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

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

(Show of hands.)

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

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

(Show of hands.)

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

There will be a roll call vote. Okay. I think all of these items require two-thirds for passage, and that's two thirds of the members voting and present.
CLERK: Governor Romer?
GOVERNOR ROMER: Aye.

CLERK: Governor Miller?
(No response.)

CLERK: Governor Weld?
(No response.)

CLERK: Governor Campbell?
GOVERNOR CAMPBELL: No.

CLERK: Governor Wilder?
GOVERNOR WILDER: Aye.

CLERK: Governor Martin?
GOVERNOR MARTIN: No.

CLERK: Governor Dean?
GOVERNOR DEAN: Aye.

CLERK: Governor Fordice?
GOVERNOR FORDICE: No.

CLERK: Governor Engler?
GOVERNOR ENGLER: No.

CLERK: Governor Richards?
GOVERNOR RICHARDS: Aye.

CLERK: Governor Thompson?
GOVERNOR THOMPSON: No.

CLERK: Governor Carlson?
GOVERNOR CARLSON: Aye.

CLERK: Governor Finney?
CLERK: Governor Bob Miller?
GOVERNOR MILLER: Yes.

CLERK: Governor Mickelson?
GOVERNOR MICKELSON: No.

CLERK: Governor Gardner?
(No response.)

CLERK: Governor Sullivan?
GOVERNOR SULLIVAN: Aye.

CLERK: Governor Walters?
GOVERNOR WALTERS: Yes.

CLERK: Governor Waihee?
GOVERNOR WAIHEE: Aye.

CLERK: Governor Hernandez-Colon?
(No response.)

CLERK: Governor Farrelly?
GOVERNOR FARRELLY: Yes.

CLERK: Governor Coleman?
GOVERNOR COLEMAN: No.

CLERK: Governor Bangerter?
GOVERNOR BANGERTER: No.

CLERK: Governor Nelson?
GOVERNOR NELSON: Yes.

CLERK: Governor Roberts?
GOVERNOR ROBERTS: Aye.
CLERK: Governor Wilson?
(No response.)
CLERK: Governor Branstad?
GOVERNOR BRANSTAD: No.
CLERK: Governor McKernan?
GOVERNOR MCKERNAN: No.
CLERK: Governor Edgar?
GOVERNOR EDGAR: No.
CLERK: Governor Bayh?
GOVERNOR BAYH: Yes.
CLERK: Governor Voinovich?
GOVERNOR VOINOVICH: No.
CLERK: Governor Jones?
(No response.)
CLERK: Governor Castle?
GOVERNOR CASTLE: No.
CLERK: Governor Ashcroft?
GOVERNOR ASHCROFT: No.
CLERK: The resolution fails, 13 to 14.
GOVERNOR ASHCROFT: We will now consider proposals that will require a suspension of the rules. These require a three-quarters vote for suspension and another three-quarters vote for passage. I recognize a motion in favor of the presidential line item veto authority, an item sent forward by the
Executive Committee.

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

VOICE: Second.

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

(Chorus of "ayes").

GOVERNOR ASHCROFT: All opposed?

GOVERNOR ASHCROFT: Nay.

(Laughter.)

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

VOICE: Second.

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

GOVERNOR ASHCROFT: That's a different category.

All in favor, say "aye".

(Chorus of ayes.)

GOVERNOR ASHCROFT: Opposed?

(No response.)

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

I believe, then, that this leaves us with one remaining issue, the proposed motion by Governor Campbell.
I would recognize him, to speak and address it at this time.

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

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

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

GOVERNOR ASHCROFT: Governor Bangerter is asking to be heard.

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

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

Then I would like to have another section: "The
governors further believe that this growth package should not increase the deficit."

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

I make that substitution.

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

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

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

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

GOVERNOR ASHCROFT: The President and the Congress act together.

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

GOVERNOR CAMPBELL: We'll go with that.

GOVERNOR ASHCROFT: There's no objection?

(No response.)
GOVERNOR ASHCROFT: Is there further comment?

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

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

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

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

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

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

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

GOVERNOR WAIHEE: You can all come. We could use a little recovery.
GOVERNOR CAMPBELL: Mr. Chairman, I have no problem with the spirit in which the governor of Hawaii offered this. The gentleman and I have always worked with all members of this association in finding answers to problems and solutions to sticky questions, and our joint effort is to ask that the Congress and the President work together immediately on the pressing problems.

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

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

GOVERNOR CAMPBELL: That's what I mean.

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

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

VOICES: Second.

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

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

(Chorus of ayes.)

GOVERNOR ASHCROFT: Opposed?

(No response.)

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

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

The meeting stands adjourned.

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