NATIONAL GOVERNORS' ASSOCIATION

1993 WINTER MEETING

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PLENARY SESSION

J.W. Marriott Hotel
1331 Pennsylvania Avenue, N.W.
Grand Ballroom
Salons 2, 3 and 4
Washington, D. C.

Monday, February 1, 1993
3:10 p.m.
P R O C E E D I N G S

GOV. ROMER: (presiding) Can we come to order?

Are we on our seats?

I would like to welcome all the Governors and guests. I particularly want to welcome the new Governors to this meeting: Governor Jim Guy Tucker of Arkansas, Governor Tom Carper of Delaware, Governor Mel Carnahan of Missouri, Governor Mark Racicot from Montana, Governor Stephen Merrill from New Hampshire, Governor Ed Schafer from North Dakota, and Governor Pedro Rossello from Puerto Rico, Governor Mike Leavitt from Utah, and Governor Mike Lowry from Washington. I want to welcome back Jim Hunt from North Carolina.

I would like now to call for the adoption of our motion on procedures. Would somebody like to make that motion?

VOICES: So moved.

GOV. ROMER: Second?

VOICES: Second.

GOV. ROMER: All in favor say "aye."

(Chorus of ayes.)

GOV. ROMER: So adopted.

The next item on the agenda is the opening ACE-FEDERAL REPORTERS, INC.
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remarks by the chairman, Governor Romer. It's going to be 60 seconds of enlightenment. I will tell you why. Governor Campbell has to leave to catch a plane, and I want to take up the resolution of policy on health care before he leaves. So let me give you a 60-second introduction to our subject.

For the last several months we have been working on the issue of health care reform, federalism, and the federal deficit. We have made some real progress. We have made progress with other associations. We have had extensive conversations with the new Administration and with the President, and we have a resolution which has gone through our health care task force. It has also been approved by the Executive Committee.

I would like to turn to Governor Dean and Governor Dean and Governor Mickelson to introduce that resolution to us. I particularly would like to call on Governor Campbell before he leaves. Governor Dean, Governor Mickelson, do you want to present the resolution and make a motion for its adoption?

GOV. DEAN: I will present the resolution. It's in here behind the purple face sheet on every Governor's desk. I hesitate to go through it in great detail. There
are 33 Governors on the health care reform task force. I think people are familiar with this in general.

There is one change. That is in some new language. We were not expecting this until later in the meeting. I apologize, Mr. Chairman.

The one change that we have is on page 4, federal amendment, tort reform standards. States must have the flexibility to exceed these minimums. We had changed that language, subject to approval from the Executive Committee. We will get you that new language in just a moment.

Other than that, the policy simply calls for a basic federal framework for State-organized purchasing cooperatives for affordable health insurance, a single national claims package; much of the stuff we were talking about with the President this morning.

The core benefits package, set forth by the Federal Government in consultations with a number of other organizations, consumers. Limits on tax deductibility of health insurance, national expenditure goals, cost containment strategies; again, the information that most of you are well aware of, having participated in the various task forces over the past several months.
The new language section on page 4 that we agreed with, and I believe the staffs of the interested Governors have all agreed on this language, that that would be stricken. The federal minimum tort reform standards would be stricken and, instead, the language would be tort and liability reform standards. Tort and liability standards should be developed by the Federal Government; however, States must have the flexibility to design and regulate their own programs that meet the federal standards, before we further limit liability.

With that amendment, Mr. Chairman, I would be prepared to move for its adoption.

GOV. ROMER: Governor Mickelson, then Governor Campbell.

GOV. MICKELSON: I don’t have a lot to add. As Governor Dean indicated, this is an issue that has had the involvement of most of us sitting around this table, and I think it has been very worthwhile. So I will simply second the motion, and we would answer questions if there are any.

GOV. ROMER: Governor Campbell?

GOV. CAMPBELL: Thank you, Mr. Chairman. First I want to commend you on your initiative on this. I want to
commend the two co-chairs of this task force because I think it has been a very good piece of work. There has been an awful lot of study, and a number of meetings have gone into this. A lot of groups have participated, and the discussion has been very positive.

Obviously, health care is one of the key problems that we have, not only access but cost, and it is driving our budgets in our States, and we do need some change that allows us to literally institute competition in some areas of health care and at the same time have some management controls.

We also need some more latitude in dealing with the federally fund part of health care in order to keep from shifting so much out of our budget from other areas to fund mandates that are coming out of Congress. These are very well thought-out proposals that have come out of the task force, and as co-chair of the NGA or vice chair of the NGA, I would just like to say that I think they are well done. There may be other things that should be addressed, but it’s as comprehensive a package as I have seen come forward, and I commend it to all of the members of both parties.

GOV. ROMER: Are there other comments on the
health care policy statement?

GOV. RICHARDS: Mr. Chairman, I just wanted to say that there are some portions of this that we are not in total agreement on. But I think it is a real give-and-take document in which we are in agreement that we agree with the general thrust of it. I want to commend those who put it together, and it certainly will have my support. Thank you.

GOV. ROMER: Any other comments?

(No response.)

GOV. ROMER: I therefore call for a vote. All in favor of the adoption of this policy statement say "aye."

(Chorus of ayes.)

GOV. ROMER: Opposed, "no"?

(No response.)

GOV. ROMER: The statement is adopted.

Senator Mitchell has arrived, and I am really pleased to be able to introduce him. Senator Mitchell has always had an open door to Governors. We have met several times in the last year on NGA issues, and we look forward to continuing that relationship. That relationship will be critical to our success on common agendas on health care, welfare reform, deficit reduction, and more.

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I am pleased to introduce the Senate majority leader, the Honorable George Mitchell from Maine.

(Applause.)

SEN. MITCHELL: Thank you very much, Governor Romer. Thank you, ladies and gentlemen. It's a real pleasure to be with you here today. On behalf of the Members of the Senate, I welcome you and look forward to working with you on the many critical issues facing our States and our Nation.

I understand that, as your recent action indicates, you are focusing on health care, and I thought I would limit my remarks to that subject, speak briefly, and then at Governor Romer’s request, respond to any questions or listen to any comments that any of you wish to make on that or any other subject.

First let me say that I have seen the statement made by the President, Governor Romer, and Governor Campbell upon completion of your meeting with the President today. I commend all of those who participated for what I understand was the positive and forthright meeting and the forthcoming statement by the President.

I support his proposal to streamline the waiver.
process and to improve the level of cooperation in making decisions with respect to State applications for waivers.

    I also am here today to encourage you, as strongly as I can publicly as I have privately in my many meetings with individual Governors, to continue the process by which States are acting to meet the health care needs of their citizens. We do need comprehensive national reform of our health care system. But that should not be an excuse or an impediment to State action to meet the particular needs of its citizens, because I believe that any comprehensive national program must include substantial authority and flexibility at the State level.

    Our country is so large and so diverse that no single national plan can possibly meet the needs of all our citizens with maximum efficiency and effectiveness, and, therefore, independent State action at this time is consistent, in my view, with the desire for comprehensive national reform.

    (Applause.)

SEN. MITCHELL: I served a chairman of the Senate Health Subcommittee prior to becoming majority leader, and I have retained an active interest and involvement in the ACE-FEDERAL REPORTERS, INC.
subject since becoming majority leader, having introduced comprehensive reform legislation last Congress and in the Congress before that, the first comprehensive long-term care proposal.

I will be participating with the Administration's task force to be headed up by Mrs. Clinton. I am also pleased that the President is going to be inviting and involving you Governors in that process. We will be meeting over the next three months to try to agree upon a specific legislative proposal which I hope very much that we can enact into law this year. I think it is imperative for all of the reasons which each of you is aware of and which we have discussed here at great length.

I don't yet know what the outcome of those discussions will be. There will be a number of participants, and there are widely diverse views on this objective, sharply conflicting economic interests. But I do have some principles which I believe must be incorporated in any final legislative product, and I would like to mention those briefly now before turning to the question part of the program.

I think there are five principles which must be
embodied in any ultimate legislative action. First and most essential is, of course, cost control. Each of you is well aware of the effect within your States. Every government in our country -- federal, Stat, and local -- every American business, every American family is encountering serious problems with the rapidly rising cost of health care in our society. It cannot be sustained. Volumes, book after book article after article, analysis after analysis, have been prepared, all showing the same thing. The cost is rising too rapidly. It must be controlled. We have no higher objective in this Congress than to enact reform legislation which deals with the problem of cost control.

Second, there must be universal access. That means that every American has access to good care. I begin this discussion period in drafting legislation with the firm and unshakable conviction that the right to good health care is a fundamental right of every citizen in a democratic society. It is not and cannot be viewed as a privilege to be afforded to some, whether on the basis of wealth or background or any other criterion. Every American is entitled to have access to good care.
be insured against the cost of health care. No program can be viewed as successful reform if, when it is fully implemented, a large number of Americans are without health insurance and, therefore, access to care. And surely we must reverse the current trend which finds somewhere between 35 and 40 million Americans without health insurance and the number rising by about a million a year.

Third, I believe there must be much greater emphasis on primary and preventive care. One of the reasons we Americans spend so much on health care is that we spend almost all of it on curative care, trying to make people well after they have become ill. We must begin a national education effort which begins in the very first grade in school and continues throughout every American's lifetime, to increase personal responsibility for health, change American attitudes and American life styles. We can have healthier citizens, healthier families, and save a lot of money in the process.

I will come back to that one because I think it's ultimately the most important one, to cite a few examples.

Fourth, we must contain consumer choice. Every nation has a health care system that is unique to that
nation, based upon the customs, practices, and traditions of that society. In some countries, limiting consumer choice has worked. In others it has not. I believe it will not work in this country, and Americans must retain the right to have their choice in health care providers.

Fifth, and perhaps most importantly, I believe that there must be substantial State control and flexibility in any health care control reform program. The problems of northern Maine are not even remotely comparable to the problems of Los Angeles or Chicago or Manhattan. The problems of North Dakota are not those of southern Florida. We have to recognize that in a country as diverse as this, that the same solution will not work everywhere and we must have maximum flexibility and maximum authority at the State level.

I would like to go back to and give one example of the kinds of thing we must do in primary and preventive care. Last year I visited Tampa General Hospital, a very large and fine community institution serving a large, diverse urban area in Tampa, Florida. As I was given a tour through the hospital, we walked through the pediatrics ward, and the chief of pediatrics pointed to a row of incubators.
along the wall and said, "Senator, those are our million-
dollar babies." I said, "What do you mean?" She said, "The
cost of maintaining each of those infants alive to this
point has exceeded $1 million and in the case of some of
them, two or three million."

I went over and walked down the row of
incubators, and the hospital staff, knowing I was coming,
had invited the parents to come in. I talked with many of
the parents. They were different, reflecting a diverse
region, but the infants had this in common: Almost every
one of them was born of a mother who had no prenatal care.
In simple English, the mother had not seen a doctor between
the time the child, the infant, was conceived and the time
of birth.

The result was that the incidence of very-low-
birthweight babies, premature births, and troublesome
medical histories was much higher than in the rest of the
population. There is not a Governor in this country, there
is not a Senator in the Senate, there is not a House Member
in the House of Representatives who would tolerate a
circumstance in which his or her daughter didn't see a
doctor between the time of conception and birth.
families, it is unthinkable. It ought to be unthinkable for every American family.

And every study ever made, every expert who has ever testified before our committee has told us that if every pregnant American woman can simply have basic care, see a doctor, have a checkup, take preventive action during pregnancy, there will be healthier babies, healthier families, and our society will save billions of dollars in the process.

Were time to permit, I could stand here and recite example after example. You know them all. We all know them all. And whenever I tell this story before audiences of Americans of any background or category, the first question they ask if why aren’t we doing it now? We have to do it now, and we must emphasize primary and preventive care. And if I have anything to say about it, the legislation which we adopt this year will do so.

I thank you very much for your invitation and your attention. I will be glad now, Mr. Chairman, to take questions or comments on any subject.

Let me tell you one brief story about questions and comments. Until 1988, when I got to the question part
of any statement, I used to ask for questions and comments and speeches. But this is a particularly risky audience from which to invite speeches, and I don’t do that anymore because in 1988 I was running for reelection and I scheduled a speech in a high school in a small town in rural Maine. I got in my car and drove off to the high school in a couple of hours. When I got there, the students were all in the gym, something everyone has done on many occasions. I found from long and sad experience, their attention span for me is about 20 to 25 seconds. So I don’t give any speeches, I just get up and invite questions and comments and, until that occasion, speeches.

To my amazement, a student got up out of the bleachers, accepted my invitation and walked across the gym toward me. Ominously, he had a briefcase in his hand. Then he got up and opened up the briefcase and said, "Senator, thank you very much. I do have a speech I would like to give." And he proceeded to give a speech which took up the entire period. I didn’t know what to do. After listening to him for a while, I went and sat down next to the principle. And he and I were around the middle of the gym. He leaned over and said to me, "Senator, we have called this
assembly so the students could hear you. We can hear that kid every day, and in fact we do."

(Laughter.)

SEN. MITCHELL: He said, "You're a person of authority, and reclaim the mike away from that kid."

(Laughter.)

SEN. MITCHELL: Well, of course, we are all interested, being in politics. One thing is we have to make a lot of snap decisions on limited information. I looked at the kid. I had never seen him before. But my sixth sense told me this kid has a lot of relatives of voting age.

(Laughter.)

SEN. MITCHELL: So I said to the principle, I said, "Look, you are paid a big salary. You are a person of authority. You go up and reclaim the microphone." Well, he wouldn't. We argued back and forth. The bell rang. The students rushed out of the gym and I left having said nothing. I haven't taken that chance since then.

As I say, I know most of the members of this audience, and I am afraid to ask for speeches. But I will be pleased to take questions or comments on any subject in which you may be interested during whatever time remains.
GOV. WILSON: I have a question. Is that kid Governor McKernan?

(Laughter.)

GOV. MC KERNAN: He would have cut me off.

(Laughter.)

GOV. DEAN: First of all I would like to convey my personal thanks to you for your tremendous help to the Governors last year in moving the health care package through. You were most gracious in helping on that, and I appreciate that.

Under the leadership of Governor Romer and Governor Campbell, we have taken some bold steps in the health care resolution and another resolution on the deficit. We are of a very firm belief that in order to deal with this deficit problem, there are going to have to be significant sacrifices made by all Americans, all regions, and that there are going to be some revenue enhancements, some new taxes, and some cutting. We have a policy which we are going to vote on later, $2.75 in cuts for every dollar of revenues.

But I guess I would ask you and your colleagues on the Hill to try to keep in mind that we are going to take...
some significant political risks when we adopt these
policies and would hope that you could continue to look at
all the options for both program cuts and revenue cuts. We
are going to take those risks. We hope that everybody will
take those risks. We think that’s what’s necessary to do if
we are seriously going to be dealing with the deficit
problem.

SEN. MITCHELL: Thank you, Governor Dean. I
appreciate your kind words and, of course, take seriously
your advice and recommendations. We look forward to the
President’s address to the Congress and the American people
on February 17 and to the detailed budget which he will
submit thereafter. It will, of course, require first very
difficult choices by the President. I am confident he is
prepared to make those choices, and then by the Congress and
the American people.

The problem will not be in urging and
exhortations to take action. We all engage regularly in
that. The problem will be the specific steps to implement
such urgency and exhortations. It is a relatively easy
thing in which we have all engaged, to urge that there be
reductions in programs. It is a somewhat more difficult
thing to identify specific programs, and particularly those
programs that run counter to the economic interests of those
we represent, or at least appear to them to do so in the
short run, and then to support those.

So I think it's going to be tough. There will be
extremely painful choices to be made. Nowhere will those
choices be more painful than in the United States Senate
because the only place in America where there will be a vote
on every single difficult proposal will be in the United
States Senate. That's the only place. The House Members,
of course, under their rules are able to vote on broader
packages. But under the Senate's rules, with the completely
unrestricted right of amendment, every Senator knows that
each and every proposal, no matter how difficult or painful,
will require a specific recorded vote.

So we are going to do the very best we can to
marshal the support necessary to advance the President's
program, and I am confident that it will be a tough program.
The proof will be in our ability to muster the support from
the American people, from recognized leaders, like the
Governors and others, in support of the specific details of
the program that moves in the general direction in which we
all seek to move.

GOV. WALTERS: Senator Mitchell, I think you can
tell from the applause how much we appreciate your support
as well as the President's support this morning for the
Medicaid waiver flexibility and for providing some of the
adjustments that we need so desperately to have made at the
State level to do more with less, essentially, when it comes
to Medicaid dollars or at least to do more with the same
amount.

We certainly are as familiar with as many of the
detailed options as anyone here. Could you comment on your
views in regard to the fundamental question as you highlight
your top two priorities, which are the same as ours: cost
containment, and access? Could you comment as to who pays
and how, and what options seem perhaps to be most acceptable
in the Senate? And then, secondly, the views of the Senate,
perhaps, in terms of allowing the States to experiment, to
continue to operate and test bold examples of new ideas in
regard to delivery of health care financing?

SEN. MITCHELL: Let me make three points,
Governor, in response to your very probing and relevant
question. First, with respect to waivers, I think there
ought to be a liberal waiver policy. I personally favor waivers, even when State applications with policies which I personally didn’t like or didn’t approve of.

I don’t think you can have the kind of experimentation going on if you say you’re going to foreclose waivers except for those things that are precisely consistent with the policy, which I or the Administration or any other individual entity may favor. I think the whole concept of diversity and experimentation includes -- must include -- the concept of permitting States, if in their considered judgment that this is the best way to go, to do things that I might personally think unwise or unwarranted.

The most common structural proposal or the one which appears to be gaining the most support is, of course, the concept of managed competition in which consumers would be grouped into large health insurance purchasing cooperatives, and the economic power of such entities would cause providers and insurers to compete vigorously to provide services to those consumers at the most efficient and lowest cost.

I support the concept, but I add the caution that it may not be appropriate or may not be effective in every
part of the country. As proposed, it appears to require
some level of population base within a health care service
area. That doesn't exist in every part of the country. It
certainly does not exist in Governor McKernan's and my
State.

So I think what we have to do is to begin with
that basic concept but to recognize that there may have to
be alternative mechanisms in areas where the ingredients
don't exist to support the kind of competition that will be
required.

The second major question is whether or not there
will be what has come to be known as global budgeting and
how that should be imposed, whether, A, managed competition
by itself would be sufficient to produce the desired
reduction in cost or that some additional mechanism would be
necessary. This is an area on which I believe there is
disagreement among the Governors as surely as disagreement
among Members of the Senate and the House and within the
Administration on this. I think if you look at all of the
other countries, of how they have systems that are unique to
countries, almost all of them have found it necessary
to resort to some sort of global budgeting to achieve cost
control, not that they are without cost problems.

The fact is, of course, that providing good
health care to all citizens in society at a reasonable cost
is a problem of continuing social management. Every system
in the world faces the same cost/quality/access stresses
which our system faces. But I think it is instructive that
they have almost in all cases found the need to resort to
some form of global budgeting, and the real crucial question
I think is not so much whether there should be that type of
national target but how strict or limiting should be the
mechanism to enforce it; that is, should it be a
nonenforceable target, should enforcement occur in
subsequent years if the targets are not met? That goes to
the type of questions that are likely to arise.

My own view is that managed competition, since,
first, it is a rather new and untried concept, and since it
plainly will not be applicable or effective in every part of
the country, will by itself not be sufficient to achieve the
needed cost containment and, therefore, some form of
national target will be necessary. And the debate will
focus, I think, on how strictly and how soon those national
targets should be enforced and, if so, by what mechanism?
GOV. MILLER: Senator, first let me thank you very much for being here.

One of the basic questions that seems to be involved in what was an unprecedented meeting with the President this morning was how the States can be involved in this process. As you said, the Senate will vote on it.

In doing some soul-searching, and certainly experience of the members of our body -- there were four members of yours and there were other Members of the House -- I think we concluded that we haven't been particularly effective in communicating to the Senate or the House the views of the collective body of Governors because we generally give you resolutions which seldom are read with much intensity.

How can we communicate with you as this process evolves? We have tremendous interest in it. The President indicated he wanted to have an ongoing dialogue with some of our executive board for the next month or two while we're working on this and the deficit. How would you suggest we can improve our communications, as a collective body, with the Senate?

SEN. MITCHELL: First let me say that for myself
I believe I have been very well informed on the views of Governors generally. I've discussed the matter, of course, on many occasions with Governor McKernan, who is the Governor of my State. We happen to be good personal friends as well, so I am more acutely aware of the situation in Maine than perhaps others. But I had a significant number of meetings with individual Governors and groups of Governors. I have met with Governor Romer on several occasions, Governor Chiles, Governor Waihii, Governor Dean, Governor Florio, and many others.

I feel as though I have had good input from Governors, although I recognize that with any diverse group of 50 people -- and here we have Governors who represent different regions, different political parties, different political philosophies -- you are not likely to get unanimity on every point. But I think I have been very well informed and much helped by my discussions with Governors and, I think, have been made much more sensitive to the needs of Governors and the problems that Governors face in dealing particularly with Medicaid, Medicaid requirements and regulations.
now in an immediate sense is to figure out a way to
effectively accept the President's invitation to participate in the drafting process. The President asked each of the members of the congressional leadership to designate one member -- myself for the Senate Democrats and Senator Dole for the Senate Republicans, and so forth. I designated myself, Senator Dole has designated himself, because we want to participate in the actual drafting process and making the thousands of decisions that are going to be required to get the legislation.

You folks are not here all the time. It would be difficult to have 50 Governors in a constant meeting here, but I think you've got to figure a way to get a relatively small group active with staff right into that drafting process. As you each knows, in your own legislative processes the old saying is, "He who controls the agenda controls the result." I think that is going to be to a significant true in this case.

Yes?

GOV. SUNDLUN: Senator, the statement was made this morning that health care drives about 50 percent of the question of the deficit and that while in the first 100 days
we could hope for some significant action, that it was unrealistic to expect the Congress to pass a health care plan within that period of time. Recognizing the importance of the health care issue, particularly as it drives the deficit and, based upon your experiences as majority leader, when can we expect the Congress to dispose of the health care plan?

SEN. MITCHELL: The President has said that his target for having legislation ready for introduction is this May. We agreed that when we reach agreement on the legislative proposal, I would introduce it in the Senate and Majority Leader Gephardt will introduce it in the House. My hope is that we could complete action on it in this year's session of the Congress. That is the first session of this Congress, which means effectively this calendar year. It will be difficult to do, but I believe it can and must be done. That is my hope.

Those of you who follow the Senate know that the rules of the Senate are not only protective of the rights of minorities, they are actively solicitous of the rights of minorities, right down to minorities of one. And it is literally true that a single Senator, if displeased for any
reason, whether it involves legislation or not, can delay
for days and days and for weeks and weeks. But my hope is
that the gathering national consensus over the need for
change, over the need for reform, will provide the impetus
to enable us to complete action this year, notwithstanding
the difficulties we might encounter.

Yes?

GOV. CARPER: Mr. Leader, we welcome you here.
We thank you for taking the time to join with us today.

Several of us around this table are former
Members of Congress and Senators. As a former Member of
Congress myself, I oftentimes held town meetings throughout
the State of Delaware, and I know some of the Governors do
and some of the House and Senate Members do that are around
the table here.

One of the things we used to talk about at those
town meetings at great length was the budget deficit and
what to do about it. And I found it helpful to use as an
example to take out a dollar bill out of my wallet and to
fold it up and say, "Think of the federal budget not as so
many hundreds of billions of dollars, but rather think of it
rather in terms of a dollar as we try to figure out how to
try to reduce the deficit. About 50 cents of the dollars were entitlement programs, and it’s rising. Another 25 percent is defense spending, and it’s actually beginning to come down. Another ten percent is something called discretionary domestic spending, which really runs the whole rest of the federal budget. And another 15 percent is interest on the debt. We all know that we have to pay interest on the debt at 15 percent. So we have taken that off the table."

We have heard some moaning and groaning from States where heavy defense cuts are coming to bear, and the reluctance to see even deeper cuts, but we know more cuts are coming in defense. But we’re going to have to spend some money for our Nation’s defense, and 20-25 percent is probably, for the time being, reasonable.

Domestic discretionary spending has been squeezed about as much as it can be, and that leaves entitlement spending, which is again, as you well know, about half of entitlement spending is retirement programs and the other half is health care. We can’t take that off the table; it’s got to be on the table. Part of the resolution that we will discuss later today says that that should be part of the
targeted spending.

   I would ask your thoughts with respect to  
entitlement program spending reductions. We have already  
listed, not concerning health care that we have already  
talked about, but the rest of it, particularly with respect  
to retirement programs, what might be reasonable and fair to  
do there to constrain at least somewhat their growth.

SEN. MITCHELL: First, let me say that I believe  
we collectively have failed to deal adequately with the  
deficit. That is a statement of the obvious. I think the  
failure involves all institutions of government, both  
political parties, and a large segment of our population as  
well.

   It is a truism that individuals and societies are  
capable of holding contradictory views at the same time, and  
nowhere is that more clear than with respect to the budget  
deficit. You as a Member of the House were visited by as  
many constituents and groups as I was, who simultaneously  
demanded that the budget be balanced but that those programs  
from which they derive benefit be increased. And I  
regularly get resolutions from States which usually call for  
two things: One, balance the budget; two, increase revenue
sharing or some other thing. It's a phenomenon which we all must recognize and with which we have not dealt effectively. And I say to you, with all due respect, a good way to start is stop using the euphemism "entitlements," because it induces people to think that there is some vague category of things out there called entitlements.

I don't know what they are, but, boy, that's where all the money is going. Social security and Medicare make up almost all of the entitlement spending. And if you pass a resolution on this subject and you want to be honest about it, don't use the word entitlements, use the words social security and Medicare so that you can stand up and say to your constituents, "I'm not for cutting that abstraction known as entitlements, I am for cutting social security and Medicare," if that's what you favor, because that's what's involved here.

Now, with respect to the social security trust fund, as you all know, Medicare Part A, reimbursement for hospitalization, is part of social security. Medicare Part B, reimbursement for other medical expenses, is not. The Medicare Part A portion of the social security trust fund is in serious shape, running into the red very soon. The
social security program as a whole, including retirements, is not; it's running a massive surplus, resulting from the actions we took, Tom, when you were there in '83 and '84 to deal with the anticipated problem that will occur when the baby-boom generation reaches retirement age in the next century.

The result of that is that social security is actually running a large surplus -- 50, 60, soon to be 70 billion dollars a year. It isn't the cause of the deficit. The fact of the matter is that it is masking the true size of the deficit as we take the current surplus from social security and apply it to the other operations of government.

The fact is that we have to act with respect to those programs as we do with all others because the essential premise of any program of sacrifice must be shared sacrifice. What is tolerable in pain to an individual, knowing that all others share the pain, becomes intolerable if the individual finds that some aren't sharing the pain. That's the premise that I think must guide us in this area, that everybody has to participate, and I think we have to consider everything. I personally do not favor a COLA freeze on social security. I think there are other ways to
address the subject and to invite participation.

With respect to Medicare, I have long publicly advocated that income-based premiums rather than direct limitation of benefits -- because I think direct limitation of benefits would undermine the universality of public support for the program -- I think there are many things we can and should do that must not be considered.

Finally, to make clear the need for health care reform, last fall, in the Senate an effort was made to place caps on Medicare and Medicaid. Inadvertently, because it wasn't the intention of the proponents of the caps, they exposed the true nature of the problem because every one of the proposed caps, no matter how configured -- that is, whatever the formula for establishing the cap -- the only programs that exceeded the cap were health care-related programs. That is, if we had accepted any one of the proposals to impose a cap, nothing would have exceeded the caps and therefore been affected by them in subsequent years other than health care. So that reminds us of the need to do it.

Now, I don't favor just putting caps on those, because they represent only 40 percent of the total cost of...
health care in our society, and the imposition of caps there
would simply exacerbate the cost-shifting problem which now
exists and is going to the other 60 percent.

    Thank you very much, Governor, and thank you all
for having me here.

    (Applause.)

    GOV. ROMER: Senator Dole will be here in just a
few minutes.

    Let's take up the immediate assistance to the
Medicaid program. It's the pink sheet.

    Governor Richards, do you want to make a motion?

    GOV. RICHARDS: I want to make a motion. I think
the first thing I have to make is to suspend rules. Is that
accurate?

    GOV. ROMER: That's correct.

    GOV. RICHARDS: I so move.

    GOV. ROMER: Motion is made to suspend the rules
to take up the proposition, immediate assistance to Medicaid
program. All in favor say "aye."

    (Chorus of ayes.)

    GOV. ROMER: Opposed, "no"?

    (No response.)
GOV. ROMER: The rules are suspended.

Governor Richard?

GOV. RICHARDS: Mr. Chairman, I will be very brief. I believe almost everyone here is acquainted with this. NGA asked various Governors to send in a list of the things that would be most helpful to the States in terms of Medicaid waivers and/or relief. We boiled those down and chose the ones that we felt had the most impact on your States and were the ones that were recommended by every Governor on the list that was submitted.

What remains are the six recommendations, and in light of the President’s announcement this morning, this is particularly timely, as it will assist in giving guidance of what the States really need in terms of waivers on Medicaid.

I would move the approval, Mr. Chairman, of this document.

GOV. ROMER: Is there any discussion?

(No response.)

GOV. ROMER: Are you ready to vote?

GOV. DEAN: I would just like to say that the health care task force considered these yesterday and

unanimously voted to support them.
GOV. ROMER: Any other comments?

(No response.)

GOV. ROMER: I would then ask for a vote. All in favor of the adoption of this policy please say "aye."

(Chorus of ayes.)

GOV. ROMER: Opposed, "no"?

(No response.)

GOV. ROMER: It is so adopted.

We are now joined by Senator Dole, the minority leader of the Senate.

Senator Dole, welcome.

(Applause.)

GOV. ROMER: Senator Dole, from Kansas, where I was born, is the Senate minority leader, and he has a long record of cooperation with this organization. The major NGA resolutions last year on donation and tax regulations for Medicaid took place in his office, and he supported the NGA proposal for welfare reform and child care legislation.

Senator Dole is also a strong supporter of waivers to enable Governors to coordinate and innovate new programs. And I am pleased to introduce the Senate minority leader, the Honorable Bob Dole.
(Applause.)

SEN. DOLE: I just flew in from New Jersey, so I missed Senator Mitchell's speech. I hope I don't repeat everything. We might have a little different views on some areas.

I know my wife has been with Governor Richards. Right? We broke the glass ceiling. Is that correct?

GOV. RICHARDS: Again. We broke it again.

SEN. DOLE: I enjoyed meeting with the Governors. I don't particularly enjoy the topic you assigned me today, but it's not something we can take care of in a few minutes, solving the federal deficit. I hope it doesn't take too long.

I remember when I was running around the country in 1988 I found a lot of voters didn't want to hear the truth. I know I am speaking to the choir here in many cases. But I think things have changed a great deal, and I credit some of that to Ross Perot for sort of focusing on the deficit, getting right up front, having enough money to get out his message. So I think wherever you go, whether it's your own State or some other State, there is at least more concern now about the deficit, and I find people
willing to talk about how we’re doing to deal with it.

So I think we are finally all in tune now,
whether we’re Democrats, Republicans, or Governors or House
Members or Senators. We understand that we have to deal
with this very troublesome problem and the longer we wait
the worse it’s going to be. If there is any clear message
in the 1992 election, it is, I think, people want action on
the federal deficit. They took a hard look at the $300
billion deficit we sent them last year, the American people.
First they fainted from sticker shock and then they got mad
and now they want us do something, knowing full well that
the $4 trillion debt is a big, big burden and is causing a
lot of problems, particularly when you think about your
children and your grandchildren.

So I try to figure out how much money $4 trillion
is and how I could talk about it so people will understand
it. I haven’t figured it out yet, but with $4 trillion you
could buy an average-sized in-ground concrete swimming pool
for every homeowner in America, pay a 40-hour-a-week
minimum-wage paycheck to every person in the world, pay a
year’s tuition to Harvard for every high school student in
the country and send every American over 18 on a two-week
Club Med vacation and still have over $3 trillion left. So it’s a lot of money.

So let me state the obvious. For too long, our government has looked the other way, and we are broke. We have treated the federal treasury as a giant shopping mall, and the problem now is growing and growing and growing. We didn’t ask for any credit, any down payment, no credit limit basis, anything you want; pick it up in Washington, D.C.

Now, the good news is that the economy is looking a little better. As Republicans like to suggest, the good news is that we are going to recover, the bad news is that it happened after the election. So we see the Bush recovery going along very well, and we think it may be something to build on with this Administration.

The last quarter’s growth, 3.8 percent. That’s not bad. But it’s only a foundation. But even with that growth, we still have job creation lagging behind. That, against the weight of a $4 trillion debt, makes it pretty difficult.

Now, I consider myself to be a responsible public servant, as everybody in this room considers themself to be a responsible public servant. I know my Governor from

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Kansas is, my long-time friend, Governor Finney. We are Democrats and we are Republicans, and we have got to find some way to address the deficit.

One thing that I think Ross Perot did, he did stir up the interest, but he never gave the medicine. When you start giving the medicine, that's the hard part. The hard part is not making speeches about the deficit or making suggestions about the deficit on how to reduce it, but it is a drag on economic recovery and it does devour the resources we need to spur growth.

So, we need some kind of a long-term, enforceable deficit-reduction program. We need to raise the next generation's standard of living. And we can do that. In fact, the Congressional Budget Office said that by limiting the deficit, we could add more than five percent to the sustainable level of consumption in the next century. And that is a legacy I would be proud to leave to the next generation.

So, okay, in making speeches we get up and say things, we go to committee meetings, we go to Governors meetings. How do we do it? I would say, first off, obviously in this town we are all waiting for President
Clinton's economic report to Congress on the 17th of February. We believe he will outline some very difficult choices at that time. And if he brings real deficit reduction and puts it on the table without a lot of new taxes and tax increases, with the emphasis on tough spending restraints, then I think there is going be a lot of bipartisan support.

When I say that, I think back to 1985. I know Governor Wilson remembers this well. When I was the majority leader of the Senate, we offered a deficit reduction package in the United States Senate. We froze COLAs, we cut programs, we eliminated programs, we did a lot of things we thought were necessary to do. The vote was 50 to 49. To get the vote of 50, we had to bring poor Pete Wilson in from the hospital where he had had an appendectomy the night before. I just added that a little bit. I won't do that again, Pete. But we like to have a little fun now and then. I used to tell the story that he was under heavy sedation.

(Laughter.)

SEN. DOLE: I said, "Vote yes." He voted yes, and they rolled him out again.
(Laughter.)

SEN. DOLE: That wasn't precisely the way it happened. But one of his opponents heard me that way and used it as a TV spot against me. So I apologized to Pete for that. But it's about that tough. He said later he should have had a lobotomy.

(Laughter.)

SEN. DOLE: So it's tough being responsible. It's tough being a Republican or a Democrat and being responsible. But I happen to believe, and I am of the Republican school, I am concerned about the deficit. I don't think you can have an all-gain-and-no-pain deficit reduction package. There has got to be pain. You've got to be certain it's evenly spread, that it's real, and that it's going to have an impact.

We've had a lot of talk about deficit reduction from Republicans and Democrats. And now we are told -- and I hope that's correct -- that everything is on the table. We have been told by President Clinton. I know you were there this morning to talk about health care. And I think it was a very, very good meeting. We have had different tax cuts recommended for the middle class that may or may not be
possible. We are now talking about all kinds of energy
taxes, broad-based tax, carbon tax, import fee, gas tax, and
I think perhaps we do any of these, we want to take a hard
look at what it does so far as job creation or job loss,
consumer prices, exports, and other factors, before making a
final decision.

And of course in this town you mention social
security and people run for cover. That was in our package
in 1985, and some said because of that we lost seats in the
1986 Senate races because we faced up to just a freeze. We
didn’t cut anyone’s benefits. We never intended to cut
anyone’s benefits. But we thought we had to be responsible
and we had to take a look at entitlements. I don’t know how
you’re going to get there if you don’t take a look at
entitlements.

Well, I am not the President of the United
States, so it’s not my obligation or responsibility or even
privilege to stand up here and give you an outline of all
the things I will vote for. But I can tell you there are
enough of us in the Congress who are responsible, I believe,
in both parties that we can get the job done.

I will just say a word about social security.
It's not contributing to the deficit now, it will not contribute in the foreseeable future. In 1983, with a bipartisan commission, we rescued social security. It's on a sound basis now, it has been and it will be. I don't think you're going to find too many Members of Congress who are going to tamper with social security. I think Senator Moynihan made that pretty clear yesterday, I understand, on one of the talk shows. He called it "unacceptable." In any event, we are ready to go.

In your policy on the federal deficit you recognize the need to control entitlement spending and add your support for a cap on entitlement spending. I just think it's going to be very difficult to make any headway unless we do this. But we have to face reality. Last year we had a bipartisan amendment. Senators Domenici, Nunn, Rudman, and Roth tried to add an entitlement cap to the budget resolution. But their courageous efforts fizzled when their opponents began offering amendments to exempt certain programs, veterans and others. In the final vote there were only 24 Republicans and four Democrats who could support even that modest approach by a bipartisan group of our Senators. That is only 28. So we've got a lot of work...
to get there. So this was at least one effort by a
bipartisan group.

But with or without the discipline of an
entitlement cap, we also need to take a look program by
program. And I am almost intimidated by all the power I see
around this table, and with all the problems you have, maybe
ours, they're even bigger. But I personally believe that
you will see an emphasis by the Clinton Administration on
means testing. I don't think that's a bad idea. Let me
give you one example: means testing. I think we should
means-test some of the programs. Let's take Part B
Medicare. We're talking about subsidizing rich or people
who can afford to pay. That's about a $100 billion program
now, and there is about a $38 billion subsidy in that
program because we pay 75 percent of everybody's Part B
premium. Whether you are on skid row or Park Avenue, we pay
75 percent of the cost. If we can't even sit down together
and come together on an issue of that kind, we're never
going to get the deficit reduced and we might as well fold
up our tents.

So I hope that's an area that would be looked at,
and it probably will be looked at.
Another area of concern is non-retirement fringe benefits. According to the CBO, tax-free employer rebates and the employer health care insurance cost the government about $39 billion in lost income taxes and about $26 billion in lost payroll taxes in 1992. These exclusions have been criticized as being both unfair and inefficient. While millions of Americans cannot afford to pay for health insurance, we give a huge tax subsidy to those with generous health insurance plans.

Employer-provided insurance may also be a major factor in the rapid increase in health care costs because if you listen to public policy experts -- and there are a lot of public policy people who have studied this -- they will tell you that consumers who pay a lower percentage of their health care bill have less of a stake in reducing their medical costs. I don't think it takes any rocket scientist to figure that out. That's a fact. That's the way it works.

The imposition of a so-called tax cap on employee benefits could address both of these policy concerns. I know Senator Mitchell has addressed that, like health care. So I will skip over that unless you have any questions.
I think we all have the same goal: to make it affordable, to make it accessible, to have some flexibility, not to forget the States in the process, and to pay for it.

There are 25 or 30 plans introduced in the Senate. Most every Senator has got a plan in his pocket. The one blank space is how do you pay for it? We don’t fill that in in any of the plans. I think maybe Senator Kerrey of Nebraska may have figured out a way to pay for his. But in most cases we say, "We will get back to you; that’s a detail." Well, it’s a detail we’re going to have to address.

I will be working with Senator Mitchell, and I think Congressman Michel and Dick Gephardt, with Mrs. Clinton and others, as we try to put together a health care package. I understand you voted out your health care reforms, but I must say again that may be the easy part. We have never really been serious about health care before, and we have done a lot of little Band-Aid things, Band-Aid approaches. But now we’re getting serious. Within 100 days we will have President Clinton’s suggestions. We hope they’re going to be bipartisan. We hope they’re going to be something that we have a consensus on, at least, and we hope
it’s something we can pass this year in Congress. But we
don’t know that to be a fact.

We have yet to really hear from a lot of very
powerful interests who have a concern about health care, and
you’ve got to recognize that there’s a big difference when
you go out and talk to the American people and you talk to
the consumers on the one side, the people who use health
care, and the providers on the other side. There’s a big,
big gap. You talk to the average patient, the average
consumer, they talk about greed. When they think of the
cost of health care. You talk to doctors and nurses and
hospital administrators in your State, they talk about cost.

So there is a big gulf, a big chasm there between
greed and cost, and we need to educate the American people
if we’re going to make it work.

We have talked about managed competition, In
fact, we have had a Republican group working on this for two
years under the leadership of Senator Chafee. We had a
meeting this week, and I asked one question: How are we
going to deal with western Kansas? Governor Finney
understands. If we don’t have the economies of scale, how
are you going to have managed competition in Russell,
Kansas, my home town, with one hospital and two or three doctors? I haven't yet gotten a satisfactory answer. Maybe you've addressed that in Wisconsin or other States. But we still need to address that side.

But the principle of health care reform are pretty much the same. They've got to be flexible enough to address the needs of people in New York City but also the Russell, Kansases, of the country. The special health care problems confronting rural America cannot be ignored, and no Governor would let us ignore those. We've got to do it without more crushing mandates. I know mandate is a bad word in any Governors meeting, and I happen to share that view.

So if there is anything Senator Mitchell left out, I would be happy to address.

The peace dividend, and then I will close. We have had caps on spending for the past three years. The first discipline we have had around here since I can remember, and I have been here quite a while. Probably the best thing that happened was having caps on spending. Then we go back and tell our constituents we can't spend any more money, that's all there is. So we think now the caps are
off. There may be a license for some to say, "Well, let's take it all out of defense." I think that would be disaster. We have made major cuts in defense and are probably going to do more; in fact, I understand, maybe a little more than we've already done. We have already cut about $300 billion from our long-range defense budget. We are now in the process of closing 800 bases and installations worldwide. Close to 120 different weapons systems have been cancelled. So it's not that we haven't recognized the need to take a look on the defense side.

These cutbacks -- and I know Senator Wilson would agree -- have ravaged our economy in some areas. Some estimate that the total job loss may be close to 1.6 million if you include military and civilian jobs and Department of Defense jobs and jobs in defense contractors, if we're going to cut it deeper. And defense was never meant to be a jobs program, don't misunderstand me, but it ought to be done in an orderly fashion, with some look at the impact it's going to have on various communities in various States.

Two other things. I noticed in a recent survey of 118 U.S. Governor and former Governors, that 92 percent believe that a line item veto by the President would help
restrain spending and 77 percent supported a balanced-budget amendment to the Constitution. I am glad to have that support. And I know it has the support of President Clinton. I think both these measures, we're not going to balance the budget with the line item veto. I know some have used it very successfully in your States. But we can cut some of the wasteful spending, and if Bob Dole or somebody else puts something, as you know, into the bill without a hearing, without justification, the President can take it out.

We are committed to bringing both of these measures to a vote sometime this year. So I would suggest that's another area we're going to look at. When you talk about long-range deficit reduction, a balanced-budget amendment is very difficult to draft. There are always a lot of ways to debate a balanced-budget amendment. But in any event, I think we're on the right track.

I would just say that I am a little concerned about a short-term stimulus package. I am not an economist, fortunately, but I know some, and you get different views from different economists. I know the Secretary of Labor feels strongly about this, but a $15 billion, $20 billion,
$25 billion short-term economic stimulus, in my view, is not going to have much of an impact on a $5 trillion to $6 trillion economy, but it is going to add to the deficit. And it may help short term in this immunization program or summer jobs or a roads program, maintenance or whatever, but I don’t think it’s going to be big enough or stimulate enough in the short term to offset the increase in the size of the deficit. I am not certain what kind of a signal it sends to the Americans.

What kind of a signal does it send to the financial markets, the people who judge our bond issues every day? It’s the type of pact that I think might be the wrong medicine, and I hope we will take a careful look at that. But I assume that will be proposed by President Clinton, and of course we will want to deal with it as quickly and fairly as we can.

I would just say in closing, a lot of people are going to remind you if you don’t already know, in the 101st Congress we adopted 20 new mandates that will cost the States about $15 billion during the next five years. And I don’t see any lessening of mandate legislation.

We are about to pass something called motor-
voter registration, which is another mandate on the States. Whatever the merits, it’s just another mandate. Family leave is another mandate. Only this time, we figured out one thing: The States are broke, the government is broke, the cities are broke. We’ve still got a few people hanging on in the private sector, and we’re after them now; we’re going to mandate that employers of more than 50 people have to do certain things.

Well, mandates have become quite popular in Washington because we’re broke and we know the States are in distress and we know the cities are in distress and the counties are in distress, so now we’re going after the people who provide the jobs.

So I would say to this group that I am willing to cooperate with the Governors, I think some of my colleagues on both sides of the aisle are, to ward off some of these mandates. We may get the same results without mandates. We hope we can work with you on that.

Finally, I would say the President talks about sacrifice to the American people. It’s going to be hard to sell unless we talk about government sacrifice first. We are doing some things in the Congress toward making cuts in
staff or making cuts in the total congressional budget, ten
percent this year, ten percent next year, five percent. So
we're going to follow up with what we said last year, again
on a bipartisan basis, to make certain the American people
understand when we talk about sacrifice it starts here, it
starts in the Congress, it starts in the executive branch
and it goes right down. But don't ask you to make any
sacrifice. Don't ask the average American, who is out there
trying to find work or can't find a job, to make a further
sacrifice unless we're willing to do it first. I think
understand you're going to see more and more of that.

I just thank you very much for the privilege of
coming here and talking with the Governors. If anybody has
a question, I will be happy to respond.

(Applause.)

GOV. FINNEY: Senator Dole, we want to thank you
for coming and hearing your thoughts.

I know that you are concerned about the aircraft
industry. I wonder if you can give me some of your thoughts
on the possible solutions to help the airlines.

SEN. DOLE: As the Governor of Kansas knows, and
I guess the Governor of Washington -- I don't see the
Governor of Washington -- we're going to get a big layoff by Boeing. When you start losing three or four thousand jobs in our State, that's big. When you add to that about two thousand jobs, I know, for Pete Wilson, that's big, but it's monumental in our State. It's going to have a big impact.

We hope too have a chance to meet before you go back and talk about what we might do and talk about job retraining and some of those ideas.

I have talked to some of the airline people. They say, "Well, it's only temporary." It can hardly be temporary. If you lose your job, you can't sit there for two years waiting for a call-back. You have to find something else to do and somewhere to go or some other job.

So I just suggest we are working on it with members of our own delegation. This is a problem that affects primarily the State of Kansas and the State of Washington, when you talk about Boeing, and we haven't been told precisely the number of jobs between now and next year. It's going to be big.

I would be happy to have a chance to visit with you before you leave. I watched Arne last night on TV.
coming. I appreciate your comments and your willingness to be courageous.

Just on the same question that the Governor from Kansas raised on the subject of the air, there is a real concern in a good number of our States, if the current war and competition goes on with airlines, it's conceivable that the United States will not have any airlines that are domestically owned.

Part of the problem is the bankruptcy protection that's given to those airlines that go into Chapter 11 and then they're allowed, without concern for debt, to literally shoot down the remaining airlines that are flying. Is there going to be any congressional intervention in this area, do you think?

SEN. DOLE: To be very honest, I don't know. But I can check for you, Governor, and find out. I am not aware of any. It might not be happening, but I will check it.

GOV. CARPER: Senator, Tom Carper, from Delaware. I just want to talk about your comments on line item veto for the President and the need for a balanced budget. There are a number of us who worked for years in the House of Representatives to try to craft a compromise and some
consensus on line item veto power. What we came up with is what I call a two-year test drive with the line item veto power by modifying the President's rescission powers and requiring the House and Senate to vote on the presidential rescissions.

We passed it in the House last year by more than a 3-to-1 margin. I would just ask that you would consider that. We also came within nine votes of the two-thirds that we needed on the balanced-budget amendment to the Constitution, and I think we may find those other nine votes by developing a capital budget and an operating budget and just acknowledging that there is a difference. Most of our States have both. In the Federal Government we have it all in one single budget, and I think somehow if we could differentiate between capital budgets and operating budgets, I think we might be able to get the consensus that we need on the balanced budget.

The last thing I would say, with respect to entitlement programs, we clearly have to address entitlement program spending. I want to talk the toughest part of all, the toughest nut to crack; that is, social security. My mother is 70 years old. She has been retired since she was
62, for eight years. By the time she was 66, she had been paid out everything she ever paid into social security in her life, plus interest.

I hope my mother lives forever. We know she won't. But the actuarial tables will tell us that she will live to be maybe 90. By that time she will have received something like ten times more from social security, plus interest, than she actually paid into the system.

As you take a look at social security, I just ask that you consider the way we tax social security benefits. I don't think it's right to say that we ought to tax people on the monies that they have already paid into the system. That's wrong. But to say that we might ask that they would just simply treat as regular retirement income monies up above and beyond that for taxable purposes. For a person who happens to be poor, they're not going to pay any taxes. If they happen to be wealthy, then they will pay the top marginal rate.

SEN. DOLE: We have looked at all these. I might say, when I was chairman of the Finance Committee, we looked at a lot of options. None of them are pleasant, and it's very hard to convince somebody. My mother is no longer...
living, but every time I would go and see her, she'd say, "Don’t touch my social security benefits. I never intended to touch her social security benefits.

But we’re talking about cost-of-living adjustments. I heard Governor Romer suggest about maybe raising the age limit. We did that, too. It’s going to be very gradual. Maybe we can speed that up some. But we did that in the 1983 Act. We have looked at maybe reducing the COLA by one percent, along with federal pay and things of that kind.

But I think the encouraging part is the President has said that everything is on the table. Everything is on the table. And I think he hard part is going to be getting our colleagues in the House and Senate to stand up and make the tough votes. So we do have 14 new Senators and 110 new House Members. This may be the time to do it. And I think we’ve got to make it so it’s not in any sense partisan. I remember in ’85 -- it might have been my fault, maybe it was too partisan -- only one Democrat voted for our deficit reduction package out of 50. One Democrat, Ed Zorinsky from Nebraska.

So I know how tough it is, and the answer of the ACE-FEDERAL REPORTERS, INC.
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Democrats was, "Well, you've got the Senate, you've got the Administration, you've got the problem."

I am not certain that will work. I just suggest there are enough of us who are responsible. We know we've got to make some tough choices. If we don't overdo the tax side, then I think we're going to have support. And I understand that the Governors may be supporting Pete Domenici's or somebody's plan where you have $2.75 spending for every dollar in new taxes. Ronald Reagan signed off on one of those deals where he thought he was getting $2 in spending reductions for every dollar in taxes. He never got the $2. The taxes are still with us.

So I think if I were President Clinton, I would watch it fairly carefully. But I am here to suggest that there are responsible people, including everybody attending the Governors' Association meeting, there are responsible men and women in the Congress who know we have to do something. It's not that we want to do anything. We have to do something. Either that or we are going to leave a legacy that is not going to very good for anybody in the future.

So I say I will be there, we will be there, we
will be willing to help, willing to talk to the Democratic
or Republican Governors at any time and to work with you.
it's not going to be easy. If anybody tells you that health
care reform is going to be easy, it's not going to be easy
but even more difficult is going to deficit reduction.

Thank you very much.

(Applause.)

GOV. ROMER: Thank you very much, Senator Dole.

We have one final action that I would like to
take up today at the request of Governor Jim Edgar. That is
the Committee on Economic Development and Commerce. It is
this color. What color is that, Governor Edgar? Light
green?

Could you move the adoption of your policy
changes and we will dispose of those?

GOV. EDGAR: Yes. It deals with two issues. One
is we are going to amend our current policy on NAFTA. This
will continue our support of NAFTA, with assurance that
environmental concerns and job security are addressed as
part of NAFTA.

Secondly, there is a resolution calling for the
full funding of ISTEA and dealing with that as I outlined
this morning when we talked with the President. That's the first resolution.

I would so move its adoption. You all have copies of that.

GOV. ROMER: Page 5. The motion is on the adoption of the NAFTA resolution. Is there any discussion?

VOICE: Second the motion.

GOV. ROMER: All in favor say "aye."

(Chorus of ayes.)

GOV. ROMER: Opposed, "no"?

(No response.)

GOV. ROMER: It is adopted.

Governor Edgar?

GOV. EDGAR: The second resolution is a joint proposal with the Committee on Human Resources. It deals with the Governors' principles for workforce excellence. I might call upon either Governor Florio or Governor Carlson. They might want to comment on this in that committee.

GOV. ROMER: Governor Florio?

GOV. FLORIO: Mr. Chairman, this was unanimously agreed to. I think there was enthusiastic support. I would commend the principles, and I would ask that we approve it.
GOV. ROMER: Is there a second on that resolution?

VOICE: Second.

GOV. ROMER: All in favor say "aye."

(Chorus of ayes.)

GOV. ROMER: Opposed, "no"?

(No response.)

GOV. ROMER: It's adopted.

The final action we have today is that we as Governors are committed to releasing annual State educational progress reports in conjunction with the national goals met. This year 29 States released reports in a general way for more information, easier to read, and more widely distributed than the 1991 reports. Last year three States were recognized for their exemplary efforts to report educational progress. The States of Pennsylvania, South Carolina, and Wyoming exhibited outstanding work. I would like to commend Governor Casey, Governor Campbell, and Governor Sullivan for continuing that work in '92.

This year we want to recognize three other States that made outstanding progress in 1992, and I would like to call on three of our colleagues to come forward so that we
can recognize these efforts: Governor Jock McKernan of Maine, Governor George Voinovich of Ohio, and Governor Ann Richards of Texas.

Ann, George, Bob?

(Applause.)

GOV. ROMER: In regard to Maine, in order to keep their goal of keeping every citizen informed, Maine distributed its 1992 State progress report very broadly. They distributed one version to the education community, then published another version to the State's major weekend newspapers, reaching more than 300,000 households during Education Week. Through this effort, they helped to strengthen the public understanding and support for meaningful education reform.

Jock, it's my pleasure to present to you the NGA Chairman's Award. Thank you.

(Applause.)

GOV. ROMER: With reference to Ohio, I had the pleasure of cochairing the education task force with George Voinovich and, therefore, personally know of his commitment to education. Ohio reported on progress toward benchmarks identified by a team of education experts. This is a
noteworthy approach in that representatives of several State agencies, the Ohio Chamber of Commerce, private foundations, and the Governor's education management council, put together this report.

George, congratulations.

(Applause.)

GOV. ROMER: In reference to Texas, the Texas report documents State progress in the Super Bowl -- no, not in the Super Bowl.

(Laughter.)

GOV. ROMER: Progress in a very user-friendly format. The report breaks down each of the national goals and objectives into its significance for Texas. It then reports on where Texas measures up on each of these and compares Texas to the Nation. The easy-to-read charts and graphs are effective and citizens get an idea of what they can do to improve the State's education system.

Ann, I am pleased to present to you the Chairman's Award for your outstanding 1992 progress report.

(Applause.)

GOV. ROMER: Now I would like to call on Governor Nelson for a report on the national education goals panel.
Governor Nelson?

GOV. NELSON: Thank you, Roy. Let me say it has been an honor to follow you and Carroll Campbell in this very important activity, the first non-Charlottesville summit Governor, to serve in this capacity.

In the parlance of education, the panel has just accomplished an authentic task, with a bipartisan, independent leadership group charged with promoting and reporting on the national education goals for the year 2000.

The transition in Washington represents an authentic task in the very sense of the word, and an assessment of that bipartisanship about long-term commitment. The outcome is reflected in some membership changes on the panel, but the results also will be evident in the panel's renewed dedication to its mission and its objectives.

Very briefly, the priorities of the work plan that we emphasized this year will emphasize promotion and outreach to link the goals and the standards and assessment movement on the one hand with systemic, community-based school transformation on the other. To do this, the panel will go on the road with a variety of forums and workshops...
across the country. We will also interact at length with educational organizations and experts in the field.

The agenda will also advance the panel's crucial work of developing and reporting on valid indicators to measure the country's success in pursuing the goals. This includes working closely with the initiatives of other groups on world-class standards in curricular areas and integrating the subject matter.

Finally, we will model new learning strategies ourselves. Bipartisan pairs of panel members, Governors, members of the Administration, and representatives from the Hill will take the lead on each of the goals and other priority areas. Through this decentralized process, the panel will continue to move forward in such areas as readiness to learn, citizenship, international workforce comparisons, and collegiate assessment, just to name a few.

I alluded earlier to the turnover in membership. I regret to draw the short straws, and it's with great regret that I announce to you the departure of two very active panel members: Governor Barbara Roberts of Oregon and Governor Howard Dean of Vermont.

Howard, Barbara, on behalf of the panel and the ACE-FEDERAL REPORTERS, INC.
American people, I want to thank you for your dedicated service. You made a difference for better learning outcomes for all children.

I want all of you to know that Secretary and Governor Dick Riley, a former member of this Association, is a new and enthusiastic member of the panel. We look forward very much to working with his participation at the February 19th meeting.

Because of the change in Administration and the political restructuring, I am pleased to note that Governors Engler and Carlson will join the panel this year.

With that report, I say that we think things are off to a good start and will continue the process as outlined.

GOV. ROMER: Thank you very much.

Ben, it’s a very important group, and we appreciate your chairing it and your leadership.

Two other things. We will take up tomorrow the rest of the resolutions that were on the agenda today. And tomorrow, because of the President’s arrival in addressing our plenary and the security arrangements relating to that, we need to be in our seats at 9:30. So I would ask all of
you who are participants in these meetings to be sure. It says on this notice "not later than 9:25." The doors will open at 8:15. You need to be in your seats by 9:25.

Is there any other business to come before the plenary today?

GOVERNOR JONES: Mr. Chairman, I wanted to announce to the body that Kentucky is hosting the first national follow-up conference to the Earth Summit that was held in Rio. All the Governors have been notified about this. Most of the Governors have responded with the name of the person that will be representing your State.

The focus of this conference will be on sustainable development. It will be held in Louisville, Kentucky, May 25 to the 28. NGA is a member of the national steering committee for this, and I just wanted to call everyone's attention to it because I think it is of paramount importance that we focus on what we can do at the State and local level to foster the sustainable development that we all know is so important.

So I would just call everyone's attention to this, Louisville, Kentucky, May 25 through the 28. Thank you.
you very much.

GOV. ROMER: Thank you very much, Governor Jones.

Any other comments before we adjourn?

(No response.)

GOV. ROMER: I will entertain a motion to adjourn.

GOV. WILSON: So moved.

VOICES: Second.

GOV. ROMER: All in favor say "aye."

(Chorus of ayes.)

GOV. ROMER: We are adjourned.

(Whereupon, at 4:40 p.m., the meeting was adjourned, to reconvene at 9:30 a.m., on Tuesday, February 2, 1993.)
1993 WINTER MEETING

PLENARY SESSION

Washington, D. C.

Tuesday, February 2, 1993

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1993 WINTER MEETING

* * *

PLENARY SESSION

J.W. Marriott Hotel
1331 Pennsylvania Avenue, N.W.
Grand Ballroom
Salons 2, 3 and 4
Washington, D. C.

Tuesday, February 2, 1993
10:00 a.m.
GOV. ROMER: (presiding) Mr. President, we are used to welcoming back former colleagues and former chairs in this organization, but it is a new experience for us to welcome back a President of the United States who is one of us.

We are a Nation of 50 States, and we know, to do our job right, we need to be partners, effective partners. We began that partnership in serious dialogue yesterday. We know that we want to work together in reducing the deficit, in reforming the health care system of this country, in reinvesting in America and reforming health care. We began that dialogue yesterday. I know we are going to continue it this morning.

So it is with the greatest of pleasure that I present to you the President of the United States.

(Applause.)

PRESIDENT CLINTON: Thank you very much.

Governor Romer, ladies and gentlemen, I felt pretty good sitting at that table, although that's my real place over there.

(Laughter.)
PRESIDENT CLINTON: We had a wonderful meeting yesterday, I thought. For a long time, maybe the longest time a President has ever met with a group of Governors. But we were discussing a terribly important issue: health care. We also got to discuss the deficit crisis and the budget problems a little bit.

I wanted to come here today, as you prepare to leave, to once again reaffirm my commitment to working in partnership with the Governors. You deal with real people in a more immediate way than, unfortunately, the President often gets to do. When I was Governor, every day I would hear directly from people or see people who had suffered from layoffs or had their businesses closed down or who were afraid of losing their health coverage or who desperately wanted to improve their schools.

As you and I learned from last year's elections, the only pattern was not a partisan one, it was a pattern of determination on the part of the American people to have their political system and their government address their real concerns. They don't want our process divided by partisanship or dominated by special interests or driven by short-term advantage. They know things that have too often
been forgotten here over the last dozen years. The values that are central to our country’s character must be central to our government: work, family, faith, opportunity, responsibility, and community.

What I appreciated about this meeting is that no matter what our region or our party, we have always gotten together and tried to pay serious attention to our problems. I think the Governors have exemplified for the last dozen years the bold, persistent experimentation that President Roosevelt called for at the beginning of the Great Depression when he took office.

I am here to tell you that I am going to do everything I can to work with you in partnership to share ideas and resources and energy to try to do what we can to move this country forward.

As we discussed health care, economic policy, and the deficit yesterday, I would like to spend just a few moments today talking about something that many of us have been working on since the middle 1980s, the issue of welfare reform. I have often spoken with many of you about the need to end welfare as we know it, to make it a program that supports people who have fallen on hard times or who have
difficulties that can be overcome, but eventually and
ultimately a program that helps people get on their feet
through health care, child care, job training, and,
ultimately, a productive job.

No one likes the welfare system as it currently
exists, least of all the people who are on it. The
taxpayers, the social service employees themselves don't
think much of it either. Most people on welfare are
yearning for another alternative, aching for the chance to
move from dependence to dignity, and we owe it to them to
give them that chance.

In the middle 1980s, when I was a Governor here,
I worked with Governor Castle, now a Member of the Congress.
He and Governor Carper changed jobs. In six months they're
going to have a vote to see who won and who lost.

(Laughter.)

PRESIDENT CLINTON: To try to work with the
Congress to develop a national welfare reform program, with
the support of the people in the House and the Senate, with
the particular help of Senator Moynihan, now the chairman of
the Senate Finance Committee, and with the support of the
White House, the Governors had an unprecedented role in

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writing the Family Support Act of 1988, which President
Reagan signed into law shortly after he left office and
which Senator Moynihan said was the most significant piece
of social reform in this area in the last generation.

The Family Support Act embodies a principle which
I believe is the basis of an emerging consensus among people
without regard to party, without regard to their traditional
political philosophies. We must provide people on welfare
with more opportunities for job training, with the assurance
that they will require the health care and child care they
need when they go to work, and where the only opportunity
they need is to become self-sufficient. But then we have to
ask them to make the most of these opportunities and to take
a job.

As all of you know, the States never had the
chance to fully implement the Welfare Reform Act of 1988,
for two reasons: first, because over the last four years
the welfare rolls have exploded everywhere and health care
costs have gone up as the job market has declined and the
economy has grown at the slowest rate in a half-century;
secondly, because of the economic problems, government
revenues have been down and the Congress and the
Administration were never able to fully fund the education and training portions of the act.

This is clearly manifested not only in the growth of the welfare rolls but in the fact that last year, for the first time since the program began, one in ten Americans were on food stamps. So as the weak economy left millions more in poverty and the welfare rolls increased five times greater during the last four years than under the previous two Administrations combined, it made it more difficult to make welfare reform work.

In spite of that, I think it would be a great mistake to conclude that that act was of no significance or that nothing good has occurred. Bipartisan efforts in State after State from New Jersey to Georgia and Wisconsin and many others all across the country have resulted in innovative approaches to help move people off welfare rolls and onto payrolls.

In our State, through the program we call Project Success, more than 17,000 people moved from welfare to work and, more importantly, at a time when the rolls were exploding, our rolls grew much more slowly than the national average. Many of you have your own successes to report, and

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I had the opportunity to visit in many of the States here represented, projects that were terribly impressive to me.

I say this to make the following point: The bill that's on the books will work, given the right economy and the right kind of support system, but we need to do more than fully implement it. We need to do that and go beyond.

I salute you for forming a State official advisory group on welfare reform of Governors and legislators to help with welfare legislation in ten States. I want to tell you today that within the next ten days I will announce a welfare reform group to work with you. I will ask top officials from the White House, the Health and Human Services and other agencies involved, to sit down with Governors and congressional leaders and develop a welfare reform plan that will work, and I have asked the best people in the Nation on this subject to come and help me do this.

The day I took office, I promised the American people I would fight for more opportunity for all and demand more responsibility from all, and that is a commitment I am determined to keep, with your help, by putting an end to welfare as we know it.

Our working group will learn from and will work...
with State officials, business and labor folks, leaders from every walk of life who care about this issue. On welfare reform as on health care reform, there are no top-down, made-in-Washington solutions that will work for everyone. The problems and the progress are to be found in the communities of this country.

But I do want to tell you the principles this morning that will guide my Administration as we work with you to reform welfare.

First, welfare should be a second chance, not a way of life. I want to give people on welfare the education and training and the opportunities they need to become self-sufficient. To make sure they can do it after they go to work, they must still have access to health care and to child care.

So many people stay on welfare not because of the checks and the benefit levels. As many of you know, in real-dollar terms they are lower than they were 20 years ago. They do it solely because they do not want to put their children at risk of losing health care or because they do not have the money to pay for child care out of the meager wages they can earn coming from a low education base.
We have got to deal with that.

I believe two years after a training program is commenced, completed, you have to ask people to take a job ultimately either in the private sector or in public service. There must be, in addition to the full implementation of the Welfare Reform Act of 1988, in my opinion, a time certain beyond which people don’t draw a check for doing nothing when they can do something. And there is a lot of work out there to be done.

Senator Boren and Senator Wofford have offered a bill to try to re-create on a very limited basis, a pilot project that would take the best of what was done with the work programs of the ’30s and try to throw them into the context of the ’90s. We must begin now to plan for a time when people will ultimately be able to work for the check they get, whether the check comes from a private employer or from the United States taxpayer.

(Appause.)

PRESIDENT CLINTON: Today about half the people on welfare are just the people welfare was meant to help. They have fallen on hard times, and they have to have public assistance and they are eager to move on with their lives,
and after five or six months or eight months they are right
back at work again, struggling to make their way in the
American way. About half the people on welfare stay on for
over two years. But one in four persons, the people that we
really need to try to help to break the cycle that is
gripping their children and grandchildren, about one in four
stay as a recipient for eight years or longer. Those are the
folks that Governor Wilder I know is now working on that
many of you have tried to address the problems of, and I
want to help you with that.

Second, we need to make work pay. We have to
make sure that every American who works full-time with a
child in the home does not live in poverty. If there is
dignity in all work, there must be dignity for every worker.
Therefore, I will propose an expansion in the earned income
tax credit which supplements the income of the working poor.
If we can do that, we ought to be able to lift people who
work 40 hours a week, with kids in the home, out of poverty
and remove the incentive to stay in poverty. It will be
much less expensive than to have government direct
supplements to pay people to remain idle, and it will
reinforce the work ethic.
If we can do that and at the same time do what we discussed yesterday -- control health care costs and expand coverage so that no one has to stay on welfare just to take care of their children's medical needs -- I think you will see a dramatic breakthrough in our efforts to liberate people from their dependency.

Third, we need tougher child support enforcement. An estimated 15 million children have parents who could pay child support but don't. We need to make sure that they do. Parents owe billions of dollars in child support that is unpaid, money that could go a long way toward cutting the welfare rolls and lifting single parents out of poverty and money that could go a long way toward helping us control government expenditures and reducing that debt.

We are going to toughen child support enforcement by creating a national data bank to track down dead-beat parents.

(Applause.)

PRESIDENT CLINTON: By having the States go as far as they possibly can to establish paternity at the hospitals when children are born.

(Applause.)
PRESIDENT CLINTON: And if I can prevail up here -- by using the IRS to collect unpaid support in seriously delinquent cases.

I have said it before because it's the simple truth, governments don't raise children, people do, and even people who aren't around ought to do their part to raise the children they bring into this world.

Fourth, we need to encourage experimentation in the States. I will say again what you know so well: There are many promising initiatives right now at the State and local level, and we will work with you to encourage that kind of experimentation.

I do not want the Federal Government, in pushing welfare reforms based on these general principles, to rob you of the ability to do more, to do different things. And I want to try to flesh out a little bit of the idea we discussed yesterday about the waivers. My view is that we ought to give you more elbow room to experiment.

I know I was perplexed during the recent campaign when I tried to make a statement that some people in the press said reflected waffling, and it seemed to me to express the real genius of the federal system. I said that
if I were President, I would approve waivers of experiments that I did not necessarily agree with. And they said, "You’re trying to have it both ways." I said, no, I’m not, I am trying to honor the founding fathers." If we didn’t disagree on anything, what would be the need for experiments? That is the nature of experiments, if one person has an idea different from another person. So I will encourage all of us to work together to try things that are different.

The only thing I want to say, to ask you in return, is let us measure these experiments and let us measure them honestly so that if they work we can make them the rule. We can all adopt things that work and if they don’t, we can stop and try something else. That is the only thing I ask of you. If we say, okay, we’re going to have more waivers and you’re going to be able to experiment with projects that use federal dollars, let’s measure the experiment, let’s be honest about it, and let’s see. If it works, let’s tell everybody it works so we can all do it. And if it doesn’t, let’s have the courage to quit and admit it didn’t.

(Applause.)
PRESIDENT CLINTON: I think all of us want what most people on welfare want: a country that gives you a hand up, not a hand out. We don’t have a person to waste. We need the talent, the energy, the skills of every man and woman, every boy and girl in this country. Of all the problems we have with competitiveness, whether it is the deficit or the level of investment or anything else, I think all of us know in our heart of hearts, America's biggest problem today is that too many of our people never get a shot at the American dream. And if all of our people were living up to the fullest of their potential, we would surely have a much easier path in solving all the other issues that we constantly debate about at these meetings.

Of all my moments as Governor, the one I remember with most pride occurred here at a National Governors' Association meeting during that two-year period when we were working on welfare reform and Governor Castle and I sponsored a panel, and I think 40 Governors attended, and we had welfare recipients from all over the country come in and talk to the Governors about what it was like to be on welfare.

A woman from Arkansas who was there, whom I knew
but had not vetted for this conversation, started talking about her program and how she had gone into a training program and she had gotten a job and all of that. And I did something lawyers are told never to do: I asked a question without knowing the answer. I said, "Do you think this program ought to be mandatory? Should everybody have to be participating in this?" She said, "I sure do." And I said, "Why?" She said, "Well, because if it wasn't, there'd be a lot of people like me home watching the soaps because we don't believe that we can make anything of ourselves anymore. So you've got to make it mandatory."

I said, "What's the best thing about having a job?" She said, "When my boy goes to school and they say what does your momma do for a living, he can give an answer."

I think that moment says more than I will ever be able to say about why this is important, not just important for the poor but important for the rest of us. We must end poverty for Americans who want to work, and we must do it on terms that dignify all the rest of us as well as help our country to work better.

I need your help, and I think we can do it.

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Thank you very much.

  (Applause.)

GOV. ROMER: Mr. President, we have something that we wanted to deliver to you. What this says is: "The National Governors' Association honors Bill Clinton, Governor and friend, with grateful appreciation for his inspired leadership and dedication to the vision that has guided the cooperative efforts of Governors and Presidents since the Association's founding in 1908. From the Governors of the States, the Territories, and the Commonwealths of the United States. Presented February 2, 1993, on the occasion of the Winter Meeting of the National Governors' Association."

And the caption reads, "The first National Meeting of the Governors was held with President Theodore Roosevelt at the White House on May 13, 1908." And it's signed by each one of us.

  (Applause.)

PRESIDENT CLINTON: Goodbye and thank you.

  (Applause.)

GOV. ROMER: I want to correct one statement I made earlier when I introduced the President when I said
this is a Nation of 50 States. It is, but it's also a
Nation of 50 States and five Territories, and I want us to
give a hand to the Territorial Governors.

(Applause.)

GOV. ROMER: It's a land of many peoples.

Now I would like to introduce a long-time friend,
Secretary of Transportation Federico Pena. Secretary Pena
was my mayor in Denver, and he was a very good mayor of
Denver. His legacy is there in new projects that look to
the future, our new convention center, and especially our
new airport that will open this fall.

Yesterday we talked about the need to rebuild the
infrastructure in this Nation, not just to help stimulate
the economy but also as a critical investment in the future
productivity of this Nation.

I can tell you that the person President Clinton
has called upon to oversee the very important investment in
our future is up to that task. He understands the needs of
States and cities.

Secretary Pena, we look forward to your remarks
and to working with you in the months and years ahead.

I am pleased to introduce my former mayor, and my
friend, Secretary of Transportation Federico Pena.

(Applause.)

SECRETARY PENNA: Thank you very much, Governor.

Good morning to all of you.

I hope you didn't take too much notice of the fact that as the President was addressing you this morning, on each side of him were two Coloradans who were sitting next to him. Please don't draw any conclusions from that. Colorado has not captured the White House in any fashion.

Let me say to all of you that I first wanted to say that many of you have known the President for many years as a fellow Governor. Those of us who have been honored to have been asked to serve in his Cabinet are not only excited about the opportunity but challenged by him and what he brings to our Nation.

Yesterday, as I sat with you for three hours I think it was, observing the discussion about health care. I was enormously impressed by the dialogue, but I know in particular Governor Romer was pleased with the fact that we have a relationship now where we have constructive dialogue with the President that you as Governors have not had and the kind of attention you have not had in the past.
Today I would like to share with you very briefly a few thoughts about the Department of Transportation and what the priorities are of the department and some of the themes that we are going to be using in the next years to come. I will talk a little bit about the stimulus package that was briefly discussed yesterday and be happy to answer any questions you might have.

Let me start by talking about the themes and priorities of this department. It is my view that we need to find a way to elevate the status of transportation policies in our country. I believe very strongly that so many Americans sometimes don’t understand the importance of transportation projects and transportation policies as they affect our daily lives. And my job as the new Secretary of the department is to elevate that discussion and to have us focus on that.

Secondly, I very strongly believe that the Department of Transportation, through our funding mechanisms and through our policies, can serve as a very important catalyst to the strengthening of our economy. One of the ways we can do that immediately is through a stimulus package that I am going to talk about very shortly.
Thirdly, I strongly believe that transportation in this country, the quality of that transportation, can not only improve the economy of this Nation but help make this country more globally competitive.

Fourthly, you will see that we are going to be spending some attention and a lot of time and energy in addressing some of the industries in the transportation sector because we are facing some difficulties. Let me just name two which I think are very obvious to you. One is the airline industry. Yesterday the Governor of Kansas asked a question about the airline industry. You all have read about the billions of dollars the airline industry has lost in the last few years. We are now involved with some very important bilateral discussions with other nations about our airline industry and how it's going to interface in foreign markets. That is going to be a very important priority of this Administration.

Another example, one that is probably not as widely known in our country, is the maritime industry. There is a strong feeling that unless we do something very quickly in this Nation, we are going to lose the maritime industry to the rest of the world. Just by way of example,
in 1947, 60 percent of all products that were imported and exported to our country were on U.S.-flag vessels -- 60 percent. Last year, less than five percent of those products went on U.S.-flag vessels. So we as a nation have got to decide whether or not the maritime industry is going to be important to our Nation and our domestic economy.

Fifth, we want to begin to understand that transportation policies and the programs that we fund should have a broader reach. You know that with the new Clean Air Act that was passed and the ISTEA legislation that was passed, there is now a new concern about integrating transportation policies with environmental concerns, and also with new technologies. The Vice President has made this his priority, and we will be working very closely with him to find a way to bring all of these issues and concerns together.

Sixthly is the concept of intermodalism. New legislation has embraced intermodalism as a new way of thinking and operating in our country. We are going to be spending a lot of time working with local communities throughout the country, finding a way to educate more people about how intermodalism works and why it's important to our
Lastly, I want to emphasize a point the President has made to you time and time again. We are here to work with you in a partnership capacity. This Administration and this department cannot succeed unless we work very closely, hand in hand. So the fundamental message that I want to leave with you today is this: This Secretary commits to you to work with you in trying to address your problems. If there is ever a situation where there is something in this department or in our regional offices which are presenting a problem to you, please bring that to my attention and we will take action on it. We want to break the gridlock. We want to break the friction, the tension that has existed for so many years between the department and State and local governments.

Now let me very briefly talk about the economic stimulus package. The first question is "Why"? You know why. I don’t have to get into that discussion. We are looking for a long-term sustainable growth program which needs to be injected through a stimulus package. The President has asked us to take a look at a stimulus package, and we are going to take a number of recommendations from
the transportation sector and look at how it's going to
impact the stimulus package.

And our goal is to, one, inject into the economy
in a very timely fashion -- and we're trying to see what we
can get done before the end of this fiscal year, no later
than December of this year; and secondly, the creation of
jobs. That means that we have to identify, particularly in
the transportation sector, those projects that can start
quickly, that spendouts can occur, and we can see people put
to work very, very quickly.

I want to thank Governor Romer and Governor
Miller from Nevada, who are working very closely with our
departments in helping us identify your projects in the
States that are ready to go and to put it into the stimulus
package. In that discussion, my highest priority and my
thinking is that the policy of the National Governors'
Association is full funding of ISTEA -- for one very simple
reason.

(Applause.)

SECRETARY PENA: The political battles that were
fought a year or so ago in the Congress is something that
with a few minor modifications we have to make, and it's
already well understood. I think the fastest way we can get
money out, to get money into our economy, is by using the
ISTEA mechanism. So we appreciate your support of that, and
we are fighting very hard to fully support ISTEA.

Let me close my comments -- and I will be happy
to answer any questions -- with the following comments:
No. 1, it is very, very important that collectively we pay
very close attention to the stimulus package. There will be
people who will be watching us to see whether or not these
projects can occur on a timely basis and create the jobs
that we say they will create.

I would simply like to ask you to make sure, in
addition to health care and all the other issues that we
prioritized, that you have someone in your organization
working very closely with the Department of Transportation
secretaries to ensure that these projects, when they are
funded, are actually completed or started, first of all, on
a timely basis and that they are moved through the process
as we all believe they can be.

Lastly, the point that I made earlier and that
is, that as we go through this process, if we come across
difficulties or have problems in this process, please let us
know. We know there are some concerns with the interrelationships between the Clean Air Act, the Department of Transportation policies, and as you know, some interim regulations that we proposed in this last month. There are two more hearings that are going to be conducted on those issues. Please participate in those and give us your feedback so we can attempt to eliminate those kinds of logjams.

In conclusion, thank you very much for inviting me here today to share a few thoughts on where this department is going, what our priorities are, the importance of the stimulus package. And as the President said, I look forward to working with you over the months and years to come to get the job done. Thank you very much.

(Applause.)

GOV. ROMER: Secretary Pena would be happy to answer a few questions. I think Governor Miller had the first one.

GOV. MILLER: Mr. Secretary, I want to thank you very much for accepting our invitation to be here, and even more importantly, for your commitment to the full funding of ISTEA. I doubt if there is anything that the Governors'
Association is in fuller concurrence on than that proposal.

   In order to support you, several of us from the
Economic Development Committee, led by our committee
chairman, Governor Edgar of Illinois, Governor Sullivan and
Governor Sundlun and myself and Governor Nelson will be
going to the House Committee on Public Works today to talk
about that variation. We stand ready to assist you in
stimulating the economy through this mechanism, and we look
forward to full funding of it.

SECRETARY PENA: Thank you.

GOV. FORDICE: Mr. Secretary, in December of ’90,
the last nickel of the federal gas tax went into effect, and
that was the first time we had ever divorced the fuel tax
from plowing it back into infrastructure. Part of that
money went into a black hole that I believe was called
deficit reduction. Nobody has seen any of it since.

I would hope that you would become a champion for
keeping intact that principle that makes about the most
perfect user tax that I can think of, whereby fuel taxes go
back into infrastructure and are not used for general
revenue. When you have a relationship that one cent of fuel
tax equates to a billion dollars and everybody on the Hill
knows that, you have kind of a salivation that’s just loaded on. That preempts we Governors and the States pretty much from our ability to raise State gasoline tax for our own matching purposes.

GOV. CARPER: Mr. Secretary, I just want to say as generally as I can that that commitment is honored by each of the Governors seated at this table.

GOV. ROMER: Governor Florio?

GOV. FLORIO: Mr. Secretary, in the last couple of years, every year the budget comes out there is a great amount of energy that is consumed by starting a debate about operating assistance for mass transit systems. Common sense ultimately prevails, and we get to some reasonable level of assistance because I think everyone understands, particularly in some areas, in the Northeast in particular, mass transit is a very important part of the overall transportation system.

And I would just express the hope that we will not have to start literally from ground zero when the budget comes out with nothing in it and then build our way up. Maybe we could start with a reasonable level. There may be differences, but at least to acknowledge the importance of
mass transportation for many of our States.

SECRETARY PENA: Governor, just yesterday we had our first meeting with Leon Panetta about our stimulus package and the budget generally. I want you to know this issue did come up in that conversation. Thank you.

GOV. ROMER: Governor Sundlun?

GOV. SUNDLUN: Mr. Secretary, I would like to ask, in consideration of the stimulus package, what, if any, direction has been considered about spending part of that package on what the Northeast Governors at least would call the improvement of the infrastructure in the inner cities, the inner cities, because you as a mayor must know that’s where the social problems are and they’re just below the surface. Los Angeles has seen one example. The cities in the Northeast are bigger and they have maybe the same problems.

Second, we have got a problem with water distribution. Our water pipes have been in the ground for over 100 years, some of them over 200 years. Some of them are wood. It’s hitting us, and it’s going to hit us harder. Is the infrastructure fund going to be available for projects like that?
SECRETARY PENA: On the first question, part of the stimulus package will involve projects important to the inner cities. Secretary Cisneros, through the HUD mechanism, is also putting together his proposal, together with mine, on inner cities, and we are focused on transportation. His is more focused on the cities, CDBG monies, et cetera. So, working together, we will try to assure that the inner cities' needs are met with the stimulus package.

GOV. WALTERS: I expressed this view briefly at the White House yesterday, and I am going to express it again. As Governor Carper so delicately put it, not all of us are going to agree with this, I am sure. But let's just say that I love Mario Cuomo, I love to hear him talk -- I feel a little sorry for him after that football game yesterday -- but for the life of me I cannot understand why I have to send him 15 percent of my money from Oklahoma to take care of transportation needs in New York.

(Applause.)

GOV. WALTERS: The whole idea that we have donor States is a condition that I don't think we should have exist in our Nation's transportation system. Of course, the
purpose for the federal highway system has long since passed. Yesterday the conversation that maybe the stimulus package will open up the system to where we will be broadening it to involve itself in maintenance of highways and bridges seems to me to be exactly the opposite direction.

I can take care of my own highways and bridges if I just get the money back that the citizens of the State for Oklahoma pay into the system. And I think that’s only fundamentally fair. And the longer this condition -- ISTEA has made it worse, not better -- the longer the condition prevails, the more risk there is for some revolt, which I will be happy to lead, among the donor States to finally get our fair share.

The second thing I would say -- and I shouldn’t say this because she helped me clap, but I love Ann Richards and I occasionally have a fond thought of Texans.

(Laughter.)

GOV. WALTERS: But there is nothing genetically that should require Oklahomans to take six hours to get to New York City when it only takes a Texan 2-1/2 hours to get to New York City. The hub system is a complete failure. It
is inefficient. Southwest Airlines is the only airline
that’s making money, because they go point-to-point. We
staff up with these high-capacity peaks, and so the airlines
are going broke as a result of it.

More importantly, we have private industry
determining which States are going to have a level playing
field for economic development and which aren’t, because we
are denied that access to the major economic markets
throughout this Nation.

So I would ask you for an early development of a
fundamental underpinnings and philosophy of the
Transportation Department to consider the inequities that
are involved in our federal highway system and also the
inequities involved in our air transportation system around
this Nation. Thank you.

SECRETARY PENA: Governor, let me quickly respond
to the second point. The first point, I think you already
emphasized, was fought in the ISTEA battles.

But on the latter issue, as I mentioned,
yesterday in meeting with the President, we are currently
looking at the creation of a special group which will help
us evaluate the status of the airline industry. That
question, obviously, will be one of those that will be raised.

GOV. ROMER: We have Governor McWherter and then Governor Wilder.

GOV. MC WHERTER: Mr. Secretary, if we have a stimulus package, do you anticipate it being reoccurring funds or one-time appropriation?

SECRETARY PENA: Governor, we’re talking about two things. One is the stimulus package and also a long-term investment package. The final decision has not been made about the relationship and the amount of the immediate stimulus package and the long-term investment package. However, it will all be presented as one economic package on the 17th of this month by the President.

GOV. MC WHERTER: I think it would be very important to identify the funds we get. Funds. Tax credits, I understand, but the funds that we get at the State level, whether they would be recommended reoccurring or one-time.

SECRETARY PENA: We will do that, Governor.

GOV. WILDER: Mr. Secretary, Governor Fordice made an observation which had the indication of a question
when he spoke to relative to the gasoline tax, the most
direct funding for highway improvements as well as
transportation improvements in our States. Governor Carper
indicated that all of us don't feel that way, but I will
tell you a whole lot of us do feel the same exact way as
what his question propounded.

There are some, as you know, who are speaking
about a 50-cents-a-gallon tax to satisfy the deficit, with
absolutely no reference at all to highway and road
improvements.

Now, to the extent that the President is asking
Governors to assist him and I am one of those who would be
assisting him, I think you should give a fair reflection as
to what will or will not sell with reference to any taxes in
that regard as it would affect the ability of Governors to
raise revenues in their own States.

SECRETARY PENA: Governor, just to complicate
that issue a little more, I believe everyone is aware of the
Byrd amendment, that triggering device which requires us to
take a three-year estimate. If the Byrd amendment becomes
law, and it appears that it will be, we have a concern
internally that by 1995, given current projections of gas
tax collections, that the Byrd amendment might be triggered, requiring us to notify the States that we will have to make adjustments in the apportionment. So that is another issue that needs to be put on the table as we all discuss this question.

GOV. ROMER: Let's see if we can have the last question so we can go on with our agenda.

GOV. THOMPSON: Thank you very much, Roy.

Thank you for being here, Mr. Secretary. It has been a pleasure for us to hear from you. Just a couple of comments and a very quick question.

Our Association has for many different occasions and many different Administrations always gone on record to support the fact that any gasoline tax increases should go into infrastructure increases. President Clinton was a strong mover in that regard, very strong. In fact, he authored several resolutions with me and with other Governors to accomplish that. I hope you remember that.

The second thing is that we need as Governors as much flexibility as possible. ISTEA fully funded is a step in the right direction. But at the same time it handicaps
us on many different occasions as States when we have to put
so much money in this pot and that pot. You should leave it
up to the Governors to have more ability to put the money
where it's going to do the most good for our particular
States.

The third thing that seems to be getting a great
deal of support is something that I know you have been
interested in, high-speed trains and Amtrak, which you now
serve on as a board member, along with myself. I am
wondering if in any kind of proposals you are expecting to
put any money into Amtrak or into any high-speed trains for
the United States?

SECRETARY PENA: The answer to the latter
question, Governor, is that we have put that on the table.
Again, a final decision has not been made. It won't be
until the 17th, but that is one of the issues that we have
actually raised to be included in the stimulus package.
Where that will finally come down compared to all the other
issues that are on the table, I can't tell you now. But it
is on the table.

GOV. ROMER: Thank you very much, Mr. Secretary.

(Appause.)
GOV. ROMER: Dealing with 50 Governors is almost as great a challenge as dealing between Denver and Adams County.

Let me ask Governor Walters to come forward. We have an invitation to go to Oklahoma.

Do you want to do it from there or do you want to do it up here?

GOV. WALTERS: I can do it from here, Roy. Thank you very much.

We are planning furiously for the August 15, 16, and 17. Many of you have gone out, if some have not already done so, to accommodate the booth fitters outside. They look like they are in costume. Let me assure you they are not. They are artisans from Guthrie, Oklahoma, who have agreed to make boots for all the Governors. So it's an especially designed booth. I think you will enjoy that. It's indicative of the hospitality that I think you will see in Tulsa, Oklahoma. The city is spiffing up, renovating the convention center. We have got some great entertainment planned, also great accommodations to provide a foundation for the work that our chairman will be putting us through there.
I asked the President to please consider carefully our invitation to join us. I am very hopeful that the President would join us in that same meeting. Please know that lots of preparations are being made. We hope that you will mark it on your calendars now. We look forward to a great turnout in Tulsa, Oklahoma, and we promise you tremendous hospitality. Thank you.

(Applause.)

GOV. ROMER: Very good.

Our next item of business will be our policy resolutions. Governor Mickelson, I would like to take up first the federal deficit resolution. It’s on the purple cover, and it’s on page 6. It has been distributed to you, an amendment to that resolution, which is marked with a double asterisk at the top. It relates to paragraphs 4.6 and 4.7. And an explanation. Since the Executive Committee on Sunday, we have been having further conversations to accommodate a variety of views on this. We truly have been trying to make it represent the nonpartisan views, the bipartisan views of this body.

Governor Mickelson, I would like to call on you to offer the policy statement and also the amendment that is
on the desk.

GOV. MICKELSON: Mr. Chairman, I think it has to be said also that all of us need to understand how very hard our leadership in this organization has worked through you, Mr. Chairman, and Governor Campbell, to really touch upon the tough issues that are facing this country: strategic investment, health care reform, and certainly the deficit reduction have been elevated to a very prominent place.

What this Association has to do is in recognition of the viability that it has and deserves in being recognized as policymakers in this whole Nation. I attended meetings on the deficit reduction, and I know a lot of the discussion that was held concerning this. I am sure that all of us understand the reason that this whole issue is being discussed is because for the first time, I believe, that I can remember, public polls in the last election showed that the federal deficit was one of the things that was foremost on the minds of the people in this country. And we also learned that health care reform and other issues are all very integrated into that issue.

The policy itself, I think, has been hammered out and has good language. It sets targets. It is realistic.
It recognizes that all of us understand that perhaps the
first thing that needs to be done is we need to take a look
at the size of government. And it speaks to that. It sets
goals in the policy over which we measure our success. We
can drive some stakes in the ground and determine whether or
not we are going forward or backward.

I have the same reservations that an awful lot
around this table have. One is parochial. That is, I am
afraid of being hurt, that my Ellsworth Air Force Base in
South Dakota might be cut. I am also concerned about the
transportation needs of my State, just like everybody else.
I am also concerned about whether or not cuts in the federal
budget deficit to meet the deficit reduction goals might
hamper water development and some of the other needs of my
State, just like I am sure all of you are.

My biggest concern, however, is that we might
have tax increases without actually addressing the cuts that
need to be made. But I do believe that the President has
indicated his willingness to tackle those tough issues, and
we ought to support him. And this resolution ought to pass,
the amendment.

Before we vote on it, and I am sure there is
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going to be a lot of discussion on this, I do think, as I have heard people talk in the halls during this meeting, that there is some concern. Although at paragraph 4.6 the policy amendment speaks to a reduction of spending before any revenue enhancements could be looked at, there are some people who are afraid, and I think rightfully so, that games would be played, as has been in the past, that there might be some reductions that would not be permanent, that tax increases would be put in place and we would lose then the reductions.

I think the language is good, but it could be better, Mr. Chairman. If I could offer an amendment on that page -- and I think everybody has it.

GOV. ROMER: First, would you move the adoption of the main policy?

GOV. MICKELSON: I move the adoption of the policy, Mr. Chairman.

GOV. ROMER: is there a second?

VOICES: Second.

GOV. ROMER: Now move the amendment.

GOV. MICKELSON: The amendment would be to add on the fifth line down, where it says "2.75 of spending
reduction," add the words "before spending," add the words "net permanent." So what the amendment speaks to, Mr. Chairman, is the fact that before any revenue would be looked at, that we would have to deal realistically with net permanent spending reductions in the federal budget deficit.

I would move that amendment.

GOV. ROMER: May I interpret your motion to include that which appears on the upper asterisk, which relates to both paragraph 4.6 and deleting 4.7? All right.

We have the motion on the table to adopt the amendment which is in front of you which has the double asterisk. Is there any further discussion?

GOV. WELD: Mr. Chairman, I would like to speak in favor of the amendment. In addition to the insertion of the words "net permanent," the amendment also changes the word "tax increases" to "revenue increases," which I think preserves flexibility.

My interpretation of the resolution, as amended by this paper, is that it does not necessarily commit us to any particular form of revenue increase. I think, in unanimously approving the health care resolution yesterday which would remove federal tax deduction for the cost of
health insurance over a basic package, I think we are pretty
unanimously in support of revenue increases. Some of us,
including myself, don’t necessarily want to sign on for
other forms of revenue increase. So I think this amendment
preserves that desirable flexibility.

GOV. ROMER: Other comments on the amendment?

(No response.)

GOV. ROMER: All then in favor of the amendment
say "aye."

(Chorus of ayes.)

GOV. ROMER: Opposed, "no"?

(Chorus of noes.)

GOV. ROMER: It’s adopted.

Is there discussion, then, on the policy, as
amended?

Governor Dean?

GOV. DEAN: Mr. Chairman, I would just like to
congratulate you and Governor Campbell for the bipartisan
spirit in which you have taken this on. This is not easy.
We have had a number of years where there was sufficient
gridlock in Washington so that no measures were ever voted
on, and the net result of that has now been a quadrupling of
the federal deficit from $1 trillion to $4 trillion.

I am very proud of your leadership and Governor Campbell's leadership, and I am very proud of this Association for the bipartisan way in which we have all, as Governors who have been dealing with balancing budget for the last 12 years, have now stepped up to the plate and put our own political capital on the line.

I vigorously want to support this policy, and I urge everybody from both parties to do the same. Let me just again conclude by saying how proud I am to be a member of this Association whereby partisanship and what's best for the Nation come first.

GOV. ROMER: Is there any other comment?

GOV. RICHARDS: Mr. Chairman?

GOV. ROMER: Governor Richard?

GOV. RICHARDS: I expressed in the Executive Committee meeting and I want to reiterate that I will oppose the amendment, because I don't want to mislead either the Governors who are here or anyone else. I really feel that my job is to represent the people of Texas, and when it comes to issues before the United States Congress and issues that can be effected by the White House, I am going to be in
there lobbying for my State and the citizens in my State.

And I do not want to vote for a policy that might run

counter to my ability to do what I believe is my primary

responsibility.

I feel sometimes we get out of the advisory

business and get into the meddling business and some of the

specificity of this resolution, to me falls in the latter

category. So I will not support it.

GOV. ROMER: Governor Carlson?

GOV. CARLSON: Mr. Chairman, I again want to

commend the leadership for getting this resolution before

us. I can appreciate the points offered by the Governor of

Texas. But it seems to me that we resolved that issue when

we as a Nation dissolved the Articles of Confederation and

decided to become one Nation. The honest truth is that this

system has served this Nation extraordinarily well for well

over 200 years. We on the State level have asked a great

deal from the Federal Government. As a matter of fact, we

ask from the Federal Government more than the Federal

Government could afford.

We too have been part of the problem. The truth
deficit and still extend a third hand for the generosity of the Federal Government. So I want to commend the Governors for bringing this resolution to our attention and for showing the leadership that the United States needs at this very critical point.

GOV. ROMER: Any other comments? Go ahead, Governor Carper.

GOV. CARPER: I realize for some of us there is perhaps too much specificity in the proposal that is before us, for others perhaps too little. Personally I believe it is on target, and I want to support it in the very strongest possible terms. I believe that we as Governors are people who grapple on a daily basis with trying to match our revenues with our expenditures. If we cannot make a strong statement in support of action by the President and Congress, then who can? I believe the emphasis in the statement is where it should be.

The emphasis is on spending reduction. To the extent we want to reduce our deficit, the emphasis must be on spending reduction first. We emphasize redirecting our domestic discretionary spending toward, as we reduce that, to redirect the spending toward productive investment to

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make us more productive and raise our standard of living as a Nation. That is as it should be.

The statement further calls for ratcheting down in a rational way the spending for defense and international affairs, not a free-fall which could damage some of our economies further, but a gradual ratcheting down. And again I believe that is important.

We have stayed away in this statement from the social security tar-baby and I think that is politically prudent for us to do. We have acknowledged the need to put entitlements -- half of the spending by the Federal Government is entitlement programs. We said this must be on the table, and we must deal with that.

With respect to revenues, that is part of the solution, but a minor part of the solution. Finally, we end up with our stimulus package, to make sure that there is some action taken. If there isn’t, there is further action necessary to deal with the problem.

Again, I strongly support this statement. I am proud to be here as a new Governor, part of an organization which I hope will have an effect.
GOV. ROBERTS. I just want to comment briefly. I think there could be arguments whether this is too specific or not specific enough. I think the issue for us as a Governors' Association with this statement is to say we cannot ask of others boldness if we are not willing to be bold and we can't find a solution to the problem that has been built up over many years by being afraid to take some tough stands and to put everything on the table.

I think there is some political risk in saying that and in doing that, but if we are going to ask of Congress and the President of the United States the kind of work we need, the kind of change we need, and the kind of boldness we need, then I think this Association has to stand clearly today to say that we are willing at the State level and in conjunction with the Federal Government, both Congress and the President, to take the tough political stands necessary to make the changes this country has to have unless this deficit is going to eat up this Nation in the future.

GOV. ROMER: Are there any other comments? Are you ready to vote?
"aye."

(Chorus of ayes.)

GOV. ROMER: Opposed, "no"?

(Chorus of noes.)

GOV. ROMER: The policy is adopted.

We will now take up the balance of the Executive Committee's reports, federalism, Indian gaming, and self-determination.

Those we will find in the purple sheet. Does any member of the Executive Committee want to expound on these? The policy on federalism was the first statement of the three meetings. It really is just a beginning statement that led to the two subsequent policy statements on health and the deficit. I think it's fairly self-explanatory.

Indian gaming? Do you want to quickly characterize that? Governor Miller?

GOV. MILLER: Mr. Chairman, the proposal just outlines the need to clarify the Indian Gaming Regulatory Act. The original intent, which was to provide opportunities for tribal nations to participate in legalized gaming on the same footing with other residents of their particular State that they live in. That intent has been
characterized in some actions that have been broadened extensively to include, in some cases, exclusive rights to the tribes. In addition, it would seem, going along this line, to be heading to a path where they could acquire land within major urban areas or elsewhere where they can be characterized as tribal lands for that purpose.

That is the purpose of this particular legislation, that the original intent of the legislation be pursued.

GOV. ROMER: Governor Finney?

GOV. FINNEY: Mr. Chairman, I oppose adoption of this policy statement. This morning we heard our President say that too many people never get a shot at the American dream and that welfare should not be a way of life. He talked about dignity, he talked about liberation from dependency. And I believe that gaming for the Indian nations is a far better option than nuclear waste dumps, than welfare dependency, and a world so filled with despair that one out of six teenage native Americans has attempted suicide.

I believe that this proposal conflicts with federal law and intent and at the very least we should give
the Secretary of Interior, the new Secretary, an opportunity
to state his position on this matter.

GOV. ROMER: Since we have a debate on this one,
can we separate out Indian gaming? Let's state the
federalism policy first. There was no objection to that. I
would like to separate the issues.

GOV. ROBERTS: There is a very brief amendment,
an error on the federalism one, which I think is very short.

GOV. ROMER: Let's do this, let's stay with the
Indian gaming and we will just take it alone. Let's
continue the debate on Indian gaming.

Governor Engler?

GOV. ENGLER: Thank you, Mr. Chairman. I
certainly support the policy, and I think actually, to
Governor Finney's concerns, it sort of clarifies what the
federal law intended. I don't think the federal law
intended to simply ride roughshod over the rights of States
or to create a situation where the Governors would cut out
one of the provisions of this that requires good-faith
bargaining between the tribes and the States. Today that is
not a reciprocal requirement. Too much of this is in fact
left to the federal courts, and I think that that is exactly
the worst place to have these types of issues decided.

I think that Chairman Miller and the committee have done a good job in trying to sort through the issues. One thing that concerns me is that we have a situation where, regardless of what State law is, under some interpretations of current federal law, you could have the pretext of bargaining, simply go to federal court and get ordered into effect any type of gaming regardless of the situation, by the existence of a lottery. That supposedly opened up all kinds of casino gaming. We fear the same kind of things in Michigan.

The policy is a rational statement of what federal and State responsibilities are.

GOV. ROMER: Are there other comments on Indian gaming?

Governor Fordice?

GOV. FORDICE: We just finished negotiating to a successful conclusion with the Mississippi Choctows. It seems like everything in here is in the Indian Gaming Regulatory Act, with the possible exception of the last bullet, which I think is a particularly good bullet because it puts a restriction on taking new lands and putting the
It seems to me like they ought to be restricted to Indian lands, as we know them, reservation lands. And I think that's what that last bullet does, and I think that is a good modification.

GOV. ROMER: Just in clarification, I also concluded a negotiation with an Indian tribe quite successfully, and immediately as they walked out the door and they said, "You understand we are going to sue you." And the point is it's a limitation in Colorado, we the people spoke and said we want limited gaming, we set a limit. And obviously, under this law, there is very great ambiguity about it. And I think that the simple issue here is whether or not -- you're not against Indian gaming -- if it's going on, that it at least conform to the laws of the State.

Are there other comments?

(No response.)

GOV. ROMER: Are you ready to vote on this one? All in favor of this resolution please signify by saying "aye."

(Chorus of ayes.)
GOV. ROMER: All opposed, "no"?

(Chorus of noes.)

GOV. ROMER: All right. Back to federalism. Do you have an amendment on federalism?

GOV. ROBERTS: Very briefly, Mr. Chairman. On page 2 the word "President-elect" on the fourth line down, we might like to take out the "elect" and just say "President Clinton."

GOV. ROMER: All right. In my copy it's out.

GOV. ROBERTS: My copy has it in.

GOV. ROMER: It's already out on the copies we are using.

Is there any further debate on federalism?

GOV. RICHARDS: I just want to comment if I may, Mr. Chairman. I think this resolution is exactly what we should have passed in reference to the federal deficit reduction. So I support it wholeheartedly.

(Laughter.)

GOV. ROMER: Thank you.

All in favor of the policy on federalism, please signify by saying "aye."

(Chorus of ayes.)
GOV. ROMER: Opposed, "no"?

(No response.)

GOV. ROMER: Would you record and note the unanimity of that opinion.

Next we have a resolution on political self-determination for Puerto Rico.

Governor Rossello, do you want to move that resolution?

GOV. ROSSELLO: Yes, Mr. Chairman.

Essentially, this resolution that was unanimously approved by the Executive Committee reaffirms a previous policy by this Association. In essence, it reaffirms the right to political determination by 3.6 million American citizens that reside in the Commonwealth of Puerto Rico.

Secondly, it supports a plebiscite to allow the pleasure or the will of the people of Puerto Rico.

Thirdly, it urges the United States Congress to enact legislation responsive to that expressed wording.

I move the adoption of this policy statement.

VOICE: Second.

GOV. ROMER: Discussion?
GOV. ADA: Mr. Chairman, I would like to support the proposal made by the Governor of Puerto Rico. In 1991 this august body reaffirmed the self same proposal that the people of Guam had requested of this august body and of Congress and the Administration, to pursue the self-determination aspirations of the people of the Territory of Guam.

For well over 300 years Guam was governed by the Spanish Crown and since 1898 Guam was governed by U.S. naval governors, appointed governors. And through the example of now Governor Hickel from Alaska, who was then the Secretary of Interior, he was able to finally have the Territory of Guam elect a local governor. However, there is still some uncertainty with respect to many federal policies that we are still trying to resolve, and has not been very helpful in our quest for economic activity and to attain our long-sought self-determination and dignity that we lost for many, many years.

So, with that in mind, I ask your help for the Governor of Puerto Rico and his people in their quest for self-determination. Thank you.
(No response.)

GOV. ROMER: All in favor of its adoption please say "aye."

(Chorus of ayes.)

GOV. ROMER: Opposed, "no"?

(No response.)

GOV. ROMER: The policy is adopted.

I would now like to call on Governor Jim Florio, chairman of the Committee on Human Resources, if we could take the policies.

GOV. FLORIO: Thank you, Mr. Chairman.

We had a very productive session, even before we knew the President was going to come and talk to us about welfare rolls this morning. We scheduled a good hearing. We heard from three former welfare recipients who have liberated themselves from the system. We also heard from three administrators of welfare systems in States. The information received helped us, and we are going to make some good recommendations.

The policy changes we are requesting, one has already been done. That is the principles to ensure workforce excellence yesterday was approved by the Economic ACE-FEDERAL REPORTERS, INC.

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Development and Commerce Committee. We likewise are
supporting that.

There were three amendments -- a few amendments,
rather, that we would like to offer to you en bloc, as you
suggested, without any objection. Three of these amendments
dealt with our refugee and immigration policy. They are
primarily urging the Federal Government to meet its
responsibilities with regard to the cost of resettlement.

These were offered by Governor Wilson of California.

Governor Wilson also offered a separate
amendment, dealing with income security policy involving
waivers to implement State-financed welfare reform, which I
think is very much compatible with what the President talked
to us yesterday about and as new announced policy.

The last amendment was offered by the Governor of
Hawaii, talking about an amendment to our emergency
management policy that establishes or advocates establishing
a cost-neutral accessory insurance fund to help deal with
the risks that occur from natural disasters.

All of these were approved unanimously. I
suspect they are not controversial. Therefore I would move
all of them en bloc.
GOV. ROMER: A motion has been made. Are you offering the amendments separately, or the resolution, as amended?

GOV. FLORIO: I am offering the amendments en bloc.

GOV. ROMER: The motion is to offer the amendments en bloc. Is there any discussion?

VOICES: Second.

GOV. ROMER: All in favor say "aye."

(Chorus of ayes.)

GOV. ROMER: Opposed, "no"?

(No response.)

GOV. ROMER: The amendments are adopted.

Governor, if you want to move the resolution now?

GOV. FLORIO: I move the resolution, Mr. Chairman.

GOV. ROMER: The issue before you is the policy, as amended. Is there any discussion of that?

(No response.)

GOV. ROMER: All in favor say "aye."

(Chorus of ayes.)

GOV. ROMER: Opposed, "no"?
GOV. ROMER: Thank you, Governor Florio.

Governor Sullivan, would you present to us the policy statements on natural resources and environment?

GOV. SULLIVAN: Thank you, Mr. Chairman.

As chairman of the Natural Resources Committee, I am pleased to move en bloc the adoption of four proposed changes in policy and one reaffirmation of existing policy to avoid its sunsetting and allow the committee to continue its work.

The changes in policy include a provision relating to the human impact of environmental regulations, talking about such popular subjects of mandates, inflexibility, and risk-based assessment of environmental regulation, something we can all associate with.

The second relates to water resource management and infrastructure needs and is consistent with our infrastructure and investment policy.

The third is a solid-waste amendment and a policy to maintain those areas that are of most importance to Governors and our States would allow us to get back into the debate in that area.
The fourth is an implementation of federal facilities compliance provision that both commends Congress and President Bush for the Federal Facilities Compliance Act and States' policy as it relates to the Governors.

Finally, we are reaffirming the policy of comprehensive national energy policy, in view of the Energy Security Act and our desire that we rework that policy to acknowledge the Energy Security Act, yet maintain our diligence in trying to assure that we have in this country a national energy policy that makes sense on a nationwide basis.

I would move en bloc the adoption of those policies.

GOV. ROMER: Is there a second?

VOICES: Second.

GOV. ROMER: Is there a discussion of these policies?

(No response.)

GOV. ROMER: All in favor of their adoption please signify by saying "aye."

(Chorus of ayes.)

GOV. ROMER: Opposed, "no"?
(No response.)

GOV. ROMER: We now are at the end of our formal agenda. Are there any other matters that any of you want to bring to the attention of the Association?

(No response.)

GOV. ROMER: If not, let me very briefly state in about two minutes some observations about where we are.

First, we have some very important work to do. We have an Administration that is just filling out its ranks and it has made an open invitation for us to participate. Let me identify some avenues and you as fellow Governors will be able to utilize these.

First, in health care policy, there will be a discussion this afternoon by myself and Governor Mickelson and Governor Dean with the task force at the White House on health care. Governor Campbell is also a part of that group. He is out of town today.

We will begin this afternoon to discuss what will be the relationship between this Association and the ongoing work of the health care task force. What we want to be is conduits. We want to be conduits of all of you to that effort. Therefore, how can we do that? Two ways: One, we
know the four Governors that will be involved, and you can contact any one of us.

Secondly, the NGA staff will be absolutely instructed to be in touch with you because we need to have you informed as to how that conversation unfolds so that you can get your perspective in.

Just let me say, as I walked down the hall with President Clinton, he commented upon our session together and said what good ideas came out of that session. You know, Governor Walters, he was talking first about the idea that you put on the table and also with his remarks this morning. He is interested in ideas.

So I want to say to you what our process is. Our process is we have four key Governors that will relate to that task force. We want to stay in close touch with all of you so that we can represent all of your interests.

The second process is in relationship to the economic package. The President said to us yesterday that he will make that package, present it February 17. That is a very short time line. He invited yesterday for us to form again a small delegation of Governors to assist in the communication about development of that package.
Governor Campbell is not here today. I want to confer with him immediately after this meeting, and we will designate six Governors, three from each party, so that we again can have that group be a conduit of information as that package is developed. That is a very short time line. And therefore, I think all of you who have inputs to make to the President on what that package is, what it should contain, you need to be aware of the shortness of the time line.

The avenues are: one, so that any one of the Governors we'll appoint within 24 hours through the Association.

The third issue is, obviously, the issue of welfare. We have done a lot of work together on that in the past. He indicated another task force that he had created, is in the process of creating, and I am sure there will be ways in which we can relate to that.

The final comment is, as you heard Secretary Pena and many other Secretaries who are now just getting their legs under them in their new departments, they have a very large bundle of issues, and I think there is an open invitation for all of us as Governors to be actively engaged.
in the shaping of their policies.

So, as I close, I just want to say in a bipartisan, nonpartisan way, I think we have made a lot of gains in this particular annual meeting, and I as your chairman pledge to you that we are going to continue, one, to approach these matters in a bipartisan, cooperative fashion; secondly, we are going to spend a good bit of focused time to be sure that your views are placed in front of the people who should receive those views.

I just want to thank you for the cooperation that you have given us.

Governor Thompson?

GOV. THOMPSON: Mr. Chairman, if I could just impose upon the Governors for 30 seconds. We are having a reception with Trade Representative and Ambassador Kantor at 2:00. Anybody that has got any questions or anything whatsoever on NAFTA or defending the GATT negotiations is invited to attend.

GOV. ROMER: Where is that going to be?

GOV. THOMPSON: That is going to be at the trade office, the U.S.T.R.'s office, at 2:00.
(No response.)

GOV. ROMER: We stand adjourned.

(Whereupon, at 11:20 a.m., the meeting was adjourned.)