

# TRANSCRIPT OF PROCEEDINGS

NATIONAL GOVERNORS' ASSOCIATION

ORIGINAL

1993 WINTER MEETING

PLENARY SESSION

Washington, D. C.

Monday, February 1, 1993

**ACE - FEDERAL REPORTERS, INC.**

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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.

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

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

3 Are we on our seats?

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

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

16 VOICES: So moved.

17 GOV. ROMER: Second?

18 VOICES: Second.

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

20 (Chorus of ayes.)

21 GOV. ROMER: So adopted.

22 The next item on the agenda is the opening  
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1 remarks by the chairman, Governor Romer. It's going to be  
2 60 seconds of enlightenment. I will tell you why. Governor  
3 Campbell has to leave to catch a plane, and I want to take  
4 up the resolution of policy on health care before he leaves.  
5 So let me give you a 60-second introduction to our subject.

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

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

20 GOV. DEAN: I will present the resolution. It's  
21 in here behind the purple face sheet on every Governor's  
22 desk. I hesitate to go through it in great detail. There

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1 are 33 Governors on the health care reform task force. I  
2 think people are familiar with this in general.

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

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

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

16 The core benefits package, set forth by the  
17 Federal Government in consultations with a number of other  
18 organizations, consumers. Limits on tax deductibility of  
19 health insurance, national expenditure goals, cost  
20 containment strategies; again, the information that most of  
21 you are well aware of, having participated in the various  
22 task forces over the past several months.

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1           The new language section on page 4 that we agreed  
2       with, and I believe the staffs of the interested Governors  
3       have all agreed on this language, that that would be  
4       stricken. The federal minimum tort reform standards would  
5       be stricken and, instead, the language would be tort and  
6       liability reform standards. Tort and liability standards  
7       should be developed by the Federal Government; however,  
8       States must have the flexibility to design and regulate  
9       their own programs that meet the federal standards, before  
10      we further limit liability.

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

13           GOV. ROMER: Governor Mickelson, then Governor  
14      Campbell.

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

20           GOV. ROMER: Governor Campbell?

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

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

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

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

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

8 GOV. ROMER: Any other comments?

9 (No response.)

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

12 (Chorus of ayes.)

13 GOV. ROMER: Opposed, "no"?

14 (No response.)

15 GOV. ROMER: The statement is adopted.

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

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

3 (Applause.)

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

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

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

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

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

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

19 (Applause.)

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

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

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

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

13 Second, there must be universal access. That  
14 means that every American has access to good care. I begin  
15 this discussion period in drafting legislation with the firm  
16 and unshakable conviction that the right to good health care  
17 is a fundamental right of every citizen in a democratic  
18 society. It is not and cannot be viewed as a privilege to  
19 be afforded to some, whether on the basis of wealth or  
20 background or any other criterion. Every American is  
21 entitled to have access to good care.

22 In modern America that means every American must  
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1 be insured against the cost of health care. No program can  
2 be viewed as successful reform if, when it is fully  
3 implemented, a large number of Americans are without health  
4 insurance and, therefore, access to care. And surely we  
5 must reverse the current trend which finds somewhere between  
6 35 and 40 million Americans without health insurance and the  
7 number rising by about a million a year.

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

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

21 Fourth, we must contain consumer choice. Every  
22 nation has a health care system that is unique to that

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1 nation, based upon the customs, practices, and traditions of  
2 that society. In some countries, limiting consumer choice  
3 has worked. In others it has not. I believe it will not  
4 work in this country, and Americans must retain the right to  
5 have their choice in health care providers.

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

16 I would like to go back to and give one example  
17 of the kinds of thing we must do in primary and preventive  
18 care. Last year I visited Tampa General Hospital, a very  
19 large and fine community institution serving a large,  
20 diverse urban area in Tampa, Florida. As I was given a tour  
21 through the hospital, we walked through the pediatrics ward,  
22 and the chief of pediatrics pointed to a row of incubators

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1 along the wall and said, "Senator, those are our million-  
2 dollar babies." I said, "What do you mean?" She said, "The  
3 cost of maintaining each of those infants alive to this  
4 point has exceeded \$1 million and in the case of some of  
5 them, two or three million."

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

15 The result was that the incidence of very-low-  
16 birthweight babies, premature births, and troublesome  
17 medical histories was much higher than in the rest of the  
18 population. There is not a Governor in this country, there  
19 is not a Senator in the Senate, there is not a House Member  
20 in the House of Representatives who would tolerate a  
21 circumstance in which his or her daughter didn't see a  
22 doctor between the time of conception and birth. For our

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1 families, it is unthinkable. It ought to be unthinkable for  
2 every American family.

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

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

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

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

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

3 (Laughter.)

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

6 (Laughter.)

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

12 (Laughter.)

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

19 As I say, I know most of the members of this  
20 audience, and I am afraid to ask for speeches. But I will  
21 be pleased to take questions or comments on any subject in  
22 which you may be interested during whatever time remains.

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1                   GOV. WILSON: I have a question. Is that kid  
2 Governor McKernan?

3                   (Laughter.)

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

5                   (Laughter.)

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

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

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

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

17                   The problem will not be in urging and  
18      exhortations to take action. We all engage regularly in  
19      that. The problem will be the specific steps to implement  
20      such urgency and exhortations. It is a relatively easy  
21      thing in which we have all engaged, to urge that there be  
22      reductions in programs. It is a somewhat more difficult

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1        thing to identify specific programs, and particularly those  
2        programs that run counter to the economic interests of those  
3        we represent, or at least appear to them to do so in the  
4        short run, and then to support those.

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

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

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1 all seek to move.

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

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

20 SEN. MITCHELL: Let me make three points,  
21 Governor, in response to your very probing and relevant  
22 question. First, with respect to waivers, I think there

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1       ought to be a liberal waiver policy. I personally favor  
2       waivers, even when State applications with policies which I  
3       personally didn't like or didn't approve of.

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

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

21              I support the concept, but I add the caution that  
22      it may not be appropriate or may not be effective in every

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1 part of the country. As proposed, it appears to require  
2 some level of population base within a health care service  
3 area. That doesn't exist in every part of the country. It  
4 certainly does not exist in Governor McKernan's and my  
5 State.

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

11 The second major question is whether or not there  
12 will be what has come to be known as global budgeting and  
13 how that should be imposed, whether, A, managed competition  
14 by itself would be sufficient to produce the desired  
15 reduction in cost or that some additional mechanism would be  
16 necessary. This is an area on which I believe there is  
17 disagreement among the Governors as surely as disagreement  
18 among Members of the Senate and the House and within the  
19 Administration on this. I think if you look at all of the  
20 other countries, of how they have systems that are unique to  
21 their countries, almost all of them have found it necessary  
22 to resort to some sort of global budgeting to achieve cost

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1 control, not that they are without cost problems.

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

15 My own view is that managed competition, since,  
16 first, it is a rather new and untried concept, and since it  
17 plainly will not be applicable or effective in every part of  
18 the country, will by itself not be sufficient to achieve the  
19 needed cost containment and, therefore, some form of  
20 national target will be necessary. And the debate will  
21 focus, I think, on how strictly and how soon those national  
22 targets should be enforced and, if so, by what mechanism?

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1                   GOV. MILLER: Senator, first let me thank you  
2 very much for being here.

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

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

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

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

11 I feel as though I have had good input from  
12 Governors, although I recognize that with any diverse group  
13 of 50 people -- and here we have Governors who represent  
14 different regions, different political parties, different  
15 political philosophies -- you are not likely to get  
16 unanimity on every point. But I think I have been very well  
17 informed and much helped by my discussions with Governors  
18 and, I think, have been made much more sensitive to the  
19 needs of Governors and the problems that Governors face in  
20 dealing particularly with Medicaid, Medicaid requirements  
21 and regulations.

22 I think the most important thing you can do right  
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1 now in an immediate sense is to figure out a way to  
2 effectively accept the President's invitation to participate  
3 in the drafting process. The President asked each of the  
4 members of the congressional leadership to designate one  
5 member -- myself for the Senate Democrats and Senator Dole  
6 for the Senate Republicans, and so forth. I designated  
7 myself, Senator Dole has designated himself, because we want  
8 to participate in the actual drafting process and making the  
9 thousands of decisions that are going to be required to get  
10 the legislation.

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

19 Yes?

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

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

18 Those of you who follow the Senate know that the  
19 rules of the Senate are not only protective of the rights of  
20 minorities, they are actively solicitous of the rights of  
21 minorities, right down to minorities of one. And it is  
22 literally true that a single Senator, if displeased for any

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1 reason, whether it involves legislation or not, can delay  
2 for days and days and for weeks and weeks. But my hope is  
3 that the gathering national consensus over the need for  
4 change, over the need for reform, will provide the impetus  
5 to enable us to complete action this year, notwithstanding  
6 the difficulties we might encounter.

7 Yes?

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

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

16 One of the things we used to talk about at those  
17 town meetings at great length was the budget deficit and  
18 what to do about it. And I found it helpful to use as an  
19 example to take out a dollar bill out of my wallet and to  
20 fold it up and say, "Think of the federal budget not as so  
21 many hundreds of billions of dollars, but rather think of it  
22 rather in terms of a dollar as we try to figure out how to

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1 try to reduce the deficit. About 50 cents of the dollars  
2 were entitlement programs, and it's rising. Another 25  
3 percent is defense spending, and it's actually beginning to  
4 come down. Another ten percent is something called  
5 discretionary domestic spending, which really runs the whole  
6 rest of the federal budget. And another 15 percent is  
7 interest on the debt. We all know that we have to pay  
8 interest on the debt at 15 percent. So we have taken that  
9 off the table."

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

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

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1 targeted spending.

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

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

14 It is a truism that individuals and societies are  
15 capable of holding contradictory views at the same time, and  
16 nowhere is that more clear than with respect to the budget  
17 deficit. You as a Member of the House were visited by as  
18 many constituents and groups as I was, who simultaneously  
19 demanded that the budget be balanced but that those programs  
20 from which they derive benefit be increased. And I  
21 regularly get resolutions from States which usually call for  
22 two things: One, balance the budget; two, increase revenue

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1 sharing or some other thing. It's a phenomenon which we all  
2 must recognize and with which we have not dealt effectively.  
3 And I say to you, with all due respect, a good way to start  
4 is stop using the euphemism "entitlements," because it  
5 induces people to think that there is some vague category of  
6 things out there called entitlements.

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

17 Now, with respect to the social security trust  
18 fund, as you all know, Medicare Part A, reimbursement for  
19 hospitalization, is part of social security. Medicare Part  
20 B, reimbursement for other medical expenses, is not. The  
21 Medicare Part A portion of the social security trust fund is  
22 in serious shape, running into the red very soon. The

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1       social security program as a whole, including retirements,  
2       is not; it's running a massive surplus, resulting from the  
3       actions we took, Tom, when you were there in '83 and '84 to  
4       deal with the anticipated problem that will occur when the  
5       baby-boom generation reaches retirement age in the next  
6       century.

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

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

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1 address the subject and to invite participation.

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

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

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

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

6 (Applause.)

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

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

11 Governor Richards, do you want to make a motion?

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

15 GOV. ROMER: That's correct.

16 GOV. RICHARDS: I so move.

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

20 (Chorus of ayes.)

21 GOV. ROMER: Opposed, "no"?

22 (No response.)

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1 GOV. ROMER: The rules are suspended.

2 Governor Richard?

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

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

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

17 GOV. ROMER: Is there any discussion?

18 (No response.)

19 GOV. ROMER: Are you ready to vote?

20 GOV. DEAN: I would just like to say that the  
21 health care task force considered these yesterday and  
22 unanimously voted to support them.

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1 GOV. ROMER: Any other comments?

2 (No response.)

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

5 (Chorus of ayes.)

6 GOV. ROMER: Opposed, "no"?

7 (No response.)

8 GOV. ROMER: It is so adopted.

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

11 Senator Dole, welcome.

12 (Applause.)

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

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

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1 (Applause.)

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

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

8 GOV. RICHARDS: Again. We broke it again.

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

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

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1 willing to talk about how we're doing to deal with it.

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

15           So I try to figure out how much money \$4 trillion  
16 is and how I could talk about it so people will understand  
17 it. I haven't figured it out yet, but with \$4 trillion you  
18 could buy an average-sized in-ground concrete swimming pool  
19 for every homeowner in America, pay a 40-hour-a-week  
20 minimum-wage paycheck to every person in the world, pay a  
21 year's tuition to Harvard for every high school student in  
22 the country and send every American over 18 on a two-week

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1 Club Med vacation and still have over \$3 trillion left. So  
2 it's a lot of money.

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

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

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

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

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

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

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

19             So, okay, in making speeches we get up and say  
20      things, we go to committee meetings, we go to Governors  
21      meetings. How do we do it? I would say, first off,  
22      obviously in this town we are all waiting for President

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1 Clinton's economic report to Congress on the 17th of  
2 February. We believe he will outline some very difficult  
3 choices at that time. And if he brings real deficit  
4 reduction and puts it on the table without a lot of new  
5 taxes and tax increases, with the emphasis on tough spending  
6 restraints, then I think there is going to be a lot of  
7 bipartisan support.

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

20           (Laughter.)

21           SEN. DOLE: I said, "Vote yes." He voted yes,  
22 and they rolled him out again.

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1 (Laughter.)

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

7 (Laughter.)

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

16 We've had a lot of talk about deficit reduction  
17 from Republicans and Democrats. And now we are told -- and  
18 I hope that's correct -- that everything is on the table.  
19 We have been told by President Clinton. I know you were  
20 there this morning to talk about health care. And I think  
21 it was a very, very good meeting. We have had different tax  
22 cuts recommended for the middle class that may or may not be

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1 possible. We are now talking about all kinds of energy  
2 taxes, broad-based tax, carbon tax, import fee, gas tax, and  
3 I think perhaps we do any of these, we want to take a hard  
4 look at what it does so far as job creation or job loss,  
5 consumer prices, exports, and other factors, before making a  
6 final decision.

7 And of course in this town you mention social  
8 security and people run for cover. That was in our package  
9 in 1985, and some said because of that we lost seats in the  
10 1986 Senate races because we faced up to just a freeze. We  
11 didn't cut anyone's benefits. We never intended to cut  
12 anyone's benefits. But we thought we had to be responsible  
13 and we had to take a look at entitlements. I don't know how  
14 you're going to get there if you don't take a look at  
15 entitlements.

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

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

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

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1 to get there. So this was at least one effort by a  
2 bipartisan group.

3 But with or without the discipline of an  
4 entitlement cap, we also need to take a look program by  
5 program. And I am almost intimidated by all the power I see  
6 around this table, and with all the problems you have, maybe  
7 ours, they're even bigger. But I personally believe that  
8 you will see an emphasis by the Clinton Administration on  
9 means testing. I don't think that's a bad idea. Let me  
10 give you one example: means testing. I think we should  
11 means-test some of the programs. Let's take Part B  
12 Medicare. We're talking about subsidizing rich or people  
13 who can afford to pay. That's about a \$100 billion program  
14 now, and there is about a \$38 billion subsidy in that  
15 program because we pay 75 percent of everybody's Part B  
16 premium. Whether you are on skid row or Park Avenue, we pay  
17 75 percent of the cost. If we can't even sit down together  
18 and come together on an issue of that kind, we're never  
19 going to get the deficit reduced and we might as well fold  
20 up our tents.

21 So I hope that's an area that would be looked at,  
22 and it probably will be looked at.

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1           Another area of concern is non-retirement fringe  
2           benefits. According to the CBO, tax-free employer rebates  
3           and the employer health care insurance cost the government  
4           about \$39 billion in lost income taxes and about \$26 billion  
5           in lost payroll taxes in 1992. These exclusions have been  
6           criticized as being both unfair and inefficient. While  
7           millions of Americans cannot afford to pay for health  
8           insurance, we give a huge tax subsidy to those with generous  
9           health insurance plans.

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

19           The imposition of a so-called tax cap on employee  
20           benefits could address both of these policy concerns. I  
21           know Senator Mitchell has addressed that, like health care.  
22           So I will skip over that unless you have any questions. But

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1 I think we all have the same goal: to make it affordable,  
2 to make it accessible, to have some flexibility, not to  
3 forget the States in the process, and to pay for it.

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

12 I will be working with Senator Mitchell, and I  
13 think Congressman Michel and Dick Gephardt, with  
14 Mrs. Clinton and others, as we try to put together a health  
15 care package. I understand you voted out your health care  
16 reforms, but I must say again that may be the easy part. We  
17 have never really been serious about health care before, and  
18 we have done a lot of little Band-Aid things, Band-Aid  
19 approaches. But now we're getting serious. Within 100 days  
20 we will have President Clinton's suggestions. We hope  
21 they're going to be bipartisan. We hope they're going to be  
22 something that we have a consensus on, at least, and we hope

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1       it's something we can pass this year in Congress. But we  
2       don't know that to be a fact.

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

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

16              We have talked about managed competition, In  
17      fact, we have had a Republican group working on this for two  
18      years under the leadership of Senator Chafee. We had a  
19      meeting this week, and I asked one question: How are we  
20      going to deal with western Kansas? Governor Finney  
21      understands. If we don't have the economies of scale, how  
22      are you going to have managed competition in Russell,

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1 Kansas, my home town, with one hospital and two or three  
2 doctors? I haven't yet gotten a satisfactory answer. Maybe  
3 you've addressed that in Wisconsin or other States. But we  
4 still need to address that side.

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

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

16 The peace dividend, and then I will close. We  
17 have had caps on spending for the past three years. The  
18 first discipline we have had around here since I can  
19 remember, and I have been here quite a while. Probably the  
20 best thing that happened was having caps on spending. Then  
21 we go back and tell our constituents we can't spend any more  
22 money, that's all there is. So we think now the caps are

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1 off. There may be a license for some to say, "Well, let's  
2 take it all out of defense." I think that would be  
3 disaster. We have made major cuts in defense and are  
4 probably going to do more; in fact, I understand, maybe a  
5 little more than we've already done. We have already cut  
6 about \$300 billion from our long-range defense budget. We  
7 are now in the process of closing 800 bases and  
8 installations worldwide. Close to 120 different weapons  
9 systems have been cancelled. So it's not that we haven't  
10 recognized the need to take a look on the defense side.

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

20 Two other things. I noticed in a recent survey  
21 of 118 U.S. Governor and former Governors, that 92 percent  
22 believe that a line item veto by the President would help

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1       restrain spending and 77 percent supported a balanced-  
2       budget amendment to the Constitution. I am glad to have  
3       that support. And I know it has the support of President  
4       Clinton. I think both these measures, we're not going to  
5       balance the budget with the line item veto. I know some  
6       have used it very successfully in your States. But we can  
7       cut some of the wasteful spending, and if Bob Dole or  
8       somebody else puts something, as you know, into the bill  
9       without a hearing, without justification, the President can  
10      take it out.

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

18               I would just say that I am a little concerned  
19      about a short-term stimulus package. I am not an economist,  
20      fortunately, but I know some, and you get different views  
21      from different economists. I know the Secretary of Labor  
22      feels strongly about this, but a \$15 billion, \$20 billion,  
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1       \$25 billion short-term economic stimulus, in my view, is not  
2       going to have much of an impact on a \$5 trillion to \$6  
3       trillion economy, but it is going to add to the deficit.  
4       And it may help short term in this immunization program or  
5       summer jobs or a roads program, maintenance or whatever, but  
6       I don't think it's going to be big enough or stimulate  
7       enough in the short term to offset the increase in the size  
8       of the deficit. I am not certain what kind of a signal it  
9       sends to the Americans.

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

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

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

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

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

19 Finally, I would say the President talks about  
20 sacrifice to the American people. It's going to be hard to  
21 sell unless we talk about government sacrifice first. We  
22 are doing some things in the Congress toward making cuts in

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1 staff or making cuts in the total congressional budget, ten  
2 percent this year, ten percent next year, five percent. So  
3 we're going to follow up with what we said last year, again  
4 on a bipartisan basis, to make certain the American people  
5 understand when we talk about sacrifice it starts here, it  
6 starts in the Congress, it starts in the executive branch  
7 and it goes right down. But don't ask you to make any  
8 sacrifice. Don't ask the average American, who is out there  
9 trying to find work or can't find a job, to make a further  
10 sacrifice unless we're willing to do it first. I think  
11 understand you're going to see more and more of that.

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

15 (Applause.)

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

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

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

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

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

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

20 I would be happy to have a chance to visit with  
21 you before you leave. I watched Arne last night on TV.

22 GOV. CARLSON: Senator, thank you very much for  
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1 coming. I appreciate your comments and your willingness to  
2 be courageous.

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

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

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

18 GOV. CARPER: Senator, Tom Carper, from Delaware.  
19 I just want to talk about your comments on line item veto  
20 for the President and the need for a balanced budget. There  
21 are a number of us who worked for years in the House of  
22 Representatives to try to craft a compromise and some

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1 consensus on line item veto power. What we came up with is  
2 what I call a two-year test drive with the line item veto  
3 power by modifying the President's rescission powers and  
4 requiring the House and Senate to vote on the presidential  
5 rescissions.

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

18 The last thing I would say, with respect to  
19 entitlement programs, we clearly have to address entitlement  
20 program spending. I want to talk the toughest part of all,  
21 the toughest nut to crack; that is, social security. My  
22 mother is 70 years old. She has been retired since she was

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1       62, for eight years. By the time she was 66, she had been  
2       paid out everything she ever paid into social security in  
3       her life, plus interest.

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

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

19              SEN. DOLE: We have looked at all these. I might  
20      say, when I was chairman of the Finance Committee, we looked  
21      at a lot of options. None of them are pleasant, and it's  
22      very hard to convince somebody. My mother is no longer

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1 living, but every time I would go and see her, she'd say,  
2 "Don't touch my social security benefits. I never intended  
3 to touch her social security benefits.

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

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

22 So I know how tough it is, and the answer of the  
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1 Democrats was, "Well, you've got the Senate, you've got the  
2 Administration, you've got the problem."

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

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

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

6 Thank you very much.

7 (Applause.)

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

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

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

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

21 Secondly, there is a resolution calling for the  
22 full funding of ISTEA and dealing with that as I outlined

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1       this morning when we talked with the President. That's the  
2       first resolution.

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

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

7               VOICE: Second the motion.

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

9               (Chorus of ayes.)

10              GOV. ROMER: Opposed, "no"?

11              (No response.)

12              GOV. ROMER: It is adopted.

13              Governor Edgar?

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

19              GOV. ROMER: Governor Florio?

20              GOV. FLORIO: Mr. Chairman, this was unanimously  
21       agreed to. I think there was enthusiastic support. I would  
22       commend the principles, and I would ask that we approve it.

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1                   GOV. ROMER: Is there a second on that  
2 resolution?

3                   VOICE: Second.

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

5                   (Chorus of ayes.)

6                   GOV. ROMER: Opposed, "no"?

7                   (No response.)

8                   GOV. ROMER: It's adopted.

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

20                   This year we want to recognize three other States  
21 that made outstanding progress inn 1992, and I would like to  
22 call on three of our colleagues to come forward so that we

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1 can recognize these efforts: Governor Jock McKernan of  
2 Maine, Governor George Voinovich of Ohio, and Governor Ann  
3 Richards of Texas.

4 Ann, George, Bob?

5 (Applause.)

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

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

17 (Applause.)

18 GOV. ROMER: With reference to Ohio, I had the  
19 pleasure of cochairing the education task force with George  
20 Voinovich and, therefore, personally know of his commitment  
21 to education. Ohio reported on progress toward benchmarks  
22 identified by a team of education experts. This is a

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1       noteworthy approach in that representatives of several State  
2       agencies, the Ohio Chamber of Commerce, private foundations,  
3       and the Governor's education management council, put  
4       together this report.

5               George, congratulations.

6               (Applause.)

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

10              (Laughter.)

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

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

20              (Applause. )

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

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1 Governor Nelson?

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

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

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

17 Very briefly, the priorities of the work plan  
18 that we emphasized this year will emphasize promotion and  
19 outreach to link the goals and the standards and assessment  
20 movement on the one hand with systemic, community-based  
21 school transformation on the other. To do this, the panel  
22 will go on the road with a variety of forums and workshops

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1 across the country. We will also interact at length with  
2 educational organizations and experts in the field.

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

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

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

22 Howard, Barbara, on behalf of the panel and the  
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1 American people, I want to thank you for your dedicated  
2 service. You made a difference for better learning outcomes  
3 for all children.

4 I want all of you to know that Secretary and  
5 Governor Dick Riley, a former member of this Association, is  
6 a new and enthusiastic member of the panel. We look forward  
7 very much to working with his participation at the February  
8 19th meeting.

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

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

15 GOV. ROMER: Thank you very much.

16 Ben, it's a very important group, and we  
17 appreciate your chairing it and your leadership.

18 Two other things. We will take up tomorrow the  
19 rest of the resolutions that were on the agenda today. And  
20 tomorrow, because of the President's arrival in addressing  
21 our plenary and the security arrangements relating to that,  
22 we need to be in our seats at 9:30. So I would ask all of

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1       you who are participants in these meetings to be sure. It  
2       says on this notice "not later than 9:25." The doors will  
3       open at 8:15. You need to be in your seats by 9:25.

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

6               Governor Jones?

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

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

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

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1       you very much.

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

3                   Any other comments before we adjourn?

4                   (No response.)

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

7                   GOV. WILSON: So moved.

8                   VOICES: Second.

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

10                   (Chorus of ayes.)

11                   GOV. ROMER: We are adjourned.

12                   (Whereupon, at 4:40 p.m., the meeting was  
13 adjourned, to reconvene at 9:30 a.m., on Tuesday, February  
14 2, 1993.)

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# TRANSCRIPT OF PROCEEDINGS

NATIONAL GOVERNORS' ASSOCIATION ORIGINAL

1993 WINTER MEETING

PLENARY SESSION

Washington, D. C.

Tuesday, February 2, 1993

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NATIONAL GOVERNORS' ASSOCIATION

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.

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

2 GOV. ROMER: (presiding) Mr. President, we are  
3 used to welcoming back former colleagues and former chairs  
4 in this organization, but it is a new experience for us to  
5 welcome back a President of the United States who is one of  
6 us.

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

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

17 (Applause.)

18 PRESIDENT CLINTON: Thank you very much.  
19 Governor Romer, ladies and gentlemen, I felt pretty good  
20 sitting at that table, although that's my real place over  
21 there.

22 (Laughter.)

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

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

16                  As you and I learned from last year's elections,  
17 the only pattern was not a partisan one, it was a pattern of  
18 determination on the part of the American people to have  
19 their political system and their government address their  
20 real concerns. They don't want our process divided by  
21 partisanship or dominated by special interests or driven by  
22 short-term advantage. They know things that have too often

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1       been forgotten here over the last dozen years. The values  
2       that are central to our country's character must be central  
3       to our government: work, family, faith, opportunity,  
4       responsibility, and community.

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

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

16             As we discussed health care, economic policy, and  
17      the deficit yesterday, I would like to spend just a few  
18      moments today talking about something that many of us have  
19      been working on since the middle 1980s, the issue of welfare  
20      reform. I have often spoken with many of you about the need  
21      to end welfare as we know it, to make it a program that  
22      supports people who have fallen on hard times or who have

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1       difficulties that can be overcome, but eventually and  
2       ultimately a program that helps people get on their feet  
3       through health care, child care, job training, and,  
4       ultimately, a productive job.

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

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

16             (Laughter.)

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

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

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

15 As all of you know, the States never had the  
16 chance to fully implement the Welfare Reform Act of 1988,  
17 for two reasons: first, because over the last four years  
18 the welfare rolls have exploded everywhere and health care  
19 costs have gone up as the job market has declined and the  
20 economy has grown at the slowest rate in a half-century;  
21 secondly, because of the economic problems, government  
22 revenues have been down and the Congress and the

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1 Administration were never able to fully fund the education  
2 and training portions of the act.

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

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

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

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

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

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

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

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

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

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

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

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1 We have got to deal with that.

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

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

18 (Applause.)

19 PRESIDENT CLINTON: Today about half the people  
20 on welfare are just the people welfare was meant to help.  
21 They have fallen on hard times, and they have to have public  
22 assistance and they are eager to move on with their lives,

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1 and after five or six months or eight months they are right  
2 back at work again, struggling to make their way in the  
3 American way. About half the people on welfare stay on for  
4 over two years. But one in four persons, the people that we  
5 really need to try to help to break the cycle that is  
6 gripping their children and grandchildren, about one in four  
7 stay as a recipient for eight years or longer. Those are the  
8 folks that Governor Wilder I know is now working on that  
9 many of you have tried to address the problems of, and I  
10 want to help you with that.

11 Second, we need to make work pay. We have to  
12 make sure that every American who works full-time with a  
13 child in the home does not live in poverty. If there is  
14 dignity in all work, there must be dignity for every worker.  
15 Therefore, I will propose an expansion in the earned income  
16 tax credit which supplements the income of the working poor.  
17 If we can do that, we ought to be able to lift people who  
18 work 40 hours a week, with kids in the home, out of poverty  
19 and remove the incentive to stay in poverty. It will be  
20 much less expensive than to have government direct  
21 supplements to pay people to remain idle, and it will  
22 reinforce the work ethic.

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1                   If we can do that and at the same time do what we  
2       discussed yesterday -- control health care costs and expand  
3       coverage so that no one has to stay on welfare just to take  
4       care of their children's medical needs -- I think you will  
5       see a dramatic breakthrough in our efforts to liberate  
6       people from their dependency.

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

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

18                  (Applause.)

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

22                  (Applause.)

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

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

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

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

19                  I know I was perplexed during the recent campaign  
20                  when I tried to make a statement that some people in the  
21                  press said reflected waffling, and it seemed to me to  
22                  express the real genius of the federal system. I said that

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1 if I were President, I would approve waivers of experiments  
2 that I did not necessarily agree with. And they said,  
3 "You're trying to have it both ways." I said, no, I'm not,  
4 I am trying to honor the founding fathers." If we didn't  
5 disagree on anything, what would be the need for  
6 experiments? That is the nature of experiments, if one  
7 person has an idea different from another person. So I will  
8 encourage all of us to work together to try things that are  
9 different.

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

22 (Applause.)

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

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

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

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

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

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

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1 Thank you very much.

2 (Applause.)

3 GOV. ROMER: Mr. President, we have something  
4 that we wanted to deliver to you. What this says is: "The  
5 National Governors' Association honors Bill Clinton,  
6 Governor and friend, with grateful appreciation for his  
7 inspired leadership and dedication to the vision that has  
8 guided the cooperative efforts of Governors and Presidents  
9 since the Association's founding in 1908. From the  
10 Governors of the States, the Territories, and the  
11 Commonwealths of the United States. Presented February 2,  
12 1993, on the occasion of the Winter Meeting of the National  
13 Governors' Association."

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

18 (Applause.)

19 PRESIDENT CLINTON: Goodbye and thank you.

20 (Applause.)

21 GOV. ROMER: I want to correct one statement I  
22 made earlier when I introduced the President when I said

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1       this is a Nation of 50 States. It is, but it's also a  
2       Nation of 50 States and five Territories, and I want us to  
3       give a hand to the Territorial Governors.

4                       (Applause.)

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

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

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

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

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

22                      I am pleased to introduce my former mayor, and my  
                            **ACE-FEDERAL REPORTERS, INC.**

1 friend, Secretary of Transportation Federico Pena.

2 (Applause.)

3 SECRETARY PENA: Thank you very much, Governor.

4 Good morning to all of you.

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

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

16 Yesterday, as I sat with you for three hours I  
17 think it was, observing the discussion about health care. I  
18 was enormously impressed by the dialogue, but I know in  
19 particular Governor Romer was pleased with the fact that we  
20 have a relationship now where we have constructive dialogue  
21 with the President that you as Governors have not had and  
22 the kind of attention you have not had in the past.

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1                   Today I would like to share with you very briefly  
2                   a few thoughts about the Department of Transportation and  
3                   what the priorities are of the department and some of the  
4                   themes that we are going to be using in the next years to  
5                   come. I will talk a little bit about the stimulus package  
6                   that was briefly discussed yesterday and be happy to answer  
7                   any questions you might have.

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

17                  Secondly, I very strongly believe that the  
18                  Department of Transportation, through our funding mechanisms  
19                  and through our policies, can serve as a very important  
20                  catalyst to the strengthening of our economy. One of the  
21                  ways we can do that immediately is through a stimulus  
22                  package that I am going to talk about very shortly.

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1           Thirdly, I strongly believe that transportation  
2           in this country, the quality of that transportation, can not  
3           only improve the economy of this Nation but help make this  
4           country more globally competitive.

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

18          Another example, one that is probably not as  
19          widely known in our country, is the maritime industry.  
20          There is a strong feeling that unless we do something very  
21          quickly in this Nation, we are going to lose the maritime  
22          industry to the rest of the world. Just by way of example,

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1 in 1947, 60 percent of all products that were imported and  
2 exported to our country were on U.S.-flag vessels -- 60  
3 percent. Last year, less than five percent of those  
4 products went on U.S.-flag vessels. So we as a nation have  
5 got to decide whether or not the maritime industry is going  
6 to be important to our Nation and our domestic economy.

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

17 Sixthly is the concept of intermodalism. New  
18 legislation has embraced intermodalism as a new way of  
19 thinking and operating in our country. We are going to be  
20 spending a lot of time working with local communities  
21 throughout the country, finding a way to educate more people  
22 about how intermodalism works and why it's important to our

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1 Nation.

2 Lastly, I want to emphasize a point the President  
3 has made to you time and time again. We are here to work  
4 with you in a partnership capacity. This Administration and  
5 this department cannot succeed unless we work very closely,  
6 hand in hand. So the fundamental message that I want to  
7 leave with you today is this: This Secretary commits to you  
8 to work with you in trying to address your problems. If  
9 there is ever a situation where there is something in this  
10 department or in our regional offices which are presenting a  
11 problem to you, please bring that to my attention and we  
12 will take action on it. We want to break the gridlock. We  
13 want to break the friction, the tension that has existed for  
14 so many years between the department and State and local  
15 governments.

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

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

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

19 (Applause.)

20 SECRETARY PENA: The political battles that were  
21 fought a year or so ago in the Congress is something that  
22 with a few minor modifications we have to make, and it's

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1 already well understood. I think the fastest way we can get  
2 money out, to get money into our economy, is by using the  
3 ISTEA mechanism. So we appreciate your support of that, and  
4 we are fighting very hard to fully support ISTEA.

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

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

20 Lastly, the point that I made earlier and that  
21 is, that as we go through this process, if we come across  
22 difficulties or have problems in this process, please let us

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1 know. We know there are some concerns with the  
2 interrelationships between the Clean Air Act, the Department  
3 of Transportation policies, and as you know, some interim  
4 regulations that we proposed in this last month. There are  
5 two more hearings that are going to be conducted on those  
6 issues. Please participate in those and give us your  
7 feedback so we can attempt to eliminate those kinds of  
8 logjams.

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

15 (Applause.)

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

19 GOV. MILLER: Mr. Secretary, I want to thank you  
20 very much for accepting our invitation to be here, and even  
21 more importantly, for your commitment to the full funding of  
22 ISTEA. I doubt if there is anything that the Governors'

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1 Association is in fuller concurrence on than that proposal.

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

10 SECRETARY PENA: Thank you.

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

17 I would hope that you would become a champion for  
18 keeping intact that principle that makes about the most  
19 perfect user tax that I can think of, whereby fuel taxes go  
20 back into infrastructure and are not used for general  
21 revenue. When you have a relationship that one cent of fuel  
22 tax equates to a billion dollars and everybody on the Hill

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1 knows that, you have kind of a salivation that's just loaded  
2 on. That preempts we Governors and the States pretty much  
3 from our ability to raise State gasoline tax for our own  
4 matching purposes.

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

8 GOV. ROMER: Governor Florio?

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

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

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1 mass transportation for many of our States.

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

6 GOV. ROMER: Governor Sundlun?

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

17 Second, we have got a problem with water  
18 distribution. Our water pipes have been in the ground for  
19 over 100 years, some of them over 200 years. Some of them  
20 are wood. It's hitting us, and it's going to hit us harder.  
21 Is the infrastructure fund going to be available for  
22 projects like that?

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1                    SECRETARY PENA: On the first question, part of  
2                    the stimulus package will involve projects important to the  
3                    inner cities. Secretary Cisneros, through the HUD  
4                    mechanism, is also putting together his proposal, together  
5                    with mine, on inner cities, and we are focused on  
6                    transportation. His is more focused on the cities, CDBG  
7                    monies, et cetera. So, working together, we will try to  
8                    assure that the inner cities' needs are met with the  
9                    stimulus package.

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

19                   (Applause.)

20                   GOV. WALTERS: The whole idea that we have donor  
21                   States is a condition that I don't think we should have  
22                   exist in our Nation's transportation system. Of course, the

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1       purpose for the federal highway system has long since  
2       passed. Yesterday the conversation that maybe the stimulus  
3       package will open up the system to where we will be  
4       broadening it to involve itself in maintenance of highways  
5       and bridges seems to me to be exactly the opposite  
6       direction.

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

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

18             (Laughter.)

19             GOV. WALTERS: But there is nothing genetically  
20      that should require Oklahomans to take six hours to get to  
21      New York City when it only takes a Texan 2-1/2 hours to get  
22      to New York City. The hub system is a complete failure. It

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1 is inefficient. Southwest Airlines is the only airline  
2 that's making money, because they go point-to-point. We  
3 staff up with these high-capacity peaks, and so the airlines  
4 are going broke as a result of it.

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

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

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

19 But on the latter issue, as I mentioned,  
20 yesterday in meeting with the President, we are currently  
21 looking at the creation of a special group which will help  
22 us evaluate the status of the airline industry. That

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1 question, obviously, will be one of those that will be  
2 raised.

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

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

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

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

20 SECRETARY PENA: We will do that, Governor.

21 GOV. WILDER: Mr. Secretary, Governor Fordice  
22 made an observation which had the indication of a question

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1       when he spoke to relative to the gasoline tax, the most  
2       direct funding for highway improvements as well as  
3       transportation improvements in our States. Governor Carper  
4       indicated that all of us don't feel that way, but I will  
5       tell you a whole lot of us do feel the same exact way as  
6       what his question propounded.

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

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

17             SECRETARY PENA: Governor, just to complicate  
18      that issue a little more, I believe everyone is aware of the  
19      Byrd amendment, that triggering device which requires us to  
20      take a three-year estimate. If the Byrd amendment becomes  
21      law, and it appears that it will be, we have a concern  
22      internally that by 1995, given current projections of gas

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1 tax collections, that the Byrd amendment might be triggered,  
2 requiring us to notify the States that we will have to make  
3 adjustments in the apportionment. So that is another issue  
4 that needs to be put on the table as we all discuss this  
5 question.

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

8 Governor Thompson?

9 GOV. THOMPSON: Thank you very much, Roy.

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

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

20 The second thing is that we need as Governors as  
21 much flexibility as possible. ISTEA fully funded is a step  
22 in the right direction. But at the same time it handicaps

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1       us on many different occasions as States when we have to put  
2       so much money in this pot and that pot. You should leave it  
3       up to the Governors to have more ability to put the money  
4       where it's going to do the most good for our particular  
5       States.

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

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

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

22             (Applause.)  
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1                   GOV. ROMER: Dealing with 50 Governors is almost  
2 as great a challenge as dealing between Denver and Adams  
3 County.

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

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

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

10                  We are planning furiously for the August 15, 16,  
11 and 17. Many of you have gone out, if some have not already  
12 done so, to accommodate the booth fitters outside. They  
13 look like they are in costume. Let me assure you they are  
14 not. They are artisans from Guthrie, Oklahoma, who have  
15 agreed to make boots for all the Governors. So it's an  
16 especially designed booth. I think you will enjoy that.  
17 It's indicative of the hospitality that I think you will see  
18 in Tulsa, Oklahoma. The city is spiffing up, renovating the  
19 convention center. We have got some great entertainment  
20 planned, also great accommodations to provide a foundation  
21 for the work that our chairman will be putting us through  
22 there.

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1           I asked the President to please consider  
2           carefully our invitation to join us. I am very hopeful that  
3           the President would join us in that same meeting. Please  
4           know that lots of preparations are being made. We hope that  
5           you will mark it on your calendars now. We look forward to  
6           a great turnout in Tulsa, Oklahoma, and we promise you  
7           tremendous hospitality. Thank you.

8                    (Applause.)

9                    GOV. ROMER: Very good.

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

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

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1 on the desk.

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

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

21 The policy itself, I think, has been hammered out  
22 and has good language. It sets targets. It is realistic.

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1 It recognizes that all of us understand that perhaps the  
2 first thing that needs to be done is we need to take a look  
3 at the size of government. And it speaks to that. It sets  
4 goals in the policy over which we measure our success. We  
5 can drive some stakes in the ground and determine whether or  
6 not we are going forward or backward.

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

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

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

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

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

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

18 GOV. ROMER: is there a second?

19 VOICES: Second.

20 GOV. ROMER: Now move the amendment.

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

6 I would move that amendment.

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

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

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

18 My interpretation of the resolution, as amended  
19 by this paper, is that it does not necessarily commit us to  
20 any particular form of revenue increase. I think, in  
21 unanimously approving the health care resolution yesterday  
22 which would remove federal tax deduction for the cost of

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1 health insurance over a basic package, I think we are pretty  
2 unanimously in support of revenue increases. Some of us,  
3 including myself, don't necessarily want to sign on for  
4 other forms of revenue increase. So I think this amendment  
5 preserves that desirable flexibility.

6 GOV. ROMER: Other comments on the amendment?

7 (No response.)

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

10 (Chorus of ayes.)

11 GOV. ROMER: Opposed, "no"?

12 (Chorus of noes.)

13 GOV. ROMER: It's adopted.

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

16 Governor Dean?

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

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1 the federal deficit from \$1 trillion to \$4 trillion.

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

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

13 GOV. ROMER: Is there any other comment?

14 GOV. RICHARDS: Mr. Chairman?

15 GOV. ROMER: Governor Richard?

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

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1       there lobbying for my State and the citizens in my State.  
2       And I do not want to vote for a policy that might run  
3       counter to my ability to do what I believe is my primary  
4       responsibility.

5               I feel sometimes we get out of the advisory  
6       business and get into the meddling business and some of the  
7       specificity of this resolution, to me falls in the latter  
8       category. So I will not support it.

9               GOV. ROMER: Governor Carlson?

10              GOV. CARLSON: Mr. Chairman, I again want to  
11       commend the leadership for getting this resolution before  
12       us. I can appreciate the points offered by the Governor of  
13       Texas. But it seems to me that we resolved that issue when  
14       we as a Nation dissolved the Articles of Confederation and  
15       decided to become one Nation. The honest truth is that this  
16       system has served this Nation extraordinarily well for well  
17       over 200 years. We on the State level have asked a great  
18       deal from the Federal Government. As a matter of fact, we  
19       ask from the Federal Government more than the Federal  
20       Government could afford.

21              We too have been part of the problem. The truth  
22       is we as Governors cannot sit on our hands on the issue of

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1 deficit and still extend a third hand for the generosity of  
2 the Federal Government. So I want to commend the Governors  
3 for bringing this resolution to our attention and for  
4 showing the leadership that the United States needs at this  
5 very critical point.

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

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

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

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

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

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

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

19              Again, I strongly support this statement. I am  
20      proud to be here as a new Governor, part of an organization  
21      which I hope will have an effect.

22                      GOV. ROMER: Governor Roberts?  
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1                   GOV. ROBERTS. I just want to comment briefly. I  
2 think there could be arguments whether this is too specific  
3 or not specific enough. I think the issue for us as a  
4 Governors' Association with this statement is to say we  
5 cannot ask of others boldness if we are not willing to be  
6 bold and we can't find a solution to the problem that has  
7 been built up over many years by being afraid to take some  
8 tough stands and to put everything on the table.

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

20                   GOV. ROMER: Are there any other comments? Are  
21 you ready to vote?

22                   All in favor would you please signify by saying  
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1 "aye."

2 (Chorus of ayes.)

3 GOV. ROMER: Opposed, "no"?

4 (Chorus of noes.)

5 GOV. ROMER: The policy is adopted.

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

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

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

17 GOV. MILLER: Mr. Chairman, the proposal just  
18 outlines the need to clarify the Indian Gaming Regulatory  
19 Act. The original intent, which was to provide  
20 opportunities for tribal nations to participate in legalized  
21 gaming on the same footing with other residents of their  
22 particular State that they live in. That intent has been

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1 characterized in some actions that have been broadened  
2 extensively to include, in some cases, exclusive rights to  
3 the tribes. In addition, it would seem, going along this  
4 line, to be heading to a path where they could acquire land  
5 within major urban areas or elsewhere where they can be  
6 characterized as tribal lands for that purpose.

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

10 GOV. ROMER: Governor Finney?

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

21 I believe that this proposal conflicts with  
22 federal law and intent and at the very least we should give

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1 the Secretary of Interior, the new Secretary, an opportunity  
2 to state his position on this matter.

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

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

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

12 Governor Engler?

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

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1 the worst place to have these types of issues decided.

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

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

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

16 Governor Fordice?

17 GOV. FORDICE: We just finished negotiating to a  
18 successful conclusion with the Mississippi Choctaws. It  
19 seems like everything in here is in the Indian Gaming  
20 Regulatory Act, with the possible exception of the last  
21 bullet, which I think is a particularly good bullet because  
22 it puts a restriction on taking new lands and putting the

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1 gambling operation on there.

2 It seems to me like they ought to be restricted  
3 to Indian lands, as we know them, reservation lands. And I  
4 think that's what that last bullet does, and I think that is  
5 a good modification.

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

17 Are there other comments?

18 (No response.)

19 GOV. ROMER: Are you ready to vote on this one?

20 All in favor of this resolution please signify by saying

21 "aye."

22 (Chorus of ayes.)

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1                   GOV. ROMER: All opposed, "no"?

2                   (Chorus of noes.)

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

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

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

10                  GOV. ROBERTS: My copy has it in.

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

13                  Is there any further debate on federalism?

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

18                  (Laughter.)

19                  GOV. ROMER: Thank you.

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

22                  (Chorus of ayes.)

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1 GOV. ROMER: Opposed, "no"?

2 (No response.)

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

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

7 Governor Rossello, do you want to move that  
8 resolution?

9 GOV. ROSSELLO: Yes, Mr. Chairman.

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

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

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

19 I move the adoption of this policy statement.

20 VOICE: Second.

21 GOV. ROMER: Discussion?

22 Governor Ada?

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

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

19                  So, with that in mind, I ask your help for the  
20                  Governor of Puerto Rico and his people in their quest for  
21                  self-determination. Thank you.

22                  GOV. ROMER: Any other comments on this policy?  
                    **ACE-FEDERAL REPORTERS, INC.**

1 (No response.)

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

4 (Chorus of ayes.)

5 GOV. ROMER: Opposed, "no"?

6 (No response.)

7 GOV. ROMER: The policy is adopted.

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

11 GOV. FLORIO: Thank you, Mr. Chairman.

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

20 The policy changes we are requesting, one has  
21 already been done. That is the principles to ensure  
22 workforce excellence yesterday was approved by the Economic  
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1 Development and Commerce Committee. We likewise are  
2 supporting that.

3 There were three amendments -- a few amendments,  
4 rather, that we would like to offer to you en bloc, as you  
5 suggested, without any objection. Three of these amendments  
6 dealt with our refugee and immigration policy. They are  
7 primarily urging the Federal Government to meet its  
8 responsibilities with regard to the cost of resettlement.  
9 These were offered by Governor Wilson of California.

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

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

20 All of these were approved unanimously. I  
21 suspect they are not controversial. Therefore I would move  
22 all of them en bloc.

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1                   GOV. ROMER: A motion has been made. Are you  
2 offering the amendments separately, or the resolution, as  
3 amended?

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

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

8                   VOICES: Second.

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

10                   (Chorus of ayes.)

11                   GOV. ROMER: Opposed, "no"?

12                   (No response.)

13                   GOV. ROMER: The amendments are adopted.

14                   Governor, if you want to move the resolution now?

15                   GOV. FLORIO: I move the resolution,

16 Mr. Chairman.

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

19                   (No response.)

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

21                   (Chorus of ayes.)

22                   GOV. ROMER: Opposed, "no"?

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1 (No response.)

2 GOV. ROMER: Thank you, Governor Florio.

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

5 GOV. SULLIVAN: Thank you, Mr. Chairman.

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

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

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

19 The third is a solid-waste amendment and a policy  
20 to maintain those areas that are of most importance to  
21 Governors and our States would allow us to get back into the  
22 debate in that area.

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1                   The fourth is an implementation of federal  
2 facilities compliance provision that both commends Congress  
3 and President Bush for the Federal Facilities Compliance Act  
4 and States' policy as it relates to the Governors.

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

12                   I would move en bloc the adoption of those  
13 policies.

14                   GOV. ROMER: Is there a second?

15                   VOICES: Second.

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

18                   (No response.)

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

21                   (Chorus of ayes.)

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

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

5 (No response.)

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

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

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

18 We will begin this afternoon to discuss what will  
19 be the relationship between this Association and the ongoing  
20 work of the health care task force. What we want to be is  
21 conduits. We want to be conduits of all of you to that  
22 effort. Therefore, how can we do that? Two ways: One, we

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1 know the four Governors that will be involved, and you can  
2 contact any one of us.

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

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

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

17 The second process is in relationship to the  
18 economic package. The President said to us yesterday that  
19 he will make that package, present it February 17. That is  
20 a very short time line. He invited yesterday for us to form  
21 again a small delegation of Governors to assist in the  
22 communication about development of that package.

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1 Governor Campbell is not here today. I want to  
2 confer with him immediately after this meeting, and we will  
3 designate six Governors, three from each party, so that we  
4 again can have that group be a conduit of information as  
5 that package is developed. That is a very short time line.  
6 And therefore, I think all of you who have inputs to make to  
7 the President on what that package is, what it should  
8 contain, you need to be aware of the shortness of the time  
9 line.

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

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

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

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1 in the shaping of their policies.

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

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

12 Governor Thompson?

13 GOV. THOMPSON: Mr. Chairman, if I could just  
14 impose upon the Governors for 30 seconds. We are having a  
15 reception with Trade Representative and Ambassador Kantor at  
16 2:00. Anybody that has got any questions or anything  
17 whatsoever on NAFTA or defending the GATT negotiations is  
18 invited to attend.

19 GOV. ROMER: Where is that going to be?

20 GOV. THOMPSON: That is going to be at the trade  
21 office, the U.S.T.R.'s office, at 2:00.

22 GOV. ROMER: Any other comments?  
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1 (No response.)

2 GOV. ROMER: We stand adjourned.

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

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