

COPY

1

2

3

4

5

6

7

NATIONAL GOVERNORS' ASSOCIATION

8

86TH ANNUAL MEETING

9

JULY 16-19, 1994

10

BOSTON, MASSACHUSETTS

11

12

13

14

15

16

17

John B. Hynes  
Convention Center  
900 Boylston Street  
Boston, Massachusetts  
Sunday, July 17, 1994  
1:15 p.m.

18

19

20

21

22

MARIANNE KUSA-RYLL  
REGISTERED PROFESSIONAL REPORTER  
JUSTICE HILL REPORTING

23

252 JUSTICE HILL ROAD, P.O. BOX 610  
STERLING, MASSACHUSETTS 01564-0610

24

TELEPHONE (508) 422-8777 FAX (508) 422-7799

I N D E X

|    |   |      |
|----|---|------|
| 2  | SPEAKERS:                                 | PAGE |
| 3  | Carroll A. Campbell, Jr., Governor,       |      |
| 4  | South Carolina                            | 4    |
| 5  | William F. Weld, Governor, Massachusetts, |      |
| 6  | Introduction                              | 4    |
| 7  | Thomas M. Menino, Mayor of Boston,        |      |
| 8  | Introduction                              | 6    |
| 9  | Mel Carnahan, Governor, Missouri,         |      |
| 10 | Introduction of Technology Exhibits       | 15   |
| 11 | William F. Weld, Governor, Massachusetts  |      |
| 12 | Introduction to City Year                 | 20   |
| 13 | City Year Presentation                    | 23   |
| 14 | Award Recipients:                         |      |
| 15 | Howard A. Peters III, Illinois            | 48   |
| 16 | C. James Conrad, Ohio                     | 48   |
| 17 | Manny Martins, Tennessee                  | 49   |
| 18 | Sandy Snider, Indiana                     | 49   |
| 19 | Father William T. Cunningham, Michigan    | 50   |
| 20 | Annette Wright, Vermont                   | 51   |
| 21 | Bruce Marks, Massachusetts                | 51   |
| 22 | Terry Haller, Wisconsin                   | 52   |
| 23 | David Walters, Governor, Oklahoma,        |      |
| 24 | Introduction of Senator Nickles           | 55   |
| 25 | Don Nickles, Senator, Oklahoma,           |      |
| 26 | Remarks on Senate Republican              |      |
| 27 | Health Care Reform                        | 56   |
| 28 | (continued)                               |      |

I N D E X

| SPEAKERS:   | PAGE |
|---|------|
| John R. McKernan, Jr., Governor, Maine,<br>Introduction of Senator George Mitchell        | 89   |
| George Mitchell, Senator, Maine,<br>Remarks on Senate Democratic<br>Health Care Reform    | 92   |
| George V. Voinovich, Governor, Ohio,<br>Remarks on Federalism and<br>Unfunded Mandates    | 118  |
| Bruce Sundlun, Governor, Rhode Island,<br>Remarks on Federalism and<br>Unfunded Mandates  | 126  |
| E. Benjamin Nelson, Governor, Nebraska,<br>Remarks on Federalism and<br>Unfunded Mandates | 129  |
| Mike Leavitt, Governor, Utah,<br>Remarks on Federalism and<br>Unfunded Mandates           | 134  |
| George F. Allen, Governor, Virginia,<br>Remarks on Federalism and<br>Unfunded Mandates    | 136  |

P R O C E E D I N G S

CHAIRMAN CAMPBELL: Ladies and gentlemen, we will go ahead and get started. My name is Carroll Campbell. I am the Chair this year of the National Governors' Association. Howard Dean from Vermont is the Vice Chair, and he will be with us momentarily.

I want to take this opportunity to welcome all of you. We are individually glad to be here in Boston ourselves, and surely a fitting setting is Boston for a meeting that focuses, in essence, on Federalism.

Governor Weld is an outstanding person who is the Governor. He is also an outstanding host for the National Governors' Association, and I would like very much at this time to personally thank him for what he and his first lady have done for the Governors and to invite Governor Weld, if he will, to come forward and have a few words for us at this time and to make an introduction.

Governor Weld.

(Applause.)

GOVERNOR WELD: Thank you very much,



1 Governor Campbell.

2                   We are so delighted that you all are  
3 in Boston, Massachusetts. You know how we live  
4 here now having been around for a day and a half.  
5 At night we dine on cuisine prepared by  
6 Julia Child. In the evening, we go to concerts  
7 led by John Williams. Tonight we have got the  
8 clambake at the Kennedy Library. My hope is that  
9 we will have a real theatrical show and have a  
10 thunderstorm roll down out through the harbor  
11 while we are out there on the point; but even if  
12 we are not that lucky, I look forward to  
13 continuing to have an enjoyable session with all  
14 of you.

15                   I would like to introduce a friend of  
16 mine, who is the Mayor of the City of Boston,  
17 Mayor Tom Menino. He has had a busy summer.  
18 First, he had world cup soccer and now he has got  
19 the Governors' Association in consecutive periods  
20 of about two weeks. There was an absence of  
21 hooliganism at the soccer games played in  
22 Massachusetts. Mr. Mayor, I hope I can guarantee  
23 the same from my brethren and sisters at the  
24 National Governors' Conference.

1                   So let me present my friend here,  
2   Tom Menino, Mayor of the City of Boston for a  
3   welcome.

4                   MAYOR MENINO: Thank you very much,  
5   Governor.

6                   It's a real pleasure to be here this  
7   afternoon. I have told the Boston Police anybody  
8   who is walking around with a little tag like this,  
9   be lenient as you come out of bars or restaurants  
10   throughout the City of Boston. If you are out  
11   there, if you arrest anyone, and you find them  
12   walking around the streets, I just told them to  
13   call you at home, Governor. You had visitors here  
14   before in the past and help and bail them out of  
15   the jails.

16                  So let me just say I want to welcome  
17   all of you to our historic city. I hope that at  
18   some point in your stay you will find the time in  
19   your busy schedule to go out and really experience  
20   the City of Boston.

21                  What you will find is that Boston  
22   above all is a collection of neighborhoods. It is  
23   a place like the North End or Brighton, where they  
24   are celebrating today the World Cup. The North

1     End, of course, is where all my country men will  
2     be, all the Italians, and a great lot of  
3     Brazilians will be down there, and you know where  
4     the Governor is going to be, in the North End with  
5     me. If any of you folks want to come down to the  
6     North End, just follow us down there this  
7     afternoon. And in any of the thousands of  
8     restaurants and shops and small businesses that  
9     thrive everyday for you, you can meet the people  
10    from the very lifeblood of our city. It is  
11    because of the rich diversity of our city, th  
12    hard work of past and present generations that  
13    Boston remains a great economic engine of the  
14    region and one of the great educational, medical  
15    and cultural centers of the United States.

16               I also encourage you to visit Boston's  
17    neighborhoods, because I know that you will see a  
18    city that defies so many of the notions that exist  
19    about urban America. There is no question that  
20    Boston has its share of problems. Like many  
21    cities, we are fighting the scourge of drugs and  
22    violence. We are fighting to rebuild our school  
23    system. We are fighting to preserve and create  
24    jobs through businesses to support families and

1 keep entire communities strong, but unlike many  
2 cities, our problems are manageable. And Boston  
3 has equal endeavor or support to deal with the  
4 problems together.

5 City government, the business  
6 community, college and university, the medical  
7 community, nonprofit to religious community, the  
8 neighborhood residents are all working together to  
9 deal with the challenges before us. Despite  
10 limited resources, we are succeeding.

11 I hope that during this meeting of our  
12 Nation's Governors that American cities will be a  
13 central part of your discussion. The economic and  
14 social future of this country is tied to the fate  
15 of our cities, and hopefully we are reaching a  
16 point where governors and mayors are in tune with  
17 the facts of the need to work together, not just  
18 for the good of the cities, but for the good of  
19 the surrounding state. Unfunded mandates is one  
20 issue where cities and states have already found  
21 much common ground, because they are so often both  
22 victims of them.

23 Most governors and mayors share the  
24 belief that the Federal Government can no longer

1 pass responsibilities and problems on to states  
2 and cities without providing resources as well.

3 I believe governors and mayors realize  
4 that they need to work together by economic growth  
5 as well. In my first year as Mayor, I have been  
6 working with Governor Weld to build a more  
7 cooperative relationship between Boston and the  
8 State.

9 This past week in the Boston Globe,  
10 Governor Weld wrote an editorial about Boston's  
11 historic strength as a port city. The great  
12 potential continues to hold for the future.  
13 Governor Weld's editorial underscored the simple  
14 fact the Massachusetts economy can only be strong  
15 with the Boston economy engine to drive it.  
16 Equally important acknowledges the fact that the  
17 city and the state have shared responsibilities,  
18 regardless of our different political authorities,  
19 the fact that we are in positions that  
20 historically do not work well. If you look at the  
21 history of Boston's mayors and Boston's governors,  
22 they don't work well at all. We are seeking  
23 common ground on these and other issues, sometimes  
24 successfully, sometimes not, but Boston and the

1 State are better off for the effort. In truth,  
2 there are very few areas where cities and states  
3 and mayors and governors do not share in common  
4 interest. It is my sincere hope that with this  
5 conference, it is a common interest that emerges  
6 rather than the narrow differences that too often  
7 divide us. Let us together as we move forward to  
8 make our cities, our states and our country better  
9 and stronger for all our people.

10 Thank you very much.

11 (Applause.)

12 CHAIRMAN CAMPBELL: Thank you so much,  
13 Mr. Mayor. We are having a delightful time in  
14 your city, and I can tell you that you have every  
15 reason to be proud of it, and we look forward to  
16 the remainder of our stay.

17 I am delighted now that a good friend  
18 of the Governors is here today. David Burns, who  
19 is the retired C.E.O. of Xerox is here, and he is  
20 now the Chairman and C.E.O. of the New American  
21 Schools Development Corporation. David is joined  
22 by Vartan Gregorian, the President of Brown  
23 University, and Mr. Burns and Mr. Gregorian just  
24 met with N.G.A.'s educational leadership beginning

1 to discuss the ways the Governors can get involved  
2 in efforts to design new schools. So on behalf of  
3 all Governors, I want you to know how much we  
4 appreciate your tireless devotion to improving our  
5 schools.

6 I also want to at this time take the  
7 opportunity on behalf of all the Governors to  
8 extend our very best wishes for a speedy recovery  
9 to our colleague, Jim Edgar of Illinois. I  
10 understand that Jim is doing very well after his  
11 surgery, and our thoughts and our prayers are  
12 certainly with him and his family.

13 Now there are a few housekeeping items  
14 that I need to take up before we move on into our  
15 program. The first is we need to adopt the Rules  
16 of Procedure for the meeting.

17 Can I have a motion on that, please.

18 There is a motion.

19 Is there a second?

20 GOVERNORS: Second.

21 CHAIRMAN CAMPBELL: There is a  
22 second.

23 Any discussion?

24 If not, all those in favor indicate by

1 saying aye.

2 Any opposed.

3 The ayes have it. The motion is  
4 carried.

5 For any Governors who want to submit  
6 new policy for consideration at this meeting, you  
7 need to know that the deadline for submitting  
8 policy in writing is Monday at 5:00 p.m. The  
9 policy needs to be submitted to Jim Martin of the  
10 N.G.A. staff by that time.

11 I want to at this time thank the  
12 Governors who have agreed to serve on the  
13 Nominating Committee for the 1994 National  
14 Governors' Association Executive Committee.  
15 Governor Bayh is Chairman, and he is joined by  
16 Governors Nelson, Waihee, Branstad and McKernan.  
17 And we appreciate your willingness to serve on  
18 this committee, and over the next three days, we  
19 are going to have an opportunity to talk about  
20 what is important to our states and to all the  
21 states and how we can work as a group to further  
22 our common interests.

23 Today we will discuss a variety of  
24 issues. We will hear from City Year, the project



1     that in many ways was the inspiration for  
2     President Clinton's Youth Volunteer Program; and  
3     if you will permit me an aside, Columbia, South  
4     Carolina is the first city outside of Boston to  
5     take up City Year, and we are very proud of that,  
6     too.

7                     (Applause.)

8                     CHAIRMAN CAMPBELL: We will have the  
9     privilege of honoring the winners of our N.G.A.  
10    distinguished service awards. We will hear a  
11    report on very significant progress made this year  
12    on unfunded mandate relief, and then we will have  
13    an opportunity to get Senate perspectives on  
14    health care. We will hear from Senate Republican  
15    Policy Chairman Don Nickles of Oklahoma, who is  
16    here with us now. Senator, we are delighted that  
17    you are here, and we appreciate your coming.

18                    And we will hear from Senate Majority  
19    Leader George Mitchell of Maine. You know, it  
20    takes Solomon to figure out what is going on with  
21    the various health reform bills in Congress, and  
22    our guests are about as close as we can get to  
23    Solomon, and we appreciate them coming and sharing  
24    this wisdom. It strikes me that this is a

1     crucially important issue for us at this  
2     particular time, process-wise as well as  
3     policy-wise. It's very difficult to know where  
4     the pressure points are and where we as Governors  
5     can advance state issues, such as the future of  
6     Medicaid and how or even if it relates to any new  
7     low-income programs, Governors of purchasing  
8     cooperatives and health plans, insurance reforms  
9     and community rating areas, home and community  
10    based long-term care, E.R.I.S.A. flexibility in  
11    filing under any legislation scenario, the  
12    importance of State flexibility in moving reform  
13    forward.

14                 So before we begin our program, I want  
15    to direct the Governors' attention to a letter  
16    at your places regarding this upcoming 50th  
17    Anniversary of the United Nations. Governor Dean  
18    and I would appreciate all Governors following up  
19    on naming a State Coordinator. If every Governor  
20    finds that letter, please read it, and then you  
21    can name a coordinator for this.

22                 Now to move into our program.

23                 Technology is now a basic part of  
24    everything that we do, and it's a major theme of

1     this meeting, and it's going to be discussed in  
2     several sessions and displayed in several ways;  
3     and to get us started, I am pleased to recognize  
4     Governor Mel Carnahan of Missouri, who is the  
5     co-Chair of the State Management Task Force, which  
6     sponsored a very impressive technology exhibition  
7     that is on display downstairs; and before  
8     Governor Carnahan speaks, I would like to  
9     encourage all of you to go down and see what is  
10    taking place all over the country. It is being  
11    displayed downstairs, and to our guests you will  
12    be amazed at some of the things that we are doing  
13    in government.

14                 At this time, I would like to call on  
15    Governor Carnahan.

16                 Governor Carnahan.

17                 GOVERNOR CARNAHAN: Thank you,  
18    Governor Campbell.

19                 And thanks to the 17 Governors who  
20    serve on the State Management Task Force and a  
21    special thanks to the 28 Governors, who have  
22    caused your states to arrange exhibits here in our  
23    technology exhibit.

24                 Vice President Gore has done a great

1 job of focusing national attention on the need for  
2 reinventing government, particularly through the  
3 use of technology, making government more  
4 user-friendly and more efficient, and he had an  
5 emphasis that to do so we should use technology.

6 Now many of us in the states are  
7 pursuing these same kind of initiatives, and that  
8 is what we tried to capture for you in the  
9 Management Task Force. In front of you is an  
10 overview, and I will summarize it very briefly, of  
11 the work of the task force. And that is also  
12 set forth further in the exhibits, and you have a  
13 list of the exhibits also at your place here at  
14 the table.

15 Briefly, the task force has tried to  
16 publicize the Governors' initiatives to privatize  
17 urban services and assets. We did a study on  
18 automating governors' offices, and that ended up  
19 that it would be shown on for seminar and  
20 publication that is available through the N.G.A.

21 We began piloting several elements of  
22 interactive communications networks on Governors'  
23 offices and the N.G.A., and we have developed a  
24 menu-driven inventory of State projects using

1 innovative technology to deliver services and, of  
2 course, to reduce costs. Now the best examples of  
3 the use of technology is right here in Boston in  
4 the exhibits, and so we hope that you will see  
5 them. They will be open today, and they will be  
6 open until 1:30 tomorrow.

7 Now these 40 exhibits from 28 states  
8 show a wide range of creativity and uses of  
9 technology, and always remember that certainly we  
10 are fascinated with the new technology, but the  
11 purpose of this is that we can do a better job of  
12 serving and also reduce costs at the same time.

13 Now a sampling of these projects are:  
14 Uses of electronic bulletin boards and kiosks to  
15 give citizens information; the use of Smart Cards,  
16 and we have someone from South Carolina, and they  
17 show you how they can issue the cards on the spot  
18 out to the client and how they can teach the  
19 person how to use these, and these will be used in  
20 the very important technology of electronics  
21 benefits transfer. This is shown to us by South  
22 Carolina. Also there is Smart Cards that will  
23 also be used to reduce the fraud in the delivery  
24 of our welfare benefits; geographic information

1 systems. We put that on display about various  
2 parts of the state, and we in Missouri have the  
3 Show-Me Missouri program using the Internet for we  
4 believe the first time. We let people that we  
5 don't even know about as prospects to search  
6 through the Internet, find out about us so they  
7 can get information about sites, about demographic  
8 information, about various parts of the State and  
9 also about Missouri products.

10 I went by the Maryland display where  
11 they are working in law enforcement, and they made  
12 an immediate wanted poster, and it was really a  
13 demonstration of automated booking procedures  
14 where they could do it much faster getting the  
15 picture, the prints and so forth and getting the  
16 searches going, and they hope to be able to have  
17 this for officers out in the field to access it;  
18 and because of the speed of this booking  
19 procedure, they estimate that they will be able to  
20 get 100 more officers back out on the road instead  
21 of being involved in the incessant process of  
22 booking.

23 The telemedicine display at Louisiana,  
24 there they are looking at diagnosis over the

1     interactive phone communications network, and we  
2     prepared things that were done right there in the  
3     booth of what could be done at some distance in  
4     this place literally back to New Orleans, and it  
5     was very similar to what a doctor could do in both  
6     places.

7                     We also got a driver's license issued  
8     in about one minute by the Arkansas Law Enforcement  
9     people, and they are using this identification  
10    card that will be able to be tracked with a  
11    magnetic tape and put into the computer. It  
12    searched immediately, prepared the picture even,  
13    and it also could be used for the welfare benefits  
14    card as well.

15                    So there is a lot to see. There is a  
16    lot going on, and we urge you to take advantage of  
17    that and to continue to share what you are doing  
18    as these technologies deliver better service at  
19    reduced cost.

20                    Thank you.

21                    CHAIRMAN CAMPBELL: Thank you very  
22    much, Governor Carnahan, for a fine report and  
23    obviously for a coordination of a fine exhibit  
24    that we have here.

1 Does anyone have any questions about  
2 the Carnahan report?

3 If not, we are going to move ahead. I  
4 would like at this time now to call on Governor Weld  
5 again to make another introduction, and this is a  
6 very good one, introducing the representatives of  
7 City Year, a highly regarded community service  
8 program, which started here in Boston. From  
9 Boston it has expanded in other communities all  
10 over the country. City Year is just the kind of  
11 program that the National and Community Service  
12 Trust Act tries to promote. Governor Weld will  
13 tell you all about it.

14 Governor Weld.

15 GOVERNOR WELD: Thank you, Carroll.

16 We have invited City Year to make a  
17 presentation to you. This is an urban youth  
18 service corps based in Boston, and it's really a  
19 classic N.G.A.-type of program. It's sort of an  
20 idea that regardless of party, we can all call a  
21 good thing. I spoke to numerous governors of both  
22 parties, who share my enthusiasm for getting  
23 behind President Clinton and Eli Siegel on the  
24 National Service Programs like City Year.



1                   It's one of our best homegrown  
2 products here, and now it's one of our leading  
3 exports to Governors Campbell and Sundlun and  
4 Edgar and Voinovich and Wilson and others, either  
5 recently have or will soon welcome City Years to  
6 their states.

7                   It has been operated for the last five  
8 years, and the program has brought together young  
9 men and women from diverse backgrounds. The  
10 people throughout Massachusetts get together for a  
11 full year of community service. Some are high  
12 school dropouts, and they are working for their  
13 G.E.D., and they are working side-by-side with  
14 college graduates, who are preparing for their  
15 G.R.E. These people are urban and suburban. They  
16 are high income and low income. They get  
17 together, they become friends, and they have done  
18 abundant good along the way. The sort of thing  
19 they do is work as teachers' aides and provide  
20 human and physical services to the elderly, to the  
21 homeless, to AIDS patients, turning vacant lots  
22 into urban gardens and playgrounds.

23                   It's a national model in a number of  
24 ways. I am particularly struck it's the first

1 youth service corps to be launched entirely  
2 through private sector support. Throughout their  
3 year of service, City Year corps members use our  
4 public transit system to do their work, so the  
5 State has stepped in a little bit. We give them  
6 free City Year passes to use on the subway, but it  
7 is not a free ride, which is consistent with the  
8 basic tenet of the program that with rights come  
9 responsibilities. While riding the subways and  
10 buses, the City Year members are schooled to  
11 answer customer questions, provide good  
12 information and report problems like the broken  
13 escalator or even graffiti. So they are always  
14 working.

15 We are very pleased to have City Year  
16 on board with us. This program knows that young  
17 people are a major resource. We think that City  
18 Year takes the right approach as to diversity, and  
19 acknowledgment that common understanding comes  
20 through common purpose, the very purpose of this  
21 program, and the whole program stands as a  
22 statement, and I think that the awards of service  
23 are great not just to those who are served, but  
24 also to those who serve.

1                   An 18 year old from Cambridge,  
2   Terese Jenson (phonetic spelling), who  
3   participated in City Year just said, City Year has  
4   restored my faith in myself and my generation. In  
5   other words, she is saying Beavis and Butt-head  
6   don't speak for her generation.

7                   So welcoming you to our state, I will  
8   share with you the idealism of our young people,  
9   and it's my pleasure to introduce you to City  
10   Year.

11                   Thank you.

12                   (Applause.)

13                   CITY YEAR LEADER: City Year, how do  
14   you feel?

15                   CITY YEAR PARTICIPANTS: We feel  
16   good.

17                   CITY YEAR LEADER: Are you ready for  
18   P.T.?

19                   CITY YEAR PARTICIPANTS: Yes, we are.

20                   CITY YEAR LEADER: Well, let's begin  
21   with ten three count jumping jacks. Begin.

22                   (City Year participants did jumping  
23   jacks.)

24                   (Applause.)

1                   SHELDON CAMBRIDGE: Hello, ladies and  
2 gentlemen. My name is Sheldon Cambridge, and I am  
3 here with my friends from City Year. I have been  
4 in City Year for the past two years. I came to  
5 City Year as a teen leader, and I started here in  
6 the Boston program, and I am presently Program  
7 Director in North and South Carolina, which is one  
8 of six sites that we opened up this fall, the  
9 others being San Jose, Chicago, Columbus, Ohio,  
10 Providence, Boston and Columbia, South Carolina.  
11 What you just witnessed was one of our P.T.  
12 assignments, and we do P.T. everyday Monday  
13 through Friday and -- oh, I am kind of winded.

14                   (Laughter.)

15                   SHELDON CAMBRIDGE: It's been a long  
16 time since I did P.T. Monday through Friday,  
17 starting out at eight o'clock in the morning. The  
18 reason we do P.T. is to get the corps members  
19 energized, focused and into the seriousness of  
20 problems that are going through the rest of the  
21 day of service.

22                   Before we go any further in this  
23 presentation, I would like you guys to witness  
24 City Year in action.

1                   (Whereupon, there followed a video  
2 presentation.)

3                   (Applause.)

4                   SHELDON CAMBRIDGE: Thank you.

5                   Our goal is to have 25 City Year sites  
6 started around -- across the country within the  
7 next five years with the help of those that are in  
8 this room.

9                   Ladies and gentlemen, with me at the  
10 table here are some past City Year's alumnus who  
11 would like to share one of their many City Year  
12 experiences.

13                  CITY YEAR PARTICIPANT: I led  
14 employees from my team at the Timberland Company  
15 into building a wheelchair ramp at a Y.M.C.A.  
16 summer camp.

17                  CITY YEAR PARTICIPANT: I met the  
18 President of the United States.

19                  (Laughter.)

20                  CITY YEAR PARTICIPANT: I hope to  
21 recruit corps members from San Jose, California.

22                  CITY YEAR PARTICIPANT: I worked hard  
23 for my G.E.D. this year.

24                  (Applause.)

1                   CITY YEAR PARTICIPANT: In my year my  
2 team collected lead paint -- excuse me -- lead  
3 paint surveys of 117 streets in Roxbury.

4                   CITY YEAR PARTICIPANT: City Year for  
5 me became a place that I desperately needed and a  
6 home that I entirely wanted, and I did that in  
7 hopes that I could fulfill my goal, my dream of  
8 uniting people.

9                   (Applause.)

10                  CITY YEAR PARTICIPANT: I helped make  
11 Boston the hub of community service. Hoorah.

12                  (Laughter.)

13                  CITY YEAR PARTICIPANT: I created an  
14 after school drama program in an elementary school  
15 in Somerville, and we put on a play at the end.

16                  CITY YEAR PARTICIPANT: My team helped  
17 restore a historic cemetery in Chelsea,  
18 Massachusetts.

19                  CITY YEAR PARTICIPANT: I built a  
20 ceramics department and lead four classes a week  
21 for our community children in my Teens Community  
22 Art Center.

23                  CITY YEAR PARTICIPANT: I helped 2,000  
24 students in Greater Boston.

1 (Applause.)

2 CITY YEAR PARTICIPANT: I along with  
3 my team worked towards building trust between  
4 elderly and young people in Dorchester.

5 CITY YEAR PARTICIPANT: I helped lead  
6 over 1,500 South Carolinians in a day of community  
7 service.

8 CITY YEAR PARTICIPANT: I was  
9 certified in C.P.R. on the first day.

10 CITY YEAR PARTICIPANT: My team  
11 piloted an AIDS Curriculum program around schools  
12 in the Boston area.

13 CITY YEAR PARTICIPANT: I worked in an  
14 elementary school for child health for the first  
15 time, and now I will be teaching.

16 (Applause.)

17 CITY YEAR PARTICIPANT: I led a team  
18 of 20 volunteers in a full day of community  
19 service.

20 (Applause.)

21 MARILYN CONCEPCION: Hello. My name  
22 is Marilyn Concepcion. I am a corps member from  
23 Providence, Rhode Island. I am 19 years old. I  
24 have been -- I am originally from Puerto Rico. My

1 family came from Puerto Rico, but I have been  
2 living in Rhode Island for nine years. A year ago  
3 today, I never imagined I would be in this room.  
4 So I am honored to be here.

5 I would like to also thank the  
6 Governor of Rhode Island, Governor Bruce Sundlun.  
7 It was a great honor to have you at our opening  
8 day at the reception.

9 I would like to talk to you about what  
10 he did for City Year. I was a high school  
11 drop-out in the 11th grade. I didn't like the  
12 environment of the school I went to, and instead I  
13 ended up watching soap operas; and as you can all  
14 imagine, I wasn't learning anything from that  
15 either. So then I heard about the program called  
16 City Year and that they would have, you know, all  
17 these people from different backgrounds to work  
18 together. I said, No way, that is not going to  
19 work. There is no way that all these different  
20 people are going to work together in one group.  
21 And I was placed into a team, which was a hospital  
22 trust team, and we had -- I mean it was a team of  
23 all very excellent diverse people we had from  
24 myself, who is Hispanic to, you know, Asians,



1 African-Americans. I mean every possible  
2 background.

3 Another thing is that we all learned  
4 from each other. Since we all -- you know, it was  
5 just an amazing experience. One of our projects  
6 was at the Fox Point Elementary School, and we  
7 each got placed into a classroom. Since I knew  
8 both Spanish and English, I was placed into a  
9 second and third grade class. And everyday, I  
10 would take on these three students, but Miguel,  
11 who is seven years old, and I remember him the  
12 most, had a huge problem pronouncing the letter  
13 "F". So I went home, and I did this frog puppet,  
14 and what does frog begin with?

15 GOVERNORS: "F".

16 MARILYN CONCEPCION: Thank you. And  
17 so, you know, I brought this into school, and I  
18 started playing around with Miguel and the frog,  
19 and I asked him every now and then. I would say,  
20 Miguel, what is that letter on that word? And he  
21 would say -- you would see it in his face, but he  
22 was scared of saying what it was, but he would say  
23 an "N" or a "P". He couldn't recognize the  
24 letter, but I said this kid is going to learn the

1 letter "F". You know, he is going to learn it.  
2 So I didn't give up. I kept playing with him.  
3 And finally, at the end of the day, the teacher  
4 asked Miguel, what is that letter on the word  
5 frog, and he said, "F". And those amazing  
6 accomplishments are for me as well as him. I  
7 mean, you know, here I am. I was a high school  
8 drop-out, and I am teaching these kids, which was  
9 amazing. I would never have imagined that. And  
10 so at the same time that I was teaching, I myself  
11 was a student.

12 City Year requires that all its high  
13 school drop-outs get into G.E.D. classes, but the  
14 real, like, support, and I mean it helped me so  
15 much, the support that I got from the corps as  
16 well as my team. And I remember this one specific  
17 person in my team. Kevin Melani (phonetic  
18 spelling), who -- he is at Brown University right  
19 now. He helped me so much. I had problems with  
20 the essay on my G.E.D. test, so he gave me some  
21 help, and I went, oh, you did it wrong, that is  
22 not the way you do it, but I mean anyhow, I am  
23 proud to tell you all that I got my G.E.D. through  
24 City Year, and that --

1 (Applause.)

2 MARILYN CONCEPCION: -- and that next  
3 September I will be in college

4 (Applause.)

5 MARILYN CONCEPCION: Another thing  
6 that City Year has taught me is how to be a better  
7 leader in my own community. It has taught me how  
8 to be a more active citizen. It's -- I have  
9 learned how to be more independent, and I  
10 personally learned how hard it is to live on your  
11 own, and it's another thing that made me realize  
12 that I want to learn more about my own culture. I  
13 want to learn more about, like, where I came from,  
14 which is Puerto Rico and where I live now, which  
15 is Rhode Island, and I want to learn more about  
16 these two places, and then I think the best thing  
17 is that it taught me that I can do anything if I  
18 want to, and, you know, there is just nothing I  
19 can't do. So that is -- I am really proud of  
20 that.

21 Young people are a very valuable  
22 resource, and I really think that there is like a  
23 million of myself out there in every state. So I  
24 would just encourage you all to support programs

1     like this, and thank you so much for believing in  
2     young people.

3                     (Applause.)

4                     JANE HAMEL:   Good afternoon.   My name  
5     is Jane Hamel, and I am the Corporate Contributions  
6     Manager for Digital Equipment Corporation.   I am  
7     here today representing hundreds of private-sector  
8     companies and thousands of their employees, who  
9     invested in City Year.   I say the word invested  
10    for a reason, because I believe that any  
11    involvement in City Year is an investment.   I  
12    would like to tell you why.

13                    Each day we are all confronted with  
14    many issues facing our society today.   When we  
15    read the paper, when we watch the news, all we  
16    hear about is the negative things, what is wrong  
17    with society, what is wrong in our community, what  
18    is wrong with our young people.   Well, I am here  
19    to talk about something very positive and  
20    something very good, City Year.

21                    Being a part of City Year demonstrates  
22    that we believe in our youth.   We believe that our  
23    young people can make a difference, and we want to  
24    give them the opportunity to get involved in their

1 community and to make that difference. City Year  
2 allows its participants to give back to their  
3 neighborhoods with their time and their talent.  
4 They become role models, and in doing so they are  
5 making a change in places where many of us have  
6 given up hope.

7 Speaking from the corporation side, we  
8 are asked to give to many charitable causes,  
9 support many programs, a lot of times without any  
10 involvement. City Year is different. They not  
11 only ask you to get involved. It's a  
12 requirement. From -- in many levels of your  
13 company, from the employees on the line all the  
14 way up to your executives.

15 For the past two years, Digital has  
16 supported a City Year team. One of those teams  
17 was assigned to a group middle school, which is in  
18 Roxbury, which is not far from here. They served  
19 as teachers' aides and role models for inner-city  
20 youth. The program gave them the opportunity to  
21 build their self-esteem and develop their  
22 individual leadership skills, both very important  
23 as you all know to all of our futures.

24 When the Digital team came recently to

1 meet our -- to our company to meet with our C.E.O.  
2 and President, Bob Palmer, their energy and  
3 idealism lit up the room. Their individual  
4 stories inspired us, and their collective  
5 accomplishments as a team were overwhelming and  
6 outstanding.

7                   To me, City Year is very unique. It  
8 has an entrepreneurial spirit. It has a dedicated  
9 and professional staff, and it has a sound strategy  
10 for building the program and replicating it across  
11 this country. Because of that Digital has, along  
12 with the Timberland Company, become national  
13 founding sponsors of the City Year corps.  
14 Digital's experience with City Year has been very  
15 positive. When the staff asked me to come h r  
16 today to speak, I told them -- I told them I was  
17 honored, but I also told them something that I say  
18 to them often. They don't need me to sell the  
19 program. The corps members by virtue of their  
20 enthusiasm and commitments do that themselves. We  
21 have seen it here today. In the words of one City  
22 Year corps member, City Year is showing us in the  
23 present what our future can be.

24                   I encourage you to all take a look at

1     this program and bring it to your states. It's an  
2     excellent investment.

3                     Thank you.

4                     (Applause.)

5                     PRISCILLA WALKER: Good afternoon. I  
6     am Priscilla Walker, Principal of the Manning  
7     Elementary School in Boston.

8                     The young people you see here are a  
9     very special resource for our community. They are  
10    role models, and we need more of them in Boston,  
11    in every city and state in this country. In my  
12    school, where a City Year team works everyday, the  
13    children literally embrace the City Year corps  
14    members and learn from them, sometimes without  
15    even realizing it. The students see team work,  
16    positive direction, a commitment to learning and  
17    unity within diversity. These are easy concepts  
18    to talk about, but they are very hard to  
19    demonstrate, and the City Year team that works at  
20    Manning Elementary School demonstrates them  
21    everyday.

22                    I have worked with City Year teams for  
23    five years. First at the Glastone School,  
24    Boston's largest elementary school, where I was an

1     Assistant Principal and now at the Manning School,  
2     one of Boston's smaller schools. I have witnessed  
3     personally the transformation that City Year teams  
4     achieve through their service. They mentor  
5     children, help them learn to read, offer tutoring  
6     and extra help sessions, develop special activities  
7     within the classroom and after the school day.  
8     City Year service work coupled with the committed  
9     educational professionals is showing that the  
10    situation in our country's schools is not hopeless.

11                    During school vacation when many  
12    parents who are working have to decide whether to  
13    miss work or leave their children unsupervised,  
14    City Year operates vacation week camps. This  
15    year, they service over 1,000 children and their  
16    families, and still they have to turn away  
17    hundreds more who wanted to attend. City Year's  
18    service meets real needs, and in working with  
19    children, City Year corps members have a  
20    credibility and a presence that no one else can  
21    match.

22                    When we first began working with City  
23    Year, many of the teachers in the schools were  
24    hesitant. What are these young people going to do



1     they would ask? Would they be one more headache  
2     for us? Today we can hardly imagine how we ever  
3     got along without them. Corps members changed  
4     student's lives and changed schools making them  
5     places where lifelong learning begins. They are  
6     truly leaders of our children.

7                     There is an African proverb that says  
8     it takes a village to raise a child. Wherever it  
9     goes, City Year makes for a stronger village. The  
10    young people you see here in these uniforms are  
11    not gang members intent on destruction, but young  
12    leaders intent on lifting up the children in our  
13    village to fulfill their potential. I am sure  
14    that in your state and your cities you need them  
15    just as we do, but most of all, our children need  
16    them.

17                    Thank you.

18                    (Applause.)

19                    MICHAEL BROWN: Good afternoon. My  
20    name is Michael Brown and together with  
21    Alan Khazei, I am co-director of City Year.

22                    I want to take this opportunity to  
23    thank Governor Weld and the N.G.A. for inviting us  
24    to present this most incredible group of committed

1 leaders today. Governor Weld is a Commonwealth  
2 champion for youth service across the State of  
3 Massachusetts, and on behalf of everyone at City  
4 Year I want to thank him for his incredible  
5 commitment to our program.

6 Early in his administration, he  
7 appointed the Massachusetts Community Service  
8 Commission that successfully led the efforts of  
9 City Year to be named the National Demonstration  
10 Program under the Bush Administration. It's our  
11 first ever Federal funding after five years of  
12 private sector support, and he made us a  
13 public/private partnership. He took to business  
14 this year and met the corps members, and the Weld  
15 Administration, as the Governor mentioned, has  
16 done nothing -- really in terms of reinventing  
17 government is providing those free passes to young  
18 people as they go out and do their service every  
19 single day.

20 I also want to take the opportunity to  
21 thank Governor Campbell of South Carolina,  
22 Governor Wilson of California, Governor Edgar of  
23 Illinois, Governor Voinovich of Ohio and Governor  
24 Sundlun of Rhode Island for their help in starting

1 City Year Programs.

2 This is an extraordinary week. It was  
3 25 years ago this week that we sent a man to the  
4 moon in this country. It was one of the most  
5 exciting and successful endeavors in our history,  
6 and it's a glowing tribute to the American ideals  
7 in action. It brought us closer together as a  
8 nation, and it speaks volumes of the American  
9 character. We went to the moon because as a  
10 nation we became committed to an incredibly  
11 idealistic goal, a goal that seemed all but  
12 impossible, and because the Americans had real  
13 people to identify with and cheer on, the  
14 astronauts, that we became committed to that  
15 initiative. The astronauts are the heroes and the  
16 pioneers that the public hugely adored. Americans  
17 delight in the whole idealistic effort of going to  
18 the moon and back. They were willing to invest in  
19 resources for it to succeed, and to the moon we  
20 went.

21 Well, 25 years from now let's have  
22 another amazing thing happen in our country.  
23 Let's make it so that devoting a year to full-time  
24 community and national service becomes a natural

1 part of growing up in America as normal and as  
2 natural as going to high school. Let's have a  
3 nation in which the more common question an  
4 18-year-old asks of her friends is: So what are  
5 you going to do with your service year? If ever  
6 there were a major idealistic notion for the  
7 American people to delight in its youth service ,  
8 potentially the mother of all idealism.

9           Today with the Cold War over, America  
10 knows its greatest challenges are here in our own  
11 background: homelessness, AIDS, infant mortality,  
12 illiteracy, drug abuse, dissolution of community,  
13 family and shared values, and cynicism itself.  
14 Let's release the idealism of a generation of  
15 Americans on America's problems and see who wins.  
16 The young people are America's problems. I am  
17 betting on the young people.

18           Go Run After School Program gives the  
19 eight year olds a caring alternative to city  
20 streets. They will go door to door and jump start  
21 recycling initiatives. They haul rusty bed  
22 springs and syringes out of vacant city lots and  
23 transform them into community parks and gardens.  
24 They will convert abandoned buildings into

1     affordable housing. They will cheer and clap as  
2     children step off of their school bus and then  
3     follow those kids inside and serve as powerful  
4     role models, tutors and mentors, as Priscilla  
5     said. And while they know their community, the  
6     community knows them. They gain new skills in  
7     confidence. They discover that change is possible  
8     both in themselves and in their world. They learn  
9     that one person can make a difference and that a  
10    community of committed people can move mountains.  
11    The national service we are trying the Energy  
12    Island with young people between multi-billion  
13    dollar service resources. We will turn our youth  
14    into experts and committed citizens on what our  
15    country and community needs. And to marshal the  
16    nation's will to move the best ideas forward, but  
17    perhaps most of all, national service can be a  
18    catalyst for the common good. At a time when we  
19    are painfully aware of the many things that divide  
20    us, national service can unite us by engaging  
21    young people from all backgrounds, rich and poor,  
22    city and suburb, high school drop-out and college  
23    graduate, heavy metal, rap and reggae for a common  
24    public purpose.

1                   It can help shatter social, economic  
2   and ethnic barriers and break through apathy  
3   itself. It can help weave our opportune and  
4   social fabric back together. Long-term it can  
5   help make our democracy more effective, more  
6   productive, more thoughtful and more just. This  
7   is the extraordinary promise of voluntary national  
8   service. It's a unique democracy-building id a.  
9   It shares in original adventures in idealism  
10   potentially becoming a right of passage for  
11   hundreds of thousands and potentially millions of  
12   Americans. To reach this goal it's going to take  
13   incredible leadership at every level. Clearly,  
14   presidential leadership is central, and  
15   President Clinton has been providing powerful  
16   leadership on national service. He declared the  
17   national service to be a signature of his  
18   administration and appointed close personal  
19   advisor Eli Siegel to restore the effort and  
20   successfully go a truly bipartisan consensus to  
21   pass the National Service Trust Act and engage the  
22   American corps initiative.

23                   We at City Year owe a special debt to  
24   the President. He personally visited City Year

1 and sent key members of his administration, and  
2 you sit here as one of the models of national  
3 service legislation, and every opportunity  
4 including jogging in a City Year sweatshirt, we  
5 personally encourage the City Year corps members  
6 to continue to provide inspiration and to live up  
7 to the highest ideals of national service; and now  
8 because of his personal commitment and with other  
9 leaders like yourselves across the country, City  
10 Year is now preparing to engage them not only in  
11 Boston but nationwide.

12 But just as important as Presidential  
13 leadership is strong gubernatorial leadership.  
14 National service must never become the exclusive  
15 province of the Federal Government or any one  
16 sector. The states and localities have always  
17 been the sea bed of the modern youth services  
18 movement going on three decades now, and so many  
19 of you have been leading the way for years by  
20 starting and encouraging state and local service  
21 initiatives. More than ever with your leadership,  
22 the states can become vital laboratories for  
23 national service providing the innovation,  
24 experimentation and strategy to build a vibrant

1 network of programs. Perhaps one day soon this  
2 State's new service infrastructure will be just as  
3 important as the health and well-being of its  
4 economic base as its natural resources.

5           When dedicating a year of service  
6 becomes as common as going to high school, the  
7 response of that question where are you going to  
8 do your service year might be C.V.C. in New York  
9 City, the public allies around the country as well  
10 as Youth Ville, the Peace Corp., City Year, the  
11 East State Conservation Corp., VISTA, California  
12 Conservation Corp., the New C.C.C., Teach for  
13 America and many others. Spending a year in  
14 full-time service is as common as going to high  
15 school. The states can help meet us there.

16           Private sector direction and support  
17 is also crucial. Just like sending a man to the  
18 moon, the acid test for national service is simply  
19 this: Americans must delight in national  
20 service. They must embrace national service.  
21 They have to love national service, and national  
22 service must be worthy of their love. They must  
23 love it, because those thousands of young people  
24 in full-time service will be their own sons,



1 daughters, brothers, sisters, grandkids and  
2 neighbors. Those thousands of young people won't  
3 be a laboratory for even in outer space. They  
4 will be living in our homes and serving in our  
5 streets everyday in front of everyone's noses. If  
6 it's not working, we won't have to wait for a  
7 major study to tell us. The American people will  
8 be evaluating it every single day.

9                   Finally, be the national service  
10 equivalent to the astronauts. This part is easy.  
11 They are standing in this room today, and they  
12 represent thousands of young people that many of  
13 you have placed into service around the country  
14 already. They are the people in service in  
15 America. They are new pioneers. They are boldly  
16 serving where no one has served before, and  
17 national service can be America's final frontier.  
18 Young people in service are the new American  
19 heroes to cheer and for children to look up to.  
20 And their stories, as Marilyn is here today, are  
21 remarkably compelling. As Doctor Martin Luther King  
22 told us, everybody can be great, because anyone  
23 can serve. Let's make a year of service an  
24 ordinary and remarkable part in American life. If

1 real and pressing needs are met, if young people  
2 grow and mature to service beyond their years, if  
3 the very sight of a team of diverse corps members  
4 sends shivers down our spines as we see them hard  
5 at work, if we can tap the idealism of youth like  
6 the oil gusher that it truly is, then look out,  
7 national service will go into orbit. It will  
8 delight and engage the American public. It will  
9 be here to stay, and it will energize the American  
10 democracy. It will be a glowing tribute to the  
11 American ideals in action, and it can bring us  
12 closer as a nation, while speaking volumes on the  
13 American character. The stakes are large, and the  
14 opportunity is great. Let's go to the moon.

15 Thank you for allowing us to present  
16 today.

17 (Applause.)

18 CITY YEAR PARTICIPANT: Once again on  
19 behalf of City Year, I would like to thank you for  
20 having us here to speak to you today and also to  
21 share our service with us.

22 Thank you once again.

23 (Applause.)

24 CITY YEAR PARTICIPANT: Let's go,

1 Corps.

2 CHAIRMAN CAMPBELL: I wondered if we  
3 have that much energy around the table. If we  
4 have, then we are going to bottle it, too. I  
5 think it will be all right. We sure are delighted  
6 to have the people from City Year with us, and it  
7 already restores your faith in the youth of the  
8 country when you see young people out trying to do  
9 good things, and so we are very pleased that they  
10 came to see us today.

11 We are going to recognize some people  
12 that have done some outstanding things in America.  
13 The Governors' Association, the National Governors'  
14 Association has an awards program that has been a  
15 tradition with this organization since 1976 that  
16 recognizes distinguished service to state  
17 government, and this year N.G.A. will present  
18 awards to three people in the state official  
19 category, three in the private citizen category  
20 and one each from the artistic production and art  
21 support categories. I want to thank the Governors  
22 who submitted the nominations for these awards.  
23 All the nominees were outstanding. In addition, I  
24 would like to Bob Selman from South Carolina, who

1     chaired the Selection Committee as well as the  
2     other members of the committee. And I would like  
3     to ask that the award winner's governors, if  
4     present, come forward as their award winner is  
5     announced. If you will, Governors, if you come up  
6     with them, come from this side, because that is  
7     where the camera will be, and I know you want to  
8     have that.

9                     (Laughter.)

10                    CHAIRMAN CAMPBELL: Now, first, the  
11     first state official is Howard A. Peters, III,  
12     Director of the Illinois Department of  
13     Corrections, and his award is for extraordinary  
14     leadership, hard work and innovation in managing  
15     his State's inmate population.

16                    Mr. Peters, we are sorry that Governor  
17     Edgar could not be with us today. Of course, you  
18     know of his circumstance, and I know that he  
19     extends his sincere congratulations.

20                    (Applause.)

21                    CHAIRMAN CAMPBELL: Next is  
22     C. James Conrad, Director of the Ohio Department  
23     of Administrative Services. His award is for  
24     efficient reorganization and transformation of the

1 Ohio Bureau of Employment Services at the Ohio  
2 Department of Human Services as well as  
3 co-founding the Ohio Office of Customer Service  
4 within the Department of Administrative Services.  
5 Joining him is Governor George Voinovich of Ohio.

6 (Applause.)

7 CHAIRMAN CAMPBELL: Now we have  
8 Manny Martins, Assistant Commissioner of the  
9 Tennessee Department of Health Bureau of Medicaid  
10 Administration. He is being recognized for  
11 implementing the TennCare Program, which provides  
12 health care for over 315,000 uninsured denizens  
13 while saving Tennessee more than a billion  
14 dollars.

15 Mr. Martins, you have been an  
16 inspiration to many of us. Congratulations.

17 (Applause.)

18 CHAIRMAN CAMPBELL: In the area of  
19 private citizen awards, the National Governors'  
20 Association also honors those citizens who give  
21 their special talents and resources to serve their  
22 states, and almost always their services are  
23 volunteering and without pay.

24 The first distinguished citizen is

1 from Indiana, Sandy Snider, for the enactment of  
2 Zachary's Law. Ms. Snider whose 10-year-old son,  
3 Zachary, was abducted and murdered by a convicted  
4 child molester, turned her personal grief into a  
5 political crusade and created a state-wide  
6 registry of convicted child molesters, which is  
7 provided to all school and child care providers  
8 and a law requiring all state employees who work  
9 with children to be screened for prior convictions  
10 of sex offenses against children. That is a good  
11 law.

12 (Applause.)

13 CHAIRMAN CAMPBELL: I know that  
14 Governor Bayh is very proud of her and all that  
15 she has done to help in their state and provide us  
16 maybe a catalyst for the rest of us.

17 Next from Michigan is Father  
18 William T. Cunningham, the Founder of Focus:  
19 HOPE, Detroit's civil and human rights  
20 organization, which provides food, job training  
21 and employment for Detroit's unemployed.

22 (Applause.)

23 CHAIRMAN CAMPBELL: I know that  
24 Michigan is very proud, Governor, of your citizens

1       there.

2                       Finally in the private citizen  
3       category is Annette Wright of Vermont, the  
4       National Foster Parent of the Year. I want you to  
5       listen to this. Ms. Wright has been a foster  
6       parent of 100 children, a biological mother of  
7       nine and adoptive mother of one, and she has  
8       created a living legacy to the power of caring,  
9       and she entertained this last Christmas her  
10      extended family of 83. I would ask you to come  
11      forward.

12                      (Applause.)

13                      CHAIRMAN CAMPBELL: I know that  
14      Governor Dean is very proud of his constituent  
15      from Vermont.

16                      The next is the area of services to  
17      the arts and arts award winners. Each year the  
18      National Governors' Association gives awards for  
19      distinguished service to the arts, both for  
20      artistic production and for support of the arts.  
21      And I would like to thank my wife Iris for  
22      chairing the arts for U. Penn.

23                      The Artistic Production Award goes to  
24      Bruce Marks, Artistic Director of the Boston

1 Ballet, obviously here in Massachusetts. It is  
2 for his commitment to bringing dance to the widest  
3 constituency possible, for beginning a series of  
4 audience development programs to bring people with  
5 special needs and disabilities, AIDS and cancer to  
6 validate performances and for founding CITYDANCE,  
7 a tuition-free ballet training program for  
8 inner-city youth.

9 And I know that Governor Weld is very,  
10 very proud of this accomplishment.

11 (Applause.)

12 CHAIRMAN CAMPBELL: The Arts Support  
13 Award goes to Terry Haller of Wisconsin. A  
14 volunteer leader and arts benefactor, Mr. Haller  
15 is a board member or advisor of 11 festivals,  
16 theaters and foundations. Mr. Howard has not only  
17 pushed for support of the arts but has also  
18 donated his business and computer expertise and  
19 funding to help community arts organizations. He  
20 is a role model for individual involvement in the  
21 artistic life of our nation.

22 Mr. Haller, Governor Thompson, who is  
23 unable to be with us here today has asked me to  
24 extend to you his congratulations on this honor.



1       Won't you please come forward.

2                       (Applause.)

3                       CHAIRMAN CAMPBELL:   Let's give them a  
4       round of applause to all of these award winners.

5                       (Applause.)

6                       CHAIRMAN CAMPBELL:   We really have  
7       some outstanding citizens in this country, and it  
8       sure is good to recognize some of them on occasion  
9       since we read about all the bad things.  It's  
10      awfully -- it's an awfully good feeling to do some  
11      good things.

12                      You know, we have been particularly  
13      fortunate this year to have several Governors, who  
14      have been very active and very successful in  
15      providing to achieve some protection against  
16      unfunded Federal mandates.  I am now going to call  
17      on Governor Voinovich along with Governor Sundlun  
18      and Governor Nelson to discuss Federalism and the  
19      unfunded mandates.  Governors, you have pulled off  
20      a miracle since our recent winter meeting.  You  
21      got unanimous bipartisan approval of F. 993 in the  
22      Senate Governmental Affairs Committee for Mandate  
23      Relief; and now, Governor Voinovich, I am told  
24      that we are going to have a change in schedule.

1     However, it was a good introduction, wasn't it?

2                     (Laughter.)

3                     CHAIRMAN CAMPBELL: I wanted you to  
4     know how much we thought of you. We are going to  
5     move into the health care portion due to the plan  
6     schedules that will have to be met, and we are  
7     coming back then to the Federal mandates.

8                     As we turn our attention to the main  
9     subject of this session, it will be the health  
10    care reform issue, and during the last several  
11    years there have been dramatic changes in the  
12    structure of the health care industry. State  
13    Government has taken the leadership for reform,  
14    driven mainly by businesses seeking to moderate  
15    health insurance costs, health maintenance  
16    organization reforms, and preferred reliable  
17    networks are being created across the country in  
18    state after state. In some areas, hospitals have  
19    taken the leadership to create networks, while in  
20    other regions it has been groups of doctors or  
21    insurance companies, and the acceleration in this  
22    trend is due to the fact that health care costs  
23    have now reached the threshold where public and  
24    private employers are taking aggressive action.

1           The National Governors' Association  
2   has been very happy to go on national health care  
3   reform this year. We already have testified five  
4   times before the Congress. Governor Dean and I  
5   testified before the full Ways and Means Committee  
6   and the Senate Finance Committee. We have had  
7   special meetings with Senator Dole and Senator  
8   Daschle and Senator Chafee as well as with  
9   Chairman Rostenkowski, Dingell and Representative  
10   Cooper. We are now at a crucial stage, and  
11   frankly, there are some troubling financial  
12   implications for states in many of the bills that  
13   are in the Congress of the United States. Nearly  
14   all appear to be underfunded, and when push comes  
15   to shove people may well look to the states. So  
16   we have an interesting discussion.

17           I would now like to call on Governor  
18   Walters to come forward for an introduction of our  
19   guest speaker that we are proud to have at this  
20   time, Senator Nickles.

21           Governor Walters, please come forward  
22   for the introduction.

23           GOVERNOR WALTERS: Thank you,  
24   Governor Campbell.

1           We are very pleased today to have  
2   Senator Nickles with us, who when Senator Boren  
3   resigns later this year in our state to take over  
4   the Presidency of the University of Oklahoma, will  
5   become the senior Senator in Oklahoma. He was  
6   elected in 1980. He comes from Tonkawa City where  
7   he was in business there for many years prior to  
8   serving in the United States Senate. He served on  
9   the Appropriations, Budget, Energy and Indian  
10   Affairs Committee. He is Chair of the Senate  
11   Republican Policy Committee. He is Vice Chair of  
12   the National Republican Senatorial Committee.

13           He was asked to address the National  
14   Governors' Association today because he is the  
15   principal author of the Senate Republican Health  
16   Care Reform Plan called the Consumer's Choice  
17   Health Security Act. We are very pleased that  
18   Senator Nickles would take time to be with us  
19   today to help kick off the health care debate.

20           Senator Nickles.

21           (Applause.)

22           SENATOR NICKLES: Governor Walters,  
23   thank you very much, and I am just delighted to be  
24   here. Chairman Campbell, thank you for your

1 invitation and hospitality; and Governor Weld,  
2 it's fun to be in Boston. We were proud in  
3 Oklahoma to host you last year, and we gave you a  
4 warm reception, I think, in Tulsa, Oklahoma, and  
5 we are delighted to be in Boston. You have a lot  
6 of history, a lot of heritage. I know I was  
7 thinking about trying to attend some of the  
8 historical spots, the Old North Church and  
9 Bunker Hill, Lexington, Concord, Cheers  
10 (laughter), other places of interest, but it is a  
11 pleasure to be here.

12 It's kind of a tough time to be in  
13 Congress. I was thinking it may be a tough time  
14 to be a governor as well and maybe even be in  
15 public service. I will tell you in Congress w  
16 just had so many scandals. You know even in the  
17 House side we have had the banking scandal where  
18 people are bouncing checks, and we had a Post  
19 Office scandal. In the Senate, you know, we have  
20 had other scandals. We have had sex scandals, and  
21 some people are into other kinds of scandals. I  
22 told my colleague Bob Villa, just, you know, it's  
23 terrible but about 90 percent of our colleagues  
24 are giving the rest of us a bad image.

1 (Laughter.)

2 GOVERNOR NICKLES: That was a joke.

3 (Laughter.)

4 SENATOR NICKLES: And I will tell you  
5 it has been kind of a humbling job, I was  
6 thinking. I was in church not too long ago, and  
7 the minister said, Well, we should pray for our  
8 leaders. And it makes you kind of feel good,  
9 because you know they are going to pray for you.  
10 It's kind of nice. And then even in Tulsa, which  
11 we have a lot -- if you were in Tulsa last year,  
12 there is a billboard, a big billboard. It says on  
13 there, pray for our leaders. I thought, gosh,  
14 that is really nice. Then in the corner of it, it  
15 said, Solomon 109, Verse 8, and I thought that is  
16 really special. I am going to look that up. And  
17 then Solomon 109, Verse 8 said, May his days be  
18 few and may another take his place in office. So  
19 it's kind of a tough chore nowadays.

20 Let me just touch on a few things that  
21 may be a Republican perspective of health care in  
22 some of the debates that we are wrestling with,  
23 because we are going to have legislation on the  
24 floor in the next couple of weeks, and I want to

1 say first Governor Campbell and Dean and others  
2 who have been testifying before Congress, we thank  
3 you for your input. We welcome your input. We  
4 need your input. We solicit your input. You all  
5 are on the front lines. You are working on the  
6 health care issue day-in and day-out, the  
7 administration of Medicaid and other programs to  
8 help people who are falling through the cracks for  
9 whatever reason, and we need your input, and I  
10 just thank you for the orientation. The National  
11 Governors' Association has done an outstanding  
12 job, I think, in representing your views, and  
13 there is still a lot of work to be done. So we  
14 just continue to solicit your ideas.

15 Let me just say the Republicans, by  
16 and large, we share the goal of quality health  
17 care for all Americans, and a lot of people are  
18 getting hung up on the debate. Well, are we going  
19 to have universal care, but we want all Americans  
20 to have quality health care, and we want it to be  
21 more affordable, and that is kind of a goal. We  
22 would like for everybody to have a job. We would  
23 like for everybody to have a home, and there are  
24 some things we can do on the Federal level, we

1 believe, to make it more accessible, to make it  
2 more affordable for everyone. Some people turn  
3 that goal or that objective and say, well, we want  
4 to mandate health care. And most Republicans will  
5 draw the line and say, no, that is not the right  
6 solution. So let me just talk about some of th  
7 things that Congress is now working on.

8 I will refer to the Finance Committee  
9 Bill, that is the bill that just this week passed  
10 our Finance Committee a week or so ago, and I will  
11 refer to the Labor Committee in the Senate. That  
12 is the bill that passed Senator Kennedy's  
13 committee about a month ago, and I will refer to  
14 those quite often and mention some of the problems  
15 that many of us have on the Republican side and  
16 then mention some of the alternatives that we are  
17 pushing for.

18 I will tell you first and foremost, a  
19 lot of us say we would like to do no harm. We  
20 have a very quality health care system in this  
21 country today. We don't want to make it a mess  
22 up. We have quality health care in this country,  
23 and if Congress isn't careful, we could do harm.  
24 We could hurt the economy. We could put people



1 out of work. We could cost jobs.

2 Governor Weld was kind enough to  
3 mention that I was in the private sector. I ran a  
4 business. It is true, I used to make an honest  
5 living.

6 (Laughter.)

7 SENATOR NICKLES: And I am really  
8 concerned about some of the proposals that are  
9 being bandied about that I think would cause  
10 serious damage, both on quality of health care and  
11 also on the economy, on the number of jobs, on the  
12 impact it would have on business. And a lot of  
13 people talk about small business say, Well, we  
14 want to help small business. We don't want to do  
15 anything that would hurt. And some of the  
16 proposals say, Well, we will give them a better  
17 deal. We will limit their costs. We will  
18 subsidize the cost for small business or low  
19 income or lower it for small business and make up  
20 the difference someplace else.

21 I used to have a janitor service, just  
22 my wife and I, and we employed a few people. We  
23 didn't provide health insurance for our employees.  
24 A rather small business, just my wife and I. She

1     didn't like it. She quit. It was a real small  
2     business, but this idea of government coming in  
3     and mandating health care on every business in  
4     America as proposed by most of the Democrat bills  
5     would really cause economic damage. It would cost  
6     jobs. It would put people out of work. Most  
7     Republicans how they all would vote in the Senate  
8     with maybe one exception are opposed to that. We  
9     think that is a non-starter. We think it would do  
10    more damage than good.

11                 Most Republicans don't support the  
12    idea of price caps or price controls. Price  
13    controls haven't worked. They don't support the  
14    idea of just a Labor Committee Bill for a global  
15    budget. Do you think we can pass bills before the  
16    Federal Government is going to say, we will only  
17    spend so much money private and public on health  
18    care. That is like trying to pass a bill and say,  
19    well, we are going to spend so much money on food  
20    in the grocery stores and restaurants and so on.  
21    It won't work. We think that is a non-starter.

22                 Most of us are opposed to this idea of  
23    standard comprehensive benefits that are in almost  
24    all the new bills also, in the Finance Committee

1 Bill and the Labor Committee Bill. This idea of  
2 government coming up and writing a mandate, a very  
3 extensive and very expensive, expensive health  
4 care package.

5 The President and Mrs. Clinton  
6 introduced a package. It is estimated to cost  
7 \$6,000 per family. Now that is a lot of money.  
8 And I know that you are going to have a program  
9 later that Governor Voinovich and others are going  
10 to be talking about unfunded mandates. Well, that  
11 is a big unfunded mandate. A lot of employers are  
12 providing health care for their employees, but it  
13 cost a lot less than \$6,000. And so if Congress  
14 is going to come up with a standard benefit  
15 package and mandate on everybody in America, a lot  
16 of those packages and a lot of states, I might  
17 mention, have packages that cost significantly  
18 less, maybe \$2,000. Well, that is really a  
19 mandate of the tax increase of about \$4,000.  
20 Think of that. And so I would urge you to really  
21 consider this idea of a standard benefit package,  
22 and the Labor Committee package is probably even  
23 more expensive. It hasn't been costed out yet as  
24 far as how much that will cost per employee.

1           The Finance Committee package also  
2   calls for standard benefit designed by  
3   Government. I really resent that, because of the  
4   companies that I manage we provided insurance for  
5   a lot less money than \$6,000. I asked Mrs. Clinton,  
6   I said, Well, our company, we self-insure for the  
7   first several thousand dollars, and if we buy  
8   catastrophic coverage above that, I said can we  
9   keep our plan under the President's proposal? The  
10   answer is no. The answer is no under almost any  
11   of these standard benefit packages, because they  
12   are not the same. They would say almost all  
13   private plans that are out there, if your plan is  
14   not good enough, it has to be replaced with the  
15   government-knows-best plan, and I think that is a  
16   serious mistake.

17           Most all of the Democrat packages do  
18   have massive, massive new taxes, and again that  
19   would really cause economic harm. The Finance  
20   Committee Bill has 12 tax increases; the Labor  
21   Committee Bill has 17. Most of you are aware of  
22   the fact, well, they have cigarette taxes. The  
23   President's package has a cigarette tax, a dollar  
24   a package, and the Finance Committee a dollar and

1 a half to the Labor Committee. You may or may not  
2 be aware of the fact that the Labor Committee has  
3 a 5.5 percent premium tax, and the Finance  
4 Committee has a 1.75 percent tax on all health  
5 insurance premiums. You may not know the fact  
6 that the bill that has been forwarded out of the  
7 Finance Committee has a 25 percent tax on  
8 expensive premiums. Again, for insurance  
9 premiums, the cost above the average with an  
10 incremental above the average or lower cost  
11 H.M.O.-type plan, there will be a 25 percent tax  
12 surcharge tacked on to those.

13           You may or may not be aware, but I  
14 hope you are aware of the fact that there is  
15 massive new payroll taxes envisioned under these  
16 plans as well. President Clinton had a payroll  
17 tax that went from 3.9 to 7.9 percent. The Labor  
18 Committee package was 12 percent on payroll taxes,  
19 12 percent on employers and 3.9 percent on  
20 employees, a combined tax of 15.9 percent. That  
21 is more than the Social Security/Medicare tax.  
22 Most people aren't even aware of that. Most  
23 people aren't aware of the fact that the package  
24 as proposed by President and Mrs. Clinton costs

1     \$6,000 per family.

2                   And so I reiterate the fact that the  
3     Republicans want health care reform. We want it  
4     to be more accessible, more affordable for all  
5     Americans. We want everybody to have quality  
6     health care, but we really resent the idea and  
7     detest the idea of Government coming in with a  
8     heavy mandate saying we know best. States, we  
9     don't care what you say. We are going to mandate  
10    something very expensive on the State of Minnesota,  
11    the State of South Dakota. What about the  
12    teachers in the State of Maine? What about the  
13    teachers or other groups that maybe have health  
14    care that costs \$2,000, or maybe \$2,500, or \$3,000  
15    in the State of Virginia? The Federal Government  
16    is going to come up with a plan that is going to  
17    mandate a cost of double that amount? Where is  
18    that money going to come from? Well, it comes from  
19    in some states that are so stressed you will have  
20    to cut wages, or they won't get future increases,  
21    and there will be a real problem. And so a lot of  
22    us believe very, very strongly that we should be  
23    very careful not to overpromise and underfinance.  
24    Let's not promise benefits that we can't pay for.

1           The Labor Committee has a provision  
2   that the President's bill says well, we are going  
3   to have the Federal Government pick up 80 percent  
4   of the health costs for people that retire between  
5   the ages of 55 and 65. A brand-new massive  
6   expansion -- expensive entitlement. It also says  
7   well, we will pick up your prescription drugs. We  
8   will pick up long-term health care. We will pick  
9   up subsidies for all these small businesses that  
10  we said we didn't want to hit too hard, and we  
11  will even subsidize big business.

12           In the President's proposal he said,  
13  we'll limit the payroll cost to all businesses to  
14  7.9 percent of payroll. So you are going to have  
15  Uncle Sam doing massive cost shifting to taxpayers  
16  to bail out companies; and frankly, I would say I  
17  served on the Budget Committee, and there is not  
18  enough money to do it. And so Congress should b  
19  very, very careful not to overpromise and  
20  underfinance. The net result, if you do that,  
21  well, you will have the Government mandated by law  
22  a very expensive package of benefits and say you  
23  have to provide those, private sector. You have  
24  to provide those states due to alliances and so

1 on. And when there is not enough money, what is  
2 going to happen? Well, then you will have to have  
3 price controls. That won't work. It never has  
4 worked. And then you will have to ration health  
5 care, and then the quality of health care would  
6 come tumbling down; and again, I say that at the  
7 outset, a lot of us really believe we should do no  
8 harm.

9 Let us make sure that whatever reform  
10 we want that we pass. A lot of us -- I think  
11 almost all of us favor passing quality health care  
12 reforms this year, but let's make sure we do no  
13 harm. What are some of the things that we do  
14 favor on the Republican side? We do favor  
15 protecting consumer choice, maximum consumer  
16 choice. We think that individuals should be able  
17 to choose how much insurance do they want. They  
18 should be able to buy it. This shouldn't be  
19 decided by Government, and it shouldn't be  
20 dictated by Government. It shouldn't be mandated  
21 by Government. We think individuals should have  
22 greater options, to buy an expensive plan or less  
23 expensive plan. We don't think the tax code  
24 should be used to prohibit different types of



1 plans that there now are. We think there is  
2 really inequities in the tax code and that we  
3 could eliminate some of those inequities. You  
4 know, a lot of people right now they have a nice  
5 deal through their health care, because it's  
6 excluded from income, but people if they don't  
7 have a job, they don't get anything from the tax  
8 code. So the tax code basically discriminates  
9 against low income, and it discriminates against  
10 people who have no jobs. They get no benefit if  
11 they are working for a company that doesn't  
12 subsidize health care. That's not right. Well,  
13 under Senator Dole's bill, we could -- we should  
14 have tax equity. Let's give a tax break to all  
15 individuals, not just people that have a job, and  
16 I think that is a positive real reform.

17 We say -- we put in a medical  
18 I.R.A. so people could actually self-insure if  
19 they want to buy a catastrophic-type plan, then  
20 they could self-insure for the smaller amounts.  
21 And then you would have consumers really becoming  
22 price sensitive, and people are a lot more  
23 sensible with their own money than they are with  
24 government money or even an employer's money, and

1 so that will change consumer behavior and help  
2 drive health care costs down.

3 We favor insurance reform. We don't  
4 think people should be denied insurance because of  
5 a preexisting illness. We don't think they should  
6 be terminated because they become ill. And we do  
7 favor affordability. We think people should do  
8 that. If we have that for the Federal employees,  
9 we think we should make it available for all  
10 persons.

11 We favor giving assistance to the  
12 low-income people and targeting that assistance  
13 towards low-income people. I might mention under  
14 Senator Dole's bill, we go up to 150 percent of  
15 poverty. And in the Finance Committee and the  
16 Labor Committee Bill, they go up to 200 to  
17 250 percent, so it's a lot more expensive.

18 I also would just make the caveat. I  
19 really believe that we should give the states the  
20 maximum amount of flexibility in working with  
21 these programs to help low-income people. You are  
22 on the streets. You are working with the people,  
23 and I will tell you that Washington, D.C. is not  
24 the source of all wisdom, and I would encourage

1     waivers. I would encourage to give states a great  
2     deal of latitude and flexibility in turning ov r  
3     the monies and the tools to help low-income people  
4     meet these medical needs.

5                     I would also say that we favor medical  
6     malpractice reform. It is not in the President's  
7     package. There is significant reform in the  
8     Finance Committee package. There is not in  
9     Senator Kennedy's bill. But we put limits on  
10    noneconomic damages of \$250,000. We have joint  
11    and severed liability. We need some medical  
12    malpractice reform to get some of the defensive  
13    medicine that is driving the cost of health care  
14    sky high. We need administrative simplification,  
15    and I heard the President and Mrs. Clinton say that,  
16    but I look at their bill, and it's 1342 pages, and  
17    it has over 100 new bureaucracies. I don't see  
18    that as administrative simplification.

19                    And finally, I will just say that we  
20    need the cooperation and effort from a lot of  
21    people in this room. This is a big challenge.  
22    This is a big task. Is Congress up to it? I hope  
23    so. I hope that we are up to working together in  
24    a bipartisan fashion to come together to do what

1 is doable this year, to make some of these  
2 insurance reforms, to make some malpractice  
3 changes, to make some very positive reforms, to  
4 make insurance successful or affordable for all  
5 Americans without the heavy hand of the government,  
6 without the government coming in and mandating on  
7 every business, without the government coming in  
8 and saying, your plan is illegal. We know better,  
9 so we are going to come in with a more extensive  
10 Federalized-type program. I think that would be a  
11 serious mistake.

12               So let me just urge you and say thank  
13 you for your past cooperation. I have had the  
14 pleasure of working with many of you. You have  
15 been very good at consulting with us, and I hope  
16 that likewise it will be a two-way street as we  
17 work on marking up legislation in the next several  
18 weeks and coming months. I look forward to  
19 working with each and every one of you to come and  
20 fashion a good, positive bipartisan health care  
21 reform for both of us.

22               Thank you all very much.

23               (Applause.)

24               CHAIRMAN CAMPBELL: Senator Nickles

1     said he would be glad to take any questions.

2                     Does anyone have questions?

3                     Governor Romer.

4                     GOVERNOR ROMER:   Senator, one of the  
5     concerns we have had is unfunded mandates, and  
6     this is a bipartisan comment.   Our current  
7     estimates are that the Dole Bill will put  
8     \$80 billion on our plates over a five-year  
9     period.   We are very, very concerned about any  
10    program that caps Medicaid and then expects us to  
11    take the expenses, and, you know, I wonder what  
12    would be your answer to that problem with the Dole  
13    Bill?

14                    SENATOR NICKLES:   Governor Romer, I  
15    appreciate your comment.   I can only say I share a  
16    lot of those concerns, and I would say it is a  
17    bipartisan concern.   I am also delighted that the  
18    Governors worked as energetically as you have as  
19    far as trying to combat unfunded mandates on  
20    states and cities, and I want to include that on  
21    the private sector.

22                    Let me just -- I still have a private  
23    sector hat on.   There has been no greater piece of  
24    legislation calling for an unfunded mandate as

1 proposed in the health care legislation proposed  
2 by Mrs. Clinton in some of the legislation passing  
3 through Congress. The issues included not just  
4 state and cities, but also include the private  
5 sector. You have a Federal Government mandate,  
6 the employer state, whoever you have to provid  
7 these benefits, and the money is not there. That  
8 is an unfunded mandate, so I think that is  
9 important.

10           You mentioned the cost of capping the  
11 benefits and the fact that the Dole Bill reduces  
12 Medicaid by about \$43 billion over the next five  
13 years. I might just mention that that is a  
14 reduction. A lot of that comes from the  
15 disproportionate share program which just exploded  
16 in the last several years and, frankly, needs to  
17 be reined in. I also will mention, too, that the  
18 disproportionate share program is scheduled to be  
19 eliminated under other proposals including, I  
20 think, the President's and so on. And this final  
21 comparison on Medicaid cuts, the Administration's  
22 proposal was to reduce it over five years to a  
23 hundred and, I think, sixty-five million; Senator  
24 Dole's proposal is \$43 billion. And so several of

1 the proposals, as Governor Campbell mentioned, do  
2 make reductions in Medicare and in Medicaid. Som  
3 of those reductions in greater growth, frankly,  
4 are needed.

5 I might make one other caveat on  
6 Medicaid. You all are working with the program,  
7 but it is an exploding program. The last  
8 three years, the growth in Medicaid is compounded  
9 at 28, 29 and 13 percent. That is not sustainable  
10 and needs to be reined in. And I will be -- I  
11 would just say that the Governors' Association I  
12 know has been in contact with Senator Dole's staff  
13 and mine and others trying to see what we could do  
14 on the cap issue that would be fair, and we are  
15 very perceptive. I think some of the points you  
16 make -- I don't -- we don't want to pass an  
17 unfunded mandate, and I think your input is very  
18 welcome.

19 CHAIRMAN CAMPBELL: Governor Engler.

20 GOVERNOR ENGLER: Senator, just sort  
21 of a related question to mandates that deals with  
22 waivers. It is sort of weighing health care over  
23 to the welfare area. This week it appears that  
24 the Senate will vote on the amendment offered by

1     Senators McCain and Kerrey that add appropriation  
2     bill perks. That amendment can strike from the  
3     bill a provision that would prohibit Federal  
4     waivers. Apparently, the House passed this one, a  
5     voice vote without discussion. I believe the  
6     administration proposed this. It's something that  
7     we view with considerable alarm, because at a time  
8     when we are asking for waiver authority and  
9     regulatory flexibility, we have got just a few  
10    states, some southern states, and they have  
11    waivers pending, and now several others are  
12    looking at it. This has slammed the door shut on  
13    that. I am wondering if you can give us any  
14    prognosis. When we get to Senator Mitchell, I am  
15    going to ask him the same question. So can we get  
16    any leads on that?

17                 SENATOR NICKLES: Governor Engler, I  
18    will just say that for myself, and I would expect  
19    the majority of the Senate would strongly support  
20    striking that language. We made it go quick,  
21    because I had legislation a year or so ago on a  
22    education bill to allow the states to have an  
23    expedited waiver if they wanted to put in a learn  
24    fair program. I know you and Governor Thompson



1     and others have worked requesting waivers, and I  
2     know that you have been meaning to end this wall,  
3     and that goes back into the past administration as  
4     well. It takes too long. Certainly, we shouldn't  
5     have legislation that would hinder the quicker  
6     process. We should be expediting, allowing you to  
7     make some of those decisions, try some of the  
8     experiments and find out what programs do and  
9     could work and save some money.

10                 CHAIRMAN CAMPBELL: Governor Tucker.

11                 GOVERNOR TUCKER: Senator, I was  
12     pleased that you noted that when you were in  
13     private business you provided insurance for your  
14     employees, and I did the same in my business. So  
15     what is your view on why some employers should be  
16     permitted to shift their costs of their employees  
17     to the rest of us and not contribute to their  
18     health costs by providing insurance?

19                 SENATOR NICKLES: Let me just touch on  
20     that. I have had a couple of private sector  
21     experiences. My primary one was Bernie Nickle's  
22     Machine Corporation. We did provide health  
23     insurance for our employees. Prior to that, I was  
24     service. I did have a janitor service, and I did

1 not provide health insurance for my employees.  
2 And if you put a mandate in that says you have to  
3 provide a very extensive government-designed  
4 comprehensive benefit package that costs \$6,000  
5 per employee, and even when I was a student I had  
6 families working for me, those jobs would not  
7 exist. The cost of that is over \$2.50 an hour  
8 increase in minimum wage.

9 GOVERNOR TUCKER: So is your objection  
10 to the benefit package and not to the theory of  
11 saying that all businesses and all competitors  
12 ought to be on an even playing field? We either  
13 all ought to stop providing health insurance, or I  
14 didn't like it much that my competitors didn't  
15 provide health insurance, and I did.

16 So your objection is to the package  
17 and not the mandate?

18 SENATOR NICKLES: Both. I object to  
19 the mandate, too. I don't think you can have --

20 GOVERNOR TUCKER: Well, that is why I  
21 was curious why you objected.

22 SENATOR NICKLES: Well, I objected to  
23 the mandate, because I think you can't repeal the  
24 law of economics. I think if you do that, you are

1 going to be putting a lot of people out of work,  
2 and I am afraid that that would have dire  
3 consequences. If you pass a law that says,  
4 Granny, before you can have a job, you have to  
5 provide such and such benefit, and if that costs a  
6 couple of dollars an hour, if that puts people out  
7 of work, we are sorry, or if that makes Congress  
8 or somebody else subsidize that, and that -- you  
9 know, somebody says, well, we mean cost shifting.  
10 No, because if you have massive cost shifting if  
11 you have taxpayers subsidizing that small employer  
12 or in really some cases, I hope people heard my  
13 statement in the President's bill, big employers,  
14 a lot of big employers have health care costs that  
15 greatly exceed 7.9 percent, and as an employer, I  
16 resent the fact that our employees can make half  
17 of what some of these bigger employees would do  
18 that have to pay taxes to subsidize their health  
19 care. So you have massive subsidies between  
20 companies and so on in the President's package  
21 that again I don't think you can repeal laws of  
22 economics, and the net result would be a real harm  
23 to jobs, and we shouldn't make that mistake.

24 CHAIRMAN CAMPBELL: Governor Lowry and

1       then to Governor Branstad.

2                       GOVERNOR LOWRY:   Thank you, Chairman.  
3       Thank you, Senator, for joining us, and thank you  
4       for your strong statement supporting the states'  
5       flexibility on meeting our needs for low-income  
6       people.

7                       There is a federal barrier that very  
8       much stands against the states' opportunity to  
9       move ahead with state health care reform, and that  
10      is E.R.I.S.A.   And just as you have addressed the  
11      flexibility for low income for states that have  
12      the opportunity, frankly, states to have the right  
13      to go ahead, we need to get more flexibility from  
14      E.R.I.S.A., which is a strong Federal barrier to  
15      us, and I was wondering what your position is on  
16      that on helping giving us flexibility.

17                      SENATOR NICKLE:   I would be happy to  
18      work with you on it, but I think you are probably  
19      talking about the E.R.I.S.A. coverage for its  
20      self-employed plan, and I can see some real  
21      problems if you are talking about multi-state  
22      plans.   I am willing to work with you.   My first  
23      business trip to Washington, D.C. was on E.R.I.S.A.,  
24      and I found out that E.R.I.S.A. stands for Every

1 Ridiculous Idea Since Adam, and so I have been  
2 involved with it from a business person's standpoint  
3 of having some real problems. I also used to be  
4 Chairman of the Labor Subcommittee for about six  
5 years so I know that there are some real problems  
6 with E.R.I.S.A. I know in some cases it can  
7 handicap the states.

8 How far we could go though as far as  
9 totally repealing or allowing the states to  
10 regulate self-employed plans, I would be happy to  
11 work with you. I don't know that I have the total  
12 solution.

13 GOVERNOR LOWRY: But this is with the  
14 health care. This is as it applies to state  
15 health care benefits, and there is a specific  
16 Federal barrier that stands in the state's rights  
17 in moving ahead on our health care plans. You  
18 know, if we are going to have the flexibility to  
19 do that, we are going to need more flexibility  
20 within E.R.I.S.A.

21 SENATOR NICKLES: A point well made.

22 GOVERNOR LOWRY: Thank you.

23 CHAIRMAN CAMPBELL: Governor Branstad.

24 GOVERNOR BRANSTAD: Senator Nickles,

1 as a Governor of the state that has a lot of small  
2 towns and rural areas, my concern is with both the  
3 Administration's plan and what we are hearing from  
4 you is there doesn't seem to be any effort being  
5 made to correct the unfair reimbursement system  
6 that we have now that discriminates against rural  
7 areas. Our rural hospitals and rural doctors are  
8 literally being driven out of business, and the  
9 reimbursement rate we have in Iowa is second  
10 lowest only to Mississippi. We feel we are  
11 getting shortchanged \$200 million a year, and we  
12 capped Medicaid and cut that, and this is true and  
13 will be in the Administration's plan and the other  
14 ones are being discussed. It seems to me it is  
15 disastrous in rural areas. And is there anything  
16 going to be done to correct the present  
17 reimbursement system and equalize it before the  
18 other changes are made?

19 SENATOR NICKLES: Governor, I share  
20 your concern, because there is enormous inequity  
21 as to reimbursement, and it's not just Medicaid.  
22 It's the Medicare as well for providers for  
23 hospitals, for physicians. The reimbursement for  
24 pneumonia my guess in Boston is probably two or

1 three times what it is in Iowa and Oklahoma, and  
2 so there is enormous disparity, and a lot of that  
3 is because it's a Federal program that has evolved  
4 and has significant inequities. And as Congress  
5 has put in squeezes or fixes or regulations, those  
6 inequities have begun to exacerbate. We did a  
7 couple of years ago in one of our proposals try to  
8 narrow those differences, but we still have a long  
9 ways to go. We even have inequities on -- between  
10 physicians within states, and you may have a state  
11 in -- or you may have a physician in Central Iowa  
12 that is reimbursed significantly more than somebody  
13 next door, because of their history, because of  
14 their profile is the way it's called through by  
15 H.C.F.A. H.C.F.A. is an enormous bureaucracy, but  
16 it has -- it perpetuates a lot of inequities that  
17 need to be addressed, and my guess is to answer  
18 your question, a lot of the bills have not  
19 directly gone in to fix the core of that problem.

20 GOVERNOR BRANSTAD: You will have  
21 before you -- and I guess my concern is before you  
22 get done, frankly if you could solve that problem,  
23 I think we can solve a lot of the problems at the  
24 state level. We don't need a lot of what is being

1 discussed in Washington. If you correct the tax  
2 situation, if you can correct the reimbursement  
3 situation, and you see to it that we have some  
4 insurance reform and some reforms on malpractice,  
5 I think the states can handle a good share of it.

6 SENATOR NICKLES: I would echo your  
7 comments, and then let me reiterate that I know  
8 that we passed some legislation a couple of years  
9 ago trying to close that gap, but I also know  
10 there is significant work to be done, and I also  
11 appreciate your comment and also the National  
12 Governors' statement saying that we need to have  
13 some tax equity. It's a heck of a deal to have  
14 the tax code when you think the tax code is  
15 universal, and it's going to help everybody, but  
16 it doesn't. The present tax code helps people  
17 that happen to have a job whose employers  
18 subsidize their health care. It does nothing to  
19 help somebody that doesn't have a job, the present  
20 tax code, and that is not really fair. It's not  
21 right. If we are going to have taxes, we use the  
22 tax codes to encourage homeownership so everybody  
23 gets a deduction on interest. Likewise, if a tax  
24 code is going to encourage health care, everybody



1     should qualify, not just people who are fortunate  
2     enough to have a generous employer.

3                   CHAIRMAN CAMPBELL:   Governor Casey for  
4     the last question that we can take, and I am going  
5     to pose one to you right before we finish.

6                   Governor Casey.

7                   GOVERNOR CASEY:   Thank you, Governor  
8     Campbell.

9                   Now, Senator Nickles, one of my very  
10    strong and serious concerns about the various  
11    versions of health care being discussed in  
12    Washington now are the provisions which would, in  
13    effect, put the hand of the Federal Government  
14    into the pockets of every taxpayer of this country  
15    to pay for a vastly expanded abortion license. In  
16    cases where we are not doing it now, Medicaid  
17    abortions for those who are not covered, the  
18    uninsured population, a vast expansion of that  
19    abortion license paid for by taxpayers, which in  
20    the survey data which I have seen is overwhelmingly  
21    opposed by the vast majority of the American  
22    people of all colors and persuasions, those who  
23    are pro-choice, and those who are pro-life. That  
24    is one concern.

1           The second concern is an allied  
2 concern, which as I understand the proposal is  
3 pending now, there will be an entitlement in  
4 effect to "access" through abortion services  
5 around this country. As you know, 83 percent of  
6 the counties in the United States have no abortion  
7 clinics at the present time. And the way the bill  
8 has been interpreted, it's interpreted to mean  
9 that there will be an affirmative Federal mandate  
10 to provide "access" throughout this country, which  
11 has got to mean the vast proliferation in the  
12 increase of abortion clinics in places where they  
13 are not located today.

14           My own personal view is that the  
15 reason why 83 percent of the counties have no  
16 abortion clinics is because the people don't want  
17 them there, and my question to you is: Are you  
18 ready to fight as a member of the United States  
19 Senate, and is the Republican party prepared to  
20 fight to keep the abortion mandate out of it,  
21 basic health care coverage and to fight to  
22 eliminate what I say is a mandate for a vast  
23 proliferation of abortion clinics, which in my  
24 judgment would fundamentally alter in a very

1 radical way the fabric of American life and change  
2 this country into something it is not today and  
3 that in my judgment ought not to be.

4 Are you prepared to fight to keep  
5 those out of this frame?

6 SENATOR NICKLES: Governor Casey,  
7 first let me just say I compliment you for your  
8 statement and also for your position, and  
9 certainly I am -- I think there is a couple of  
10 mistakes that are prevalent in almost every  
11 Democrat plan and also the plan that passed the  
12 Finance Committee, and that is that you have the  
13 Federal Government defining the standard benefit  
14 package everybody in America has to offer. The  
15 Republicans, by and large, I am going to say  
16 almost or a very strong majority of Republicans  
17 say we should have no Government-defined standard  
18 mandate benefit package on everybody in America.  
19 So if you want to buy something to have abortion  
20 covered, that would be your choice. It wouldn't  
21 be a Federal Government mandate, and we normally  
22 wouldn't mandate that it would be an option or a  
23 package. I know one of the packages -- well, they  
24 have a standard method of action. Everybody has

1 to have that package, or as, you know, I think the  
2 Finance Committee package is if you don't have the  
3 standard benefits, you don't get the tax  
4 deduction. So it's Government writing your  
5 package. So maybe if you had a different package,  
6 that is too bad. You have to have the Government  
7 package, and I think that is a serious mistake.

8 I also mention in direct comment on  
9 abortion, I think it's a serious mistake to have  
10 abortion as a fringe benefit. We have had  
11 U.S. policy that the taxpayers wouldn't be forced  
12 into subsidizing abortion. We have had the Hyde  
13 Amendment into effect just before I was in the  
14 Senate for 14 years where basically we don't  
15 subsidize -- have taxpayers subsidizing abortion.  
16 If the President's package is successful, Senator  
17 Kennedy's package is successful, most of the  
18 packages I think in the House Ways and Means  
19 Committee package and so on would mandate that  
20 abortion be a fringe benefit or part of the  
21 standard benefit package, and I think that is a  
22 serious mistake. It also will seriously impede  
23 passage of the bill.

24 CHAIRMAN CAMPBELL: Senator, thank you

1 very much for being with us, and I am sorry to  
2 cut off any other questions, but because of the  
3 time we have to move along. We appreciate your  
4 being with us. And one note as you go out, I just  
5 find it ironic that here we are discussing health  
6 care, and we have federally-qualified health  
7 centers across America suing the Federal  
8 Government and us because they get paid much more  
9 than private doctors, and they are afraid that  
10 they may have to go back and take the same pay as  
11 the private doctors, and they are being paid with  
12 Federal funds, and they are suing the Federal  
13 Government and all of us. So maybe you can help  
14 us straighten this out, too. We appreciate it.

15 (Applause.)

16 CHAIRMAN CAMPBELL: I would now like  
17 to call on Governor McKernan to introduce our next  
18 speaker, Senator Mitchell.

19 Governor McKernan, would you pleas  
20 come forward.

21 GOVERNOR MCKERNAN: Thank you,  
22 Mr. Chairman.

23 It's a pleasure to welcome once again  
24 to the N.G.A. the Senate Majority Leader. All of

1     you know Senator Mitchell. He has been here  
2     before. I want to just give you a little bit of  
3     background that you might not know, and it's his  
4     long history of public service in our state and  
5     frankly in the nation. From the time he got out  
6     of law school, he worked at the Justice Department  
7     and then for Senator Muskey. Then when he came  
8     back to Maine to enter private practice, he still  
9     stayed involved in public service as an Assistant  
10    County Attorney and then was appointed as  
11    U.S. Attorney, then as a U.S. District Court  
12    Judge. A year after his appointment to the bench  
13    he was appointed to fill the seat of Senator  
14    Muskey in the United States Senate. Two years  
15    later he was elected in his own right, getting  
16    over 60 percent of the vote. In 1985-1986, he  
17    served as the Chairman of the Democratic  
18    Senatorial Campaign Committee. He was reelected  
19    in 1988 with over 80 percent of the vote. He then  
20    became the Majority Leader in 1989, and as we all  
21    know has served in that position ever since being  
22    reelected twice unanimously. He shocked our state  
23    in March when he announced that he would not be  
24    seeking reelection. We could do the math. He got

1     60 the first time. He got 80 the next time. I  
2     don't know whether he was worried. It certainly  
3     appeared as though his reelection was truly a  
4     foregone conclusion.

5                 I should say that I received the news  
6     with some ambivalence. On the positive side, it  
7     gives my wife an opportunity to represent all of  
8     our State in the United States Congress; but on  
9     the negative side, our State and our nation truly  
10    are losing a leader of perhaps unparalleled  
11    accomplishment.

12                One of the things that I want to say  
13    in this introduction is one of a personal not .  
14    As important as the position is that Senator  
15    Mitchell holds as Majority Leader, as busy as his  
16    day is, as difficult as the decisions he has to  
17    make on issues that face this country, he has  
18    never been too busy to worry about the state that  
19    he represents, and I hope that all of you have as  
20    good a relationship and as much of an opportunity  
21    to call on your Senators that we in Maine do on  
22    Senator Mitchell. He has always been there day  
23    and night to work on problems that affect our  
24    state. His commitment to Maine is clearly

1 exemplified by the fact that when he decided to  
2 give up elective life, he not only returned  
3 contributions for his reelection campaign to those  
4 who wanted their money back, but with the left  
5 over funds, he has created a million dollar  
6 scholarship fund for needy students in our state.

7 That speaks of volumes of the man, and  
8 it's my pleasure to introduce from Maine Senate  
9 Majority Leader Mitchell.

10 (Applause.)

11 SENATOR MITCHELL: Thank you very  
12 much, Governor McKernan, for your generous  
13 introduction. Thank you, ladies and gentlemen,  
14 for your warm reception.

15 Governor Weld, it is a pleasure to be  
16 in Massachusetts. Most Governors don't know that  
17 Massachusetts used to be part of Maine.

18 (Laughter.)

19 SENATOR MITCHELL: And we are pleased  
20 at how well you have done since we let you go.

21 (Laughter.)

22 SENATOR MITCHELL: It's good to be  
23 back with you again especially at a critical stage  
24 in the debat over health care, and I would like,



1 if I might, limit my remarks to that one subject,  
2 but I will be pleased to do the question and  
3 answer period to attempt to respond to any  
4 questions you might have on any other subject.

5 In February of this year, your  
6 Association issued a unanimous resolution with  
7 bipartisan support from every Governor calling for  
8 passage of national health care reform legislation  
9 this year. You were right. States now spend an  
10 average of 18 percent of their budgets on health  
11 care. Except for elementary and secondary  
12 education, this is the greatest share of state  
13 budgets than of any other service. More than road  
14 building and repair, more than colleges and  
15 vocational schools, more than police protection  
16 and court systems. Unless we enact meaningful  
17 reform, states will spend more and more of their  
18 budgets on health care. So will business. They  
19 are being squeezed as well. As a result, more and  
20 more companies are dropping coverage for their  
21 employees, so more and more working Americans  
22 don't have health insurance. And let's be clear  
23 about that. Most of the Americans who don't have  
24 health insurance are workers and their

1 dependents. Every Governor here knows what it  
2 will mean if more and more people don't have  
3 health insurance coverage. It means that the  
4 burden on emergency rooms, on charity hospitals,  
5 on our nation's Catholic Hospital Network all will  
6 be intolerably increased with a corresponding  
7 drain on state resources.

8           You were right in February when you  
9 came out strongly for reform that would put  
10 significant safeguards into place. The guaranteed  
11 availability of affordable insurance to all,  
12 affordability of coverage, guaranteed renewal,  
13 changes that will return insurance to its original  
14 concept of pooling of risks rather than the  
15 current practice of selectively focusing on the  
16 healthiest part of the population.

17           You rightly called for legislation  
18 that would permit states to set up purchasing  
19 cooperatives for the unemployed and for workers in  
20 small firms, and you unanimously called for a  
21 package of core benefits to be set at the Federal  
22 level.

23           Senator Nickles just said that  
24 Republicans, who are by and large against a

1 package of benefits at the Federal level, but  
2 every Republican Governor in February voted for  
3 just such a proposal. You unanimously demanded  
4 that at the very least all employers make a  
5 package of benefits available to workers for  
6 purchase, even though you couldn't agree on the  
7 financial role employers should play. I commend  
8 you for your commitment to and your aggressive  
9 advocacy of reform.

10 I believe that meaningful health care  
11 reform should be enacted this year. I also  
12 believe that to be meaningful, it should include  
13 health insurance for all Americans as permanent  
14 and can't being taken away, effective cost control  
15 and much greater effort in primary and preventive  
16 care. I believe that each of these three  
17 objectives is so related that no one can be  
18 achieved without the others. We can't control  
19 overall costs unless all Americans are covered.  
20 And if we don't cover all Americans, there will  
21 be -- we can't cover all Americans unless we  
22 control costs, and we won't be able to do either  
23 effectively if we don't dramatically increase our  
24 emphasis on timely and preventative care.

1                   This morning, I reread in their  
2                   entirety the policy statements on health care you  
3                   issued in February and June. I also reviewed the  
4                   letter you sent me last week setting forth your  
5                   specific concerns on health care, and you have  
6                   asked me to comment on those concerns. I will  
7                   briefly.

8                   I agree that subsidies to low-income  
9                   families should be primarily based upon income as  
10                  you recommend. Although beyond that high-rated  
11                  subsidies to reach especially children and  
12                  pregnant women are appropriate.

13                  In your letter, you stated your united  
14                  opposition to a cap on Federal spending on  
15                  Medicaid. When I read your letter to me, I  
16                  wondered if you had sent a similar letter to  
17                  Senator Dole since that is, of course, his  
18                  proposal. I see by this morning's papers that you  
19                  didn't. Senator Dole and I are good friends, even  
20                  though we regularly disagree on issues, and this  
21                  is one on which we disagree. Because his proposal  
22                  will not restrain health costs overall, but will  
23                  impose caps on Federal spending on Medicaid, it  
24                  will have the dramatic effect of shifting tens of

1     billions of dollars of cost from the Federal to  
2     state budgets. This is an unacceptable approach.  
3     There must be restraint in health care costs, but  
4     it must be restraint overall, not just in terms of  
5     cost shifting.

6                 But I caution you, if we don't pass  
7     health care reform this year, there will very soon  
8     be restricted caps on Federal spending on Medicaid  
9     and Medicare. The problem is so great, the  
10    criticism of Federal spending so intense, and the  
11    so-called solution of Federal caps so politically  
12    attractive that their adoption is inevitable if we  
13    don't pass health care reform this year.

14                You have said that you don't like  
15    Senator Dole's proposal, and you shouldn't,  
16    because it will devastate your state's budget, but  
17    if we don't act on health reform this year, that  
18    proposal will be back next year in one form or  
19    another.

20                Of course, we need to reduce the rate  
21    of increase in public spending on health care on  
22    Medicaid and/or Medicare, but if we are truly  
23    partners, as I believe we are, then we can't do  
24    that at the other's expense. You also expressed

1 your support for home and community-based and  
2 long-term care. I agree. Currently, many elderly  
3 Americans want to stay in their homes, but they  
4 are going into institutions, because care  
5 decisions are increasingly based primarily on what  
6 is reimbursable and what is not. That is perverse  
7 and very costly when we could be doing what the  
8 patient wants and what is best for the patient at  
9 less cost. We should be doing it, but in many  
10 cases we are not, because of reimbursement  
11 policies. A home-based, long-term care provision  
12 is essential to health care reform.

13           There are many other subjects  
14 important to you, but I want to leave time for  
15 questions, so I will conclude with a brief general  
16 observation.

17           Governor McKernan and I hold different  
18 positions, and we are of different political  
19 parties, but we don't represent different people.  
20 Our constituents are the same. That is what we  
21 all must keep in mind as we enter this crucial  
22 stage of action on health care. Let's not ask  
23 what is best for the Federal Government or for  
24 State Government, not what is best for Democrats

1 or for Republicans, rather let's ask what is best  
2 for the American people. Every developed country  
3 in the world other than the United States has  
4 adopted a system, which assures that its citizens  
5 have health coverage. Can't the United States do  
6 that? I think we can.

7 Every one of you Governors, every  
8 member of Congress, the President and every  
9 Federal employee all have health insurance. If  
10 having health insurance is right for all of us,  
11 why isn't it right for all Americans? I think it  
12 is.

13 We face many difficult questions, but  
14 if we apply to all of them just one thing: Is it  
15 right for the people of our country, then we will  
16 enact meaningful health care reform this year.

17 Thank you very much for having me here  
18 today.

19 (Applause.)

20 CHAIRMAN CAMPBELL: Senator, thank you  
21 very much. Thank you very much for being with us  
22 and thank you for commenting on our letter to  
23 you. We appreciate it, and we are delighted that  
24 you have taken the time to come.

1                   We have questions.

2                   Governor Voinovich is first. If others  
3 would indicate, I would be happy to recognize you.

4                   Governor Voinovich.

5                   GOVERNOR VOINOVICH: Thank you for  
6 being here with us today. I appreciate the fact  
7 that you are willing to take some questions not  
8 directly on health care.

9                   As you know, this organization has  
10 been concerned about unfunded Federal mandates for  
11 some time, and early on there was some rumors that  
12 you would be opposed to that kind of legislation  
13 being voted on in the Senate. You clarified that  
14 and said that you would be willing to look at  
15 something that is reasonable. We brought Senator  
16 Ross and Senator Glenn here to us in February.  
17 They went back and worked with Senator Kempthorne  
18 to arrive at a consensus piece of legislation that  
19 is supported by the big seven state local  
20 government organizations. We are very pleased  
21 with that legislation, and I wonder do you  
22 anticipate that legislation going to the floor of  
23 the Senate in the next couple of weeks?

24                   SENATOR MITCHERLL: I do not



1 anticipate it in the next couple of weeks, but I  
2 do hope to bring it before the Senate this year.  
3 We have a problem in the Senate. Our rules permit  
4 unlimited debate and unrestricted amendment.  
5 Increasingly, those rules have been used to delay  
6 and obstruct action. In the entire 19th Century,  
7 a period of 100 years, there were just a handful  
8 of filibusters in the Senate. In the first three  
9 quarters of this century, the average number of  
10 filibusters in the Senate was fewer than one per  
11 year. In this Congress alone, I have had to file  
12 motions to end filibusters 55 times, 55. That  
13 doesn't mean that there have been 55 filibusters,  
14 because I sometimes have to file multiple motions  
15 to end a single filibuster. If we encounter a  
16 filibuster on other bills, health care reform, for  
17 example, or others, it may make it difficult to  
18 reach other legislation because of limits on  
19 time. I can tell when a bill will come up, the  
20 statute is in my authority, but I cannot tell when  
21 a bill will end. I hope very much to bring up  
22 that bill this year and will do what I can to make  
23 that a reality.

24 GOVERNOR VOINOVICH: Thank you very

1 much.

2 CHAIRMAN CAMPBELL: Governor Bayh.

3 GOVERNOR BAYH: Senator Mitchell, I  
4 would like to thank you for your eloquence and  
5 patriotic statement about the importance of  
6 meaningful health care reform in this country, and  
7 I would like to follow up on Governor Voinovich's  
8 comment about unfunded mandates.

9 In your remarks about the possibility  
10 of a Medicaid cap at the Federal level, which in  
11 essence would be a massive unfunded mandate upon  
12 the states in this country, I think my colleagues  
13 need to know that this is more than just a remote  
14 possibility, and I wish you would share with us  
15 the process, because as I understand it, there was  
16 a few technical mistakes that were made in the  
17 bill last year that would have, in fact, capped  
18 Medicaid, the Federal Government's Medicaid  
19 contribution at the rate of the general rate of  
20 inflation forcing states to pick up the difference  
21 between the general rate of inflation and the  
22 overall rate of inflation, which would be over  
23 \$100 million, but my point is if you could just  
24 share with us your thoughts about the fact that a

1 bill came very close to passing last year so that  
2 we can understand the urgency of this matter.

3 Thank you.

4 SENATOR MITCHELL: I believe that if  
5 health care reform is not enacted this year, it is  
6 as close to its certainty as there can be in the  
7 legislative process that there will be a cap on  
8 Medicaid and Medicare enacted next year. It has  
9 been proposed regularly in recent years, primarily  
10 supported by Republican colleagues with some  
11 Democratic support. It did, in fact, pass the  
12 Senate this year, but because of some technical  
13 difficulties was withdrawn. I believe that we  
14 must restrain that rate of increase in spending.  
15 As a society, we can't sustain the increases that  
16 have occurred. I believe it must occur, however,  
17 in the overall context of health care reform. We  
18 have to bring the overall costs down or at least  
19 restrain the rate of increase, not to engage in  
20 further cost shifting, which is, of course, what a  
21 cap would do. If costs continue to rise, and  
22 there is no restraint, and we simply cap Federal  
23 payments, and especially if we at the same time  
24 prohibit states from dropping coverage then we

1     guarantee a massive shift of tens of billions of  
2     dollars off the Federal budget to the state  
3     budget, I think it will devastate your budget.  
4     You are already into a serious problem, of course,  
5     in every state; and therefore, I believe your  
6     support for action to achieve meaningful reform  
7     this year is timely and very important.

8                   CHAIRMAN CAMPBELL: Governor Miller of  
9     Nevada.

10                   GOVERNOR MILLER: Thank you, Senator.

11                   Both yourself and Senator Nickles  
12     mentioned cost control. Nevada six years ago had  
13     the highest hospital costs in the country. My  
14     predecessor in well-intentioned legislation tried  
15     to rectify that through the market, which resulted  
16     largely only in cost shifting. We then froze  
17     hospital costs for 18 months followed by a rise to  
18     C.P.I., which has resulted in our being the only  
19     state in America for each of the last five years  
20     to be limited to single digit growth in hospital  
21     cost containment.

22                   Which are the most likely cost  
23     containment components of the potential legislation  
24     that you see in the overall requirement?

1                   SENATOR MITCHELL: The first and most  
2                   essential requirement, of course, is to provide  
3                   health insurance for all Americans. Reality is  
4                   that while some say we should just have access to  
5                   health insurance, every American now has access to  
6                   health insurance. If you have got enough money,  
7                   you can buy health insurance. The problem is, of  
8                   course, that many Americans don't have that kind  
9                   of money, except for those with preexisting  
10                  conditions, who are denied on that basis.

11                 As a result, costs in our health care  
12                 system are by far the highest in the world and are  
13                 rising at a rate that is far higher than any other  
14                 place, and that is because emergency rooms are  
15                 swamped with people receiving nonemergency care.

16                 In my own State of Maine, one hospital  
17                 I visited recently, 65 percent of those who enter  
18                 the emergency room do not need emergency care.  
19                 They are uninsured people or underinsured people  
20                 who are getting primary care at a cost and in a  
21                 setting three to four times more expensive than if  
22                 they were getting it as a result of their ordinary  
23                 or what should be ordinary primary care coverage.

24                 A second means of achieving cost

1 control in the President's proposal is to place a  
2 cap on the increase in health insurance premiums  
3 that will occur once we achieve coverage. That is  
4 necessary to prevent double charging for the  
5 uncompensated care that is now included in those  
6 premiums, the providers of care who have to charge  
7 \$100 to gain reimbursement if the cost for service  
8 doesn't charge \$100. They charge \$108 in Maine,  
9 \$135 in other states to make up the 8 or 35 percent  
10 of care they are providing that is currently  
11 uncompensated. If you don't have some mechanism  
12 for restraining premiums, those premiums will  
13 include the cost of uncompensated care, even  
14 though it is no longer uncompensated. That has  
15 encountered a lot of political difficulty, because  
16 it's labeled as price fixing as, in fact, what  
17 your proposal or your legislation on hospitals be  
18 labeled. The Finance Committee developed an  
19 alternative mechanism, which is in the form of a  
20 recapture tax on high-cost plans, and we are now  
21 working to try to figure out a way to introduce  
22 some meaningful cost containment that is  
23 politically acceptable. The reality is if we  
24 don't do so we are going to continue with runaway

1 costs, and I will cite just one figure to  
2 demonstrate what has happened in this country on  
3 health care.

4 In 1960, Americans spent in the  
5 aggregate on health care \$27 billion. This year,  
6 Americans will spend in the aggregate of health  
7 care more than \$900 billion. That is a rate of  
8 increase that is without precedence, and I believe  
9 cannot be sustained.

10 CHAIRMAN CAMPBELL: Senator, one  
11 question. Forgive me for interceding, but you  
12 raise a great point there. When we look at the  
13 costs that we are going to be dealing with, what  
14 about the groups, or the discriminatory-type  
15 things that come into different plans. Every one  
16 of them has some type of discrimination or  
17 another, such as a large labor union getting to  
18 keep their contracts and their big policies and  
19 Federal employees keeping theirs, the state  
20 employees losing their coverage and having to come  
21 under this thing. If we are going to deal with  
22 this, don't we have to deal with an even playing  
23 field for everybody?

24 SENATOR MITCHELL: Absolutely, an even

1 playing field. What I would like to see is that  
2 every American has access to the same kind of plan  
3 that I and the President and every member of  
4 Congress, and I think probably most Governors  
5 have. That is to say a plan that provides a basic  
6 package of benefits, a substantial choice of plans  
7 and what I think would be effective cost control.

8 CHAIRMAN CAMPBELL: Yes, I agree with  
9 you, and I thought that is probably what you were  
10 aiming toward, and I just wanted to make sure,  
11 because we get hit all the time. And I said,  
12 well, Federal employees are going to get to keep a  
13 better plan than state employees. And we hear  
14 that at home, and we hear that you have got a  
15 contract plan that you won't have to reduce that;  
16 and, you know, when you talk about taxes and the  
17 more expensive plan, I just wondered, you know, is  
18 it all going to be in the same ball park, or is it  
19 going to be broken out like we have seen some of  
20 the plans do?

21 SENATOR MITCHELL: So let me just say  
22 to you, Governor, here is one Federal employee who  
23 thinks everybody ought to have access to the same  
24 type of health insurance I have. So listen clear



1     about what the Federal plan is, because there is a  
2     lot of misinformation and some deliberately so  
3     that has been distributed about that plan. The  
4     Federal employees' health benefits plan is a  
5     mechanism under which a number of private  
6     insurance plans offer their services through the  
7     medium of the plan to Federal employees. Each  
8     year I and every other Federal employee gets a  
9     booklet, which describes each plan with different  
10    kinds of services. I choose which plan I want. I  
11    pay 28 percent of the premium; the employer pays  
12    72 percent. In fact, although critics of the  
13    President's plan argue falsely, in my view, that  
14    it would restrict choice, it would dramatically  
15    increase choice, because the overwhelming majority  
16    of Americans now insured are insured through  
17    employment. The employer makes a contract with  
18    the insurance company, and the employee gets no  
19    choice other than to accept or reject that plan.  
20    So this proposal would dramatically increase  
21    choice of plans and create what I believe would  
22    ultimately be an informed set of consumers of  
23    health care in our society.

24                   CHAIRMAN CAMPBELL: Senator, I don't

1 disagree with you. I used to be under the same  
2 plan that you are under when I was in the Congress  
3 of the United States. My only concern and question  
4 certainly wasn't to be argumentative, but was  
5 basically to get the point clear that we weren't  
6 going to have different groups of people that were  
7 confined to affordable policies while others had  
8 access to the higher-paid policies, because of  
9 either labor contracts, or they worked for the  
10 Federal Government that we all be in the same ball  
11 park.

12 SENATOR MITCHELL: The bill reported  
13 to the Senate by Senator Kennedy's committee  
14 provides that every American can join the same  
15 plan that the Federal employees are in.

16 CHAIRMAN CAMPBELL: Governor Carper.

17 GOVERNOR CARPER: Senator Mitchell,  
18 welcome. I couldn't help but notice that Governor  
19 Campbell mentioned the price of his response.  
20 This game reviewed me to the word ball park. We  
21 are about a mile away from this famous ball park  
22 in the country. I have a two-part question. One,  
23 how likely is it, do you think, that there will be  
24 no baseball played --

1 (Laughter.)

2 GOVERNOR CARPER: -- in that ball park  
3 there this year, and what do you claim as the  
4 Senate Majority Leader to avert the strike?

5 (Laughter.)

6 (Applause.)

7 GOVERNOR CARPER: I also have a  
8 serious question.

9 (Laughter.)

10 SENATOR MITCHELL: The answer to the  
11 first two questions is nothing and nothing, and I  
12 always like to give one or two one-word answers to  
13 questions so that when I leave I can say that the  
14 average length of my answer was reasonable.

15 (Laughter.)

16 CHAIRMAN CAMPBELL: And Governor  
17 Carper says he has a serious question.

18 GOVERNOR CARPER: I thought that was a  
19 serious question. First, let me also just ask.  
20 You are a fellow who has a pretty good reputation  
21 for building a concensus in the United States  
22 Senate. We have had a presentation from Senator  
23 Nickles to address some of the concerns that he  
24 and his colleagues on the problems that you all

1 have with the President's proposal. Others around  
2 this table are self-appointed to show the  
3 deficiencies, the shortcomings with the proposal  
4 supported by Senator Dole. Can you just briefly  
5 sketch for us where does the middle ground lie on  
6 this issues, and can we get their issue?

7               SENATOR MITCHELL: I believe that one  
8 of the most unfortunate features of much of the  
9 government policy to date that occurs in our  
10 system and increasingly so on health care is that  
11 proposals are judged not on the merits, but rather  
12 on who made them. I think we should concentrate  
13 not on who made a proposal, but what is the  
14 substance of the proposal itself. That is why I  
15 deliberately identified the objectives, which I  
16 see not in relation to any person or party, but  
17 rather in relation to substance of the proposal.  
18 Who disagrees with trying to achieve health  
19 insurance for all Americans. They are trying to  
20 control costs and for placing much greater  
21 emphasis on primary and preventative care as a way  
22 of achieving the first two. I think that is where  
23 the middle lies. It's going to be exceedingly  
24 difficult. I don't -- as you know, I now have the

1 task of attempting to meld together the various  
2 plans and present one to the Senate, which  
3 hopefully will both be a coherent sensible plan  
4 for the country and be able to attract sufficient  
5 support to pass the Senate. Everyone here is  
6 involved in a legislative process, and we all know  
7 that in the legislature it's a two-stage process.  
8 You first analyze the problem, figure out the best  
9 solution, then you try to get the votes to pass  
10 it, and you hope what comes out of the second  
11 stage bears some reasonable resemblance to what  
12 you began with at the end of the first stage.  
13 That is where we are now. We are having a lot of  
14 difficulty on the questioned amendment. It's a  
15 pejorative term. It goes far beyond the issue  
16 itself.

17 I hear a lot of argument against  
18 mandates at the Federal level. Well, the biggest  
19 mandate of all is the Social Security System. I  
20 haven't heard one member of Congress stand up and  
21 say, I favor repeal of the Social Security system,  
22 because it's a mandate. Have any of you heard  
23 that in your states?

24 The next biggest one is Medicare.

1 I haven't heard one member of Congress stand up  
2 and say, I favor a repeal of the Medicare system,  
3 because it's a mandate. We got mesmerized by  
4 the language. I hope that we can do this in a  
5 way that attracts a majority and a bipartisan  
6 majority, because I want to make it clear that I  
7 believe some of my Republican colleagues in the  
8 Senate want to pass meaningful health care reform  
9 just as much as I do, and what we must do is to  
10 find that middle ground that gets us to universal  
11 coverage, but does it in a way that doesn't -- that  
12 is politically acceptable to them. That is very  
13 hard to do. I don't know if it's going to be  
14 possible, but I am going to devote all of my  
15 efforts and energy to it in the next few weeks.

16 CHAIRMAN CAMPBELL: Governor Weld has  
17 a question.

18 GOVERNOR WELD: Senator, why wouldn't  
19 it be a good idea for Democrats and Republicans in  
20 Washington to get together as a starting point,  
21 the foundation for the reform that we all want to  
22 see happen and see if they can't agree on the  
23 provisions in our unanimous February recommendation.  
24 You indicated you are familiar with it. An awful

1 lot of what you have just been saying sounds -- it  
2 wasn't taken right out of there, but it's  
3 completely consistent with this. I don't think  
4 there is anything in here that you would gag on or  
5 that Senator Dole would gag on. We did reserv  
6 one or two questions and say those questions are  
7 reserved, but there is an awful lot in here. And  
8 if there were kind of a bipartisan agreement in  
9 Washington on these provisions as there was a  
10 unanimous bipartisan agreement among the  
11 Governors, then at least the country would know  
12 that we are not going to be left with nothing at  
13 the end of the year.

14 SENATOR MITCHELL: Governor, I believe  
15 that to be a very sound proposal, and it is  
16 precisely what we are doing, or what would have to  
17 be done to this document. As you know, this  
18 document in February has incorporated many  
19 suggestions which I and others had previously  
20 made, and I think it's a good idea that the real  
21 crux of the problem substantively and politically  
22 is this: We want to have a system that provides  
23 health insurance for all Americans, but the steps  
24 necessary to reach that goal have proven to be

1 unacceptable to some or other in our system, and  
2 it is the old legislative problem of adjusting  
3 means to goals in which we are engaged. First and  
4 foremost among them is, of course, cost.

5           Now we are told that we can't have a  
6 mandate on employers. The allegation was made by  
7 Senator Nickles, with which I strongly disagree  
8 that it's going to cost a lot of jobs. Almost all  
9 of the studies that have been made demonstrate  
10 that it will be relatively neutral in terms of job  
11 creation and job loss. The fact of the matter is  
12 that right now 85 percent of Americans are  
13 insured. Almost all of them get it through  
14 employment. That mandate would build upon the  
15 current system and would provide the funding  
16 necessary to reach you. If we don't do that then  
17 the question is how do we pay for providing  
18 coverage to all Americans. That is really the nub  
19 of the question. How do we get there? In theory,  
20 it is simple. If we simply subsidize every  
21 employer fully, they would all have insurance.  
22 But that, of course, would bust the budget. So  
23 how do we bring -- how do we close that gap? How  
24 do w bring those two objectives into alignment?



1 That is what we are trying to do, and I think this  
2 proposal of yours in February is an excellent start.

3 CHAIRMAN CAMPBELL: A number of  
4 Governors are on the list for questions.  
5 Governor Engler has a quick comment, but we are  
6 going to have to cut it off, because Senator  
7 Mitchell has a plane, and he has been very  
8 gracious with his time.

9 So Governor Engler may ask his  
10 question.

11 GOVERNOR ENGLER: Senator Mitchell,  
12 there are about 20 states that are affected by the  
13 amendment you voted on this week, the McCain/Kerrey  
14 Amendment that would strike language from the  
15 Agriculture Appropriation Bills that prohibits  
16 Federal waivers for conversion of food stamp  
17 benefits into cash, and we would like to count on  
18 your support for the McCain/Kerrey Amendment,  
19 because that would be a signal that there is an  
20 accomplice that the waiver process ought to work  
21 rather than simply overriding the prohibition, and  
22 I guess can you support the amendment?

23 SENATOR MITCHELL: I am not familiar  
24 with the amendment, Governor, but I will be

1 familiar with it before we vote on it, and I  
2 assure you I will take your concerns into  
3 account.

4 GOVERNOR ENGLER: Thank you.

5 CHAIRMAN CAMPBELL: Senator Mitchell,  
6 thank you very much for being with us.

7 SENATOR MITCHELL: Thank you very  
8 much.

9 (Applause.)

10 CHAIRMAN CAMPBELL: Governors, we will  
11 now go back to Governor Voinovich and ask him to  
12 lead off the discussion with Governor Sundlun and  
13 Governor Nelson on the unfunded mandates, and we  
14 appreciate their willingness to carry it over  
15 until we finished here with the Majority Leader,  
16 and, of course, I think it's extremely beneficial  
17 to do it to hear from both Senators Nickles and  
18 Mitchell.

19 And I turn it over to Governor  
20 Voinovich.

21 GOVERNOR VOINOVICH: I think that the  
22 good news is that we have a positive response from  
23 Senator Mitchell that the work that we have done  
24 since last February on budget mandates has been

1 fairly well received.

2 I would like to mention a couple of  
3 other initiatives where members of this  
4 organization can be very effective in the area of  
5 environmental legislation. Both Houses of  
6 Congress clearly have demonstrated their support  
7 for this legislation. The Senate also made  
8 significant strides for relieving the mandate  
9 burden of the Safe Drinking Water Act imposed on  
10 states and local communities. A great deal of  
11 credit in these victories is due to the efforts of  
12 Governor Bob Miller and Governor Fife Symington,  
13 the Chairman and Vice Chairman of the Natural  
14 Resources Committee.

15 Bob, I want to tell you, I really  
16 appreciate your sending me that video. I did look  
17 at it, and I think every member of this  
18 organization should see that. I think it was  
19 titled Are We Scaring Americans to Death, or  
20 something like that. It's an ABC special. It was  
21 interesting to me to see how the media has a way  
22 of distorting what the real risks are out there.  
23 Nowhere have our efforts to protect the  
24 traditional role of the state are more important

1     than the debate over national health care reform.  
2     Carroll Campbell, Howard Dean, Roy Romer and Tommy  
3     Thompson have done a great job in negotiating a  
4     health care reform package sympathetic to state  
5     needs. Regardless of what comes out, I think that  
6     those packages are very, very sensitive to the  
7     concerns that we have raised. The policy resolution  
8     we are going to consider at the end of our meeting  
9     to endorse continued waiver approval of welfare  
10    and health care reform demonstration projects  
11    exemplifies the efforts of our welfare reform  
12    leadership team, whose projects are innovative,  
13    and we ought to pat John Engler and John Carper on  
14    the back for doing a terrific job of leading our  
15    efforts on welfare issues.

16               I will say that we need quick approval  
17    of state proposals that provide new services for  
18    our citizens. In Ohio, we are still waiting for  
19    approval of health care and welfare waivers  
20    that we submitted sometime ago. As you know,  
21    Bruce Sundlun and I have focused on passing a  
22    mandate for relief legislation over the past  
23    year. We got a very good response from Senator  
24    Glenn and Senator Robb. I want to say this to

1     you. I think that had we not brought Senator Glenn  
2     and Robb to our meeting in February, I don't think  
3     we would have received the response that we got  
4     from them. I think that they realize that we were  
5     serious about this problem, and that it was a  
6     serious problem.

7                     I want to also say that for the first  
8     time since my days as President of the National  
9     League of Cities in the mid 1980s, this  
10    organization has formed a close partnership with  
11    other state and local government organizations for  
12    the big seven, and working together we negotiated  
13    an effective compromise for Senator Glenn and  
14    Senator Kempthorne, and as you know that bill was  
15    passed out of committee.

16                    I would like to make it very, very  
17    clear that we could not have accomplished what we  
18    accomplished without the cooperation of the big  
19    seven. This legislation fundamentally requires  
20    the Congressional Budget Office to prepare an  
21    estimate of the cost of manning the state's local  
22    governments, if the total cost exceeds  
23    50 million. You know, current law only requires  
24    fiscal notes for mandate costs in excess of

1     \$200 million, and because of the numerous  
2     loopholes in the law very few estimates were ever  
3     made.

4             The primary feature of the bill though  
5     is a point of order, which was first proposed as  
6     N.G.A. policy we adopted in February. Under our  
7     bill, legislation containing a mandate for total  
8     costs of \$50 million must also authorize funding  
9     to cover the cost of the mandate and identify  
10    specific revenue sources to pay for it. If the  
11    bill contains no funding authorization or cost  
12    offset, a point of order can be raised. The  
13    majority vote can waive the point of order and  
14    allow debate of the bill to proceed. In effect,  
15    the bill requires Congress to go on record in  
16    support of imposing specific mandates forcing  
17    that -- making clear what they are doing. With  
18    these mechanisms, we enhance our political and  
19    procedural efforts to defeat unfunded mandates. I  
20    think it's going to be a significant move for  
21    state and local governments once it is enacted.  
22    It has the potential to alleviate our burden on a  
23    host of new mandates from the environment to how  
24    we manage our own states.

1           I would like to say that the Clinton  
2     Administration has supported our legislation.  
3     Leon Panetta has made it very clear that both the  
4     compromises, if drafted, will improve the process  
5     that deals with the issue of unfunded mandates  
6     without increasing the gridlock that the President  
7     would like to eliminate. That is a quote. So we  
8     got the job done. We are now working with the  
9     House of Representatives, and believe it or not, it  
10    appears that the Subcommittee on Intergovernmental  
11    Affairs, chairmanned by Congressman Towns is going  
12    to bring this bill up for consideration in this  
13    committee, and we have a good opportunity of  
14    getting it out of the House so there is a chance  
15    that we could get for the first time in anyone's  
16    memory some meaningful legislation dealing with  
17    unfunded mandates.

18           I am asking all of you, and there is a  
19    couple of handouts here that tell you who the  
20    individuals are who sponsored this legislation in  
21    the Senate. Those of you whose Senators aren't on  
22    that, I would appreciate you calling them or  
23    writing to them. For those of you who have  
24    Senators that hav co-sponsor d it, give them a

1 call. Send them a letter. Ask them. Say thanks  
2 for being a co-sponsor of the Kempler bill, that  
3 clearly states let's get this bill out this year.  
4 The same way with those of you who have  
5 Representatives on the -- on Congressman Towns'  
6 and Congressman Pryor's committees.

7 I would like to conclude my remarks  
8 about the big seven. That organization includes  
9 the N.G.A., the National Conference of State  
10 Legislators, the National Association of Counties,  
11 the National League of Cities, the U.S. Conference  
12 of Mayors, the Council of State Government and the  
13 International City and County Mayors' Association.  
14 I just want to say that this organization should  
15 give serious consideration to formally putting in  
16 place a mechanism where we can meet on a quarterly  
17 basis with these organizations to talk about our  
18 mutual concerns. Even if we can agree on just one  
19 issue, it will make a difference in terms of  
20 moving ahead on things that impact on us. I have  
21 found and observed over the years that so often we  
22 have problems, because these organizations go off  
23 and do their own thing. If they met periodically,  
24 I think we would become a very, very formidable



1 lobbying group in Washington. In addition to  
2 that, it would eliminate the Congress in some  
3 instances playing one organization off against the  
4 other. So I would hope that the Executive  
5 Committee, Mr. President, gives consideration to a  
6 proposal that I have written to him about  
7 formalizing this coming together. I think that at  
8 a time when we are all being hammered from  
9 Washington, it's time that we all join together  
10 and made sure that our interests are protected.

11 CHAIRMAN CAMPBELL: Governor  
12 Voinovich, I think that there might be an  
13 appropriate time when we will come together with  
14 the Executive Committee in November that we might  
15 seek to try to coordinate something in that  
16 direction, and we will discuss it with you this  
17 evening, if that is acceptable, and see if it  
18 meets the schedule of some of the others.

19 GOVERNOR VOINOVICH: Great. I would  
20 like to call on Bruce Sundlun, who has worked  
21 very, very hard and put together unfunded mandates  
22 that date last year in Washington; and, Bruce, I  
23 want to thank you also for your influencing the  
24 President's Executive Order.

1                   GOVERNOR SUNDLUN: Thank you, George.  
2                   You mentioned Leon Panetta. When he  
3 was in the Congress last May, he hit the nail on  
4 the head. He said that limited resources make it  
5 more difficult for Governors to meet competing  
6 concerns in this era of severe fiscal constraints.  
7 That is a polite way of saying if Congress doesn't  
8 cut down on the unfunded mandates, they are going  
9 to bust each of our budgets. You are not going to  
10 be able to hold your income tax and your sales tax  
11 from further increases; and if you have given any  
12 thought to tax reduction, you will never be able  
13 to accomplish it, because the unfunded mandates  
14 will impose costs that aren't today in your  
15 budget, and we all know, every one of us, I think,  
16 has the reality of having to do more and better  
17 with less money.

18                   Basically, what unfunded mandates are  
19 doing is it's trickle-down taxes. It's just  
20 passing the tax from the Federal Government to the  
21 state level. The services are going to be there,  
22 particularly if they are mandated by Congressional  
23 action; and if the Feds. don't give you the money  
24 for it, you are going to have to raise it

1     yourself; and if you have to raise it yourself,  
2     you are going to have to cut into your own budget  
3     or raise your taxes. So it's in everybody's  
4     interest to put some sense of responsibility into  
5     the Federal Government and to get them to not  
6     issue mandates for which they don't provide  
7     money.

8                     Now S. 993 -- and I agree with  
9     George Voinovich. When we got the Senators in one  
10    room, they seemed to be impressed, and they went  
11    back and did the job, and they came up with this  
12    bill, which will protect us. The question is  
13    whether that bill will get through the House, but  
14    it seems less concerned about protecting it.  
15    Mr. Towns of New York is the Chairman, as George  
16    said, of the subcommittee dealing with it. What  
17    we really want is for the House to pass S. 993.  
18    The Senate in response to George Voinovich's  
19    question to Senator Mitchell, you have a clear  
20    indication that Senator Mitchell will try and get  
21    it done if he doesn't run into a 56, seventh,  
22    eighth, ninth, 60th filibuster. But the House  
23    hasn't shown the same readiness, and I think  
24    it's incumbent upon Governors to talk to

1     their House delegations on this issue, becaus  
2     otherwise it's going to hit your pocketbook very  
3     hard and very quickly. This isn't something  
4     three, four, five years down the line. This is  
5     down the line in next year's budget for each and  
6     every state as far as I can see, so I would ask  
7     you to put your pressure on the House.

8             I think the Clinton Administration is  
9     on our team. They are trying to help, particularly  
10    on their waivers. They have given us waivers from  
11    a lot of the burdens that have been imposed by  
12    unfunded mandates, particularly in the health care  
13    area. I was able to instrument a health care plan  
14    in Rhode Island, which covers pregnant women and  
15    children age zero to six. It's now in operation.  
16    Why? Because we got a waiver. We got it in  
17    90 days from Secretary Shalala. It helped us  
18    shift dollars to areas where we wanted to put  
19    them. Governor Clinton said the day before his  
20    inauguration, call me when you need waivers. I  
21    hate the delay in waivers. I will try and  
22    expedite waivers. At least in my experience, he  
23    delivered on that promise.

24            I also want to thank Governor Nelson,

1     because he worked pretty hard on the state  
2     flexibility, and he had impact. He has been to  
3     Washington three times, and he had Senator Kerry  
4     to lead the Senate effort on the amendments on the  
5     Safe Drinking Water Act, and that was shifted for  
6     us -- away from us.

7                 The President signed the Executive  
8     Order, as George said in October, which calls for  
9     all executive branch agencies to curtail mandates.  
10    The problem is not in the executive level. The  
11    problem is in the congressional level. And we now  
12    got a bill. We have got the support of the  
13    Administration. We have got the support of the  
14    Senate leadership. If there is a weakness, it's  
15    in the House, and I would ask you to really make  
16    an effort to talk to your House members on this,  
17    because if they don't pass it, you are going to  
18    pay for it, you being the Governors in the state.

19                Thank you.

20                CHAIRMAN CAMPBELL: Thank you very  
21    much.

22                Governor Nelson, did you have som  
23    comments on this?

24                GOVERNOR NELSON: Yes. Thank you,

1 Mr. Chairman.

2 And as many of you know, and as  
3 Governor Sundlun indicated, over the past year I  
4 have had many occasions to appear before Congress  
5 and to bring forth the Association's concerns  
6 about obtaining meaningful relief from the  
7 continuing torrent of unfunded Federal mandates.  
8 As well, I have expressed our concern about the  
9 one-size-fits-all solutions that are being offered  
10 to Washington even when they come with money. Now  
11 I testified to highlight for them the importance  
12 of our concerns, and I remain optimistic that we  
13 will see a bill on mandate performed yet this  
14 year, and I was encouraged by a Senator's comments  
15 about this. And I remain optimistic that the bill  
16 will deal with the issues and give us the relief  
17 that we need.

18 Notwithstanding our success date, I  
19 think we have to continue to renew our efforts in  
20 order for this to happen. If we withdraw our  
21 efforts, I think we will lose the ground that we  
22 have gained, and there is still those at the  
23 Federal level, unfortunately, who believe that  
24 they know better of what the states or the cities

1 and towns of this country need to do. And at  
2 times, I am afraid it's as though they don't  
3 believe they can trust us to do what is right, and  
4 thus they are reluctant to give us the authority  
5 to be able to do what we need to do and give us  
6 the flexibility and instead impose on us  
7 additional requirements without providing the  
8 money or a time to providing money, but not giving  
9 us the flexibility. The mandates come in many  
10 forms.

11 And I would like to take just a minute  
12 to discuss one of the more insidious ways that  
13 Congress has once again given us the opportunity  
14 to enjoy one of their mandates this time in the  
15 context of the Clean Water Authorization.

16 While the requirements for the state  
17 to comply with the Clean Water Act have steadily  
18 increased, Federal funding for clean water  
19 programs is at the lowest level in recent  
20 history. The requirements continue to escalate,  
21 and the dollars continue to drop off. The  
22 authorization bill currently pending in the Senate  
23 proposes to require the states to collect a  
24 specific fee amount for clean water permits.

1 Current N.G.A. policy supports the development  
2 of the national permit fees to fund state water  
3 quality programs. A change in this policy,  
4 however, will be considered by the Natural  
5 Resources Committee in tomorrow's session, and  
6 hopefully we can reach a consensus following that  
7 date so that we can go to Congress united behind a  
8 well-reasoned policy on this issue.

9 But regardless of the debate on that  
10 issue, we must continue to stand behind the basic  
11 principles that a Federally-mandated fee is not an  
12 acceptable response to the concerns of state and  
13 local governments about Federally-mandated  
14 spending. We must approach this on the basis that  
15 we are not whining, that we are doing the things  
16 that we can do at home, because when we are in  
17 Washington testifying about what Congress is doing  
18 to the states, they very quickly point out that  
19 the states from time to time have passed on  
20 mandates without funding to local governments, and  
21 they are right. We have. We need to stop that  
22 practice as well and clean up our own act if w  
23 expect Congress to clean up its act.

24 On this point in Nebraska, I have



1 issued an executive order to agencies within my  
2 control, and hopefully those outside my control as  
3 well, to ask them not to continue to pass on  
4 mandates to local governments without funding and  
5 to avoid the same scenario that we experienced  
6 with respect to Congress. I have also included on  
7 the analysis of every piece of legislation and  
8 every rule or regulation that comes before me a  
9 fiscal note to take into account not simply what  
10 it costs state government to administer the rule  
11 or to administer the law, but what the impact is  
12 also on local governments as well as on private  
13 business, because of the impact that that  
14 certainly represents. Thus, if we are in a  
15 position to report to Congress that we are doing  
16 our job, I think we are in a better position to  
17 ask them to assist us by not being in a position  
18 where we have our foot on the state's spending -- on  
19 the brake for state's spending, and they continue  
20 to have their foot on our gas pedal.

21 On another point. I have joined with  
22 my colleague, Governor Mike Leavitt of the great  
23 State of Utah, in sponsoring a resolution calling  
24 for the establishment of a process to begin to

1 resolve these fundamental issues of the proper  
2 role and scope and mission of the various levels  
3 of government in this country. Now at this time,  
4 I would like to ask him to further explain our  
5 efforts.

6 Governor Leavitt.

7 GOVERNOR LEAVITT: Thank you,  
8 Governor Nelson.

9 I would like to also congratulate  
10 Governor Voinovich and Governor Sundlun for their  
11 very impressive result on behalf of the N.G.A. and  
12 simply to indicate that this whole area of  
13 unfunded mandates while it is so critical to all  
14 of us is still a symptom of a much larger problem,  
15 and that is the unbridled growth of the Federal  
16 Government and their continued interest in  
17 legislating in an area where frankly they have no  
18 business legislating. We have a -- we must  
19 continue those vigilant legislative efforts, and I  
20 salute their success, but we, I think, need to  
21 continue foraging on in every other way, legal,  
22 legislative and constitutional to restore that  
23 balance.

24 | Currently, we have an N.G.A. policy on

1 Federalism summit. There is in your packet in  
2 this session -- or in this conference. We will be  
3 considering a resolution proposing that N.G.A.  
4 join with the National Conference of State  
5 Legislators to appoint to form a joint task force  
6 to begin looking at this larger Federalism issue.  
7 We are on the edge of a legislative victory, and  
8 we must continue to do so, but it also needs to be  
9 viewed just as a temporary victory. I illustrat d  
10 not long ago, as a result of one of my N.G.A.  
11 assignments, and I attended an A.C.I.R. meeting,  
12 and at that meeting one of the members of Congress,  
13 who was a co-sponsor and one of the leaders of  
14 this legislation he then talked about how  
15 enthusiastic he was about passing anti-mandate  
16 legislation. Literally in the next agenda item,  
17 we got talking about a matter on crime, an  
18 interstate system of being able to coordinate  
19 crime records, and the Congressman said that  
20 everyone needs to do that. And he said, well, put  
21 that in the crime bill, and if they don't, we will  
22 take their recreation money away from them. It  
23 is -- this is a much bigger mentality than just a  
24 law about a law, and the legislation is so

1     important. I request that all of us continue to  
2     be vigilant in the larger picture of Federalism  
3     and hope that you will support this resolution on  
4     Tuesday.

5                   CHAIRMAN CAMPBELL: Thank you very  
6     much, Governor Leavitt.

7                   Governor Allen.

8                   GOVERNOR ALLEN: Mr. Chairman, fellow  
9     Governors, I do also commend Governor Voinovich  
10    and Governor Sundlun and certainly the efforts of  
11    others as far as this issue of unfunded mandates;  
12    and as Governor Leavitt of Utah said, it's really  
13    more than just unfunded mandates. It's a matter  
14    of liberty and our freedom, and if you have the  
15    Federal Government and people from outside of our  
16    states telling us what to do, that means that the  
17    people closest to the Government don't have that  
18    control. While we may agree with folks from  
19    New York and Texas from time to time, it doesn't  
20    mean that we want people from New York and Texas  
21    telling us what to do in Virginia. We can control  
22    our own destiny, and our first Governor of Virginia  
23    Patrick Henry feared development purposes in the  
24    Federal Government, and unfortunately our rights

1 and prerogatives and liberties are being eroded by  
2 a Federal Government that not only passes unfunded  
3 mandates along to us, but also is usurping th  
4 prerogatives and the free will of the people of  
5 our several states.

6           There are several things that I would  
7 like to share as ideas of what we did in Virginia  
8 that might make the Federal Government more  
9 accountable. As usual, I am recommending you all  
10 have done this as well. We passed a resolution  
11 calling on Congress to cease passing unfunded  
12 mandates on to the state. They hear that all the  
13 time. That is not all that unusual, although we  
14 are glad to have passed it. The other thing that  
15 our General Assembly did in January was we passed  
16 a law that directed our State Liaison Office in  
17 Washington to report every six months on  
18 regulatory and legislative mandates from  
19 Washington as well as who in our delegation voted  
20 for and against those various mandates.

21           Now President Clinton has stated that  
22 he was going to work with us on these matters and  
23 directed the Federal agencies to consult with the  
24 states before imposing mandates, but unfortunately

1     there is no clear information coming out. The  
2     best information is the Office of Management and  
3     Budget that directed us to a unified agenda of  
4     Federal regulations, and these are three pages of  
5     small print, and there is literally thousands of  
6     regulations. This is 2,000 pages of various  
7     regulations just until April of this year, and  
8     what you have to do for our Liaison Office is sort  
9     through all this thrilling -- and this is just the  
10    title of the bill really with a very short  
11    abstract or description of it. It's everything  
12    from aviation in navies to Aid to Families with  
13    Dependent Children to transportation, but there is  
14    literally thousands of these regulations, which  
15    only can be figured out by sifting through them  
16    all and having to call up the Federal bureaucrats  
17    to find out well, how the heck does -- how  
18    employers of off-campus work authorizations for  
19    alien students. In fact, that is here in  
20    Virginia, something like that to support  
21    regulation, and it's hard to figure what it all  
22    is. So this is one key point of the Kempthorne  
23    Bill is this fiscal note, this discipline that  
24    will be put in just before the Congress votes on

1     that bill so we actually know what the impact will  
2     be, and so I think that that is a key aspect that  
3     Governor Voinovich, I hope that you take our  
4     leadership for us and keep pushing, and I think  
5     that we all need to be pushing our members of  
6     Congress to take cognizance of it. It's not just  
7     unfunded mandates. It's knowing what the impact  
8     is, because as you go through these, even when you  
9     can't ferret out what they are doing, there is a  
10    lot of times that you can't figure out what the  
11    cost is. It's just not available; and once that  
12    is available, you cannot hold the members of the  
13    Congress accountable when they vote contrary to  
14    the wishes of the people and the taxpayers in our  
15    states. So I would commend our earlier fight on  
16    this effort and make sure that our folks in  
17    Washington are accountable.

18                   CHAIRMAN CAMPBELL: Thank you very  
19    much.

20                   We have a Governors-only session  
21    scheduled. We are running just about 30 minutes  
22    behind when we started, and I would ask that as we  
23    leave here that you go to room 207 of the  
24    Convention Center, which I understand we are down

1 one floor, and we can start that meeting very  
2 briefly. Some of the subjects we have touched  
3 here obviously will be up for discussion at the  
4 Governors-only meeting.

5 We are adjourned.

6

7 (Whereupon, at 4:15 p.m., the hearing  
8 was adjourned.)

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24



C E R T I F I C A T E

I, Marianne Kusa-Ryll, Register d  
Professional Reporter, do hereby certify that the  
foregoing transcript, Volume I, is a true and  
accurate transcription of my stenographic notes  
taken on Sunday, July 17, 1994.

*Marianne Kusa-Ryll*  
.....  
Marianne Kusa-Ryll, RPR

COPY

1

2

3

4

5

6

7

NATIONAL GOVERNORS' ASSOCIATION

8

86TH ANNUAL MEETING

9

JULY 16-19, 1994

10

BOSTON, MASSACHUSETTS

11

12

13

14

15

16

17

John B. Hynes

18

Convention Center

19

900 Boylston Street

Boston, Massachusetts

Monday, July 18, 1994

2:00 p.m.

20

21

22

MARIANNE KUSA-RYLL

REGISTERED PROFESSIONAL REPORTER

23

JUSTICE HILL REPORTING

252 JUSTICE HILL ROAD, P.O. BOX 610

STERLING, MASSACHUSETTS 01564-0610

24

TELEPHONE (508) 422-8777 FAX (508) 422-7799

I N D E X

|    |   |      |
|----|---|------|
| 1  | SPEAKERS:   | PAGE |
| 2  | Telecommunications Presentations                      | 3    |
| 3  | Terry Branstad, Governor, Iowa,                       |      |
| 4  | Report of Committee on Economic                       |      |
| 5  | Development and Commerce                              | 25   |
| 6  | Tommy Thompson, Governor, Wisconsin,                  |      |
| 7  | Report on State Information                           |      |
| 8  | Infrastructure Task Force                             | 30   |
| 9  | Ed Schafer, Governor, <sup>ND</sup> <del>Iowa</del> , |      |
| 10 | Promoting Telecommunications as                       |      |
| 11 | an economic development tool                          | 32   |
| 12 | William Schaefer, Governor, Maryland,                 |      |
| 13 | Electronic benefits transfer                          | 37   |
| 14 | Roy Romer, Governor, Colorado,                        |      |
| 15 | Using Telecommunications to gather                    |      |
| 16 | citizen feedback on major public                      |      |
| 17 | policy issues   | 41   |
| 18 | Dean Kamen, Founder, U.S. FIRST                       | 51   |
| 19 | John McKernan, Jr., Governor, Maine,                  |      |
| 20 | Report on National Education Goals                    | 73   |
| 21 | James B. Hunt, Jr., Governor, North Carolina,         |      |
| 22 | Report on National Board for                          |      |
| 23 | Professional Teaching Standards                       | 76   |
| 24 | Megan Lawson, teacher, North Carolina                 | 81   |
|    | Howard Dean, Governor, Vermont,                       |      |
|    | Introduction of Steven Spielberg                      | 89   |
|    | Steven Spielberg, Director, Schindler's List          |      |
|    | Fostering Tolerance and Understanding                 | 92   |
|    | Lowell P. Weicker, Governor, Connecticut,             |      |
|    | Invitation to Special Olympics                        | 113  |

P R O C E E D I N G S

CHAIRMAN CAMPBELL: I think we are going to get started. Everyone coming in, would you please clear the aisles. We are going to have some need for passage.

Telecommunications is one of the most dynamic technology issues, and rather than merely talk about telecommunications, we wanted to take the opportunity for Governors to experience it.

(Whereupon, the Middlesex County Volunteers Fife and Drum Corps played.)

MINUTEMAN: Good afternoon. I know what you are thinking. You are thinking I knew this was going to happen sooner or later if we held this convention in Boston.

(Laughter.)

MINUTEMAN: Ladies and gentlemen, Middlesex County Volunteers Fife and Drums.

(Applause.)

MINUTEMAN: I cannot tell a lie. We have not had to travel far to be here with you today, but I beg the indulgence of your imagination just for awhile to imagine that we

1 have traveled more than two centuries to be here,  
2 that we have come straight from the first American  
3 Revolution as this poor costume with its elastic  
4 waistband would beg you to infer.

5 (Laughter.)

6 MINUTEMAN: Straight from the first  
7 American Revolution, more for our spirit and our  
8 assistance in winning the next American  
9 Revolution, the Information Revolution. And to  
10 charge you with the responsibility of leading the  
11 American people to victory.

12 Showmanship aside, I think it's a  
13 great thing that you have chosen this site for  
14 this meeting, this meeting to discuss a bold new  
15 future for yourselves, for all Americans, for  
16 generations to come. You are, after all, seated  
17 in the cradle of American independence.

18 Now you all know this, but I just want  
19 to remind you. When we had our first skirmish  
20 with our British brethren at Concord and Lexington  
21 on April 19, 1775, the news of that event, well,  
22 it didn't reach Governor Weicker's neck of the  
23 woods until two days later, and it didn't reach  
24 Pennsylvania until the second week of May. Today

1     it would have been carried live on C-Span.

2                 Well, times have changed, and that is  
3     good. Today, information is communicated  
4     instantly around the world and into space using  
5     nothing more than a series of electronic ones and  
6     zeros, a binary system we call it. We used the  
7     binary system to communicate information about  
8     British troop movements, one if by land, two if by  
9     sea. All right. All right. I know, it's a  
10    trying system. We have the capability to go  
11    primary, so we did it.

12                So it's worth remembering that the  
13    first American Revolution was not won as a result  
14    of technical superiority. We had the same  
15    equipment as the British, and we just had less of  
16    it, and it was in worse condition, but we used it  
17    in new and unconventional ways, and that proves to  
18    be a strategic advantage.

19                The first American Revolution was not  
20    won as a result of technological wizardry. We  
21    minutemen, after all, were farmers, businessmen,  
22    merchants; and in the end, the outcome of your  
23    Revolution, like ours, will be won based on the  
24    steadfastness of your courage and the wisdom of

1 your leaders. Above all, it will be based on your  
2 vision.

3 We had a vision. We hold these truths  
4 to be self-evident that all men are created  
5 equal. They are endowed by their creator with  
6 certain unalienable rights. Among these are life,  
7 liberty and the pursuit of happiness. What better  
8 expression of this idea can there be than the  
9 health, the education and the prosperity of the  
10 American people. American people whose well-being  
11 is entrusted to you by virtue of your office.  
12 There are 16 points of interest along the Freedom  
13 Trail here in Boston, but there are a limitless  
14 number of points along the Information Superhighway.

15 Today we are going to look at three of  
16 the most exciting. As you know, Boston has long  
17 been a leading center of the study and the  
18 practice of medicine. Today, exciting new  
19 opportunities to improve the quality of medical  
20 care in America await as a result of the  
21 Information Revolution. Our first stop along the  
22 Information Superhighway is Brigham and Women's  
23 Hospital, a distinguished Boston medical  
24 institution, which is using modern

1 telecommunications technology to improve the  
2 quality of medical care its patients receive.

3 (Whereupon, there was a presentation.)

4 GOVERNOR DEAN: Most of the debate  
5 over health care reform has focused on the  
6 financial requirements. Insurance without access  
7 to quality services will not solve the health care  
8 needs for many Americans, particularly rural  
9 Americans.

10 GOVERNOR ROSELLO: Doctor Dean,  
11 Governors, one important element of quality care  
12 is access to expertise for consultative purposes.  
13 Telemedicine provides the means for physicians to  
14 consult at a moment's notice, whether they are  
15 across town or across the nation.

16 For example, a patient has just been  
17 admitted to the emergency room at Cuba Memorial  
18 Hospital in Cuba, New York. I want to say this is  
19 not Cuba in the Caribbean, although we could do it  
20 with Cuba in the Caribbean and Puerto Rico. The  
21 patient was involved in a sports accident. He  
22 collided with a second baseman sliding into the  
23 base.

24 Even though the patient seems stable,



1 the emergency room physician requests a plain film  
2 study to make certain that the patient has not  
3 suffered a serious neck injury. Cuba Memorial  
4 uses the services of a circuit-riding radiologist,  
5 who is not scheduled to visit the hospital until  
6 Monday.

7                   Imagine that I am this radiologist.  
8 We cannot wait for my regular visit; therefore,  
9 the images are sent to me over the computer  
10 network.

11                   The image indicates that the  
12 possibility of a fracture exists. A specialist is  
13 required, and I contact Doctor Leonard Holman, an  
14 expert radiologist at Brigham and Women's Hospital  
15 here in Boston.

16                   Doctor Holman, this patient was  
17 injured playing baseball, and I am concerned that  
18 there may be a very serious neck injury.

19                   DOCTOR HOLMAN: Yes, a cervical spine  
20 injury could be potentially serious. The cervical  
21 X rays show that there is an anterior dislocation  
22 of the tenth cervical vertebra. We need a  
23 CT scan. The reason is to determine whether there  
24 is a fracture or whether there is an impingement

1 on the spinal canal. In a real situation, the  
2 patient would be sent to the next -- the nearest  
3 CT facility. The image would be simultaneously  
4 viewed by the primary care and consulting  
5 physician, and treatment would be prescribed.

6 GOVERNOR ROSSELLO: You see, based on  
7 the CT, there is no evidence of a fracture;  
8 therefore, emergency surgery is not required. It  
9 seems that more conservative treatment, bed rest  
10 and traction that can be administered at a local  
11 hospital is more appropriate.

12 DOCTOR HOLMAN: I agree. Let me know  
13 if I can be of more assistance.

14 GOVERNOR ROSSELLO: The use of  
15 available telemedicine saves time, expense, and  
16 more importantly prevents any unnecessary  
17 treatment.

18 GOVERNOR DEAN: This same technology  
19 can be used for high-end imaging such as magnetic  
20 resonance imaging establishing -- enabling faster,  
21 better communications between physicians and  
22 improved clinical decision-making and better  
23 patient care.

24 In this case, the patient has a

1 history of chronic back pain. Recently, the pain  
2 has become excruciating and has radiated down the  
3 left leg. Again, the situation calls for an  
4 expert consultation to determine if a damaged  
5 spinal cord is the source of the discomfort.

6 I call Doctor Holman at Brigham and  
7 Women's, who recommends that the patient com in  
8 for a M.R.I. study. The M.R.I. images are  
9 transmitted back to my office so that I can  
10 participate in the diagnosis, and we can jointly  
11 determine the course of treatment.

12 DOCTOR HOLMAN: Let's take a look at  
13 frame 12. The intervertebral disks look fin  
14 until we get to the L5,S1 level. The M.R.I.  
15 clearly shows that the disk space has totally  
16 collapsed.

17 The dark area shows that the disk has  
18 extruded into the spinal canal, impinging on the  
19 spinal cord.

20 In view of the clinical setting, the  
21 pressure should probably be relieved as soon as  
22 possible to avoid possible permanent damage.

23 GOVERNOR DEAN: Based on M.R.I.,  
24 emergency surgery seems to be an appropriate

1 response in this case.

2 DOCTOR HOLMAN: I agree. We will  
3 admit the patient this afternoon for surgery in  
4 the morning, and I will give you a call tomorrow  
5 with the results.

6 GOVERNOR DEAN: This is an example  
7 where time and expenses are saved by viewing the  
8 images simultaneously, rather than having to  
9 process, duplicate and deliver film by courier.  
10 From my perspective, as the primary care  
11 physician, I remain in control of the situation,  
12 but I am able to work with a consulting  
13 physician.

14 These two demonstrations could have  
15 taken place between any two institutions, health  
16 care institutions, anywhere around the country.  
17 There are hundreds of locations throughout the  
18 country that have access to these kinds of  
19 technologies, but unfortunately the  
20 telecommunications infrastructure to do this  
21 does not always exist.

22 MINUTEMAN: If Ben Franklin or  
23 Tom Paine were alive today, doubtless they would  
24 be educating the public over a computer network

1     rather than by publishing almanacs and pamphlets.

2                 Speaking of Tom Paine, I think he  
3     finds some of today's heartiest winter soldiers to  
4     be educators or working to bring the power of the  
5     Information Revolution to bear on the challenges  
6     of the 21st Century.

7                 At our second stop, we will see new  
8     opportunities which await in education as a result  
9     of the Information Revolution.

10                (Whereupon, there was a presentation.)

11                GOVERNOR NELSON: The national education  
12     goals include greater parental involvement in a  
13     child's education. This is easier said than done.  
14     Today, both single parents and two-income households  
15     are faced with the often very difficult task of  
16     balancing the responsibilities of their careers  
17     and families. As you will now see, keeping track  
18     of a child's schoolwork, performance and progress  
19     can greatly be aided through the use of  
20     telecommunications and information services.

21                This afternoon, Jay Lindsey of Plano,  
22     Texas and I are going to show you part of a fully  
23     integrated information system designed  
24     specifically for school systems. I don't have to

1 tell you how challenging it can be for the parent  
2 to get timely and accurate information on their  
3 children's progress. Sometimes parents feel  
4 isolated from teachers, school administrators and  
5 even the students.

6           The following demonstration is a  
7 visionary way to reduce the isolation. By using  
8 technology, we can help administrators reach out  
9 to the teachers, teachers reach out to us as  
10 parents, and most importantly help parents reach  
11 out to their children. The end result being  
12 students who are helped to strive for excellence.

13           Today we are going to view the system  
14 just as a parent would see it.

15           JAY LINDSEY: The apple here indicates  
16 the school lunch menu. The calendar of events  
17 gives you the first day of school, any holidays  
18 and so forth. We also have a curriculum that you  
19 can glance into from home or office, wherever you  
20 choose. If you want to look at the language arts  
21 curriculum, you can look that up and see what is  
22 going on in school during the day. You also have  
23 the ability from home to look at your son or  
24 daughter's work or open an electronic portfolio

1     that will look at student information. What we  
2     have here now is scanning in a picture.

3                 We can also see medical information,  
4     medical records that are cumulative from when  
5     Matthew starts in school. We no longer have to  
6     look for the records once we need them when a bee  
7     sting occurs in the playground. We also can look  
8     at samples of Matthew's work, and we will show you  
9     those quickly. And here is a math sample. You  
10    can tell here that Matthew is good at math, but he  
11    is having difficulty with compound fractions. You  
12    also can look at art work. That is the point that  
13    you get at emotional development in children. We  
14    see that Matthew is a good artist as well, and you  
15    also have the ability to experience a reading  
16    sample from school.

17                STUDENT: When it rains, you can see  
18    umbrellas on the streets. They are in many  
19    different colors. People hold them above their  
20    heads. Umbrellas help people keep dry.

21                JAY LINDSEY: And if you will note  
22    back on the main menu, Governors, I am looking in  
23    my in and out box, and I have got a letter here.  
24    Let's check that letter.

1                   GOVERNOR NELSON: This is one way that  
2 the school can communicate with us. It's a letter  
3 about the upcoming school year. It tells me who  
4 my child's teacher and principal will be, when and  
5 where to pick up the school bus and the driver's  
6 name. It supplies a list of supplies that my  
7 child will need on the first day of school. It  
8 also requests a back to school conference so I can  
9 check my calendar and confirm or ask that the  
10 conference be rescheduled.

11                   Next, imagine you have returned home  
12 late Tuesday night from an N.G.A. meeting. Your  
13 children are already asleep. You don't want to  
14 wake them up to find out what is going on at  
15 school.

16                   JAY LINDSEY: Governor, let's check  
17 and see what happened at school today. This  
18 indicates that we have a voice message. Let's  
19 check that message.

20                   VOICE OF TENNIS COACH: Mr. Johnson,  
21 this is Mr. Griffith, your daughter's tennis  
22 coach. The extracurricular eligibility report  
23 indicates that Mary will not be eligible for  
24 tennis during the second six-week period unless



1 her overall average is brought up to at least an  
2 85. Please talk with her. Thank you.

3 JAY LINDSEY: Now, Governor, whether  
4 you live in Plano, Texas or Lincoln, Nebraska, we  
5 have got a potential problem at home. We have got  
6 a son or daughter who is not eligible for sports.

7 (Laughter.)

8 GOVERNOR NELSON: But the real issue  
9 is that we have an academic problem. How can the  
10 information system help solve it?

11 JAY LINDSEY: Okay, Governor, let's  
12 see what you have. Let's go back to the  
13 electronic portfolio. Let's look at Mary's file  
14 folder, and the message said something was wrong  
15 with grades. So we have grades here, B through D.  
16 Oh, wow, a D in English. How did Mary get that?  
17 Well, this is the list of assignments and tests.  
18 We see five out of five and 10 out of 15, a  
19 whopping two out of ten on the very first homework  
20 assignment. Well, Mary didn't say anything about  
21 this. So let's keep looking before we decide to  
22 go extract Mary from bed. Let's look at  
23 attendance, and the first six weeks, oh, wow, one,  
24 two, three, four unexcused absences. I think we

1 have reason to disturb Mary up out of bed and have  
2 a discussion, but also we have the ability to look  
3 at the academic information, and we look at the  
4 goals that we mutually agreed upon earlier in the  
5 year. One be placed in honor level classes in  
6 high school, and Mary has attained that goal, but  
7 what she has done today has put you in jeopardy of  
8 losing that goal. Play on a high school tennis  
9 team, same thing. And also attend Georgia Tech.  
10 University. You can see that these are the  
11 minimum requirements to attend Georgia Tech. That  
12 is right from the school catalog in the  
13 counselor's office.

14 Now, Governor, I don't want you to  
15 think about Georgia Tech., but that is the  
16 situation you have got there.

17 GOVERNOR NELSON: Well, we will have  
18 to get her standards up to be able to attend the  
19 University of Nebraska.

20 (Laughter.)

21 GOVERNOR NELSON: At this stage of the  
22 education information revolution, we really  
23 haven't done much to change the way education  
24 happens. What we have done is build an

1 infrastructure to better handle what happens in  
2 education. However, once the infrastructure is in  
3 place, the possibilities are limitless. Once  
4 teachers and administrators are turned on to the  
5 power of the information infrastructure, we can  
6 expect new teaching methods and applications  
7 beyond anything imaginable today.

8 MINUTEMAN: Nowhere are the effects of  
9 the Information Revolution more profoundly felt  
10 than in American business where it is breaking  
11 down encrusted organizational hierarchies,  
12 breaking through artificial barriers, breaking  
13 apart unproductive habits.

14 Today's final stop shows how  
15 U.S. companies can work together and succeed in  
16 the increasingly competitive global marketplace.

17 GOVERNOR WELD: Everyday we all hear  
18 about the Information Superhighway. Exactly what  
19 is it? When will it arrive? How much will it  
20 cost? Who will pay for it? And most importantly,  
21 what will we use it for?

22 Perhaps the best answer to these  
23 questions is to take a look at the working  
24 prototype available to us now, the Internet.

1           With one click of the mouse, you can  
2   visit the Louvre Museum in Paris. Another click,  
3   and you are a virtual tourist in Singapore. Two  
4   more clicks and you can review the latest Supreme  
5   Court decisions.

6           GOVERNOR CAMPBELL: A vast array of  
7   information is being made available in user-friendly  
8   formats. A global electronic mall is under  
9   construction. The Internet is already a place  
10   where people congregate, interact and access  
11   information that only recently was beyond their  
12   immediate reach.

13           But more significantly, the Internet  
14   is now transactional. People are conducting  
15   business on it. Companies both small and large  
16   can search and shop on a global scale for the best  
17   resources and products at the best prices. In  
18   other words, the global marketplace is now closer  
19   than the corner store.

20           GOVERNOR WELD: The challenge of a  
21   global economy lies in one's ability to take  
22   advantage of the available tools. International  
23   competition requires a successful firm to operate  
24   smarter, faster and less expensively.

1                   GOVERNOR CAMPBELL: Telecommunications  
2 enables U.S. firms to develop working relationships  
3 with partners and other states creating a win-win  
4 situation for the economies in both locales. They  
5 can jointly develop thoughts, draw on previously  
6 out-of-reach resources and market products  
7 internationally without leaving their home base.

8                   For instance, let's say a company in  
9 the southeastern part of the United States wants  
10 to shift its information management systems to a  
11 P.C. network. It scans the Internet to find a  
12 company, an information system supplier right here  
13 in South Carolina. Immediately, they are able to  
14 check out the company's capabilities.

15                  GOVERNOR WELD: They can then follow  
16 the path of their interests and needs, connecting  
17 directly to product and marketing information from  
18 that company's equipment and software supplier, in  
19 this case, a global computer manufacturer  
20 headquartered right here in Massachusetts.

21                  If they want to, they can even use the  
22 Internet to test drive the latest products, all  
23 without having to leave the office or pick up a  
24 phone.

1                   GOVERNOR CAMPBELL: As Martin Hoffman  
2                   of M.I.T. has said, "The promise of technology  
3                   does not derive from merely automating our current  
4                   operations. The real benefits accrue when we use  
5                   technology to do business differently."

6                   What we see here are the beginnings of  
7                   a new mass communications medium and a totally new  
8                   way of conducting commerce for buying and selling  
9                   all manner of goods and all manner of services.

10                  GOVERNOR WELD: These are the new  
11                  modern tools that companies need to find one  
12                  another and make themselves known. These are the  
13                  tools that companies in our states can use to move  
14                  quickly and to seize opportunity in distant  
15                  markets. Businesses around the world are already  
16                  using these same tools to compete aggressively for  
17                  new customers. We, as Governors, constantly look  
18                  for ways to support the growth and competitiveness  
19                  of firms in our states.

20                  GOVERNOR CAMPBELL: Clearly, state  
21                  government policies and practices that accelerate  
22                  the deployment of advanced telecommunication  
23                  infrastructure and promote the development of new  
24                  applications may be the most valuable service that

1 we Governors can offer.

2 MINUTEMAN: So today we have made just  
3 three short stops along the Information  
4 Superhighway, but keep in mind the larger points  
5 of this Revolution. It's already here. It's not  
6 off in some future never-never land. It's cor is  
7 not fancy technology; it's human transformation,  
8 and its limits are not in the quality of your  
9 tools but the heights of your imagination.

10 Every one of you in this room is on  
11 the front line of the next American Revolution,  
12 whether you realize it or not. You are, after  
13 all, keen political executives in the American  
14 democracy. No one, no one else combines the  
15 proximity to the people with your broad executive  
16 powers and responsibilities.

17 You are out there everyday trying to  
18 serve your constituents in an age of shortages  
19 where budgets never catch up with needs; in a time  
20 of frustration, where everyone wants more  
21 government services and lower taxes; in an era  
22 where declining faith in Government collides with  
23 escalating social needs.

24 You are the Minutemen of this next

1 American Revolution, and you will do what is  
2 necessary. Sometimes you will be pathfinders  
3 showing the medical and education and business  
4 leaders in your states how to harness information  
5 technology to achieve greater effectiveness.

6 Sometimes you will be cheerleaders,  
7 encouraging those leaders in their own efforts  
8 towards their own goals.

9 And sometimes you will be brokers,  
10 bringing together parties for joint ventures along  
11 the Information Superhighway, but always you will  
12 be partners just like the Minutemen during the  
13 first American Revolution. Your responsibility in  
14 the next American Revolution is to form further  
15 partnerships for progress.

16 That bold new future starts here,  
17 starts now, starts with you. I offer you our  
18 spirit. I charge you with success. I wish you  
19 luck.

20 (Applause.)

21 CHAIRMAN CAMPBELL: That was quite a  
22 show, you know, if this experience is an example  
23 of what public/private partnerships can produce  
24 then I think we are certainly on the right track.



1 I particularly want to call your attention to the  
2 program that is in front of you that lists the  
3 names of many companies, the individuals who  
4 contributed to this effort. We appreciate that.  
5 We have all known in Government that the public  
6 sector and the private sector working together can  
7 solve problems and can also create opportunities,  
8 and so we are delighted to enforce this  
9 partnership here today. In South Carolina, we  
10 recognize the importance of telecommunications.  
11 When Hurricane Hugo destroyed much of our  
12 communications infrastructure along the South  
13 Carolina coast, it hindered our emergency response  
14 and recovery effort, and we learned from that  
15 experience. Government, the business community  
16 and our universities formed a partnership to  
17 develop a state-of-the-art telecommunications  
18 network so that we would never again be in the  
19 same situation.

20                   However, the benefits of our efforts  
21 go far beyond emergency management. In the  
22 exhibit hall, you can see four examples of what  
23 our advanced telecommunications infrastructure now  
24 allows us to do. South Carolinians can now get a

1 digitized driver's license. Food stamp benefits  
2 are transmitted electronically. The State  
3 Justice Department can work with other states to  
4 locate parents, and citizens can electronically  
5 file their tax returns. All of this not only  
6 serves the citizens better, it saves us money in  
7 the process. It streamlines the system. Last  
8 August, I asked the N.G.A. Committee on Economic  
9 Development and Commerce to examine how states can  
10 promote the uses of telecommunications and  
11 accelerate deployment of the national information  
12 infrastructure.

13 And I am now pleased to call on  
14 Governor Terry Branstad of Iowa, the Committee  
15 Chair to present the findings and the  
16 recommendations that came out of the committee's  
17 efforts over the past year.

18 Governor Branstad.

19 GOVERNOR BRANSTAD: Governor Campbell,  
20 thank you very much.

21 Watching that presentation, first of  
22 all to see that the history that is here and then  
23 to see a glimpse of the future with the  
24 telecommunications superhighway, it makes you very

1 proud to be an American, and we have only seen the  
2 tip of the iceberg of what is going to happen.  
3 Everyday we are seeing more and more application  
4 of advanced telecommunications. We see the  
5 technology making an impact in business, in  
6 education, in government and in health care. In  
7 the State of Iowa, we have developed a state-wide  
8 telecommunications network called the Iowa  
9 Communications Network. We have put fiber optic  
10 cable in the ground to all of our 99 counties.

11 The idea came from when I chaired a  
12 rural development task force at the National  
13 Governor's Conference. The State of Iowa was in  
14 the midst of the farm crisis, and I recognized we  
15 had to do something dramatically different if we  
16 were going to be able to compete in the future.  
17 We happen to have the educational opportunities in  
18 our rural schools that only existed in the large  
19 urban areas. We needed to be able to make it  
20 possible for companies to locate in our small rural  
21 communities and have the same telecommunications  
22 capabilities that existed in the large cities in  
23 this country, and so we developed this network,  
24 and I am pleased to say it has been a real battle,

1 but we have now put the fiber optic cable in the  
2 ground and have over 115 sites located. We will  
3 within the next year extend it to every school  
4 district in the State. With the approval of the  
5 action of the legislature this year, we have now  
6 permitted every hospital and our rural clinics to  
7 get on the system. Our libraries will also have  
8 the opportunity and with the help of the Federal  
9 Government will connect up to all of our  
10 National Guard Armies and make it possible for the  
11 Federal agencies to use this superhighway.

12 Why has Iowa taken such a bold step?  
13 Why have we made an investment of already over  
14 \$100 million in this structure, and why should  
15 each of you invest your time and energy to deal  
16 with these important issues surrounding the  
17 current debate over telecommunications. There are  
18 three important reasons.

19 First, the states are major consumers  
20 of telecommunications. In many states, you are  
21 the single largest consumer. And as new public  
22 service applications are found, they can be  
23 exhibited by the use of Government. An example in  
24 Iowa that we are using right now today is the use

1 of the telecommunications network by our Parole  
2 Board to interview people that are in the  
3 prisons. They don't have to travel to the prisons  
4 to interview those prisoners, and eventually the  
5 courts will also be doing this.

6 Second, historically states have had  
7 primary responsibility for regulating local and  
8 intrastate communication services. We are -- we  
9 recognize that we are entering an era of  
10 competition for all telecommunications services;  
11 however, this competitive environment will not  
12 relieve Government of its responsibility to  
13 protect consumers and ensure quality services.  
14 States continue to have the experience and the  
15 capacity to fulfill this important responsibility.

16 And third, everyday State governments  
17 adopt policies and conduct programs that affect  
18 the economic well-being of our citizens and our  
19 businesses. Telecommunications represents one of  
20 the most promising vehicles for improving the  
21 U.S. economy's competitiveness in the global  
22 marketplace and spawning new enterprises in our  
23 states. The question, therefore, is not why  
24 should we be involved, but more appropriately we

1     need to ask, how can we afford not to be  
2     involved?

3                     Today I'm pleased to release a report  
4     entitled, Telecommunications, the Next American  
5     Revolution. This report presents the findings and  
6     the recommendations of the N.G.A. Telecommunications  
7     Steering Committee, which was established by th  
8     Committee on Economic Wealth and Commerce. Its  
9     mission was to examine current state and Federal  
10    action and to promote the use of advanced  
11    telecommunications to identify issues of  
12    particular importance to the states and to make  
13    recommendations for further actions by the  
14    Governors collectively through the N.G.A. and  
15    individually in our respective states.

16                    An initial finding relates to the  
17    pressure that Governors face from within and from  
18    out state government to invest in specific  
19    telecommunication activities. Unfortunately, this  
20    piecemeal approach can be both costly and  
21    duplicative. To avoid this kind of situation,  
22    many Governors have created their own blue ribbon  
23    panels to initiate the strategic planning efforts  
24    that result in a comprehensive approach to the

1 communication needs of their State in the future.

2 Wisconsin's Governor Tommy Thompson  
3 was among the first to establish a State  
4 Information Infrastructure Task Force.

5 Governor Thompson, will you share with  
6 us your experience.

7 GOVERNOR THOMPSON: Thank you,  
8 Mr. Chairman. Let me just first congratulate you  
9 in your leadership of this report. It is well  
10 done, and you worked extremely hard, and you  
11 should be complimented for the job you have done.

12 I took some of your suggestions,  
13 Terry, and set up a task force approximately  
14 12 months ago. They came back with a report. It  
15 was proposed to consumers in telecommunications  
16 companies and educators and all of the various  
17 groups that are involved in telecommunications.  
18 They came back and said the biggest problem that  
19 we have is many states and basically the Great  
20 Lakes states put regulation and that we are judged  
21 based upon our rate of return. Whereas, if we  
22 would be allowed to compete with each other, and  
23 to be based upon cost, we could reduce their costs  
24 and have a higher increase in profits. So we

1 passed a bill allowing that. I think we were the  
2 first state to allow that. I believe competition  
3 is very strong with communications companies, and  
4 as a result of that we are seeing a tremendous  
5 amount of new investment coming into the State of  
6 Wisconsin. We are expecting Ameritech to come in  
7 with a subsidy of \$1 million over the course of  
8 the next few years, and the D.P.U. with about  
9 \$500 million, and it has worked out extremely  
10 well.

11 They also, as a result of this new  
12 regulation, we set up the universal fund so that  
13 we will be able to have telecommunications by  
14 rockets as well as the modern technology into  
15 every home in Wisconsin by the year 1998, and we  
16 also expect to have a foundation fund set up to  
17 contribute money from industry of which  
18 \$25 million is set up to buy new technologies for  
19 rural schools. So it has worked out very well,  
20 and it has been based typically a lot of the  
21 money, an initiative of industry themselves.

22 GOVERNOR BRANSTAD: Thank you very much.

23 In May, Governor Campbell and Governor  
24 Ed Schafer and I conducted a round table -- back



1     in May, Governor Schafer, Governor Carroll Campbell  
2     and I conducted a round table discussion in  
3     Des Moines, Iowa where they recommended that  
4     business to use and provide telecommunications  
5     information services. We were impressed with how  
6     much technology is changing and the way businesses  
7     operate. For many of us, one of the exciting  
8     aspects of the National Information Infrastructure  
9     is its potential to provide new economic  
10    opportunities especially in rural communities.

11                   At this time, I would like to ask  
12    Governor Schafer from North Dakota to talk about  
13    his efforts to promote telecommunications as an  
14    economic development engine in his rural state.

15                   Ed Schafer, if you would tell us about  
16    the Great Plains Software experience and what that  
17    has done in North Dakota.

18                   GOVERNOR SCHAFFER: Thank you, Governor.  
19    I appreciate the opportunity.

20                   After seeing the telecommunications  
21    demonstrations, and I realize my positions and I  
22    guess most Governors don't get down to the movie  
23    stars, but we do appreciate that. I enjoyed the  
24    inferences. I was glad to do my service on the, I

1 think the important task force and certainly  
2 appreciate the opportunity to visit with you about  
3 aid in the economic development effort, and these  
4 are states with telecommunications.

5           Several years ago a report was issued  
6 called Connecting North Dakota, and working from  
7 our telecommunications task force report, we now  
8 see an infrastructure in North Dakota with the  
9 state-of-the-art digital switching equipment, and  
10 we were the first state to be fully fiber optic  
11 linked station to station. The data processing  
12 telemarketing businesses are two major economic  
13 efforts now underway in North Dakota. Several  
14 companies have made significant telecommunications  
15 investments in the state, and those investments  
16 resulted in over 3,000 telecommunications jobs in  
17 North Dakota.

18           One development initiative now is what  
19 we call the Red River Trade Corridor. We used a  
20 grant from the Ford Foundation to apply the use of  
21 telecommunications through work force training, a  
22 grant study and a two-year project to link  
23 telecommunications with work force training in the  
24 Red River regions of North Dakota, Minn sota and

1     Manitoba, Canada. Several of our larger corporate  
2     business partners in North Dakota, including  
3     U.S. Health Care, Global Travel and Unisys are  
4     expanding their data processing efforts in our  
5     state. And as you mentioned, software companies  
6     such as Great Plains Software Fargo can be  
7     international leaders to the software field.

8             The enormous success of our Great  
9     Plains Software indeed is cited in the  
10    telecommunications policy report that we see on  
11    the screen now, and you have before you, and it is  
12    being released today as an example of business  
13    making successful adaptations in the  
14    communications aid. To maintain a share of the  
15    software market, Great Plains recognized that a  
16    primary business involved customer service after  
17    the sale. The first small growing business to  
18    provide the kind of specific 24-hour-a-day  
19    assistance that customers demanded, Great Plains  
20    instituted a program of workplace flexibility.  
21    The company equips its customer service staff with  
22    pagers and modems that enable them to work out of  
23    their homes. The advanced telecommunications and  
24    the flexible work environment have enabled Great

1 Plains Software to generate 250 percent increase  
2 in customer service requests, but at the same time  
3 they have been able to increase that volume from  
4 only a 50 percent increase in their staff. Great  
5 Plains Software is now the link to the second  
6 largest user of telecommunications in North Dakota  
7 after, of course, State Government. But as well  
8 as the use of telecommunications, this service  
9 program allows a new revenue source for the  
10 company, because some customers needed immediate  
11 one hour return on service, and they were willing  
12 to pay for that service.

13 And there is, as I mentioned, the  
14 previous employee work programs allowed the  
15 company to focus in on service in creating a new  
16 revenue source by their service program, and that  
17 revenue source now exceeds 50 percent of the  
18 income of that company. I think Great Plains is  
19 now a standing example of the possibilities  
20 presented by the aid to the telecommunications.  
21 No longer do employees need to be tied to the  
22 workplace, and certainly no longer do employ rs  
23 need to be bound to the old marketing conservative  
24 strategies of old. The new world is certainly

1 opening up, and we can hear and are exposed to the  
2 exciting expansion of telecommunications in the  
3 world that offers us the opportunity to eliminate  
4 geographical and environmental barriers that have  
5 in the past held us back from competing in the  
6 world marketplace. It's also a road that's  
7 promising exciting new opportunities for economic  
8 diversity in North Dakota as well as other places,  
9 and certainly as we have seen today starting with  
10 the next American Revolution.

11 Thank you.

12 GOVERNOR BRANSTAD: Ed, thank you for  
13 sharing that exciting experience with us.

14 Very early in our deliberations, the  
15 steering committee realized that the biggest  
16 barriers to deployment and the use of the national  
17 information infrastructures did not result from  
18 the lack of technology, but rather the  
19 institutional, the economic, social and political  
20 barriers appear to be a major roadblock along the  
21 Information Superhighway. The report suggests  
22 that often these barriers result from program  
23 regulations. They have little or nothing to do  
24 with the technology itself.

1                   For example, the State of Maryland has  
2     been a leader in implementing a system of  
3     electronic benefits transfer. However, future  
4     state use of this technology is clouded by pending  
5     Federal regulations that deal with fraud and abuse  
6     of welfare benefits.

7                   At this time, I would like to ask  
8     Governor Schaefer from Maryland to share his  
9     experiences with this.

10                  CHAIRMAN CAMPBELL: Governor Schaefer.

11                  GOVERNOR SCHAEFER: Thank you.

12                  The information revolution of course  
13     is here, but we talk about terms that there aren't  
14     any problems. Let me tell you some of the  
15     problems that we have had. First of all,  
16     opposition by different interests that if you are  
17     lucky you overcome. So we have found some serious  
18     legal problems that the Attorney General will also  
19     bring to your attention. Try to overcome  
20     opposition by the unions when you are taking the  
21     jobs away from them. Overcome the problem of  
22     locating the infrastructure itself, the  
23     information infrastructure itself. One of the  
24     most important things, of course, is involving the

1 private sector in working with you, and another  
2 very important one is to get the legislature to  
3 understand what you are talking about when you are  
4 talking about infrastructure, fiber optics and the  
5 rest. I think those are some of the things that  
6 people are concerned about; and then, particularly  
7 around the state, all the things that we saw today  
8 are important, but you have to clarify what you  
9 think is important for your state. We thought  
10 that prisoners identifications, and we have an  
11 exhibit here which is a very important one, and we  
12 moved forward with that one.

13 We also are interested in what we call  
14 an electronic message transfer system, and  
15 Maryland will be one of the first states to offer  
16 access to benefits including food stamps,  
17 A.F.D.C., state public assistance, and a card that  
18 looks like a credit card. On this little card are  
19 all these benefits. The person does -- rather  
20 than getting them in cash, they are on this card,  
21 and they go through, and they can use the A.T.M. machine  
22 They can use it at a grocery store. They can use  
23 it just about everywhere. The card is more secure  
24 than the old method, because the people using the

1 service, they don't have to carry cash. It also  
2 saves the Federal Government money. They have an  
3 individual person, individual information number  
4 that allows them to access their benefits when  
5 they need them on the card, an independent  
6 identification number. We converted to this  
7 system about two years ago, and we have seen the  
8 benefits.

9 Let me also say we ran into tremendous  
10 benefits when the company was providing it. They  
11 went out of business. They couldn't handle it.  
12 It was a very difficult and complicated system,  
13 but we pursued it, and we find now that teaching  
14 the people to use this card that they prefer this  
15 system, and the Federal Government saved it,  
16 because it does not have to deal with expensive  
17 food stamps.

18 They both show that we need to keep an  
19 open mind about technology. I am going to have to  
20 warn you that all these benefits of converting  
21 state services to E.B.T. are in danger. That  
22 regulation is -- it's very sad -- put out by the  
23 Federal Reserve Board, which makes the E.B.T.  
24 system too expensive to operate. The Federal



1 Reserve Board wants to regulate these cards just  
2 like a regular consumer bank account, and  
3 regulations need to treat the state like a bank  
4 and will require the state to replace lost or  
5 stolen benefits above \$50. We figure that if such  
6 regulation goes through, we will either have to  
7 abandon the system or face the losses of something  
8 like \$20 million in one year. We are looking for  
9 ways to challenge the regulation so we will not be  
10 forced to return to an inefficient, outdated  
11 system. If we cannot reverse the action by the  
12 Federal Reserve Board, they will reverse the  
13 progress that we have made, and the money that is  
14 invested by the Federal Government and our local  
15 state government. They will eliminate the chances  
16 of the state to move forward itself. Now these  
17 little cards have all the benefit forms. All you  
18 ahve got to do is go in the same as an A.T.M.,  
19 just go in, take your benefits, walk through the  
20 grocery store, wherever it might be, no cash and  
21 it works, the card.

22 GOVERNOR BRANSTAD: Tom Schaefer,  
23 thank you very much. I know we are doing this in  
24 one of the 99 counties in our state, and we have

1 had great experience with it so far. I hope that  
2 with your leadership and the support of the other  
3 Governors we can prevent that rule from going  
4 forward that would close us down.

5 Many states are starting new or using  
6 new telecommunications means to bring government  
7 services closer to the people. An example of that  
8 is using our obvious communications network. We  
9 recently conducted a consumer comment hearing on a  
10 telephone rate case before our Iowa Public Utility  
11 Commission in Des Moines, and the people that were  
12 testifying were citizens. The residents were in  
13 the southeast corner of our state.

14 I would like now to ask Governor -- the  
15 Colorado Governor, Roy Romer, to talk about how  
16 his office has used telecommunications to help  
17 gather citizen feedback on major public policy  
18 issues in the State of Colorado.

19 Governor Romer.

20 GOVERNOR ROMER: Let me report on  
21 another way to go at it. I was concerned about  
22 getting interaction from citizens on the budget  
23 process we have put out on a kiosk, a screen where  
24 you can touch it and it goes through a series of

1 priorities, and we had a great deal of feedback in  
2 shopping centers. You could walk up, and on this  
3 screen you punch it, and it will begin to give you  
4 some of the options that we were facing, and you  
5 could begin to vote in and select your budget. W  
6 then did a second round of that on reinventing  
7 government. Downstairs if you saw the kiosk, what  
8 we now have is a In-Touch Colorado. It's a very  
9 attractive kiosk, and you go up -- it's in color,  
10 and you can inquire about 15 different topics  
11 about Colorado. For example, if you want to have  
12 information on games of chance or a business  
13 start-up or selecting child care or watching  
14 wildlife, you can push this screen, and it will  
15 begin to give you information and feedback.

16 We had 126,000 users. We had four of  
17 these kiosks out, and the average use was five  
18 minutes each, and it was very interesting. The  
19 kinds of things they were willing to pursue, but  
20 it was a way in which we could bring good  
21 information to people in shopping centers and a  
22 way that not only informed them, but gave them a  
23 chance to interact and to participate in  
24 governm nt.

1                   Thank you.

2                   GOVERNOR BRANSTAD: Governor Romer,  
3                   thank you very much.

4                   As you can see, the states are on the  
5                   cutting edge of the telecommunications technology  
6                   changes that have taken place. Additional  
7                   examples of state technology innovation are on  
8                   display in the exhibit hall, and we encourage all  
9                   of you to see the exhibit hall and to see some of  
10                  the exciting things that are happening in states  
11                  across the country.

12                  I want to commend Governors  
13                  Mel Carnahan of Missouri and Kirk Fordice of  
14                  Mississippi for their leadership in the N.G.A.  
15                  State Management Task Force. Their efforts have  
16                  raised the visibility of technology and  
17                  telecommunications as a tool to improve the  
18                  quality of government services and reduce the  
19                  response time.

20                  I do not want to suggest, however,  
21                  that this Telecommunications Revolution has been  
22                  won. In fact, we are in the very early stages of  
23                  what I think will be an exciting and changing  
24                  era. Major issues remain to be decided. Most

1     importantly, how will government manage the  
2     transmission from what has been a heavily  
3     regulated local telephone service to a new  
4     competitive environment. We have already seen  
5     significant changes there, and some of the  
6     proposals before the Congress could shift the  
7     major regulatory responsibility from the states to  
8     the Federal Government. The N.G.A. report states  
9     that this would be a big mistake. This transition  
10    will not be an easy one. It will require  
11    regulators to balance the interests of consumers  
12    and providers. Among providers, states will be  
13    challenged to develop a regulatory policy, policy  
14    and practices that facilitate and encourage  
15    competitiveness and do not cripple the ability of  
16    the current providers to compete in a new changing,  
17    more competitive regulatory environment.

18                 Differences in geography, population  
19    make-up, the type of services that a number of  
20    potential service providers demand that there not  
21    be a one-size-fits-all solution. Governor Schafer  
22    has pointed out how that can be devastating in  
23    some of the innovative things the states are  
24    doing. Experience in states that have moved to a

1 more competition-based regulatory environment  
2 demonstrates that the transition requires labor  
3 intensive negotiations among all the partners, all  
4 of the players, the consumers and all the  
5 different providers. The states are in the best  
6 position currently and already have developed the  
7 capacity to oversee and monitor this transition.  
8 Furthermore, moving the oversight process from the  
9 states to Washington, D.C. would place consumers  
10 at a big disadvantage. The added expense and  
11 business required to raise grievances with  
12 regulatory agencies in Washington, plus the fact  
13 that they get fogged in there a lot, as we saw  
14 today in our committee meeting this morning versus  
15 the ability to get to the state's capital would  
16 discourage consumers from addressing concerns on  
17 both cost and quality. In my state, hopefully  
18 they are not even going to have to go to the state  
19 capital. They can do it vis-a-vis the Iowa  
20 Communications Network.

21 Tomorrow the Economic Development and  
22 Congress Committee will present to you a revised  
23 telecommunications policy that will support  
24 continued state regulatory responsibility over

1 local and intrastate telecommunications services,  
2 while at the same time supporting the national  
3 effort to build this dynamic telecommunications  
4 superhighway for the future for our nation.  
5 Finally, changing technology and the introduction  
6 of competition to every sector of the  
7 telecommunications industry raises new issues  
8 about universal service. The policy objective of  
9 making basic telephone service available to every  
10 household at a reasonable rate in question are  
11 both the understanding of what constitutes base of  
12 service and the mechanism for collecting and  
13 distributing the subsidies necessary to support  
14 this universal service objective.

15 On the issue of universal service, the  
16 states again face a possible Federal preemption of  
17 local authority; however, policy and program  
18 decisions on universal services do not lend  
19 themselves to a national solution. The report  
20 recommends a new paradigm of public competition  
21 where consistent with a broad Federal objective to  
22 the universal services the states can work with  
23 consumers and providers within their jurisdiction  
24 to develop innovative approaches to meeting the

1 universal service objective that we are all  
2 talking -- that we are all interested in.  
3 Otherwise, Government will focus on satisfying a  
4 prescriptive Federal mandate instead of promoting  
5 innovation and building the partnerships necessary  
6 for us to compete in the world economy.

7 The report concludes with the four  
8 recommendations for continuing activity by the  
9 N.G.A. in the field of telecommunications. Those  
10 four recommendations are:

11 (1) To work with the Congress and the  
12 Clinton Administration to ensure maximum flexibility  
13 for state policy makers and regulators;

14 (2) To support the development of  
15 state telecommunications strategies, to do reforms  
16 and technical assistance;

17 (3) To continue to monitor innovative  
18 applications and new regulatory approaches that  
19 are being used by other states' telecommunications  
20 efforts, much as we are doing here at this  
21 conference;

22 And finally, to strengthen the State  
23 and Federal partnership.

24 In closing, I would like to thank th



1 members of the Economic Development and Congress  
2 Committee. The committee and the N.G.A.  
3 Telecommunications Steering Committee have worked  
4 hard. Also, on behalf of the N.G.A., I want to  
5 personally thank all the corporate and association  
6 participants. Many of them came out to see our  
7 Stark Armory and participate with Governor Schaefer  
8 and Governor Carroll Campbell and I in Iowa. We  
9 appreciate the resources and the effort and the  
10 energy and the knowledge that they have committed  
11 to this process. This report is a better product,  
12 because of their interest and involvement.

13 I am very pleased and very proud,  
14 Mr. Chairman, to present this report, and tomorrow  
15 I will be able to present the resolution dealing  
16 with our policy on telecommunications to go with  
17 it.

18 Thank you very much.

19 (Applause.)

20 CHAIRMAN CAMPBELL: Thank you very  
21 much, Governor Branstad. Thank you for the time  
22 and the effort you have devoted to this project.  
23 I am sure that the report is going to be a  
24 valuable resource for Governors. I enjoyed my

1 visit to Iowa and was very impressed with what you  
2 were doing, and to learn what others are doing  
3 with technology is exciting, because I am never  
4 too proud to borrow a good idea, and I think that  
5 is what we are all here for is to get good ideas  
6 and to see what works.

7 I now have the privilege of introducing  
8 a young man that I met in the State of New Hampshire  
9 awhile back, and he was a person that was full of  
10 energy and full of ideas and the person that really,  
11 I think, is a catalyst for making things happen  
12 all over this country. Technology really is the  
13 key to America's future, and better education is  
14 the key to technology, and better technology is  
15 the key to the public health problem, and  
16 everything is interrelated. The question is how  
17 do we do it? When we look at education and  
18 technology, we have to look at the areas of math  
19 and science and realize what we are dealing with.

20 In 1989, Dean Kamen founded  
21 U.S. FIRST. The FIRST stands For the Inspiration  
22 and Recognition of Science and Technology. It's a  
23 non-profit organization dedicated to changing th  
24 way Americans look at science and technology.

1                   U.S. FIRST holds an annual competition  
2                   whereby engineering teams from corporations or  
3                   universities are coupled with local high schools,  
4                   and a super bowl robotics competition. This is  
5                   the focus of our presentation today. And I had  
6                   the privilege of being in New Hampshire when they  
7                   were holding the competition. I was amazed. They  
8                   had their own cheering teams. They had their own  
9                   jackets and their own colors, except they were  
10                  competing, instead of on the basketball court or  
11                  the football field, they were competing in the  
12                  areas of technology and science, and it was just  
13                  as exciting.

14                 Dean Kamen is a physicist, an engineer,  
15                 an inventor. He holds more than 30 U.S. patents.  
16                 He was an undergraduate at Worcester Polytechnic  
17                 Institute when he founded his first company. In  
18                 1988, he was named Entrepreneur of the Year by the  
19                 New Hampshire High Technology Council. In 1982,  
20                 he received an Honorary Doctorate in Science from  
21                 his Alma Mater, and he also founded SEE. It's a  
22                 hands-on science museum for children. He has  
23                 dedicated himself and his talents to exciting the  
24                 minds of young people of America, and I am indeed

1 privileged to have an opportunity to present to  
2 you Dean Kamen.

3 (Applause.)

4 DEAN KAMEN: First, I would like to  
5 thank Governor Campbell for taking an interest in  
6 U.S. FIRST.

7 The second thing I will do is start  
8 out by apologizing in telling you that I can't  
9 possibly give you a comprehensive -- I am afraid  
10 maybe not as coherent -- a vision of what  
11 U.S. FIRST is in a couple of minutes, but what I  
12 would like to do is show a short video. We over  
13 the last three years have been lucky enough to  
14 have both President Bush and President Clinton,  
15 the national media in the form of many places,  
16 C.N.N. in this particular one, ABC with 20/20 and  
17 most of all about a minute of this year's  
18 competition, but I spliced together only about 30  
19 or 40 seconds of each of those four things  
20 hopefully to give you our trust as to credibility.  
21 So if we can start with that it might help.

22 (Whereupon, there followed a vid o  
23 presentation.)

24 DEAN KAMEN: Well, I think this

1 presentation has got to go downhill from there.  
2 By way of maybe a short history of what Governor  
3 Carroll Campbell called our little science center  
4 in New Hampshire, I will tell you how U.S. FIRST  
5 got started and what I can differentiate within my  
6 years of talent.

7               About ten years ago, I was getting  
8 pretty frustrated watching the average level of  
9 technology of society going up and the average  
10 level of competence, particularly among the young  
11 people who take it all for granted go down, so I  
12 built a little hands-on science center in one of  
13 our buildings in Manchester. And over a period of  
14 two years, it kept growing until finally it was  
15 the busiest place of its kind. There we had over  
16 300,000 kids come through this place, and most of  
17 the community wanted me to keep growing it. And I  
18 visited one weekend thinking that this is pretty  
19 good. We were very successful with it, because  
20 now on the weekends on your own time parents and  
21 kids were in there playing with all the  
22 technology, and I was trying to figure out how to  
23 really grow it, and I happened to ask a bunch of  
24 kids why they were there and who they chose and

1     what they do, and I had a rather staggering  
2     awakening. Well, I spent about another hour ther  
3     asking every kid in the place and their parents if  
4     they could name a football hero, a baseball hero,  
5     a rock star, and they all could. I asked them all  
6     if they could tell me the name of a famous living  
7     scientist or engineer, and not a single one of  
8     them could. Nobody. A few of them mentioned  
9     Einstein, but most were pretty sure he was dead.

10                     (Laughter.)

11                     DEAN KAMEN: That staggered me. We  
12     live in the most technically-advanced society on  
13     the planet. The amount of technology available is  
14     doubling every two years. These kids walk into a  
15     place with air-filled sneakers and laser discs on  
16     their hip, and you ask them who invented that  
17     stuff, and they are clueless. And I had a student  
18     population. I was with the yuppie parents with  
19     the quality time on the weekends in a science  
20     center, and it occurred to me that the problem  
21     isn't supply. Building another science center  
22     probably wouldn't do it. It would attract again  
23     those people that are given advantage to the  
24     advantaged, and we would continue to buy the chaos

1 society, and there had to be a better way, and it  
2 seemed to me that everybody was focusing on the  
3 supply side, as I was, with this great program. I  
4 watched on C-Span over the last couple of days the  
5 Governors talking about their great programs  
6 ranging from teen pregnancies to school to work,  
7 but all those programs have something in common.  
8 You are doing them retail. And I started  
9 calculating what it costs to get a kid into this  
10 center and to amuse him and to send him out  
11 smarter, and it was staggering. So then I went  
12 home to figure out how it is that they know all  
13 those sports heros and rock stars.

14 I went back the following weekend and  
15 asked them if they knew who Robert Mathalo  
16 (phonetic spelling) is, and 100 percent of the  
17 people in this place knew that. So I think I am  
18 on to something. The supply side isn't the  
19 issue. It's creating demand. This country spent  
20 last year \$400 billion, depending on whose numbers  
21 you believe, on education. In fact, I shouldn't  
22 say the country. You guys, because the Feds don't  
23 do much of it. You guys spend \$400 billion every  
24 year, and a kid that has been for five or six

1 years going through that school couldn't tell me  
2 the name of anybody involved in science and  
3 technology, not a role model, not a hero, nobody.

4 A hamburger stand has 100 percent  
5 penetration of these kids. So it occurred to me,  
6 there are segments of our society that really  
7 understand the superhighway you are talking about  
8 in the future. They understand the present  
9 superhighway, television, mass media. They  
10 understand things that haven't gotten into the  
11 educational system yet, and maybe they are not  
12 supposed to. I think there is a superhighway out  
13 there already if you need a model. It's called  
14 television. It has an off ramp in every living  
15 room in this country. I think there is good news  
16 in that, by the way, because the problem isn't  
17 that we don't have that superhighway. The fact is  
18 it is operated by irresponsible drivers that are  
19 careening around delivering enormous truckloads of  
20 hazardous waste.

21 (Laughter.)

22 DEAN KAMEN: The good news there is it  
23 is a lot more expensive to build a highway than it  
24 is to put th trucks on it full of good stuff. So



1 I then said, well, how can we create some demand  
2 among these kids to excel in algebra, physics,  
3 chemistry? And you can chuckle at that. How can  
4 you excel at something? If they are willing to  
5 get up three hours early before they go to school,  
6 whether they have two parents telling them to do  
7 so or not, the parent can't pay them to study, but  
8 they can sure make them -- they can't stop them  
9 from going out for the varsity football or basketball  
10 teams. What can we do to steal some of those  
11 techniques, and how do these deals get made?  
12 After all, if you spent \$400 billion, and it  
13 didn't work, there has got to be the right road,  
14 and it seemed to me let's create that demand,  
15 because a little bit of opportunity, or rather a  
16 little bit of desire is worth a whole lot of  
17 opportunity to these kids, and very few of them  
18 have a strong desire to really academic subjects.  
19 Again, in this room, dealing with a lot of people  
20 with advanced degrees or numerous advanced degrees  
21 and so your colleagues and so forth, people you  
22 associate with. But we don't live in the  
23 Leave-it-to-Beaver generation anymore where most  
24 kids have a couple of people telling them yeah,

1 sports is fun, but we have to do the homework. W  
2 can't change the demographics of families. We  
3 can't change the structure of the schools. We  
4 can't blame teachers for the fact that kids don't  
5 show up, and what's the point of changing the  
6 curriculum if 65 percent of the kids in some of  
7 the major cities in the United States didn't make  
8 it through high school. They dropped out anyway.  
9 I said, with \$400 billion let's assume nobody is  
10 going to add incrementally a lot to that. Let's  
11 assume that the real answer is find a way to hit  
12 the demand side, leave the supply alone, form an  
13 organization to do it. So I left my little  
14 science center running. It still has people  
15 dribbling through it. It is as successful as all  
16 the other programs in which man is created that  
17 way, but I said we have got to do a major, a mega  
18 kind of organization that will very quickly change  
19 people's attitudes, because as both President Bush  
20 said in his inaugural address, as well as  
21 President Clinton, they both used the year 2000 by  
22 which we would be the first to have the science  
23 and with the kinds of issues you guys face, my  
24 guess is five or six or seven years is a short

1 time. Maybe you will get there, but I just think  
2 that between now and the year 2000 another 15  
3 million kids will have dropped out of school. And  
4 if you went to the private sector, I don't think  
5 they would say I have got this great new product.  
6 In five or six years, I am going to have market  
7 introduction. The C.E.O. will be laughed out of  
8 his office. So I said we have got to make events  
9 that are as accessible to kids, as exciting to  
10 kids as every other physical sport. We have got  
11 to get in front of those kids, and who is going to  
12 do that? Private industry. The same people that  
13 dominate television, the giant companies that  
14 sponsor everything else on the television should  
15 sponsor this, not on public television, not for  
16 the kids that we are not worried about, but for  
17 everybody.

18 The first thing I had to do is find  
19 the role models. Where are you going to find  
20 great scientists and engineers that really can be  
21 an inspiration to kids? Most kids think  
22 scientists, engineers -- as I said, they don't  
23 think about them at all. They don't have any  
24 heros, but when pressed they were old and

1 anti-social. They don't have a lot of fun. They  
2 are not minorities. They are not young. They  
3 don't do well financially and in other ways. They  
4 are nervous. Where am I going to find the people  
5 to disprove this, and how am I going to translate  
6 their work into something kids would appreciate on  
7 an instant basis?

8 I went to the Council on  
9 Competitiveness. I talked to George Fisher, who  
10 was then the Chairman of Motorola. I said, Look,  
11 guys, if you want kids to play football, you don't  
12 show them ugly little kids fumbling around in the  
13 back yard, so why do you think that they would be  
14 interested in science by sponsoring science fairs,  
15 you know, the bridge table with the plastic  
16 paramecium on it, and then they go home, and watch  
17 the Super Bowl on television and watch the 200  
18 best athletes in the world. If Motorola and  
19 I.B.M. and Xerox and Boeing and General Motors and  
20 all you guys are desperate for work or desperate  
21 for customers, if you guys don't have the N.F.L.  
22 of technologists, we all hang it up. If you do,  
23 all of you companies give me some of those guys.  
24 We are going to put them in an event that kids can

1 watch and understand, a made-for-television  
2 story. They can see minorities, women excited  
3 about doing technology. They can see them  
4 successful. They can see that it's more fun to  
5 design Nintendo than to play with it. Give me  
6 these guys, and we will make it work. Well, he  
7 did, and the Council helped and put a bunch of  
8 teams together, and we ran an event in 1991 and  
9 1992. President Bush was there. I remind you  
10 that President Bush was the Education President.  
11 He invited the winners of the Super Bowl to the  
12 White House. He wanted to invite ours to send the  
13 same kind of message the Government has been  
14 getting from the private sector. He did. We did  
15 it again the second year, but double in size. We  
16 had a few university teams, and that is where you  
17 guys come in.

18 In 1994, we doubled again, and again  
19 we only had about ten university teams. In fact,  
20 I went out looking for more universities, because  
21 that is a link between the real work force and  
22 these kids, and it's also where a lot of their  
23 role models are formed. I had a lot of trouble  
24 getting universities. They didn't have a lot of

1 trouble sending 50, 60, 70 people to the Rose  
2 Bowl, but when I asked them for some students and  
3 faculty, we were having some trouble, and I  
4 understand why. They make money with the athletic  
5 programs, because these big corporations sponsor  
6 that kind of stuff. They sponsor it, because kids  
7 watch them. We have got a cart and a horse. You  
8 have got a self-fulfilled prophecy there. I tried  
9 to convince them that they ought to change their  
10 model, and I tried to convince them that if these  
11 universities, these institutions of higher  
12 learning can't participate in our kind of event  
13 that they are going to perpetuate a great American  
14 lie about what is important to kids. When every  
15 kid that watches television knows that the Razor  
16 Backs are a football team, and he knows what state  
17 they come from, but my guess is half the  
18 government here probably doesn't know whether that  
19 university has an engineering school or a medical  
20 school. My guess is most kids have no clue who  
21 won the Nobel Prize in physics this year, but they  
22 all know who is seated in whatever particular  
23 sports or all the sports they watch ad nauseam.  
24 We have got to get -- we have got to get a little

1 support.

2 In any event, as I said, I guess I am  
3 shut up here before I get shut up. The goal of  
4 U.S. FIRST wasn't another educational program.  
5 The word education isn't in our title. It's  
6 inspirational. We spend so much money on the  
7 office supply side, and a little bit of money  
8 spent properly in a real partnership with  
9 industry, where industry is adopting schools, or  
10 taking on schools. What do they know about that?  
11 Industry knows how to create a demand for  
12 products. They do it, unfortunately, by making  
13 false heros. They do it in other ways that may  
14 not be appropriate, but they are very good making  
15 kids want them. Every kid in this country now  
16 knows about a purple dinosaur, and it didn't take  
17 six years. If we can get industry to do what it  
18 does well, help create demand, the schools are  
19 there to satisfy it. Kids have to show up at  
20 school wanting to be as good in the academic  
21 subjects as they do about being good in the  
22 athletic subjects. Somebody has to give them that  
23 message over and over. You can't blame that on  
24 the educators. This is America. Business really

1 controls most of the way kids get their  
2 information or the distractions a few hundred  
3 times a day. We can organize a way that we can  
4 change their attitudes very quickly. Most of all,  
5 we can make it fun.

6 I need some help. I guess I am going  
7 to ask a few Governors to say a couple of things,  
8 and then I will ask you very specifically in a  
9 minute or two for the help we need, but I think  
10 even in the sports-crazed world we have, you  
11 wouldn't see sports all day long and all night  
12 long without the N.C.A.A. They just wouldn't get  
13 it together. If they had to do it locally, it's  
14 too expensive. They can't do it in the N.F.L.  
15 They create demand all set up, and they fulfill it  
16 at a retail, or as McDonald's does. You can't get  
17 what we tell them, a hot hamburger and fresh  
18 lettuce, but they don't advertise it that way.  
19 They advertise nationally, and it works.

20 And it's funny that in this country  
21 there is talk about this great Revolution in  
22 Technology. We have a N.C.A.A. in sports. There  
23 is no N.C.A.A. for smarts. There is no place to  
24 go to organize these people. There is no place



1     for kids to even go and say I want to sponsor a  
2     fun program that the kids are going to see every  
3     day. I want my university to participate, and  
4     FIRST is really nothing more than a structure that  
5     will give this country a N.C.A.A. of smarts to try  
6     out the same impact as those other kids have.

7                     (Applause.)

8                     CHAIRMAN CAMPBELL: Thank you very  
9     much.

10                    I am going to call on Governor Merrill  
11     of New Hampshire first to make some comments.

12                    GOVERNOR MERRILL: Thank you very  
13     much, Mr. Chairman.

14                    This afternoon, we have been introduced  
15     to a rather remarkable individual with a rather  
16     remarkable project called U.S. FIRST. You now  
17     know three things about Dean Kamen, or at least a  
18     bit more about Dean Kamen than you did earlier.  
19     There are three things that New Hampshire knows  
20     about Dean Kamen. Number one, he doesn't wear a  
21     suit. He doesn't wear it to the White House, so  
22     we shouldn't expect him to wear it here. Number  
23     two, he is a genius. He invented the insulin pump  
24     when he was a teenager. And number three, he

1 loves U.S. FIRST, and he has continued to expand  
2 his knowledge, his interest in science and  
3 technology.

4 U.S. FIRST is a concept which takes  
5 the excitement and interest that the United States  
6 has in sports and says, how can we combine math,  
7 science, technology, education, make it fun and  
8 make it exciting? How can we get role models for  
9 young people in the areas that we claim we want to  
10 excel in as a nation: science, math, technology?

11 Well, one of the best ways is to have  
12 corporate America send the best that they have,  
13 their men and women from the corporate side to  
14 work with young people on a project, on an event.  
15 It has all the feel of a robotics event. And as  
16 you can see from the film, they are as exciting,  
17 as interesting as well-attended as any sports  
18 event, and they work. They bring young people,  
19 who are going to be diverted from science and math  
20 and technology back into an understanding of them  
21 and appreciation of them and a love of them.  
22 U.S. FIRST can work in your area of the country.  
23 There are going to be regional events. We  
24 have -- we can inspire the young people to get

1 involved.

2           Dean Kamen has already convinced much  
3 of corporate America to be involved, and Governor  
4 Evan Bayh is going to tell you about the experience  
5 in his state. What we truly need now is a link  
6 with more universities, because the colleges and  
7 universities of our country do not yet know about  
8 or understand how they could relate to U.S. FIRST.  
9 It is a tried hard-type relationship between young  
10 people, corporate America and colleges and  
11 universities. It will have a profound impact on  
12 our future of math, science and technology  
13 development. Dean Kamen has a concept. Working  
14 with other people, we have made math and science  
15 fun and exciting. I will be honest with you. It  
16 wasn't fun and exciting for me, but as you can see  
17 on the film, it is fun and exciting for a number  
18 of young people across this country. It is going  
19 to work.

20           New Hampshire and the City of  
21 Manchester has put up millions of dollars to make  
22 U.S. FIRST a reality. We are willing to go around  
23 this country and convince you in your regions that  
24 it not only can work, that it does work.

1                   And with that, I will conclude my  
2                   remarks, and I thank you, Dean Kamen, once again  
3                   for this.

4                   CHAIRMAN CAMPBELL: Governor Bayh has  
5                   some remarks.

6                   GOVERNOR BAYH: Thank you, Mr. Chairman.

7                   I am pleased to be here today  
8                   seconding the comments of Governor Merrill on  
9                   behalf of U.S. FIRST and Dean Kamen. And, Dean,  
10                  first, let me ask you a question. That was a  
11                  great video. I was impressed by the enthusiasm of  
12                  the competition and ask you who won, the Texas  
13                  Instruments or the other team?

14                  DEAN KAMEN: Actually -- technology is  
15                  a wonderful thing. This year, in that particular  
16                  competition, Procter & Gamble, the world's largest  
17                  consumer products and the company that buys more  
18                  television time than anybody in this country won  
19                  it; and I would like to think independent of that,  
20                  they have also agreed to make a half hour TV  
21                  special of that event, which you will see in its  
22                  entirety in a few weeks on E.S.P.N.

23                  GOVERNOR BAYH: Congratulations. And  
24                  if we can be successful in instilling just part of

1 the enthusiasm that that competition in the video  
2 displayed, we will have gone a long, long way to  
3 improving our students' performance in math,  
4 science and the use of technology.

5 Mr. Chairman, let me share with you  
6 the experience of Indiana. We have been very  
7 impressed with the results of U.S. FIRST. In  
8 Kokomo, Indiana, one of our principal Fortune 500  
9 companies, Delco Electronics, is headquartered.  
10 They employ 10,000 people in our state. They  
11 employ tens of thousands of others worldwide.  
12 They are a cutting edge science technology  
13 research organization with some of the most  
14 advanced facilities to be found not only anywhere  
15 in the United States, but anywhere in this  
16 country.

17 Delco has partnered with the Kokomo  
18 High School. And as you can see in the video, in  
19 this particular case, and what they do -- they  
20 have 20 students directly involved and a hundred  
21 other students in the high school involved. They  
22 are given some basic materials. They are given  
23 some designs, and then along with their  
24 instructors, they are told to go build a robot,

1 and the rest is up to them. In the course of the  
2 school year, that is exactly what they do. A  
3 whole variety of students are involved. It's not  
4 just for the gifted and talented frankly, so there  
5 are a whole variety of students that are involved  
6 in this program, and they learn about basic  
7 science. They learn about the changing, the  
8 rapidly changing nature of technology. They learn  
9 about the applied uses of science and technology,  
10 and they learn to work in teams, which we know is  
11 very, very important today on the job as well as  
12 in the classroom. It's also a very good  
13 experience for teachers as they work with our  
14 young people in constructing the robots and  
15 applying the science and the technology.

16 I am pleased, Mr. Chairman, to report  
17 that Kokomo is so successful, while they didn't  
18 win the Procter & Gamble award for number one,  
19 they did finish sixth out of the top 42 entries in  
20 the country; and while it has created a lot of  
21 enthusiasm, it may not yet rifle the Hoosier story  
22 in basketball in our state, but I tell you what,  
23 they have created a lot of excitement, and that is  
24 saying a lot in the sports-crazy Indiana, not

1 dissimilar from some of the other states here. So  
2 from our experience, Mr. Chairman, this has been a  
3 very worthwhile experiment in Kokomo, Indiana.  
4 And we were willing to wait, and maybe it will  
5 appeal to some of the best next generation  
6 engineers, scientists and technicians thanks to  
7 U.S. FIRST and Dean Kamen. And for that, we are  
8 very, very grateful, and it's going to help us  
9 meet that fourth goal, of being first in the world  
10 in math and in science.

11 Thank you.

12 CHAIRMAN CAMPBELL: Thank you very  
13 much, Governor Bayh.

14 Dean Kamen would like to make a  
15 comment to tell us how we can help, and I would  
16 ask you if you would, you can do it right ther ,  
17 and we will see if we can't find our way to help.

18 DEAN KAMEN: Well, as I said, the  
19 event is not purely -- its educational values is  
20 analagous to the fact in excess of 10,000 kids  
21 that have played, probably a 100,000 next year,  
22 the real impact is put on television. Already 12  
23 million kids have seen it in school. And as I  
24 said, it will be on national television, I hope

1 last year's, this year's and next year's, but to  
2 really give this thing the kind of status it needs  
3 it can't smolder. It has to become the same kind  
4 of major national event to being told that it's  
5 happening and even two minutes out of the week in  
6 between hearing about other sports, who is doing  
7 what. I think they start to identify with the  
8 teams, identify with the players. If universities  
9 participate -- you may snicker at this -- but I  
10 really believe within a few years, you can have as  
11 many people as curious about who is winning the  
12 race for the superconductors as the Super Bowl.  
13 To do that, I need more universities to participate.  
14 They have the infrastructure to hold the events.  
15 They have got the faculty. They have got it.  
16 Everybody wins. They work with the industry for  
17 which they are the supplier. Their customer their  
18 gets to see the students and works with them.  
19 They work in the high schools. Everybody really  
20 wins in it so that is why the companies keep  
21 coming back. Businesses are coming back.

22 But when I talk to universities, they  
23 don't get it yet. They are under financial  
24 pressure. They tell us that their sports games



1 really are money makers, and that is why they have  
2 resources to put there, but they can't compete in  
3 this event. And, frankly, you are the C.E.O.s.  
4 This change has to come from the top. If you do  
5 it for a year or two, and you don't like it, I  
6 won't bother you any more, but if you guys commit  
7 to come to this event, if you could commit to give  
8 me one state university to participate in, now we  
9 will get something out of it, but as the sponsors  
10 stop lending, I'll send them your way. We can  
11 help them in the same way that sports has helped  
12 them. What a concept two major institutes of  
13 higher learning in the United States competing in  
14 something of the size at each other. If it happens  
15 in America, if your colleges can be convinced to  
16 participate just one year, one school from each  
17 county, the scales event will take on a life of  
18 its own. I am asking you to commit one school.

19 Thank you.

20 CHAIRMAN CAMPBELL: That is not too  
21 much to ask. I think if we got every Governor  
22 here to commit to get one school to participat in  
23 this then we would really launch a program that  
24 would have results that we can't dream of. You

1 know, when you talk about creating demand, as  
2 Dean Kamen has, Jim Hunt in North Carolina, some  
3 years ago they built a mass sized high school, and  
4 they were overrun with students to try to get in.  
5 We in our state tried to talk to people, and they  
6 said there is no demand. Some of them are going  
7 up to North Carolina. We built one, and our  
8 waiting list is as long as theirs. So see if we  
9 can tickle the fantasies of these young people to  
10 do anything that they want to do and convince them  
11 that they can do anything, that there is nothing  
12 to hold them back and give them that opportunity.  
13 We are going to produce some more Dean Kamens, and  
14 there are going to be a lot more patents, and it's  
15 going to be a lot better country.

16 Dean, thank you for being with us. We  
17 appreciate it.

18 (Applause.)

19 CHAIRMAN CAMPBELL: Now I am pleased  
20 to call on Governor McKernan for a report.

21 GOVERNOR MCKERNAN: Thank you,  
22 Mr. Chairman.

23 I am pleased to have this opportunity  
24 to update all of you on the work of the National

1 Education Goals. Again, we had our most recent  
2 meeting on Saturday morning, and we really feel we  
3 had an exciting year.

4 In March, as you all know, the  
5 President signed the Goal 2000 Educate America Act  
6 that codifies the National Education Goal's panel  
7 as an independent entity. The law also provides a  
8 panel with new responsibilities to help states  
9 handle the challenges and achieve the National  
10 Education Goals by the year 2000.

11 In addition to meeting the new  
12 challenges that were laid out in the law, the  
13 panel has also worked this year to restructure the  
14 goals of the annual report to make more useful for  
15 us as Governors and for other policy makers as  
16 well as parents and the public. I have been  
17 frustrated that even though we have gotten good  
18 attention for the release of the report, it has  
19 been so voluminous that it has been difficult to  
20 understand and difficult for policy makers to use  
21 to actually improve what we are doing at our state  
22 level in education. We have reduced the number of  
23 indicators we have been using to see how we are  
24 doing toward meeting the other goals from 120 down

1 to 65. We have also reduced those 65 even further  
2 to 16, what we view as actionable policy criteria,  
3 and the reason for that is so that we can have a  
4 report that is easy to understand by the public  
5 and that we could start to track exactly the kind  
6 of progress that we are making. I should tell you  
7 that as I conclude my year as chair, I remain  
8 frustrated at the lack of available data to  
9 determine exactly what kind of progress we are  
10 making, but the panel has agreed to work with  
11 Secretary Riley and the Domestic Policy Adviser at  
12 the White House to look at ways that we can spur  
13 on new efforts to collect the data.

14 In my view, either the goals are  
15 important or they are not. I happen to think that  
16 they are, and if they are, we need to put in place  
17 a data collection system so we can actually judge  
18 how we are doing toward meeting the goals. I  
19 think that is going to take place. I appreciate  
20 the support of the Administration, and we look  
21 forward to beginning that process.

22 Thank you, Mr. Chairman.

23 CHAIRMAN CAMPBELL: Thank you very  
24 much, and thank you for the fine job that you have

1     done as the Chair of the Goals Panel. I agree  
2     with you. I think it's important. I think the  
3     data is necessary, and I think it is something  
4     that we obviously should continue to pursue and  
5     make sure that it is done right.

6                     Governor Hunt has a report on the  
7     National Board for Professional Teaching  
8     Standards.

9                     Governor Hunt, would you like to  
10    report at this time?

11                    GOVERNOR HUNT: Thank you,  
12    Mr. Chairman.

13                    We have got to reach those high goals  
14    that Governors really set us on a path for. It's  
15    going to help our students learn a lot more to be  
16    able to do the kinds of things that have been  
17    talked about here today that are exciting, that we  
18    know can make such a difference to this country.  
19    If we are going to reform schools, and a lot of  
20    you have been involved in pushing that in your  
21    states, setting goals, reforming schools. And if  
22    we are going to have kids who can use technology,  
23    that is what we are going to buy with the great  
24    vision here today. Then I would suggest to you

1     that the most important thing we could do is to  
2     improve teaching in the classrooms of this  
3     country, to have better teachers. Now most of us  
4     as Governors have been involved in this public  
5     enterprise in a leadership way.

6                     How many of you have done anything  
7     really significant in your state to improve the  
8     quality of teaching?

9                     How many of you have been out there  
10    with teachers, not in a political way, but in a  
11    professional development way showing your interest  
12    in high standards, pushing to help teachers be  
13    better, encouraging them to do that?

14                    Folks, that is the essence of it. If  
15    we don't have better teaching in that classroom  
16    reaching those kids, it isn't going to happen. I  
17    don't care how good those standards are. I don't  
18    care how much you reform schools. If teaching is  
19    what it is really about, more than anything else,  
20    that and of course parents and families.

21                    Well, we have had something going on  
22    in this nation for the last seven years that  
23    probably most of you are not aware of. It has  
24    b en laid and measured by Governors. Governor

1 Tom Cane of New Jersey started out in this  
2 activity, and Governor Branstad of Iowa has been  
3 involved, Governor Voinovich of Ohio. I have been  
4 chairing it since it started out. It was the  
5 establishment of something that the Carnegie  
6 Corporation help encourage, something called a  
7 National Board for Professional Teaching  
8 Standards. The purpose of it is to set high and  
9 rigorous standards for what teachers really need  
10 to know and be able to do and then to board  
11 certify teachers who meet those high standards.

12 As I said, we have a lot of folks  
13 involved, governors, teachers. Teachers form a  
14 majority of this board. You can't name many  
15 standard setting things where the teachers hav  
16 the majority, and what marvelous teachers they  
17 are. I have worked with them for seven or eight  
18 years. Every time we leave, I come away more  
19 inspired. First of all, more impressed by the  
20 complexity of really good teaching. All the  
21 things a good teacher has to be able to do, to  
22 understand and how well these folks can do it.

23 Now by the way, this activity is much  
24 like the Board Certification of doctors. We

1 regularly talk about a Board Certified physician,  
2 surgeon or whatever it may be when there is now  
3 family doctors, emergency physicians, and what  
4 have you. It's going to be similar to that. And  
5 we know the status that we give to Board Certified  
6 doctors and how they are given leadership  
7 positions and all kinds of things and the added  
8 status that that has given to that profession.  
9 The teachers who go through this process of  
10 becoming Board Certified really, really go through  
11 something that is tough and rigorous. They  
12 videotape their teaching, for example. We like to  
13 go into every classroom and watch them teach.  
14 Financially, we can't afford to do that. We do  
15 the next best thing. They videotape their  
16 teaching for two or three weeks. That videotape  
17 then can be defended and analyzed by master  
18 teachers.

19 They do a portfolio, a voluminous  
20 portfolio of their work as teachers, teaching  
21 plans, various kinds of things that they do and  
22 their students' work showing the progression of  
23 that work, maybe the first essay they wrote at the  
24 beginning of school and then later on throughout



1 the year showing their growth and what they have  
2 done in response to that teacher's efforts.

3 They spend two full days from  
4 7:00 to 5:00 in the assessment center defending  
5 that portfolio and structured interviews, maybe  
6 looking at video simulations and critiquing a  
7 classroom situation, writing essays, taking, you  
8 know, tests on the subject matter, but also  
9 showing whether or not they understand how to  
10 teach and can do it very, very well.

11 Well, we have got one of those  
12 teachers that is going through that with us  
13 today. And by the way, I suggest to you that  
14 teachers are the hardest working people in our  
15 society today. I know you and I think being  
16 governor is tough. You ought to try teaching.  
17 They also, in my opinion, have the most important  
18 job, and I think that is more important than our  
19 job.

20 Mr. Spielberg is going to speak in  
21 just a minute, and I remember a few years ago you  
22 made a movie in my state called The Color Purple.  
23 It had people like Whoopi Goldberg and  
24 Oprah Winfrey in the movie. Oprah Winfrey does

1 other things now. In any event, those are stars.

2 I want to tell you that the teacher I  
3 am going to present to you to talk a little bit  
4 about what she is doing here in going through this  
5 Board Certification, what it has meant to her.  
6 This teacher is a real star, and I would like for  
7 her to come here, talk to you a few minutes. Her  
8 name is Megan Lawson. She is a middle school  
9 teacher from Blowing Rock, North Carolina.

10 Megan.

11 (Applause.)

12 MEGAN LAWSON: Thank you very much.  
13 Yesterday, I had an opportunity to speak with some  
14 of the Governors, and I said to them, and I will  
15 say it again today. This does make me quite  
16 nervous, because I am normally in front of seventh  
17 and eighth grade students, and the big difference  
18 there is that they think they run the country, so  
19 I am here today with the experts. When I look  
20 around the room, and I see the important people  
21 here, I think about the impact that you make on  
22 decisions for our country, and I think about how  
23 important you are to this country. And I tried to  
24 calm myself by saying that this is really no

1 different from what I do everyday, because  
2 everyday when I walk into a grade of mine, I am  
3 speaking to the most important people in the  
4 country, and those are the students.

5 I know that someone motivated  
6 Dean Kamen. He had a teacher somewhere that  
7 provided that spark, and I know if I was your  
8 eighth grade science teacher, I would be mighty  
9 proud.

10 So that you can motivate and many of  
11 you, I am sure, can think about a teacher that has  
12 inspired you and motivated you, and it's probably  
13 because they had a great level of knowledge, their  
14 knowledge base in an area. Their desire to be  
15 lifetime and lifelong learners is also a quality  
16 that those teachers had. Their willingness to  
17 work with others and to encourage you to share  
18 your ideas and encourage you to work in a group  
19 and collaborate, those are the things that make  
20 good teachers, and in turn I think that good  
21 teachers make good students.

22 I heard a teacher say one time, and I  
23 shared this quote yesterday, but I wish I knew  
24 this teacher's name, because I want to give her

1 credit. It sums up very much what the National  
2 Board for Professional Teaching Standards is all  
3 about. She said, If you don't feed the teachers,  
4 they will eat the students, and the National Board  
5 of Professional Teaching Standards is about  
6 feeding the teachers, about treating teachers  
7 professionally, about offering them an opportunity  
8 to be considered for once professionals and not  
9 just teachers.

10 I would like to say that Governor Hunt  
11 spoke a little about the help in professional  
12 growth that is involved with the National Board of  
13 Professional Teaching Standards, and I will say  
14 that that commissioned group was comprehensive and  
15 rigorous, and in fact, it was. It was the most  
16 difficult thing that I have ever done, and I have  
17 put myself at quite a risk. I have exposed myself  
18 publicly, and I am not yet a certified teacher. I  
19 am still a candidate. The process is still being  
20 evaluated. I spent in excess of 200 hours  
21 compiling a portfolio of my students' work in the  
22 classroom, of my management style, my teaching  
23 strategies. That involved a portfolio. It  
24 involved videotaping, as Governor Hunt said, and

1   it was extremely comprehensive, but I have to say  
2   that it was designed largely by teachers, by  
3   expert teachers, who know what good teachers do in  
4   the classroom; and even at this point, if I find  
5   out that I am not selected as a certified teacher  
6   this time, I will do it again, because the process  
7   of going through the certification is what is  
8   important. That is what professionals, I suppose,  
9   having to leave our room each day and critically  
10   evaluate how I taught these students, and I ask  
11   myself, did I reach them? Did I accomplish my  
12   goals to become a reflective practitioner?

13               So the professional growth aspect of  
14   the National Board is probably one of the most  
15   important, but another one is being able to become  
16   a collaborator. Each of you here today, you are  
17   in the room with people with whom you can share  
18   ideas, you can learn from each other. I heard  
19   that this morning. Even the theme of the meeting,  
20   a Partnership for Progress, when I think of that,  
21   the word partnership for too long teachers have  
22   been isolated in their classroom. They close  
23   their doors. They close their minds to new ways  
24   of teaching, and the National Board for

1 Professional Teaching Standards requires each  
2 teacher to collaborate, to say how can I be  
3 better. How can I become a better teacher? What  
4 strategies do you use? So it's building a network  
5 and partnerships between other professionals.  
6 It's being given an opportunity to be considered a  
7 part of the professional team and not an isolated  
8 member of a classroom.

9 The ultimate goal, I believe, that  
10 every teacher has is to have successful students,  
11 and I believe that the National Board of  
12 Professional Teaching Standards offers a blueprint  
13 for this success. I think that while teaching  
14 teachers, as I have said, to become reflective  
15 practitioners, to give them opportunities for  
16 professional growth, to teach them to collaborate  
17 and share. Through those opportunities, you are  
18 going to create better teachers, and ultimately  
19 you will have better students, and the retention  
20 rate of good teachers in the classroom is going to  
21 increase, and I see too many good teachers becom  
22 frustrated and leave the classrooms for what they  
23 consider to be a more valuable profession. And,  
24 folks, I don't think there is a more valuable

1 profession.

2                   So I will just close by thanking  
3 Governor Hunt for his support as being a pioneer  
4 for teachers and for the National Board of  
5 Professional Teaching Standards. I found out  
6 yesterday that through his promoting and his  
7 endorsement of legislation that certified teachers  
8 in North Carolina, the National Board of Certified  
9 Teachers in North Carolina now will receive a  
10 4 percent salary increase, and that is a lot, but  
11 he has also motivated teachers and challenged  
12 teachers in North Carolina to go through this  
13 process by allowing for five days of release time  
14 for teachers who are candidates and for paying the  
15 \$975 application fee to go through the process.  
16 And as a teacher in North Carolina with five years  
17 of experience, that is what I take home each  
18 month. After I pay for daycare for my two and a  
19 half year old son, I make \$975 a month. So I  
20 thank him for that.

21                   Let me say, too, that I encourage you  
22 to do, and I challenge you the same way that Dean  
23 challenged you. If each of you will go out and  
24 involve one teacher in this process, and I am not

1     even asking for the whole university. I want one  
2     teacher in each of your states next year to  
3     participate in this and experience the value and  
4     be able to share it, and I say to you now that  
5     with all the talk of the information highway, we  
6     talked about the off ramp. The on ramp is the  
7     classroom. So you need to encourage teachers to  
8     participate in this, and I can't wait to go back  
9     and share with my seventh and eighth grade  
10    students this wonderful experience. They won't  
11    believe the audience I had. And when I tell them,  
12    well, I got to talk to Steven Spielberg.

13                   (Applause.)

14                   GOVERNOR HUNT: Governor Bayh,  
15    Mr. Chairman, if I may add one more thing. I ask  
16    you to do just two things.

17                   First of all, we have got people who  
18    go off in this enterprise in every state, every  
19    one of your states. I can get the names to you.  
20    Please bring them in to your office and talk to  
21    them and find out how you can help this. You know  
22    that when Governors get involved, things happen.  
23    Please get involved in this.

24                   Second, we have got to provide some



1 incentives for these top teachers. Why should you  
2 be a top teacher and stay in the classroom? Don't  
3 we want to provide incentives for better  
4 teaching? I think that is what we are all about.  
5 Certainly the business community wants us to do  
6 that. Parents want us to do it, so I would urge  
7 that you think about how you can provide incentives  
8 in your states. Some of you are already doing  
9 that. I know Terry Branstad is in Iowa, but you  
10 can do some of the things that we have done in  
11 North Carolina. And I hope you will get  
12 involved. Let's make this work. We can really  
13 improve teaching in this country if the Governors  
14 help make it happen.

15 Thank you, Mr. Chairman.

16 CHAIRMAN CAMPBELL: Governor, thank  
17 you very much.

18 (Applause.)

19 CHAIRMAN CAMPBELL: Megan Lawson,  
20 thank you for being with us, and thank you for  
21 your presentation. You are very effective, and if  
22 we can get you in every state making your  
23 presentation, you would help us, so we thank you  
24 for being here.

1                   I would now like to call on  
2 Governor Dean to introduce Steven Spielberg.

3                   Governor, I am recognizing you for a  
4 very special introduction.

5                   GOVERNOR DEAN: Thank you. I  
6 appreciate being told by Megan how important we  
7 all are.

8                   (Laughter.)

9                   GOVERNOR DEAN: Shortly after I became  
10 Governor, President Bush invited me and the other  
11 New England Governors and Congressmen over to  
12 Kennebunkport to have dinner with John Major.  
13 Apparently, they were eager to fill the seats with  
14 some local color, and so we were invited over, and  
15 I called up my wife, because she is not crazy  
16 about politics, and I said, Do you want to go?  
17 And she said, of course. What am I going to  
18 wear? And off we went. So we sat down, and she  
19 got to sit next to Marlon Fitzwater, which was  
20 kind of fun and nice; I sat next to John Sununu,  
21 which was --

22                   (Laughter.)

23                   GOVERNOR DEAN: -- kind of the story  
24 of our marriage. And at the end, we lined up at

1 the buffet table, and I said, Gosh, you know, as  
2 we were in line standing comparing notes on our  
3 dinner conversation, I said, Gosh, it's amazing  
4 how many important people that are here. Look  
5 over there. Senator Mitchell is over here. And  
6 John Major is over here, and there is William Cohen  
7 over here and gosh, there are a lot of important  
8 people here. She looked at me and she said, There  
9 is one less than you think there is.

10 (Laughter.)

11 GOVERNOR DEAN: Megan, you can take  
12 that back to North Carolina. You heard from  
13 Steven Spielberg, and he was the only important  
14 person in this room.

15 Let me tell you why I asked  
16 Steven Spielberg to come here, and I want to give  
17 my thanks to Carroll Campbell for allowing him on  
18 the agenda, since the Chairman sets the agenda,  
19 not the Vice Chair.

20 Steven Spielberg, who I don't think  
21 needs an introduction, I just have a four-page one  
22 here, and I am not going to read it, but he has  
23 gotten more famous films than I think that I have  
24 people in my state. And he is probably at this

1 point the best known and most respected director  
2 in the world. His last film, which won seven  
3 Academy Awards, including Best Director and Best  
4 Picture was a picture about racial tolerance, and  
5 in every single one of our states, we have  
6 problems with crime, but we have problems with  
7 hate crimes, and it happens in Vermont, and it  
8 happens in New York, and it happens in California,  
9 and it happens in Montana, and it happens in every  
10 state in the country. And Steven Spielberg's  
11 film, Schindler's List is, I think, an incredibly  
12 remarkable film. Most of you have probably seen it.

13 With Governor Wilson and then  
14 Governor Whitman, and now we are trying to get  
15 this done in Vermont, we have a goal to use  
16 Schindler's List to try to deal with the issue of  
17 racial tolerance in schools. It's an incredibly  
18 important issue for every one of us.

19 So, Steven, I welcome you here, and I  
20 really appreciate your willingness to come up from  
21 God's country, which happens to be my home town  
22 where he has a house and spend a little time just  
23 talking about racial tolerance.

24 (Applause.)

1                   STEVEN SPIELBERG: I am honored to be  
2 here today, and equally I appreciate your  
3 invitation, Governor Dean, to speak today.

4                   For most of my life, you have known me  
5 for film making as entertainment, but today I am  
6 here as an advocate for film making as a tool for  
7 teaching tolerance.

8                   You, as Governors, are the chief  
9 executives of the greatest responsibility, the  
10 education of our young people. And these are  
11 times of crisis, both physical and emotional. Too  
12 many dreams have been shattered. Too many young  
13 people are growing up frustrated, filled with doubts  
14 and fears that this world might not have room for  
15 them. We live in a world of choices. Never have  
16 we had so many to make. There are so many alters  
17 of truth today that young people out of economic  
18 rebellion or peer pressure sometimes take the  
19 wrong choices and need to be educated about what  
20 the right thing is to do.

21                   In schools today, young people are not  
22 being taught about the questions of personal  
23 responsibilities. Those are the seeds that can  
24 breed indifference and then intolerance, which is

1     an admission in self-esteem and then a search for  
2     scapegoats. The more groups insulate themselves,  
3     it's no longer all of us together. It's them and  
4     us.

5                     We cannot forget the lessons of the  
6     past. Such horrors happen, not just because of  
7     what bad people do, but because good people often  
8     stand around and do nothing. To deny and forget  
9     the hate crimes of the past will guarantee their  
10    recurrence; to forget the victims is to become  
11    one.

12                    In 20 years or 30 years from now, all  
13    of the victims of the Holocaust will be gone, and  
14    that is when truth can become legend. A significant  
15    effort needs to be waged in teaching your children  
16    and my children about what happened so that the  
17    next generation will not tolerate what the last  
18    generation perhaps chose to ignore. We must  
19    discover why these hideous chapters in our history  
20    have happened, but first we must believe that they  
21    happened at all. So I made Schindler's List to  
22    remember the six million Jews who were murdered in  
23    the Holocaust. And when I did, I was appalled at  
24    the number of people in this country who knew

1     little, if anything, about one of the most  
2     horrible events in modern history. And if they  
3     didn't know about that, how much did they really  
4     know about slavery and segregation, Wounded Knee  
5     and the Trail of Tears, the Ku Klux Klan, the  
6     burning of crosses, the relegation of Japanese  
7     Americans to the U.S. internment camps during  
8     World War II, the 600,000 Armenians massacred in  
9     1915, the resurgence of Skin Heads and the Aryan  
10    Nation, by escalated hatred in Soweto, Bosnia and  
11    Rawanda today, even the banning of any nonwhite  
12    players from baseball and most other sports before  
13    1947.

14                 Some of these thoughts were with m  
15    when I made Schindler's List in Poland last year.  
16    I wanted to make the film accessible to as many  
17    high school students as I could. And we began a  
18    program in California that evolved into what  
19    became the Schindler's List Program developed with  
20    you, the nation's Governors. The response right  
21    from the beginning was enthusiastic from teachers  
22    and students; and with the cooperation of  
23    Universal Pictures and theater owners all over the  
24    country, we offered special morning screenings of

1 the film free of charge to third and fourth year  
2 high school students, more than 40 states, and I  
3 had the pleasure of speaking to some of these  
4 Governors personally, accepted this offer, and I  
5 cannot thank you enough.

6 If I am here for any other reason, I  
7 guess one of the main reasons is that I wanted to  
8 come here and thank you. Other states and many  
9 schools wanted to participate, but did not hav  
10 enough time at the end of the school year. Now  
11 although the film will no longer be available to  
12 the public in theaters, we will be extending the  
13 program into the fall semester for students.  
14 Wherever possible, Universal will ship prints to  
15 theaters. Although the film will be on  
16 videocassette next month, there is strong support  
17 from teachers and educators that the learning  
18 experience of viewing the film in the theater  
19 environment is unequal. Later, we will donate a  
20 videocassette for permanent viewing in every high  
21 school across America, but we wanted to give the  
22 schools the best opportunity to continue to impact  
23 people with a field trip experience.

24 When you return to your home state,



1 you will be receiving a letter outlining my plan  
2 for 1994-'95. We have been providing some initial  
3 curriculum materials, and I know many of your  
4 states' education departments have developed your  
5 own. You should adapt and develop curriculum to  
6 suit the special requirements of each of your  
7 states. Schindler's List, however, should be a  
8 supplement to, but not a substitute for a solid  
9 education about the Holocaust and racial hatred.  
10 Social studies courses must include the  
11 examination of racial intolerance and must include  
12 the events of hatred on every race and in every  
13 culture that has suffered and endured. This has  
14 been taught only in the most liberal and socially  
15 conscious schools in America and usually only  
16 taught when a special teacher single-handedly  
17 spearheads the curriculum.

18 We need to teach teachers to teach  
19 tolerance, and we need your support in two  
20 specific areas. First, please support the free  
21 high school screening program starting in  
22 September; and for those who already have, pleas  
23 renew it and have your education people continue  
24 to schedule schools and the showings and the field

1 trips. For those who did not have the opportunity  
2 before, we urge you to add your state to this  
3 educational program.

4 Second, and this is crucial for the  
5 long-term goals, only four states now call on th  
6 teaching of the Holocaust, the history of black  
7 slavery, along with multicultural race programs  
8 focusing on issues of prejudice and discrimination.  
9 I would hope all 50 states would require it, and I  
10 know some of your states have such legislation in  
11 progress now.

12 On behalf of today's young generation  
13 and future generations, I urge you to raise the  
14 expectations of teachers in our country so they  
15 will be motivated to teach courses in tolerance  
16 for their benefit and the future of everyone in  
17 your state.

18 The experiences we have had already in  
19 this current program indicate the results that can  
20 truly change lives. Tolerance can be enhanced;  
21 intolerance can be diminished. And just as  
22 Oscar Schindler, who was one person who made a  
23 difference, each one of you and your states can  
24 make a difference that will last for generations.

1                   Thank you.

2                   (Applause.)

3                   CHAIRMAN CAMPBELL: Thank you very  
4 much. Mr. Spielberg has generously agreed to take  
5 some questions for a few minutes, and I already  
6 have had a note that at least two Governors had  
7 some questions. Governor Romer had a question,  
8 and I believe Governor Whitman had a question, and  
9 so we will go that way.

10                  Governor Romer.

11                  GOVERNOR ROMER: Steven Spielberg got  
12 to Colorado as part of this program, but a comment  
13 and a question. One day I saw the movie, and the  
14 next day I went to the Holocaust Museum in  
15 Washington, D.C. It was a double whammy. There  
16 is so much history there and not just for children  
17 but for adults in terms of what happened in our  
18 government, you know, in the '40s in response or  
19 lack of response to this problem.

20                  Steven, my question is this: Your  
21 film was so good that on its own merits it forced  
22 its way into the minds and hearts in the viewing  
23 of America. What can we do to create a better  
24 climate where other art forms, such as that, can

1 be box office successes for all who are or at  
2 least available, because quite often I think  
3 artists like you who have an inspiration to do  
4 that are closed off by the commercial facts and  
5 faces of the media.

6 Is there anything that we can do in  
7 the public policy area to create a climate or make  
8 that more available?

9 STEVEN SPIELBERG: Well, as you know,  
10 the success of a motion picture is completely  
11 sporadic. There is no way to predict what will be  
12 successful, what will not be successful. As a  
13 matter of fact, when I made Schindler's List, I  
14 guaranteed the studio they would lose all their  
15 money. I told them to take the \$22 million it was  
16 costing to make the film, they might as well just  
17 give it away to me to make the film, because they  
18 were never going to see anything permanent. That  
19 is how pessimistic I was that there was a climate  
20 ready to accept essentially a movie about racial  
21 hatred, and I was happily wrong, because I think  
22 so far we have computed based on what the film has  
23 earned at the box office worldwide that -- we  
24 computed that almost 75 million people around the

1 world have seen Schindler's List, and in a sense  
2 that in itself will provoke -- promote more  
3 difficult subjects to be tolerated by the  
4 Hollywood infrastructure to allow these kind of  
5 hard-to-make films get made.

6 Now it was very, very hard to make  
7 Schindler's List, and I was perhaps one of the  
8 five or six directors in the world who could have  
9 bullied the studio into making it today, and I  
10 have gone to a lot of my colleagues in the  
11 industry saying, Listen, if we can make such  
12 headway in teaching tolerance with a motion  
13 picture, there are so many other subjects, like I  
14 would like to see a black slavery film made by one  
15 of the great black directors that we have, you  
16 know. There are so many important subjects that  
17 can be made.

18 As far as what the Governors can do to  
19 help this along is you really can do a lot in  
20 stimulating teachers to want to delve into  
21 subjects that aren't necessarily reading, writing  
22 and arithmetic. Subjects that are about personal  
23 responsibilities. I had some students that I  
24 talked to in Oakland, California, also in

1 Long Beach, California, who both said, Look, we  
2 live on the streets. Some of us are members of  
3 gangs. Others of us have stolen, and some of us  
4 have done worse. We know what is going on out  
5 there. Let us help teach teachers how to teach us  
6 back, and I think by making your teachers  
7 available and very open-minded to talking to the  
8 students, letting the students and just the  
9 children of the world help them teach. That is  
10 one of the great steps forward that I think any of  
11 you can take.

12 CHAIRMAN CAMPBELL: Governor Whitman  
13 had a question, a comment.

14 GOVERNOR WHITMAN: Well, I first want  
15 to thank Steven Spielberg for what he did for us  
16 in New Jersey, because when Kalid Abdul Mohammed  
17 (phonetic spelling) spoke at one of our colleges,  
18 he unleashed a fire storm of racial hatred and of  
19 concern on the issue. And I had just seen  
20 Schindler's List and can think of no better way to  
21 focus not the attention on the Holocaust but on  
22 the hatred, and we reached out to  
23 Steven Spielberg, and without a moment of  
24 hesitation he had a copy of the film mailed to us,

1 and we were able to show it around the college  
2 campuses where the discussion had initially taken  
3 place, and for that we are deeply grateful.

4 We also put together a panel that put  
5 it in perspective. We videotaped it. The panel  
6 included someone who had lived through internment,  
7 a Japanese-American in California during the  
8 second World War. African Americans and others  
9 who had suffered from discrimination in this  
10 country, and we used that film as a precursor to  
11 those who were going to see Schindler's List so  
12 that they could get some perspective, but what I  
13 would like to truly ask you is whether you have  
14 thought, because you have done such a masterful  
15 job of putting together a curriculum that went  
16 along with Schindler's List of how we start to  
17 reach the younger children, because as the work  
18 evolves specifically you have to be talking, and  
19 by the time you are six or seven or eight, and  
20 that is so very true, Schindler's List is a very  
21 powerful, moving film, but it's too strong, I  
22 think, for six and seven and eight years old.  
23 It's a question of how do we require the teaching  
24 of Holocaust and genocide education now in

1 New Jersey. I just signed that legislation. I  
2 don't believe it mandates it, but that is one that  
3 we have to address, and we are teaching tolerance,  
4 but the point is how do we get it down to the  
5 younger students, the younger children where they  
6 are most impressionable, and where it can really  
7 truly make a difference?

8 STEVEN SPIELBERG: Well, you know, I  
9 think that -- you know, I think that the way to  
10 reach all of our -- I have five kids myself, and  
11 the way to reach my kids is just based on my own  
12 values as a person, and I think that the best  
13 education begins in the home, that without par nts  
14 who understand who they are in this world and what  
15 they can offer their children in strong rural  
16 values early in the home. Schools are playing  
17 catch up, or at least schools are playing damage  
18 control when they get damaged kids into the  
19 schools and then the kids are divided between a  
20 very strong teacher parent, and they go home, and  
21 they have a weak parental environment.

22 So I think, you know, the greatest  
23 thing that can happen is the parents talk openly  
24 to the children about the things that aren't very



1 pleasant to talk about at a very young age. I  
2 wouldn't show my kids Schindler's List yet, but I  
3 have already shown them Lillies of the Field with  
4 Sydney Portier, and my kids -- it was an  
5 eye-opener for all of them. They loved the movie,  
6 and they understood the stereotyping and what th  
7 picture was really saying about discrimination and  
8 racial hatred. There are films like the Diary of  
9 Anne Frank, with the great late director George  
10 Stevens. That is a wonderful, I think, teaching  
11 tool for younger children; but for the most part,  
12 what we can do is be the parents and consider our  
13 children whenever we take a breath. That is what  
14 we can do.

15 CHAIRMAN CAMPBELL: Governor  
16 Sullivan. And I have Governor Sullivan, Governor  
17 Sundlun and Governor Engler, and I think we are  
18 going to have to stop there due to a time  
19 limitation.

20 Governor Sullivan.

21 GOVERNOR SULLIVAN: Mr. Spielberg -- I  
22 am over here behind the lady in the blue dress.

23 Let me move briefly from the subject  
24 that we are talking about intolerance to moral

1 values, and I ask this question with absolutely no  
2 disrespect, but a good deal of intellectual and  
3 moral curiosity as we talk about the issues of  
4 influence and morality. I was tremendously moved  
5 by your movie, and you and I had a very interesting  
6 conversation about it, and I want Wyoming to  
7 participate in your program, because I think it  
8 carries that kind of powerful message; but having  
9 seen it, I have consistently wondered why it was  
10 necessary to put in the graphic sex scene, which  
11 seemed to me to be incidental to the movie and  
12 adding nothing to the message, yet carries part of  
13 the concern that we all have with where we are  
14 moving in this country today.

15 STEVEN SPIELBERG: Well, I am the  
16 most embarrassed at that sex scene. You don't  
17 see many of them in any of my movies. I felt that  
18 Oscar Schindler, who was a remarkable individual,  
19 because he was so hedonistic, and his lifestyle  
20 was basically -- his lifestyle was spirits and  
21 women, and this is what in a sense makes his story  
22 even more remarkable, because he was able to give  
23 all of that up, including millions and millions of  
24 Deutsche marks a year he was making off of the

1 slave labors of his Jewish workers in order to  
2 give it all away to buy his workers back and  
3 exodus them into Czechoslovakia and eventually a  
4 safe haven at the end of the war, and I felt that  
5 the one scene that you were referring to was more  
6 of a scene that was necessary to underline his  
7 character and who he was as opposed to necessitate  
8 an overview of the Holocaust showing, and I felt  
9 in that instance it was necessary to understand  
10 Oscar Schindler, because we witnessed so much in  
11 his life and so much in the lives of the Jews and  
12 what they went through. I thought it was equally  
13 interesting to witness some of his own private  
14 moments.

15 Governor Sundlun.

16 GOVERNOR SUNDLUN: Steven, I am the  
17 only Jewish Governor in the United States at the  
18 present time, and I am the Governor of the most  
19 Catholic state in the United States.

20 (Laughter.)

21 GOVERNOR SUNDLUN: So I know there is  
22 no racial or religious prejudice in Rhode Island,  
23 but I also was a pilot in World War II, and I got  
24 shot down ov r Europe during the occupation by th

1 Germans, and I saw the Jews herded along the  
2 streets with the yellow star on their coat, and I  
3 felt frustrated, because there wasn't anything I  
4 could do about it, but then we are Governors. We  
5 are politicians, and what really offends me about  
6 the Holocaust is that the United States Government  
7 knew all about it and so did the English, and they  
8 didn't do a damn thing about it at a time when  
9 they could have, and that is -- that is a failure  
10 of Government. And the only man in the Roosevelt  
11 Administration that really went to bat on the issue,  
12 lost his job in the Administration as a result,  
13 and that was Herbert Pell, who was the father of  
14 Claiborne Pell, who is now the United States  
15 Senator from Rhode Island.

16 And the English were perhaps even  
17 worse, because there is clear evidence that  
18 Churchill knew all about it even earlier than did  
19 the Americans. The Air Force was given the  
20 opportunity to bomb the railroad yards that led to  
21 the concentration camps, and then they were  
22 actually invited to bomb the gas chambers, and the  
23 leaders of the Jewish community were willing to  
24 take the losses that that would have resolved.

1 And the officials in charge said no, and that to  
2 me the -- the Holocaust was horrible, but the  
3 Holocaust was preventible if government had  
4 functioned. And I don't know how to cope with  
5 that. Do you?

6 STEVEN SPIELBERG: I know those  
7 stories, and I know them to be true. And I don't  
8 understand them, and I saw the P.B.S. documentary  
9 a couple of months ago that was all about that.  
10 It was very informative and very disturbing to  
11 me. There was a great deal of very strong  
12 anti-Semitism all through America, especially  
13 coming out of the Great Depression, and it is  
14 unjustifiable. There is no way of explaining what  
15 happened. There is a lot of symptoms leading up  
16 to the turning away from the reconnaissance photos  
17 that were there, the reports from Budapest, which  
18 had not been occupied in 1943, and there were  
19 reports coming out about the death camps in the  
20 World Jewish Council directly to Churchill and the  
21 people in the Roosevelt Administration, and as you  
22 know, nothing was done.

23 This is disturbing to me, but there  
24 are other things equally as disturbing to me in

1 view of just the treatment of African-Americans,  
2 you know, post Civil War, and I just think that we  
3 have a lot of looking and exploring to do into  
4 what makes us hate and what makes us fear people  
5 who are different than we are, and I can't figure  
6 it out, and I don't know what to tell my children  
7 about it, except that they should have all the  
8 information available through their schools and  
9 first the parents and second, you know, the  
10 curriculum in schools so they can make up their  
11 own minds about it when they are able to.

12 CHAIRMAN CAMPBELL: Governor Engler.

13 GOVERNOR ENGLER: I think that you are  
14 right. I see it persistently sort of a common  
15 thread in all of what we have been talking about  
16 this afternoon, because we were talking about the  
17 technology and telecommunications and the Dean  
18 list of science and math reaching the young  
19 people, and then the presentation or master  
20 teacher. We are now talking about the teaching of  
21 tolerance. In mass communications such a part of  
22 this is reaching these young people. Governor  
23 Whitman sort of touched on this with her question.  
24 I want to pursue it a little bit more, because one

1 of the things that we hear from the educators  
2 about are the short attention spans, the difficulty  
3 of reaching the young people today who are in a  
4 world where there is so many images tossed at  
5 them, you know, and an endless stream of sources,  
6 and how do we -- and I am curious, because you  
7 have a reputation of being very farsighted on some  
8 of these things that seem awful corny. How can we  
9 use the tools of your trade in an education sense  
10 to start breaking through differently, because the  
11 art of being in the classroom is really about the  
12 same as it was many, many years ago; and in this  
13 electronic age, where would you -- you said we  
14 need to form a school, and I agree to put it  
15 together, what are the things you would like to  
16 see in that school? How do we -- what is on the  
17 horizon? As a Governor, I am looking forward to  
18 the 21st Century would really make a difference.

19 STEVEN SPIELBERG: Well, I believe in  
20 what the Governor of North Carolina said, you  
21 know, about I think the most important thing is  
22 the teachers love their jobs, and the teachers are  
23 stimulated by what they do and what they have to  
24 offer. The teachers can take credit for the

1 students who do good and try harder to rescue  
2 students who aren't doing well. So I believe that  
3 is the first and most important thing outside of  
4 the superinformation highway.

5 I only remember two of my teachers. I  
6 have four -- you know, I had teachers all over  
7 high school. I went through right through the  
8 eighth grade, and I only remember two of them, and  
9 that is sad. It's sad only to have two strong  
10 memories of teachers who gave you -- who gave you  
11 a motivation in your life, and I was motivated by  
12 two people.

13 I would like very, very much to see  
14 teachers putting on their declared majors in  
15 college education, as opposed to falling back on  
16 education when they haven't succeeded in what they  
17 first initially started to do. I would like to  
18 see teachers paid more money. I think they are  
19 grossly underpaid throughout this country; and in  
20 order for people to be motivated to teach, they  
21 have to know it's going to be not just a service  
22 of love where you get to be a noble hero in a  
23 movie, but you have a career for the rest of your  
24 life, but I also feel that augmenting that good



1 teaching, I would love to see software developed  
2 and eventually all schools either fiber optically  
3 connected or connected through cable so that young  
4 people can benefit from what we can give them from  
5 our end, which is very stimulating, visually  
6 intoxicating versions, hopefully the correct  
7 version of social studies and history. And I  
8 think that there is a marriage to be made between  
9 the entertainment industry and the educational  
10 community.

11 CHAIRMAN CAMPBELL: Thank you very  
12 much for being with us. We certainly appreciate  
13 your willingness to take questions and spend the  
14 extra time with us, because it was extremely  
15 interesting. You know, as we go back to study  
16 history and study our own beginnings, we find that  
17 tribal, ethnic and religious hatred has existed  
18 since mankind, and we find that today still going  
19 on as tribal groups of African-American heritag  
20 fight each other, we don't have any answers to  
21 it. We don't know what makes people do that.  
22 Some way, some how we are going to have to learn  
23 to be human beings altogether, and when we do  
24 learn that we are going to learn that we have to

1     respect one another, and we have to work very hard  
2     to get that respect. We appreciate your bringing  
3     this to us.

4                     Thank you, sir.

5                     (Applause.)

6                     CHAIRMAN CAMPBELL: I am now going to  
7     call on Governor Weicker for a special invitation  
8     to a special event.

9                     GOVERNOR WEICKER: Thank you,  
10    Mr. Chairman and friends and fellow Governors,  
11    Steven Spielberg.

12                    The two subjects, Steven Spielberg's  
13    and mine are not dissimilar. Indeed, last year  
14    when I had the privilege of attending the  
15    International Winter Special Olympics in Salzburg,  
16    Austria, and for the first time the people of  
17    Austria had the opportunity to see those with  
18    mental disabilities on a large scale, there being  
19    no such laws that we have in the United States for  
20    the enhancement of those individuals. And it was  
21    a first for my children, because Salzburg being  
22    close to Munich, I had the opportunity to take my  
23    four boys age 10 to 15 to Dachau, and believe me  
24    that and then later on seeing Steven's movie made

1 a very profound effect on them.

2 But I do have a very special  
3 invitation for you, and it has to do with that  
4 intolerance, which slowly is going away, because  
5 of this particular event. Each one of you think  
6 about it, 25 years ago, just 25 years ago, the  
7 mentally retarded in this nation were in  
8 institutions. That was it. That is where you  
9 went. For most at the time of their birth, there  
10 was no other alternative. And in 25 years with  
11 meeting with Special Olympics, we have learned  
12 that it never was what God had wrought with these  
13 people, but rather what we have wrought in not  
14 giving the same opportunities that we would demand  
15 for all Americans.

16 The 1995 World Special Olympic Games  
17 will be held in New Haven, Connecticut. It will  
18 quite simply be the largest sporting event in the  
19 world in that year. All of the United States,  
20 indeed the whole world, will be coming to  
21 Connecticut. Visiting our state for the nine-day  
22 event next July will be 6,700 athletes from  
23 139 countries, over twice the size of the  
24 Lill hammer Olympics earlier this year, and they

1 are going to compete at the highest levels of  
2 sport competition in swimming and soccer and  
3 sailing, volleyball, softball, basketball and  
4 weight lifting. We have an athlete who can lift  
5 four times his body weight. In track, we have  
6 runners who can finish a marathon in two and a  
7 half hours. What I want to make clear is this is  
8 not a sympathy event. Given the opportunity, you  
9 are going to see a level of athletic competition  
10 just about that far below the regular Olympics  
11 that take place in the following year.

12 Now all of these athletes are people  
13 with mental retardation from ages 8 to 80. So  
14 before I go any further, let me allow the people  
15 who are wondering how you use the media to bring  
16 these matters to our attention. Let me allow  
17 Bob Costas to take over on video. He captures the  
18 sport spirit and splendor of these '95 World Games  
19 in just about six minutes. Can we please have the  
20 video.

21 (Whereupon, there followed a video  
22 presentation.)

23 (Applause.)

24 GOVERNOR WEICKER: I think each and

1 every one of us here as Governor knows that we are  
2 in the process of closing those institutions and  
3 bringing these Americans in the mainstream of  
4 life; and were it not for Eunice Kennedy Shriver  
5 and the Special Olympics, I think this day would  
6 have been postponed for decades. The fact is that  
7 now the state-of-the-art in this nation by virtue  
8 of its laws, Federal and State, assures the same  
9 opportunity for these various special people as we  
10 would expect for any of us or our children.

11 I want to invite the Governors here,  
12 number one, to attend the event as the guest of  
13 Special Olympics in New Haven in 1995. And most  
14 particularly, as the athletes from each of your  
15 states will be competing to be there in New Haven,  
16 give every possible encouragement and support to  
17 the events in your own state. There is no doubt  
18 in my mind that when those Special Olympics were  
19 held in Austria, a nation that has never so much  
20 as written one sentence on its law books as it  
21 applies to the disabled, when those Olympics took  
22 place in Austria, the laws of Austria changed.  
23 That is the story of Special Olympics. It may be  
24 boring to read the Constitution of the United States

1 States and to understand the problems of the  
2 disabled, but sports, that is the American way to  
3 get across the message. And when you see the  
4 level of competition and the striving of these  
5 people, you will know why this is so important to  
6 us in this nation and around the world. And in  
7 the final analysis, it teaches a lesson, which I  
8 think all of us understand and more should. Let  
9 me win, but if I cannot win, let me be brave in  
10 the event. Please come to Connecticut in '95.

11 (Applause.)

12 CHAIRMAN CAMPBELL: Thank you very  
13 much, Governor Weicker. Thank you very much,  
14 and you know we have talked about teaching and  
15 understanding and all, and if you participate in  
16 any way around the Special Olympics, you will  
17 learn about love firsthand, no question about it,  
18 because there is some outstanding individuals  
19 there.

20 We need to go into executive -- into  
21 the Executive Committee meeting for just a few  
22 minutes to take up some policies, and so we are  
23 going to now be seated as the Executive Committee.  
24 We have a number of policies that we need to

1 move. I am going to ask that they all be moved in  
2 block, because of time. There is no controversy.  
3 They have been approved, and I will entertain a  
4 message -- I mean a motion to that effect.

5 GOVERNOR THOMPSON: So moved.

6 CHAIRMAN CAMPBELL: Governor Thompson.

7 GOVERNOR CARLSON: Second.

8 CHAIRMAN CAMPBELL: Debate on the  
9 second.

10 Any discussion?

11 If not all those in favor say aye.

12 Any opposed?

13 The motion is carried.

14 No further business.

15 We are adjourned.

16

17 (Whereupon, at 4:47 p.m., the hearing  
18 was adjourned.)

19

20

21

22

23

24

C E R T I F I C A T E

I, Marianne Kusa-Ryll, Registered Professional Reporter, do hereby certify that the foregoing transcript, Volume II, is a true and accurate transcription of my stenographic notes taken on Monday, July 18, 1994.

*Marianne Kusa-Ryll*  
Marianne Kusa-Ryll, RPR



COPY

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

NATIONAL GOVERNORS' ASSOCIATION

86TH ANNUAL MEETING

JULY 16-19, 1994

BOSTON, MASSACHUSETTS

John B. Hynes  
Convention Center  
900 Boylston Street  
Boston, Massachusetts  
Tuesday, July 19, 1994  
9:15 a.m.

---

MARIANNE KUSA-RYLL  
REGISTERED PROFESSIONAL REPORTER  
JUSTICE HILL REPORTING  
252 JUSTICE HILL ROAD, P.O. BOX 610  
STERLING, MASSACHUSETTS 01564-0610  
TELEPHONE (508) 422-8777 FAX (508) 422-7799

I N D E X

|    |   |             |
|----|---|-------------|
| 2  | <b>SPEAKERS:</b>                              | <b>PAGE</b> |
| 3  | Robert Dole, United States Republican         |             |
| 4  | Senator, Kansas,                              |             |
|    | Remarks on Health Care                        | 7           |
| 5  | Recognition of departing Governors            | 55          |
| 6  | Terry Branstad, Governor, Iowa,               |             |
| 7  | Committee on Economic Development             | 66          |
| 8  | David Walters, Governor, Oklahoma,            |             |
|    | Committee on Human Resources                  | 68          |
| 9  | Jim Guy Tucker, Governor, Arkansas,           |             |
| 10 | Amendment to H.R. 18 Federal Anti-Crime       |             |
|    | Prevention and Delinquency Programs           | 69          |
| 11 | Bob Miller, Governor, Nevada,                 |             |
| 12 | Committee on Natural Resources                | 73          |
| 13 | Mike Sullivan, Governor, Wyoming,             |             |
|    | Remarks on Indian Gaming                      | 77          |
| 14 | Tommy Thompson, Governor, Wisconsin,          |             |
| 15 | Remarks on Executive Committee                |             |
|    | Proposed Policy Changes                       | 82          |
| 16 | William Weld, Governor, Massachusetts,        |             |
| 17 | Remarks on Managed Care Health Care Reform    | 84          |
| 18 | John Engler, Governor, Michigan,              |             |
| 19 | Remarks on state experimentation on           |             |
|    | National Health Care and Welfare Reform       | 86          |
| 20 | James B. Hunt, Jr., Governor, North Carolina, |             |
| 21 | Remarks on achieving National                 |             |
|    | Education Goal                                | 88          |
| 22 | Bill Clinton, President of the United States  |             |
|    | Remarks                                       | 93          |
| 23 | John Waihee, Governor, Hawaii,                |             |
| 24 | Report of Nominating Committee                | 143         |
|    | (continued)                                   |             |

I N D E X (continued)

## SPEAKERS:

## PAGE

Howard Dean, Governor, Vermont,  
Presentation to Carroll Campbell  
and Remarks

145

P R O C E E D I N G S

CHAIRMAN CAMPBELL: I welcome you to the closing plenary session of the National Governors' Association meeting. My name is Carroll Campbell. I am the Chairman of the National Governors' Association with Howard Dean of Vermont as Vice Chair, incoming Chair. And we are glad that you are with us this morning. I am pleased this morning to have the opportunity to introduce the Republican Leader of the United States Senate. He is a man who has long been a friend and supporter of the states.

Senator Dole has a distinguished record of public service. It spans four decades and can be matched by few. He has been the Senate Majority Leader, the Chairman of the Senate Finance Committee. Our party's nomination for vice -- nominee for Vice President, a member of the House of Representatives, a Chairman of the Republican Party, a state legislator. He is a combat veteran of World War II and has been twice decorated for heroic achievement.

Senator Dole has a long record of

1 cooperation with the National Governors'  
2 Association. And in spite of some of the rhetoric  
3 that has been coming out of this meeting in the  
4 last couple of days, that record is intact.  
5 Senator Dole's bill comes closer to N.G.A. policy  
6 in a number of important areas than any of the  
7 other bills that have been introduced: In the k y  
8 areas of insurance reform to assure affordability  
9 of a sensibly-modified community rate that will  
10 not impose a huge intergenerational tax on the  
11 young; antitrust and malpractice reforms that will  
12 allow states to move ahead in creating the kinds  
13 of network of care that will actually be able to  
14 deliver health care. Senator Dole's bill is  
15 extremely state-friendly and parallels most of our  
16 policies.

17 His talk of reform revisions in  
18 particular, which Governors agree are essential  
19 are strong. What our Governors sought to do is to  
20 spur needed reforms in the system without the  
21 mandates, government overregulation and  
22 bureaucracy. You may find some of these things in  
23 other bills, but you can find things that we  
24 disagree with in all bills. Bob Dole believes

1     that the Governors -- with the Governors and  
2     insurance fraud by itself does not guarantee  
3     care.

4                 We do have one major disagreement with  
5     this bill, and that is the Medicaid cap. The  
6     Governors argue there simply can't be Medicaid  
7     without reforming the system. Under these, it  
8     will not work, but as I said, Bob Dole is a friend  
9     of Governors so we are working with him on this  
10    section of the bill.

11                The staff has had a very constructiv  
12    meeting on the Governors' own bipartisan plan for  
13    low-income programs. One-way eligibility would be  
14    based on the income and where benefits would b  
15    the same for the working poor as the nonworking  
16    poor. In all other bills, the nonworking poor get  
17    a better deal and more benefits than the working  
18    poor, and some of us don't think that is right,  
19    and we think it discourages work. We agreed  
20    yesterday that Governors would work on a  
21    bipartisan basis for those provisions on which we  
22    agree, and we have begun that process with  
23    Senator Dole. As we enter a critical period of  
24    Congr ssional action, especially on h alth car ,

1 but also on crime and welfare, I know that we can  
2 continue to count on Senator Dole's open door  
3 policy.

4 Ladies and gentlemen, the leader of  
5 the loyal opposition and tough, common sense  
6 conservative, Senator Bob Dole.

7 (Applause.)

8 SENATOR DOLE: Carroll, thank you v ry  
9 much.

10 I have been to a number of Governors'  
11 meetings, but for some reason this one seems to  
12 have attracted more interest, and I guess it's  
13 because we are in the final stages of the health  
14 care debate.

15 Before I talk about the issues, there  
16 are a couple of other things that I just want d to  
17 mention very quickly. First, as a Kansan, I do  
18 want to note that Governor Finney will be  
19 returning to private life next January. We hav  
20 been friends for a long, long time. I don't want  
21 to say how many years, but for a long, long time.  
22 And she can take great pride in her remarkable  
23 public service career, and she will always be  
24 remember d in Kansas for the many, many good

1 things that she has done as the Governor of our  
2 State and, of course, go down in history as the  
3 first woman Governor in our state. So, Governor  
4 Finney, we wish you well.

5 GOVERNOR FINNEY: Thank you.

6 (Applause.)

7 SENATOR DOLE: And I want to join with  
8 everybody who will be paying tribute to your  
9 retiring Chairman, Carroll Campbell. No doubt  
10 about it, I have been watching Governor Dean and  
11 Governor Campbell on C-Span and everybody else the  
12 last few days to find out what was going on up  
13 here. I have been watching a lot of good  
14 developments. Even though Governor Campbell is  
15 leaving the Governor's office, he is going to  
16 remain involved in important public policy debat  
17 as the President of the American Council of Lif  
18 Insurance. At least you get to be president of  
19 something, Carroll, which is more than some of us  
20 can say, but --

21 (Laughter.)

22 SENATOR DOLE: And Strom Thurmond told  
23 me yesterday before I left that he only plann d on  
24 serving in th Senate for two or thr more terms,



1 and he then thinks that Carroll will be old enough  
2 to succeed him, so I hope that all works out.

3 (Laughter.)

4 SENATOR DOLE: Now let me indicat  
5 that we are meeting here in a city that is a hom  
6 to a lot of early American leaders; and when the  
7 founding fathers put together our Constitution,  
8 they often understood the state and local  
9 governments were in a much better position to  
10 respond to the needs of the people than sometimes  
11 the Federal Government. And unfortunately in th  
12 past many, many years, the relationship betw en  
13 Federal and State Government has almost turned  
14 into a one-way street with Washington, D.C.  
15 dictating what you can and cannot do and forcing  
16 you to pick up the tab on an endless string of  
17 unfunded mandates. The cost of those mandat s ar  
18 devastating financially and devastating in t rms  
19 of blocking your ability to develop innovative  
20 programs and solutions. And if there is one thing  
21 that Congress could do to restore balance to the  
22 Federal/State relationship, it would be to pass  
23 S. 993, the Kempthorne/Glenn Bill, which is now  
24 awaiting action on the S nat floor.

1 (Applause.)

2 SENATOR DOLE: The legislation, as you  
3 know, was compromised slightly in the committe ,  
4 but it's still a big step in the right direction,  
5 and I listened to Senator Mitchell. When he was  
6 here he said that the chance of bringing it up  
7 depends on whether or not Republicans behave  
8 properly -- those are his words -- in other  
9 debates. Well, I certainly respect Senator  
10 Mitchell, but he used a term you soon may be  
11 familiar with. There is no need to keep S. 993  
12 waiting in the on-deck circle, because the bill  
13 has overwhelming support, and it could be pass d  
14 very quickly, tomorrow, for example. There  
15 wouldn't be much debate. I think it has a lot of  
16 support, bipartisan support. So the Federal/Stat  
17 relationship is also at the core of the Congr ss'  
18 ongoing debates towards health care, welfare,  
19 reform and crime, and let me touch upon those  
20 issues now.

21 As I look around the room, I note the  
22 absence of a few Governors, notably Governor Edgar.  
23 And as you know, Jim underwent emergency bypass  
24 surgery a w ek ago, and I spok to him last w ek,

1 and he is well on the way to recovery. Jim  
2 learned firsthand what Governor Casey also l arn d  
3 not long ago, and that is the fact that American's  
4 health care system is the best in the world  
5 performing their miracles every day.

6 And when we began this debate on a  
7 bipartisan basis, Democrats and Republicans alike  
8 shared the same goal doing all we could to ensure  
9 that every American had access -- had access to  
10 that health care system, that best health care  
11 system in the world. That was the President's  
12 goal. That was my goal. That was your goal as  
13 well. But in reaching that goal, we always had to  
14 keep certain things in mind, rather important  
15 things. We had to keep in mind the costs of  
16 health care, which as I understand there may hav  
17 been a reason the bill didn't pass in Vermont,  
18 because of the cost. The price of health care  
19 reform shouldn't give a complete takeover of on  
20 cent of the economy by the Federal Government and  
21 a new burden on middle class Americans. We also  
22 knew the price of health care reform should not be  
23 the loss of millions of jobs. It has been  
24 estimat d a million and a half to a million to

1 some three million jobs. The price of health care  
2 should not be bankrupting states or bankrupting  
3 our children by simply tacking on untold billions  
4 to the national debt, and I must say that as  
5 executives you understand the importance of at  
6 least having some idea what something may cost.  
7 And at this point, we are not certain, because w  
8 don't have estimates on many of the major bills.

9 And the cost of health care reform  
10 should not be the destruction as to what I call  
11 the best health care delivery system in the  
12 world. No doubt about it, we are in the final  
13 stages this year of the health care debate. It  
14 was a debate that began as a bipartisan matter, in  
15 a bipartisan manner, and I think despite the  
16 rationing up of the rhetoric by the White Hous  
17 and the Democratic National Committee, and I might  
18 I guess the Republican Committee member will add,  
19 too, we don't have the money, but we do the b st  
20 we can.

21 (Laughter.)

22 SENATOR DOLE: But I think the s ds  
23 of the bipartisan plan still exists if the  
24 Administration is willing to com our way, and I

1 believe it's very important. When I say come our  
2 way and when I say the seeds of the bipartisan  
3 plan where did I go to get those seeds. Well, I  
4 went for the call of action issued by the  
5 Governors, Democrats and Republicans last  
6 January. Much of which is contained in your  
7 proposal is in the proposal put forward by  
8 Senator Packwood and myself, and we didn't put the  
9 proposal forward as a Republican plan or as an  
10 opposition plan to President Clinton.

11 As you know, there are at least five,  
12 six, seven, eight plans in Congress and probably  
13 more than that, but five or six have gotten out of  
14 committees. Ours hasn't gotten out of committee.  
15 It will be offered probably as a substitute at th  
16 appropriate time. We call our plan the American  
17 Option, not a Republican Option, the American  
18 Option. We have been in contact with nearly a  
19 dozen Democratic Senators. We have met a number  
20 of times with Congressman and Doctor Roy Rowland,  
21 the Democrat from Georgia and Congressman Mike  
22 Delarocas, who has the Rowland/Delarocas Bill in  
23 the House. They have about 75, 80 cosponsors,  
24 about an equal number of Democrats and

1     Republicans.  So I want to make it clear that w  
2     are looking for a bipartisan solution, just as I  
3     believe the Governors are looking for a bipartisan  
4     solution, and we hope that it's out there  
5     somewhere.

6                     There are a lot of things we agree on,  
7     and a lot of things you agree on, and again I  
8     guess, Howard, you ought to make these reforms in  
9     support of views, preexisting condition befor the  
10    bill takes effect in all the states, but it was in  
11    the call to action.  So we think insurance reform  
12    in dealing with issues like affordability and  
13    preexisting condition, that was in the call of  
14    action.  We think that was a good idea to put in.  
15    State designed and run voluntary purchasing co-ops  
16    again was in the call to action, your call of  
17    action.  We listened.  We heard you.  We got the  
18    message.  It's in our package.

19                    A corp. benefit package and subsidies  
20    for low-income Americans.  That is in the call to  
21    action.  That is in our package.

22                    Medical malpractice, which I think is  
23    very, very important.  We want doctors to sp nd  
24    more time with their pati nts instead of mor time

1 doing defensive medicine trying to avoid a future  
2 lawsuit, and we have strong provisions which you  
3 suggested in the call of action.

4 Relief from anti-trust statutes,  
5 administrative simplifications, all of these were  
6 contained in your call to action, all the help for  
7 so-called middle class, and all these can be found  
8 in what we call the American Option, the  
9 Dole/Packwood proposal.

10 I think it's fair to say that we hav  
11 all been in politics for some time, but in our  
12 business of politics we never say that someone is  
13 against us. Either they are for us, or they ar  
14 undecided, and I have noted that there is one key  
15 issue in the Dole/Packwood proposal on which th  
16 Governors are undecided. That, of course, is th  
17 gap on Medicaid, which you all have as undecided.  
18 We knew going in you would be undecided on this  
19 issue, and we assume that you are still undecided,  
20 but we also understand to make it work, as I hav  
21 said in every appearance that I have made, you  
22 have got to work with the Governors. You hav got  
23 to give the Governors flexibility, the art of the  
24 laboratoris, the art of the innovators, and we

1 need to listen to Governors regardless of party,  
2 and so we have already started. In fact, we  
3 started long before somebody raised it in a rather  
4 distorted article in the New York Times on  
5 Sunday.

6 We started negotiating with the  
7 members of the Governors' Association on how can  
8 we change it. How can we make it work so there is  
9 some pressure on both us and both on the states so  
10 that we don't spend a lot of money. So you can be  
11 sure that we understand, first of all, we  
12 understand your concerns about being left holding  
13 the bag, and I believe we can work together to  
14 settle our differences. Now how are we going to  
15 do that? Well, if you are going to bill Texaco,  
16 I'll have to get a ventriloquist up here, but just  
17 say generally, we are flushing out one idea is to  
18 give the states the option of buying in all  
19 A.F.D.C. and noncash recipients into the private  
20 sector program so that the large majority of  
21 low-income individuals, whether they are the  
22 working poor or nonworking poor, as Governor  
23 Campbell mentioned, we don't think there ought to  
24 be class distinction here are treated the same,



1 and we don't believe the nonworking poor hav  
2 better benefits than the working poor. And as  
3 you, yourselves suggested, the greatest attempt  
4 possible, the low-income population receive its  
5 health care through the same delivery mechanism as  
6 the rest of the population, again no class  
7 distinction. That is not the American way, and  
8 that is not our proposal. So we are going to  
9 continue our efforts.

10 In addition, the proposed Medicaid gap  
11 could well be replaced with some variation of  
12 maintenance of effort. That is in the Finance  
13 Committee Bill that makes certain it's in your  
14 interests and ours to negotiate the most  
15 reasonable rates with the insurance plans for  
16 those low-income individuals. So I want to just  
17 say at that point we know that you have a problem  
18 with the Medicaid cap. That didn't come as any  
19 great shock to being a rocket scientist to figur  
20 out that that might be a problem for Governors,  
21 but our door is open and will be open. We think  
22 we can resolve it, and we are anxious to continu  
23 our discussion, because we want to get the health  
24 car bill pass d this y ar, and I need not remind

1 you that the Administration's bill is also far  
2 from heard in regards to Medicaid.

3 In both the Administration's bill and  
4 in the past Financial Committee's Proposal, it  
5 would phase out the Medicaid disproportionat  
6 share payments, something we are very much opposed  
7 to. And that is a big, big ticket item in lots of  
8 big states, in a lot of the other states, New York  
9 and California, in particular. So we don't have  
10 that in our bill. That is about a \$50 billion  
11 item over five years that the states would lik to  
12 continue. We may cut back just a bit, but we  
13 don't cut it out, and we don't phase it out. So I  
14 guess the question is where do we go from here?

15 Well, I think the President will  
16 agree -- I am not certain what he is going to  
17 say -- but I think we have to get back to th  
18 issues that matter the most, and notwithstanding  
19 what the media may report or what may be happening  
20 or whatever, this issue is not about Bill Clinton  
21 versus Bob Dole or the Republicans versus the  
22 Democrats or Republican Governors or Democratic  
23 Governors versus some other group or the poor  
24 versus the middl class. I think health car is

1 too important to be turned into class warfar over  
2 the political battles of personalities. And  
3 again, I am a living example of somebody who has  
4 had a lot of health care. I have become the  
5 prostate pin-up boy in Washington, D.C. as one  
6 example, and that is the only the latest littl  
7 episode. And I understand a little about  
8 affordability and accessibility.

9 Many, many years ago when I got out of  
10 World War II, and all the good doctors had gone, I  
11 wanted to go to some private doctor, but I didn't  
12 have the money. So in my little Town of Russell,  
13 Kansas, they passed around a cigar box and raised  
14 \$1,800 so I could go to Chicago. So I think I  
15 know a little about accessibility, and I know a  
16 little bit about affordability, and I believ that  
17 we are just as sensitive as anybody else on any  
18 side of this issue, and it's not politics. It's  
19 not politics. And I don't think that television  
20 commercials to organize a tax on pizza, which  
21 happen to be headquartered in Kansas, or others  
22 who dare to speak out against the Administration's  
23 proposal helps the process one bit. I think we  
24 need to mov past the rh toric. I heard th

1 President say that this morning on television when  
2 he spoke yesterday in Miami. I think it's tim  
3 for a second opinion, and I think we all ought to  
4 be ready for a second opinion.

5 We are dealing with a very important  
6 issue, an issue that is going to affect every  
7 American, and if we start the class warfare, being  
8 the poor, the working poor, the nonworking poor,  
9 the middle class, the rich, then we are going to  
10 be right back in the same old battle, the same old  
11 rhetoric. In my opinion, the American people have  
12 heard the debate. And if you have gone to town  
13 meetings, as you have, and they have gone in  
14 record numbers, and they call our office in record  
15 numbers, and they call the talk shows, and they  
16 have written letters and maybe somebody will say,  
17 well, they just don't understand it. I think they  
18 understand it, but like most consumers when  
19 something is so complicated and in their view so  
20 bureaucratic, whether it's the State level or th  
21 Federal level, when you don't understand it, you  
22 don't buy the product as a consumer. And mayb  
23 that is why the new C.N.N. and U.S.A. Today got a  
24 poll today that says th r is about 55 perc nt

1 | opposed, 40 percent support it.

2 So what are we going to do about it?  
3 Are we going to keep trying to push and push and  
4 push? We said, We have got to have it all. We  
5 have got to have it all. Every Governor has to  
6 support employer mandates. Now that is a big  
7 problem the states fight hard. The Governor knows  
8 where most of our people, employers have ten or  
9 fewer employees, about 87 percent. Most have five  
10 or six. We are not a big state, and there are a  
11 lot of small states represented in the Congress,  
12 as everybody here knows. So it just seems to me  
13 we have -- we need a reality check. We need a  
14 second opinion, and the health care system may not  
15 be perfect, but it is the best in the world. It  
16 does need repair, but I am not certain it needs a  
17 complete and total overhaul, and not -- certainly  
18 not a complete and total takeover by the Fed ral  
19 Government. If somebody wants to tell me what  
20 universality is, we will be happy to listen. How  
21 do you get there and how much does it cost? Is it  
22 91 percent? 92 percent? 95 percent? Is it Ivory  
23 soap? What is it?

24 I think acc ss, univ rsal access, I

1 have no problem with everybody being covered in  
2 America, but we have to figure out how we do it,  
3 how much does it cost, and I guess between getting  
4 it done right and getting it done fast, many of us  
5 would like to get it done right.

6                   So we shouldn't be setting artificial  
7   deadlines.   We have been told that if we are good  
8   boys and girls in the Congress and eat our  
9   vegetables and pass health care, we get a recess.  
10   We could care less about the recess.   This is a  
11   very important issue.   If it takes all of August  
12   and all of September and all of October to debate  
13   this issue, we ought to have that debate.

14 I remind you that even in Social  
15 Security you don't have universality. You have  
16 got about 95 percent. We didn't cover  
17 agricultural workers, a lot of other workers in  
18 the first phase of Social Security. So this idea  
19 out there that everybody has to be covered  
20 immediately, in my view, is going to be a very  
21 tough sell, but we are prepared to do whatever the  
22 leadership and the Congress say. If they say we  
23 are going to do it, we are going to do it.

24 So ke p in mind w ar about to create

1 the largest single entitlement program ever  
2 created in history. And we have been talking at  
3 the Federal level. We even have a commission in  
4 the Senate on how to reduce entitlement programs.  
5 And if we are going to go after entitlements, w  
6 are going to deal with the budget. And while we  
7 are doing that, we are about to create a new  
8 entitlement. We do it in our program, too. Don't  
9 misunderstand me. We create a new entitlement of  
10 \$100 billion over five years for the low income.  
11 Ours is small compared to others. So we need the  
12 legislative language. We need the details. There  
13 isn't a Governor in here who would take up or s nd  
14 legislation to your legislature where he didn't  
15 have some idea of what it is going to cost and  
16 didn't know what was in it and didn't know what  
17 the options were, and I think we remember in our  
18 business we never get everything we want, but r al  
19 health care reform, in my view, is still possible.

20 Let me quote from a story in The Wall  
21 Street Journal on July 8th that I think ought to  
22 be required reading for everybody in Congress, and  
23 it concerned health care reform in Minnesota. And  
24 it says, and I quote, Last y ar Minnesota h ld

1     itself up as a State that could teach the rest of  
2     us how to overhaul the health care system in a  
3     hurry. This year reform-minded states, such as  
4     Minnesota, have a new message. The new message is  
5     don't try to fix everything at once. And the  
6     State Health Commissioner said, Our buzzword this  
7     year is sequential reform, doing things one step  
8     at a time, and I hope that at the Federal level  
9     people will do the same. To me, that is pretty  
10    good advice, and I hope we do the same.

11                 Let me just move then quickly to a  
12    couple of issues, and then I will conclude.

13                 I think welfare reform is another  
14    issue. I am not certain it's going to be passed  
15    this year, but there are going to be hearings in  
16    late July. There may be an effort. Somebody  
17    suggested we put welfare reform on the health care  
18    bill and have an omnibus bill. That would really  
19    create a lot of excitement. It will probably take  
20    us a few days, but it has crossed the minds of a  
21    few. So another point is we ought to get out of  
22    your way wherever we can, because again we think  
23    the states are much closer to the problem and have  
24    lots of better ideas. We ought to listen to you



1 more and mandate less. Then we can really support  
2 things like getting out of the way. I know that  
3 Governor Engler, I think, asked Senator Mitchell  
4 about language in the Ag. bill that bars states  
5 from receiving U.S.D.A. approved waivers to  
6 convert food stamps to cash benefits or wage  
7 subsidies, and I think the -- and I hope and I  
8 think Senator Mitchell will support it, but ther  
9 is a McCain Amendment to do just that, which may  
10 be offered today in the Senate, and I believe this  
11 is another example of state flexibility. Let the  
12 states have the flexibility. What are we afraid  
13 of at the Federal level? And we hope that  
14 amendment to get back to the positive rule will  
15 pass today or tomorrow.

16 Finally, on crime. The Senate passed  
17 a bipartisan Crime Bill 94 to 4. It's a pretty  
18 good margin. I think the four were two liberals  
19 and two conservatives who didn't think it went far  
20 enough or went too far or whatever. Here it is  
21 eight months later, and we still have nothing to  
22 show for our efforts. And one of the sticking  
23 points is the so-called Racial Justice Act, and  
24 who could be opposed to racial justice if you

1 would only look at society. No one that I know of  
2 came close to racial justice, but this is a part  
3 of a long tradition giving bad legislation a gr at  
4 sounding name. We do that in Congress frequently,  
5 and a lot of things that sound the best are  
6 probably the worst. And although more than 30  
7 State Attorneys General, Democrats, Republicans  
8 have urged Congress to drop the act referring to  
9 sign the Death Penalty or State Death Penalty  
10 Laws, President Clinton and the Attorney General  
11 so far have remained neutral on it, and I think if  
12 we can break this log jam, we could probably mov  
13 on and get a crime bill, but I must say there are  
14 other things in the crime bill that at least we  
15 ought to take a look at.

16 We have got all kinds of spending  
17 programs. I am not going to list them all, but I  
18 just wrote them on the back of the card. Billions  
19 and billions of dollars that we are spending for,  
20 we are going to have to put hearings on. We ven  
21 have one program for a program to coordinate a  
22 program, which probably doesn't surprise anybody  
23 here and probably not the Federal Government. We  
24 have a Local Partn rship Act, youth mploymnt,

1 drug treatment, residential substance abuse,  
2 midnight sports, it's 40 million. We have got  
3 everything you ever wanted, and you are all going  
4 to get money so I assume that you are all for it,  
5 but it's going to cost a lot of money, and som  
6 of us believe it's in the wrong direction. It  
7 certainly ought to be treated. There certainly  
8 ought to be opportunities for young people, but a  
9 lot of people in this country are worried about  
10 the victims. I am certain everybody here is  
11 worried about the victims. So there are all  
12 these 12, \$13 billion that won't make kids social  
13 engineering programs. I think that at least some  
14 Americans believe that some prevention may make  
15 sense. We want to do it. We want to do it right,  
16 but I think it's the prison cell rather than th  
17 pork barrel that is most effective, and we hop  
18 that the Congress can cut out some of the sp nding  
19 programs, and that is where the Federal Government  
20 can and should make a real difference by providing  
21 you, the states, with the resources to ensure that  
22 violent criminals are kept behind bars where th y  
23 belong. There are a lot of statistics out there,  
24 but on that is pr tty bull t proof is the fact

1     that if you are locked up, you are not out  
2     committing violent crimes. If you do the time,  
3     and everybody here knows I am sure I proposed to  
4     some of the Governors, if you do the time, you do  
5     the crime -- if you do the crime, you do the tim .  
6     Well, we are suggesting at least in truth in  
7     sentencing if you have violent offenders then you  
8     ought at least do 85 or more percent of the time.  
9     \$13 billion we are talking about. We don't want  
10    to siphon all of that off on some of these good  
11    sounding programs, because I think that would not  
12    be helpful at all.

13               The Federal Government also can b  
14    more of a hinderance then a help in your reform  
15    efforts to the war on crime. Governor Symington,  
16    Fife Symington, tried to get pornography out of  
17    the Arizona prison system only to be overrul d by  
18    a Federal Judge. In other states, Federal Judges  
19    have decided that prisoners lacking access to  
20    television basketball courts suffered cruel and  
21    unusual punishment. In the Federal prison camps,  
22    orders have led to the early release of criminals.  
23    As Governors Bayh, Wilson and Weld pointed out on  
24    the David Brinkl y Show just on Sunday, th panel

1 of judges too often act as legislators creating  
2 exclusionary rules on the savage and elaborat  
3 system of criminal fields all in the name of  
4 habeas corpus, and the result is more delays, more  
5 expense and more frustration, and it seems to me  
6 that is not the way we ought to go, and that is  
7 not what the American people want.

8 So let me conclude with this. W  
9 heard the call to action. It affects health  
10 care. We responded to the call of action by  
11 Democratic and Republican Governors. We know when  
12 you passed or agreed to that call to action, it  
13 was done in good faith on a bipartisan basis, and  
14 that is still where we are coming from, and we are  
15 still prepared to go back and take a look at that  
16 call to action if there are other questions that  
17 somebody wants to raise.

18 On the Medicaid cap, I believe that  
19 can be resolved, and I just hope in the next  
20 30 days, because we are down to that 30-day period  
21 now. If we are going to have health care this  
22 year, it's probably going to come at least in the  
23 next 30, next 40 days. If we go beyond the August  
24 recess, if there is an August recess, and we come

1 back after Labor Day, that is September 9th, and a  
2 lot of people are running for reelection this y ar  
3 and want to get reelected, that will only leav  
4 30 days to do all the other things plus health  
5 care, because I think the best guess is we will  
6 adjourn sometime October 6th through the 10th.  
7 And so I just believe the Governors can have a  
8 very important impact. If you want to go all the  
9 way, that is your right. I have been advised for  
10 the 17th day it's going to be the good Dole or the  
11 bad Dole. I don't know which is which. Am I  
12 going to try to work this out or try to destroy  
13 it? I am just trying to respond to what I hav  
14 heard across the country for Republicans and  
15 Democrats alike. We can still get it done, and I  
16 hope that is the same message the President will  
17 deliver when he comes here sometime later this  
18 morning.

19 I would be happy if somebody has a  
20 question, if there are questions.

21 (Applause.)

22 CHAIRMAN CAMPBELL: Thank you very  
23 much.

24 W hav time for a coupl of questions,

1 and I am going to have to exercise the prerogative  
2 of the Chair, because the time of the President  
3 coming in, and we have the two co-Chairs of our  
4 Health Task Force that have been working in the  
5 committee so hard, and that is Governor Thompson  
6 and Governor Romer, and I am going to call on them  
7 for the two questions.

8 GOVERNOR ROMER: Tommy, go ahead.

9 GOVERNOR THOMPSON: First let me thank  
10 you, Senator Dole, for your willingness to work on  
11 the Medicaid cap, and that, of course, is a big  
12 problem, and I sincerely think, you know, that we  
13 can reach an agreement on that, and I applaud you  
14 for your efforts on that effort.

15 Is there anything that we can do as  
16 Governors on a bipartisan basis to assist you and  
17 your staff in accomplishing that and give you the  
18 information necessary with respect to states on  
19 the cap or on maintenance of effort that would be  
20 helpful to you and your other members of the  
21 U.S. Senate to get this done, because if we can  
22 accomplish that objective, I am quite confident we  
23 can reach a bipartisan agreement on this  
24 proposal.

1                   SENATOR DOLE: Well, obviously, that  
2     is our hope. That is our goal. And we do need  
3     the bipartisan consultation, the bipartisan basis  
4     by the Governors and good members of the  
5     Congress. I am a Republican, but I know there are  
6     Democrats who support us in theory, who have a  
7     question of some of these things that we are  
8     trying to work through about. Obviously, if we  
9     are not willing to try to sit down and work it  
10    out, they'll be flat against it, and we'll be  
11    against it. So we are willing to do that. We  
12    think it can be done, as I said, and it can be  
13    done without discrimination against class, and w  
14    think it can be done in a way that puts enough  
15    reasonable pressure on both the Federal Governm nt  
16    and the states to hold down the costs. That is  
17    what the hope is. As I have said, we have already  
18    had a couple of meetings. We would be very happy  
19    to have more. We are prepared to do just that.

20                  GOVERNOR ROMER: Senator Dole, I  
21    really appreciate the spirit with which you come  
22    to the table and say we need to find a way to get  
23    it done. I used to, as you know, have a series of  
24    business s in your stat     ut th re, and we cov red



1     our employees. You know, most of the health  
2     insurance in this country is based upon employer  
3     coverage. Even though we have to step into this  
4     process, do you not feel that eventually we have  
5     got to get a broader base of employer coverag in  
6     order to get the job done, in order to pay for it,  
7     because you see what I am worried about is kind of  
8     the middle stream of America that if we start  
9     subsidizing the poor, whether they are the working  
10    poor or the nonworking poor, I am worried about  
11    how we are going to get that guaranteed coverage,  
12    insurance, health insurance, for that middle  
13    group; and if we don't work toward expanding the  
14    employer-based system, those of us who are alr ady  
15    in that system are going to want to dump out of it  
16    and say cover ours, too. So even though I know w  
17    need to walk slowly, possibly pace it in, what is  
18    your estimate? Do we not eventually have to work  
19    with the employer-based system and make it  
20    broader?

21                   SENATOR DOLE: Well, that may be the  
22    final result. In fact, we suggest on the Finance  
23    Committee that we do what we can do this year wh n  
24    we have broad bipartisan agr em nt. I bet you

1     could list 25 things as Governors that we could  
2     agree on today, a hundred of us in the Senat , and  
3     we meet every year. And it has been suggest d by  
4     the Jackson Hole group, it was a very distinct and  
5     comprehensive plan back aways and I'm saying, you  
6     know, why don't you come back in four years. We  
7     have 91 percent or 92 percent. The day may come  
8     we don't have any alternative. One thing we have  
9     suggested, like any other legislative process,  
10    let's see what happens. Let's do what we can and  
11    should do this year. Let's help millions of  
12    people out. Let's not put it off. Let's mak  
13    these other decisions let's say in a couple of  
14    years, or four years. It may be a different  
15    Congress. I don't like to bind a future Congress  
16    any more than anybody here would like to bind the  
17    future legislatures. And then the Administration,  
18    whoever it might be, would send to the Congr ss,  
19    well, your 91 percent or your 92 percent, and we  
20    make the following recommendations and put it up  
21    to Congress to act. Now some would go further.  
22    Some would have it stricter. Some would say you  
23    can offer amendments, but you can't attend th  
24    debate. W are not certain that is going to be a

1     hard sell. In Massachusetts, I think, when they  
2     had a hard trigger, it hasn't happened. Nobody  
3     knows where the trigger is, and nobody wants to  
4     pull the trigger. So they said we gave too much  
5     time, but I guess the answer is yes. I am not  
6     opposed to covering everybody in America, but I  
7     want to know how we are going to get there, and  
8     how we are going to pay for it. And I think the  
9     one point I would make as I finish, we have got to  
10    look at the cost. Nobody is talking about the  
11    cost of any of these programs, including ours. We  
12    don't have estimates yet. We are waiting for the  
13    Congressional budget office, but I guess the point  
14    is the President, I hope, has the same view. W  
15    are not at odds about taking care of people in  
16    America. Some may say that, some may believ  
17    that, and some may not want to do anything, but I  
18    am not one of those, and this group is not one of  
19    those, and I think there is enough goodwill left,  
20    you lose a little each day, but there is still  
21    enough left to work something out I hope in the  
22    next 30, 40 days.

23                   Thank you.

24                   (Applaus .)

1                   CHAIRMAN CAMPBELL:   Senator, thank  
2   you.

3                   We have Vice Chairman Dean and  
4   Governor Casey asked to be recognized and some  
5   others. We have about three and a half minutes  
6   that we can give into this schedule.

7                   Governor Casey, if you could ask your  
8   question quickly and Senator Dole respond, and  
9   then Howard Dean would like to have the opportunity  
10  to speak.

11                  GOVERNOR CASEY:   Thank you, Mr. Chairman.

12                  I would like first of all to thank  
13   Senator Dole for coming here today and to let him  
14   know we appreciate his efforts in being here. And  
15   secondly, I would like to say that I think the  
16   President of the United States deserves enormous  
17   credit for making this debate front and center of  
18   America. It's one of the toughest issues we hav  
19   ever had to face. It was put before the peopl ,  
20   and for that I think he deserves great credit.

21                  One issue that is of a great concern  
22   to me and every Governor here and the people of  
23   this country that doesn't get talked about v ry  
24   much, because it's like taking a live gr nade and

1 putting it on the table and then pulling the pin,  
2 and that is the subject of abortion. My concern  
3 is that whereas the bill is before the Congress  
4 now, or at least three of the four versions, maybe  
5 three and a half of the versions before the  
6 Congress is being sold as a status quo bill. It's  
7 actually the reverse. It spans vastly taxpayer  
8 financing of abortions to the tune of hundreds of  
9 millions of dollars. It also has a provision  
10 requiring access to abortion clinics, which was  
11 sufficiently serious to move Senator Danforth in  
12 the committee, the Finance Committee, of which you  
13 are a member. I think you voted for this  
14 amendment, which would provide that the national  
15 health care side would not require the creation or  
16 the maintenance of abortion clinics or abortion  
17 providers within any state or any region of the  
18 state.

19 My question really comes down to this  
20 one. If you could express your personal view, if  
21 you choose to do so; and secondly, give us some  
22 assessment of whether or not the final version of  
23 this bill will have in it abortion as part of the  
24 basic health care package financed by the taxpayers

1 of the United States; and secondly, will it  
2 contain or will it not contain what has been  
3 called the abortion clinic mandate, which I think  
4 has the potential for splitting this country right  
5 down the middle.

6 Could you respond to those questions,  
7 please.

8 Thank you.

9 SENATOR DOLE: I almost got away. In  
10 any event --

11 (Laughter.)

12 SENATOR DOLE: First let me clarify.  
13 I didn't mean to leave any inference that  
14 President Clinton doesn't deserve a lot of credit  
15 for getting health care and keeping it on th  
16 agenda. I think he certainly has done that, as  
17 has Mrs. Clinton.

18 I am a member of the Finance  
19 Committee. I did vote in favor of the Danforth  
20 Amendment on mandating abortion clinics. I think  
21 that will be a big mistake. We also adopted a  
22 conscience cost. You know, we have business  
23 people in this country who feel very strongly  
24 about having -- being required to off r polici s

1 to provide abortion coverage, and that amendment  
2 was adopted, I might add, by a rather large  
3 margin. In my view, as I said, every one of these  
4 programs is going to create new Federal subsidy  
5 programs; and whatever your view is on abortion, I  
6 think most Americans believe we should not  
7 subsidize abortions at the Federal level. So  
8 there are all kinds of people now trying to work  
9 out how you can do this, how you could pay a  
10 certain amount to have abortion coverage and less  
11 if it didn't have abortion coverage. So that  
12 matter will be on the Senate floor. There will be  
13 one amendment to make it mandatory. There will be  
14 one amendment to exclude abortion coverage, and it  
15 will be a big, big debate. I think Mrs. Clinton  
16 may have said, if we have to fight, we can. Before  
17 you get into, if that is his standpoint, it's  
18 going to be there. There's going to be a fight.  
19 It's going to be on conscience clauses. It's  
20 going to be on mandated abortion clinics.

21 In our bill, we have a \$100 billion in  
22 Federal subsidies. Are those subsidies going to  
23 require or provide abortions? In my personal  
24 view, they should not, but we need to work out

1 some -- we have got to resolve it somewhere. It  
2 is going to be another reason the bill doesn't  
3 pass this year. That is another debate that  
4 nobody needs, but it's going to be there.

5 CHAIRMAN CAMPBELL: Governor Dean.

6 GOVERNOR DEAN: Senator, I thank you.  
7 I have great admiration for Bob Casey, but we  
8 obviously strongly disagree on this issue, which  
9 is probably like tossing live grenades in the  
10 middle of the Governors' meeting, because we do  
11 get strong disagreements. Let me just -- and I  
12 believe this service ought to be available to  
13 everybody just like any other service, but I would  
14 urge you to compromise. It's going to be a very  
15 difficult issue to compromise, and I think it has  
16 to be compromised.

17 I think the one position that all  
18 50 Governors should agree on is we have got to  
19 have a health care bill this year. We have got to  
20 have a health care bill this year, because states  
21 cannot go forward without incredible difficulties  
22 we discovered in Vermont unless we have got a  
23 strong Federal base to build on. Even talking  
24 among ourselves, we haven't been able to agree



1 entirely on what should be in this bill, but w  
2 have got a pretty good framework, and we appreciate  
3 your willingness to work with us.

4 But let me just say that the  
5 Netherlands, Germany, England, Canada, Japan,  
6 Italy all cover everything. We ought to be able  
7 to do that. I understand that we may not be able  
8 to do it right away, but we have got to have a  
9 bill. We have got to have a crime bill. Every  
10 one of our state efforts, by putting more police  
11 officers in the street and by not mentioning it,  
12 it has almost been a year talking about the chair  
13 of this organization, because 20 years from now we  
14 don't want to be sticking the Federal Government  
15 with a bill for more prison cells. We have got to  
16 do some of this prevention as well.

17 We understand there are differenc s.  
18 Many of us agree with you and agree with the  
19 President in different areas. And I think I speak  
20 for all the Governors in urging you to do the b st  
21 you can to work out the differences. We will urg  
22 the Democratic division to do their thinking and  
23 work out the differences that are weak for many of  
24 our peopl . And we hav got to hav a health care

1 bill, and we have got to have a crime bill.

2 Thank you.

3 SENATOR DOLE: Let me just -- I think  
4 the crime bill is going to happen. It seems to me  
5 that could be near resolution. I think the  
6 President is getting, as I understand, getting  
7 involved now through Leon Panetta and the Chief of  
8 Staff and others. That can be resolved fairly  
9 quickly. As I said, I hope we can reduce some of  
10 the spending. I know it's attractive if you are  
11 on the receiving end, but it takes away from other  
12 priorities in the crime bill when we are dealing  
13 with violent criminals, and I think the American  
14 people are concerned about that, too, and obviously  
15 prevention. A lot of these things are great ideas,  
16 and maybe they ought to be funded.

17 On health care, again I hope I am  
18 reflecting the views of my constituents. That is  
19 where I come from, the State of Kansas, and we  
20 just have a little different view maybe than some  
21 here, maybe from industrial states and whatever,  
22 but we don't believe that we shouldn't take care  
23 of people in Kansas. We do believe that there is  
24 a need out there that probably should be served,

1 and we throw these numbers around 37 million.  
2 Eleven percent of those 37 million make over  
3 \$50,000 a year. There are a lot of very young  
4 people who are not going to get sick and don't buy  
5 coverage when you start dissecting a lot of these  
6 big numbers that people throw out; but having said  
7 that, I think the Governor is correct, but we have  
8 been prepared. To get 40 Republicans to agree on  
9 anything is not too easy, and I am not -- I  
10 don't -- I think 40 affirm this health business,  
11 but we are prepared. We think that since we sort  
12 of outlined what the Governors' call to action is  
13 in our plan that maybe the President will take  
14 another good look at the call to action, and if he  
15 wants to join us or whatever, we would be happy to  
16 have any discussion with the President.

17 Obviously, he does deserve a great  
18 deal of credit, as does Mrs. Clinton, as do many  
19 others in the Congress and both parties who dealt  
20 with health care over the past several years. So  
21 I just say as I leave again, that we are  
22 willing -- just as we are willing to work out  
23 Medicaid with the Governors' cap, I think there  
24 are some areas that we are willing, but some w

1 just can't compromise. We just have to fight th m  
2 out on the floor. If it's employer mandates, that  
3 may happen sometime, but it's not going to happen  
4 this year. If it's a hard trigger, it's not going  
5 to happen this year. And I can count -- if not  
6 much of anything else, I have learned how to  
7 count, and you only have to count to a hundred in  
8 the Senate. And I think I can count up the votes,  
9 and I don't think they are going to change in th  
10 next 30 days.

11 (Applause.)

12 CHAIRMAN CAMPBELL: Thank you very  
13 much. Thank you for being generous with us  
14 today.

15 Thank you.

16 (Applause.)

17 CHAIRMAN CAMPBELL: Thank you for your  
18 presentation. As usual, you have been very candid  
19 with us, and you have not pulled your punches, but  
20 you have indicated a willingness to work with us,  
21 and I appreciate your willingness to take  
22 questions from members. Sometimes that puts you  
23 in a situation I am sure that is uncomfortable,  
24 but you handled it very well, and m mbers wanted

1 to ask questions, and so we appreciate your doing  
2 that, and we appreciate you being with us. And I  
3 am sorry that I am the one that has to say there  
4 is no more time for other questions, because we  
5 have to get on with the program.

6 So, Senator, thank you again.

7 (Applause.)

8 CHAIRMAN CAMPBELL: We will take about  
9 a one-minute break while we have the exit.

10 (There was a short break taken.)

11 CHAIRMAN CAMPBELL: If everyone can  
12 please take their seats, we will go ahead and g t  
13 started with the remainder of the program. W  
14 have another very important speaker that is coming  
15 to speak to us this morning, and we certainly  
16 don't want to infringe on his time in any way.

17 You know, as I thought about this  
18 Boston meeting, I couldn't help but think about  
19 the issues and the projects that we have been  
20 involved in in the National Governors' Association  
21 over the last eight months. Working with the  
22 N.G.A. is something that you don't think about  
23 when you are running, but it is satisfying. It's  
24 a very satisfying thing b ing a part of th

1 National Governors' Association. It's also  
2 satisfying as a Governor to make an important  
3 contribution to the Federal system of government,  
4 and I think the Federal system of government is  
5 something that we tend not to recognize the  
6 definition of too often. Too many people think  
7 the Federal system means everything happens in  
8 Washington, and it doesn't.

9 I remember my second year in office  
10 when John Sununu was the Chair of this  
11 organization, and he said, Carroll, do I have a  
12 deal for you. John wanted me to co-chair with  
13 Mario Cuomo the Governors' Policy on the Federal  
14 Budget. You know, it's a funny thing about  
15 Governors, the Governor of New York and I didn't  
16 have a great deal in common when it came to that  
17 issue, but we were able to find common ground, and  
18 I think that is the beauty of this organization;  
19 and when Governors do find common ground, we are a  
20 powerful force in formulating national policy.

21 The National Education Goal was the  
22 brain child of my good friend Terry Branstad. He  
23 asked President Clinton, then a Governor, and me  
24 to find consensus on goals, and h ncourag d

1 President Bush to convene an education summit with  
2 the Governors. We sat up all night long,  
3 Bill Clinton, myself, Terry Branstad and a live  
4 reporter from the White House, and we saw a  
5 consensus, and that is something that I think is  
6 important for us as we move in to other very, v ry  
7 divisive or pretentious issues. We can solv  
8 problems as Governors. We seek broad-based input  
9 in the N.G.A., and when we agreed on the six  
10 ambitious national goals, we set in place a  
11 mechanism by which progress towards those goals  
12 would be measured so that the accountability would  
13 be established, including political accountability  
14 by Governors and the President.

15           There are those that say that th  
16 goals are unrealistic. There are those that say  
17 they are irrelevant, and there are others who say  
18 that by helping the goals, we open a Pandora's Box  
19 of undue Federal inclusion and inappropriate  
20 standards dealing with values and morals. And one  
21 is spending a lot of time dealing with these  
22 issues, and as co-Chair of the initial National  
23 Governors' Association Task Force and as a memb r  
24 of the Education Goals Pan l for thr e y ars and

1     its second Chairman and as co-Chair of the  
2     National Council on Education Standards and  
3     Testing, I think most schools of thought hav som  
4     validity. The jury is still out, but what I do  
5     know is that it is crucial that Governors of both  
6     parties to keep a close eye on the goals and  
7     standards movement. We are the ones that give it  
8     life, and we are the only ones that can keep it on  
9     track.

10                 National health care reform emerged as  
11     a priority during the Chairmanship of  
12     Booth Gardner of Washington, whose agenda in 1990  
13     and 1991 included just one item, health. So  
14     Booth Gardner was the man in this association that  
15     put health in the forefront. We are all debating  
16     it now, the leaders of both parties, but  
17     Booth Gardner is the man who has kept up and put  
18     it on the plate in the Governors' Association, and  
19     I think it's very important for us to recognize  
20     that.

21                 But like any other major domestic  
22     issue, welfare reform is one, and it is a future  
23     N.G.A. priority. At my first N.G.A. meeting,  
24     Chairman Clinton's top policy d alt with w lfare



1 reform, and he has told us more than once how  
2 proud he was in his role in Congressional passage  
3 of the Family Assistance Act of 1988. We are  
4 entering another realm of welfare reform today,  
5 and the N.G.A. is and will continue to be in th  
6 thick of it.

7 Just as welfare reform, health reform  
8 has enormous ramifications for the well-being of  
9 the citizenry in our budgets. The N.G.A. helps us  
10 to get beyond the politics when the problems of  
11 states must be represented. And at this meeting,  
12 the Governors in the beginning agreed to work  
13 together on our state issues and to resist those  
14 who would use the Governors and our Association  
15 for bogs in politics.

16 I have personally enjoyed working with  
17 my co-Chair, Howard Dean. He has seriously tried  
18 to deal with the issues and not the politics, and  
19 I have seriously tried to do that and am  
20 throughout this meeting. It is important that we  
21 deal with the policy, because we are the ones that  
22 develop the policy. We are the ones that can  
23 reach a bipartisan consensus.

24 I hav talk d about education and

1 health and welfare in the context of what the  
2 N.G.A. has done since I was elected in 1986, but  
3 now I would like to reflect a little on how work  
4 with the N.G.A. intersects with and is instructed  
5 by what we are trying to achieve in our stat s.  
6 When I look at what my state has done in the ar as  
7 of education, health and welfare, I am struck by  
8 how closely it relates to what we have learned and  
9 have been doing exchanging ideas at the N.G.A.

10 In South Carolina, we set our education  
11 goals first, and most of our work on the national  
12 goals and goals process was inspired by what was  
13 actually going on in my state and others; but in  
14 South Carolina, our human resources policy today  
15 tracks the national education goals and asks agency  
16 heads to work together. The annual goals report,  
17 which we do at the National Governors' Association's  
18 request helps ensure that collaboration occurs.

19 And in health, the situation was a  
20 little different. Like every other state, we were  
21 being killed by Medicaid budget increases, but it  
22 was my work with the other Governors on national  
23 policy in learning what they were doing to expand  
24 access and control policy in th ir own states that

1 convinced me that South Carolina must change to get  
2 ready for the future. We are now seeing a major  
3 state-wide Medicaid -- seeking a major state-wide  
4 Medicaid waiver so that more South Carolinians can  
5 be served, better health care can be provided and  
6 costs controlled. Governors are never too proud  
7 to learn from each other. At this meeting, we  
8 will be considering a resolution supporting such  
9 waivers. Since mine has been pending for about  
10 five months, I am glad to support that resolution.  
11 South Carolina is also seeking a welfare waiver  
12 designed to help my state move welfare clients to  
13 work just as many of you are trying to do. We are  
14 concerned about amendments together, Republican  
15 and Democrat, that would void the labor process.

16 The point is that the work that  
17 Governors do with the National Governors'  
18 Association is not done in a vacuum. The  
19 inspiration goes both ways, but N.G.A. involvement  
20 can help us to do a better job in our states, and  
21 to the extent that Governors are actively involved  
22 in lobbying that involvement can also help ensure  
23 states the flexibility that we need from the  
24 Federal system.

1           This last year of my Chairmanship has  
2   been a good one, and it has not necessarily been  
3   easy in arriving on agreement of some of our  
4   issues has been difficult, but we have made gr at  
5   progress. We have developed new policies on h alth  
6   and education and welfare, and we are lobbying our  
7   positions effectively. We have taken a hard look  
8   at the information highway and determined that we,  
9   as Governors, need to encourage it, implement it  
10   and take advantage of it. After years of ignoring  
11   the problem, Senators Glenn and Kempthorne hav  
12   introduced an unfunded mandate bill that would  
13   require Congress to vote specifically on shifting  
14   costs to the states, and it has passed the Senate  
15   Governmental Affairs Committee unanimously, and  
16   our members deserve credit for that, our memb rs  
17   of this Association that went and lobbied, that  
18   met and convinced.

19           In environmental legislation, we have  
20   finally legitimized the notion of risk assessment  
21   and cost-benefit analysis. We don't have  
22   universal agreement yet, but we have a good  
23   foothold, and for years we have been calling for  
24   flexibility in Federal funding, particularly in

1 the area of Human Resources so that communities  
2 can use the dollars in a coherent way.

3 And this year the National Governors'  
4 Association convened an intergovernmental work  
5 group, including the White House and Congress,  
6 which came up with principles for tackling the  
7 ineffective and overlapping multitude of programs  
8 and services for children, and I hope this work  
9 will continue under Governor Dean, and I feel sure  
10 that it will.

11 It has been my privilege to serv as  
12 the National Governors' Association Chairman this  
13 year working with an extraordinary group of  
14 Governors, and it's with a real sense of regret  
15 and deep appreciation that I approach the end of  
16 my last National Governors' Association meeting.  
17 I have enjoyed learning from this group. More  
18 than that, I have enjoyed the relationships that  
19 have formed. Good friends are formed across party  
20 lines in most instances. I never have had to  
21 worry about asking somebody whether they wer a  
22 liberal or conservative or a Democrat or a  
23 Republican when it came down to trying to find an  
24 answ r to a probl m facing the stat s.

1                   We are a unique organization. We are  
2 an organization that can forge policy from all  
3 corners of the United States, and the reason we  
4 are unique is that we are the only group that has  
5 to implement what comes down from Washington and  
6 what comes out of our legislature. We know that  
7 we have to keep the train running; and therefor ,  
8 we are practical people, and I think the rest of  
9 the country can learn from a lot of the Governors  
10 that are here.

11                   I have some mixed emotions about a lot  
12 of things this morning, because there are 14 other  
13 Governors like me who will be leaving office this  
14 year. The people of America bestow on Governors  
15 unique powers, responsibilities that are  
16 essentially reserved for presidents of nations,  
17 and this responsibility binds us together in a  
18 very unique and personal and bipartisan way. The  
19 15 Governors that are leaving this year have  
20 already distinguished themselves. We have heard  
21 the praise for Governor Finney in Kansas from  
22 Senator Dole. They have distinguished themselves  
23 in American history as well and as loved in the  
24 hearts of th people they serv , and th y will be

1 missed, and they will not be forgotten, and w  
2 wish them the very best, because they have  
3 contributed to this organization. They have made  
4 things happen out of this organization that have  
5 contributed to the whole of America, and I want to  
6 say thank you personally to each one of you, and I  
7 am going to ask that the departing Governors  
8 please come forward as they are called so that we  
9 can thank them for their service.

10 GOVERNOR THOMPSON: Mr. Chairman.

11 CHAIRMAN CAMPBELL: Governor Thompson.

12 GOVERNOR THOMPSON: Before you do  
13 that -- Mr. Chairman, before you do that, I think  
14 all of us as Governors, me specifically would just  
15 love to say thank you, Carroll, for a wonderful  
16 job as Governor of South Carolina and as head of  
17 the N.G.A. You have been an inspiration.

18 GOVERNORS: Here. Here.

19 (Whereupon, there was a standing  
20 ovation.)

21 CHAIRMAN CAMPBELL: Thank you very  
22 much. It has been a high honor and a distinct  
23 privilege for me to serve as the head of this  
24 organization, and it will be a highlight of my

1 years in politics, and I appreciate that very  
2 much. You are all very kind, and I am going to  
3 miss everybody here.

4 Governor Lowell Weicker of Connecticut  
5 began his political career in 1962. He was  
6 elected to Connecticut's General Assembly. H was  
7 subsequently re-elected twice and then elect d to  
8 the United States House of Representatives and the  
9 United States Senate three times. In 1990, he  
10 became the first Independent to be elected  
11 Governor of Connecticut this century. In 1992, he  
12 received the John F. Kennedy Profiles in Courage  
13 Award for his actions in reforming Connecticut's  
14 tax structure. Lowell Weicker has contributed to  
15 the well-being of all of us. He will be missed.

16 Governor Weicker.

17 (Applause.)

18 CHAIRMAN CAMPBELL: Governor John Waihee  
19 of Hawaii.

20 Governor Waihee has served in th  
21 Hawaii House of Representatives and was the  
22 Lieutenant Governor of the State of Hawaii. He is  
23 the first elected Governor of Hawaiian ancestry,  
24 and under his leadership Hawaii has b com th



1 first nation to offer the universal health care  
2 insurance that we are debating. Governor Waihee  
3 is the Past Chairman of the Democratic Governors'  
4 Association. He is currently the National  
5 Governors' Association co-lead Governor on  
6 Medicaid, a person that has been a real leader not  
7 only in his own party, but on a bipartisan basis  
8 for all of us.

9 John, you will be missed, and I hope  
10 to see him in other roles in the future.

11 (Whereupon, there was a standing  
12 ovation.)

13 CHAIRMAN CAMPBELL: Governor Joan Finney  
14 of Kansas.

15 Governor Finney has been in public  
16 service for 41 years as the Commissioner of  
17 Elections, the President of the Topeka Housing  
18 Authority and the first woman Treasurer of  
19 Kansas. She also has served as President, Vice  
20 President and a member of several state financial  
21 institutions and the Council of State Government.  
22 Governor Finney was named Woman of the Year in  
23 1980 by the Topeka Chapter of the National  
24 Federation of Business and State and the Women's

1 clubs. She has worked hard in the National  
2 Governors' Association on behalf of Economic  
3 Development for Indian Nations.

4 Governor Finney, you have had a  
5 distinguished career, and you certainly are a  
6 voice that we will find a blank spot, because when  
7 it's not her to hear, we will have missed some  
8 wisdom that we may not have.

9 (Applause.)

10 CHAIRMAN CAMPBELL: Governor  
11 John R. McKernan of Maine.

12 John McKernan was elected to the Maine  
13 House of Representatives while attending the  
14 University of Maine Law School. He was elect d to  
15 the United States House of Representatives in 1982  
16 and Governor in 1986, and he now serves as the  
17 Chair of the Republican Governors' Association and  
18 is Chair of the National Education Goals Panel.  
19 He is extremely active in the National Governors'  
20 Association education issues and indeed has been  
21 our voice and our leader as we have tried to work  
22 with the Federal Government to improve the quality  
23 of education in this country. Governor McKernan  
24 has a bright car er in what v r h choos s to do,

1 but I don't think he can contribute any more than  
2 he has contributed to us, because he has done a  
3 great job.

4 John McKernan.

5 (Applause.)

6 CHAIRMAN CAMPBELL: Governor  
7 William Don Schaefer of Maryland.

8 Governor Schaefer was born, reared,  
9 educated and lived and served the public in  
10 Maryland his entire life. He was a hospital  
11 administrator, a lawyer, an outstanding Mayor of  
12 Baltimore, a two-term Governor and the fifth  
13 recipient of the Distinguished Public Service  
14 Award from Brandeis University. Governor Schaefer  
15 is a person who at a time of intense debate can  
16 inject humor and wisdom both at the same time and  
17 has often caused us to focus on what the real  
18 problem is before us.

19 Governor Schaefer.

20 (Applause.)

21 CHAIRMAN CAMPBELL: Governor  
22 David Walters of Oklahoma.

23 Governor Walters was raised on a  
24 farm in Oklahoma and attended the University

1 of Oklahoma where he became an administrator  
2 and later was a businessman. He was ranked  
3 third among the 50 Governors in the area of  
4 fiscal responsibility by the Wall Street Journal.  
5 He has served as Chair of the Democratic  
6 Governors' Association, and we all know he  
7 hosted the National Governors' Association at  
8 an outstanding meeting in 1983 -- I mean 1993  
9 in Tulsa. Governor Walters is also the Vice  
10 Chair of the National Governors' Committee on  
11 Human Resources and has served with distinction  
12 and brought a great deal of wisdom to his  
13 position.

14 Governor Walters.

15 (Applause.)

16 CHAIRMAN CAMPBELL: Governor  
17 Barbara Roberts of Oregon.

18 Governor Roberts is Oregon's first  
19 woman governor. She served earlier in the Or gon  
20 House of Representatives where she was the  
21 Majority Leader and was subsequently elected  
22 Secretary of State. Governor Roberts involved  
23 more than 10,000 citizens in a conversation with  
24 Oregon, which h lped shap h r efforts to

1 streamline the State Government. She has cut  
2 2,300 state jobs, eliminated almost 50 boards and  
3 commissions and cut the number of state agencies by  
4 more than 20. She is the recipient of the -- she  
5 is the recipient of the Anti-Defamation League  
6 Torch of Liberty Award, and she serves as Vice  
7 Chair of the National Alliance for Redesigning  
8 Government. She has taken on the health care  
9 issue at home, and she has brought much wisdom to  
10 us from her experience. She is a person that will  
11 not easily be replaced at any time in this  
12 organization.

13 Governor Roberts.

14 (Applause.)

15 CHAIRMAN CAMPBELL: Governor  
16 Robert B. Casey of Pennsylvania.

17 Governor Casey has been in public  
18 service for 31 years as the State Senator, Auditor  
19 General and Governor. He is known by his  
20 achievements in economic development as evidenced  
21 by the fact that Pennsylvania's annual economic  
22 development budget is eight times the national  
23 average. In 1993, Governor Casey made medical  
24 history when he underwent a heart/liver

1 transplant, and at that time it was not known  
2 whether he would be with us. He was in our  
3 prayers. Well, here today we see Governor Casey,  
4 a great contributor to this organization, an  
5 outstanding public servant, a miracle back with us  
6 after six months, testimony to his faith, testimony  
7 to the greatness of this country. Governor Casey,  
8 you are an inspiration for all of us.

9 (Applause.)

10 CHAIRMAN CAMPBELL: Governor  
11 Walter D. Miller of South Dakota.

12 Governor Miller has held nearly very  
13 single position in the State of South Dakota,  
14 including Majority Leader Speaker, Majority Whip  
15 in the State House of Representatives, Lieutenant  
16 Governor and Governor, plus a variety of  
17 commissions and task forces. Governor Miller  
18 serves as co-lead Governor in the National  
19 Governors' Association for both agriculture and  
20 Medicaid, and his wisdom and his voice in these  
21 fields have brought experience to the table and  
22 allowed us to make better decisions.

23 Governor Miller, we wish you well, and  
24 we are going to miss you.

1 (Applause.)

2 CHAIRMAN CAMPBELL: Governor  
3 Ned Ray McWherter of Tennessee.

4 Governor McWherter grew up during the  
5 depression on a small farm on which his parents  
6 were sharecroppers. He went on to become a  
7 businessman and a board member of several  
8 Tennessee corporations. He held a record seven  
9 consecutive two-year terms as Speaker of the  
10 Tennessee House of Representatives before becoming  
11 Governor. Governor McWherter can bring wit and  
12 wisdom to any table on any subject. He is one of  
13 the people that can break tense moments. He is  
14 one of the people that because of his personal  
15 experience can offer solutions that the average  
16 person can understand, and that average person is  
17 me.

18 (Laughter.)

19 CHAIRMAN CAMPBELL: I appreciate it.  
20 I have enjoyed working with him, and I wish him  
21 the very best as he goes back from whence he came  
22 to the private sector.

23 Governor McWherter.

24 (Applause.)

1                   CHAIRMAN CAMPBELL: Governor  
2 Alexander Farrelly of the Virgin Islands.

3                   From the Virgin Islands, Governor  
4 Farrelly has served the people as an Army Sergeant,  
5 a lawyer, U.S. Attorney for the District of the  
6 Virgin Islands and State Senator before being  
7 elected Governor in 1986. And if you will allow  
8 me a personal aside on this, I am one of these  
9 people that likes to go fishing, and I have been  
10 down to visit Governor Farrelly, and he was a  
11 perfect host, because I caught a nice marlin when  
12 I was down there.

13                   (Laughter.)

14                   CHAIRMAN CAMPBELL: So he is a  
15 gentleman of the first order and a person that is  
16 a credit to public office anywhere.

17                   Governor Farrelly, you are one of the  
18 people that I have always enjoyed being with, and  
19 I want you to know that I hope you and I can get  
20 together again.

21                   (Laughter.)

22                   (Applause.)

23                   CHAIRMAN CAMPBELL: Governor  
24 Mike Sullivan of Wyoming.



1                   Governor Sullivan practiced law before  
2                   becoming Governor. He is the past Chair of the  
3                   Western Governors' Association and current Vice  
4                   Chair of the National Governors' Association  
5                   Committee on Economic Development and Commerce.  
6                   Mike is going to be testifying on our behalf this  
7                   afternoon on the Indian gaming. No wonder we ar  
8                   finally making some progress. With Governors lik  
9                   Mike, who fight for all of us, we win battles, and  
10                  I can tell you that Mike Sullivan is a class  
11                  individual, the kind of person that any of us  
12                  would be proud to have serving us in any capacity  
13                  that he chose in the public arena, and he is going  
14                  to be missed, but I think that he is going to be  
15                  active somewhere, and I am not getting into the  
16                  political rink.

17                                   (Applause.)

18                   CHAIRMAN CAMPBELL: There are two  
19                   Governors who could not be with us today,  
20                   Governor Ada of Guam and Governor Andrus of Idaho,  
21                   who is the past Chair of the National Governors'  
22                   Association, and I think that we should give them  
23                   a big hand for their help and friendship through  
24                   the years.

1 (Applause.)

2 CHAIRMAN CAMPBELL: Okay. We have now  
3 some business to attend to. I love changes in the  
4 agenda right in the middle of the program. It  
5 makes it flow so well. We would like to call for  
6 some of the changes that we need, and I am afraid  
7 we will have to be in the Executive Committee to  
8 do some of this.

9 Oh, these are all out. Okay.

10 First, I would like to call on  
11 Governor Branstad, the Chair of the Committee on  
12 Economic Development to move their policy.

13 Governor Branstad.

14 GOVERNOR BRANSTAD: Mr. Chairman,  
15 first of all, again, I want to say how much I  
16 appreciate your leadership. I remember very well  
17 that night we were up till three o'clock in the  
18 morning, yourself and Bill Clinton and I and  
19 Roger Porter working on what turned out to be the  
20 National Education Goals. Some people may not  
21 know that was the same night that Hurricane Hugo  
22 was building and hitting South Carolina. And  
23 after doing some highlights at six o'clock in the  
24 morning, you went back to South Carolina to take

1 charge of that situation and did an outstanding  
2 job. I appreciate not only what you have don in  
3 South Carolina, but your leadership here at N.G.A.

4 And today I have the honor of  
5 presenting the resolutions from the Committee on  
6 Economic Development and Commerce. That committee  
7 met yesterday, and we heard several interesting  
8 speakers including Mickey Cantor, and we did  
9 indeed take positions on a number of important and  
10 diverse issues. Those issues include the national  
11 information infrastructure. We had a presentation  
12 on telecommunications yesterday, and it's exciting  
13 to see all the activities going on in the states in  
14 that area. We have some very important regulatory  
15 issues to be addressed in this National Information  
16 Infrastructure Resolution.

17 The second one has to do with the  
18 general agreement on tariffs and trade, which was  
19 recommended unanimously by the committee  
20 yesterday.

21 The third area deals with military  
22 base closure. The next area is in air  
23 transportation, and the final area is to reaffirm  
24 our stand on Economic and Community D v lopm nt.

1                   Mr. Chairman, I ask that the economic  
2 development in Congress policies be approved in  
3 block.

4                   CHAIRMAN CAMPBELL: There is the  
5 motion.

6                   Is there a second?

7                   GOVERNORS: Second.

8                   CHAIRMAN CAMPBELL: There is a  
9 second.

10                  Any discussion?

11                  If not, all those in favor please  
12 indicate by saying aye.

13                  Any opposed?

14                  The ayes have it.

15                  So ordered.

16                  I would next like to call on  
17 Governor Walters, who is the Chair for the  
18 Committee on Human Resources.

19                  GOVERNOR WALTERS: Thank you,  
20 Mr. Chairman.

21                  We had a good meeting yesterday at  
22 which we had presentations on issues dealing with  
23 better collaborative efforts in both labor and  
24 employment training programs as well as programs

1 affecting children's policy and children's  
2 health. We put before you today 11 policy  
3 changes, 11 resolutions that were voted on and  
4 approved unanimously by that committee.

5 Governor Tucker from Arkansas would  
6 like to make an amendment to one of those,  
7 H.R. 18, Federal Anti-Crime Prevention and  
8 Delinquency Prevention Programs and Principles.  
9 And if the Chair is willing, I would like to  
10 recognize Governor Tucker to suggest that  
11 amendment, and then perhaps we can move these in  
12 block.

13 CHAIRMAN CAMPBELL: The Chair would be  
14 glad to recognize Governor Tucker.

15 Go ahead, Jim.

16 GOVERNOR TUCKER: Thank you,  
17 Mr. Chairman.

18 The amendment in question affects  
19 Section 18.2 and would strike a period at the end  
20 of that amendment and add the words, quote, but  
21 not be a mandate to the states withdrawing from  
22 participation in grants under J.J.D.P.A., the  
23 Juvenile Justice Delinquency Prevention Act.

24 Mr. Chairman, the position of the

1 staff and all this Juvenile Justice Detention and  
2 Prevention, the states must accept the mandates of  
3 the 1974 acts and regulations even if the state  
4 withdraws from its 17 grants under the act. That  
5 position arises from the conviction of staff in  
6 that office that juveniles who are charged with  
7 crimes, even such serious offenses as murder, rape  
8 and robbery, should not be detained in any  
9 facility where they could see or hear adults  
10 charged with crimes or even be guarded by the same  
11 personnel who may guard adults. This is true even  
12 if the detention would be for as little as seven  
13 to 74 hours. I certainly don't want to see  
14 juveniles retained in the same cells as adults.  
15 However, the practical results of the regulation  
16 now in place is to make it prohibitively expensive  
17 to detain or incarcerate juveniles who pose  
18 serious threats to themselves and to public  
19 safety.

20 For example, in my state, a 40-bed  
21 facility for juveniles meeting these Federal  
22 standards would cost \$100,000 per bed. The total  
23 annual grant from my state under this act for all  
24 purposes is only \$600,000. It calls for six

1    beds. Utilization consisting of separate cells  
2    for juveniles detained would be done at little or  
3    no cost.

4                    The 1974 act that the office  
5    administrated, while beneficial in many respects,  
6    is simply out of touch with the reality that calls  
7    for juvenile crime in 1994. The principles  
8    set forth in Section 18.2, if followed by Congress  
9    and the Administration, would be of major  
10   assistance in our efforts to provide public  
11   safety; however, the suggestion by the staff of  
12   that office that a state is forever bound by the  
13   mandates of that office needs a response now.

14                   And thus, again, I do move that we  
15   strike the last period in 18.2 and add the  
16   following words: But not be a mandate to states  
17   withdrawing participation and grants under  
18   J.J.D.P.A.

19                   CHAIRMAN CAMPBELL: You have heard the  
20   amendment. The amendment is before you and the  
21   material. I will need a second on this  
22   amendment.

23                   GOVERNORS: Second.

24                   CHAIRMAN CAMPBELL: Th r is a s cond

1 on the amendment.

2 It is now open for discussion.

3 Is there any discussion?

4 If there is no discussion on it, th  
5 Chair is ready to put it to vote.

6 All those in favor of the amendment  
7 being added will indicate by saying aye.

8 Opposed, nay.

9 The ayes have it, and the amendment is  
10 added.

11 We now come to the policy as amend d.  
12 I need a motion that the policy be moved as  
13 amended.

14 GOVERNOR TUCKER: Mr. Chairman, I  
15 would like to move that all the policies, all  
16 11 policies, 11 resolutions adopted by the  
17 Committee on Human Resources be adopted.

18 CHAIRMAN CAMPBELL: The motion is that  
19 all 11 policies be moved in block, inclusive of  
20 the amended policy.

21 Is there a second?

22 GOVERNORS: Second.

23 CHAIRMAN CAMPBELL: There is a s cond.

24 All those in favor indicate by saying



1     aye.

2                     Opposed.

3                     The ayes have it, and it is so  
4     ordered.

5                     Next, I would like to call on Governor  
6     Bob Miller, who is the Chairman of the Committ  
7     on Natural Resources.

8                     GOVERNOR MILLER: Thank you,  
9     Mr. Chairman.

10                    I would like to commend Tom Curtis and  
11     the N.G.A. staff for what has been a very  
12     productive and proactive year in dealing with  
13     issues of natural resources.

14                    The committee has adopted one new  
15     policy and the revision of five existing  
16     policies. The new policy is the statement on th  
17     reauthorization of the Endangered Species Act.  
18     The position was developed by a working group of  
19     three states before being sent to the full  
20     committee, other interested states, the  
21     administration of the business community and  
22     environmental group for their consideration. And  
23     I would like to commend Governors Symington,  
24     Wilson and Racicot, in particular, for their hard

1 work on that issue.

2 I also note that the policy is  
3 consistent in many ways with the recent initiative  
4 to Interior Secretary Babbitt and Commerce  
5 Secretary Brown, and they should be commended for  
6 hearing our many concerns.

7 One of the policy revisions there is  
8 special note attached to it. It has to do with  
9 the Government's disregarding Federally-mandated  
10 fees to cover Federally-mandated costs in the  
11 Clean Water Act. After considerable discussion,  
12 the Committee resolved to oppose such fees on  
13 principle. I do not interpret this position to  
14 mean that we would refuse to discuss or negotiate  
15 with the Congress on the question of fees, but the  
16 starting point would not be one of support for  
17 Federally-mandated fees. The other positions  
18 include existing policies on global climate  
19 change, Clear Air Act, Coastal Zone Management and  
20 the E.P.A. oversight of state programs.

21 I would move the adoption of all on  
22 block.

23 CHAIRMAN CAMPBELL: There is a motion  
24 that they all be adopted in block.

1                   Is there a second?

2                   GOVERNOR MILLER:   Second.

3                   GOVERNOR THOMPSON:   Second.

4                   CHAIRMAN CAMPBELL:   There is a second.  
5                   It's now open for discussion.

6                   Governor Allen would like to make a  
7                   comment.

8                   GOVERNOR ALLEN:   Mr. Chairman,  
9                   members, fellow Governors, on these new adopted  
10                  policies and as far as the Clean Air Act is  
11                  concerned and global warming and natural resources  
12                  generally, I think that what has been done in  
13                  these revisions are improvements. I think they  
14                  are going in the right direction. We are talking  
15                  about risk assessment. We are talking about the  
16                  importance of the cost benefits. Let's start  
17                  taking into account the impact, the cost of these  
18                  on families, on people, on their property and  
19                  their jobs, and I think that the Governors'  
20                  Association has been a good step forward with  
21                  this. There are still things that as far as we  
22                  are concerned in Virginia, we don't care if it's  
23                  at North Virginia, the Ozone Transport Commission  
24                  with all the states all the way up to here. We

1 would like to look at results, and I think that is  
2 what we need to get to on these environmental  
3 regulations. We are for clean water. We are for  
4 clean air, but let's make sure that we are looking  
5 at them scientifically, not the politically  
6 side -- not the political side, but actual sides  
7 and let's make sure we are looking at results and  
8 not have the Government, the Federal Governm nt,  
9 and the regulators saying this is the only way to  
10 get the results. We can come up with innovations,  
11 and I commend this committee, the Committee on  
12 Natural Resources, for taking steps in the right  
13 direction. While it's not exactly how I would  
14 like it, it's certainly better than the way it was  
15 last winter. And I commend the committee for  
16 their efforts as well as the staff.

17 GOVERNOR MILLER: Thank you. We had  
18 hired a professor, Doctor Graham, who is one of  
19 our presenters who specifically is an expert on  
20 cost benefit this area.

21 CHAIRMAN CAMPBELL: Well, I commend  
22 the committee for its work, and I think it's a  
23 great step forward in putting fiscal sanity into  
24 policies.

1                   So without further ado, we are going  
2 to call for the question on this.

3                   The motion has been made and seconded.

4                   All those in favor will indicate by  
5 saying aye.

6                   And opposed.

7                   If not, the ayes have it, and it's so  
8 ordered.

9                   I would now like to call on Governor  
10 Sullivan for an introduction of the Indian  
11 gaming.

12                   Governor Sullivan.

13                   GOVERNOR SULLIVAN: Thank you,  
14 Mr. Chairman.

15                   Let me quickly go through this. As  
16 most of you know, we have been working with th  
17 Attorneys General, Indian Tribal Leaders and the  
18 Senate Committee on Indian Affairs for the  
19 clarification of the Indian Games Regulatory Act,  
20 which has generated a good bit of litigation over  
21 the last couple of years.

22                   In the amendments introduced last  
23 month, Senator Inouye and Senator McCain  
24 incorporat d a good deal of th language proposed

1 jointly by Governors and Attorneys General in our  
2 previous testimony. As I related to all of the  
3 Governors in an All Governors' Letter, July 11th,  
4 the issues still need to be -- there are a number  
5 of issues that still need to be resolved and  
6 clarified. They include the scope of gaming, the  
7 acquisition of after required lands, the continued  
8 viability of settlement acts and the regulation of  
9 Indian and gaming activities. We will be  
10 testifying this afternoon in Washington before the  
11 committee, and we will endeavor to outline the  
12 areas in scope of gaming and after acquired lands,  
13 continued validity of the existing settlement  
14 agreements and the regulation of Indian games as  
15 to where it is our belief generally that those  
16 needs be clarified and heightened for our  
17 support.

18 Politically, the tribes appear to be  
19 unhappy and have asked the Senators to withdraw  
20 their amendments. It is my understanding the  
21 Senators intend to move forward with the bill,  
22 although given the short time left in session, it  
23 is unlikely it will be passed this session. So  
24 the committ is w ll aware of the Coalition of

1     Governors, who might support this amendment  
2     package is fragile, as has been the Coalition of  
3     Governors in this issue throughout its history.  
4     As I said, there is a hearing today, and we will  
5     be trying to give some substance to the fragility  
6     of our coalition.

7                   CHAIRMAN CAMPBELL:  Thank you very  
8     much, Governor Sullivan, and thank you for the  
9     outstanding job that you have done in this area in  
10    leading us and in keeping us informed, and I look  
11    to your skills and persuasiveness to keep that  
12    coalition together.

13                  GOVERNOR SULLIVAN:  Thank you very  
14    much.

15                  CHAIRMAN CAMPBELL:  I would now like  
16    to call on Governor Hunt, who wanted to make a  
17    comment at the time that we were discussing th  
18    crime issue, and I inadvertently overlooked him,  
19    and I would like to go back and call on  
20    Governor Hunt.

21                  GOVERNOR HUNT:  Thank you, Mr. Chairman.  
22                         Back home in the real world, we are  
23    all involved in trying to protect our people  
24    better, and whil  there is this crime bill in

1 Washington, and we hope it will pass, and we hope  
2 it passes in the right fashion, one of the best  
3 things they can do there -- one of the few good  
4 things they can do, in my opinion, is to do  
5 something about habeus corpus proceedings and  
6 petitions.

7 Now I don't know about your state, but  
8 recently in my state, we had capital punishment in  
9 a situation where there was 13 and a half years  
10 from the time that the jury handed down the death  
11 penalty to the time the person was executed.  
12 Phil Donahue wanted to come down and televise this  
13 incidentally. So you may have heard about it, and  
14 I can tell you, folks, there is nothing that makes  
15 people madder than that and puts the victims and  
16 their families through more agony than that. And  
17 if Washington wants to do something about this  
18 situation, that is something they can do something  
19 about, I think, and I wanted to just alert you all  
20 if you did not know it that in the position we  
21 just passed in Human Resources, and we are talking  
22 about crime at these meetings in my venue. W  
23 have authored by Governor Wilson and strongly  
24 support d by Governor Edgar a very strong



1 statement on reform of habeus corpus.

2           There are several things that it calls  
3 on, one is that except in extreme cases, only one  
4 Federal habeus corpus petition be allowed, and I  
5 feel so strongly that that ought to be done, and I  
6 would urge that we stay on this, and I understand  
7 it is not in this crime bill. We ought to push  
8 it, and if the Congress doesn't get support on it,  
9 we ought to do whatever we can. I don't know if  
10 the Federal Constitution amendment requires it.  
11 We ought to get it in the states.

12           Mr. Chairman, I just want to call my  
13 fellow Governors' attention to this and say that I  
14 think this is something we really ought to be  
15 pushing, because this really cuts it hard as to  
16 whether or not people think this system works and  
17 affects them.

18           CHAIRMAN CAMPBELL: Governor, I thank  
19 you for your comments. I think they are very  
20 timely. I certainly agree with them. I am sure  
21 that many of the Governors here do. And that  
22 should remain a part of any discussion on the  
23 crime issue in this country. Thank you so much  
24 for bringing it to our attention as a very

1     pertinent item.

2                     I would now like to move to the  
3     Executive Committee's proposed changes in policy.  
4     And I would like to call on Governor Thompson.  
5     Governor Dean has stepped out, and I would like to  
6     ask that just a brief explanation and a movement  
7     in block be made of these, and Governor Thompson,  
8     you are recognized.

9                     GOVERNOR THOMPSON:   Thank you,  
10    Mr. Chairman.

11                    Basically, we had these four items  
12    come in front of us yesterday at the end of our  
13    plenary session.   The proposed changes that are in  
14    this document that every one of you have received,  
15    the first one is Affirmative Policies and  
16    Principles to the State/Federal relations and  
17    defined in the future Federal role and future  
18    Federal role and State Task Force on Federalism  
19    that all of us are very interested in.   The second  
20    one is on managed care and health care reform.  
21    And the third one is the resolution dealing with  
22    state experimentation under national health care  
23    as well as welfare reform making it easier for us  
24    to get waiv rs.   And the fourth one is H.R. 17,

1     which is the Governors' role in achieving the  
2     National Education Goals.

3                     And, Mr. Chairman, I would move  
4     en masse the four proposals that were already  
5     adopted unanimously yesterday at the Executive  
6     Committee.

7                     CHAIRMAN CAMPBELL: I would like to  
8     have a second on that, please.

9                     GOVERNORS: Second.

10                    CHAIRMAN CAMPBELL: There is a second  
11    on it, and the motion is before us. Before we  
12    call the question on it, I would like to ask  
13    Governor Leavitt if he has any comment on the  
14    permanent policy.

15                    Governor Leavitt.

16                    GOVERNOR LEAVITT: Thank you,  
17    Mr. Chairman.

18                    Every issue that we have dealt with at  
19    this conference has had one thing in common, and  
20    that is our relationship with the Federal  
21    Government. There is great concern among  
22    Governors and also state legislators with the  
23    intended balance between state and national  
24    government that do s not exist any longer.

1 Clearly, there is a manifestation of that since  
2 1927, 31 percent of all the expenditures, state,  
3 local and Federal Government with Federal  
4 expenditures. Mr. Chairman, today there are  
5 62 percent. In the last 20 years there have been  
6 more pieces of legislation passed to usurp states'  
7 authority than in the entire 200 years prior to  
8 that. It is the responsibility of the state  
9 governments to stand up and compete and to create  
10 this balance. This resolution essentially created  
11 the Joint Task Force that are within the powers of  
12 N.G.A. to invite the N.C.S.L. to the table. They  
13 have already appointed a similar task force to  
14 develop an action plan to examine alternatives for  
15 states to pursue in order to restore that balance,  
16 one that I think will be of great importance to us  
17 as we proceed in the future.

18 CHAIRMAN CAMPBELL: Thank you,  
19 Governor Leavitt.

20 I would like to call on Governor Weld,  
21 please, for some comments on the managed care  
22 health care reform.

23 GOVERNOR WELD: Mr. Chairman, this  
24 relates to th E.C. 9, manag d care and health

1     care reform, and it relates to so-called any  
2     willing provider legislation which appears in a  
3     number of bills in Congress.

4             Essentially, this will be a  
5     restriction on the states' abilities to operate  
6     managed care systems at the state level. It will  
7     require that before an H.M.O., for example, could  
8     contract with a group of C.V.S. Pharmacies to get  
9     a deep discount for drug prices, they would have  
10    to come back with everybody else at the same  
11    price. This would greatly affect the ability to  
12    get deep discounts for pharmaceutical and drug  
13    prices and would drive up the cost of health care  
14    for consumers.

15            Both Governor Dean and I have recently  
16    vetoed such factions at the state level, and in  
17    all candor I must tell you it's not the most  
18    politically popular veto I have ever passed,  
19    because the issue is sometimes framed as defending  
20    Mom and Pop drug stores; but certainly if this  
21    were to go through at the Federal level, it would  
22    inhibit our ability to recognize a savings from  
23    managed care that most of us recognize are going  
24    to be -- have to be a part of getting a grip on

1 health care costs.

2 We have had a managed care Medicaid  
3 program since 1991 in this state, and over the  
4 course of the last 12 months our program expenses  
5 in the Medicaid program was less than 1 percent.  
6 So they can be very effective.

7 For that reason, I move the adoption  
8 of the proposal E.C. 9, Mr. Chairman.

9 CHAIRMAN CAMPBELL: It is part of the  
10 motion in block where it is State and Federal  
11 relations.

12 At this time, I would like to call on  
13 Governor Engler for some comments on state  
14 experimentation under national health care and  
15 welfare reform.

16 Governor Engler.

17 GOVERNOR ENGLER: Thank you,  
18 Mr. Chairman.

19 This is pretty straightforward, but  
20 it's a resolution that reiterates to Congress as  
21 to the Administration the importance of  
22 maintaining strong waiver flexibility for the  
23 states, and the resolution suggests following the  
24 states. W hav waivers befor us. We ought to

1 be able to complete the current waiver periods in  
2 some cases that would extend another two, three or  
3 four years. Secondly, that the states be allowed  
4 to receive additional waivers during the period of  
5 debate and local reform and certainly national  
6 reform; and then thirdly, that any legislation  
7 that passes dealing with welfare reform or health  
8 care as well allow for a waiver process to be part  
9 of this so that innovation at the state level  
10 isn't curtailed in the future.

11 Finally, there is a fourth provision  
12 that added -- that came about as our discussion -- w  
13 talked about it. Senator Dole commented on it  
14 that Governor Allen raised this, and this is the  
15 Food Stamp Waiver Amendment that specifically is  
16 pending before the Congress today. It just  
17 reiterates support of the National Governors'  
18 Association for the removal of language, which  
19 would preclude waivers from being issued by the  
20 Department of Agriculture in the area of food  
21 sales. That affects some 20 states. If the  
22 Governors haven't talked to their Senators, they  
23 need to do that today or to set up a staff to do  
24 it. That vote is coming up later on. This is a

1 strong resolution. I urge your support.

2 CHAIRMAN CAMPBELL: Governor Engler,  
3 thank you very much.

4 GOVERNOR ENGLER: Thank you.

5 CHAIRMAN CAMPBELL: The last item we  
6 have on the agenda of the Governors' role is  
7 achieving the National Education Goal.

8 I recognize Governor Hunt.

9 GOVERNOR HUNT: Thank you,  
10 Mr. Chairman.

11 As all of us know, the reason we have  
12 a National Education Goal is because you and then  
13 Governor Bill Clinton and Governor Terry Branstad,  
14 who headed the N.G.A. that year, I believe, and  
15 many of you around this table pushed for it. We  
16 were involved as Governors in this because we care  
17 about our economy and our people who want better  
18 jobs. And we want to compete in this world economy  
19 successfully and win and can, but I just want to  
20 call the attention of the Governors to the fact  
21 that we are in this goal -- in this statement of  
22 goals, updating our position on this, reiterating  
23 the support of the Governors for national goals  
24 that are challenging, restating the Governors'



1     role in this. I want to say to you, folks, if  
2     this slips over into a congressional theme of  
3     the Congress, if we don't continue to have the  
4     Governors lead this effort, it will not continue,  
5     and it will not be done in the work of the way.  
6     The important part of it, of course, is measuring  
7     our progress, and that is why we have the annual  
8     report and how we are doing.

9                 I just wanted to point out,  
10    Mr. Chairman, that this is the update, the  
11    reiteration of our position and urge that all of  
12    us as Governors in our states and as a N.G.A.  
13    continue to give leadership to this and help this  
14    country change our schools in fundamental ways so  
15    that we can have the kind of strong economy and  
16    good future we want to have.

17                CHAIRMAN CAMPBELL: Thank you,  
18    Governor Hunt.

19                You have heard the discussion of these  
20    items.

21                There is a motion and second on the  
22    floor.

23                The Chair is ready to call for a  
24    question on the items in block.

1                   Those in favor will please indicate by  
2     saying aye.

3                   Opposed.

4                   The ayes have it, and it is so  
5     ordered.

6                   We are going to take about a minute  
7     and a half break. I would ask you to stay in your  
8     seats before the President comes in so that they  
9     will have time to finish putting the seal and some  
10    other items.

11                  (Whereupon, the Convention stood in  
12    recess.)

13                  WHITE HOUSE REPRESENTATIVE: Ladies  
14    and gentlemen, the President of the United States,  
15    accompanied by Governor Carroll Campbell and  
16    Governor Howard Dean.

17                  (Applause.)

18                  CHAIRMAN CAMPBELL: Fellow Governors,  
19    ladies and gentlemen, it is a distinct pleasure  
20    for me to have the opportunity to present the  
21    President of the United States today. As we all  
22    know, he is a former Chair of this organization  
23    and a gentleman with whom we have all had the  
24    privilege of working through th years, and we

1 certainly appreciate the relationship that we have  
2 maintained as an organization with Bill Clinton  
3 now that he is President.

4 Before I begin, I want to announce  
5 that the President is under a tight time frame and  
6 will not be able to take questions this morning.  
7 The time that this President has spent with us  
8 does prove that he has ties to State Government,  
9 and he believes in partnership between the Federal  
10 and State Government. As a Governor, that is  
11 something I appreciate; and as Governors, I think  
12 it is something we all appreciate.

13 Throughout his years in State  
14 Government, the President learned firsthand the  
15 value of states as laboratories of democracy,  
16 which need the flexibility to tailor programs to  
17 diverse needs. Good public policy must be allowed  
18 and must be vibrant and dynamic in that base for  
19 less Federal restrictions.

20 When you were before us in January,  
21 Mr. President, you eloquently described the plight  
22 of a woman in South Carolina, who had a problem  
23 obtaining health care. It was a pertinent point.  
24 We were trying to do something about xpanding

1 access in my state; and in early March, we did  
2 submit the Val Med. health initiative which will  
3 guarantee health care to every South Carolinian  
4 below the poverty level. Now a waiver is awaiting  
5 further approval in your Administration, and we  
6 appreciate the way the Administration is pursuing  
7 it.

8 Health care is at the top of all of  
9 our agendas, and I am looking forward to approval  
10 of our plan to greatly expand access to both  
11 insurance and appropriate networks of care in  
12 South Carolina, and I know that we can count on  
13 your support.

14 Mr. President, as always, the National  
15 Governors' Association appreciates your  
16 willingness to be with us at our semiannual  
17 meetings. We appreciate your understanding of our  
18 problems and your commitment to real Federalism.  
19 You know from both sides, the Federal Government  
20 and the State Government, what the problems are  
21 and how to address them, and then we hope that we  
22 will be able to work with you to pass the needed  
23 health reforms this year.

24 We try to find consensus in this

1 group, as you know, Democrat and Republican. W  
2 believe that this is a good forum for you and  
3 anyone else that is interested in finding  
4 consensus in solving problems, and we believe that  
5 that is why you are here.

6 Ladies and gentlemen, it is a distinct  
7 privilege and high honor for me to present to you  
8 the President of the United States.

9 (Applause.)

10 PRESIDENT CLINTON: Thank you very  
11 much. Thank you. Thank you very much. Thank  
12 you. Thank you.

13 (Applause.)

14 PRESIDENT CLINTON: Thank you very much,  
15 Governor Campbell, Governor Dean. Governor Weld,  
16 thank you for hosting the Governors, and your  
17 latest expression of bipartisan support showing up  
18 at the Democratic Governors' party last night.

19 (Applause.)

20 PRESIDENT CLINTON: I want to join the  
21 many others here in saying a word of best wishes  
22 to Governor Edgar as he continues his recovery and  
23 to say that all of you who are leaving the  
24 Governors' conference this year, who served with

1 me, how much I wish you well, and how much I  
2 enjoyed serving with you over the years.

3 I always look forward to this day  
4 every year. I feel that I have in many ways come  
5 home whenever I come back here. There are many  
6 ways in which I miss being a Governor, because  
7 Governors are so much less isolated from real life  
8 than the President. Neighbors stop you on the  
9 streets to talk about their jobs and businesses,  
10 about their children and their parents, and the  
11 things that we in Washington call issues take on a  
12 very human face. And I must say, I have worked  
13 hard to try to find ways to keep the human face on  
14 the issues with which we all deal.

15 It was as a Governor that I learned  
16 and lived the idea that the purpose of public life  
17 is actually to get people together to solve  
18 problems, not to posture for the next election  
19 with rhetoric. In my time in the N.G.A., I was  
20 proud of the work in a bipartisan fashion on  
21 issues of education and welfare reform and trade  
22 and economic development and yes, on bipartisan  
23 suggestions we Governors had for reducing the  
24 Federal deficit.

1                   I ran for President, because I did not  
2                   want us to go into the 21st Century without a  
3                   vision of how we could restore our economy and  
4                   deny our people to make government work for  
5                   ordinary Americans again, because I thought that  
6                   our politics is too burdened by partisan rhetoric  
7                   and too little concerned with practical progress.

8                   In the last year and a half, I have  
9                   set about to implement the vision that I brought  
10                  to that campaign, one that grew directly out of  
11                  the experiences I had with most of you around this  
12                  table. We have worked to get our economic house  
13                  in order, to reverse the trend of exploding  
14                  deficits and declining investments in America.  
15                  The economic plan that Congress adopted last year  
16                  contained \$255 billion in spending cuts; tax cuts  
17                  for 15 million working families; made 90 percent  
18                  of the small businesses of America eligible for  
19                  tax cuts; increased taxes on the wealthiest one  
20                  and a half percent of our people; reduced the  
21                  Federal payroll by a quarter of a million; and  
22                  will give us along with this year's budget, which  
23                  eliminates over 100 government programs, cuts 200  
24                  others and takes the payroll reduction of 272,000

1 meaning that in 1999 the Federal Government will  
2 be below two million for the first time since  
3 John Kennedy was President. These two budgets  
4 will give us three years of deficit reduction in  
5 the role for the first time since Harry Truman was  
6 the President of the United States.

7 (Applause.)

8 PRESIDENT CLINTON: The aftermath of  
9 that, our economy has produced 3.8 million jobs in  
10 18 months. The unemployment rate is down  
11 1.7 percent. In 1993, we had the largest number  
12 of new businesses incorporated in America than any  
13 year since the end of World War II. The first  
14 quarter of this year is the first time in 16 years  
15 we have gone through a quarter without a bank  
16 failure in America. So I believe that we are  
17 moving in the right direction.

18 I want to thank the Governors in  
19 particular for your continued and persistent  
20 support for expanding trade, for N.A.F.T.A., which  
21 is working superbly, by the way. Our trade in  
22 Mexico is growing dramatically. Mexico's trade to  
23 us is growing as well, but our trade to Mexico is  
24 growing more rapidly than that of any other



1 country. We have already sold five times more  
2 automobiles in Mexico this year than last year.

3 I thank you for your statement of  
4 support on G.A.T.T. We must as a bipartisan  
5 majority meet in Congress to ratify the G.A.T.T.  
6 this year. It will create a half a million  
7 highway jobs in America between now and the end of  
8 the decade.

9 I thank you for your support of the  
10 Asian/Pacific initiative, which began in Seattle,  
11 Washington last year, and I was with Governor  
12 Chiles yesterday in Florida to meet with a  
13 committee on the Summit of the Americas, which we  
14 will have with all the democratic governments in  
15 this hemisphere in South America at the end of  
16 this year. These are things which will make a  
17 huge difference in our economic future.

18 There are many of you who have also  
19 helped us to invest more in defensive budget and  
20 new technology, saving the space station, trying  
21 to move from a defense to a domestic economy,  
22 trying to develop technologies, which clean th  
23 environment and produce jobs at the same time. I  
24 want to especially thank you all also for the work

1 we have been able to do, probably the most in  
2 education and training that has been done in any  
3 single year in the last 30 years, and the  
4 Governors, on a bipartisan basis, have supported  
5 that. We have expanded and formed a Head Start  
6 Program; increased immunization; passed the  
7 Goal 2000 Bill, which ratifies your National  
8 Education Bill as a Federal law with bipartisan  
9 support; passed a School to Work Bill, which will  
10 support your efforts to help young people that  
11 leave high school and don't go on to four-year  
12 colleges, but do need two years of further  
13 education and training. We also have reformed the  
14 student loan laws, which will make 20 million  
15 young Americans eligible for lower interest and  
16 better repayment schedules under the Student Loan  
17 Program of the United States.

18 Finally, we have still pending in the  
19 Congress this year the Reemployment Bill, which  
20 will change the whole focus of the unemployment  
21 system in ways that will benefit the economy of  
22 every state represented around these tables,  
23 because for too long our unemployment system has  
24 been just that, it has paid people while th y

1 exhausted their unemployment on the assumption  
2 they would be called back to their old jobs wh n  
3 as a practical matter fewer than one in five  
4 Americans are called back to their old jobs these  
5 days. They need to begin immediately retraining  
6 for the new jobs of the future. That is what the  
7 reemployment system will do, and I look forward to  
8 working with you on that, the last leg in this  
9 revolution in the lifetime earning system of the  
10 United States.

11 Let me just mention a couple of other  
12 issues, if I might, before moving to health care.  
13 The Governors have been concerned, some of us  
14 almost obsessed, with the question of welfare  
15 reform for many years now. Our state was on of  
16 the first states selected to be a demonstration  
17 project for a lot of these ideas way back in 1980  
18 in the last year of the Carter Administration.  
19 The work the Governors did together on the Family  
20 Support Act of 1988 is still the best exampl of  
21 anything that has been done in the welfare reform  
22 area. Now we are seeking to go beyond that. Many  
23 of you with your state initiatives, we granted  
24 several welfare waivers. We expect to grant some

1 more.

2                   And with the debate about to start in  
3 the Congress, I just want to say a couple of words  
4 about it. It is important that we pass a new  
5 Welfare Reform Bill that builds on what we did in  
6 1988 and what those of you who have worked hard to  
7 do right in your states are doing. It is  
8 important that we dramatically increase the  
9 National efforts to do what you need the National  
10 Government to do, including adopting some National  
11 rules on tough enforcement of child support. Some  
12 of you have done remarkable things there, but if  
13 we have some National assistance, we can do a much  
14 better job in collecting billions and billions of  
15 dollars in overdue child support, the absence of  
16 which drives people into welfare.

17                   It is important that we provide  
18 maximum leeway for continuing state experimentation.  
19 I have said over and over again to members of both  
20 parties in the Congress, no one understands how to  
21 fully solve this riddle. So whatever we do in the  
22 National Welfare Reform legislation, it is  
23 imperative that we still leave the states some  
24 room to continue to experiment.

1                   Finally, I hope that all of us will  
2     support the notion that there ought to be some  
3     period after which we end welfare as we know it.  
4     Yesterday, I was in Florida, and I shook hands  
5     with a lot of people who came to this reception.  
6     We were talking about some of the Americans.  
7     After which these two young women who were born in  
8     another country, I think -- they all -- they spoke  
9     English with very pronounced accents, but they  
10    were working at the hotel. They said they were  
11    American citizens. They wanted to know if th y  
12    could have their picture taken with the President,  
13    and they wanted to tell me something about the  
14    welfare system. These two young women were  
15    working at the hotel, and both of them said take  
16    all that money and spend it on child care and  
17    training and incentives or whatever, but make all  
18    those folks go to work if they can go to work.  
19    Two people that said that just spontaneous. So I  
20    say to you, we need to act on that. Both  
21    hearing -- both Houses have had hearings. There  
22    is a great deal of bipartisan support. I think we  
23    have a chance to do it. We have some chance to do  
24    it this year, although no one really thinks w

1 can. If we don't, we certainly ought to pass it  
2 early next year.

3 Let me mention now the Crime Bill.  
4 This Crime Bill is the most important anti-crim  
5 legislation ever considered by the Congress. It  
6 has broad bipartisan support. There are one or  
7 two areas of continuing disagreement, but let me  
8 mention what is important about it. It puts  
9 100,000 police on the street over the next five  
10 years. That is a 20 percent increase. There has  
11 been a 300 percent increase in violent crime in  
12 the last 30 years and a 10 percent increase in the  
13 number of policemen in America. It shouldn't  
14 surprise anybody that we have problems dealing  
15 with this. We now know that violent crime has  
16 shifted downward along the age scale and that  
17 people between the ages of 12 and 17 are five  
18 times more likely to suffer from violent crime  
19 than older people. We need community policemen.  
20 It is in many ways the most important part of the  
21 Crime Bill. The Crime Bill has tougher  
22 punishment, including the Three Strikes and You  
23 Are Out Law. It bans assault weapons, but it  
24 protects hunting weapons, and it's innovative, and

1 I think a very important piece of Federal  
2 legislation. It provides more money for prisons,  
3 but it also provides billions for prevention.

4 I must take some exception to what th  
5 Republican Leader of the Senate said earlier here  
6 today on this issue. The prevention money is in  
7 there in large measure, because the law  
8 enforcement officials of the country told us it  
9 ought to be in there. It is in there, because the  
10 people who go out and put their lives on the lin  
11 everyday said to us over and over and over again,  
12 you got to at least give something to say yes to  
13 as well as something to say no to. They do  
14 something terrible, you have to put them away for  
15 a long time, fine, but if you can prevent that  
16 through summer jobs, through job training, through  
17 midnight basketball, through more people in the  
18 Boys' Clubs, through these things which work, to  
19 give kids who live in the neighborhoods that are  
20 burdened by the lack of family structure,  
21 community structure and the structure of work do  
22 it, give them something to say yes to again.

23 It is a very serious prevention  
24 effort, and I think it ought to be supported along

1 with the proper punishment, and since the law  
2 enforcement officials, the Law Enforcement  
3 Coordinating Committee represents half a million  
4 law enforcement officials in this country, I think  
5 that we ought to have that kind of support on a  
6 bipartisan basis for continuing the prevention  
7 initiative as well.

8 (Applause.)

9 PRESIDENT CLINTON: Let me just  
10 mention one other subject before I go on to health  
11 care.

12 A big part of reinventing any  
13 government to me, and you have heard the Vice  
14 President use that slogan. We are coming up on  
15 our first anniversary of our Reinventing  
16 Government kickoff, and he and I will be trying to  
17 give you a progress report at the end of the  
18 summer when we do that, but let me just say that  
19 we have done some things that I think are very  
20 important. We are paying for this Crime Bill not  
21 with a tax increase, but with the savings, which  
22 we achieved by reducing the Federal payroll by  
23 272,000 people, taking people out of the Federal  
24 bureaucracy and putting them on the streets of our



1 cities and towns. I think that is reinventing  
2 government at its best. We will give the money to  
3 you, and you spend it to keep the American people  
4 safer.

5 We are trying to make agencies work  
6 that for too long were political and ineffectiv  
7 like the Federal Emergency Management Agency, and  
8 I was just with the Governors of Georgia, Florida  
9 and Alabama in the aftermath of their terrible  
10 floods; and the Small Business Administration,  
11 which I think is commonly recognized as probably  
12 its most effective state in its history. We have  
13 tried to deal with the fact that you bear a  
14 disproportionate share of the cost of immigration,  
15 those of you with high immigrant populations, and  
16 we have increased by one third funding to the  
17 states for dealing with immigration problems in  
18 the last year and a half.

19 I support the modified Glenn/Kempthorne  
20 initiative, and I agree with Senator Dole, we  
21 ought to pass it. We ought to pass it now, and we  
22 ought to put the issue of unfunded mandates behind  
23 us. I think that is a very important thing to do.

24 (Applause.)

1                   PRESIDENT CLINTON: Finally, let me  
2                   make this statement and ask for your help. I very  
3                   strongly support the issue to continue the issue  
4                   of comprehensive waivers in the areas of health  
5                   care and welfare reforms. We have had --

6                   (Applause.)

7                   PRESIDENT CLINTON: We have issued, by  
8                   my last count, 21 comprehensive sweeping waivers,  
9                   a lot of little ones, but 21 very large ones, 15  
10                  or 16 in the welfare area and five or six in the  
11                  health care area in the last year and a half, so  
12                  that's slightly more than half of them since I  
13                  last met with you. I received a report before I  
14                  came here on all the applications that any of you  
15                  have pending for comprehensive waivers, and I  
16                  reviewed them, and I have taken a personal  
17                  interest in trying to push them through. I, like  
18                  you, am concerned by the recent court decision on  
19                  this issue, and I appreciate your response to  
20                  that. I just want you to know that we will work  
21                  together to figure out what to do about the court  
22                  decision so we can go on with waivers. I am  
23                  determined not to let that court decision become  
24                  an excuse to slow down the dramatic increase in

1     experimentation we have at the state level in  
2     health care and welfare reform. And I ask you to  
3     support me in that.

4                     (Applause.)

5                     PRESIDENT CLINTON: Now, of course,  
6     the most politically difficult and politically  
7     charged issue we are facing today is the issue of  
8     health care. It shouldn't be surprising. For  
9     60 years, the American people have seen their  
10    leaders periodically try to provide coverage to  
11    all Americans in the form of a health care system,  
12    only to fail. The most encouraging thing perhaps  
13    that has happened today so far is the comment that  
14    Senator Dole made that now is the time to act, and  
15    he is willing to work all through August and  
16    September and October to get something done. That  
17    is what we ought to do. We ought to do whatever  
18    it takes to work, however long it takes, on  
19    whatever days it takes to get something done. I  
20    would like to set this again into some context.  
21    You gave me the privilege of coming and speaking  
22    to you about this last year, and I don't want to  
23    be just going over old ground, but I think it's  
24    important when we decide what it is we should do

1 or shouldn't do to talk again about what the  
2 problem is.

3 First of all, in the United States, we  
4 are the only country in the world with an advanced  
5 economy that doesn't provide functional full  
6 coverage. It is somewhere, you know, 96, 97,  
7 98 percent. Social Security has 98 percent. You  
8 always have got a few people just walking around  
9 out there. So it's impossible to have 100 percent  
10 coverage of anything, but all other major nations  
11 do this. We don't.

12 Secondly, in spite of the fact that we  
13 don't, we spend 40 percent more of our income on  
14 health care than anybody else. This year we are  
15 at about 14.2 percent of our income going to  
16 health care. Canada is at ten. Germany is at  
17 eight and a half. And Germany, as you know, has a  
18 very fine pharmaceutical industry, very fine  
19 research industry and high quality health care as  
20 well. Because health care costs have been going  
21 up faster than the rate of inflation, they have  
22 been eating up an overwhelming percentage of both  
23 National and State budgets. You know this. A lot  
24 of you who have served for some time have seen

1     your budgets every year go more and more and more  
2     for health care, less and less and less for  
3     education, for economic development, for tax  
4     relief or whatever else you might wish to do. If  
5     you look at the chart of the Federal budget, it's  
6     absolutely stunning. Now if you take starting  
7     next year and string it out to the end of the  
8     decade, we are pretty flat in all discretionary  
9     spending. Defense is coming down, and I would  
10    argue it's coming down just as much as it can, and  
11    it should not be cut more, and health care costs  
12    are exploding. The job of being a Congressman or  
13    a Senator in four or five years will amount to  
14    showing up in Washington and writing health care  
15    checks and going home, unless we do something to  
16    reverse these trends.

17                   And yet, in spite of the fact that we  
18    are spending much more money, we are the only  
19    nation in the world that is going in reverse in  
20    coverage. Ten years ago, 88 percent of the  
21    American people were covered; today 83 percent  
22    are.

23                   Now you may say, well, that is just  
24    one in six. Well, that is good, 83 percent are

1 covered. The problem is that 16 percent is a lot  
2 of folks for one thing, 17 percent. Secondly, and  
3 perhaps more importantly, the number of people who  
4 are at risk of losing their coverage is far  
5 greater. Who is locked into coverage? Who is  
6 locked in? If you are on Medicaid, you are very  
7 poor, and you are locked in. If you have  
8 Medicare, you are locked in. If you are in jail,  
9 you are locked in. You get coverage. If you are  
10 very wealthy, you are locked in, because you can  
11 buy it. If you are a politician, or you work for  
12 government, you are locked in. You get it.  
13 Almost everybody else is at risk of losing their  
14 health care, and keep in mind you have pushed for  
15 lifetime security. You have, because you  
16 recognize that younger workers are going to change  
17 jobs seven times in a lifetime. Now how are w  
18 going to provide that kind of security?

19 And let me say that there is a human  
20 face behind this. I don't want the class warfare,  
21 but let's look at the facts. Over 80 percent of  
22 all people without insurance in America are people  
23 who work for a living. They are working people.  
24 This morning I had coffee with a man named Jim

1 Bryant and his wife Mary and their two children,  
2 because I read about him in the Boston Globe. He  
3 works 60 hours a week and doesn't have any health  
4 insurance, and they talked about how much they  
5 worked and said they had a good life and all extra  
6 money they had they were putting away for their  
7 kids' college education, but they would be ruined  
8 if they ever had an illness. And I asked him if  
9 he could afford to pay something, and he said  
10 sure. I said, Would you like to know how much I  
11 pay a month for health care as the President of  
12 the United States or members of Congress or  
13 members of the Federal Government. He said, Yes.  
14 I said we pay about \$100 a month. And our  
15 employer, you, pays \$300 a month. And he said, I  
16 could pay that easy. He said, I could pay twice  
17 that.

18 I was in Western Pennsylvania,  
19 Governor Casey's state. By the way, I appreciate  
20 your support for informing and your attempt to  
21 resolve the abortion issue, Governor Casey. But I  
22 was in Western Pennsylvania, Greensburg,  
23 Pennsylvania. Two women got up and spoke. I  
24 don't know if they were Republicans or Democrats.

1 I don't have any idea. One of them was a dairy  
2 farmer, 62 years old, and you know that is about  
3 the hardest farming there is. You have got to  
4 work seven days a week, because you can't tell  
5 cows to quit producing milk. Sixty-two years old  
6 and finally had to give up health care at the time  
7 she needed it most, she and her husband. Her  
8 husband just couldn't afford it any more. And  
9 then after that a woman spoke who was a mother of  
10 five children, and she introduced her husband, and  
11 she had had cancer, and he had had to change jobs  
12 and didn't have health insurance. And there are  
13 lots of people out there like that. We are  
14 talking millions of people, not just a few, and  
15 the issue is not just them, but it is everybody  
16 else that could be in that position.

17 Now the reason I am bringing this up  
18 is that it is important to understand what the  
19 problem is when you analyze what the solution  
20 should be, and the problem is not just that one  
21 sixth of the American people don't have health  
22 care and that the costs are running out of  
23 control, but that many, many more Americans are at  
24 risk of losing their health care. So the question



1 is what should we do?

2 I recommended a system of private  
3 insurance participated in by everybody with a  
4 break for small business that gives them lower  
5 costs, allows them to buy insurance, small  
6 business and self-employed people and farmers and  
7 pay for it through our government as the employer,  
8 and employers do, maintaining consumer choice but  
9 with cost restraints, like managed care.

10 And then I went around the country and  
11 listened to people and listened to you all tell me  
12 what is wrong with it, and we came back with  
13 modifications that had less bureaucracy, fewer  
14 boards and commissions, more flexibility for the  
15 states, less burden on small business than we had  
16 originally proposed, more choices for the American  
17 people in health care and a longer phase-in  
18 period, because there is always a law of  
19 unintended consequences in everything. So  
20 everybody in this debate agrees we have to phase  
21 this in. No one believes we can do it next year.  
22 Everybody believes this has to be a multi-year  
23 phase-in.

24 Now that is what we offer, and you can

1 find that in some form or fashion in the bills,  
2 which are working their way through the Congress.

3 Now what is the alternatives? If you  
4 want to cover everybody, or nearly everybody, near  
5 as I can tell, there are only three ways to do  
6 it. You can do it the way Canada does and the way  
7 we do for seniors through Medicare by having the  
8 tax deductions. That didn't seem to me to be  
9 feasible, abolishing all private health insurance  
10 and replacing it with a tax, although you could do  
11 it for even less money than we are spending today  
12 to cover everybody. You can do it the way Hawaii  
13 does and the way Germany does and the way most of  
14 us do it by just extending the system we have now  
15 and asking employers to pay some portion of their  
16 employee's health insurance and ask the employees  
17 to pick up the rest. You could ask the employees,  
18 who don't have insurance to cover their own  
19 insurance and give them a break if they are  
20 low-income people to do it. The problem with that  
21 obviously is whether you would encourage everybody  
22 that is on the margin to dump their employees.

23 There may be some other way to do it,  
24 but I am not sure what that would be. You could

1 get close to that maybe by a system of subsidies  
2 to the middle class and the lower middle class  
3 people and by putting all the small businesses,  
4 giving them at least the chance to be invited to  
5 co-op and doing something like what  
6 Governor Folsom has done with the Medicaid  
7 program. He has put in some sort of managed care  
8 situation so you save some money and provide some  
9 money to cover others.

10 But I ask you to look at the  
11 evidence. More than 45 states have passed some  
12 sort of partial health care reform and insurance  
13 reform in the last three years, but state spending  
14 has continued to go up. Business spending on  
15 health care has continued to go up, and coverage  
16 has continued to go down. Indeed, in a study I  
17 recently saw, only ten states actually had reduced  
18 the number of uninsured people after all their  
19 reforms were implemented, and five of them only  
20 had reduced the number of uninsured working  
21 people. Mostly states that had provided very  
22 generous benefits for people who were moved from  
23 welfare to work. So what are we to do?

24 There was a recent Wall Street Journal

1 article, which said that even in states that had  
2 insurance reforms without universal coverage,  
3 quote, fewer people have coverage than under the  
4 old system. Now why is this? Why is this?  
5 Because the system we have encourages waste and  
6 inefficiency and irresponsibility. Under the  
7 system we have, people who cover their employees  
8 pay for those who don't indirectly, because people  
9 who don't have coverage when they get real sick  
10 show up at the emergency room. They get health  
11 care, and the costs are passed along. Because in  
12 the system we have without more people in a  
13 managed competition environment, the more you do,  
14 the more you earn. Whether it's needed or not.  
15 Pennsylvania has had a very valuable reform in  
16 this regard by simply publishing the cost of  
17 various procedures across the State of  
18 Pennsylvania and the results showing that there is  
19 not necessarily a correlation between the most  
20 expensive care and the best results care. That is  
21 something that can be done everywhere.

22 And finally, it's very expensive,  
23 because we are the only country in the world that  
24 has 1,500 separate companies writing a thousand

1 different policies so that every doctor's offic ,  
2 every hospital, every insurance company has to  
3 hire a slew of clerical people to figure out who  
4 is not covered for what, and we pay for all that.  
5 That is a 4.2 percent difference in America and  
6 Canada. Let me just give you an idea of about how  
7 much that is. That is about \$250 billion a year.  
8 That is not chicken feed. Some of that money is  
9 because of medical technology and high quality  
10 care. Some of that money is because of violence  
11 and illness and AIDS, but a lot of that money is  
12 just pure old-fashioned inefficiency. And so we  
13 have to ask ourselves, what should we do? You  
14 have already said no to an alternative proposal  
15 that would cap the Federal share of Medicaid, cut  
16 Medicare without giving any extra benefits to  
17 senior citizens, use money to help the poor and do  
18 nothing for the middle class. I think it is  
19 important to take the rhetoric out of this and ask  
20 what will work.

21 I heard again the litany of things  
22 that people have said. We don't want a government  
23 takeover of one sector of our economy. No, we  
24 don't. That is why I propos doing what Hawaii

1     did. Hawaii is not in control of the health car  
2     system; are you, Governor? Private insurance, not  
3     a government takeover. We don't want job loss.  
4     The Congressional Budget Office says there will be  
5     job gain if you stop all this cost shifting over a  
6     ten-year period, and the wise experience indicates  
7     that there will be job gain. We do not want to  
8     bankrupt the states, and we don't want to bankrupt  
9     the Federal Government. That is why we have to  
10    have hard cost estimates. At least we have them  
11    on our plan.

12                 Now I read your proposal, and we have  
13    made some changes in our plan to reflect your  
14    proposal to make it more flexible, respect state  
15    initiatives more, have less regulation, don't have  
16    mandatory alliances, but the question is what are  
17    we going to do that works? Just yesterday, the  
18    Catholic Health Association released a study  
19    conducted by Lewen B.H.I. (phonetic spelling),  
20    which says that if you have insurance reforms and  
21    low-income subsidies without having coverage for  
22    everybody, middle class people earning between 20  
23    and \$29,000 a year will wind up paying \$484 a year  
24    more for their insurance. Why is that? Because

1 if you require everybody to be covered, and you  
2 say they can take it from job to job, but you  
3 don't have everyone covered, then more single  
4 individuals, who think they will be healthy and  
5 live forever won't buy health insurance. More  
6 small businesses on the market will drop it, and  
7 the cost will rise for everybody that is left.

8 So I say to you, you know, it was  
9 Senator Chafee, a distinguished Republican Senator  
10 from Rhode Island, who said that you can't have  
11 these insurance reforms without universal  
12 coverage. He said that. I didn't. He said it  
13 was difficult to conceive of how you could have a  
14 like of people who carry their insurance policies  
15 from job to job to job unless you had some system  
16 in which virtually everybody was covered.

17 Now if you look at the Hawaii  
18 experience, they have had a program based on  
19 employer/employee share responsibilities since  
20 1974, two years after it was first proposed by  
21 President Nixon and Senator Packwood. They have  
22 had it. What has happened? Infant mortality is  
23 down by 50 percent. The number of people without  
24 insurance has shrunk dramatically. Unemployment

1 has fallen. The cost of living is higher in  
2 Hawaii than almost anyplace else in America. The  
3 small business premiums are 30 percent below the  
4 national average. Why? Because everybody  
5 participates. Nobody bumps anybody else out of  
6 it, and everybody is in big buying pools. Now  
7 what are we going to do? I will say it again. We  
8 have to do something that works. We have to do  
9 something that works for families like Jim Bryant  
10 and his wife and two kids, something that works  
11 for the people that are out there in all of your  
12 states who are working for naught.

13 I was in Columbus, Ohio the other day,  
14 and I talked to a woman who ran a delicatessen.  
15 She had 20 full-time employees, 20 part-time  
16 employees. She had had cancer five years ago, and  
17 she said, I am in the worst of all worlds. I  
18 cover my 20 full-time employees, and we pay too  
19 much, because I am a small business person, and I  
20 have got a preexisting condition. And I am at a  
21 disadvantage with all my competitors, but I feel  
22 guilty that I don't cover my part-time employees.  
23 If you had a system where I could buy insurance at  
24 a rate competitive with government and big



1 business and where my competitors had no advantage  
2 over me, I would gladly do it.

3           So again I say, I am open to any  
4 solution to this, and I believe the states ought  
5 to be the laboratories of democracy, and I want  
6 you to have more flexibility, but at a certain  
7 time -- I heard Governor Romer's comment earlier.  
8 We have to look at the evidence and so I say, if  
9 you imagine what the world will be like when th  
10 century turns and we start a new millennium, if  
11 you imagine what it would be like in America and  
12 what you want it to be like, and what you worked  
13 so hard for it to be like. You want us to have a  
14 competitive economy. You want our debts to be  
15 under control. You want our debt to be a smaller  
16 percentage of our income. You want us to have a  
17 system of life-time earning. You want us to have  
18 a trading system where we can grow in the world  
19 economy. You do not want every Governor and ev ry  
20 President of both parties in the future to spend  
21 all of their time writing these checks where they  
22 are paying more every year for the same health  
23 care, and they haven't solved the problem, which  
24 has been solved elsewhere.

1           All I ask in these closing weeks of  
2 this debate is that we take the political air out  
3 of the balloon and ask ourselves what will work  
4 for ordinary Americans.

5           Now let me close --

6           (Applause.)

7           PRESIDENT CLINTON: Let me close just  
8 by asking every one of you to read this letter  
9 that was published in the Boston Globe this  
10 morning, because one thing I think every Democrat,  
11 every Republican and every Independent in America  
12 agrees is that for people who have it, we have the  
13 best health care in the world. We have the finest  
14 medical schools, the finest medical centers, the  
15 best medical research. Everybody agrees on that.  
16 Senator Dole and I agree on that. Everybody  
17 does. This is a letter from the people who are  
18 providing it in this area. They were a part of  
19 the 100 people who came to the White House the  
20 other day representing academic medical centers  
21 who said if you want to keep what is best about  
22 American health care, you will have to fix what  
23 doesn't work about it. You will have to find a  
24 way to cover all Americans, because we are being

1 hurt now. We used to pass our costs on to  
2 everybody else, but states are controlling their  
3 costs. The Federal Government is controlling  
4 their costs. These big companies that used to  
5 send their employees to our medical centers, they  
6 are controlling their costs. And we are left  
7 holding the bill for all the poor people we have  
8 to care for and all the middle class people with  
9 horrible problems that show up without insurance.  
10 And please give us universal coverage if you want  
11 the medical schools of America to continue to  
12 work. Read this.

13 All I have tried to do, folks, is to  
14 consult with everybody from Doctor Who to  
15 President Reagan's Surgeon General, to the heads  
16 of our biggest medical schools, to the heads of  
17 our biggest corporations, who can't deal with  
18 their medical problems, to the small businesses  
19 that want to buy insurance and can't to come up  
20 with something that works. I have no private  
21 authorship and no private details. I just want to  
22 do what will work for people like Jim Bryant and  
23 his wife and his kids, and I think you do, too.  
24 If we keep that attitude, we will find a solution

1 in the next three months to the problem of health  
2 care.

3 Thank you, and God bless you all.

4 (Applause.)

5 CHAIRMAN CAMPBELL: The President's  
6 schedule has lengthened enough for him to be able  
7 to take a few questions.

8 (Applause.)

9 CHAIRMAN CAMPBELL: So we now have the  
10 floor open for questions, I am going to get a  
11 list, because I know that there will be a lot more  
12 than four or five questions.

13 Terry Branstad has a question.

14 Governor Branstad.

15 MR. BRANSTAD: Mr. President, first of  
16 all, I want to thank you for taking questions and  
17 also for the conciliatory nature of your speech  
18 this morning. I think there are some -- I think  
19 the Governors are very interested in trying to  
20 build a consensus on this issue, and from what I  
21 have heard from Senator Dole this morning, there  
22 is no consensus on the issue of employer mandat s,  
23 and is it possible to reach a consensus agreement  
24 on some of the things that are -- where we all

1     agree upon such as providing a reform in the tax  
2     system for the self-employed to get the same  
3     treatment as people who work for large companies  
4     and reforming the medical malpractice system,  
5     reforming the insurance system in terms of  
6     affordability and coverage and those things that  
7     the Governors agree upon.

8                 Would you be willing to accept that  
9     even if some of the other aspects that are more  
10    controversial where there isn't a consensus aren't  
11    able to be agreed upon in the next few months?

12                PRESIDENT CLINTON: I am glad you  
13    asked the question like it is, because it gives me  
14    a chance to maybe be a little more direct in what  
15    I was trying to say before. If you look at the  
16    experience of the states, my answer to you is it  
17    depends upon whether in the aggregate based on the  
18    evidence that we have and the best opinion of the  
19    medical expert, we increase coverage, and we are  
20    moving toward what I -- what I think we all want,  
21    which is a phased-in deliberate effort to get  
22    toward universal coverage.

23                The evidence is, Governor, that if you  
24    do these insuranc reforms, and you don't do

1 something that you know will increase coverage  
2 among working people, the impact of the insurance  
3 reforms will be to decrease coverage among working  
4 people. That is what happened in a number of  
5 states in the last three years. We have had -- we  
6 have got five million more Americans without  
7 insurance coverage now than we had in 1988, and we  
8 only have 1.3 million more people living in  
9 America. So the rest of them lost their  
10 coverage. And most of them were living in states  
11 where insurance reforms occurred. So I will say  
12 it again. It depends on what else is in there.  
13 There may be some way other than employer mandates  
14 to do this. I heard that Governor Waihee said  
15 that this morning on television. There may be  
16 some other way to do this, but the real  
17 issue -- the test ought to be the test you apply  
18 to yourselves. That is the only test I have.  
19 Will it do what we say it is going to do? You  
20 know, we can pass a bill and all shout hallelujah  
21 and get by the November elections, but there will  
22 be real consequences to what happens here, and  
23 those consequences would be apparent in '95, '96,  
24 '97, '98, '99. The aggregate is what will happen

1 to the people. That will be my -- you know, I  
2 just think we have to be careful. We have  
3 evidence. We know now what happens.

4 A lot of these insurance reforms very  
5 much need to be implemented, but if they are not  
6 implemented in the right way, they will simply  
7 raise the price of insurance for everybody else,  
8 causing more single individuals and more large and  
9 small businesses to drop coverage, which will  
10 shrink the pool and increase the rates, and the  
11 cycle will continue. It's almost unbelievable  
12 when you look at it that we have gone from  
13 88 percent backsliding down to 83 percent as a  
14 nation. And I will say again, only five states  
15 have been able to show in the last five years an  
16 increase in coverage among the working uninsured.  
17 That is no offense to you. I applaud all of you.  
18 I tried to do it, too. I am not criticizing  
19 anybody. I am just saying that at some point we  
20 have to look at what the evidence shows, and I  
21 don't think we should do something that will not  
22 work, but I would not rule out a health bill that  
23 didn't have an employer mandate if we knew we were  
24 moving toward full coverage and we had some

1 evidence it would work.

2 CHAIRMAN CAMPBELL: Governor Romer was  
3 next.

4 GOVERNOR ROMER: Mr. President, I  
5 think we have a healthy economy in part because of  
6 the deficit reductions that your Administration  
7 and Congress have accomplished. All of us who  
8 worked on that know that we can't continue to keep  
9 that deficit down unless we find a solution to  
10 this problem. Therefore, it seems to me that as  
11 we carry the message that the initial cost,  
12 however we bury it, is so much less than the  
13 ultimate cost if we don't bite this bullet. And  
14 as I asked Senator Dole, it seems to me that if we  
15 do not some way expand the employer-based system,  
16 you are going to have people, who are already in  
17 that system bringing back problems. And the logic  
18 of that is so compelling. I would hope that this  
19 solution will find a way to phase in a solution  
20 that eventually continues to use the employer  
21 base.

22 PRESIDENT CLINTON: Governor Romer, I  
23 am very much in favor of a phase-in. I don't  
24 think anybody -- you can't mess with something



1     this big unless you do it over a period of years;  
2     and the message I got after meeting with a lot of  
3     you and with others and people in Congress is that  
4     we ought to lengthen the phase-in a little bit.  
5     We could even do that.

6                 Let me just say one thing to go back  
7     to your question and the question Governor Branstad  
8     raised. There is some reason to believe that if  
9     we, and I am not for unfunded mandates, but on of  
10    the things I think we have to do in this bill is I  
11    think that the enrollment in these alliances,  
12    purchasing alliances, the buying co-ops would be  
13    voluntary, but I think every state should have  
14    one, and they don't cost very much. California  
15    only has 11 folks that work in there, so I think  
16    we ought to pay the bills, but I don't think we  
17    should have an unfunded mandate, but I think that  
18    every state ought to set some network up. If you  
19    look at what has happened in Florida, for example,  
20    where I wish Governor Chiles was here, they have  
21    very restrictive rules on who can get in. You  
22    can't get -- I believe you have to be in a  
23    business of 50 or fewer employees, and I believe  
24    you have to have been without insurance for a

1 year, and they still have very heavy subscription.

2 In the State of California, where they  
3 had 2,400 businesses enrolled, which is not an  
4 enormous number in a state as big as California,  
5 but it's not insignificant, they had 40,000  
6 employees in the pool, and every single one of  
7 them got the same or better health insurance for  
8 lower premium costs, so we know that there are  
9 certain economies of scale that can be achieved  
10 here. The question is will they be offset by the  
11 insurance reform if you don't also do something to  
12 increase the pool of covered people. That is  
13 really what we have got to deal with.

14 As you know, I basically reviewed -- I  
15 know, Governor Lowry that they wrestled with this  
16 in Washington and essentially reached the same  
17 conclusion. There are a lot of adjustments that  
18 can be made. You can make adjustments in th  
19 benefits package. You can make adjustments in  
20 what the percent is that the employers/employees  
21 pay, but the main thing we have to do is keep  
22 increasing the coverage. If you keep sliding  
23 back, you are looking at a system now that is  
24 headed towards a financial disaster, because in

1 the end government will wind up picking up a  
2 bigger and bigger share of the bill, which is just  
3 what we don't want to happen I think.

4 CHAIRMAN CAMPBELL: Governor Nelson.

5 GOVERNOR NELSON: Mr. President, first  
6 of all, I would like to thank you for your  
7 conciliatory and bipartisan comments this  
8 morning. There are two points that I would like  
9 to make.

10 First of all, as you have indicated,  
11 there are a lot of states that have already begun  
12 the important and lengthy process of reforming  
13 insurance relationships as well as working toward  
14 health care reform, true health care reform. I am  
15 encouraged by the fact that you recognize that and  
16 comment very positively on it, because I hope that  
17 whatever is accomplished in Washington will  
18 continue to provide the maximum amount of  
19 flexibility for the states.

20 The second point is that I hope that  
21 what is accomplished in Washington will be in the  
22 spirit of the national framework to be able to  
23 continue to have states have that flexibility.  
24 It's a tall order that must be filled, and I hope

1     that we can continue to work together to be able  
2     to do that.

3                 PRESIDENT CLINTON: I am very open to  
4     that, Governor Nelson. For one thing, if you look  
5     at some states, we have got a couple of states  
6     that are about the size of Hawaii they are already  
7     at or above 90 percent, where they can imagine  
8     themselves reaching through various mechanisms 95,  
9     96, 97 percent coverage.

10                As I said, I think we have moved in  
11     Social Security with 97 percent Social Security  
12     for many years I think was just by improvements of  
13     bookkeeping up to a little above 98 percent now.  
14     So we know we are not going to get by with  
15     100 percent, but we know you have to get somewhere  
16     in the ball park of 95 or above so we should stop  
17     the cost shifting, and you have some -- and you  
18     have economies of scale for all the small  
19     businesses that are participating. But there are  
20     differences. The economic realities and the  
21     demographic realities are so different from state  
22     to state. I think you are going to have to have  
23     some more flexibility, and I am quite open on that  
24     to do some more on that.

1                   CHAIRMAN CAMPBELL: Governor Jones.

2                   GOVERNOR JONES: Mr. President, as you  
3 well know, in Kentucky we recently passed a pi ce  
4 of health care legislation of which we are very  
5 proud of. It's very progressive, but the one area  
6 where we fell down was universal coverage. We  
7 were unable to do that. I think primarily because  
8 of the fact that there are so many states that  
9 surround us to impose the employer mandate on  
10 Kentucky businesses, and it would not be imposed  
11 by other states might put them at a competitive  
12 disadvantage, so it seems to me that if there is  
13 going to be coverage for everyone, it has to come  
14 at the Federal level as opposed to the State  
15 level. I think we all recognize that if we do not  
16 get coverage for everyone, we cannot stop the cost  
17 shifting; if we do not stop the cost shifting, we  
18 cannot get control of the health care costs. So  
19 to be totally successful in our efforts, we must  
20 get coverage for all Americans, and I know you  
21 have fought for that from the very, very  
22 beginning.

23                   And I do not want this comment to  
24 sound unduly partisan, because I think it is

1     imperative that we have a bipartisan effort on  
2     this issue, but I cannot help but recognize that  
3     today when Senator Dole spoke to us it was a  
4     different message than the one that I got in  
5     February from the Senator when in answer to a  
6     specific question from myself, he said that he did  
7     favor coverage for everyone, that he did favor  
8     coverage for everyone, and today he said that he  
9     did not oppose coverage for everyone, and there is  
10    a tremendous difference, I think, between those  
11    two. I couldn't help but think of Patrick Henry's  
12    "Give me liberty or give me death" speech. If h  
13    had said, I am not opposed to liberty, I wonder  
14    how well he would be remembered in his remarks  
15    today. But the reason I say this -- the reason I  
16    say this is if we are to get coverage for all  
17    Americans, you are going to have to stand as you  
18    have from the very beginning very strong and very  
19    tall on this issue, and I urge all of us to be  
20    strong and supportive of that, because we will not  
21    be able to be successful in the long run if you  
22    are not successful in that effort.

23                   Let me just say that I --

24                   (Applause.)

1                   PRESIDENT CLINTON:   The reason I  
2   proposed the share of responsibility requirement  
3   is the reason -- there were two reasons.  One was  
4   mentioned by Governor Romer.  It was the natural  
5   outgrowth of what we had, and we knew that we  
6   could get studies that would show that it would  
7   actually lower the average cost to small  
8   businesses.  We also knew we could afford to  
9   subsidize the smallest businesses and the people  
10   who run the lowest profit margins so they could  
11   make it; and we knew that if that happened on a  
12   national basis nobody would be at a competitive  
13   disadvantage.  I know that there are these ads  
14   that this other health reform group has been  
15   running -- I didn't even know about them until I  
16   went on the air -- involving the fast food  
17   operations and not covering their workers, and  
18   Americans covering their workers in Japan and  
19   Germany have been somewhat controversial, but th y  
20   make the point, which is if all of your  
21   competitors are in the same boat you are in, you  
22   don't go broke doing this.  They make it a point.  
23   And so I did it for that reason.

24                   The second reason I recommended it is

1     that we had evidence. We had the evidence of  
2     Hawaii. We had the evidence of Germany, which was  
3     initially a system in which it provides high  
4     quality care at the lowest cost even in the  
5     Canadian system. So we have evidence. We have a  
6     system that can be expanded, and we have  
7     evidence. I never ruled out another option. I  
8     just have never seen one I thought would work, and  
9     I do believe we have to keep working toward that.  
10    And as I said, I keep saying that there ought to  
11    be a middle ground here. And as I always enjoy  
12    reminding Senator Packwood and President Nixon  
13    recommended a 50/50 employee/employer split in  
14    1972, and I don't believe that the Republican  
15    Party is that far from its mooring in the last  
16    22 years, so I am asking them to come home a  
17    little bit. And I still think we can do it.

18                     (Applause.)

19                     CHAIRMAN CAMPBELL: Mr. President, I  
20    didn't mean to ask a question, but I cannot let  
21    Governor Jones' statement go unanswered. That is  
22    not what Senator Dole said. Senator Dole came in,  
23    and he indicated a willingness to move -- what he  
24    said was he didn't think we can get there all at



1     once. If we couldn't, we shouldn't abandon the  
2     effort. He didn't want you to think that he was  
3     against all, and his statement was, I am not  
4     against coverage for all. He didn't think we  
5     could get there, but he didn't think we should  
6     abandon the effort if we didn't get 100 percent at  
7     once. I don't think it's fair to him to have it  
8     depicted that way, and I wanted to correct that.

9                 PRESIDENT CLINTON: Let me just say  
10    let's look at the political context in which we  
11    are operating here, the context in the country and  
12    the context in the Congress real quickly, and then  
13    I know I have to quit, but you can help chang the  
14    context. If you are a Democrat, you can help to  
15    change it. If you are a Republican, you can help  
16    change it if you want us to get together. Let's  
17    be fair now, everybody, including the leaders of  
18    the other party. Let's look at what everybody is  
19    up against.

20                When I put out my plan, the Health  
21    Insurance Association didn't like it, because the  
22    alliances were mandatory, which meant that fewer  
23    insurance companies would get to compete for  
24    health insurance, and because we had pr mium caps

1 on there, and they didn't want that. They thought  
2 it was regulatory. So they put Harry and Louise  
3 on television. And we didn't have the money to  
4 answer that. So at the time they have been on  
5 television, everybody else has been on a letter  
6 writing campaign and all that stuff that  
7 happened. They made something called the Clinton  
8 Plan of Poverty, even though the basic elements  
9 still have the support of 60 percent or more of  
10 the American people when you strip it away. So  
11 that happened.

12                   Ironically, the Health Insurance  
13 Association favors the employee requirement. Who  
14 doesn't favor that? The N.F.I.B. is against it.  
15 They have a lot of insurance agents in their  
16 membership, and they have small business people  
17 who ideologically don't think they should be  
18 required to offer insurance, and the conservative  
19 wing of the Republican Party is against it. That  
20 is the context in which we meet and bring to th  
21 Congress.

22                   Now what do we try to do to offset  
23 it? First of all, we make some changes in our  
24 plan. We make it less bureaucratic, more

1 flexible, more open to respond to you, and I  
2 explained that.

3           Secondly, we put together a group of  
4 small business people, 29 different large groups  
5 with 600,000 small businesses to say we would be  
6 better off if everybody had to pay, and our costs  
7 would go down. Please do this. And we are trying  
8 to know -- what we are trying to do is get back  
9 again to where we could have a debate that is not  
10 so politically charged. The real -- the problem  
11 you have obviously in the Congress now is you have  
12 a problem, and the opportunity is that under the  
13 rules of the United States Senate only the budget  
14 can be passed without a filibuster. No other bill  
15 can pass the Senate not subject to a filibuster.  
16 So that means that if 41 Senators decide that no,  
17 this is a bill of action come to vote, it can't  
18 come to a vote. So that is why all the Democrats  
19 have been saying all along we have got to have  
20 some sort of bipartisan support here.

21           And again, I will say what I would  
22 like us to do is to come back to the principle  
23 that we must do what we know will work, to provide  
24 security, to provide control of costs, to maintain

1 choice and quality. And if we just will be guided  
2 by that, we will come up with a bill that the  
3 American people will be proud to have us sign  
4 without regard to their party.

5 We have been through a long period  
6 here of Congressional debate and discussion and  
7 everything, and the political atmosphere has been  
8 charged going up and down, and there is a lot of  
9 unreality out there. There has been a lot of  
10 reality around this table today. If we can bring  
11 that back to the Congress, we will get a good  
12 bill, if everybody will just forget about all the  
13 rhetoric and do something that will work, but we  
14 must not blind ourselves to what these medical  
15 school deans said, and there was a hundred of them  
16 at N.E.C. They know what they are doing. They  
17 know what works, and we have to do something that  
18 works. That is my only bottom line. Let's not  
19 mislead the American people if we are going to  
20 act. Let's do something that will leave the  
21 people in New Mexico and Utah and Montana better  
22 off.

23 Thank you very much.

24 (Applause.)

1                   CHAIRMAN CAMPBELL: Mr. President, we  
2 want to take this opportunity to thank you for  
3 being with us today. We want to thank you for  
4 your attitude about partisanship, and we  
5 appreciate the way that your -- (inaudible)

6                   (Applause.)

7                   CHAIRMAN CAMPBELL: And we wish you  
8 health and happiness in the days ahead, also.

9                   As I prepare to recognize the Chair of  
10 the Nominating Committee and turn over the gavel,  
11 I want to take a moment to thank Governor Weld for  
12 hosting an outstanding meeting in Boston. I want  
13 to thank the Mayor of Boston, who is here with  
14 us. Boston has just been tremendous, and I think  
15 you all agree.

16                   (Applause.)

17                   CHAIRMAN CAMPBELL: Now I also want to  
18 express my appreciation to Howard Dean, who has  
19 been a good friend and an outstanding leader for  
20 his party and all the Governors and Vice Chair  
21 over the last year. Howard has just been  
22 tremendous, and we will have a little bit more to  
23 say about him in just a minute, but it has been  
24 tremendous working with him.

1                   I want to thank the Governors that  
2                   served in the N.G.A. leadership, the Chairs, the  
3                   Vice Chairs, co-Chairs and lead Governors over the  
4                   last year for their hard work and personal tim ,  
5                   which you gave to this organization.

6                   I want to thank my own staff who put  
7                   in a lot of extra time and effort, and I  
8                   personally want to thank the National Governors'  
9                   Association staff under the leadership of  
10                  Ray Scheppach.

11                  Ray, you have done a wonderful job in  
12                  another outstanding year.

13                  (Applause.)

14                  CHAIRMAN CAMPBELL: I do want to  
15                  recognize one person. If I could ask everybody to  
16                  please take their seats, I would appreciate it.  
17                  If the staff and visitors would get out of the  
18                  aisle out around the table, it would be very  
19                  beneficial. As we close out, there is one  
20                  individual I want to recognize particularly on our  
21                  staff, and that is Rae Bond.

22                  Rae, where are you? Rae, come up  
23                  here.

24                  (Applause.)

1                   CHAIRMAN CAMPBELL:   Rae has been the  
2   Director of Public Affairs for the National  
3   Governors' Association for the last nine years,  
4   and this will be her last meeting this year.  She  
5   will be relocating to Chattanooga, Tennessee.  
6   There is no N.G.A. staffer who has been closer to  
7   more Governors than Rae, who has had to put up  
8   with a lot of us as she intercedes with the pr ss  
9   and protects us on many occasions.  Rae, we just  
10  wanted to bring you forward and formally thank you  
11  for what you have done for us and to offer you our  
12  best wishes in the future.

13                   Rae, good luck to you.

14                   (Applause.)

15                   CHAIRMAN CAMPBELL:  Now I would like  
16  to call on Governor Waihee of the Nominating  
17  Committee for a report.

18                   GOVERNOR WAIHEE:  Thank you,  
19  Mr. Chairman.

20                   Your Nominating Committee made up of  
21  Governor Evan Bayh, Governor Benjamin Nelson,  
22  Governor John McKernan, Governor Terry Branstad  
23  and myself submit for your consideration the  
24  following nominations for th   Executive Committ e

1 of the National Governors' Association: Governor  
2 Mike Leavitt from Utah; Governor Brereton Jones  
3 from Kentucky; Governor John Engler from Michigan;  
4 Governor Gaston Caperton from West Virginia;  
5 Governor Roy Romer from Colorado; Governor George  
6 Voinovich from Ohio; and Governor Carroll Campbell  
7 from South Carolina up until January 1995, at  
8 which time his position will be taken by Governor  
9 Christine Whitman of New Jersey; and for Vice  
10 Chair, Governor Tommy Thompson of Wisconsin; and  
11 for incoming Chairman, Governor Howard Dean of  
12 Vermont.

13 In recognition of the time we have,  
14 Mr. Chairman, I move that the nominations be  
15 closed and that you cast unanimous ballots if this  
16 motion is passed.

17 CHAIRMAN CAMPBELL: There is a motion  
18 that the nominations be closed and that we vote in  
19 block.

20 Is there a second to that motion -- to  
21 that motion?

22 GOVERNORS: Second.

23 CHAIRMAN CAMPBELL: There is a  
24 second.



1 All those in favor indicate by saying  
2 aye.

3 Opposed, no.

4 The ayes have it, and the slate is  
5 elected.

6 It's now my privilege and pleasure to  
7 turn over the new Chairman of the National  
8 Governors' Association the symbolic gavel and to  
9 say to him as he takes office that having worked  
10 with him for a number of years now that the  
11 National Governors' Association is in good hands in  
12 its leadership in Howard Dean and Tommy Thompson,  
13 and I think that you will go on to greater and  
14 greater things through the years. It's been a  
15 privilege to serve. It's also a privilege for me  
16 to have the opportunity to hand the gavel to a  
17 person that I consider to be as fine as  
18 Howard Dean.

19 (Applause.)

20 GOVERNOR DEAN: Carroll and I have a  
21 number of things in common, one of which is we are  
22 both going to use the step on the podium.

23 This is a real honor for me, and I  
24 appreciat all the help that I got doing this. I

1     want to first make a presentation to somebody, who  
2     has I think served this organization exceptionally  
3     well, because he is a very honest person, a very  
4     direct person and certainly one of the most decent  
5     people that I have ever seen in public service,  
6     somebody who I have really enjoyed working with  
7     the past year, someone whose leadership of this  
8     organization we can all be extremely proud of,  
9     someone who has extended the bipartisan tradition  
10    that we have in this organization, which has been,  
11    I think, the most important part of our ability to  
12    work together, and that is Carroll Campbell.

13                 So, Carroll, if you would step up here  
14    for just a moment.

15                 This is the traditional gift the  
16    incoming Chairman gives to the outgoing Chairman.  
17    It's a great pleasure for me to present to you  
18    this gavel for your year as Chairman of the  
19    National Governors' Association.

20                 (Applause.)

21                 GOVERNOR DEAN: While this is not  
22    always the case, Carroll Campbell also happens  
23    to be serving his last year as Governor of  
24    South Carolina. He has served his people very

1 well for the past eight years. He has designed  
2 some programs in South Carolina that I am pleased  
3 to say that we intend to copy in Vermont, and h  
4 has done a great many things that we admire, both  
5 Republicans and Democrats; and Carroll, I would  
6 like to present you with the same thing you  
7 presented the other 13 Governors who are going out  
8 of office this year on behalf of the National  
9 Governors.

10 (Applause.)

11 GOVERNOR DEAN: Finally, it is the  
12 tradition of all the Governors to give a gift to  
13 the outgoing Chairman. All the Governors have put  
14 in to get you a clock, and I must say I think you  
15 deserve it. You did run on, relatively speaking,  
16 on time. I have been here now three years. Many  
17 of you have been here a lot longer than that. I  
18 think I can congratulate you with the punctuality  
19 with which you have run these meetings, and I am  
20 sure that had something to do with the selection  
21 of this. It says, With a great deal of  
22 appreciation to Governor Carroll Campbell, Jr.,  
23 National Governors' Association Chairman, 1993-'94  
24 from all of us.

1                   GOVERNOR CAMPBELL: Thank you very  
2 much. Thank you.

3                   (Applause.)

4                   GOVERNOR DEAN: Before I just make a  
5 few brief remarks, and they are going to be brief,  
6 I discovered that the President had a fund-raiser  
7 for me down in Washington three or four months  
8 ago. In that time, I was to speak before the  
9 President, and it was the most intimidating  
10 feeling that I have ever had on the podium to  
11 really speak to the Democratic National Convention  
12 of 25,000 people, because when you are standing  
13 before the President of the United States, and you  
14 know that he is coming after you, there is a  
15 tendency to condense your remarks as much as  
16 possible and let the real show go on. I now have  
17 a situation which is worse, which is to follow the  
18 President of the United States, and after he has  
19 given what I thought was a very excellent and  
20 conciliatory speech, which I appreciate it.

21                   But I am going to be very brief. I do  
22 want to remind people that the closing press  
23 conference that we will attend will be directly  
24 after I finish here, which will be fairly quick, I

1 hope, and that there will be an Executive  
2 Committee meeting right here probably starting  
3 around 10 past 1:00, or perhaps a little sooner  
4 than that, right after the closing press  
5 conference.

6 The year that I am Chair, I intend to  
7 focus on children's issues. I am going to just  
8 start off with a little story.

9 A girl in Middlebury, Vermont, twelve  
10 years old, her parents get divorced. The mother  
11 is an alcoholic. The father tells her if she  
12 doesn't choose to live with him, he is going to  
13 kill himself. She did not choose to live with  
14 him, and he did kill himself. She has no family.  
15 She is on state assistance. She has nowhere to  
16 turn. She gets into drugs. She becomes pregnant,  
17 and at the age of 16 she becomes the mother of her  
18 daughter. She gets into a drug treatment  
19 program. She succeeds. She comes out of the drug  
20 treatment program, and there is no community  
21 support. So she relapses. Finally, she gets to a  
22 system where there are services, child care,  
23 counseling, job training, substance abuse. She is  
24 now 24. She is off welfare. She has an

1 eight-year-old who is doing reasonably well at  
2 school, and she has not used drugs or alcohol for  
3 six years. Now that is a success story in the  
4 sense that as of today she and her daughter are  
5 flourishing, but it's also a failure, because she  
6 is 24 years old, and for eight years she has gone  
7 through a very, very -- more than eight years she  
8 has gone through a very, very difficult time in  
9 her life.

10                   What I hope to focus on with your help  
11 is the issue of how to put these problems to rest  
12 on a more affirmative basis. We have all -- all  
13 of us have spent an incredible amount of money on  
14 corrections, on foster care, on substance abuse,  
15 and most of this money goes to kids that are  
16 between the ages of like 12 up into young  
17 adulthood in their late 20s. If we focus on  
18 children and families before they get to school,  
19 when they are born, even before they are born, we  
20 can save a tremendous amount of money. For none  
21 of us -- there is not one of us even the most  
22 senior Governors here who have been in office for  
23 20 years, but we can save money for whoever  
24 follows us, two or three Governors down the line,

1 if we can make these investments early on in th  
2 families of small children. It's the right thing  
3 to do, and it's something we have to do for  
4 financial reasons and for moral reasons.

5 We have a pilot project that does this  
6 in a couple of areas. We had 66 births on  
7 Medicaid in this small town. Of those who were  
8 offered services at the time of birth and home  
9 visits a week later, 65 of them have accepted our  
10 intervention. Many of them it turned out did not  
11 need further services, and some did. One  
12 projected it as intrusive. There will be  
13 political controversy here. This is something  
14 that is voluntary. We are not going to force  
15 people to have social workers in their home or at  
16 the hospital bedside, but we believe at the moment  
17 of birth every mother wants to do the best thing  
18 for their child no matter what their situation is,  
19 whether there are drugs involved, whether it's a  
20 single teenage mother at a very young age, and  
21 that is the time to make a line to make the family  
22 stronger again.

23 There are some important issues that  
24 face us, many important issues. I am going to ask

1     this initiative to be run through Mel Carnahan's  
2     Chairmanship of the Human Resources Committee  
3     along with Arne Carlson, and I really appreciate  
4     the support that you have agreed to give. We  
5     intend as part of this initiative to go to every  
6     state in the country and select examples of  
7     communities that want to support kids and families  
8     at a very early age. We intend to use the  
9     resources of the National Governors' Association  
10    to find these communities, give them technical  
11    assistance, and we intend to use the relationship  
12    the National Governors' Association has with  
13    foundations that are interested in the subject to  
14    funnel money into communities and programs that  
15    want to do this. This builds on the initiative  
16    that Carroll Campbell and David Walters and  
17    Pete Wilson put together over the past year where  
18    we integrate services, where services are based on  
19    what is good for kids and families and not based  
20    on what is good for agencies.

21                 And finally, I hope very much to have  
22    a national summit of children much the way the  
23    Governors had a national summit on education with  
24    President Bush in Charlottesville. It took five or



1     six years to get education, but much of the help  
2     came from people like Evan Bayh, Ben Nelson,  
3     John McKernan. It took seven years, six or seven  
4     years to get where we needed to go. We still have  
5     a long way to go. And this initiative is not  
6     going to be completed for many years, but if we  
7     could focus the attention of the nation on  
8     children between the ages of zero and six, on  
9     families with young children, on parenting skills,  
10    on teenage pregnancy and teenage pregnancy  
11    prevention, we are attacking the problems that we  
12    all face in our budgets on things like correction  
13    of Medicaid and foster care. We are attacking  
14    those problems at the place that they need to be  
15    attacked. If it fails, we have wasted a year; but  
16    if we don't try it, we are condemned to a future  
17    with 16 to 20 percent increases in the number of  
18    correction cells and a constant struggle for money  
19    to try to clean up the problems that we are  
20    avoiding facing.

21                   So I want to thank all of you. I want  
22    to thank the others of you that we will announc  
23    doing other important things. The Governors on  
24    Crime is a very important issue. Pete Wilson will

1 co-Chair that along with Governor Bob Miller,  
2 former police officer and Attorney General.

3           Lead Governors on Education, Governor  
4 Whitman, Governor Hunt, an extremely important  
5 piece of this. Welfare reform is a very important  
6 piece of how to deal with small children and  
7 families, and Tom Carper and John Engler have done  
8 a terrific job on that.

9           The other -- there will be a number of  
10 other appointments, which are extremely important  
11 to the N.G.A. I look forward to working with you  
12 this year. This is extremely, I think, essential  
13 if we are going to succeed in our long-term view  
14 of what America is all about. I want to thank all  
15 of you who have had enough confidence in me to  
16 allow me to take this position.

17           I want to thank Carroll and Roy Romer,  
18 who have gone before me whose examples I will hope  
19 to emulate in fairness and bipartisanship and  
20 honesty, and I appreciate this opportunity and  
21 honor an awful lot.

22           Thank you.

23           (Applause.)

24           GOVERNOR DEAN: We will have a motion

1 to adjourn.

2 GOVERNORS: So moved.

3 GOVERNOR DEAN: And the Executive  
4 Committee will meet in Room 304 at 1:15.

5 And hearing no objection, we are  
6 adjourned.

7

8 (Whereupon, at 12:50 p.m., the hearing  
9 was adjourned.)

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

C E R T I F I C A T E

I, Marianne Kusa-Ryll, Registered Professional Reporter, do hereby certify that the foregoing transcript, Volume III, is a true and accurate transcription of my stenographic notes taken on Tuesday, July 19, 1994.

  
.....  
Marianne Kusa-Ryll, RPR