NATIONAL GOVERNORS' ASSOCIATION

86TH ANNUAL MEETING

JULY 16-19, 1994

BOSTON, MASSACHUSETTS

John B. Hynes
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PROCEEDINGS

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.

(Appause.)

GOVERNOR WELD: Thank you very much,
Governor Campbell.

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

I would like to introduce a friend of mine, who is the Mayor of the City of Boston, Mayor Tom Menino. He has had a busy summer. First, he had world cup soccer and now he has got the Governors' Association in consecutive periods of about two weeks. There was an absence of hooliganism at the soccer games played in Massachusetts. Mr. Mayor, I hope I can guarantee the same from my brethren and sisters at the National Governors' Conference.
So let me present my friend here, Tom Menino, Mayor of the City of Boston for a welcome.

MAYOR MENINO: Thank you very much, Governor.

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

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

What you will find is that Boston above all is a collection of neighborhoods. It is a place like the North End or Brighton, where they are celebrating today the World Cup. The North
End, of course, is where all my countrymen will be, all the Italians, and a great lot of Brazilians will be down there, and you know where the Governor is going to be, in the North End with me. If any of you folks want to come down to the North End, just follow us down there this afternoon. And in any of the thousands of restaurants and shops and small businesses that thrive everyday for you, you can meet the people from the very lifeblood of our city. It is because of the rich diversity of our city, the hard work of past and present generations that Boston remains a great economic engine of the region and one of the great educational, medical and cultural centers of the United States.

I also encourage you to visit Boston’s neighborhoods, because I know that you will see a city that defies so many of the notions that exist about urban America. There is no question that Boston has its share of problems. Like many cities, we are fighting the scourge of drugs and violence. We are fighting to rebuild our school system. We are fighting to preserve and create jobs through businesses to support families and
keep entire communities strong, but unlike many cities, our problems are manageable. And Boston has equal endeavor or support to deal with the problems together.

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

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

Most governors and mayors share the belief that the Federal Government can no longer
pass responsibilities and problems on to states
and cities without providing resources as well.

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

This past week in the Boston Globe,
Governor Weld wrote an editorial about Boston's
historic strength as a port city. The great
potential continues to hold for the future.
Governor Weld's editorial underscored the simple
fact the Massachusetts economy can only be strong
with the Boston economy engine to drive it.
Equally important acknowledges the fact that the
city and the state have shared responsibilities,
regardless of our different political authorities,
the fact that we are in positions that
historically do not work well. If you look at the
history of Boston's mayors and Boston's governors,
they don't work well at all. We are seeking
common ground on these and other issues, sometimes
successfully, sometimes not, but Boston and the
State are better off for the effort. In truth, there are very few areas where cities and states and mayors and governors do not share in common interest. It is my sincere hope that with this conference, it is a common interest that emerges rather than the narrow differences that too often divide us. Let us together as we move forward to make our cities, our states and our country better and stronger for all our people.

Thank you very much.

(Applause.)

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

I am delighted now that a good friend of the Governors is here today. David Burns, who is the retired C.E.O. of Xerox is here, and he is now the Chairman and C.E.O. of the New American Schools Development Corporation. David is joined by Vartan Gregorian, the President of Brown University, and Mr. Burns and Mr. Gregorian just met with N.G.A.'s educational leadership beginning
to discuss the ways the Governors can get involved in efforts to design new schools. So on behalf of all Governors, I want you to know how much we appreciate your tireless devotion to improving our schools.

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

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

Can I have a motion on that, please. There is a motion.

Is there a second?

GOVERNORS: Second.

CHAIRMAN CAMPBELL: There is a second.

Any discussion?

If not, all those in favor indicate by
saying aye.

Any opposed.
The ayes have it. The motion is carried.

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

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

Today we will discuss a variety of issues. We will hear from City Year, the project
that in many ways was the inspiration for President Clinton's Youth Volunteer Program; and if you will permit me an aside, Columbia, South Carolina is the first city outside of Boston to take up City Year, and we are very proud of that, too.

(Applause.)

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

And we will hear from Senate Majority Leader George Mitchell of Maine. You know, it takes Solomon to figure out what is going on with the various health reform bills in Congress, and our guests are about as close as we can get to Solomon, and we appreciate them coming and sharing this wisdom. It strikes me that this is a
crucially important issue for us at this particular time, process-wise as well as policy-wise. It's very difficult to know where the pressure points are and where we as Governors can advance state issues, such as the future of Medicaid and how or even if it relates to any new low-income programs, Governors of purchasing cooperatives and health plans, insurance reforms and community rating areas, home and community based long-term care, E.R.I.S.A. flexibility in filing under any legislation scenario, the importance of State flexibility in moving reform forward.

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

Now to move into our program. Technology is now a basic part of everything that we do, and it's a major theme of
this meeting, and it's going to be discussed in
several sessions and displayed in several ways;
and to get us started, I am pleased to recognize
Governor Mel Carnahan of Missouri, who is the
co-Chair of the State Management Task Force, which
sponsored a very impressive technology exhibition
that is on display downstairs; and before
Governor Carnahan speaks, I would like to
encourage all of you to go down and see what is
taking place all over the country. It is being
displayed downstairs, and to our guests you will
be amazed at some of the things that we are doing
in government.

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

Governor Carnahan.

GOVERNOR CARNAHAN: Thank you,
Governor Campbell.

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

Vice President Gore has done a great
job of focusing national attention on the need for reinventing government, particularly through the use of technology, making government more user-friendly and more efficient, and he had an emphasis that to do so we should use technology.

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

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

We began piloting several elements of interactive communications networks on Governors' offices and the N.G.A., and we have developed a menu-driven inventory of State projects using
innovative technology to deliver services and, of course, to reduce costs. Now the best examples of the use of technology is right here in Boston in the exhibits, and so we hope that you will see them. They will be open today, and they will be open until 1:30 tomorrow.

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

Now a sampling of these projects are: Uses of electronic bulletin boards and kiosks to give citizens information; the use of Smart Cards, and we have someone from South Carolina, and they show you how they can issue the cards on the spot out to the client and how they can teach the person how to use these, and these will be used in the very important technology of electronics benefits transfer. This is shown to us by South Carolina. Also there is Smart Cards that will also be used to reduce the fraud in the delivery of our welfare benefits; geographic information
systems. We put that on display about various parts of the state, and we in Missouri have the Show-Me Missouri program using the Internet for we believe the first time. We let people that we don’t even know about as prospects to search through the Internet, find out about us so they can get information about sites, about demographic information, about various parts of the State and also about Missouri products.

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

The telemedicine display at Louisiana, there they are looking at diagnosis over the
interactive phone communications network, and we prepared things that were done right there in the booth of what could be done at some distance in this place literally back to New Orleans, and it was very similar to what a doctor could do in both places.

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

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

Thank you.

CHAIRMAN CAMPBELL: Thank you very much, Governor Carnahan, for a fine report and obviously for a coordination of a fine exhibit that we have here.
Does anyone have any questions about the Carnahan report?

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

Governor Weld.

GOVERNOR WELD: Thank you, Carroll. We have invited City Year to make a presentation to you. This is an urban youth service corps based in Boston, and it's really a classic N.G.A.-type of program. It's sort of an idea that regardless of party, we can all call a good thing. I spoke to numerous governors of both parties, who share my enthusiasm for getting behind President Clinton and Eli Siegel on the National Service Programs like City Year.
It's one of our best homegrown products here, and now it's one of our leading exports to Governors Campbell and Sundlun and Edgar and Voinovich and Wilson and others, either recently have or will soon welcome City Years to their states.

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

It's a national model in a number of ways. I am particularly struck it's the first
youth service corps to be launched entirely through private sector support. Throughout their year of service, City Year corps members use our public transit system to do their work, so the State has stepped in a little bit. We give them free City Year passes to use on the subway, but it is not a free ride, which is consistent with the basic tenet of the program that with rights come responsibilities. While riding the subways and buses, the City Year members are schooled to answer customer questions, provide good information and report problems like the broken escalator or even graffiti. So they are always working.

We are very pleased to have City Year on board with us. This program knows that young people are a major resource. We think that City Year takes the right approach as to diversity, and acknowledgment that common understanding comes through common purpose, the very purpose of this program, and the whole program stands as a statement, and I think that the awards of service are great not just to those who are served, but also to those who serve.
An 18 year old from Cambridge, Terese Jenson (phonetic spelling), who participated in City Year just said, City Year has restored my faith in myself and my generation. In other words, she is saying Beavis and Butt-head don’t speak for her generation.

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

Thank you.

(Applause.)

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

CITY YEAR PARTICIPANTS: We feel good.

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

CITY YEAR PARTICIPANTS: Yes, we are.

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

(City Year participants did jumping jacks.)

(Applause.)
SHELDON CAMBRIDGE: Hello, ladies and gentlemen. My name is Sheldon Cambridge, and I am here with my friends from City Year. I have been in City Year for the past two years. I came to City Year as a teen leader, and I started here in the Boston program, and I am presently Program Director in North and South Carolina, which is one of six sites that we opened up this fall, the others being San Jose, Chicago, Columbus, Ohio, Providence, Boston and Columbia, South Carolina.

What you just witnessed was one of our P.T. assignments, and we do P.T. everyday Monday through Friday and -- oh, I am kind of winded.

(Laughter.)

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

Before we go any further in this presentation, I would like you guys to witness City Year in action.
(Whereupon, there followed a video presentation.)

(Applause.)

SHELDON CAMBRIDGE: Thank you.

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

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

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

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

(Laughter.)

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

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

(Applause.)
CITY YEAR PARTICIPANT: In my year my team collected lead paint -- excuse me -- lead paint surveys of 117 streets in Roxbury.

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

(Applause.)

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

(Laughter.)

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

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

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

CITY YEAR PARTICIPANT: I helped 2,000 students in Greater Boston.
CITY YEAR PARTICIPANT: I along with my team worked towards building trust between elderly and young people in Dorchester.

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

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

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

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

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

MARILYN CONCEPCION: Hello. My name is Marilyn Concepcion. I am a corps member from Providence, Rhode Island. I am 19 years old. I have been -- I am originally from Puerto Rico. My
family came from Puerto Rico, but I have been living in Rhode Island for nine years. A year ago today, I never imagined I would be in this room. So I am honored to be here.

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

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

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

GOVERNORS: "F".

MARIYL CONCEPCION: Thank you. And so, you know, I brought this into school, and I started playing around with Miguel and the frog, and I asked him every now and then. I would say, Miguel, what is that letter on that word? And he would say -- you would see it in his face, but he was scared of saying what it was, but he would say an "N" or a "P". He couldn’t recognize the letter, but I said this kid is going to learn the
letter "F". You know, he is going to learn it. So I didn't give up. I kept playing with him.
And finally, at the end of the day, the teacher asked Miguel, what is that letter on the word frog, and he said, "F". And those amazing accomplishments are for me as well as him. I mean, you know, here I am. I was a high school drop-out, and I am teaching these kids, which was amazing. I would never have imagined that. And so at the same time that I was teaching, I myself was a student.

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

Marilyn Concepcion: -- and that next September I will be in college

(Applause.)

Marilyn Concepcion: Another thing that City Year has taught me is how to be a better leader in my own community. It has taught me how to be a more active citizen. It's -- I have learned how to be more independent, and I personally learned how hard it is to live on your own, and it's another thing that made me realize that I want to learn more about my own culture. I want to learn more about, like, where I came from, which is Puerto Rico and where I live now, which is Rhode Island, and I want to learn more about these two places, and then I think the best thing is that it taught me that I can do anything if I want to, and, you know, there is just nothing I can't do. So that is -- I am really proud of that.

Young people are a very valuable resource, and I really think that there is like a million of myself out there in every state. So I would just encourage you all to support programs
like this, and thank you so much for believing in young people.

(Applause.)

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

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

Being a part of City Year demonstrates that we believe in our youth. We believe that our young people can make a difference, and we want to give them the opportunity to get involved in their
community and to make that difference. City Year allows its participants to give back to their neighborhoods with their time and their talent. They become role models, and in doing so they are making a change in places where many of us have given up hope.

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

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

When the Digital team came recently to
meet our -- to our company to meet with our C.E.O. and President, Bob Palmer, their energy and idealism lit up the room. Their individual stories inspired us, and their collective accomplishments as a team were overwhelming and outstanding.

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

I encourage you to all take a look at
this program and bring it to your states. It's an excellent investment.

Thank you.

(Applause.)

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

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

I have worked with City Year teams for five years. First at the Glastone School, Boston's largest elementary school, where I was an
Assistant Principal and now at the Manning School, one of Boston's smaller schools. I have witnessed personally the transformation that City Year teams achieve through their service. They mentor children, help them learn to read, offer tutoring and extra help sessions, develop special activities within the classroom and after the school day. City Year service work coupled with the committed educational professionals is showing that the situation in our country's schools is not hopeless.

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

When we first began working with City Year, many of the teachers in the schools were hesitant. What are these young people going to do
they would ask? Would they be one more headache for us? Today we can hardly imagine how we ever got along without them. Corps members changed student's lives and changed schools making them places where lifelong learning begins. They are truly leaders of our children.

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

Thank you.

(Applause.)

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

I want to take this opportunity to thank Governor Weld and the N.G.A. for inviting us to present this most incredible group of committed
leaders today. Governor Weld is a Commonwealth champion for youth service across the State of Massachusetts, and on behalf of everyone at City Year I want to thank him for his incredible commitment to our program.

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

I also want to take the opportunity to thank Governor Campbell of South Carolina, Governor Wilson of California, Governor Edgar of Illinois, Governor Voinovich of Ohio and Governor Sundlun of Rhode Island for their help in starting
This is an extraordinary week. It was 25 years ago this week that we sent a man to the moon in this country. It was one of the most exciting and successful endeavors in our history, and it's a glowing tribute to the American ideals in action. It brought us closer together as a nation, and it speaks volumes of the American character. We went to the moon because as a nation we became committed to an incredibly idealistic goal, a goal that seemed all but impossible, and because the Americans had real people to identify with and cheer on, the astronauts, that we became committed to that initiative. The astronauts are the heroes and the pioneers that the public hugely adored. Americans delight in the whole idealistic effort of going to the moon and back. They were willing to invest in resources for it to succeed, and to the moon we went.

Well, 25 years from now let's have another amazing thing happen in our country. Let's make it so that devoting a year to full-time community and national service becomes a natural
part of growing up in America as normal and as natural as going to high school. Let's have a nation in which the more common question an 18-year-old asks of her friends is: So what are you going to do with your service year? If ever there were a major idealistic notion for the American people to delight in its youth service, potentially the mother of all idealism.

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

Go Run After School Program gives the eight year olds a caring alternative to city streets. They will go door to door and jump start recycling initiatives. They haul rusty bed springs and syringes out of vacant city lots and transform them into community parks and gardens. They will convert abandoned buildings into
affordable housing. They will cheer and clap as children step off of their school bus and then follow those kids inside and serve as powerful role models, tutors and mentors, as Priscilla said. And while they know their community, the community knows them. They gain new skills in confidence. They discover that change is possible both in themselves and in their world. They learn that one person can make a difference and that a community of committed people can move mountains.

The national service we are trying the Energy Island with young people between multi-billion dollar service resources. We will turn our youth into experts and committed citizens on what our country and community needs. And to marshal the nation's will to move the best ideas forward, but perhaps most of all, national service can be a catalyst for the common good. At a time when we are painfully aware of the many things that divide us, national service can unite us by engaging young people from all backgrounds, rich and poor, city and suburb, high school drop-out and college graduate, heavy metal, rap and reggae for a common public purpose.
It can help shatter social, economic and ethnic barriers and break through apathy itself. It can help weave our opportune and social fabric back together. Long-term it can help make our democracy more effective, more productive, more thoughtful and more just. This is the extraordinary promise of voluntary national service. It’s a unique democracy-building idea. It shares in original adventures in idealism potentially becoming a right of passage for hundreds of thousands and potentially millions of Americans. To reach this goal it’s going to take incredible leadership at every level. Clearly, presidential leadership is central, and President Clinton has been providing powerful leadership on national service. He declared the national service to be a signature of his administration and appointed close personal advisor Eli Siegel to restore the effort and successfully go a truly bipartisan consensus to pass the National Service Trust Act and engage the American corps initiative.

We at City Year owe a special debt to the President. He personally visited City Year
and sent key members of his administration, and you sit here as one of the models of national service legislation, and every opportunity including jogging in a City Year sweatshirt, we personally encourage the City Year corps members to continue to provide inspiration and to live up to the highest ideals of national service; and now because of his personal commitment and with other leaders like yourselves across the country, City Year is now preparing to engage them not only in Boston but nationwide.

But just as important as Presidential leadership is strong gubernatorial leadership. National service must never become the exclusive province of the Federal Government or any one sector. The states and localities have always been the sea bed of the modern youth services movement going on three decades now, and so many of you have been leading the way for years by starting and encouraging state and local service initiatives. More than ever with your leadership, the states can become vital laboratories for national service providing the innovation, experimentation and strategy to build a vibrant
network of programs. Perhaps one day soon this state’s new service infrastructure will be just as important as the health and well-being of its economic base as its natural resources.

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

Private sector direction and support is also crucial. Just like sending a man to the moon, the acid test for national service is simply this: Americans must delight in national service. They must embrace national service. They have to love national service, and national service must be worthy of their love. They must love it, because those thousands of young people in full-time service will be their own sons,
daughters, brothers, sisters, grandkids and
neighbors. Those thousands of young people won't
be a laboratory for even in outer space. They
will be living in our homes and serving in our
streets everyday in front of everyone's noses. If
it's not working, we won't have to wait for a
major study to tell us. The American people will
be evaluating it every single day.

Finally, be the national service
equivalent to the astronauts. This part is easy.
They are standing in this room today, and they
represent thousands of young people that many of
you have placed into service around the country
already. They are the people in service in
America. They are new pioneers. They are boldly
serving where no one has served before, and
national service can be America's final frontier.
Young people in service are the new American
heroes to cheer and for children to look up to.
And their stories, as Marilyn is here today, are
remarkably compelling. As Doctor Martin Luther King
told us, everybody can be great, because anyone
can serve. Let's make a year of service an
ordinary and remarkable part in American life. If
real and pressing needs are met, if young people
grow and mature to service beyond their years, if
the very sight of a team of diverse corps members
sends shivers down our spines as we see them hard
at work, if we can tap the idealism of youth like
the oil gusher that it truly is, then look out,
national service will go into orbit. It will
delight and engage the American public. It will
be here to stay, and it will energize the American
democracy. It will be a glowing tribute to the
American ideals in action, and it can bring us
closer as a nation, while speaking volumes on the
American character. The stakes are large, and the
opportunity is great. Let's go to the moon.

Thank you for allowing us to present
today.

(Appplause.)

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

Thank you once again.

(Appplause.)

CITY YEAR PARTICIPANT: Let's go,
Corps.

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

We are going to recognize some people that have done some outstanding things in America. The Governors' Association, the National Governors' Association has an awards program that has been a tradition with this organization since 1976 that recognizes distinguished service to state government, and this year N.G.A. will present awards to three people in the state official category, three in the private citizen category and one each from the artistic production and art support categories. I want to thank the Governors who submitted the nominations for these awards. All the nominees were outstanding. In addition, I would like to Bob Selman from South Carolina, who
chaired the Selection Committee as well as the other members of the committee. And I would like to ask that the award winner's governors, if present, come forward as their award winner is announced. If you will, Governors, if you come up with them, come from this side, because that is where the camera will be, and I know you want to have that.

(Laughter.)

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

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

(Applause.)

CHAIRMAN CAMPBELL: Next is C. James Conrad, Director of the Ohio Department of Administrative Services. His award is for efficient reorganization and transformation of the
Ohio Bureau of Employment Services at the Ohio Department of Human Services as well as co-founding the Ohio Office of Customer Service within the Department of Administrative Services. Joining him is Governor George Voinovich of Ohio.

(Applause.)

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

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

(Applause.)

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

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

(Applause.)

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

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

(Applause.)

CHAIRMAN CAMPBELL: I know that
Michigan is very proud, Governor, of your citizens
Finally in the private citizen category is Annette Wright of Vermont, the National Foster Parent of the Year. I want you to listen to this. Ms. Wright has been a foster parent of 100 children, a biological mother of nine and adoptive mother of one, and she has created a living legacy to the power of caring, and she entertained this last Christmas her extended family of 83. I would ask you to come forward.

(Applause.)

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

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

The Artistic Production Award goes to Bruce Marks, Artistic Director of the Boston
Ballet, obviously here in Massachusetts. It is for his commitment to bringing dance to the widest constituency possible, for beginning a series of audience development programs to bring people with special needs and disabilities, AIDS and canc r to validate performances and for founding CITYDANCE, a tuition-free ballet training program for inner-city youth.

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

(Applause.)

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

Mr. Haller, Governor Thompson, who is unable to be with us here today has asked me to extend to you his congratulations on this honor.
Won’t you please come forward.

(Applause.)

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

(Applause.)

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

You know, we have been particularly fortunate this year to have several Governors, who have been very active and very successful in providing to achieve some protection against unfunded Federal mandates. I am now going to call on Governor Voinovich along with Governor Sundlun and Governor Nelson to discuss Federalism and the unfunded mandates. Governors, you have pulled off a miracle since our recent winter meeting. You got unanimous bipartisan approval of F. 993 in the Senate Governmental Affairs Committee for Mandate Relief; and now, Governor Voinovich, I am told that we are going to have a change in schedule.
However, it was a good introduction, wasn't it?

(Laughter.)

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

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

has been very happy to go on national health care
reform this year. We already have testified five
times before the Congress. Governor Dean and I
tested before the full Ways and Means Committee
and the Senate Finance Committee. We have had
special meetings with Senator Dole and Senator
Daschle and Senator Chafee as well as with
Chairman Rostenkowski, Dingell and Representative
Cooper. We are now at a crucial stage, and
frankly, there are some troubling financial
implications for states in many of the bills that
are in the Congress of the United States. Nearly
all appear to be underfunded, and when push comes
to shove people may well look to the states. So
we have an interesting discussion.

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

Governor Walters, please come forward
for the introduction.

GOVERNOR WALTERS: Thank you,
Governor Campbell.
We are very pleased today to have Senator Nickles with us, who when Senator Boren resigns later this year in our state to take over the Presidency of the University of Oklahoma, will become the senior Senator in Oklahoma. He was elected in 1980. He comes from Tonkawa City where he was in business there for many years prior to serving in the United States Senate. He served on the Appropriations, Budget, Energy and Indian Affairs Committee. He is Chair of the Senate Republican Policy Committee. He is Vice Chair of the National Republican Senatorial Committee.

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

Senator Nickles.

(Appause.)

SENATOR NICKLES: Governor Walters, thank you very much, and I am just delighted to be here. Chairman Campbell, thank you for your
invitation and hospitality; and Governor Weld, it's fun to be in Boston. We were proud in Oklahoma to host you last year, and we gave you a warm reception, I think, in Tulsa, Oklahoma, and we are delighted to be in Boston. You have a lot of history, a lot of heritage. I know I was thinking about trying to attend some of the historical spots, the Old North Church and Bunker Hill, Lexington, Concord, Cheers (laughter), other places of interest, but it is a pleasure to be here.

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

GOVERNOR NICKLES: That was a joke.

(Laughter.)

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

Let me just touch on a few things that may be a Republican perspective of health care in some of the debates that we are wrestling with, because we are going to have legislation on the floor in the next couple of weeks, and I want to
say first Governor Campbell and Dean and others who have been testifying before Congress, we thank you for your input. We welcome your input. We need your input. We solicit your input. You all are on the front lines. You are working on the health care issue day-in and day-out, the administration of Medicaid and other programs to help people who are falling through the cracks for whatever reason, and we need your input, and I just thank you for the orientation. The National Governors' Association has done an outstanding job, I think, in representing your views, and there is still a lot of work to be done. So we just continue to solicit your ideas.

Let me just say the Republicans, by and large, we share the goal of quality health care for all Americans, and a lot of people are getting hung up on the debate. Well, are we going to have universal care, but we want all Americans to have quality health care, and we want it to be more affordable, and that is kind of a goal. We would like for everybody to have a job. We would like for everybody to have a home, and there are some things we can do on the Federal level, we
believe, to make it more accessible, to make it
more affordable for everyone. Some people turn
that goal or that objective and say, well, we want
to mandate health care. And most Republicans will
draw the line and say, no, that is not the right
solution. So let me just talk about some of th
things that Congress is now working on.

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

I will tell you first and foremost, a
lot of us say we would like to do no harm. We
have a very quality health care system in this
country today. We don’t want to make it a mess
up. We have quality health care in this country,
and if Congress isn’t careful, we could do harm.
We could hurt the economy. We could put people
out of work. We could cost jobs.

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

(Laughter.)

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

I used to have a janitor service, just my wife and I, and we employed a few people. We didn't provide health insurance for our employees. A rather small business, just my wife and I. She
didn't like it. She quit. It was a real small business, but this idea of government coming in and mandating health care on every business in America as proposed by most of the Democrat bills would really cause economic damage. It would cost jobs. It would put people out of work. Most Republicans how they all would vote in the Senate with maybe one exception are opposed to that. We think that is a non-starter. We think it would do more damage than good.

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

Most of us are opposed to this idea of standard comprehensive benefits that are in almost all the new bills also, in the Finance Committee
Bill and the Labor Committee Bill. This idea of government coming up and writing a mandate, a very extensive and very expensive, expensive health care package.

The President and Mrs. Clinton introduced a package. It is estimated to cost $6,000 per family. Now that is a lot of money. And I know that you are going to have a program later that Governor Voinovich and others are going to be talking about unfunded mandates. Well, that is a big unfunded mandate. A lot of employers are providing health care for their employees, but it cost a lot less than $6,000. And so if Congress is going to come up with a standard benefit package and mandate on everybody in America, a lot of those packages and a lot of states, I might mention, have packages that cost significantly less, maybe $2,000. Well, that is really a mandate of the tax increase of about $4,000. Think of that. And so I would urge you to really consider this idea of a standard benefit package, and the Labor Committee package is probably even more expensive. It hasn’t been costed out yet as far as how much that will cost per employee.
The Finance Committee package also calls for standard benefit designed by Government. I really resent that, because of the companies that I manage we provided insurance for a lot less money than $6,000. I asked Mrs. Clinton, I said, Well, our company, we self-insure for the first several thousand dollars, and if we buy catastrophic coverage above that, I said can we keep our plan under the President’s proposal? The answer is no. The answer is no under almost any of these standard benefit packages, because they are not the same. They would say almost all private plans that are out there, if your plan is not good enough, it has to be replaced with the government-knows-best plan, and I think that is a serious mistake.

Most all of the Democrat packages do have massive, massive new taxes, and again that would really cause economic harm. The Finance Committee Bill has 12 tax increases; the Labor Committee Bill has 17. Most of you are aware of the fact, well, they have cigarette taxes. The President’s package has a cigarette tax, a dollar a package, and the Finance Committee a dollar and
a half to the Labor Committee. You may or may not be aware of the fact that the Labor Committee has a 5.5 percent premium tax, and the Finance Committee has a 1.75 percent tax on all health insurance premiums. You may not know the fact that the bill that has been forwarded out of the Finance Committee has a 25 percent tax on expensive premiums. Again, for insurance premiums, the cost above the average with an incremental above the average or lower cost H.M.O.-type plan, there will be a 25 percent tax surcharge tacked on to those.

You may or may not be aware, but I hope you are aware of the fact that there is massive new payroll taxes envisioned under these plans as well. President Clinton had a payroll tax that went from 3.9 to 7.9 percent. The Labor Committee package was 12 percent on payroll taxes, 12 percent on employers and 3.9 percent on employees, a combined tax of 15.9 percent. That is more than the Social Security/Medicare tax. Most people aren't even aware of that. Most people aren't aware of the fact that the package as proposed by President and Mrs. Clinton costs
$6,000 per family.

And so I reiterate the fact that the
Republicans want health care reform. We want it
to be more accessible, more affordable for all
Americans. We want everybody to have quality
health care, but we really resent the idea and
detest the idea of Government coming in with a
heavy mandate saying we know best. States, we
don't care what you say. We are going to mandate
something very expensive on the State of Minnesota,
the State of South Dakota. What about the
teachers in the State of Maine? What about the
teachers or other groups that maybe have health
care that costs $2,000, or maybe $2,500, or $3,000
in the State of Virginia? The Federal Government
is going to come up with a plan that is going to
mandate a cost of double that amount? Where is
that money going to come from? Well, it comes from
in some states that are so stressed you will have
to cut wages, or they won't get future increases,
and there will be a real problem. And so a lot of
us believe very, very strongly that we should be
very careful not to overpromise and underfinance.
Let's not promise benefits that we can't pay for.
The Labor Committee has a provision that the President's bill says well, we are going to have the Federal Government pick up 80 percent of the health costs for people that retire between the ages of 55 and 65. A brand-new massive expansion -- expensive entitlement. It also says well, we will pick up your prescription drugs. We will pick up long-term health care. We will pick up subsidies for all these small businesses that we said we didn't want to hit too hard, and we will even subsidize big business.

In the President's proposal he said, we'll limit the payroll cost to all businesses to 7.9 percent of payroll. So you are going to have Uncle Sam doing massive cost shifting to taxpayers to bail out companies; and frankly, I would say I served on the Budget Committee, and there is not enough money to do it. And so Congress should be very, very careful not to overpromise and underfinance. The net result, if you do that, well, you will have the Government mandated by law a very expensive package of benefits and say you have to provide those, private sector. You have to provide those states due to alliances and so
on. And when there is not enough money, what is
going to happen? Well, then you will have to have
price controls. That won't work. It never has
worked. And then you will have to ration health
care, and then the quality of health care would
come tumbling down; and again, I say that at the
outset, a lot of us really believe we should do no
harm.

Let us make sure that whatever reform
we want that we pass. A lot of us -- I think
almost all of us favor passing quality health care
reforms this year, but let's make sure we do no
harm. What are some of the things that we do
favor on the Republican side? We do favor
protecting consumer choice, maximum consumer
choice. We think that individuals should be able
to choose how much insurance do they want. They
should be able to buy it. This shouldn't be
decided by Government, and it shouldn't be
dictated by Government. It shouldn't be mandated
by Government. We think individuals should have
greater options, to buy an expensive plan or less
expensive plan. We don't think the tax code
should be used to prohibit different types of
plans that there now are. We think there is
really inequities in the tax code and that we
could eliminate some of those inequities. You
know, a lot of people right now they have a nice
deal through their health care, because it's
excluded from income, but people if they don't
have a job, they don't get anything from the tax
code. So the tax code basically discriminates
against low income, and it discriminates against
people who have no jobs. They get no benefit if
they are working for a company that doesn't
subsidize health care. That's not right. Well,
under Senator Dole's bill, we could -- we should
have tax equity. Let's give a tax break to all
individuals, not just people that have a job, and
I think that is a positive real reform.

We say -- we put in a medical
I.R.A. so people could actually self-insure if
they want to buy a catastrophic-type plan, then
they could self-insure for the smaller amounts.
And then you would have consumers really becoming
price sensitive, and people are a lot more
sensible with their own money than they are with
government money or even an employer's money, and
so that will change consumer behavior and help
drive health care costs down.

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

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

I also would just make the caveat. I
really believe that we should give the states the
maximum amount of flexibility in working with
these programs to help low-income people. You are
on the streets. You are working with the people,
and I will tell you that Washington, D.C. is not
the source of all wisdom, and I would encourage
waivers. I would encourage to give states a great deal of latitude and flexibility in turning over the monies and the tools to help low-income people meet these medical needs.

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

And finally, I will just say that we need the cooperation and effort from a lot of people in this room. This is a big challenge. This is a big task. Is Congress up to it? I hope so. I hope that we are up to working together in a bipartisan fashion to come together to do what
is doable this year, to make some of these insurance reforms, to make some malpractice changes, to make some very positive reforms, to make insurance successful or affordable for all Americans without the heavy hand of the government, without the government coming in and mandating on every business, without the government coming in and saying, your plan is illegal. We know better, so we are going to come in with a more extensive Federalized-type program. I think that would be a serious mistake.

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

Thank you all very much.

(Applause.)

CHAIRMAN CAMPBELL: Senator Nickles
said he would be glad to take any questions.

Does anyone have questions?

Governor Romer.

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

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

Let me just -- I still have a private sector hat on. There has been no greater piece of legislation calling for an unfunded mandate as
proposed in the health care legislation proposed by Mrs. Clinton in some of the legislation passing through Congress. The issues included not just state and cities, but also include the private sector. You have a Federal Government mandate, the employer state, whoever you have to provid these benefits, and the money is not there. That is an unfunded mandate, so I think that is important.

You mentioned the cost of capping the benefits and the fact that the Dole Bill reduces Medicaid by about $43 billion over the next five years. I might just mention that that is a reduction. A lot of that comes from the disproportionate share program which just exploded in the last several years and, frankly, needs to be reined in. I also will mention, too, that the disproportionate share program is scheduled to be eliminated under other proposals including, I think, the President’s and so on. And this final comparison on Medicaid cuts, the Administration’s proposal was to reduce it over five years to a hundred and, I think, sixty-five million; Senator Dole’s proposal is $43 billion. And so several of
the proposals, as Governor Campbell mentioned, do make reductions in Medicare and in Medicaid. Some of those reductions in greater growth, frankly, are needed.

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

CHAIRMAN CAMPBELL: Governor Engler.

GOVERNOR ENGLER: Senator, just sort of a related question to mandates that deals with waivers. It is sort of weighing health care over to the welfare area. This week it appears that the Senate will vote on the amendment offered by
Senators McCain and Kerrey that add appropriation
bill perks. That amendment can strike from the
bill a provision that would prohibit Federal
waivers. Apparently, the House passed this one, a
voice vote without discussion. I believe the
administration proposed this. It's something that
we view with considerable alarm, because at a time
when we are asking for waiver authority and
regulatory flexibility, we have got just a few
states, some southern states, and they have
waivers pending, and now several others are
looking at it. This has slammed the door shut on
that. I am wondering if you can give us any
prognosis. When we get to Senator Mitchell, I am
going to ask him the same question. So can we get
any leads on that?

SENATOR NICKLES: Governor Engler, I
will just say that for myself, and I would expect
the majority of the Senate would strongly support
striking that language. We made it go quick,
because I had legislation a year or so ago on a
education bill to allow the states to have an
expedited waiver if they wanted to put in a learn
fair program. I know you and Governor Thompson
and others have worked requesting waivers, and I know that you have been meaning to end this wall, and that goes back into the past administration as well. It takes too long. Certainly, we shouldn't have legislation that would hinder the quicker process. We should be expediting, allowing you to make some of those decisions, try some of the experiments and find out what programs do and could work and save some money.

CHAIRMAN CAMPBELL: Governor Tucker.

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

SENATOR NICKLES: Let me just touch on that. I have had a couple of private sector experiences. My primary one was Bernie Nickle's Machine Corporation. We did provide health insurance for our employees. Prior to that, I was service. I did have a janitor service, and I did
not provide health insurance for my employees. And if you put a mandate in that says you have to provide a very extensive government-designed comprehensive benefit package that costs $6,000 per employee, and even when I was a student I had families working for me, those jobs would not exist. The cost of that is over $2.50 an hour increase in minimum wage.

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

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

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

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

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

CHAIRMAN CAMPBELL: Governor Lowry and
then to Governor Branstad.

GOVERNOR LOWRY: Thank you, Chairman.

Thank you, Senator, for joining us, and thank you for your strong statement supporting the states' flexibility on meeting our needs for low-income people.

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

SENATOR NICKLE: I would be happy to work with you on it, but I think you are probably talking about the E.R.I.S.A. coverage for its self-employed plan, and I can see some real problems if you are talking about multi-state plans. I am willing to work with you. My first business trip to Washington, D.C. was on E.R.I.S.A., and I found out that E.R.I.S.A. stands for Every
Ridiculous Idea Since Adam, and so I have been involved with it from a business person's standpoint of having some real problems. I also used to be Chairman of the Labor Subcommittee for about six years so I know that there are some real problems with E.R.I.S.A. I know in some cases it can handicap the states.

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

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

SENATOR NICKLES: A point well made.

GOVERNOR LOWRY: Thank you.

CHAIRMAN CAMPBELL: Governor Branstad.

GOVERNOR BRANSTAD: Senator Nickles,
as a Governor of the state that has a lot of small
towns and rural areas, my concern is with both the
Administration’s plan and what we are hearing from
you is there doesn’t seem to be any effort being
made to correct the unfair reimbursement system
that we have now that discriminates against rural
areas. Our rural hospitals and rural doctors are
literally being driven out of business, and the
reimbursement rate we have in Iowa is second
lowest only to Mississippi. We feel we are
getting shortchanged $200 million a year, and we
capped Medicaid and cut that, and this is true and
will be in the Administration’s plan and the other
ones are being discussed. It seems to me it is
disastrous in rural areas. And is there anything
going to be done to correct the present
reimbursement system and equalize it before the
other changes are made?

SENATOR NICKLES: Governor, I share
your concern, because there is enormous inequity
as to reimbursement, and it’s not just Medicaid.
It’s the Medicare as well for providers for
hospitals, for physicians. The reimbursement for
pneumonia my guess in Boston is probably two or
three times what it is in Iowa and Oklahoma, and so there is enormous disparity, and a lot of that is because it's a Federal program that has evolved and has significant inequities. And as Congress has put in squeezes or fixes or regulations, those inequities have begun to exacerbate. We did a couple of years ago in one of our proposals try to narrow those differences, but we still have a long ways to go. We even have inequities on -- between physicians within states, and you may have a state in -- or you may have a physician in Central Iowa that is reimbursed significantly more than somebody next door, because of their history, because of their profile is the way it's called through by H.C.F.A. H.C.F.A. is an enormous bureaucracy, but it has -- it perpetuates a lot of inequities that need to be addressed, and my guess is to answer your question, a lot of the bills have not directly gone in to fix the core of that problem.

GOVERNOR BRANSTAD: You will have before you -- and I guess my concern is before you get done, frankly if you could solve that problem, I think we can solve a lot of the problems at the state level. We don't need a lot of what is being
discussed in Washington. If you correct the tax situation, if you can correct the reimbursement situation, and you see to it that we have some insurance reform and some reforms on malpractice, I think the states can handle a good share of it.

SENATOR NICKLES: I would echo your comments, and then let me reiterate that I know that we passed some legislation a couple of years ago trying to close that gap, but I also know there is significant work to be done, and I also appreciate your comment and also the National Governors' statement saying that we need to have some tax equity. It's a heck of a deal to have the tax code when you think the tax code is universal, and it's going to help everybody, but it doesn't. The present tax code helps people that happen to have a job whose employers subsidize their health care. It does nothing to help somebody that doesn't have a job, the present tax code, and that is not really fair. It's not right. If we are going to have taxes, we use the tax codes to encourage homeownership so everybody gets a deduction on interest. Likewise, if a tax code is going to encourage health care, everybody
should qualify, not just people who are fortunate enough to have a generous employer.

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

Governor Casey.

GOVERNOR CASEY: Thank you, Governor Campbell.

Now, Senator Nickles, one of my very strong and serious concerns about the various versions of health care being discussed in Washington now are the provisions which would, in effect, put the hand of the Federal Government into the pockets of every taxpayer of this country to pay for a vastly expanded abortion license. In cases where we are not doing it now, Medicaid abortions for those who are not covered, the uninsured population, a vast expansion of that abortion license paid for by taxpayers, which in the survey data which I have seen is overwhelmingly opposed by the vast majority of the American people of all colors and persuasions, those who are pro-choice, and those who are pro-life. That is one concern.
The second concern is an allied concern, which as I understand the proposal is pending now, there will be an entitlement in effect to "access" through abortion services around this country. As you know, 83 percent of the counties in the United States have no abortion clinics at the present time. And the way the bill has been interpreted, it's interpreted to mean that there will be an affirmative Federal mandate to provide "access" throughout this country, which has got to mean the vast proliferation in the increase of abortion clinics in places where they are not located today.

My own personal view is that the reason why 83 percent of the counties have no abortion clinics is because the people don't want them there, and my question to you is: Are you ready to fight as a member of the United States Senate, and is the Republican party prepared to fight to keep the abortion mandate out of it, basic health care coverage and to fight to eliminate what I say is a mandate for a vast proliferation of abortion clinics, which in my judgment would fundamentally alter in a very
radical way the fabric of American life and change
this country into something it is not today and
that in my judgment ought not to be.
Are you prepared to fight to keep
those out of this frame?

SENATOR NICKLES: Governor Casey,
first let me just say I compliment you for your
statement and also for your position, and
certainly I am -- I think there is a couple of
mistakes that are prevalent in almost every
Democrat plan and also the plan that passed the
Finance Committee, and that is that you have the
Federal Government defining the standard benefit
package everybody in America has to offer. The
Republicans, by and large, I am going to say
almost or a very strong majority of Republicans
say we should have no Government-defined standard
mandate benefit package on everybody in America.
So if you want to buy something to have abortion
covered, that would be your choice. It wouldn't
be a Federal Government mandate, and we normally
wouldn't mandate that it would be an option or a
package. I know one of the packages -- well, they
have a standard method of action. Everybody has
to have that package, or as, you know, I think the Finance Committee package is if you don't have the standard benefits, you don't get the tax deduction. So it's Government writing your package. So maybe if you had a different package, that is too bad. You have to have the Government package, and I think that is a serious mistake.

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

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

(Applause.)

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

Governor McKernan, would you pleas come forward.

GOVERNOR McKERNAN: Thank you, Mr. Chairman.

It's a pleasure to welcome once again to the N.G.A. the Senate Majority Leader. All of
you know Senator Mitchell. He has been here before. I want to just give you a little bit of background that you might not know, and it's his long history of public service in our state and frankly in the nation. From the time he got out of law school, he worked at the Justice Department and then for Senator Muskey. Then when he came back to Maine to enter private practice, he still stayed involved in public service as an Assistant County Attorney and then was appointed as U.S. Attorney, then as a U.S. District Court Judge. A year after his appointment to the bench he was appointed to fill the seat of Senator Muskey in the United States Senate. Two years later he was elected in his own right, getting over 60 percent of the vote. In 1985-1986, he served as the Chairman of the Democratic Senatorial Campaign Committee. He was reelected in 1988 with over 80 percent of the vote. He then became the Majority Leader in 1989, and as we all know has served in that position ever since being reelected twice unanimously. He shocked our state in March when he announced that he would not be seeking reelection. We could do the math. He got
60 the first time. He got 80 the next time. I
don’t know whether he was worried. It certainly
appeared as though his reelection was truly a
foregone conclusion.

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

One of the things that I want to say
in this introduction is one of a personal not .
As important as the position is that Senator
Mitchell holds as Majority Leader, as busy as his
day is, as difficult as the decisions he has to
make on issues that face this country, he has
never been too busy to worry about the state that
he represents, and I hope that all of you have as
good a relationship and as much of an opportunity
to call on your Senators that we in Maine do on
Senator Mitchell. He has always been there day
and night to work on problems that affect our
state. His commitment to Maine is clearly
exemplified by the fact that when he decided to
give up elective life, he not only returned
contributions for his reelection campaign to those
who wanted their money back, but with the left
over funds, he has created a million dollar
scholarship fund for needy students in our state.

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

(Appplause.)

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

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

(Laughter.)

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

(Laughter.)

SENATOR MITCHELL: It's good to be
back with you again especially at a critical stage
in the debate over health care, and I would like,
if I might, limit my remarks to that one subject, but I will be pleased to do the question and answer period to attempt to respond to any questions you might have on any other subject.

In February of this year, your Association issued a unanimous resolution with bipartisan support from every Governor calling for passage of national health care reform legislation this year. You were right. States now spend an average of 18 percent of their budgets on health care. Except for elementary and secondary education, this is the greatest share of state budgets than of any other service. More than road building and repair, more than colleges and vocational schools, more than police protection and court systems. Unless we enact meaningful reform, states will spend more and more of their budgets on health care. So will business. They are being squeezed as well. As a result, more and more companies are dropping coverage for their employees, so more and more working Americans don’t have health insurance. And let’s be clear about that. Most of the Americans who don’t have health insurance are workers and their
dependents. Every Governor here knows what it will mean if more and more people don’t have health insurance coverage. It means that the burden on emergency rooms, on charity hospitals, on our nation’s Catholic Hospital Network all will be intolerably increased with a corresponding drain on state resources.

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

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

Senator Nickles just said that Republicans, who are by and large against a
package of benefits at the Federal level, but
every Republican Governor in February voted for
just such a proposal. You unanimously demanded
that at the very least all employers make a
package of benefits available to workers for
purchase, even though you couldn't agree on the
financial role employers should play. I commend
you for your commitment to and your aggressive
advocacy of reform.

I believe that meaningful health care
reform should be enacted this year. I also
believe that to be meaningful, it should include
health insurance for all Americans as permanent
and can't being taken away, effective cost control
and much greater effort in primary and preventive
care. I believe that each of these three
objectives is so related that no one can be
achieved without the others. We can't control
overall costs unless all Americans are covered.
And if we don't cover all Americans, there will
be -- we can't cover all Americans unless we
control costs, and we won't be able to do either
effectively if we don't dramatically increase our
emphasis on timely and preventative care.
This morning, I reread in their entirety the policy statements on health care you issued in February and June. I also reviewed the letter you sent me last week setting forth your specific concerns on health care, and you have asked me to comment on those concerns. I will briefly.

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

In your letter, you stated your united opposition to a cap on Federal spending on Medicaid. When I read your letter to me, I wondered if you had sent a similar letter to Senator Dole since that is, of course, his proposal. I see by this morning’s papers that you didn’t. Senator Dole and I are good friends, even though we regularly disagree on issues, and this is one on which we disagree. Because his proposal will not restrain health costs overall, but will impose caps on Federal spending on Medicaid, it will have the dramatic effect of shifting tens of
billions of dollars of cost from the Federal to state budgets. This is an unacceptable approach. There must be restraint in health care costs, but it must be restraint overall, not just in terms of cost shifting.

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

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

Of course, we need to reduce the rate of increase in public spending on health care on Medicaid and/or Medicare, but if we are truly partners, as I believe we are, then we can’t do that at the other’s expense. You also expressed
your support for home and community-based and long-term care. I agree. Currently, many elderly Americans want to stay in their homes, but they are going into institutions, because care decisions are increasingly based primarily on what is reimbursable and what is not. That is perverse and very costly when we could be doing what the patient wants and what is best for the patient at less cost. We should be doing it, but in many cases we are not, because of reimbursement policies. A home-based, long-term care provision is essential to health care reform.

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

Governor McKernan and I hold different positions, and we are of different political parties, but we don't represent different people. Our constituents are the same. That is what we all must keep in mind as we enter this crucial stage of action on health care. Let's not ask what is best for the Federal Government or for State Government, not what is best for Democrats
or for Republicans, rather let's ask what is best for the American people. Every developed country in the world other than the United States has adopted a system, which assures that its citizens have health coverage. Can't the United States do that? I think we can.

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

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

Thank you very much for having me here today.

(Applause.)

CHAIRMAN CAMPBELL: Senator, thank you very much. Thank you very much for being with us and thank you for commenting on our letter to you. We appreciate it, and we are delighted that you have taken the time to come.
We have questions.
Governor Voinovich is first. If others would indicate, I would be happy to recognize you.

Governor Voinovich.

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

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

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

GOVERNOR VOINOVAICH: Thank you very
much.

CHAIRMAN CAMPBELL: Governor Bayh.

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

In your remarks about the possibility of a Medicaid cap at the Federal level, which in essence would be a massive unfunded mandate upon the states in this country, I think my colleagues need to know that this is more than just a remote possibility, and I wish you would share with us the process, because as I understand it, there were a few technical mistakes that were made in the bill last year that would have, in fact, capped Medicaid, the Federal Government's Medicaid contribution at the rate of the general rate of inflation forcing states to pick up the difference between the general rate of inflation and the overall rate of inflation, which would be over $100 million, but my point is if you could just share with us your thoughts about the fact that a
bill came very close to passing last year so that
we can understand the urgency of this matter.

Thank you.

SENATOR MITCHELL: I believe that if
health care reform is not enacted this year, it is
as close to its certainty as there can be in the
legislative process that there will be a cap on
Medicaid and Medicare enacted next year. It has
been proposed regularly in recent years, primarily
supported by Republican colleagues with some
Democratic support. It did, in fact, pass the
Senate this year, but because of some technical
difficulties was withdrawn. I believe that we
must restrain that rate of increase in spending.
As a society, we can't sustain the increases that
have occurred. I believe it must occur, however,
in the overall context of health care reform. We
have to bring the overall costs down or at least
restrain the rate of increase, not to engage in
further cost shifting, which is, of course, what a
cap would do. If costs continue to rise, and
there is no restraint, and we simply cap Federal
payments, and especially if we at the same time
prohibit states from dropping cov rage then we
guarantee a massive shift of tens of billions of
dollars off the Federal budget to the state
budget, I think it will devastate your budget.
You are already into a serious problem, of course,
in every state; and therefore, I believe your
support for action to achieve meaningful reform
this year is timely and very important.

CHAIRMAN CAMPBELL: Governor Miller of
Nevada.

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

Which are the most likely cost
containment components of the potential legislation
that you see in the overall requirement?
SENATOR MITCHELL: The first and most essential requirement, of course, is to provide health insurance for all Americans. Reality is that while some say we should just have access to health insurance, every American now has access to health insurance. If you have got enough money, you can buy health insurance. The problem is, of course, that many Americans don't have that kind of money, except for those with preexisting conditions, who are denied on that basis.

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

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

A second means of achieving cost
control in the President's proposal is to place a
cap on the increase in health insurance premiums
that will occur once we achieve coverage. That is
necessary to prevent double charging for the
uncompensated care that is now included in those
premiums, the providers of care who have to charge
$100 to gain reimbursement if the cost for service
doesn't charge $100. They charge $108 in Maine,
$135 in other states to make up the 8 or 35 percent
of care they are providing that is currently
uncompensated. If you don't have some mechanism
for restraining premiums, those premiums will
include the cost of uncompensated care, even
though it is no longer uncompensated. That has
encountered a lot of political difficulty, b cause
it's labeled as price fixing as, in fact, what
your proposal or your legislation on hospitals be
labeled. The Finance Committee developed an
alternative mechanism, which is in the form of a
recapture tax on high-cost plans, and we are now
working to try to figure out a way to introduce
some meaningful cost containment that is
politically acceptable. The reality is if we
don't do so we are going to continue with runaway
costs, and I will cite just one figure to demonstrate what has happened in this country on health care.

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

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

SENATOR MITCHELL: Absolutely, an even
playing field. What I would like to see is that every American has access to the same kind of plan that I and the President and every member of Congress, and I think probably most Governors have. That is to say a plan that provides a basic package of benefits, a substantial choice of plans and what I think would be effective cost control.

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

SENATOR MITCHELL: So let me just say to you, Governor, here is one Federal employee who thinks everybody ought to have access to the same 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
25 CHAIRMAN CAMPBELL: Senator, I don't
disagree with you. I used to be under the same
plan that you are under when I was in the Congress
of the United States. My only concern and question
certainly wasn't to be argumentative, but was
basically to get the point clear that we weren't
going to have different groups of people that were
confined to affordable policies while others had
access to the higher-paid policies, because of
either labor contracts, or they worked for the
Federal Government that we all be in the same ball
park.

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

CHAIRMAN CAMPBELL: Governor Carper.

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

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

(Laughter.)

(Applause.)

GOVERNOR CARPER: I also have a serious question.

(Laughter.)

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

(Laughter.)

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

GOVERNOR CARPER: I thought that was a serious question. First, let me also just ask. You are a fellow who has a pretty good reputation for building a consensus in the United States Senate. We have had a presentation from Senator Nickles to address some of the concerns that he and his colleagues on the problems that you all
have with the President's proposal. Others around this table are self-appointed to show the deficiencies, the shortcomings with the proposal supported by Senator Dole. Can you just briefly sketch for us where does the middle ground lie on this issues, and can we get their issue?

SENATOR MITCHELL: I believe that one of the most unfortunate features of much of the government policy to date that occurs in our system and increasingly so on health care is that proposals are judged not on the merits, but rather on who made them. I think we should concentrate not on who made a proposal, but what is the substance of the proposal itself. That is why I deliberately identified the objectives, which I see not in relation to any person or party, but rather in relation to substance of the proposal. Who disagrees with trying to achieve health insurance for all Americans. They are trying to control costs and for placing much greater emphasis on primary and preventative care as a way of achieving the first two. I think that is where the middle lies. It's going to be exceedingly difficult. I don't -- as you know, I now have the
task of attempting to meld together the various plans and present one to the Senate, which hopefully will both be a coherent sensible plan for the country and be able to attract sufficient support to pass the Senate. Everyone here is involved in a legislative process, and we all know that in the legislature it's a two-stage process. You first analyze the problem, figure out the best solution, then you try to get the votes to pass it, and you hope what comes out of the second stage bears some reasonable resemblance to what you began with at the end of the first stage. That is where we are now. We are having a lot of difficulty on the questioned amendment. It's a pejorative term. It goes far beyond the issue itself.

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

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

CHAIRMAN CAMPBELL: Governor Weld has a question.

GOVERNOR WELD: Senator, why wouldn't it be a good idea for Democrats and Republicans in Washington to get together as a starting point, the foundation for the reform that we all want to see happen and see if they can't agree on the provisions in our unanimous February recommendation. You indicated you are familiar with it. An awful
lot of what you have just been saying sounds -- it wasn't taken right out of there, but it's completely consistent with this. I don't think there is anything in here that you would gag on or that Senator Dole would gag on. We did reserv one or two questions and say those questions are reserved, but there is an awful lot in here. And if there were kind of a bipartisan agreement in Washington on these provisions as there was a unanimous bipartisan agreement among the Governors, then at least the country would know that we are not going to be left with nothing at the end of the year.

SENATOR MITCHELL: Governor, I believe that to be a very sound proposal, and it is precisely what we are doing, or what would have to be done to this document. As you know, this document in February has incorporated many suggestions which I and others had previously made, and I think it's a good idea that the real crux of the problem substantively and politically is this: We want to have a system that provides health insurance for all Americans, but the steps necessary to reach that goal have proven to be
unacceptable to some or other in our system, and it is the old legislative problem of adjusting means to goals in which we are engaged. First and foremost among them is, of course, cost.

Now we are told that we can’t have a mandate on employers. The allegation was made by Senator Nickles, with which I strongly disagree that it’s going to cost a lot of jobs. Almost all of the studies that have been made demonstrate that it will be relatively neutral in terms of job creation and job loss. The fact of the matter is that right now 85 percent of Americans are insured. Almost all of them get it through employment. That mandate would build upon the current system and would provide the funding necessary to reach you. If we don’t do that then the question is how do we pay for providing coverage to all Americans. That is really the nub of the question. How do we get there? In theory, it is simple. If we simply subsidize every employer fully, they would all have insurance. But that, of course, would bust the budget. So how do we bring -- how do we close that gap? How do we bring those two objectives into alignment?
That is what we are trying to do, and I think this proposal of yours in February is an excellent start.

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

So Governor Engler may ask his question.

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

SENATOR MITCHELL: I am not familiar with the amendment, Governor, but I will be
familiar with it before we vote on it, and I assure you I will take your concerns into account.

GOVERNOR ENGLER: Thank you.

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

SENATOR MITCHELL: Thank you very much.

(Applause.)

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

And I turn it over to Governor Voinovich.

GOVERNOR VOINOVICH: I think that the good news is that we have a positive response from Senator Mitchell that the work that we have done since last February on budget mandates has been
fairly well received.

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

Bob, I want to tell you, I really appreciate your sending me that video. I did look at it, and I think every member of this organization should see that. I think it was titled Are We Scaring Americans to Death, or something like that. It's an ABC special. It was interesting to me to see how the media has a way of distorting what the real risks are out there. Nowhere have our efforts to protect the traditional role of the state are more important
than the debate over national health care reform.
Carroll Campbell, Howard Dean, Roy Romer and Tommy
Thompson have done a great job in negotiating a
health care reform package sympathetic to state
needs. Regardless of what comes out, I think that
those packages are very, very sensitive to the
concerns that we have raised. The policy resolution
we are going to consider at the end of our meeting
to endorse continued waiver approval of welfare
and health care reform demonstration projects
exemplifies the efforts of our welfare reform
leadership team, whose projects are innovative,
and we ought to pat John Engler and John Carper on
the back for doing a terrific job of leading our
efforts on welfare issues.

I will say that we need quick approval
of state proposals that provide new services for
our citizens. In Ohio, we are still waiting for
approval of health care and welfare waivers
that we submitted sometime ago. As you know,
Bruce Sundlun and I have focused on passing a
mandate for relief legislation over the past
year. We got a very good response from Senator
Glenn and Senator Robb. I want to say this to
you. I think that had we not brought Senator Glenn
and Robb to our meeting in February, I don't think
we would have received the response that we got
from them. I think that they realize that we were
serious about this problem, and that it was a
serious problem.

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

I would like to make it very, very
clear that we could not have accomplished what we
accomplished without the cooperation of the big
seven. This legislation fundamentally requires
the Congressional Budget Office to prepare an
estimate of the cost of Manning the state's local
governments, if the total cost exceeds
50 million. You know, current law only requires
fiscal notes for mandate costs in excess of
$200 million, and because of the numerous loopholes in the law very few estimates were ever made.

The primary feature of the bill though is a point of order, which was first proposed as N.G.A. policy we adopted in February. Under our bill, legislation containing a mandate for total costs of $50 million must also authorize funding to cover the cost of the mandate and identify specific revenue sources to pay for it. If the bill contains no funding authorization or cost offset, a point of order can be raised. The majority vote can waive the point of order and allow debate of the bill to proceed. In effect, the bill requires Congress to go on record in support of imposing specific mandates forcing that -- making clear what they are doing. With these mechanisms, we enhance our political and procedural efforts to defeat unfunded mandates. I think it's going to be a significant move for state and local governments once it is enacted. It has the potential to alleviate our burden on a host of new mandates from the environment to how we manage our own states.
I would like to say that the Clinton Administration has supported our legislation. Leon Panetta has made it very clear that both the compromises, if drafted, will improve the process that deals with the issue of unfunded mandates without increasing the gridlock that the President would like to eliminate. That is a quote. So we got the job done. We are now working with the House of Representatives, and believe it or not, it appears that the Subcommittee on Intergovernmental Affairs, chairmanned by Congressman Towns is going to bring this bill up for consideration in this committee, and we have a good opportunity of getting it out of the House so there is a chance that we could get for the first time in anyone's memory some meaningful legislation dealing with unfunded mandates.

I am asking all of you, and there is a couple of handouts here that tell you who the individuals are who sponsored this legislation in the Senate. Those of you whose Senators aren't on that, I would appreciate you calling them or writing to them. For those of you who have Senators that hav co-sponsored it, give them a
call. Send them a letter. Ask them. Say thanks for being a co-sponsor of the Kempler bill, that clearly states let's get this bill out this year. The same way with those of you who have Representatives on the -- on Congressman Towns' and Congressman Pryor's committees.

I would like to conclude my remarks about the big seven. That organization includes the N.G.A., the National Conference of State Legislators, the National Association of Counties, the National League of Cities, the U.S. Conference of Mayors, the Council of State Government and the International City and County Mayors' Association. I just want to say that this organization should give serious consideration to formally putting in place a mechanism where we can meet on a quarterly basis with these organizations to talk about our mutual concerns. Even if we can agree on just one issue, it will make a difference in terms of moving ahead on things that impact on us. I have found and observed over the years that so often we have problems, because these organizations go off and do their own thing. If they met periodically, I think we would become a very, very formidable
lobbying group in Washington. In addition to that, it would eliminate the Congress in some instances playing one organization off against the other. So I would hope that the Executive Committee, Mr. President, gives consideration to a proposal that I have written to him about formalizing this coming together. I think that at a time when we are all being hammered from Washington, it's time that we all join together and made sure that our interests are protected.

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

GOVERNOR VOINOVICE: Great. I would like to call on Bruce Sundlun, who has worked very, very hard and put together unfunded mandates that date last year in Washington; and, Bruce, I want to thank you also for your influencing the President's Executive Order.
GOVERNOR SUNDLUN: Thank you, George.
You mentioned Leon Panetta. When he was in the Congress last May, he hit the nail on the head. He said that limited resources make it more difficult for Governors to meet competing concerns in this era of severe fiscal constraints. That is a polite way of saying if Congress doesn't cut down on the unfunded mandates, they are going to bust each of our budgets. You are not going to be able to hold your income tax and your sales tax from further increases; and if you have given any thought to tax reduction, you will never be able to accomplish it, because the unfunded mandates will impose costs that aren't today in your budget, and we all know, every one of us, I think, has the reality of having to do more and better with less money.

Basically, what unfunded mandates are doing is it's trickle-down taxes. It's just passing the tax from the Federal Government to the state level. The services are going to be there, particularly if they are mandated by Congressional action; and if the Feds. don't give you the money for it, you are going to have to raise it
yourself; and if you have to raise it yourself, you are going to have to cut into your own budget or raise your taxes. So it's in everybody's interest to put some sense of responsibility into the Federal Government and to get them to not issue mandates for which they don't provide money.

Now S. 993 -- and I agree with George Voinovich. When we got the Senators in one room, they seemed to be impressed, and they went back and did the job, and they came up with this bill, which will protect us. The question is whether that bill will get through the House, but it seems less concerned about protecting it. Mr. Towns of New York is the Chairman, as George said, of the subcommittee dealing with it. What we really want is for the House to pass S. 993. The Senate in response to George Voinovich's question to Senator Mitchell, you have a clear indication that Senator Mitchell will try and get it done if he doesn't run into a 56, seventh, eighth, ninth, 60th filibuster. But the House hasn't shown the same readiness, and I think it's incumbent upon Governors to talk to
their House delegations on this issue, because otherwise it's going to hit your pocketbook very hard and very quickly. This isn't something three, four, five years down the line. This is down the line in next year's budget for each and every state as far as I can see, so I would ask you to put your pressure on the House.

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

I also want to thank Governor Nelson,
because he worked pretty hard on the state flexibility, and he had impact. He has been to Washington three times, and he had Senator Kerry to lead the Senate effort on the amendments on the Safe Drinking Water Act, and that was shifted for us -- away from us.

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

Thank you.

CHAIRMAN CAMPBELL: Thank you very much.

Governor Nelson, did you have some comments on this?

GOVERNOR NELSON: Yes. Thank you,
Mr. Chairman.

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

Notwithstanding our success date, I think we have to continue to renew our efforts in order for this to happen. If we withdraw our efforts, I think we will lose the ground that we have gained, and there is still those at the Federal level, unfortunately, who believe that they know better of what the states or the cities
and towns of this country need to do. And at
times, I am afraid it's as though they don't
believe they can trust us to do what is right, and
thus they are reluctant to give us the authority
to be able to do what we need to do and give us
the flexibility and instead impose on us
additional requirements without providing the
money or a time to providing money, but not giving
us the flexibility. The mandates come in many
forms.

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

While the requirements for the state
to comply with the Clean Water Act have steadily
increased, Federal funding for clean water
programs is at the lowest level in recent
history. The requirements continue to escalate,
and the dollars continue to drop off. The
authorization bill currently pending in the Senate
proposes to require the states to collect a
specific fee amount for clean water permits.
Current N.G.A. policy supports the development of the national permit fees to fund state water quality programs. A change in this policy, however, will be considered by the Natural Resources Committee in tomorrow's session, and hopefully we can reach a consensus following that date so that we can go to Congress united behind a well-reasoned policy on this issue.

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

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

On another point. I have joined with my colleague, Governor Mike Leavitt of the great State of Utah, in sponsoring a resolution calling for the establishment of a process to begin to
resolve these fundamental issues of the proper role and scope and mission of the various levels of government in this country. Now at this time, I would like to ask him to further explain our efforts.

Governor Leavitt.

GOVERNOR LEAVITT: Thank you, Governor Nelson.

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

Currently, we have an N.G.A. policy on
Federalism summit. There is in your packet in
this session -- or in this conference. We will be
considering a resolution proposing that N.G.A.
join with the National Conference of State
Legislators to appoint to form a joint task force
to begin looking at this larger Federalism issue.
We are on the edge of a legislative victory, and
we must continue to do so, but it also needs to be
viewed just as a temporary victory. I illustrat d
not long ago, as a result of one of my N.G.A.
assignments, and I attended an A.C.I.R. meeting,
and at that meeting one of the members of Congress,
who was a co-sponsor and one of the leaders of
this legislation he then talked about how
enthusiastic he was about passing anti-mandate
legislation. Literally in the next agenda item,
we got talking about a matter on crime, an
interstate system of being able to coordinate
crime records, and the Congressman said that
everyone needs to do that. And he said, well, put
that in the crime bill, and if they don’t, we will
take their recreation money away from them. It
is -- this is a much bigger mentality than just a
law about a law, and the legislation is so
important. I request that all of us continue to be vigilant in the larger picture of Federalism and hope that you will support this resolution on Tuesday.

CHAIRMAN CAMPBELL: Thank you very much, Governor Leavitt.

Governor Allen.

GOVERNOR ALLEN: Mr. Chairman, fellow Governors, I do also commend Governor Voinovich and Governor Sundlun and certainly the efforts of others as far as this issue of unfunded mandates; and as Governor Leavitt of Utah said, it’s really more than just unfunded mandates. It’s a matter of liberty and our freedom, and if you have the Federal Government and people from outside of our states telling us what to do, that means that the people closest to the Government don’t have that control. While we may agree with folks from New York and Texas from time to time, it doesn’t mean that we want people from New York and Texas telling us what to do in Virginia. We can control our own destiny, and our first Governor of Virginia Patrick Henry feared development purposes in the Federal Government, and unfortunately our rights
and prerogatives and liberties are being eroded by a Federal Government that not only passes unfunded mandates along to us, but also is usurping the prerogatives and the free will of the people of our several states.

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

Now President Clinton has stated that he was going to work with us on these matters and directed the Federal agencies to consult with the states before imposing mandates, but unfortunately
there is no clear information coming out. The best information is the Office of Management and Budget that directed us to a unified agenda of Federal regulations, and these are three pages of small print, and there is literally thousands of regulations. This is 2,000 pages of various regulations just until April of this year, and what you have to do for our Liaison Office is sort through all this thrilling -- and this is just the title of the bill really with a very short abstract or description of it. It’s everything from aviation in navies to Aid to Families with Dependent Children to transportation, but there is literally thousands of these regulations, which only can be figured out by sifting through them all and having to call up the Federal bureaucrats to find out well, how the heck does -- how employers of off-campus work authorizations for alien students. In fact, that is here in Virginia, something like that to support regulation, and it’s hard to figure what it all is. So this is one key point of the Kempthorne Bill is this fiscal note, this discipline that will be put in just before the Congress votes on
that bill so we actually know what the impact will be, and so I think that that is a key aspect that Governor Voinovich, I hope that you take our leadership for us and keep pushing, and I think that we all need to be pushing our members of Congress to take cognizance of it. It's not just unfunded mandates. It's knowing what the impact is, because as you go through these, even when you can't ferret out what they are doing, there is a lot of times that you can't figure out what the cost is. It's just not available; and once that is available, you cannot hold the members of the Congress accountable when they vote contrary to the wishes of the people and the taxpayers in our states. So I would commend our earlier fight on this effort and make sure that our folks in Washington are accountable.

CHAIRMAN CAMPBELL: Thank you very much.

We have a Governors-only session scheduled. We are running just about 30 minutes behind when we started, and I would ask that as we leave here that you go to room 207 of the Convention Center, which I understand we are down
one floor, and we can start that meeting very briefly. Some of the subjects we have touched here obviously will be up for discussion at the Governors-only meeting.

We are adjourned.

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

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, RPR
NATIONAL GOVERNORS' ASSOCIATION

86TH ANNUAL MEETING

JULY 16-19, 1994

BOSTON, MASSACHUSETTS

John B. Hynes
Convention Center
900 Boylston Street
Boston, Massachusetts
Monday, July 18, 1994
2:00 p.m.

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

(Laughter.)

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

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

Now you all know this, but I just want to remind you. When we had our first skirmish with our British brethren at Concord and Lexington on April 19, 1775, the news of that event, well, it didn't reach Governor Weicker's neck of the woods until two days later, and it didn't reach Pennsylvania until the second week of May. Today
it would have been carried live on C-Span.

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

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

The first American Revolution was not won as a result of technological wizardry. We minutemen, after all, were farmers, businessmen, merchants; and in the end, the outcome of your Revolution, like ours, will be won based on the steadfastness of your courage and the wisdom of
your leaders. Above all, it will be based on your
vision.

We had a vision. We hold these truths
to be self-evident that all men are created
equal. They are endowed by their creator with
certain unalienable rights. Among these are life,
liberty and the pursuit of happiness. What better
expression of this idea can there be than the
health, the education and the prosperity of the
American people. American people whose well-being
is entrusted to you by virtue of your office.

There are 16 points of interest along the Freedom
Trail here in Boston, but there are a limitless
number of points along the Information Superhighway.

Today we are going to look at three of
the most exciting. As you know, Boston has long
been a leading center of the study and the
practice of medicine. Today, exciting new
opportunities to improve the quality of medical
care in America await as a result of the
Information Revolution. Our first stop along the
Information Superhighway is Brigham and Women's
Hospital, a distinguished Boston medical
institution, which is using modern
telecommunications technology to improve the quality of medical care its patients receive.

(Whereupon, there was a presentation.)

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

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

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

Even though the patient seems stable,
the emergency room physician requests a plain film study to make certain that the patient has not suffered a serious neck injury. Cuba Memorial uses the services of a circuit-riding radiologist, who is not scheduled to visit the hospital until Monday.

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

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

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

DOCTOR HOLMAN: Yes, a cervical spine injury could be potentially serious. The cervical X rays show that there is an anterior dislocation of the tenth cervical vertebra. We need a CT scan. The reason is to determine whether there is a fracture or whether there is an impingement
on the spinal canal. In a real situation, the patient would be sent to the next -- the nearest CT facility. The image would be simultaneously viewed by the primary care and consulting physician, and treatment would be prescribed.

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

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

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

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

In this case, the patient has a
history of chronic back pain. Recently, the pain
has become excruciating and has radiated down the
left leg. Again, the situation calls for an
expert consultation to determine if a damaged
spinal cord is the source of the discomfort.

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

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

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

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

GOVERNOR DEAN: Based on M.R.I.,
emergency surgery seems to be an appropriate
response in this case.

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

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

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

MINUTEMAN: If Ben Franklin or Tom Paine were alive today, doubtless they would be educating the public over a computer network
rather than by publishing almanacs and pamphlets.

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

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

(Whereupon, there was a presentation.)

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

This afternoon, Jay Lindsey of Plano, Texas and I are going to show you part of a fully integrated information system designed specifically for school systems. I don't have to
tell you how challenging it can be for the parent to get timely and accurate information on their children's progress. Sometimes parents feel isolated from teachers, school administrators and even the students.

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

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

JAY LINDSEY: The apple here indicates the school lunch menu. The calendar of events gives you the first day of school, any holidays and so forth. We also have a curriculum that you can glance into from home or office, wherever you choose. If you want to look at the language arts curriculum, you can look that up and see what is going on in school during the day. You also have the ability from home to look at your son or daughter's work or open an electronic portfolio
that will look at student information. What we have here now is scanning in a picture.

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

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

JAY LINDSEY: And if you will note back on the main menu, Governors, I am looking in my in and out box, and I have got a letter here. Let's check that letter.
GOVERNOR NELSON: This is one way that the school can communicate with us. It's a letter about the upcoming school year. It tells me who my child's teacher and principal will be, when and where to pick up the school bus and the driver's name. It supplies a list of supplies that my child will need on the first day of school. It also requests a back to school conference so I can check my calendar and confirm or ask that the conference be rescheduled.

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

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

VOICE OF TENNIS COACH: Mr. Johnson, this is Mr. Griffith, your daughter's tennis coach. The extracurricular eligibility report indicates that Mary will not be eligible for tennis during the second six-week period unless
her overall average is brought up to at least an 85. Please talk with her. Thank you.

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

(Laughter.)

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

JAY LINDSEY: Okay, Governor, let's see what you have. Let's go back to the electronic portfolio. Let's look at Mary's file folder, and the message said something was wrong with grades. So we have grades here, B through D. Oh, wow, a D in English. How did Mary get that? Well, this is the list of assignments and tests. We see five out of five and 10 out of 15, a whopping two out of ten on the very first homework assignment. Well, Mary didn't say anything about this. So let's keep looking before we decide to go extract Mary from bed. Let's look at attendance, and the first six weeks, oh, wow, one, two, three, four unexcused absences. I think we
have reason to disturb Mary up out of bed and have a discussion, but also we have the ability to look at the academic information, and we look at the goals that we mutually agreed upon earlier in the year. One be placed in honor level classes in high school, and Mary has attained that goal, but what she has done today has put you in jeopardy of losing that goal. Play on a high school tennis team, same thing. And also attend Georgia Tech. University. You can see that these are the minimum requirements to attend Georgia Tech. That is right from the school catalog in the counselor's office.

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

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

(Laughter.)

GOVERNOR NELSON: At this stage of the education information revolution, we really haven't done much to change the way education happens. What we have done is build an
infrastructure to better handle what happens in education. However, once the infrastructure is in place, the possibilities are limitless. Once teachers and administrators are turned on to the power of the information infrastructure, we can expect new teaching methods and applications beyond anything imaginable today.

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

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

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

Perhaps the best answer to these questions is to take a look at the working prototype available to us now, the Internet.
With one click of the mouse, you can visit the Louvre Museum in Paris. Another click, and you are a virtual tourist in Singapore. Two more clicks and you can review the latest Supreme Court decisions.

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

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

GOVERNOR WELD: The challenge of a global economy lies in one's ability to take advantage of the available tools. International competition requires a successful firm to operate smarter, faster and less expensively.
GOVERNOR CAMPBELL: Telecommunications enables U.S. firms to develop working relationships with partners and other states creating a win-win situation for the economies in both locales. They can jointly develop thoughts, draw on previously out-of-reach resources and market products internationally without leaving their home base.

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

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

If they want to, they can even use the Internet to test drive the latest products, all without having to leave the office or pick up a phone.
GOVERNOR CAMPBELL: As Martin Hoffman of M.I.T. has said, "The promise of technology does not derive from merely automating our current operations. The real benefits accrue when we use technology to do business differently."

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

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

GOVERNOR CAMPBELL: Clearly, state government policies and practices that accelerate the deployment of advanced telecommunication infrastructure and promote the development of new applications may be the most valuable service that
we Governors can offer.

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

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

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

You are the Minutemen of this next
American Revolution, and you will do what is necessary. Sometimes you will be pathfinders showing the medical and education and business leaders in your states how to harness information technology to achieve greater effectiveness.

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

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

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

(Appplause.)

CHAIRMAN CAMPBELL: That was quite a show, you know, if this experience is an example of what public/private partnerships can produce then I think we are certainly on the right track.
I particularly want to call your attention to the program that is in front of you that lists the names of many companies, the individuals who contributed to this effort. We appreciate that. We have all known in Government that the public sector and the private sector working together can solve problems and can also create opportunities, and so we are delighted to enforce this partnership here today. In South Carolina, we recognize the importance of telecommunications. When Hurricane Hugo destroyed much of our communications infrastructure along the South Carolina coast, it hindered our emergency response and recovery effort, and we learned from that experience. Government, the business community and our universities formed a partnership to develop a state-of-the-art telecommunications network so that we would never again be in the same situation.

However, the benefits of our efforts go far beyond emergency management. In the exhibit hall, you can see four examples of what our advanced telecommunications infrastructure now allows us to do. South Carolinians can now get a
digitized driver's license. Food stamp benefits are transmitted electronically. The State Justice Department can work with other states to locate parents, and citizens can electronically file their tax returns. All of this not only serves the citizens better, it saves us money in the process. It streamlines the system. Last August, I asked the N.G.A. Committee on Economic Development and Commerce to examine how states can promote the uses of telecommunications and accelerate deployment of the national information infrastructure.

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

Governor Branstad.

GOVERNOR BRANSTAD: Governor Campbell, thank you very much.

Watching that presentation, first of all to see that the history that is here and then to see a glimpse of the future with the telecommunications superhighway, it makes you very
proud to be an American, and we have only seen the
tip of the iceberg of what is going to happen.
Everyday we are seeing more and more application
of advanced telecommunications. We see the
technology making an impact in business, in
education, in government and in health care. In
the State of Iowa, we have developed a state-wide
telecommunications network called the Iowa
Communications Network. We have put fiber optic
cable in the ground to all of our 99 counties.

The idea came from when I chaired a
rural development task force at the National
Governor's Conference. The State of Iowa was in
the midst of the farm crisis, and I recognized we
had to do something dramatically different if we
were going to be able to compete in the future.
We happen to have the educational opportunities in
our rural schools that only existed in the large
urban areas. We needed to be able to make it
possible for companies to locate in our small rural
communities and have the same telecommunications
capabilities that existed in the large cities in
this country, and so we developed this network,
and I am pleased to say it has been a real battle,
but we have now put the fiber optic cable in the ground and have over 115 sites located. We will within the next year extend it to every school district in the State. With the approval of the action of the legislature this year, we have now permitted every hospital and our rural clinics to get on the system. Our libraries will also have the opportunity and with the help of the Federal Government will connect up to all of our National Guard Armies and make it possible for the Federal agencies to use this superhighway.

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

First, the states are major consumers of telecommunications. In many states, you are the single largest consumer. And as new public service applications are found, they can be exhibited by the use of Government. An example in Iowa that we are using right now today is the use
of the telecommunications network by our Parole Board to interview people that are in the prisons. They don’t have to travel to the prisons to interview those prisoners, and eventually the courts will also be doing this.

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

And third, everyday State governments adopt policies and conduct programs that affect the economic well-being of our citizens and our businesses. Telecommunications represents one of the most promising vehicles for improving the U.S. economy’s competitiveness in the global marketplace and spawning new enterprises in our states. The question, therefore, is not why should we be involved, but more appropriately we
need to ask, how can we afford not to be involved?

Today I’m pleased to release a report entitled, Telecommunications, the Next American Revolution. This report presents the findings and the recommendations of the N.G.A. Telecommunications Steering Committee, which was established by the Committee on Economic Wealth and Commerce. Its mission was to examine current state and Federal action and to promote the use of advanced telecommunications to identify issues of particular importance to the states and to make recommendations for further actions by the Governors collectively through the N.G.A. and individually in our respective states.

An initial finding relates to the pressure that Governors face from within and from out state government to invest in specific telecommunication activities. Unfortunately, this piecemeal approach can be both costly and duplicative. To avoid this kind of situation, many Governors have created their own blue ribbon panels to initiate the strategic planning efforts that result in a comprehensive approach to the
Wisconsin's Governor Tommy Thompson was among the first to establish a State Information Infrastructure Task Force.

Governor Thompson, will you share with us your experience.

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

I took some of your suggestions, Terry, and set up a task force approximately 12 months ago. They came back with a report. It was proposed to consumers in telecommunications companies and educators and all of the various groups that are involved in telecommunications. They came back and said the biggest problem that we have is many states and basically the Great Lakes states put regulation and that we are judged based upon our rate of return. Whereas, if we would be allowed to compete with each other, and to be based upon cost, we could reduce their costs and have a higher increase in profits. So we
passed a bill allowing that. I think we were the first state to allow that. I believe competition is very strong with communications companies, and as a result of that we are seeing a tremendous amount of new investment coming into the State of Wisconsin. We are expecting Ameritech to come in with a subsidy of $1 million over the course of the next few years, and the D.P.U. with about $500 million, and it has worked out extremely well.

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

GOVERNOR BRANSTAD: Thank you very much.

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

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

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

GOVERNOR SCHAFER: Thank you, Governor. I appreciate the opportunity.

After seeing the telecommunications demonstrations, and I realize my positions and I guess most Governors don’t get down to the movie stars, but we do appreciate that. I enjoyed the inferences. I was glad to do my service on the,
think the important task force and certainly
appreciate the opportunity to visit with you about
aid in the economic development effort, and these
are states with telecommunications.

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

One development initiative now is what
we call the Red River Trade Corridor. We used a
grant from the Ford Foundation to apply the use of
telecommunications through work force training, a
grant study and a two-year project to link
telecommunications with work force training in the
Red River regions of North Dakota, Minn sota and
Manitoba, Canada. Several of our larger corporate business partners in North Dakota, including U.S. Health Care, Global Travel and Unisys are expanding their data processing efforts in our state. And as you mentioned, software companies such as Great Plains Software Fargo can be international leaders to the software field.

The enormous success of our Great Plains Software indeed is cited in the telecommunications policy report that we see on the screen now, and you have before you, and it is being released today as an example of business making successful adaptations in the communications aid. To maintain a share of the software market, Great Plains recognized that a primary business involved customer service after the sale. The first small growing business to provide the kind of specific 24-hour-a-day assistance that customers demanded, Great Plains instituted a program of workplace flexibility. The company equips its customer service staff with pagers and modems that enable them to work out of their homes. The advanced telecommunications and the flexible work environment have enabled Great
Plains Software to generate 250 percent increase in customer service requests, but at the same time they have been able to increase that volume from only a 50 percent increase in their staff. Great Plains Software is now the link to the second largest user of telecommunications in North Dakota after, of course, State Government. But as well as the use of telecommunications, this service program allows a new revenue source for the company, because some customers needed immediate one hour return on service, and they were willing to pay for that service.

And there is, as I mentioned, the previous employee work programs allowed the company to focus in on service in creating a new revenue source by their service program, and that revenue source now exceeds 50 percent of the income of that company. I think Great Plains is now a standing example of the possibilities presented by the aid to the telecommunications. No longer do employees need to be tied to the workplace, and certainly no longer do employers need to be bound to the old marketing conservative strategies of old. The new world is certainly
opening up, and we can hear and are exposed to the exciting expansion of telecommunications in the world that offers us the opportunity to eliminate geographical and environmental barriers that have in the past held us back from competing in the world marketplace. It’s also a road that’s promising exciting new opportunities for economic diversity in North Dakota as well as other places, and certainly as we have seem today starting with the next American Revolution.

Thank you.

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

Very early in our deliberations, the steering committee realized that the biggest barriers to deployment and the use of the national information infrastructures did not result from the lack of technology, but rather the institutional, the economic, social and political barriers appear to be a major roadblock along the Information Superhighway. The report suggests that often these barriers result from program regulations. They have little or nothing to do with the technology itself.
For example, the State of Maryland has been a leader in implementing a system of electronic benefits transfer. However, future state use of this technology is clouded by pending Federal regulations that deal with fraud and abuse of welfare benefits.

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

CHAIRMAN CAMPBELL: Governor Schaefer.

GOVERNOR SCHAEFER: Thank you.

The information revolution of course is here, but we talk about terms that there aren't any problems. Let me tell you some of the problems that we have had. First of all, opposition by different interests that if you are lucky you overcome. So we have found some serious legal problems that the Attorney General will also bring to your attention. Try to overcome opposition by the unions when you are taking the jobs away from them. Overcome the problem of locating the infrastructure itself, the information infrastructure itself. One of the most important things, of course, is involving the
private sector in working with you, and another very important one is to get the legislature to understand what you are talking about when you are talking about infrastructure, fiber optics and the rest. I think those are some of the things that people are concerned about; and then, particularly around the state, all the things that we saw today are important, but you have to clarify what you think is important for your state. We thought that prisoners identifications, and we have an exhibit here which is a very important one, and we moved forward with that one.

We also are interested in what we call an electronic message transfer system, and Maryland will be one of the first states to offer access to benefits including food stamps, A.F.D.C., state public assistance, and a card that looks like a credit card. On this little card are all these benefits. The person does -- rather than getting them in cash, they are on this card, and they go through, and they can use the A.T.M. machine. They can use it at a grocery store. They can use it just about everyplace. The card is more secure than the old method, because the people using the
service, they don't have to carry cash. It also
saves the Federal Government money. They have an
individual person, individual information number
that allows them to access their benefits when
they need them on the card, an independent
identification number. We converted to this
system about two years ago, and we have seen the
benefits.

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

They both show that we need to keep an
open mind about technology. I am going to have to
warn you that all these benefits of converting
state services to E.B.T. are in danger. That
regulation is -- it's very sad -- put out by the
Federal Reserve Board, which makes the E.B.T.
system too expensive to operate. The Federal
Reserve Board wants to regulate these cards just like a regular consumer bank account, and regulations need to treat the state like a bank and will require the state to replace lost or stolen benefits above $50. We figure that if such regulation goes through, we will either have to abandon the system or face the losses of something like $20 million in one year. We are looking for ways to challenge the regulation so we will not be forced to return to an inefficient, outdated system. If we cannot reverse the action by the Federal Reserve Board, they will reverse the progress that we have made, and the money that is invested by the Federal Government and our local state government. They will eliminate the chances of the state to move forward itself. Now these little cards have all the benefit forms. All you have got to do is go in the same as an A.T.M., just go in, take your benefits, walk through the grocery store, wherever it might be, no cash and it works, the card.

GOVERNOR BRANSTAD: Tom Schaefer, thank you very much. I know we are doing this in one of the 99 counties in our state, and we have
had great experience with it so far. I hope that with your leadership and the support of the other Governors we can prevent that rule from going forward that would close us down.

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

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

Governor Romer.

GOVERNOR ROMER: Let me report on another way to go at it. I was concerned about getting interaction from citizens on the budget process we have put out on a kiosk, a screen where you can touch it and it goes through a series of
priorities, and we had a great deal of feedback in shopping centers. You could walk up, and on this screen you punch it, and it will begin to give you some of the options that we were facing, and you could begin to vote in and select your budget. We then did a second round of that on reinventing government. Downstairs if you saw the kiosk, what we now have is a In-Touch Colorado. It’s a very attractive kiosk, and you go up -- it’s in color, and you can inquire about 15 different topics about Colorado. For example, if you want to have information on games of chance or a business start-up or selecting child care or watching wildlife, you can push this screen, and it will begin to give you information and feedback.

We had 126,000 users. We had four of these kiosks out, and the average use was five minutes each, and it was very interesting. The kinds of things they were willing to pursue, but it was a way in which we could bring good information to people in shopping centers and a way that not only informed them, but gave them a chance to interact and to participate in government.
Thank you.

GOVERNOR BRANSTAD: Governor Rom r,

thank you very much.

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

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

I do not want to suggest, however, that this Telecommunications Revolution has been won. In fact, we are in the very early stages of what I think will be an exciting and changing era. Major issues remain to be decided. Most
importantly, how will government manage the transmission from what has been a heavily regulated local telephone service to a new competitive environment. We have already seen significant changes there, and some of the proposals before the Congress could shift the major regulatory responsibility from the states to the Federal Government. The N.G.A. report states that this would be a big mistake. This transition will not be an easy one. It will require regulators to balance the interests of consumers and providers. Among providers, states will be challenged to develop a regulatory policy, policy and practices that facilitate and encourage competitiveness and do not cripple the ability of the current providers to compete in a new changing, more competitive regulatory environment.

Differences in geography, population make-up, the type of services that a number of potential service providers demand that there not be a one-size-fits-all solution. Governor Schafer has pointed out how that can be devastating in some of the innovative things the states are doing. Experience in states that have moved to a
more competition-based regulatory environment demonstrates that the transition requires labor intensive negotiations among all the partners, all of the players, the consumers and all the different providers. The states are in the best position currently and already have developed the capacity to oversee and monitor this transition. Furthermore, moving the oversight process from the states to Washington, D.C. would place consumers at a big disadvantage. The added expense and business required to raise grievances with regulatory agencies in Washington, plus the fact that they get fogged in there a lot, as we saw today in our committee meeting this morning versus the ability to get to the state's capital would discourage consumers from addressing concerns on both cost and quality. In my state, hopefully they are not even going to have to go to the state capital. They can do it vis-a-vis the Iowa Communications Network.

Tomorrow the Economic Development and Congress Committee will present to you a revised telecommunications policy that will support continued state regulatory responsibility over
local and intrastate telecommunications services,
while at the same time supporting the national
effort to build this dynamic telecommunications
superhighway for the future for our nation.
Finally, changing technology and the introduction
of competition to every sector of the
telecommunications industry raises new issues
about universal service. The policy objective of
making basic telephone service available to every
household at a reasonable rate in question are
both the understanding of what constitutes base of
service and the mechanism for collecting and
distributing the subsidies necessary to support
this universal service objective.

On the issue of universal service, the
states again face a possible Federal preemption of
local authority; however, policy and program
decisions on universal services do not lend
themselves to a national solution. The report
recommends a new paradigm of public competition
where consistent with a broad Federal objective to
the universal services the states can work with
consumers and providers within their jurisdiction
to develop innovative approaches to meeting the
universal service objective that we are all
talking -- that we are all interested in.
Otherwise, Government will focus on satisfying a
prescriptive Federal mandate instead of promoting
innovation and building the partnerships necessary
for us to compete in the world economy.

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

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

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

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

And finally, to strengthen the State
and Federal partnership.

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

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

Thank you very much.

(Applause.)

CHAIRMAN CAMPBELL: Thank you very much, Governor Branstad. Thank you for the time and the effort you have devoted to this project. I am sure that the report is going to be a valuable resource for Governors. I enjoyed my
visit to Iowa and was very impressed with what you were doing, and to learn what others are doing with technology is exciting, because I am never too proud to borrow a good idea, and I think that is what we are all here for is to get good ideas and to see what works.

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

In 1989, Dean Kamen founded U.S. FIRST. The FIRST stands For the Inspiration and Recognition of Science and Technology. It's a non-profit organization dedicated to changing the way Americans look at science and technology.
U.S. FIRST holds an annual competition whereby engineering teams from corporations or universities are coupled with local high schools, and a super bowl robotics competition. This is the focus of our presentation today. And I had the privilege of being in New Hampshire when they were holding the competition. I was amazed. They had their own cheering teams. They had their own jackets and their own colors, except they were competing, instead of on the basketball court or the football field, they were competing in the areas of technology and science, and it was just as exciting.

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

(Applause.)

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

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

(Whereupon, there followed a video
presentation.)

DEAN KAMEN: Well, I think this
By way of maybe a short history of what Governor Carroll Campbell called our little science center in New Hampshire, I will tell you how U.S. FIRST got started and what I can differentiate within my years of talent.

About ten years ago, I was getting pretty frustrated watching the average level of technology of society going up and the average level of competence, particularly among the young people who take it all for granted go down, so I built a little hands-on science center in one of our buildings in Manchester. And over a period of two years, it kept growing until finally it was the busiest place of its kind. There we had over 300,000 kids come through this place, and most of the community wanted me to keep growing it. And I visited one weekend thinking that this is pretty good. We were very successful with it, because now on the weekends on your own time parents and kids were in there playing with all the technology, and I was trying to figure out how to really grow it, and I happened to ask a bunch of kids why they were there and who they chose and
what they do, and I had a rather staggering awakening. Well, I spent about another hour there asking every kid in the place and their parents if they could name a football hero, a baseball hero, a rock star, and they all could. I asked them all if they could tell me the name of a famous living scientist or engineer, and not a single one of them could. Nobody. A few of them mentioned Einstein, but most were pretty sure he was dead.

(Laughter.)

DEAN KAMEN: That staggered me. We live in the most technically-advanced society on the planet. The amount of technology available is doubling every two years. These kids walk into a place with air-filled sneakers and laser discs on their hip, and you ask them who invented that stuff, and they are clueless. And I had a student population. I was with the yuppie parents with the quality time on the weekends in a science center, and it occurred to me that the problem isn't supply. Building another science center probably wouldn't do it. It would attract again those people that are given advantage to the advantaged, and we would continue to buy the chaos
society, and there had to be a better way, and it seemed to me that everybody was focusing on the supply side, as I was, with this great program. I watched on C-Span over the last couple of days the Governors talking about their great programs ranging from teen pregnancies to school to work, but all those programs have something in common. You are doing them retail. And I started calculating what it costs to get a kid into this center and to amuse him and to send him out smarter, and it was staggering. So then I went home to figure out how it is that they know all those sports heros and rock stars.

I went back the following weekend and asked them if they knew who Robert Mathalo (phonetic spelling) is, and 100 percent of the people in this place knew that. So I think I am on to something. The supply side isn’t the issue. It’s creating demand. This country spent last year $400 billion, depending on whose numbers you believe, on education. In fact, I shouldn’t say the country. You guys, because the Feds don’t do much of it. You guys spend $400 billion every year, and a kid that has been for five or six
years going through that school couldn’t tell me
the name of anybody involved in science and
technology, not a role model, not a hero, nobody.

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

(Laughter.)

DEAN KAMEN: The good news there is it
is a lot more expensive to build a highway than it
is to put the trucks on it full of good stuff. So
I then said, well, how can we create some demand among these kids to excel in algebra, physics, chemistry? And you can chuckle at that. How can you excel at something? If they are willing to get up three hours early before they go to school, whether they have two parents telling them to do so or not, the parent can’t pay them to study, but they can sure make them -- they can’t stop them from going out for the varsity football or basketball teams. What can we do to steal some of those techniques, and how do these deals get made? After all, if you spent $400 billion, and it didn’t work, there has got to be the right road, and it seemed to me let’s create that demand, because a little bit of opportunity, or rather a little bit of desire is worth a whole lot of opportunity to these kids, and very few of them have a strong desire to really academic subjects. Again, in this room, dealing with a lot of people with advanced degrees or numerous advanced degrees and so your colleagues and so forth, people you associate with. But we don’t live in the Leave-it-to-Beaver generation anymore where most kids have a couple of people telling them yeah,
sports is fun, but we have to do the homework. We can't change the demographics of families. We can't change the structure of the schools. We can't blame teachers for the fact that kids don't show up, and what's the point of changing the curriculum if 65 percent of the kids in some of the major cities in the United States didn't make it through high school. They dropped out anyway. I said, with $400 billion let's assume nobody is going to add incrementally a lot to that. Let's assume that the real answer is find a way to hit the demand side, leave the supply alone, form an organization to do it. So I left my little science center running. It still has people dribbling through it. It is as successful as all the other programs in which man is created that way, but I said we have got to do a major, a mega kind of organization that will very quickly change people's attitudes, because as both President Bush said in his inaugural address, as well as President Clinton, they both used the year 2000 by which we would be the first to have the science and with the kinds of issues you guys face, my guess is five or six or seven years is a short
time. Maybe you will get there, but I just think that between now and the year 2000 another 15 million kids will have dropped out of school. And if you went to the private sector, I don't think they would say I have got this great new product. In five or six years, I am going to have market introduction. The C.E.O. will be laughed out of his office. So I said we have got to make events that are as accessible to kids, as exciting to kids as every other physical sport. We have got to get in front of those kids, and who is going to do that? Private industry. The same people that dominate television, the giant companies that sponsor everything else on the television should sponsor this, not on public television, not for the kids that we are not worried about, but for everybody.

The first thing I had to do is find the role models. Where are you going to find great scientists and engineers that really can be an inspiration to kids? Most kids think scientists, engineers -- as I said, they don't think about them at all. They don't have any heros, but when pressed they were old and
anti-social. They don’t have a lot of fun. They
are not minorities. They are not young. They
don’t do well financially and in other ways. They
are nervous. Where am I going to find the people
to disprove this, and how am I going to translate
their work into something kids would appreciate on
an instant basis?

I went to the Council on

Competitiveness. I talked to George Fisher, who
was then the Chairman of Motorola. I said, Look,
guys, if you want kids to play football, you don’t
show them ugly little kids fumbling around in the
back yard, so why do you think that they would be
interested in science by sponsoring science fairs,
you know, the bridge table with the plastic
paramecium on it, and then they go home, and watch
the Super Bowl on television and watch the 200
best athletes in the world. If Motorola and
I.B.M. and Xerox and Boeing and General Motors and
all you guys are desperate for work or desperate
for customers, if you guys don’t have the N.F.L.
of technologists, we all hang it up. If you do,
all of you companies give me some of those guys.
We are going to put them in an event that kids can
watch and understand, a made-for-television
story. They can see minorities, women excited
about doing technology. They can see them
successful. They can see that it's more fun to
design Nintendo than to play with it. Give me
these guys, and we will make it work. Well, he
did, and the Council helped and put a bunch of
teams together, and we ran an event in 1991 and
1992. President Bush was there. I remind you
that President Bush was the Education President.
He invited the winners of the Super Bowl to the
White House. He wanted to invite ours to send the
same kind of message the Government has been
getting from the private sector. He did. W did
it again the second year, but double in size. We
had a few university teams, and that is where you
guys come in.

In 1994, we doubled again, and again
we only had about ten university teams. In fact,
I went out looking for more universities, because
that is a link between the real work force and
these kids, and it's also where a lot of their
role models are formed. I had a lot of trouble
getting universities. They didn't have a lot of
trouble sending 50, 60, 70 people to the Rose Bowl, but when I asked them for some students and faculty, we were having some trouble, and I understand why. They make money with the athletic programs, because these big corporations sponsor that kind of stuff. They sponsor it, because kids watch them. We have got a cart and a horse. You have got a self-fulfilled prophecy there. I tried to convince them that they ought to change their model, and I tried to convince them that if these universities, these institutions of higher learning can't participate in our kind of event that they are going to perpetuate a great American lie about what is important to kids. When every kid that watches television knows that the Razor Backs are a football team, and he knows what state they come from, but my guess is half the government here probably doesn't know whether that university has an engineering school or a medical school. My guess is most kids have no clue who won the Nobel Prize in physics this year, but they all know who is seated in whatever particular sports or all the sports they watch ad nauseam. We have got to get -- we have got to get a little
support.

In any event, as I said, I guess I am shut up here before I get shut up. The goal of U.S. FIRST wasn't another educational program. The word education isn't in our title. It's inspirational. We spend so much money on the office supply side, and a little bit of money spent properly in a real partnership with industry, where industry is adopting schools, or taking on schools. What do they know about that? Industry knows how to create a demand for products. They do it, unfortunately, by making false heros. They do it in other ways that may not be appropriate, but they are very good making kids want them. Every kid in this country now knows about a purple dinosaur, and it didn't take six years. If we can get industry to do what it does well, help create demand, the schools are there to satisfy it. Kids have to show up at school wanting to be as good in the academic subjects as they do about being good in the athletic subjects. Somebody has to give them that message over and over. You can't blame that on the educators. This is America. Business really
controls most of the way kids get their
information or the distractions a few hundred
times a day. We can organize a way that we can
change their attitudes very quickly. Most of all,
we can make it fun.

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

And it’s funny that in this country
there is talk about this great Revolution in
Technology. We have a N.C.A.A. in sports. Th re
is no N.C.A.A. for smarts. There is no place to
go to organize these people. There is no place
for kids to even go and say I want to sponsor a
fun program that the kids are going to see every
day. I want my university to participate, and
FIRST is really nothing more than a structure that
will give this country a N.C.A.A. of smarts to try
out the same impact as those other kids have.

(Applause.)

CHAIRMAN CAMPBELL: Thank you very
much.

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

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

This afternoon, we have been introduced
to a rather remarkable individual with a rather
remarkable project called U.S. FIRST. You now
know three things about Dean Kamen, or at least a
bit more about Dean Kamen than you did earlier.
There are three things that New Hampshire knows
about Dean Kamen. Number one, he doesn't wear a
suit. He doesn't wear it to the White House, so
we shouldn't expect him to wear it here. Number
two, he is a genius. He invented the insulin pump
when he was a teenager. And number three, he
loves U.S. FIRST, and he has continued to expand his knowledge, his interest in science and technology.

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

Well, one of the best ways is to have corporate America send the best that they have, their men and women from the corporate side to work with young people on a project, on an event. It has all the feel of a robotics event. And as you can see from the film, they are as exciting, as interesting as well-attended as any sports event, and they work. They bring young people, who are going to be diverted from science and math and technology back into an understanding of them and appreciation of them and a love of them.

U.S. FIRST can work in your area of the country. There are going to be regional events. We have -- we can inspire the young people to get
involved.

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

New Hampshire and the City of Manchester has put up millions of dollars to make U.S. FIRST a reality. We are willing to go around this country and convince you in your regions that it not only can work, that it does work.
And with that, I will conclude my remarks, and I thank you, Dean Kamen, once again for this.

CHAIRMAN CAMPBELL: Governor Bayh has some remarks.

GOVERNOR BAYH: Thank you, Mr. Chairman.

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

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

GOVERNOR BAYH: Congratulations. And if we can be successful in instilling just part of
the enthusiasm that that competition in the video displayed, we will have gone a long, long way to improving our students' performance in math, science and the use of technology.

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

Delco has partnered with the Kokomo High School. And as you can see in the video, in this particular case, and what they do -- they have 20 students directly involved and a hundred other students in the high school involved. They are given some basic materials. They are given some designs, and then along with their instructors, they are told to go build a robot,
and the rest is up to them. In the course of the school year, that is exactly what they do. A whole variety of students are involved. It's not just for the gifted and talented frankly, so there are a whole variety of students that are involved in this program, and they learn about basic science. They learn about the changing, the rapidly changing nature of technology. They learn about the applied uses of science and technology, and they learn to work in teams, which we know is very, very important today on the job as well as in the classroom. It's also a very good experience for teachers as they work with our young people in constructing the robots and applying the science and the technology.

I am pleased, Mr. Chairman, to report that Kokomo is so successful, while they didn't win the Procter & Gamble award for number one, they did finish sixth out of the top 42 entries in the country; and while it has created a lot of enthusiasm, it may not yet rifle the Hoosier story in basketball in our state, but I tell you what, they have created a lot of excitement, and that is saying a lot in the sports-crazy Indiana, not
dissimilar from some of the other states here. So from our experience, Mr. Chairman, this has been a very worthwhile experiment in Kokomo, Indiana. And we were willing to wait, and maybe it will appeal to some of the best next generation engineers, scientists and technicians thanks to U.S. FIRST and Dean Kamen. And for that, we are very, very grateful, and it's going to help us meet that fourth goal, of being first in the world in math and in science.

Thank you.

CHAIRMAN CAMPBELL: Thank you very much, Governor Bayh.

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

DEAN KAMEN: Well, as I said, the event is not purely -- its educational values is analogous to the fact in excess of 10,000 kids that have played, probably a 100,000 next year, the real impact is put on television. Already 12 million kids have seen it in school. And as I said, it will be on national television, I hope
last year's, this year's and next year's, but to
really give this thing the kind of status it needs
it can't smolder. It has to become the same kind
of major national event to being told that it's
happening and even two minutes out of the week in
between hearing about other sports, who is doing
what. I think they start to identify with the
teams, identify with the players. If universities
participate -- you may snicker at this -- but I
really believe within a few years, you can have as
many people as curious about who is winning the
race for the superconductors as the Super Bowl.
To do that, I need more universities to participate.
They have the infrastructure to hold the events.
They have got the faculty. They have got it.
Everybody wins. They work with the industry for
which they are the supplier. Their customer their
gets to see the students and works with them.
They work in the high schools. Everybody really
wins in it so that is why the companies keep
coming back. Businesses are coming back.
But when I talk to universities, they
don't get it yet. They are under financial
pressure. They tell us that their sports games
really are money makers, and that is why they have resources to put there, but they can't compete in this event. And, frankly, you are the C.E.O.s. This change has to come from the top. If you do it for a year or two, and you don't like it, I won't bother you any more, but if you guys commit to come to this event, if you could commit to give me one state university to participate in, now we will get something out of it, but as the sponsors stop lending, I'll send them your way. We can help them in the same way that sports has helped them. What a concept two major institutes of higher learning in the United States competing in something of the size at each other. If it happens in America, if your colleges can be convinced to participate just one year, one school from each county, the scales event will take on a life of its own. I am asking you to commit one school.

Thank you.

CHAIRMAN CAMPBELL: That is not too much to ask. I think if we got every Governor here to commit to get one school to participate in this then we would really launch a program that would have results that we can't dream of. You
know, when you talk about creating demand, as
Dean Kamen has, Jim Hunt in North Carolina, some
years ago they built a mass sized high school, and
they were overrun with students to try to get in.
We in our state tried to talk to people, and they
said there is no demand. Some of them are going
up to North Carolina. We built one, and our
waiting list is as long as theirs. So see if we
can tickle the fantasies of these young people to
do anything that they want to do and convince them
that they can do anything, that there is nothing
to hold them back and give them that opportunity.
We are going to produce some more Dean Kamens, and
there are going to be a lot more patents, and it's
going to be a lot better country.

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

(Appause.)
CHAIRMAN CAMPBELL: Now I am pleased
to call on Governor McKernan for a report.
GOVERNOR MCKERNAN: Thank you,
Mr. Chairman.

I am pleased to have this opportunity
to update all of you on the work of the National
Education Goals. Again, we had our most recent
meeting on Saturday morning, and we really feel we
had an exciting year.

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

In addition to meeting the new
challenges that were laid out in the law, the
panel has also worked this year to restructure the
goals of the annual report to make more useful for
us as Governors and for other policy makers as
well as parents and the public. I have been
frustrated that even though we have gotten good
attention for the release of the report, it has
been so voluminous that it has been difficult to
understand and difficult for policy makers to use
to actually improve what we are doing at our state
level in education. We have reduced the number of
indicators we have been using to see how we are
doing toward meeting the other goals from 120 down
to 65. We have also reduced those 65 even further
to 16, what we view as actionable policy criteria,
and the reason for that is so that we can have a
report that is easy to understand by the public
and that we could start to track exactly the kind
of progress that we are making. I should tell you
that as I conclude my year as chair, I remain
frustrated at the lack of available data to
determine exactly what kind of progress we are
making, but the panel has agreed to work with
Secretary Riley and the Domestic Policy Adviser at
the White House to look at ways that we can spur
on new efforts to collect the data.

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

Thank you, Mr. Chairman.

CHAIRMAN CAMPBELL: Thank you very
much, and thank you for the fine job that you have
done as the Chair of the Goals Panel. I agree with you. I think it's important. I think the data is necessary, and I think it is something that we obviously should continue to pursue and make sure that it is done right.

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

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

GOVERNOR HUNT: Thank you, Mr. Chairman.

We have got to reach those high goals that Governors really set us on a path for. It's going to help our students learn a lot more to be able to do the kinds of things that have been talked about here today that are exciting, that we know can make such a difference to this country. If we are going to reform schools, and a lot of you have been involved in pushing that in your states, setting goals, reforming schools. And if we are going to have kids who can use technology, that is what we are going to buy with the great vision here today. Then I would suggest to you
that the most important thing we could do is to improve teaching in the classrooms of this country, to have better teachers. Now most of us as Governors have been involved in this public enterprise in a leadership way.

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

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

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

Well, we have had something going on in this nation for the last seven years that probably most of you are not aware of. It has been laid and measured by Governors. Governor
Tom Cane of New Jersey started out in this activity, and Governor Branstad of Iowa has been involved, Governor Voinovich of Ohio. I have been chairing it since it started out. It was the establishment of something that the Carnegie Corporation help encourage, something called a National Board for Professional Teaching Standards. The purpose of it is to set high and rigorous standards for what teachers really need to know and be able to do and then to board certify teachers who meet those high standards.

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

Now by the way, this activity is much like the Board Certification of doctors. We
regularly talk about a Board Certified physician, surgeon or whatever it may be when there is now family doctors, emergency physicians, and what have you. It’s going to be similar to that. And we know the status that we give to Board Certified doctors and how they are given leadership positions and all kinds of things and the added status that that has given to that profession. The teachers who go through this process of becoming Board Certified really, really go through something that is tough and rigorous. They videotape their teaching, for example. We like to go into every classroom and watch them teach. Financially, we can’t afford to do that. We do the next best thing. They videotape their teaching for two or three weeks. That videotape then can be defended and analyzed by master teachers.

They do a portfolio, a voluminous portfolio of their work as teachers, teaching plans, various kinds of things that they do and their students' work showing the progression of that work, maybe the first essay they wrote at the beginning of school and then later on throughout
the year showing their growth and what they have
done in response to that teacher's efforts.

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

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

Mr. Spielberg is going to speak in
just a minute, and I remember a few years ago you
made a movie in my state called The Color Purple.
It had people like Whoopi Goldberg and
Oprah Winfrey in the movie. Oprah Winfrey does
other things now. In any event, those are stars.

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

Megan.

(Appause.)

MEGAN LAWSON: Thank you very much. Yesterday, I had an opportunity to speak with some of the Governors, and I said to them, and I will say it again today. This does make me quite nervous, because I am normally in front of seventh and eighth grade students, and the big difference there is that they think they run the country, so I am here today with the experts. When I look around the room, and I see the important people here, I think about the impact that you make on decisions for our country, and I think about how important you are to this country. And I tried to calm myself by saying that this is really no
different from what I do everyday, because
everyday when I walk into a grade of mine, I am
speaking to the most important people in the
country, and those are the students.

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

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

I heard a teacher say one time, and I
shared this quote yesterday, but I wish I knew
this teacher's name, because I want to give her
credit. It sums up very much what the National Board for Professional Teaching Standards is all about. She said, If you don’t feed the teachers, they will eat the students, and the National Board of Professional Teaching Standards is about feeding the teachers, about treating teachers professionally, about offering them an opportunity to be considered for once professionals and not just teachers.

I would like to say that Governor Hunt spoke a little about the help in professional growth that is involved with the National Board of Professional Teaching Standards, and I will say that that commissioned group was comprehensive and rigorous, and in fact, it was. It was the most difficult thing that I have ever done, and I have put myself at quite a risk. I have exposed myself publicly, and I am not yet a certified teacher. I am still a candidate. The process is still being evaluated. I spent in excess of 200 hours compiling a portfolio of my students’ work in the classroom, of my management style, my teaching strategies. That involved a portfolio. It involved videotaping, as Governor Hunt said, and
it was extremely comprehensive, but I have to say
that it was designed largely by teachers, by
expert teachers, who know what good teachers do in
the classroom; and even at this point, if I find
out that I am not selected as a certified teacher
this time, I will do it again, because the process
of going through the certification is what is
important. That is what professionals, I suppose,
having to leave our room each day and critically
evaluate how I taught these students, and I ask
myself, did I reach them? Did I accomplish my
goals to become a reflective practitioner?

So the professional growth aspect of
the National Board is probably one of the most
important, but another one is being able to become
a collaborator. Each of you here today, you are
in the room with people with whom you can share
ideas, you can learn from each other. I heard
that this morning. Even the theme of the meeting,
a Partnership for Progress, when I think of that,
the word partnership for too long teachers have
been isolated in their classroom. They close
their doors. They close their minds to new ways
of teaching, and the National Board for
Professional Teaching Standards requires each teacher to collaborate, to say how can I be better. How can I become a better teacher? What strategies do you use? So it's building a network and partnerships between other professionals. It's being given an opportunity to be considered a part of the professional team and not an isolated member of a classroom.

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

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

Let me say, too, that I encourage you to do, and I challenge you the same way that Dean challenged you. If each of you will go out and involve one teacher in this process, and I am not
even asking for the whole university. I want one
teacher in each of your states next year to
participate in this and experience the value and
be able to share it, and I say to you now that
with all the talk of the information highway, we
talked about the off ramp. The on ramp is the
classroom. So you need to encourage teachers to
participate in this, and I can't wait to go back
and share with my seventh and eighth grade
students this wonderful experience. They won't
believe the audience I had. And when I tell them,
well, I got to talk to Steven Spielberg.

(Applause.)

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

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

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

Thank you, Mr. Chairman.

CHAIRMAN CAMPBELL: Governor, thank you very much.

(Applause.)

CHAIRMAN CAMPBELL: Megan Lawson, thank you for being with us, and thank you for your presentation. You are very effective, and if we can get you in every state making your presentation, you would help us, so we thank you for being here.
I would now like to call on Governor Dean to introduce Steven Spielberg.

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

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

(Laughter.)

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

(Laughter.)

GOVERNOR DEAN: -- kind of the story of our marriage. And at the end, we lined up at
the buffet table, and I said, Gosh, you know, as we were in line standing comparing notes on our dinner conversation, I said, Gosh, it's amazing how many important people that are here. Look over there. Senator Mitchell is over here. And John Major is over here, and there is William Cohen over here and gosh, there are a lot of important people here. She looked at me and she said, There is one less than you think there is.

(Laughter.)

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

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

Steven Spielberg, who I don't think needs an introduction, I just have a four-page one here, and I am not going to read it, but he has gotten more famous films than I think that I have people in my state. And he is probably at this
point the best known and most respected director
in the world. His last film, which won seven
Academy Awards, including Best Director and Best
Picture was a picture about racial tolerance, and
in every single one of our states, we have
problems with crime, but we have problems with
hate crimes, and it happens in Vermont, and it
happens in New York, and it happens in California,
and it happens in Montana, and it happens in every
state in the country. And Steven Spielberg’s
film, Schindler’s List is, I think, an incredibly
remarkable film. Most of you have probably seen it.

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

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

(Applause.)
STEVEN SPIELBERG: I am honored to be here today, and equally I appreciate your invitation, Governor Dean, to speak today.

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

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

In schools today, young people are not being taught about the questions of personal responsibilities. Those are the seeds that can breed indifference and then intolerance, which is
an admission in self-esteem and then a search for scapegoats. The more groups insulate themselves, it’s no longer all of us together. It’s them and us.

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

In 20 years or 30 years from now, all of the victims of the Holocaust will be gone, and that is when truth can become legend. A significant effort needs to be waged in teaching your children and my children about what happened so that the next generation will not tolerate what the last generation perhaps chose to ignore. We must discover why these hideous chapters in our history have happened, but first we must believe that they happened at all. So I made Schindler’s List to remember the six million Jews who were murdered in the Holocaust. And when I did, I was appalled at the number of people in this country who knew
little, if anything, about one of the most horrible events in modern history. And if they didn’t know about that, how much did they really know about slavery and segregation, Wounded Knee and the Trail of Tears, the Ku Klux Klan, the burning of crosses, the relegation of Japanese Americans to the U.S. internment camps during World War II, the 600,000 Armenians massacred in 1915, the resurgence of Skin Heads and the Aryan Nation, by escalated hatred in Soweto, Bosnia and Rawanda today, even the banning of any nonwhite players from baseball and most other sports before 1947.

Some of these thoughts were with me when I made Schindler’s List in Poland last year. I wanted to make the film accessible to as many high school students as I could. And we began a program in California that evolved into what became the Schindler’s List Program developed with you, the nation’s Governors. The response right from the beginning was enthusiastic from teachers and students; and with the cooperation of Universal Pictures and theater owners all over the country, we offered special morning screenings of
the film free of charge to third and fourth year high school students, more than 40 states, and I had the pleasure of speaking to some of these Governors personally, accepted this offer, and I cannot thank you enough.

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

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

We need to teach teachers to teach tolerance, and we need your support in two specific areas. First, please support the free high school screening program starting in September; and for those who already have, please renew it and have your education people continue to schedule schools and the showings and the field
trips. For those who did not have the opportunity before, we urge you to add your state to this educational program.

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

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

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

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

Governor Romer.

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

Steven, my question is this: Your film was so good that on its own merits it forced its way into the minds and hearts in the viewing of America. What can we do to create a better climate where other art forms, such as that, can
be box office successes for all who are or at least available, because quite often I think artists like you who have an inspiration to do that are closed off by the commercial facts and faces of the media.

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

STEVEN SPIELBERG: Well, as you know, the success of a motion picture is completely sporadic. There is no way to predict what will be successful, what will not be successful. As a matter of fact, when I made Schindler's List, I guaranteed the studio they would lose all their money. I told them to take the $22 million it was costing to make the film, they might as well just give it away to me to make the film, because they were never going to see anything permanent. That is how pessimistic I was that there was a climate ready to accept essentially a movie about racial hatred, and I was happily wrong, because I think so far we have computed based on what the film has earned at the box office worldwide that -- we computed that almost 75 million people around the
world have seen Schindler's List, and in a sense that in itself will provoke -- promote more difficult subjects to be tolerated by the Hollywood infrastructure to allow these kind of hard-to-make films get made.

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

As far as what the Governors can do to help this along is you really can do a lot in stimulating teachers to want to delve into subjects that aren't necessarily reading, writing and arithmetic. Subjects that are about personal responsibilities. I had some students that I talked to in Oakland, California, also in
Long Beach, California, who both said, Look, we live on the streets. Some of us are members of gangs. Others of us have stolen, and some of us have done worse. We know what is going on out there. Let us help teach teachers how to teach us back, and I think by making your teachers available and very open-minded to talking to the students, letting the students and just the children of the world help them teach. That is one of the great steps forward that I think any of you can take.

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

GOVERNOR WHITMAN: Well, I first want to thank Steven Spielberg for what he did for us in New Jersey, because when Kalid Abdul Mohammed (phonetic spelling) spoke at one of our colleges, he unleashed a fire storm of racial hatred and of concern on the issue. And I had just seen Schindler's List and can think of no better way to focus not the attention on the Holocaust but on the hatred, and we reached out to Steven Spielberg, and without a moment of hesitation he had a copy of the film mailed to us,
and we were able to show it around the college campuses where the discussion had initially taken place, and for that we are deeply grateful.

We also put together a panel that put it in perspective. We videotaped it. The panel included someone who had lived through internment, a Japanese-American in California during the second World War. African Americans and others who had suffered from discrimination in this country, and we used that film as a precursor to those who were going to see Schindler’s List so that they could get some perspective, but what I would like to truly ask you is whether you have thought, because you have done such a masterful job of putting together a curriculum that went along with Schindler’s List of how we start to reach the younger children, because as the work evolves specifically you have to be talking, and by the time you are six or seven or eight, and that is so very true, Schindler’s List is a very powerful, moving film, but it’s too strong, I think, for six and seven and eight years old. It’s a question of how do we require the teaching of Holocaust and genocide education now in
New Jersey. I just signed that legislation. I don't believe it mandates it, but that is one that we have to address, and we are teaching tolerance, but the point is how do we get it down to the younger students, the younger children where they are most impressionable, and where it can really truly make a difference?

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

So I think, you know, the greatest thing that can happen is the parents talk openly to the children about the things that aren't very
pleasant to talk about at a very young age. I wouldn't show my kids Schindler’s List yet, but I have already shown them Lillies of the Field with Sydney Portier, and my kids -- it was an eye-opener for all of them. They loved the movie, and they understood the stereotyping and what the picture was really saying about discrimination and racial hatred. There are films like the Diary of Anne Frank, with the great late director George Stevens. That is a wonderful, I think, teaching tool for younger children; but for the most part, what we can do is be the parents and consider our children whenever we take a breath. That is what we can do.

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

Governor Sullivan.

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

Let me move briefly from the subject that we are talking about intolerance to moral
values, and I ask this question with absolutely no
disrespect, but a good deal of intellectual and
moral curiosity as we talk about the issues of
influence and morality. I was tremendously moved
by your movie, and you and I had a very interesting
cornerstone conversation about it, and I want Wyoming to
participate in your program, because I think it
carries that kind of powerful message; but having
seen it, I have consistently wondered why it was
necessary to put in the graphic sex scene, which
seemed to me to be incidental to the movie and
adding nothing to the message, yet carries part of
the concern that we all have with where we are
moving in this country today.

STEVEN SPIELBERG: Well, I am the
most embarrassed at that sex scene. You don't
see many of them in any of my movies. I felt that
Oscar Schindler, who was a remarkable individual,
because he was so hedonistic, and his lifestyle
was basically -- his lifestyle was spirits and
women, and this is what in a sense makes his story
even more remarkable, because he was able to give
all of that up, including millions and millions of
Deutsche marks a year he was making off of the
slave labors of his Jewish workers in order to
give it all away to buy his workers back and
exodus them into Czechoslovakia and eventually a
safe haven at the end of the war, and I felt that
the one scene that you were referring to was more
of a scene that was necessary to underline his
center character and who he was as opposed to necessitate
an overview of the Holocaust showing, and I felt
in that instance it was necessary to understand
Oscar Schindler, because we witnessed so much in
his life and so much in the lives of the Jews and
what they went through. I thought it was equally
interesting to witness some of his own private
moments.

Governor Sundlun.

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

(Laughter.)

GOVERNOR SUNDLUN: So I know there is
no racial or religious prejudice in Rhode Island,
but I also was a pilot in World War II, and I got
shot down over Europe during the occupation by th
Germans, and I saw the Jews herded along the streets with the yellow star on their coat, and I felt frustrated, because there wasn’t anything I could do about it, but then we are Governors. We are politicians, and what really offends me about the Holocaust is that the United States Government knew all about it and so did the English, and they didn’t do a damn thing about it at a time when they could have, and that is — that is a failure of Government. And the only man in the Roosevelt Administration that really went to bat on the issue, lost his job in the Administration as a result, and that was Herbert Pell, who was the father of Claiborne Pell, who is now the United States Senator from Rhode Island.

And the English were perhaps even worse, because there is clear evidence that Churchill knew all about it even earlier than did the Americans. The Air Force was given the opportunity to bomb the railroad yards that led to the concentration camps, and then they were actually invited to bomb the gas chambers, and the leaders of the Jewish community were willing to take the losses that that would have resolved.
And the officials in charge said no, and that to me the -- the Holocaust was horrible, but the Holocaust was preventible if government had functioned. And I don't know how to cope with that. Do you?

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

This is disturbing to me, but there are other things equally as disturbing to me in
view of just the treatment of African-Americans, you know, post Civil War, and I just think that we have a lot of looking and exploring to do into what makes us hate and what makes us fear people who are different than we are, and I can't figure it out, and I don't know what to tell my children about it, except that they should have all the information available through their schools and first the parents and second, you know, the curriculum in schools so they can make up their own minds about it when they are able to.

CHAIRMAN CAMPBELL: Governor Engler.

GOVERNOR ENGLER: I think that you are right. I see it persistently sort of a common thread in all of what we have been talking about this afternoon, because we were talking about the technology and telecommunications and the Dean list of science and math reaching the young people, and then the presentation or master teacher. We are now talking about the teaching of tolerance. In mass communications such a part of this is reaching these young people. Governor Whitman sort of touched on this with her question. I want to pursue it a little bit more, because one
of the things that we hear from the educators about are the short attention spans, the difficulty of reaching the young people today who are in a world where there is so many images tossed at them, you know, and an endless stream of sources, and how do we -- and I am curious, because you have a reputation of being very farsighted on some of these things that seem awful corny. How can we use the tools of your trade in an education sense to start breaking through differently, because the art of being in the classroom is really about the same as it was many, many years ago; and in this electronic age, where would you -- you said we need to form a school, and I agree to put it together, what are the things you would like to see in that school? How do we -- what is on the horizon? As a Governor, I am looking forward to the 21st Century would really make a difference.

STEVEN SPIELBERG: Well, I believe in what the Governor of North Carolina said, you know, about I think the most important thing is the teachers love their jobs, and the teachers are stimulated by what they do and what they have to offer. The teachers can take credit for the
students who do good and try harder to rescue students who aren't doing well. So I believe that is the first and most important thing outside of the superinformation highway.

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

I would like very, very much to see teachers putting on their declared majors in college education, as opposed to falling back on education when they haven't succeeded in what they first initially started to do. I would like to see teachers paid more money. I think they are grossly underpaid throughout this country; and in order for people to be motivated to teach, they have to know it's going to be not just a service of love where you get to be a noble hero in a movie, but you have a career for the rest of your life, but I also feel that augmenting that good
teaching, I would love to see software developed and eventually all schools either fiber optically connected or connected through cable so that young people can benefit from what we can give them from our end, which is very stimulating, visually intoxicating versions, hopefully the correct version of social studies and history. And I think that there is a marriage to be made between the entertainment industry and the educational community.

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

Thank you, sir.

(Applause.)

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

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

The two subjects, Steven Spielberg’s and mine are not dissimilar. Indeed, last year when I had the privilege of attending the International Winter Special Olympics in Salzburg, Austria, and for the first time the people of Austria had the opportunity to see those with mental disabilities on a large scale, there being no such laws that we have in the United States for the enhancement of those individuals. And it was a first for my children, because Salzburg being close to Munich, I had the opportunity to take my four boys age 10 to 15 to Dachau, and believe me that and then later on seeing Stev n’s movie made
a very profound effect on them.

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

The 1995 World Special Olympic Games will be held in New Haven, Connecticut. It will quite simply be the largest sporting event in the world in that year. All of the United States, indeed the whole world, will be coming to Connecticut. Visiting our state for the nine-day event next July will be 6,700 athletes from 139 countries, over twice the size of the Lill hammer Olympics earlier this year, and they
are going to compete at the highest levels of
sport competition in swimming and soccer and
sailing, volleyball, softball, basketball and
weight lifting. We have an athlete who can lift
four times his body weight. In track, we have
runners who can finish a marathon in two and a
half hours. What I want to make clear is this is
not a sympathy event. Given the opportunity, you
are going to see a level of athletic competition
just about that far below the regular Olympics
that take place in the following year.

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

(Whereupon, there followed a video
presentation.)

(Applause.)

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

I want to invite the Governors here,
number one, to attend the event as the guest of
Special Olympics in New Haven in 1995. And most
particularly, as the athletes from each of your
states will be competing to be there in New Haven,
give every possible encouragement and support to
the events in your own state. There is no doubt
in my mind that when those Special Olympics were
held in Austria, a nation that has never so much
as written one sentence on its law books as it
applies to the disabled, when those Olympics took
place in Austria, the laws of Austria changed.
That is the story of Special Olympics. It may be
boring to read the Constitution of the Unit d
States and to understand the problems of the
disabled, but sports, that is the American way to
get across the message. And when you see the
level of competition and the striving of these
people, you will know why this is so important to
us in this nation and around the world. And in
the final analysis, it teaches a lesson, which I
think all of us understand and more should. Let
me win, but if I cannot win, let me be brave in
the event. Please come to Connecticut in '95.

(Applause.)

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

We need to go into executive -- into
the Executive Committee meeting for just a few
minutes to take up some policies, and so we are
going to now be seated as the Executive Committee.
We have a number of policies that we need to
move. I am going to ask that they all be moved in block, because of time. There is no controversy. They have been approved, and I will entertain a message -- I mean a motion to that effect.

GOVERNOR THOMPSON: So moved.

CHAIRMAN CAMPBELL: Governor Thompson.

GOVERNOR CARLSON: Second.

CHAIRMAN CAMPBELL: Debate on the second.

Any discussion?

If not all those in favor say aye.

Any opposed?

The motion is carried.

No further business.

We are adjourned.

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

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, RPR
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.

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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
cooperation with the National Governors’ Association. And in spite of some of the rhetoric that has been coming out of this meeting in the last couple of days, that record is intact.

Senator Dole’s bill comes closer to N.G.A. policy in a number of important areas than any of the other bills that have been introduced: In the key areas of insurance reform to assure affordability of a sensibly-modified community rate that will not impose a huge intergenerational tax on the young; antitrust and malpractice reforms that will allow states to move ahead in creating the kinds of network of care that will actually be able to deliver health care. Senator Dole’s bill is extremely state-friendly and parallels most of our policies.

His talk of reform revisions in particular, which Governors agree are essential are strong. What our Governors sought to do is to spur needed reforms in the system without the mandates, government overregulation and bureaucracy. You may find some of these things in other bills, but you can find things that we disagree with in all bills. Bob Dole believes
that the Governors -- with the Governors and
insurance fraud by itself does not guarantee
care.

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

The staff has had a very constructiv
meeting on the Governors' own bipartisan plan for
low-income programs. One-way eligibility would be
based on the income and where benefits would b
the same for the working poor as the nonworking
poor. In all other bills, the nonworking poor get
a better deal and more benefits than the working
poor, and some of us don't think that is right,
and we think it discourages work. We agreed
yesterday that Governors would work on a
bipartisan basis for those provisions on which we
agree, and we have begun that process with
Senator Dole. As we enter a critical period of
Congressional action, especially on health car,
but also on crime and welfare, I know that we can continue to count on Senator Dole’s open door policy.

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

(Applause.)

SENATOR DOLE: Carroll, thank you very much.

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

Before I talk about the issues, there are a couple of other things that I just want to mention very quickly. First, as a Kansan, I do want to note that Governor Finney will be returning to private life next January. We have been friends for a long, long time. I don’t want to say how many years, but for a long, long time. And she can take great pride in her remarkable public service career, and she will always be remember d in Kansas for the many, many good
things that she has done as the Governor of our State and, of course, go down in history as the first woman Governor in our state. So, Governor Finney, we wish you well.

GOVERNOR FINNEY: Thank you.

(Appause.)

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

(Laughter.)

SENATOR DOLE: And Strom Thurmond told me yesterday before I left that he only planned on serving in the Senate for two or three more terms,
and he then thinks that Carroll will be old enough
to succeed him, so I hope that all works out.

(Laughter.)

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

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

As I look around the room, I note the absence of a few Governors, notably Governor Edgar. And as you know, Jim underwent emergency bypass surgery a week ago, and I spoke to him last week,
and he is well on the way to recovery. Jim learned firsthand what Governor Casey also learned not long ago, and that is the fact that American’s health care system is the best in the world performing their miracles every day.

And when we began this debate on a bipartisan basis, Democrats and Republicans alike shared the same goal doing all we could to ensure that every American had access — had access to that health care system, that best health care system in the world. That was the President’s goal. That was my goal. That was your goal as well. But in reaching that goal, we always had to keep certain things in mind, rather important things. We had to keep in mind the costs of health care, which as I understand there may have been a reason the bill didn’t pass in Vermont, because of the cost. The price of health care reform shouldn’t give a complete takeover of one cent of the economy by the Federal Government and a new burden on middle class Americans. We also knew the price of health care reform should not be the loss of millions of jobs. It has been estimated a million and a half to a million to
some three million jobs. The price of health care
should not be bankrupting states or bankrupting
our children by simply tacking on untold billions
to the national debt, and I must say that as
executives you understand the importance of at
least having some idea what something may cost.
And at this point, we are not certain, because w
don't have estimates on many of the major bills.

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

(Laughter.)

SENATOR DOLE: But I think the s ds
of the bipartisan plan still exists if the
Administration is willing to com our way, and I
believe it's very important. When I say come our 
way and when I say the seeds of the bipartisan 
plan where did I go to get those seeds. Well, I 
gone for the call of action issued by the 
Governors, Democrats and Republicans last 
January. Much of which is contained in your 
proposal is in the proposal put forward by 
Senator Packwood and myself, and we didn’t put the 
proposal forward as a Republican plan or as an 
opposition plan to President Clinton.

As you know, there are at least five, 
six, seven, eight plans in Congress and probably 
more than that, but five or six have gotten out of 
committees. Ours hasn’t gotten out of committee. 
It will be offered probably as a substitute at th 
appropriate time. We call our plan the American 
Option, not a Republican Option, the American 
Option. We have been in contact with nearly a 
dozen Democratic Senators. We have met a number 
of times with Congressman and Doctor Roy Rowland, 
the Democrat from Georgia and Congressman Mike 
Delarocas, who has the Rowland/Delarocas Bill in 
the House. They have about 75, 80 cosponsors, 
about an equal number of Democrats and
Republicans. So I want to make it clear that we are looking for a bipartisan solution, just as I believe the Governors are looking for a bipartisan solution, and we hope that it's out there somewhere.

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

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

Medical malpractice, which I think is very, very important. We want doctors to spend more time with their patients instead of more time
doing defensive medicine trying to avoid a future lawsuit, and we have strong provisions which you suggested in the call of action.

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

I think it’s fair to say that we have all been in politics for some time, but in our business of politics we never say that someone is against us. Either they are for us, or they are undecided, and I have noted that there is one key issue in the Dole/Packwood proposal on which the Governors are undecided. That, of course, is the gap on Medicaid, which you all have as undecided. We knew going in you would be undecided on this issue, and we assume that you are still undecided, but we also understand to make it work, as I have said in every appearance that I have made, you have got to work with the Governors. You have got to give the Governors flexibility, the art of the laboratories, the art of the innovators, and we
need to listen to Governors regardless of party, and so we have already started. In fact, we started long before somebody raised it in a rather distorted article in the New York Times on Sunday.

We started negotiating with the members of the Governors' Association on how can we change it. How can we make it work so there is some pressure on both us and both on the states so that we don't spend a lot of money. So you can be sure that we understand, first of all, we understand your concerns about being left holding the bag, and I believe we can work together to settle our differences. Now how are we going to do that? Well, if you are going to bill Texaco, I'll have to get a ventriloquist up here, but just say generally, we are flushing out one idea is to give the states the option of buying in all A.F.D.C. and noncash recipients into the private sector program so that the large majority of low-income individuals, whether they are the working poor or nonworking poor, as Governor Campbell mentioned, we don't think there ought to be class distinction here are treated the same,
and we don't believe the nonworking poor hav
better benefits than the working poor. And as
you, yourselves suggested, the greatest attempt
possible, the low-income population receive its
health care through the same delivery mechanism as
the rest of the population, again no class
distinction. That is not the American way, and
that is not our proposal. So we are going to
continue our efforts.

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

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

Well, I think the President will
agree -- I am not certain what he is going to
say -- but I think we have to get back to th
issues that matter the most, and notwithstanding
what the media may report or what may be happening
or whatever, this issue is not about Bill Clinton
versus Bob Dole or the Republicans versus the
Democrats or Republican Governors or Democratic
Governors versus some other group or the poor
versus the middle class. I think health care is
too important to be turned into class warfar over
the political battles of personalities. And
again, I am a living example of somebody who has
had a lot of health care. I have become the
prostate pin-up boy in Washington, D.C. as one
example, and that is the only the latest little
episode. And I understand a little about
affordability and accessibility.

Many, many years ago when I got out of
World War II, and all the good doctors had gone, I
wanted to go to some private doctor, but I didn't
have the money. So in my little Town of Russell,
Kansas, they passed around a cigar box and raised
$1,800 so I could go to Chicago. So I think I
know a little about accessibility, and I know a
little bit about affordability, and I believe that
we are just as sensitive as anybody else on any
side of this issue, and it's not politics. It's
not politics. And I don't think that television
commercials to organize a tax on pizza, which
happen to be headquartered in Kansas, or others
who dare to speak out against the Administration's
proposal helps the process one bit. I think we
need to move past the rhetoric. I heard th
President say that this morning on television when he spoke yesterday in Miami. I think it's time for a second opinion, and I think we all ought to be ready for a second opinion.

We are dealing with a very important issue, an issue that is going to affect every American, and if we start the class warfare, being the poor, the working poor, the nonworking poor, the middle class, the rich, then we are going to be right back in the same old battle, the same old rhetoric. In my opinion, the American people have heard the debate. And if you have gone to town meetings, as you have, and they have gone in record numbers, and they call our office in record numbers, and they call the talk shows, and they have written letters and maybe somebody will say, well, they just don't understand it. I think they understand it, but like most consumers when something is so complicated and in their view so bureaucratic, whether it's the State level or the Federal level, when you don't understand it, you don't buy the product as a consumer. And maybe that is why the new C.N.N. and U.S.A. Today got a poll today that says there is about 55 percent
opposed, 40 percent support it.

So what are we going to do about it? Are we going to keep trying to push and push and push? We said, We have got to have it all. We have got to have it all. Every Governor has to support employer mandates. Now that is a big problem the states fight hard. The Governor knows where most of our people, employers have ten or fewer employees, about 87 percent. Most have five or six. We are not a big state, and there are a lot of small states represented in the Congress, as everybody here knows. So it just seems to me we have -- we need a reality check. We need a second opinion, and the health care system may not be perfect, but it is the best in the world. It does need repair, but I am not certain it needs a complete and total overhaul, and not -- certainly not a complete and total takeover by the Federal Government. If somebody wants to tell me what universality is, we will be happy to listen. How do you get there and how much does it cost? Is it 91 percent? 92 percent? 95 percent? Is it Ivory soap? What is it?

I think access, universal access, I
have no problem with everybody being covered in
America, but we have to figure out how we do it,
how much does it cost, and I guess between getting
it done right and getting it done fast, many of us
would like to get it done right.

So we shouldn't be setting artificial
deadlines. We have been told that if we are good
boys and girls in the Congress and eat our
vegetables and pass health care, we get a recess.
We could care less about the recess. This is a
very important issue. If it takes all of August
and all of September and all of October to debate
this issue, we ought to have that debate.

I remind you that even in Social
Security you don't have universality. You have
got about 95 percent. We didn't cover
agricultural workers, a lot of other workers in
the first phase of Social Security. So this idea
out there that everybody has to be covered
immediately, in my view, is going to be a very
tough sell, but we are prepared to do whatever the
leadership and the Congress say. If they say we
are going to do it, we are going to do it.

So keep in mind what we are about to create
the largest single entitlement program ever created in history. And we have been talking at the Federal level. We even have a commission in the Senate on how to reduce entitlement programs. And if we are going to go after entitlements, we are going to deal with the budget. And while we are doing that, we are about to create a new entitlement. We do it in our program, too. Don't misunderstand me. We create a new entitlement of $100 billion over five years for the low income. Ours is small compared to others. So we need the legislative language. We need the details. There isn't a Governor in here who would take up or send legislation to your legislature where he didn't have some idea of what it is going to cost and didn't know what was in it and didn't know what the options were, and I think we remember in our business we never get everything we want, but real health care reform, in my view, is still possible.

Let me quote from a story in The Wall Street Journal on July 8th that I think ought to be required reading for everybody in Congress, and it concerned health care reform in Minnesota. And it says, and I quote, Last year Minnesota held
itself up as a State that could teach the rest of us how to overhaul the health care system in a hurry. This year reform-minded states, such as Minnesota, have a new message. The new message is don’t try to fix everything at once. And the State Health Commissioner said, Our buzzword this year is sequential reform, doing things one step at a time, and I hope that at the Federal level people will do the same. To me, that is pretty good advice, and I hope we do the same.

Let me just move then quickly to a couple of issues, and then I will conclude.

I think welfare reform is another issue. I am not certain it’s going to be passed this year, but there are going to be hearings in late July. There may be an effort. Somebody suggested we put welfare reform on the health care bill and have an omnibus bill. That would really create a lot of excitement. It will probably take us a few days, but it has crossed the minds of a few. So another point is we ought to get out of your way wherever we can, because again we think the states are much closer to the problem and have lots of btt r id as. W ought to list n to you
more and mandate less. Then we can really support things like getting out of the way. I know that Governor Engler, I think, asked Senator Mitchell about language in the Ag. bill that bars states from receiving U.S.D.A. approved waivers to convert food stamps to cash benefits or wage subsidies, and I think the -- and I hope and I think Senator Mitchell will support it, but there is a McCain Amendment to do just that, which may be offered today in the Senate, and I believe this is another example of state flexibility. Let the states have the flexibility. What are we afraid of at the Federal level? And we hope that amendment to get back to the positive rule will pass today or tomorrow.

Finally, on crime. The Senate passed a bipartisan Crime Bill 94 to 4. It's a pretty good margin. I think the four were two liberals and two conservatives who didn't think it went far enough or went too far or whatever. Here it is eight months later, and we still have nothing to show for our efforts. And one of the sticking points is the so-called Racial Justice Act, and who could be opposed to racial justice if you
would only look at society. No one that I know of
came close to racial justice, but this is a part
of a long tradition giving bad legislation a grand
sounding name. We do that in Congress frequently,
and a lot of things that sound the best are
probably the worst. And although more than 30
State Attorneys General, Democrats, Republicans
have urged Congress to drop the act referring to
sign the Death Penalty or State Death Penalty
Laws, President Clinton and the Attorney General
so far have remained neutral on it, and I think if
we can break this log jam, we could probably move
and get a crime bill, but I must say there are
other things in the crime bill that at least we
ought to take a look at.

We have got all kinds of spending
programs. I am not going to list them all, but I
just wrote them on the back of the card. Billions
and billions of dollars that we are spending for,
we are going to have to put hearings on. We even
have one program for a program to coordinate a
program, which probably doesn't surprise anybody
here and probably not the Federal Government. We
have a Local Partnership Act, youth employment,
drug treatment, residential substance abuse, midnight sports, it's 40 million. We have got everything you ever wanted, and you are all going to get money so I assume that you are all for it, but it's going to cost a lot of money, and some of us believe it's in the wrong direction. It certainly ought to be treated. There certainly ought to be opportunities for young people, but a lot of people in this country are worried about the victims. I am certain everybody here is worried about the victims. So there are all these 12, $13 billion that won't make kids social engineering programs. I think that at least some Americans believe that some prevention may make sense. We want to do it. We want to do it right, but I think it's the prison cell rather than the pork barrel that is most effective, and we hop that the Congress can cut out some of the spending programs, and that is where the Federal Government can and should make a real difference by providing you, the states, with the resources to ensure that violent criminals are kept behind bars where they belong. There are a lot of statistics out there, but on that is pretty bullet proof is the fact
that if you are locked up, you are not out
committing violent crimes. If you do the time,
and everybody here knows I am sure I proposed to
some of the Governors, if you do the time, you do
the crime -- if you do the crime, you do the tim e.
Well, we are suggesting at least in truth in
sentencing if you have violent offenders then you
ought at least do 85 or more percent of the time.
$13 billion we are talking about. We don't want
to siphon all of that off on some of these good
sounding programs, because I think that would not
be helpful at all.

The Federal Government also can be
more of a hinderance then a help in your reform
efforts to the war on crime. Governor Symington,
Fife Symington, tried to get pornography out of
the Arizona prison system only to be overruled by
a Federal Judge. In other states, Federal Judges
have decided that prisoners lacking access to
television basketball courts suffered cruel and
unusual punishment. In the Federal prison camps,
orders have led to the early release of criminals.
As Governors Bayh, Wilson and Weld pointed out on
the David Brinkley Show just on Sunday, th e panel
of judges too often act as legislators creating exclusionary rules on the savage and elaborat system of criminal fields all in the name of habeas corpus, and the result is more delays, more expense and more frustration, and it seems to me that is not the way we ought to go, and that is not what the American people want.

So let me conclude with this. We heard the call to action. It affects health care. We responded to the call of action by Democratic and Republican Governors. We know when you passed or agreed to that call to action, it was done in good faith on a bipartisan basis, and that is still where we are coming from, and we are still prepared to go back and take a look at that call to action if there are other questions that somebody wants to raise.

On the Medicaid cap, I believe that can be resolved, and I just hope in the next 30 days, because we are down to that 30-day period now. If we are going to have health care this year, it's probably going to come at least in the next 30, next 40 days. If we go beyond the August recess, if there is an August recess, and we come
back after Labor Day, that is September 9th, and a
lot of people are running for reelection this year
and want to get reelected, that will only leave
30 days to do all the other things plus health
care, because I think the best guess is we will
adjourn sometime October 6th through the 10th.
And so I just believe the Governors can have a
very important impact. If you want to go all the
way, that is your right. I have been advised for
the 17th day it's going to be the good Dole or the
bad Dole. I don't know which is which. Am I
going to try to work this out or try to destroy
it? I am just trying to respond to what I hav
heard across the country for Republicans and
Democrats alike. We can still get it done, and I
hope that is the same message the President will
deriver when he comes here sometime later this
morning.

I would be happy if somebody has a
question, if there are questions.

(Applause.)
CHAIRMAN CAMPBELL: Thank you very
much.

W hav time for a coupl of questions,
and I am going to have to exercise the prerogative of the Chair, because the time of the President coming in, and we have the two co-Chairs of our Health Task Force that have been working in the committee so hard, and that is Governor Thompson and Governor Romer, and I am going to call on them for the two questions.

GOVERNOR ROMER: Tommy, go ahead.

GOVERNOR THOMPSON: First let me thank you, Senator Dole, for your willingness to work on the Medicaid cap, and that, of course, is a big problem, and I sincerely think, you know, that we can reach an agreement on that, and I applaud you for your efforts on that effort.

Is there anything that we can do as Governors on a bipartisan basis to assist you and your staff in accomplishing that and give you the information necessary with respect to states on the cap or on maintenance of effort that would be helpful to you and your other members of the U.S. Senate to get this done, because if we can accomplish that objective, I am quite confident we can reach a bipartisan agreement on this proposal.
SENATOR DOLE: Well, obviously, that is our hope. That is our goal. And we do need the bipartisan consultation, the bipartisan basis by the Governors and good members of the Congress. I am a Republican, but I know there are Democrats who support us in theory, who have a question of some of these things that we are trying to work through about. Obviously, if we are not willing to try to sit down and work it out, they'll be flat against it, and we'll be against it. So we are willing to do that. We think it can be done, as I said, and it can be done without discrimination against class, and we think it can be done in a way that puts enough reasonable pressure on both the Federal Government and the states to hold down the costs. That is what the hope is. As I have said, we have already had a couple of meetings. We would be very happy to have more. We are prepared to do just that.

GOVERNOR ROMER: Senator Dole, I really appreciate the spirit with which you come to the table and say we need to find a way to get it done. I used to, as you know, have a series of businesses in your state, and we covered
our employees. You know, most of the health
insurance in this country is based upon employer
coverage. Even though we have to step into this
process, do you not feel that eventually we have
got to get a broader base of employer coverage in
order to get the job done, in order to pay for it,
because you see what I am worried about is kind of
the middle stream of America that if we start
subsidizing the poor, whether they are the working
poor or the nonworking poor, I am worried about
how we are going to get that guaranteed coverage,
insurance, health insurance, for that middle
group; and if we don't work toward expanding the
employer-based system, those of us who are already
in that system are going to want to dump out of it
and say cover ours, too. So even though I know we
need to walk slowly, possibly pace it in, what is
your estimate? Do we not eventually have to work
with the employer-based system and make it
broader?

SENATOR DOLE: Well, that may be the
final result. In fact, we suggest on the Finance
Committee that we do what we can do this year when
we have broad bipartisan agreement. I bet you
could list 25 things as Governors that we could agree on today, a hundred of us in the Senate, and we meet every year. And it has been suggested by the Jackson Hole group, it was a very distinct and comprehensive plan back anyways and I'm saying, you know, why don't you come back in four years. We have 91 percent or 92 percent. The day may come we don't have any alternative. One thing we have suggested, like any other legislative process, let's see what happens. Let's do what we can and should do this year. Let's help millions of people out. Let's not put it off. Let's make these other decisions let's say in a couple of years, or four years. It may be a different Congress. I don't like to bind a future Congress any more than anybody here would like to bind the future legislatures. And then the Administration, whoever it might be, would send to the Congress, well, your 91 percent or your 92 percent, and we make the following recommendations and put it up to Congress to act. Now some would go further. Some would have it stricter. Some would say you can offer amendments, but you can't attend the debate. We are not certain that is going to be a
hard sell. In Massachusetts, I think, when they had a hard trigger, it hasn’t happened. Nobody knows where the trigger is, and nobody wants to pull the trigger. So they said we gave too much time, but I guess the answer is yes. I am not opposed to covering everybody in America, but I want to know how we are going to get there, and how we are going to pay for it. And I think the one point I would make as I finish, we have got to look at the cost. Nobody is talking about the cost of any of these programs, including ours. We don’t have estimates yet. We are waiting for the Congressional budget office, but I guess the point is the President, I hope, has the same view. We are not at odds about taking care of people in America. Some may say that, some may believ that, and some may not want to do anything, but I am not one of those, and this group is not one of those, and I think there is enough goodwill left, you lose a little each day, but there is still enough left to work something out I hope in the next 30, 40 days.

Thank you.

(Applause.)
CHAIRMAN CAMPBELL: Senator, thank you.

We have Vice Chairman Dean and Governor Casey asked to be recognized and some others. We have about three and a half minutes that we can give into this schedule.

Governor Casey, if you could ask your question quickly and Senator Dole respond, and then Howard Dean would like to have the opportunity to speak.

GOVERNOR CASEY: Thank you, Mr. Chairman.

I would like first of all to thank Senator Dole for coming here today and to let him know we appreciate his efforts in being here. And secondly, I would like to say that I think the President of the United States deserves enormous credit for making this debate front and center of America. It's one of the toughest issues we have ever had to face. It was put before the people, and for that I think he deserves great credit.

One issue that is of a great concern to me and every Governor here and the people of this country that doesn't get talked about very much, because it's like taking a live grenade and
putting it on the table and then pulling the pin, and that is the subject of abortion. My concern is that whereas the bill is before the Congress now, or at least three of the four versions, maybe three and a half of the versions before the Congress is being sold as a status quo bill. It's actually the reverse. It spans vastly taxpayer financing of abortions to the tune of hundreds of millions of dollars. It also has a provision requiring access to abortion clinics, which was sufficiently serious to move Senator Danforth in the committee, the Finance Committee, of which you are a member. I think you voted for this amendment, which would provide that the national health care side would not require the creation or the maintenance of abortion clinics or abortion providers within any state or any region of the state.

My question really comes down to this one. If you could express your personal view, if you choose to do so; and secondly, give us some assessment of whether or not the final version of this bill will have in it abortion as part of the basic health care package financed by the taxpayers.
of the United States; and secondly, will it
contain or will it not contain what has been
called the abortion clinic mandate, which I think
has the potential for splitting this country right
down the middle.

Could you respond to those questions,
please.

Thank you.

SENATOR DOLE: I almost got away. In
any event --

(Laughter.)

SENATOR DOLE: First let me clarify.
I didn't mean to leave any inference that
President Clinton doesn't deserve a lot of credit
for getting health care and keeping it on th
agenda. I think he certainly has done that, as
has Mrs. Clinton.

I am a member of the Finance
Committee. I did vote in favor of the Danforth
Amendment on mandating abortion clinics. I think
that will be a big mistake. We also adopted a
conscience cost. You know, we have business
people in this country who feel very strongly
about having -- being required to off r polici s
to provide abortion coverage, and that amendment was adopted, I might add, by a rather large margin. In my view, as I said, every one of these programs is going to create new Federal subsidy programs; and whatever your view is on abortion, I think most Americans believe we should not subsidize abortions at the Federal level. So there are all kinds of people now trying to work out how you can do this, how you could pay a certain amount to have abortion coverage and less if it didn’t have abortion coverage. So that matter will be on the Senate floor. There will be one amendment to make it mandatory. There will be one amendment to exclude abortion coverage, and it will be a big, big debate. I think Mrs. Clinton may have said, if we have to fight, we can. Before you get into, if that is his standpoint, it’s going to be there. There’s going to be a fight. It’s going to be on conscience clauses. It’s going to be on mandated abortion clinics.

In our bill, we have a $100 billion in Federal subsidies. Are those subsidies going to require or provide abortions? In my personal view, they should not, but we need to work out
some -- we have got to resolve it somewhere. It
is going to be another reason the bill doesn’t
pass this year. That is another debate that
nobody needs, but it’s going to be there.

CHAIRMAN CAMPBELL: Governor Dean.

GOVERNOR DEAN: Senator, I thank you.
I have great admiration for Bob Casey, but we
obviously strongly disagree on this issue, which
is probably like tossing live grenades in the
middle of the Governors’ meeting, because we do
get strong disagreements. Let me just -- and I
believe this service ought to be available to
everybody just like any other service, but I would
urge you to compromise. It’s going to be a very
difficult issue to compromise, and I think it has
to be compromised.

I think the one position that all
50 Governors should agree on is we have got to
have a health care bill this year. We have got to
have a health care bill this year, because states
cannot go forward without incredible difficulties
we discovered in Vermont unless we have got a
strong Federal base to build on. Even talking
among ours lives, we haven’t been able to agr e
entirely on what should be in this bill, but we have got a pretty good framework, and we appreciate your willingness to work with us.

But let me just say that the Netherlands, Germany, England, Canada, Japan, Italy all cover everything. We ought to be able to do that. I understand that we may not be able to do it right away, but we have got to have a bill. We have got to have a crime bill. Every one of our state efforts, by putting more police officers in the street and by not mentioning it, it has almost been a year talking about the chair of this organization, because 20 years from now we don’t want to be sticking the Federal Government with a bill for more prison cells. We have got to do some of this prevention as well.

We understand there are differences. Many of us agree with you and agree with the President in different areas. And I think I speak for all the Governors in urging you to do the best you can to work out the differences. We will urge the Democratic division to do their thinking and work out the differences that are weak for many of our people. And we have got to have a health care
bill, and we have got to have a crime bill.

Thank you.

SENATOR DOLE: Let me just -- I think the crime bill is going to happen. It seems to me that could be near resolution. I think the President is getting, as I understand, getting involved now through Leon Panetta and the Chief of Staff and others. That can be resolved fairly quickly. As I said, I hope we can reduce some of the spending. I know it's attractive if you are on the receiving end, but it takes away from other priorities in the crime bill when we are dealing with violent criminals, and I think the American people are concerned about that, too, and obviously prevention. A lot of these things are great ideas, and maybe they ought to be funded.

On health care, again I hope I am reflecting the views of my constituents. That is where I come from, the State of Kansas, and we just have a little different view maybe than some here, maybe from industrial states and whatever, but we don't believe that we shouldn't take care of people in Kansas. We do believe that there is a need out there that probably should be served,
and we throw these numbers around 37 million.
Eleven percent of those 37 million make over
$50,000 a year. There are a lot of very young
people who are not going to get sick and don't buy
coverage when you start dissecting a lot of those
big numbers that people throw out; but having said
that, I think the Governor is correct, but we have
been prepared. To get 40 Republicans to agree on
anything is not too easy, and I am not -- I
don't -- I think 40 affirm this health business,
but we are prepared. We think that since we sort
of outlined what the Governors' call to action is
in our plan that maybe the President will take
another good look at the call to action, and if he
wants to join us or whatever, we would be happy to
have any discussion with the President.

Obviously, he does deserve a great
deal of credit, as does Mrs. Clinton, as do many
others in the Congress and both parties who dealt
with health care over the past several years. So
I just say as I leave again, that we are
willing -- just as we are willing to work out
Medicaid with the Governors' cap, I think there
are some areas that we are willing, but some w
just can't compromise. We just have to fight them out on the floor. If it's employer mandates, that may happen sometime, but it's not going to happen this year. If it's a hard trigger, it's not going to happen this year. And I can count -- if not much of anything else, I have learned how to count, and you only have to count to a hundred in the Senate. And I think I can count up the votes, and I don't think they are going to change in the next 30 days.

(Applause.)

CHAIRMAN CAMPBELL: Thank you very much. Thank you for being generous with us today.

Thank you.

(Applause.)

CHAIRMAN CAMPBELL: Thank you for your presentation. As usual, you have been very candid with us, and you have not pulled your punches, but you have indicated a willingness to work with us, and I appreciate your willingness to take questions from members. Sometimes that puts you in a situation I am sure that is uncomfortable, but you handled it very well, and members wanted
to ask questions, and so we appreciate your doing that, and we appreciate you being with us. And I am sorry that I am the one that has to say there is no more time for other questions, because we have to get on with the program.

So, Senator, thank you again.

(Applause.)

CHAIRMAN CAMPBELL: We will take about a one-minute break while we have the exit.

(There was a short break taken.)

CHAIRMAN CAMPBELL: If everyone can please take their seats, we will go ahead and get started with the remainder of the program. We have another very important speaker that is coming to speak to us this morning, and we certainly don't want to infringe on his time in any way.

You know, as I thought about this Boston meeting, I couldn't help but think about the issues and the projects that we have been involved in in the National Governors' Association over the last eight months. Working with the N.G.A. is something that you don't think about when you are running, but it is satisfying. It's a very satisfying thing being a part of th
National Governors' Association. It's also satisfying as a Governor to make an important contribution to the Federal system of government, and I think the Federal system of government is something that we tend not to recognize the definition of too often. Too many people think the Federal system means everything happens in Washington, and it doesn't.

I remember my second year in office when John Sununu was the Chair of this organization, and he said, Carroll, do I have a deal for you. John wanted me to co-chair with Mario Cuomo the Governors' Policy on the Federal Budget. You know, it's a funny thing about Governors, the Governor of New York and I didn't have a great deal in common when it came to that issue, but we were able to find common ground, and I think that is the beauty of this organization; and when Governors do find common ground, we are a powerful force in formulating national policy.

The National Education Goal was the brain child of my good friend Terry Branstad. He asked President Clinton, then a Governor, and me to find consensus on goals, and he encouraged
President Bush to convene an education summit with the Governors. We sat up all night long, Bill Clinton, myself, Terry Branstad and a live reporter from the White House, and we saw a consensus, and that is something that I think is important for us as we move into other very, very divisive or pretentious issues. We can solve problems as Governors. We seek broad-based input in the N.G.A., and when we agreed on the six ambitious national goals, we set in place a mechanism by which progress towards those goals would be measured so that the accountability would be established, including political accountability by Governors and the President.

There are those that say that the goals are unrealistic. There are those that say they are irrelevant, and there are others who say that by helping the goals, we open a Pandora’s Box of undue Federal inclusion and inappropriate standards dealing with values and morals. And one is spending a lot of time dealing with these issues, and as co-Chair of the initial National Governors’ Association Task Force and as a member of the Education Goals Panel for three years and
its second Chairman and as co-Chair of the National Council on Education Standards and Testing, I think most schools of thought have some validity. The jury is still out, but what I do know is that it is crucial that Governors of both parties to keep a close eye on the goals and standards movement. We are the ones that give it life, and we are the only ones that can keep it on track.

National health care reform emerged as a priority during the Chairmanship of Booth Gardner of Washington, whose agenda in 1990 and 1991 included just one item, health. So Booth Gardner was the man in this association that put health in the forefront. We are all debating it now, the leaders of both parties, but Booth Gardner is the man who has kept up and put it on the plate in the Governors' Association, and I think it's very important for us to recognize that.

But like any other major domestic issue, welfare reform is one, and it is a future N.G.A. priority. At my first N.G.A. meeting, Chairman Clinton's top policy dealt with welfare
reform, and he has told us more than once how proud he was in his role in Congressional passage of the Family Assistance Act of 1988. We are entering another realm of welfare reform today, and the N.G.A. is and will continue to be in the thick of it.

Just as welfare reform, health reform has enormous ramifications for the well-being of the citizenry in our budgets. The N.G.A. helps us to get beyond the politics when the problems of states must be represented. And at this meeting, the Governors in the beginning agreed to work together on our state issues and to resist those who would use the Governors and our Association for bogs in politics.

I have personally enjoyed working with my co-Chair, Howard Dean. He has seriously tried to deal with the issues and not the politics, and I have seriously tried to do that and am throughout this meeting. It is important that we deal with the policy, because we are the ones that develop the policy. We are the ones that can reach a bipartisan consensus.

I have talked about education and
health and welfare in the context of what the
N.G.A. has done since I was elected in 1986, but
now I would like to reflect a little on how work
with the N.G.A. intersects with and is instructed
by what we are trying to achieve in our states.
When I look at what my state has done in the area of education, health and welfare, I am struck by
how closely it relates to what we have learned and
have been doing exchanging ideas at the N.G.A.

In South Carolina, we set our education
goals first, and most of our work on the national
goals and goals process was inspired by what was
actually going on in my state and others; but in
South Carolina, our human resources policy today
tracks the national education goals and asks agency
heads to work together. The annual goals report,
which we do at the National Governors' Association's request helps ensure that collaboration occurs.

And in health, the situation was a
little different. Like every other state, we were
being killed by Medicaid budget increases, but it
was my work with the other Governors on national
policy in learning what they were doing to expand
access and control policy in their own states that
convinced me that South Carolina must change to get ready for the future. We are now seeing a major state-wide Medicaid — seeking a major state-wide Medicaid waiver so that more South Carolinians can be served, better health care can be provided and costs controlled. Governors are never too proud to learn from each other. At this meeting, we will be considering a resolution supporting such waivers. Since mine has been pending for about five months, I am glad to support that resolution. South Carolina is also seeking a welfare waiver designed to help my state move welfare clients to work just as many of you are trying to do. We are concerned about amendments together, Republican and Democrat, that would void the labor process.

The point is that the work that Governors do with the National Governors’ Association is not done in a vacuum. The inspiration goes both ways, but N.G.A. involvement can help us to do a better job in our states, and to the extent that Governors are actively involved in lobbying that involvement can also help ensure states the flexibility that we need from the Federal system.
This last year of my Chairmanship has been a good one, and it has not necessarily been easy in arriving on agreement of some of our issues has been difficult, but we have made great progress. We have developed new policies on health and education and welfare, and we are lobbying our positions effectively. We have taken a hard look at the information highway and determined that we, as Governors, need to encourage it, implement it and take advantage of it. After years of ignoring the problem, Senators Glenn and Kempthorne have introduced an unfunded mandate bill that would require Congress to vote specifically on shifting costs to the states, and it has passed the Senate Governmental Affairs Committee unanimously, and our members deserve credit for that, our members of this Association that went and lobbied, that met and convinced.

In environmental legislation, we have finally legitimized the notion of risk assessment and cost-benefit analysis. We don't have universal agreement yet, but we have a good foothold, and for years we have been calling for flexibility in Federal funding, particularly in
the area of Human Resources so that communities
can use the dollars in a coherent way.

And this year the National Governors' Association convened an intergovernmental work
group, including the White House and Congress, which came up with principles for tackling the
ineffective and overlapping multitude of programs and services for children, and I hope this work
will continue under Governor Dean, and I feel sure that it will.

It has been my privilege to serve as the National Governors' Association Chairman this
year working with an extraordinary group of Governors, and it's with a real sense of regret
and deep appreciation that I approach the end of my last National Governors' Association meeting.
I have enjoyed learning from this group. More than that, I have enjoyed the relationships that
have formed. Good friends are formed across party lines in most instances. I never have had to
worry about asking somebody whether they were a liberal or conservative or a Democrat or a
Republican when it came down to trying to find an answer to a problem facing the states.
We are a unique organization. We are an organization that can forge policy from all corners of the United States, and the reason we are unique is that we are the only group that has to implement what comes down from Washington and what comes out of our legislature. We know that we have to keep the train running; and therefore, we are practical people, and I think the rest of the country can learn from a lot of the Governors that are here.

I have some mixed emotions about a lot of things this morning, because there are 14 other Governors like me who will be leaving office this year. The people of America bestow on Governors unique powers, responsibilities that are essentially reserved for presidents of nations, and this responsibility binds us together in a very unique and personal and bipartisan way. The 15 Governors that are leaving this year have already distinguished themselves. We have heard the praise for Governor Finney in Kansas from Senator Dole. They have distinguished themselves in American history as well and as loved in the hearts of the people they serve, and they will be
missed, and they will not be forgotten, and we wish them the very best, because they have contributed to this organization. They have made things happen out of this organization that have contributed to the whole of America, and I want to say thank you personally to each one of you, and I am going to ask that the departing Governors please come forward as they are called so that we can thank them for their service.

GOVERNOR THOMPSON: Mr. Chairman.

CHAIRMAN CAMPBELL: Governor Thompson.

GOVERNOR THOMPSON: Before you do that -- Mr. Chairman, before you do that, I think all of us as Governors, me specifically would just love to say thank you, Carroll, for a wonderful job as Governor of South Carolina and as head of the N.G.A. You have been an inspiration.

GOVERNORS: Here. Here.

(Whereupon, there was a standing ovation.)

CHAIRMAN CAMPBELL: Thank you very much. It has been a high honor and a distinct privilege for me to serve as the head of this organization, and it will be a highlight of my
years in politics, and I appreciate that very much. You are all very kind, and I am going to miss everybody here.

Governor Lowell Weicker of Connecticut began his political career in 1962. He was elected to Connecticut's General Assembly. He was subsequently re-elected twice and then elected to the United States House of Representatives and the United States Senate three times. In 1990, he became the first Independent to be elected Governor of Connecticut this century. In 1992, he received the John F. Kennedy Profiles in Courage Award for his actions in reforming Connecticut's tax structure. Lowell Weicker has contributed to the well-being of all of us. He will be missed.

Governor Weicker.

(Applause.)

CHAIRMAN CAMPBELL: Governor John Waihee of Hawaii.

Governor Waihee has served in the Hawaii House of Representatives and was the Lieutenant Governor of the State of Hawaii. He is the first elected Governor of Hawaiian ancestry, and under his leadership Hawaii has b com th
first nation to offer the universal health care insurance that we are debating. Governor Waihee is the Past Chairman of the Democratic Governors' Association. He is currently the National Governors' Association co-lead Governor on Medicaid, a person that has been a real leader not only in his own party, but on a bipartisan basis for all of us.

John, you will be missed, and I hope to see him in other roles in the future.

(Whereupon, there was a standing ovation.)

CHAIRMAN CAMPBELL: Governor Joan Finney of Kansas.

Governor Finney has been in public service for 41 years as the Commissioner of Elections, the President of the Topeka Housing Authority and the first woman Treasurer of Kansas. She also has served as President, Vice President and a member of several state financial institutions and the Council of State Government. Governor Finney was named Woman of the Year in 1980 by the Topeka Chapter of the National Federation of Business Women and State and the Women's
clubs. She has worked hard in the National Governors' Association on behalf of Economic Development for Indian Nations.

Governor Finney, you have had a distinguished career, and you certainly are a voice that we will find a blank spot, because when it's not her to hear, we will have missed some wisdom that we may not have.

(Applause.)

CHAIRMAN CAMPBELL: Governor John R. McKernan of Maine.

John McKernan was elected to the Maine House of Representatives while attending the University of Maine Law School. He was elected to the United States House of Representatives in 1982 and Governor in 1986, and he now serves as the Chair of the Republican Governors' Association and is Chair of the National Education Goals Panel. He is extremely active in the National Governors' Association education issues and indeed has been our voice and our leader as we have tried to work with the Federal Government to improve the quality of education in this country. Governor McKernan has a bright career in what he chooses to do,
but I don't think he can contribute any more than he has contributed to us, because he has done a great job.

John McKernan.

(Applause.)

CHAIRMAN CAMPBELL: Governor William Don Schaefer of Maryland.

Governor Schaefer was born, reared, educated and lived and served the public in Maryland his entire life. He was a hospital administrator, a lawyer, an outstanding Mayor of Baltimore, a two-term Governor and the fifth recipient of the Distinguished Public Service Award from Brandeis University. Governor Schaefer is a person who at a time of intense debate can inject humor and wisdom both at the same time and has often caused us to focus on what the real problem is before us.

Governor Schaefer.

(Applause.)

CHAIRMAN CAMPBELL: Governor David Walters of Oklahoma.

Governor Walters was raised on a farm in Oklahoma and attended the University
of Oklahoma where he became an administrator and later was a businessman. He was ranked third among the 50 Governors in the area of fiscal responsibility by the Wall Street Journal. He has served as Chair of the Democratic Governors' Association, and we all know he hosted the National Governors' Association at an outstanding meeting in 1983 -- I mean 1993 in Tulsa. Governor Walters is also the Vice Chair of the National Governors' Committee on Human Resources and has served with distinction and brought a great deal of wisdom to his position.

Governor Walters.

(Applause.)

CHAIRMAN CAMPBELL: Governor Barbara Roberts of Oregon.

Governor Roberts is Oregon's first woman governor. She served earlier in the Oregon House of Representatives where she was the Majority Leader and was subsequently elected Secretary of State. Governor Roberts involved more than 10,000 citizens in a conversation with Oregon, which helped shape her efforts to
streamline the State Government. She has cut 2,300 state jobs, eliminated almost 50 boards and commissions and cut the number of state agencies by more than 20. She is the recipient of the -- she is the recipient of the Anti-Defamation League Torch of Liberty Award, and she serves as Vice Chair of the National Alliance for Redesigning Government. She has taken on the health care issue at home, and she has brought much wisdom to us from her experience. She is a person that will not easily be replaced at any time in this organization.

Governor Roberts.

(Applause.)

CHAIRMAN CAMPBELL: Governor Robert B. Casey of Pennsylvania.

Governor Casey has been in public service for 31 years as the State Senator, Auditor General and Governor. He is known by his achievements in economic development as evidenced by the fact that Pennsylvania's annual economic development budget is eight times the national average. In 1993, Governor Casey made medical history when he underwent a heart/liver
transplant, and at that time it was not known
whether he would be with us. He was in our
prayers. Well, here today we see Governor Casey,
a great contributor to this organization, an
outstanding public servant, a miracle back with us
after six months, testimony to his faith, testimony
to the greatness of this country. Governor Casey,
you are an inspiration for all of us.

(Applause.)

CHAIRMAN CAMPBELL: Governor

Walter D. Miller of South Dakota.

Governor Miller has held nearly very
single position in the State of South Dakota,
including Majority Leader Speaker, Majority Whip
in the State House of Representatives, Lieutenant
Governor and Governor, plus a variety of
commissions and task forces. Governor Miller
serves as co-lead Governor in the National
Governors' Association for both agriculture and
Medicaid, and his wisdom and his voice in these
fields have brought experience to the table and
allowed us to make better decisions.

Governor Miller, we wish you well, and
we are going to miss you.
(Applause.)

CHAIRMAN CAMPBELL: Governor Ned Ray McWherter of Tennessee.

Governor McWherter grew up during the depression on a small farm on which his parents were sharecroppers. He went on to become a businessman and a board member of several Tennessee corporations. He held a record seven consecutive two-year terms as Speaker of the Tennessee House of Representatives before becoming Governor. Governor McWherter can bring wit and wisdom to any table on any subject. He is one of the people that can break tense moments. He is one of the people that because of his personal experience can offer solutions that the average person can understand, and that average person is me.

(Laughter.)

CHAIRMAN CAMPBELL: I appreciate it. I have enjoyed working with him, and I wish him the very best as he goes back from whence he came to the private sector.

Governor McWherter.

(Applause.)
CHAIRMAN CAMPBELL: Governor Alexander Farrelly of the Virgin Islands.

From the Virgin Islands, Governor Farrelly has served the people as an Army Sergeant, a lawyer, U.S. Attorney for the District of the Virgin Islands and State Senator before being elected Governor in 1986. And if you will allow me a personal aside on this, I am one of these people that likes to go fishing, and I have been down to visit Governor Farrelly, and he was a perfect host, because I caught a nice marlin when I was down there.

(Laughter.)

CHAIRMAN CAMPBELL: So he is a gentleman of the first order and a person that is a credit to public office anywhere.

Governor Farrelly, you are one of the people that I have always enjoyed being with, and I want you to know that I hope you and I can get together again.

(Laughter.)

(Appause.)

CHAIRMAN CAMPBELL: Governor Mike Sullivan of Wyoming.
Governor Sullivan practiced law before becoming Governor. He is the past Chair of the Western Governors’ Association and current Vice Chair of the National Governors’ Association Committee on Economic Development and Commerce. Mike is going to be testifying on our behalf this afternoon on the Indian gaming. No wonder we are finally making some progress. With Governors like Mike, who fight for all of us, we win battles, and I can tell you that Mike Sullivan is a class individual, the kind of person that any of us would be proud to have serving us in any capacity that he chose in the public arena, and he is going to be missed, but I think that he is going to be active somewhere, and I am not getting into the political rink.

(Applause.)

CHAIRMAN CAMPBELL: There are two Governors who could not be with us today, Governor Ada of Guam and Governor Andrus of Idaho, who is the past Chair of the National Governors’ Association, and I think that we should give them a big hand for their help and friendship through the years.
(Applause.)

CHAIRMAN CAMPBELL: Okay. We have now some business to attend to. I love changes in the agenda right in the middle of the program. It makes it flow so well. We would like to call for some of the changes that we need, and I am afraid we will have to be in the Executive Committee to do some of this.

Oh, these are all out. Okay.

First, I would like to call on Governor Branstad, the Chair of the Committee on Economic Development to move their policy.

GOVERNOR BRANSTAD: Mr. Chairman, first of all, again, I want to say how much I appreciate your leadership. I remember very well that night we were up till three o'clock in the morning, yourself and Bill Clinton and I and Roger Porter working on what turned out to be the National Education Goals. Some people may not know that was the same night that Hurricane Hugo was building and hitting South Carolina. And after doing some highlights at six o'clock in the morning, you went back to South Carolina to take
charge of that situation and did an outstanding
job. I appreciate not only what you have done in
South Carolina, but your leadership here at N.G.A.

And today I have the honor of

presenting the resolutions from the Committee on
Economic Development and Commerce. That committee
met yesterday, and we heard several interesting
speakers including Mickey Cantor, and we did
indeed take positions on a number of important and
diverse issues. Those issues include the national
information infrastructure. We had a presentation
on telecommunications yesterday, and it's exciting
to see all the activities going on in the states in
that area. We have some very important regulatory
issues to be addressed in this National Information
Infrastructure Resolution.

The second one has to do with the
general agreement on tariffs and trade, which was
recommended unanimously by the committee
yesterday.

The third area deals with military
base closure. The next area is in air
transportation, and the final area is to reaffirm
our stand on Economic and Community Development.
Mr. Chairman, I ask that the economic development in Congress policies be approved in block.

CHAIRMAN CAMPBELL: There is the motion.

Is there a second?

GOVERNORS: Second.

CHAIRMAN CAMPBELL: There is a second.

Any discussion?

If not, all those in favor please indicate by saying aye.

Any opposed?

The ayes have it.

So ordered.

I would next like to call on Governor Walters, who is the Chair for the Committee on Human Resources.

GOVERNOR WALTERS: Thank you, Mr. Chairman.

We had a good meeting yesterday at which we had presentations on issues dealing with better collaborative efforts in both labor and employment training programs as well as programs
affecting children's policy and children's health. We put before you today 11 policy changes, 11 resolutions that were voted on and approved unanimously by that committee. Governor Tucker from Arkansas would like to make an amendment to one of those, H.R. 18, Federal Anti-Crime Prevention and Delinquency Prevention Programs and Principles. And if the Chair is willing, I would like to recognize Governor Tucker to suggest that amendment, and then perhaps we can move these in block.

CHAIRMAN CAMPBELL: The Chair would be glad to recognize Governor Tucker.

Go ahead, Jim.

GOVERNOR TUCKER: Thank you, Mr. Chairman.

The amendment in question affects Section 18.2 and would strike a period at the end of that amendment and add the words, quote, but not be a mandate to the states withdrawing from participation in grants under J.J.D.P.A., the Juvenile Justice Delinquency Prevention Act.

Mr. Chairman, the position of the
staff and all this Juvenile Justice Detention and
Prevention, the states must accept the mandates of
the 1974 acts and regulations even if the state
withdraws from its 17 grants under the act. That
position arises from the conviction of staff in
that office that juveniles who are charged with
crimes, even such serious offenses as murder, rape
and robbery, should not be detained in any
facility where they could see or hear adults
charged with crimes or even be guarded by the same
personnel who may guard adults. This is true even
if the detention would be for as little as seven
to 74 hours. I certainly don't want to see
juveniles retained in the same cells as adults.
However, the practical results of the regulation
now in place is to make it prohibitively expensive
to detain or incarcerate juveniles who pose
serious threats to themselves and to public
safety.

For example, in my state, a 40-b d
facility for juveniles meeting these Federal
standards would cost $100,000 per bed. The total
annual grant from my state under this act for all
purposes is only $600,000. It calls for six
beds. Utilization consisting of separate cells for juveniles detained would be done at little or no cost.

The 1974 act that the office administrated, while beneficial in many respects, is simply out of touch with the reality that calls for juvenile crime in 1994. The principles set forth in Section 18.2, if followed by Congress and the Administration, would be of major assistance in our efforts to provide public safety; however, the suggestion by the staff of that office that a state is forever bound by the mandates of that office needs a response now.

And thus, again, I do move that we strike the last period in 18.2 and add the following words: But not be a mandate to states withdrawing participation and grants under J.J.D.P.A.

CHAIRMAN CAMPBELL: You have heard the amendment. The amendment is before you and the material. I will need a second on this amendment.

GOVERNORS: Second.

CHAIRMAN CAMPBELL: There is a second
It is now open for discussion.

Is there any discussion?

If there is no discussion on it, the Chair is ready to put it to vote.

All those in favor of the amendment being added will indicate by saying aye.

Opposed, nay.

The ayes have it, and the amendment is added.

We now come to the policy as amended.

I need a motion that the policy be moved as amended.

GOVERNOR TUCKER: Mr. Chairman, I would like to move that all the policies, all 11 policies, 11 resolutions adopted by the Committee on Human Resources be adopted.

CHAIRMAN CAMPBELL: The motion is that all 11 policies be moved in block, inclusive of the amended policy.

Is there a second?

GOVERNORS: Second.

CHAIRMAN CAMPBELL: There is a second.

All those in favor indicate by saying
GOVERNOR MILLER: Thank you, aye.

Opposed.
The ayes have it, and it is so ordered.

Next, I would like to call on Governor Bob Miller, who is the Chairman of the Committee on Natural Resources.

GOVERNOR MILLER: Thank you, Mr. Chairman.

I would like to commend Tom Curtis and the N.G.A. staff for what has been a very productive and proactive year in dealing with issues of natural resources.

The committee has adopted one new policy and the revision of five existing policies. The new policy is the statement on the reauthorization of the Endangered Species Act. The position was developed by a working group of three states before being sent to the full committee, other interested states, the administration of the business community and environmental group for their consideration. And I would like to commend Governors Symington, Wilson and Racicot, in particular, for their hard
work on that issue.

I also note that the policy is consistent in many ways with the recent initiative to Interior Secretary Babbitt and Commerce Secretary Brown, and they should be commended for hearing our many concerns.

One of the policy revisions there is special note attached to it. It has to do with the Government's disregarding Federally-mandated fees to cover Federally-mandated costs in the Clean Water Act. After considerable discussion, the Committee resolved to oppose such fees on principle. I do not interpret this position to mean that we would refuse to discuss or negotiate with the Congress on the question of fees, but the starting point would not be one of support for Federally-mandated fees. The other positions include existing policies on global climate change, Clear Air Act, Coastal Zone Management and the E.P.A. oversight of state programs.

I would move the adoption of all on block.

CHAIRMAN CAMPBELL: There is a motion that they all be adopted in block.
Is there a second?

GOVERNOR MILLER: Second.

GOVERNOR THOMPSON: Second.

CHAIRMAN CAMPBELL: There is a second.

It's now open for discussion.

Governor Allen would like to make a

comment.

GOVERNOR ALLEN: Mr. Chairman,

members, fellow Governors, on these new adopted

policies and as far as the Clean Air Act is

concerned and global warming and natural resources
generally, I think that what has been done in

these revisions are improvements. I think they

are going in the right direction. We are talking

about risk assessment. We are talking about the

importance of the cost benefits. Let's start

taking into account the impact, the cost of these

on families, on people, on their property and

their jobs, and I think that the Governors'

Association has been a good step forward with

this. There are still things that as far as we

are concerned in Virginia, we don't care if it's

at North Virginia, the Ozone Transport Commission

with all the states all the way up to here. We
would like to look at results, and I think that is what we need to get to on these environmental regulations. We are for clean water. We are for clean air, but let’s make sure that we are looking at them scientifically, not the politically side -- not the political side, but actual sides and let’s make sure we are looking at results and not have the Government, the Federal Government, and the regulators saying this is the only way to get the results. We can come up with innovations, and I commend this committee, the Committee on Natural Resources, for taking steps in the right direction. While it’s not exactly how I would like it, it’s certainly better than the way it was last winter. And I commend the committee for their efforts as well as the staff.

GOVERNOR MILLER: Thank you. We had hired a professor, Doctor Graham, who is one of our presenters who specifically is an expert on cost benefit this area.

CHAIRMAN CAMPBELL: Well, I commend the committee for its work, and I think it’s a great step forward in putting fiscal sanity into policies.
So without further ado, we are going to call for the question on this. The motion has been made and seconded. All those in favor will indicate by saying aye. And opposed. If not, the ayes have it, and it's so ordered.

I would now like to call on Governor Sullivan for an introduction of the Indian gaming.

GOVERNOR SULLIVAN: Thank you, Mr. Chairman.

Let me quickly go through this. As most of you know, we have been working with the Attorneys General, Indian Tribal Leaders and the Senate Committee on Indian Affairs for the clarification of the Indian Games Regulatory Act, which has generated a good bit of litigation over the last couple of years.

In the amendments introduced last month, Senator Inouye and Senator McCain incorporated a good deal of the language proposed
jointly by Governors and Attorneys General in our previous testimony. As I related to all of the Governors in an All Governors’ Letter, July 11th, the issues still need to be -- there are a number of issues that still need to be resolved and clarified. They include the scope of gaming, the acquisition of after required lands, the continued viability of settlement acts and the regulation of Indian and gaming activities. We will be testifying this afternoon in Washington before the committee, and we will endeavor to outline the areas in scope of gaming and after acquired lands, continued validity of the existing settlement agreements and the regulation of Indian games as to where it is our belief generally that those needs be clarified and heightened for our support.

Politically, the tribes appear to be unhappy and have asked the Senators to withdraw their amendments. It is my understanding the Senators intend to move forward with the bill, although given the short time left in session, it is unlikely it will be passed this session. So the committe is well aware of the Coalition of
Governors, who might support this amendment package is fragile, as has been the Coalition of Governors in this issue throughout its history. As I said, there is a hearing today, and we will be trying to give some substance to the fragility of our coalition.

CHAIRMAN CAMPBELL: Thank you very much, Governor Sullivan, and thank you for the outstanding job that you have done in this area in leading us and in keeping us informed, and I look to your skills and persuasiveness to keep that coalition together.

GOVERNOR SULLIVAN: Thank you very much.

CHAIRMAN CAMPBELL: I would now like to call on Governor Hunt, who wanted to make a comment at the time that we were discussing the crime issue, and I inadvertently overlooked him, and I would like to go back and call on Governor Hunt.

GOVERNOR HUNT: Thank you, Mr. Chairman. Back home in the real world, we are all involved in trying to protect our people better, and while there is this crime bill in
Washington, and we hope it will pass, and we hope it passes in the right fashion, one of the best things they can do there -- one of the few good things they can do, in my opinion, is to do something about habeus corpus proceedings and petitions.

Now I don't know about your state, but recently in my state, we had capital punishment in a situation where there was 13 and a half years from the time that the jury handed down the death penalty to the time the person was executed. Phil Donahue wanted to come down and televise this incidentally. So you may have heard about it, and I can tell you, folks, there is nothing that makes people madder than that and puts the victims and their families through more agony than that. And if Washington wants to do something about this situation, that is something they can do something about, I think, and I wanted to just alert you all if you did not know it that in the position we just passed in Human Resources, and we are talking about crime at these meetings in my venue. W have authored by Governor Wilson and strongly support d by Governor Edgar a very strong
statement on reform of habeus corpus.

There are several things that it calls on, one is that except in extreme cases, only one Federal habeus corpus petition be allowed, and I feel so strongly that that ought to be done, and I would urge that we stay on this, and I understand it is not in this crime bill. We ought to push it, and if the Congress doesn’t get support on it, we ought to do whatever we can. I don’t know if the Federal Constitution amendment requires it. We ought to get it in the states.

Mr. Chairman, I just want to call my fellow Governors’ attention to this and say that I think this is something we really ought to be pushing, because this really cuts it hard as to whether or not people think this system works and affects them.

CHAIRMAN CAMPBELL: Governor, I thank you for your comments. I think they are very timely. I certainly agree with them. I am sure that many of the Governors here do. And that should remain a part of any discussion on the crime issue in this country. Thank you so much for bringing it to our attention as a very
I would now like to move to the Executive Committee's proposed changes in policy. And I would like to call on Governor Thompson. Governor Dean has stepped out, and I would like to ask that just a brief explanation and a movement in block be made of these, and Governor Thompson, you are recognized.

GOVERNOR THOMPSON: Thank you, Mr. Chairman.

Basically, we had these four items come in front of us yesterday at the end of our plenary session. The proposed changes that are in this document that every one of you have received, the first one is Affirmative Policies and Principles to the State/Federal relations and defined in the future Federal role and future Federal role and State Task Force on Federalism that all of us are very interested in. The second one is on managed care and health care reform. And the third one is the resolution dealing with state experimentation under national health care as well as welfare reform making it easier for us to get waivers. And the fourth one is H.R. 17,
which is the Governors' role in achieving the National Education Goals.

And, Mr. Chairman, I would move en masse the four proposals that were already adopted unanimously yesterday at the Executive Committee.

CHAIRMAN CAMPBELL: I would like to have a second on that, please.

GOVERNORS: Second.

CHAIRMAN CAMPBELL: There is a second on it, and the motion is before us. Before we call the question on it, I would like to ask Governor Leavitt if he has any comment on the permanent policy.

Governor Leavitt.

GOVERNOR LEAVITT: Thank you, Mr. Chairman.

Every issue that we have dealt with at this conference has had one thing in common, and that is our relationship with the Federal Government. There is great concern among Governors and also state legislators with the intended balance between state and national government that does not exist any longer.
Clearly, there is a manifestation of that since 1927, 31 percent of all the expenditures, state, local and Federal Government with Federal expenditures. Mr. Chairman, today there are 62 percent. In the last 20 years there have been more pieces of legislation passed to usurp states' authority than in the entire 200 years prior to that. It is the responsibility of the state governments to stand up and compete and to create this balance. This resolution essentially created the Joint Task Force that are within the powers of N.G.A. to invite the N.C.S.L. to the table. They have already appointed a similar task force to develop an action plan to examine alternatives for states to pursue in order to restore that balance, one that I think will be of great importance to us as we proceed in the future.

CHAIRMAN CAMPBELL: Thank you, Governor Leavitt.

I would like to call on Governor Weld, please, for some comments on the managed care health care reform.

GOVERNOR WELD: Mr. Chairman, this relates to the E.C. 9, managed care and health
care reform, and it relates to so-called any
willing provider legislation which appears in a
number of bills in Congress.

Essentially, this will be a
restriction on the states' abilities to operate
managed care systems at the state level. It will
require that before an H.M.O., for example, could
contract with a group of C.V.S. Pharmacies to get
a deep discount for drug prices, they would have
to come back with everybody else at the same
price. This would greatly affect the ability to
get deep discounts for pharmaceutical and drug
prices and would drive up the cost of health care
for consumers.

Both Governor Dean and I have recently
vetoed such factions at the state level, and in
all candor I must tell you it's not the most
politically popular veto I have ever passed,
because the issue is sometimes framed as defending
Mom and Pop drug stores; but certainly if this
were to go through at the Federal level, it would
inhibit our ability to recognize a savings from
managed care that most of us recognize are going
to be -- have to b a part of getting a grip on
health care costs.

We have had a managed care Medicaid program since 1991 in this state, and over the course of the last 12 months our program expenses in the Medicaid program was less than 1 percent. So they can be very effective.

For that reason, I move the adoption of the proposal E.C. 9, Mr. Chairman.

CHAIRMAN CAMPBELL: It is part of the motion in block where it is State and Federal relations.

At this time, I would like to call on Governor Engler for some comments on state experimentation under national health care and welfare reform.

GOVERNOR ENGLER: Thank you, Mr. Chairman.

This is pretty straightforward, but it's a resolution that reiterates to Congress as to the Administration the importance of maintaining strong waiver flexibility for the states, and the resolution suggests following the states. W hav waivers befor us. We ought to
be able to complete the current waiver periods in some cases that would extend another two, three or four years. Secondly, that the states be allowed to receive additional waivers during the period of debate and local reform and certainly national reform; and then thirdly, that any legislation that passes dealing with welfare reform or health care as well allow for a waiver process to be part of this so that innovation at the state level isn't curtailed in the future.

Finally, there is a fourth provision that added -- that came about as our discussion -- we talked about it. Senator Dole commented on it that Governor Allen raised this, and this is the Food Stamp Waiver Amendment that specifically is pending before the Congress today. It just reiterates support of the National Governors' Association for the removal of language, which would preclude waivers from being issued by the Department of Agriculture in the area of food sales. That affects some 20 states. If the Governors haven't talked to their Senators, they need to do that today or to set up a staff to do it. That vote is coming up later on. This is a
strong resolution. I urge your support.

CHAIRMAN CAMPBELL: Governor Engler,

thank you very much.

GOVERNOR ENGLER: Thank you.

CHAIRMAN CAMPBELL: The last item we have on the agenda of the Governors' role is achieving the National Education Goal.

I recognize Governor Hunt.

GOVERNOR HUNT: Thank you, Mr. Chairman.

As all of us know, the reason we have a National Education Goal is because you and then Governor Bill Clinton and Governor Terry Branstad, who headed the N.G.A. that year, I believe, and many of you around this table pushed for it. We were involved as Governors in this because we care about our economy and our people who want better jobs. And we want to compete in this world economy successfully and win and can, but I just want to call the attention of the Governors to the fact that we are in this goal -- in this statement of goals, updating our position on this, reiterating the support of the Governors for national goals that are challenging, restating the Governors'
role in this. I want to say to you, folks, if this slips over into a congressional theme of the Congress, if we don't continue to have the Governors lead this effort, it will not continue, and it will not be done in the work of the way. The important part of it, of course, is measuring our progress, and that is why we have the annual report and how we are doing.

    I just wanted to point out, Mr. Chairman, that this is the update, the reiteration of our position and urge that all of us as Governors in our states and as a N.G.A. continue to give leadership to this and help this country change our schools in fundamental ways so that we can have the kind of strong economy and good future we want to have.

    CHAIRMAN CAMPBELL: Thank you, Governor Hunt.

    You have heard the discussion of these items.

    There is a motion and second on the floor.

    The Chair is ready to call for a question on the items in block.
Those in favor will please indicate by saying aye.

Opposed.

The ayes have it, and it is so ordered.

We are going to take about a minute and a half break. I would ask you to stay in your seats before the President comes in so that they will have time to finish putting the seal and some other items.

(Whereupon, the Convention stood in recess.)

WHITE HOUSE REPRESENTATIVE: Ladies and gentlemen, the President of the United States, accompanied by Governor Carroll Campbell and Governor Howard Dean.

(Appplause.)

CHAIRMAN CAMPBELL: Fellow Governors, ladies and gentlemen, it is a distinct pleasure for me to have the opportunity to present the President of the United States today. As we all know, he is a former Chair of this organization and a gentleman with whom we have all had the privilege of working through the years, and we
certainly appreciate the relationship that we have maintained as an organization with Bill Clinton now that he is President.

Before I begin, I want to announce that the President is under a tight time frame and will not be able to take questions this morning. The time that this President has spent with us does prove that he has ties to State Government, and he believes in partnership between the Federal and State Government. As a Governor, that is something I appreciate; and as Governors, I think it is something we all appreciate.

Throughout his years in State Government, the President learned firsthand the value of states as laboratories of democracy, which need the flexibility to tailor programs to diverse needs. Good public policy must be allowed and must be vibrant and dynamic in that base for less Federal restrictions.

When you were before us in January, Mr. President, you eloquently described the plight of a woman in South Carolina, who had a problem obtaining health care. It was a pertinent point. We were trying to do something about expanding
access in my state; and in early March, we did
submit the Val Med. health initiative which will
guarantee health care to every South Carolinian
below the poverty level. Now a waiver is awaiting
further approval in your Administration, and we
appreciate the way the Administration is pursuing
it.

Health care is at the top of all of
our agendas, and I am looking forward to approval
of our plan to greatly expand access to both
insurance and appropriate networks of care in
South Carolina, and I know that we can count on
your support.

Mr. President, as always, the National
Governors' Association appreciates your
willingness to be with us at our semiannual
meetings. We appreciate your understanding of our
problems and your commitment to real Federalism.
You know from both sides, the Federal Government
and the State Government, what the problems are
and how to address them, and then we hope that we
will be able to work with you to pass the needed
health reforms this year.

We try to find consensus in this
group, as you know, Democrat and Republican. We believe that this is a good forum for you and anyone else that is interested in finding consensus in solving problems, and we believe that that is why you are here.

Ladies and gentlemen, it is a distinct privilege and high honor for me to present to you the President of the United States.

(Applause.)

PRESIDENT CLINTON: Thank you very much. Thank you. Thank you very much. Thank you. Thank you. (Applause.)

PRESIDENT CLINTON: Thank you very much, Governor Campbell, Governor Dean. Governor Weld, thank you for hosting the Governors, and your latest expression of bipartisan support showing up at the Democratic Governors' party last night. (Applause.)

PRESIDENT CLINTON: I want to join the many others here in saying a word of best wishes to Governor Edgar as he continues his recovery and to say that all of you who are leaving the Governors' conference this year, who served with
me, how much I wish you well, and how much I enjoyed serving with you over the years.

I always look forward to this day every year. I feel that I have in many ways come home whenever I come back here. There are many ways in which I miss being a Governor, because Governors are so much less isolated from real life than the President. Neighbors stop you on the streets to talk about their jobs and businesses, about their children and their parents, and the things that we in Washington call issues take on a very human face. And I must say, I have worked hard to try to find ways to keep the human face on the issues with which we all deal.

It was as a Governor that I learned and lived the idea that the purpose of public life is actually to get people together to solve problems, not to posture for the next election with rhetoric. In my time in the N.G.A., I was proud of the work in a bipartisan fashion on issues of education and welfare reform and trade and economic development and yes, on bipartisan suggestions we Governors had for reducing the Federal deficit.
I ran for President, because I did not want us to go into the 21st Century without a vision of how we could restore our economy and deny our people to make government work for ordinary Americans again, because I thought that our politics is too burdened by partisan rhetoric and too little concerned with practical progress.

In the last year and a half, I have set about to implement the vision that I brought to that campaign, one that grew directly out of the experiences I had with most of you around this table. We have worked to get our economic house in order, to reverse the trend of exploding deficits and declining investments in America. The economic plan that Congress adopted last year contained $255 billion in spending cuts; tax cuts for 15 million working families; made 90 percent of the small businesses of America eligible for tax cuts; increased taxes on the wealthiest one and a half percent of our people; reduced the Federal payroll by a quarter of a million; and will give us along with this year’s budget, which eliminates over 100 government programs, cuts 200 others and takes the payroll reduction of 272,000
meaning that in 1999 the Federal Government will be below two million for the first time since John Kennedy was President. These two budgets will give us three years of deficit reduction in the role for the first time since Harry Truman was the President of the United States.

(Applause.)

PRESIDENT CLINTON: The aftermath of that, our economy has produced 3.8 million jobs in 18 months. The unemployment rate is down 1.7 percent. In 1993, we had the largest number of new businesses incorporated in America than any year since the end of World War II. The first quarter of this year is the first time in 16 years we have gone through a quarter without a bank failure in America. So I believe that we are moving in the right direction.

I want to thank the Governors in particular for your continued and persistent support for expanding trade, for N.A.F.T.A., which is working superbly, by the way. Our trade in Mexico is growing dramatically. Mexico's trade to us is growing as well, but our trade to Mexico is growing more rapidly than that of any other
country. We have already sold five times more automobiles in Mexico this year than last year.

I thank you for your statement of support on G.A.T.T. We must as a bipartisan majority meet in Congress to ratify the G.A.T.T. this year. It will create a half a million highway jobs in America between now and the end of the decade.

I thank you for your support of the Asian/Pacific initiative, which began in Seattle, Washington last year, and I was with Governor Chiles yesterday in Florida to meet with a committee on the Summit of the Americas, which we will have with all the democratic governments in this hemisphere in South America at the end of this year. These are things which will make a huge difference in our economic future.

There are many of you who have also helped us to invest more in defensive budget and new technology, saving the space station, trying to move from a defense to a domestic economy, trying to develop technologies, which clean th environment and produce jobs at the same time. I want to especially thank you all also for the work
we have been able to do, probably the most in
education and training that has been done in any
single year in the last 30 years, and the
Governors, on a bipartisan basis, have supported
that. We have expanded and formed a Head Start
Program; increased immunization; passed the
Goal 2000 Bill, which ratifies your National
Education Bill as a Federal law with bipartisan
support; passed a School to Work Bill, which will
support your efforts to help young people that
leave high school and don’t go on to four-year
colleges, but do need two years of further
education and training. We also have reformed the
student loan laws, which will make 20 million
young Americans eligible for lower interest and
better repayment schedules under the Student Loan
Program of the United States.

Finally, we have still pending in the
Congress this year the Reemployment Bill, which
will change the whole focus of the unemployment
system in ways that will benefit the economy of
every state represented around these tables,
because for too long our unemployment system has
been just that, it has paid people while th y
exhausted their unemployment on the assumption they would be called back to their old jobs when as a practical matter fewer than one in five Americans are called back to their old jobs these days. They need to begin immediately retraining for the new jobs of the future. That is what the reemployment system will do, and I look forward to working with you on that, the last leg in this revolution in the lifetime earning system of the United States.

Let me just mention a couple of other issues, if I might, before moving to health care. The Governors have been concerned, some of us almost obsessed, with the question of welfare reform for many years now. Our state was one of the first states selected to be a demonstration project for a lot of these ideas way back in 1980 in the last year of the Carter Administration. The work the Governors did together on the Family Support Act of 1988 is still the best example of anything that has been done in the welfare reform area. Now we are seeking to go beyond that. Many of you with your state initiatives, we granted several welfare waivers. We expect to grant some
And with the debate about to start in the Congress, I just want to say a couple of words about it. It is important that we pass a new Welfare Reform Bill that builds on what we did in 1988 and what those of you who have worked hard to do right in your states are doing. It is important that we dramatically increase the National efforts to do what you need the National Government to do, including adopting some National rules on tough enforcement of child support. Some of you have done remarkable things there, but if we have some National assistance, we can do a much better job in collecting billions and billions of dollars in overdue child support, the absence of which drives people into welfare.

It is important that we provide maximum leeway for continuing state experimentation. I have said over and over again to members of both parties in the Congress, no one understands how to fully solve this riddle. So whatever we do in the National Welfare Reform legislation, it is imperative that we still leave the states some room to continue to experiment.
Finally, I hope that all of us will support the notion that there ought to be some period after which we end welfare as we know it. Yesterday, I was in Florida, and I shook hands with a lot of people who came to this reception. We were talking about some of the Americans. After which these two young women who were born in another country, I think -- they all -- they spoke English with very pronounced accents, but they were working at the hotel. They said they were American citizens. They wanted to know if they could have their picture taken with the President, and they wanted to tell me something about the welfare system. These two young women were working at the hotel, and both of them said take all that money and spend it on child care and training and incentives or whatever, but make all those folks go to work if they can go to work. Two people that said that just spontaneous. So I say to you, we need to act on that. Both hearing -- both Houses have had hearings. There is a great deal of bipartisan support. I think we have a chance to do it. We have some chance to do it this year, although no one really thinks w
can. If we don’t, we certainly ought to pass it early next year.

Let me mention now the Crime Bill. This Crime Bill is the most important anti-crim legislation ever considered by the Congress. It has broad bipartisan support. There are one or two areas of continuing disagreement, but let me mention what is important about it. It puts 100,000 police on the street over the next five years. That is a 20 percent increase. There has been a 300 percent increase in violent crime in the last 30 years and a 10 percent increase in the number of policemen in America. It shouldn’t surprise anybody that we have problems dealing with this. We now know that violent crime has shifted downward along the age scale and that people between the ages of 12 and 17 are five times more likely to suffer from violent crime than older people. We need community policemen. It is in many ways the most important part of the Crime Bill. The Crime Bill has tougher punishment, including the Three Strikes and You Are Out Law. It bans assault weapons, but it protects hunting weapons, and it’s innovative, and
I think a very important piece of Federal legislation. It provides more money for prisons, but it also provides billions for prevention.

I must take some exception to what the Republican Leader of the Senate said earlier here today on this issue. The prevention money is in there in large measure, because the law enforcement officials of the country told us it ought to be in there. It is in there, because the people who go out and put their lives on the line everyday said to us over and over and over again, you got to at least give something to say yes to as well as something to say no to. They do something terrible, you have to put them away for a long time, fine, but if you can prevent that through summer jobs, through job training, through midnight basketball, through more people in the Boys' Clubs, through these things which work, to give kids who live in the neighborhoods that are burdened by the lack of family structure, community structure and the structure of work do it, give them something to say yes to again.

It is a very serious prevention effort, and I think it ought to be supported along
with the proper punishment, and since the law enforcement officials, the Law Enforcement Coordinating Committee represents half a million law enforcement officials in this country, I think that we ought to have that kind of support on a bipartisan basis for continuing the prevention initiative as well.

(Appplause.)

PRESIDENT CLINTON: Let me just mention one other subject before I go on to health care.

A big part of reinventing any government to me, and you have heard the Vice President use that slogan. We are coming up on our first anniversary of our Reinventing Government kickoff, and he and I will be trying to give you a progress report at the end of the summer when we do that, but let me just say that we have done some things that I think are very important. We are paying for this Crime Bill not with a tax increase, but with the savings, which we achieved by reducing the Federal payroll by 272,000 people, taking people out of the Federal bureaucracy and putting them on the streets of our
cities and towns. I think that is reinventing
government at its best. We will give the money to
you, and you spend it to keep the American people
safer.

We are trying to make agencies work
that for too long were political and ineffectiv
like the Federal Emergency Management Agency, and
I was just with the Governors of Georgia, Florida
and Alabama in the aftermath of their terrible
floods; and the Small Business Administration,
which I think is commonly recognized as probably
its most effective state in its history. We have
tried to deal with the fact that you bear a
disproportionate share of the cost of immigration,
those of you with high immigrant populations, and
we have increased by one third funding to the
states for dealing with immigration problems in
the last year and a half.

I support the modified Glenn/Kempthorne
initiative, and I agree with Senator Dole, we
ought to pass it. We ought to pass it now, and we
ought to put the issue of unfunded mandates behind
us. I think that is a very important thing to do.

(Applause.)
PRESIDENT CLINTON: Finally, let me make this statement and ask for your help. I very strongly support the issue to continue the issue of comprehensive waivers in the areas of health care and welfare reforms. We have had --

(Applause.)

PRESIDENT CLINTON: We have issued, by my last count, 21 comprehensive sweeping waivers, a lot of little ones, but 21 very large ones, 15 or 16 in the welfare area and five or six in the health care area in the last year and a half, so that's slightly more than half of them since I last met with you. I received a report before I came here on all the applications that any of you have pending for comprehensive waivers, and I reviewed them, and I have taken a personal interest in trying to push them through. I, like you, am concerned by the recent court decision on this issue, and I appreciate your response to that. I just want you to know that we will work together to figure out what to do about the court decision so we can go on with waivers. I am determined not to let that court decision become an excuse to slow down the dramatic increase in
experimentation we have at the state level in
health care and welfare reform. And I ask you to
support me in that.

(Applause.)

PRESIDENT CLINTON: Now, of course,
the most politically difficult and politically
charged issue we are facing today is the issue of
health care. It shouldn't be surprising. For
60 years, the American people have seen their
leaders periodically try to provide coverage to
all Americans in the form of a health care system,
only to fail. The most encouraging thing perhaps
that has happened today so far is the comment that
Senator Dole made that now is the time to act, and
he is willing to work all through August and
September and October to get something done. That
is what we ought to do. We ought to do whatever
it takes to work, however long it takes, on
whatever days it takes to get something done. I
would like to set this again into some context.
You gave me the privilege of coming and speaking
to you about this last year, and I don't want to
be just going over old ground, but I think it's
important when we decide what it is we should do
or shouldn’t do to talk again about what the problem is.

First of all, in the United States, we are the only country in the world with an advanced economy that doesn’t provide functional full coverage. It is somewhere, you know, 96, 97, 98 percent. Social Security has 98 percent. You always have got a few people just walking around out there. So it’s impossible to have 100 percent coverage of anything, but all other major nations do this. We don’t.

Secondly, in spite of the fact that we don’t, we spend 40 percent more of our income on health care than anybody else. This year we are at about 14.2 percent of our income going to health care. Canada is at ten. Germany is at eight and a half. And Germany, as you know, has a very fine pharmaceutical industry, very fine research industry and high quality health care as well. Because health care costs have been going up faster than the rate of inflation, they have been eating up an overwhelming percentage of both National and State budgets. You know this. A lot of you who have served for some time have seen
your budgets every year go more and more and more
for health care, less and less and less for
education, for economic development, for tax
relief or whatever else you might wish to do. If
you look at the chart of the Federal budget, it's
absolutely stunning. Now if you take starting
next year and string it out to the end of the
decade, we are pretty flat in all discretionary
spending. Defense is coming down, and I would
argue it's coming down just as much as it can, and
it should not be cut more, and health care costs
are exploding. The job of being a Congressman or
a Senator in four or five years will amount to
showing up in Washington and writing health care
tchecks and going home, unless we do something to
reverse these trends.

And yet, in spite of the fact that we
are spending much more money, we are the only
nation in the world that is going in reverse in
coverage. Ten years ago, 88 percent of the
American people were covered; today 83 percent
are.

Now you may say, well, that is just
one in six. Well, that is good, 83 percent are
covered. The problem is that 16 percent is a lot of folks for one thing, 17 percent. Secondly, and perhaps more importantly, the number of people who are at risk of losing their coverage is far greater. Who is locked into coverage? Who is locked in? If you are on Medicaid, you are very poor, and you are locked in. If you have Medicare, you are locked in. If you are in jail, you are locked in. You get coverage. If you are very wealthy, you are locked in, because you can buy it. If you are a politician, or you work for government, you are locked in. You get it. Almost everybody else is at risk of losing their health care, and keep in mind you have pushed for lifetime security. You have, because you recognize that younger workers are going to change jobs seven times in a lifetime. Now how are we going to provide that kind of security?

And let me say that there is a human face behind this. I don't want the class warfare, but let's look at the facts. Over 80 percent of all people without insurance in America are people who work for a living. They are working people. This morning I had coffee with a man named Jim
Bryant and his wife Mary and their two children, because I read about him in the Boston Globe. He works 60 hours a week and doesn't have any health insurance, and they talked about how much they worked and said they had a good life and all extra money they had they were putting away for their kids' college education, but they would be ruined if they ever had an illness. And I asked him if he could afford to pay something, and he said sure. I said, Would you like to know how much I pay a month for health care as the President of the United States or members of Congress or members of the Federal Government. He said, Yes. I said we pay about $100 a month. And our employer, you, pays $300 a month. And he said, I could pay that easy. He said, I could pay twice that.

I was in Western Pennsylvania, Governor Casey's state. By the way, I appreciate your support for informing and your attempt to resolve the abortion issue, Governor Casey. But I was in Western Pennsylvania, Greensburg, Pennsylvania. Two women got up and spoke. I don't know if they were Republicans or Democrats.
I don't have any idea. One of them was a dairy farmer, 62 years old, and you know that is about the hardest farming there is. You have got to work seven days a week, because you can't tell cows to quit producing milk. Sixty-two years old and finally had to give up health care at the time she needed it most, she and her husband. Her husband just couldn't afford it any more. And then after that a woman spoke who was a mother of five children, and she introduced her husband, and she had had cancer, and he had had to change jobs and didn't have health insurance. And there are lots of people out there like that. We are talking millions of people, not just a few, and the issue is not just them, but it is everybody else that could be in that position.

Now the reason I am bringing this up is that it is important to understand what the problem is when you analyze what the solution should be, and the problem is not just that one sixth of the American people don't have health care and that the costs are running out of control, but that many, many more Americans are at risk of losing their health care. So the question
is what should we do?

I recommended a system of private
insurance participated in by everybody with a
break for small business that gives them lower
costs, allows them to buy insurance, small
business and self-employed people and farmers and
pay for it through our government as the employer,
and employers do, maintaining consumer choice but
with cost restraints, like managed care.

And then I went around the country and
listened to people and listened to you all tell me
what is wrong with it, and we came back with
modifications that had less bureaucracy, fewer
boards and commissions, more flexibility for the
states, less burden on small business than we had
originally proposed, more choices for the American
people in health care and a longer phase-in
period, because there is always a law of
unintended consequences in everything. So
everybody in this debate agrees we have to phase
this in. No one believes we can do it next year.
Everybody believes this has to be a multi-year
phase-in.

Now that is what we offer, and you can
find that in some form or fashion in the bills, which are working their way through the Congress.

Now what is the alternatives? If you want to cover everybody, or nearly everybody, near as I can tell, there are only three ways to do it. You can do it the way Canada does and the way we do for seniors through Medicare by having the tax deductions. That didn't seem to me to be feasible, abolishing all private health insurance and replacing it with a tax, although you could do it for even less money than we are spending today to cover everybody. You can do it the way Hawaii does and the way Germany does and the way most of us do it by just extending the system we have now and asking employers to pay some portion of their employee's health insurance and ask the employees to pick up the rest. You could ask the employees, who don't have insurance to cover their own insurance and give them a break if they are low-income people to do it. The problem with that obviously is whether you would encourage everybody that is on the margin to dump their employees.

There may be some other way to do it, but I am not sure what that would be. You could
get close to that maybe by a system of subsidies
to the middle class and the lower middle class
people and by putting all the small businesses,
giving them at least the chance to be invited to
coop and doing something like what
Governor Folsom has done with the Medicaid
program. He has put in some sort of managed care
situation so you save some money and provide some
money to cover others.

But I ask you to look at the
evidence. More than 45 states have passed some
sort of partial health care reform and insurance
reform in the last three years, but state spending
has continued to go up. Business spending on
health care has continued to go up, and coverage
has continued to go down. Indeed, in a study I
recently saw, only ten states actually had reduced
the number of uninsured people after all their
reforms were implemented, and five of them only
had reduced the number of uninsured working
people. Mostly states that had provided very
generous benefits for people who were moved from
welfare to work. So what are we to do?

There was a recent Wall Street Journal
article, which said that even in states that had
insurance reforms without universal coverage,
quote, fewer people have coverage than under the
old system. Now why is this? Why is this?
Because the system we have encourages waste and
inefficiency and irresponsibility. Under the
system we have, people who cover their employees
pay for those who don’t indirectly, because people
who don’t have coverage when they get real sick
show up at the emergency room. They get health
care, and the costs are passed along. Because in
the system we have without more people in a
managed competition environment, the more you do,
the more you earn. Whether it’s needed or not.
Pennsylvania has had a very valuable reform in
this regard by simply publishing the cost of
various procedures across the State of
Pennsylvania and the results showing that there is
not necessarily a correlation between the most
expensive care and the best results care. That is
something that can be done everywhere.

And finally, it’s very expensive,
because we are the only country in the world that
has 1,500 separate companies writing a thousand
different policies so that every doctor's office, every hospital, every insurance company has to hire a slew of clerical people to figure out who is not covered for what, and we pay for all that. That is a 4.2 percent difference in America and Canada. Let me just give you an idea of about how much that is. That is about $250 billion a year. That is not chicken feed. Some of that money is because of medical technology and high quality care. Some of that money is because of violence and illness and AIDS, but a lot of that money is just pure old-fashioned inefficiency. And so we have to ask ourselves, what should we do? You have already said no to an alternative proposal that would cap the Federal share of Medicaid, cut Medicare without giving any extra benefits to senior citizens, use money to help the poor and do nothing for the middle class. I think it is important to take the rhetoric out of this and ask what will work.

I heard again the litany of things that people have said. We don't want a government takeover of one sector of our economy. No, we don't. That is why I propose doing what Hawaii
did. Hawaii is not in control of the health care system; are you, Governor? Private insurance, not a government takeover. We don't want job loss. The Congressional Budget Office says there will be job gain if you stop all this cost shifting over a ten-year period, and the wise experience indicates that there will be job gain. We do not want to bankrupt the states, and we don't want to bankrupt the Federal Government. That is why we have to have hard cost estimates. At least we have them on our plan.

Now I read your proposal, and we have made some changes in our plan to reflect your proposal to make it more flexible, respect state initiatives more, have less regulation, don't have mandatory alliances, but the question is what are we going to do that works? Just yesterday, the Catholic Health Association released a study conducted by Lewen B.H.I. (phonetic spelling), which says that if you have insurance reforms and low-income subsidies without having coverage for everybody, middle class people earning between $20 and $29,000 a year will wind up paying $484 a year more for their insurance. Why is that? Because
if you require everybody to be covered, and you
say they can take it from job to job, but you
don't have everyone covered, then more single
individuals, who think they will be healthy and
live forever won't buy health insurance. More
small businesses on the market will drop it, and
the cost will rise for everybody that is left.

So I say to you, you know, it was
Senator Chafee, a distinguished Republican Senator
from Rhode Island, who said that you can't have
these insurance reforms without universal
coverage. He said that. I didn't. He said it
was difficult to conceive of how you could have a
like of people who carry their insurance policies
from job to job to job unless you had some system
in which virtually everybody was covered.

Now if you look at the Hawaii
experience, they have had a program based on
employer/employee share responsibilities sinc
1974, two years after it was first proposed by
President Nixon and Senator Packwood. They have
had it. What has happened? Infant mortality is
down by 50 percent. The number of people without
insurance has shrunk dramatically. Unemployment
has fallen. The cost of living is higher in Hawaii than almost anyplace else in America. The small business premiums are 30 percent below the national average. Why? Because everybody participates. Nobody bumps anybody else out of it, and everybody is in big buying pools. Now what are we going to do? I will say it again. We have to do something that works. We have to do something that works for families like Jim Bryant and his wife and two kids, something that works for the people that are out there in all of your states who are working for naught.

I was in Columbus, Ohio the other day, and I talked to a woman who ran a delicatessen. She had 20 full-time employees, 20 part-time employees. She had had cancer five years ago, and she said, I am in the worst of all worlds. I cover my 20 full-time employees, and we pay too much, because I am a small business person, and I have got a preexisting condition. And I am at a disadvantage with all my competitors, but I feel guilty that I don’t cover my part-time employees. If you had a system where I could buy insurance at a rate competitive with government and big
business and where my competitors had no advantage
over me, I would gladly do it.

So again I say, I am open to any
solution to this, and I believe the states ought
to be the laboratories of democracy, and I want
you to have more flexibility, but at a certain
time -- I heard Governor Romer's comment earlier.
We have to look at the evidence and so I say, if
you imagine what the world will be like when th
century turns and we start a new millennium, if
you imagine what it would be like in America and
what you want it to be like, and what you worked
so hard for it to be like. You want us to have a
competitive economy. You want our debts to be
under control. You want our debt to be a smaller
percentage of our income. You want us to have a
system of life-time earning. You want us to have
a trading system where we can grow in the world
economy. You do not want every Governor and ev ry
President of both parties in the future to spend
all of their time writing these checks where they
are paying more every year for the same health
care, and they haven't solved the problem, which
has been solved elsewhere.
All I ask in these closing weeks of this debate is that we take the political air out of the balloon and ask ourselves what will work for ordinary Americans.

Now let me close --

(Applause.)

PRESIDENT CLINTON: Let me close just by asking every one of you to read this letter that was published in the Boston Globe this morning, because one thing I think every Democrat, every Republican and every Independent in America agrees is that for people who have it, we have the best health care in the world. We have the finest medical schools, the finest medical centers, the best medical research. Everybody agrees on that. Senator Dole and I agree on that. Everybody does. This is a letter from the people who are providing it in this area. They were a part of the 100 people who came to the White House the other day representing academic medical centers who said if you want to keep what is best about American health care, you will have to fix what doesn't work about it. You will have to find a way to cover all Americans, because we are being
hurt now. We used to pass our costs on to
everybody else, but states are controlling their
costs. The Federal Government is controlling
their costs. These big companies that used to
send their employees to our medical centers, they
are controlling their costs. And we are left
holding the bill for all the poor people we have
to care for and all the middle class people with
horrible problems that show up without insuranc.
And please give us universal coverage if you want
the medical schools of America to continue to
work. Read this.

All I have tried to do, folks, is to
consult with everybody from Doctor Who to
President Reagan's Surgeon General, to the heads
of our biggest medical schools, to the heads of
our biggest corporations, who can't deal with
their medical problems, to the small businesses
that want to buy insurance and can't to come up
with something that works. I have no private
authorship and no private details. I just want to
do what will work for people like Jim Bryant and
his wife and his kids, and I think you do, too.
If we keep that attitude, we will find a solution
in the next three months to the problem of health care.

Thank you, and God bless you all.

(Applause.)

CHAIRMAN CAMPBELL: The President's schedule has lengthened enough for him to be able to take a few questions.

(Applause.)

CHAIRMAN CAMPBELL: So we now have the floor open for questions, I am going to get a list, because I know that there will be a lot more than four or five questions.

Terry Branstad has a question.

Governor Branstad.

MR. BRANSTAD: Mr. President, first of all, I want to thank you for taking questions and also for the conciliatory nature of your speech this morning. I think there are some -- I think the Governors are very interested in trying to build a consensus on this issue, and from what I have heard from Senator Dole this morning, there is no consensus on the issue of employer mandates, and is it possible to reach a consensus agreement on some of the things that are -- where we all
agree upon such as providing a reform in the tax system for the self-employed to get the same treatment as people who work for large companies and reforming the medical malpractice system, reforming the insurance system in terms of affordability and coverage and those things that the Governors agree upon.

Would you be willing to accept that even if some of the other aspects that are more controversial where there isn’t a consensus aren’t able to be agreed upon in the next few months?

PRESIDENT CLINTON: I am glad you asked the question like it is, because it gives me a chance to maybe be a little more direct in what I was trying to say before. If you look at the experience of the states, my answer to you is it depends upon whether in the aggregate based on the evidence that we have and the best opinion of the medical expert, we increase coverage, and we are moving toward what I -- what I think we all want, which is a phased-in deliberate effort to get toward universal coverage.

The evidence is, Governor, that if you do these insuranc reforms, and you don’t do
something that you know will increase coverage
among working people, the impact of the insurance
reforms will be to decrease coverage among working
people. That is what happened in a number of
states in the last three years. We have had -- we
have got five million more Americans without
insurance coverage now than we had in 1988, and we
only have 1.3 million more people living in
America. So the rest of them lost their
coverage. And most of them were living in states
where insurance reforms occurred. So I will say
it again. It depends on what else is in there.
There may be some way other than employer mandates
to do this. I heard that Governor Waihee said
that this morning on television. There may be
some other way to do this, but the real
issue -- the test ought to be the test you apply
to yourselves. That is the only test I have.
Will it do what we say it is going to do? You
know, we can pass a bill and all shout hallelujah
and get by the November elections, but there will
be real consequences to what happens here, and
those consequences would be apparent in '95, '96,
'97, '98, '99. The aggregate is what will happen
to the people. That will be my -- you know, I
just think we have to be careful. We have
evidence. We know now what happens.

A lot of these insurance reforms very
much need to be implemented, but if they are not
implemented in the right way, they will simply
raise the price of insurance for everybody else,
causing more single individuals and more large and
small businesses to drop coverage, which will
shrink the pool and increase the rates, and the
cycle will continue. It’s almost unbelievable
when you look at it that we have gone from
88 percent backsliding down to 83 percent as a
nation. And I will say again, only five states
have been able to show in the last five years an
increase in coverage among the working uninsured.
That is no offense to you. I applaud all of you.
I tried to do it, too. I am not criticizing
anybody. I am just saying that at some point we
have to look at what the evidence shows, and I
don’t think we should do something that will not
work, but I would not rule out a health bill that
didn’t have an employer mandate if we knew we were
moving toward full coverage and we had some
evidence it would work.

CHAIRMAN CAMPBELL: Governor Romer was next.

GOVERNOR ROMER: Mr. President, I think we have a healthy economy in part because of the deficit reductions that your Administration and Congress have accomplished. All of us who worked on that know that we can't continue to keep that deficit down unless we find a solution to this problem. Therefore, it seems to me that as we carry the message that the initial cost, however we bury it, is so much less than the ultimate cost if we don't bite this bullet. And as I asked Senator Dole, it seems to me that if we do not some way expand the employer-based system, you are going to have people, who are already in that system bringing back problems. And the logic of that is so compelling. I would hope that this solution will find a way to phase in a solution that eventually continues to use the employer base.

PRESIDENT CLINTON: Governor Romer, I am very much in favor of a phase-in. I don't think anybody -- you can't mess with something
this big unless you do it over a period of years; and the message I got after meeting with a lot of you and with others and people in Congress is that we ought to lengthen the phase-in a little bit. We could even do that.

Let me just say one thing to go back to your question and the question Governor Branstad raised. There is some reason to believe that if we, and I am not for unfunded mandates, but on of the things I think we have to do in this bill is I think that the enrollment in these alliances, purchasing alliances, the buying co-ops would be voluntary, but I think every state should have one, and they don't cost very much. California only has 11 folks that work in there, so I think we ought to pay the bills, but I don't think we should have an unfunded mandate, but I think that every state ought to set some network up. If you look at what has happened in Florida, for example, where I wish Governor Chiles was here, they have very restrictive rules on who can get in. You can't get -- I believe you have to be in a business of 50 or fewer employees, and I believe you have to have been without insurance for a
year, and they still have very heavy subscription.

In the State of California, where they had 2,400 businesses enrolled, which is not an enormous number in a state as big as California, but it's not insignificant, they had 40,000 employees in the pool, and every single one of them got the same or better health insurance for lower premium costs, so we know that there are certain economies of scale that can be achieved here. The question is will they be offset by the insurance reform if you don't also do something to increase the pool of covered people. That is really what we have got to deal with.

As you know, I basically reviewed -- I know, Governor Lowry that they wrestled with this in Washington and essentially reached the same conclusion. There are a lot of adjustments that can be made. You can make adjustments in the benefits package. You can make adjustments in what the percent is that the employers/employees pay, but the main thing we have to do is keep increasing the coverage. If you keep sliding back, you are looking at a system now that is headed towards a financial disaster, because in
the end government will wind up picking up a
bigger and bigger share of the bill, which is just
what we don't want to happen I think.

CHAIRMAN CAMPBELL: Governor Nelson.

GOVERNOR NELSON: Mr. President, first
of all, I would like to thank you for your
conciliatory and bipartisan comments this
morning. There are two points that I would like
to make.

First of all, as you have indicated,
there are a lot of states that have already begun
the important and lengthy process of reforming
insurance relationships as well as working toward
health care reform, true health care reform. I am
encouraged by the fact that you recognize that and
comment very positively on it, because I hope that
whatever is accomplished in Washington will
continue to provide the maximum amount of
flexibility for the states.

The second point is that I hope that
what is accomplished in Washington will be in the
spirit of the national framework to be able to
continue to have states have that flexibility.
It's a tall order that must be filled, and I hope
that we can continue to work together to be able to do that.

PRESIDENT CLINTON: I am very open to that, Governor Nelson. For one thing, if you look at some states, we have got a couple of states that are about the size of Hawaii they are already at or above 90 percent, where they can imagine themselves reaching through various mechanisms 95, 96, 97 percent coverage.

As I said, I think we have moved in Social Security with 97 percent Social Security for many years I think was just by improvements of bookkeeping up to a little above 98 percent now. So we know we are not going to get by with 100 percent, but we know you have to get somewhere in the ball park of 95 or above so we should stop the cost shifting, and you have some -- and you have economies of scale for all the small businesses that are participating. But there are differences. The economic realities and the demographic realities are so different from state to state. I think you are going to have to have some more flexibility, and I am quite open on that to do some more on that.
CHAIRMAN CAMPBELL: Governor Jones.

GOVERNOR JONES: Mr. President, as you well know, in Kentucky we recently passed a piece of health care legislation of which we are very proud of. It’s very progressive, but the one area where we fell down was universal coverage. We were unable to do that. I think primarily because of the fact that there are so many states that surround us to impose the employer mandate on Kentucky businesses, and it would not be imposed by other states might put them at a competitive disadvantage, so it seems to me that if there is going to be coverage for everyone, it has to come at the Federal level as opposed to the State level. I think we all recognize that if we do not get coverage for everyone, we cannot stop the cost shifting; if we do not stop the cost shifting, we cannot get control of the health care costs. So to be totally successful in our efforts, we must get coverage for all Americans, and I know you have fought for that from the very, very beginning.

And I do not want this comment to sound unduly partisan, because I think it is
imperative that we have a bipartisan effort on this issue, but I cannot help but recognize that today when Senator Dole spoke to us it was a different message than the one that I got in February from the Senator when in answer to a specific question from myself, he said that he did favor coverage for everyone, that he did favor coverage for everyone, and today he said that he did not oppose coverage for everyone, and there is a tremendous difference, I think, between those two. I couldn't help but think of Patrick Henry's "Give me liberty or give me death" speech. If he had said, I am not opposed to liberty, I wonder how well he would be remembered in his remarks today. But the reason I say this -- the reason I say this is if we are to get coverage for all Americans, you are going to have to stand as you have from the very beginning very strong and very tall on this issue, and I urge all of us to be strong and supportive of that, because we will not be able to be successful in the long run if you are not successful in that effort.

Let me just say that I --

(Appplause.)
PRESIDENT CLINTON: The reason I proposed the share of responsibility requirement is the reason -- there were two reasons. One was mentioned by Governor Romer. It was the natural outgrowth of what we had, and we knew that we could get studies that would show that it would actually lower the average cost to small businesses. We also knew we could afford to subsidize the smallest businesses and the people who run the lowest profit margins so they could make it; and we knew that if that happened on a national basis nobody would be at a competitive disadvantage. I know that there are these ads that this other health reform group has been running -- I didn’t even know about them until I went on the air -- involving the fast food operations and not covering their workers, and Americans covering their workers in Japan and Germany have been somewhat controversial, but they make the point, which is if all of your competitors are in the same boat you are in, you don’t go broke doing this. They make it a point. And so I did it for that reason.

The second reason I recommended it is
that we had evidence. We had the evidence of Hawaii. We had the evidence of Germany, which was initially a system in which it provides high quality care at the lowest cost even in the Canadian system. So we have evidence. We have a system that can be expanded, and we have evidence. I never ruled out another option. I just have never seen one I thought would work, and I do believe we have to keep working toward that. And as I said, I keep saying that there ought to be a middle ground here. And as I always enjoy reminding Senator Packwood and President Nixon recommended a 50/50 employee/employer split in 1972, and I don't believe that the Republican Party is that far from its mooring in the last 22 years, so I am asking them to come home a little bit. And I still think we can do it.

(Applause.)

CHAIRMAN CAMPBELL: Mr. President, I didn't mean to ask a question, but I cannot let Governor Jones' statement go unanswered. That is not what Senator Dole said. Senator Dole came in, and he indicated a willingness to move -- what he said was he didn't think we can get there all at
once. If we couldn't, we shouldn't abandon the effort. He didn't want you to think that he was against all, and his statement was, I am not against coverage for all. He didn't think we could get there, but he didn't think we should abandon the effort if we didn't get 100 percent at once. I don't think it's fair to him to have it depicted that way, and I wanted to correct that.

PRESIDENT CLINTON: Let me just say let's look at the political context in which we are operating here, the context in the country and the context in the Congress real quickly, and then I know I have to quit, but you can help change the context. If you are a Democrat, you can help to change it. If you are a Republican, you can help change it if you want us to get together. Let's be fair now, everybody, including the leaders of the other party. Let's look at what everybody is up against.

When I put out my plan, the Health Insurance Association didn't like it, because the alliances were mandatory, which meant that fewer insurance companies would get to compete for health insurance, and because we had premium caps
on there, and they didn’t want that. They thought it was regulatory. So they put Harry and Louise on television. And we didn’t have the money to answer that. So at the time they have been on television, everybody else has been on a letter writing campaign and all that stuff that happened. They made something called the Clinton Plan of Poverty, even though the basic elements still have the support of 60 percent or more of the American people when you strip it away. So that happened.

Ironically, the Health Insurance Association favors the employee requirement. Who doesn’t favor that? The N.F.I.B. is against it. They have a lot of insurance agents in their membership, and they have small business people who ideologically don’t think they should be required to offer insurance, and the conservative wing of the Republican Party is against it. That is the context in which we meet and bring to th Congress.

Now what do we try to do to offset it? First of all, we make some changes in our plan. We make it less bureaucratic, more
flexible, more open to respond to you, and I explained that.

Secondly, we put together a group of small business people, 29 different large groups with 600,000 small businesses to say we would be better off if everybody had to pay, and our costs would go down. Please do this. And we are trying to know -- what we are trying to do is get back again to where we could have a debate that is not so politically charged. The real -- the problem you have obviously in the Congress now is you have a problem, and the opportunity is that under the rules of the United States Senate only the budget can be passed without a filibuster. No other bill can pass the Senate not subject to a filibuster. So that means that if 41 Senators decide that no, this is a bill of action come to vote, it can't come to a vote. So that is why all the Democrats have been saying all along we have got to have some sort of bipartisan support here.

And again, I will say what I would like us to do is to come back to the principle that we must do what we know will work, to provide security, to provide control of costs, to maintain
choice and quality. And if we just will be guided
by that, we will come up with a bill that the
American people will be proud to have us sign
without regard to their party.

We have been through a long period
here of Congressional debate and discussion and
everything, and the political atmosphere has been
charged going up and down, and there is a lot of
unreality out there. There has been a lot of
reality around this table today. If we can bring
that back to the Congress, we will get a good
bill, if everybody will just forget about all the
rhetoric and do something that will work, but we
must not blind ourselves to what these medical
school deans said, and there was a hundred of them
at N.E.C. They know what they are doing. They
know what works, and we have to do something that
works. That is my only bottom line. Let’s not
mislead the American people if we are going to
act. Let’s do something that will leave the
people in New Mexico and Utah and Montana better
off.

Thank you very much.

(Applause.)
CHAIRMAN CAMPBELL: Mr. President, we want to take this opportunity to thank you for being with us today. We want to thank you for your attitude about partisanship, and we appreciate the way that your -- (inaudible)

(Applause.)

CHAIRMAN CAMPBELL: And we wish you health and happiness in the days ahead, also.

As I prepare to recognize the Chair of the Nominating Committee and turn over the gavel, I want to take a moment to thank Governor Weld for hosting an outstanding meeting in Boston. I want to thank the Mayor of Boston, who is here with us. Boston has just been tremendous, and I think you all agree.

(Applause.)

CHAIRMAN CAMPBELL: Now I also want to express my appreciation to Howard Dean, who has been a good friend and an outstanding leader for his party and all the Governors and Vice Chair over the last year. Howard has just been tremendous, and we will have a little bit more to say about him in just a minute, but it has been tremendous working with him.
I want to thank the Governors that served in the N.G.A. leadership, the Chairs, the Vice Chairs, co-Chairs and lead Governors over the last year for their hard work and personal time, which you gave to this organization.

I want to thank my own staff who put in a lot of extra time and effort, and I personally want to thank the National Governors' Association staff under the leadership of Ray Scheppach.

Ray, you have done a wonderful job in another outstanding year.

(Appraise.)

CHAIRMAN CAMPBELL: I do want to recognize one person. If I could ask everybody to please take their seats, I would appreciate it. If the staff and visitors would get out of the aisle out around the table, it would be very beneficial. As we close out, there is one individual I want to recognize particularly on our staff, and that is Rae Bond.

Rae, where are you? Rae, come up here.

(Appraise.)
CHAIRMAN CAMPBELL: Rae has been the Director of Public Affairs for the National Governors' Association for the last nine years, and this will be her last meeting this year. She will be relocating to Chattanooga, Tennessee. There is no N.G.A. staffer who has been closer to more Governors than Rae, who has had to put up with a lot of us as she intercedes with the press and protects us on many occasions. Rae, we just wanted to bring you forward and formally thank you for what you have done for us and to offer you our best wishes in the future.

Rae, good luck to you.

(Applause.)

CHAIRMAN CAMPBELL: Now I would like to call on Governor Waihee of the Nominating Committee for a report.

GOVERNOR WAIHEE: Thank you, Mr. Chairman.

Your Nominating Committee made up of Governor Evan Bayh, Governor Benjamin Nelson, Governor John McKernan, Governor Terry Branstad and myself submit for your consideration the following nominations for the Executive Committee:
of the National Governors' Association: Governor Mike Leavitt from Utah; Governor Brereton Jones from Kentucky; Governor John Engler from Michigan; Governor Gaston Caperton from West Virginia; Governor Roy Romer from Colorado; Governor George Voinovich from Ohio; and Governor Carroll Campbell from South Carolina up until January 1995, at which time his position will be taken by Governor Christine Whitman of New Jersey; and for Vice Chair, Governor Tommy Thompson of Wisconsin; and for incoming Chairman, Governor Howard Dean of Vermont.

In recognition of the time we have,
Mr. Chairman, I move that the nominations be closed and that you cast unanimous ballots if this motion is passed.

CHAIRMAN CAMPBELL: There is a motion that the nominations be closed and that we vote in block.
Is there a second to that nomin -- to that motion?
GOVERNORS: Second.
CHAIRMAN CAMPBELL: There is a second.
All those in favor indicate by saying aye.
Opposed, no.
The ayes have it, and the slate is elected.

It’s now my privilege and pleasure to turn over the new Chairman of the National Governors’ Association the symbolic gavel and to say to him as he takes office that having worked with him for a number of years now that the National Governors’ Association is in good hands in its leadership in Howard Dean and Tommy Thompson, and I think that you will go on to greater and greater things through the years. It’s been a privilege to serve. It’s also a privilege for me to have the opportunity to hand the gavel to a person that I consider to be as fine as Howard Dean.

(Applause.)

GOVERNOR DEAN: Carroll and I have a number of things in common, one of which is we are both going to use the step on the podium.
This is a real honor for me, and I appreciat all the help that I got doing this. I
want to first make a presentation to somebody, who has I think served this organization exceptionally well, because he is a very honest person, a very direct person and certainly one of the most decent people that I have ever seen in public service, somebody who I have really enjoyed working with the past year, someone whose leadership of this organization we can all be extremely proud of, someone who has extended the bipartisan tradition that we have in this organization, which has been, I think, the most important part of our ability to work together, and that is Carroll Campbell.

So, Carroll, if you would step up here for just a moment.

This is the traditional gift the incoming Chairman gives to the outgoing Chairman. It's a great pleasure for me to present to you this gavel for your year as Chairman of the National Governors' Association.

(Applause.)

GOVERNOR DEAN: While this is not always the case, Carroll Campbell also happens to be serving his last year as Governor of South Carolina. He has served his people very
well for the past eight years. He has designed
some programs in South Carolina that I am pleased
to say that we intend to copy in Vermont, and h
has done a great many things that we admire, both
Republicans and Democrats; and Carroll, I would
like to present you with the same thing you
presented the other 13 Governors who are going out
of office this year on behalf of the National
Governors.

(Applause.)

GOVERNOR DEAN: Finally, it is the
tradition of all the Governors to give a gift to
the outgoing Chairman. All the Governors have put
in to get you a clock, and I must say I think you
deserve it. You did run on, relatively speaking,
on time. I have been here now three years. Many
of you have been here a lot longer than that. I
think I can congratulate you with the punctuality
with which you have run these meetings, and I am
sure that had something to do with the selection
of this. It says, With a great deal of
appreciation to Governor Carroll Campbell, Jr.,
National Governors’ Association Chairman, 1993–’94
from all of us.
GOVERNOR CAMPBELL: Thank you very much. Thank you.

(Applause.)

GOVERNOR DEAN: Before I just make a few brief remarks, and they are going to be brief, I discovered that the President had a fund-raiser for me down in Washington three or four months ago. In that time, I was to speak before the President, and it was the most intimidating feeling that I have ever had on the podium to really speak to the Democratic National Convention of 25,000 people, because when you are standing before the President of the United States, and you know that he is coming after you, there is a tendency to condense your remarks as much as possible and let the real show go on. I now have a situation which is worse, which is to follow the President of the United States, and after he has given what I thought was a very excellent and conciliatory speech, which I appreciate it. But I am going to be very brief. I do want to remind people that the closing press conference that we will attend will be directly after I finish here, which will be fairly quick, I
hope, and that there will be an Executive Committee meeting right here probably starting around 10 past 1:00, or perhaps a little sooner than that, right after the closing press conference.

The year that I am Chair, I intend to focus on children’s issues. I am going to just start off with a little story.

A girl in Middlebury, Vermont, twelve years old, her parents get divorced. The mother is an alcoholic. The father tells her if she doesn’t choose to live with him, he is going to kill himself. She did not choose to live with him, and he did kill himself. She has no family. She is on state assistance. She has nowhere to turn. She gets into drugs. She becomes pregnant, and at the age of 16 she becomes the mother of her daughter. She gets into a drug treatment program. She succeeds. She comes out of the drug treatment program, and there is no community support. So she relapses. Finally, she gets to a system where there are services, child care, counseling, job training, substance abuse. She is now 24. She is off welfare. She has an
eight-year-old who is doing reasonably well at
school, and she has not used drugs or alcohol for
six years. Now that is a success story in the
sense that as of today she and her daughter ar
flourishing, but it's also a failure, because she
is 24 years old, and for eight years she has gone
through a very, very -- more than eight years she
has gone through a very, very difficult time in
her life.

What I hope to focus on with your help
is the issue of how to put these problems to r st
on a more affirmative basis. We have all -- all
of us have spent an incredible amount of money on
corrections, on foster care, on substance abuse,
and most of this money goes to kids that are
between the ages of like 12 up into young
adulthood in their late 20s. If we focus on
children and families before they get to school,
when they are born, even before they are born, we
can save a tremendous amount of money. For none
of us -- there is not one of us even the most
senior Governors here who have been in office for
20 years, but we can save money for whoever
follows us, two or three Governors down the line,
if we can make these investments early on in the families of small children. It's the right thing to do, and it's something we have to do for financial reasons and for moral reasons.

We have a pilot project that does this in a couple of areas. We had 66 births on Medicaid in this small town. Of those who were offered services at the time of birth and home visits a week later, 65 of them have accepted our intervention. Many of them it turned out did not need further services, and some did. One projected it as intrusive. There will be political controversy here. This is something that is voluntary. We are not going to force people to have social workers in their home or at the hospital bedside, but we believe at the moment of birth every mother wants to do the best thing for their child no matter what their situation is, whether there are drugs involved, whether it's a single teenage mother at a very young age, and that is the time to make a line to make the family stronger again.

There are some important issues that face us, many important issues. I am going to ask
this initiative to be run through Mel Carnahan’s Chairmanship of the Human Resources Committee along with Arne Carlson, and I really appreciate the support that you have agreed to give. We intend as part of this initiative to go to every state in the country and select examples of communities that want to support kids and families at a very early age. We intend to use the resources of the National Governors’ Association to find these communities, give them technical assistance, and we intend to use the relationship the National Governors’ Association has with foundations that are interested in the subject to funnel money into communities and programs that want to do this. This builds on the initiative that Carroll Campbell and David Walters and Pete Wilson put together over the past year where we integrate services, where services are based on what is good for kids and families and not based on what is good for agencies.

And finally, I hope very much to have a national summit of children much the way the Governors had a national summit on education with President Bush in Charlottesville. It took five or
six years to get education, but much of the help
came from people like Evan Bayh, Ben Nelson,
John McKernan. It took seven years, six or seven
years to get where we needed to go. We still have
a long way to go. And this initiative is not
going to be completed for many years, but if we
could focus the attention of the nation on
children between the ages of zero and six, on
families with young children, on parenting skills,
on teenage pregnancy and teenage pregnancy
prevention, we are attacking the problems that we
all face in our budgets on things like correction
of Medicaid and foster care. We are attacking
those problems at the place that they need to be
attacked. If it fails, we have wasted a year; but
if we don’t try it, we are condemned to a future
with 16 to 20 percent increases in the number of
correction cells and a constant struggle for money
to try to clean up the problems that we are
avoiding facing.

So I want to thank all of you. I want
to thank the others of you that we will announc
doing other important things. The Governors on
Crime is a very important issue. Pete Wilson will
We will have a motion co-Chair that along with Governor Bob Miller, former police officer and Attorney General.

Lead Governors on Education, Governor Whitman, Governor Hunt, an extremely important piece of this. Welfare reform is a very important piece of how to deal with small children and families, and Tom Carper and John Engler have done a terrific job on that.

The other -- there will be a number of other appointments, which are extremely important to the N.G.A. I look forward to working with you this year. This is extremely, I think, essential if we are going to succeed in our long-term view of what America is all about. I want to thank all of you who have had enough confidence in me to allow me to take this position.

I want to thank Carroll and Roy Romer, who have gone before me whose examples I will hope to emulate in fairness and bipartisanship and honesty, and I appreciate this opportunity and honor an awful lot.

Thank you.

(Applause.)

GOVERNOR DEAN: We will have a motion
to adjourn.

GOVERNORS: So moved.

GOVERNOR DEAN: And the Executive Committee will meet in Room 304 at 1:15.

And hearing no objection, we are adjourned.

(Whereupon, at 12:50 p.m., the hearing was adjourned.)
CERTIFICATE

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