WASHINGTON, D. C.

Sunday, January 29, 1995

ACE - FEDERAL REPORTERS, INC.
Stenotype Reporters
1120 G Street, NW
Washington, D.C. 20005
(202) 347-3700

NATIONWIDE COVERAGE
800-336-6646
NATIONAL GOVERNORS' ASSOCIATION

* * *

WINTER MEETING

FIRST PLENARY SESSION

AND EXECUTIVE COMMITTEE

Grand Ballroom

J. W. Marriott Hotel

1331 Pennsylvania Avenue, N.W.

Washington, D. C.

Sunday, January 29, 1995

12:45 p.m.
GOVERNOR DEAN: First of all, let me formally open the 1995 winter meeting of the National Governors' Association and welcome many new governors to the first official meeting.

I have 15 minutes of remarks, which I’m going to condense dramatically since I started this meeting 20 minutes late -- which is uncharacteristic of me. I apologize. I can’t promise it won’t happen again with all this crazy running around we’re doing here in Washington. But I plan to take that 15 minutes out of my remarks so we’ll get to the next meeting on time. I see Governor King is voicing his approval already.

Let me also, before I ask Governor Thompson on the motion on the rules of procedure, welcome our six Russian friends here. We have six Russian governors who are visiting us for this meeting. We were able to socialize with them last night at the Canadian Embassy and we welcome you to the 1995 winter meeting.

(Applause.)
GOVERNOR DEAN: Now, if I may call on Governor Thompson to move the adoption of the rules of procedure for the meeting.

GOVERNOR THOMPSON: Mr. Chairman, I move that the rules of these proceedings be adopted. And I make that motion, Mr. Chairman.

GOVERNOR DEAN: Is there a second?

VOICES: Second.

GOVERNOR DEAN: All those in favor signify by saying aye.

(Chorus of ayes.)

GOVERNOR DEAN: Those opposed say no.

(No response.)

GOVERNOR DEAN: We have adopted the rules of procedure.

I should just say that part of the rules require that any governors who desire to submit a new policy to resolution for adoption will need a 3/4ths vote to suspend the rules. Such a proposal should be made to Jim Martin, of the NGA staff, by 5:00 p.m. tomorrow.

I should also say that for the new

ACE-FEDERAL REPORTERS, INC.
governors there is a significant lead time for new proposals which does not require 3/4ths suspension. So if you are interested in new policies being adopted by the NGA there will be other opportunities. I urge you to get those in well in advance of the meeting and that will prohibit you from having to go through the 3/4ths suspension.

I am particularly pleased today to begin the plenary session of the winter meeting with a major item for the year, which is the Governors' Campaign for Children. The agenda has three objectives: to increase public awareness of young children; simplify and improve state programs -- which we had a very spirited discussion of this morning -- to focus on the needs of children and families rather than on the needs of government and agencies; and to have communities across the nation respond to the needs of young children.

Since August we’ve met with members of Congress and the foundation community, education and children’s advocacy groups to gather as much information as we can about what works and what
doesn’t work in serving children and their families.

Building on the work of my predecessor, former Governor Carroll Campbell, from South Carolina, we have continued to develop the intergovernmental working group on legislative recommendations and had a chance to speak to many national organizations. And in December we held a national hearing to highlight community based programs which was very successful. And I want to thank the 25 states that submitted programs for our review, and particularly the eight states that had people at that hearing laying out for us their programs and their success stories. I want particularly to single out Governor Caperton, Governor Carlson and Governor Carnahan, Governor Engler and Governor Thompson for their participation at that national hearing.

Aside from them, we have a number of invited guests to join with us to share their perspectives on how we may improve the welfare of children in the United States of America. Our first guest is David Hamburg,
President of the Carnegie Foundation of New York.

Dr. Hamburg has been a strong advocate for children for many years, both in his work on education reform and in his work to improve services to support children and families.

We're grateful to you, Dr. Hamburg, for the Carnegie Foundation of New York's support for all of work at the National Governors' Association, and especially for your support of the Governors' Campaign for Children.

Dr. David Hamburg.

(Applause.)

DR. HAMBURG: Thank you. It's a great privilege to be here. It's been a privilege for us in the Foundation to work with the NGA over the years and to have on our board one of the stalwarts of an earlier era here, Governor Thomas King of New Jersey.

The governors of the United States constitute an enormous force for the good of our all children, and so for the future of the nation. The Governors' campaigns present a fundamental opportunity for our nation's progress. After all,
what could be more important than a decent start in life. All the rest depends on this foundation.

The first few years -- which I want to focus on mainly, but not entirely -- The first few years provide the critical opportunity for a decent start. Such a beginning greatly increases the odds of lifelong learning and acquisition of constructive skills, good health and the development of pro social behavior. In short, the time from conception through the third year has a great bearing on physical, cognitive, emotional and social development -- for better or for worse.

If there is not a decent start then casualties are likely to follow throughout childhood and adolescence. Some of this is reversible later at high cost. Some is not reversible at any cost in light of present knowledge. If a poor start leaves an enduring legacy of impairment then high costs surely follow. They show up in various systems: in health and education; in justice. We call them by many names: disease, disability, ignorance, incompetence, hatred, violence. By whatever name,
these outcomes involve severe economic and social penalties for the entire society. So this is a high stakes game we are playing with our children and so with the future of our nation.

Let me say a word about key features of childhood. It's a dramatic period, actually, with great changes and striking contrasts. First, the nine months of pregnancy -- we hope nine months. Anything less than nine months doesn't bode well for development. The nine months of pregnancy, from a single cell to a very complex organism; indeed, ultimately the fanciest organism that nature has ever seen. Next, the critical transition from living inside the mother's body to the world outside. And then the period of forming the initial human attachments that shape so powerfully the possibilities for human relationships and social skills and the infant's beginnings of discovery, the building blocks of learning skills.

So this initial phase has a strong bearing on a child's entire life. The risks of permanent and largely preventable damage are formidable during
these early years.

Now, these years of infancy and toddlerhood have always been, for millennia, crucial in human adaptation. They provide the fundamental opportunity to learn the basic elements of what we need to know about ourselves, about each other, about the world around us, about ways to cope and solve the problems of living.

Now we live in an era of drastic technological and socioeconomic transformation. For example, changes in the regular patterns of contact between American children and their adult relatives are really remarkable changes. Not only are the mothers home much less during the past three decades, but there is little evidence of increased time by fathers at home to compensate, even in the most affluent sectors. Overall, the time parents spend with children has declined by at least one-third in the past 30 years -- a stunning development. Moreover, only about five percent of American children see a grandparent regularly; a lower level than was the case in earlier times.
Powerful institutions of the society such as business and government have done little to facilitate family availability for children or to strengthen the competence of families in the rapidly changing circumstances of the late 20th Century. These problems are compounded by high mobility as well as erosion of strong neighborhood ties and other social supports. Also compounded by high divorce and separation rates and never married rates. So we now live in a time of massive family disruption manifested in a lot of different ways and involving altogether considerable jeopardy to child development.

Our nation's infants and toddlers and their families are indeed in trouble. An important comparison to make is with other established democracies like those of West Europe, Canada, Australia and Japan. How are we doing in relation to them? Not very well. In comparison to those democracies the United States has more casualties and more serious risk factors. For example, a higher infant mortality rate; a higher proportion of low...
birth weight babies; a smaller proportion of toddlers immunized against childhood diseases; and a much higher rate of babies born to adolescent mothers. One in four raised in poverty. One in four lives in a single parent family. And here's a striking fact: one in three victims of physical child abuse is a baby under the age of one.

Now, usually -- despite the radical transformations of recent times -- responsible, caring adults -- and that is the key -- responsible, caring adults are available within the child's immediate family. And if not, they exist to some extent in the extended family -- aunts and uncles and grandparents and so on. But if these family caregivers can not provide the necessary conditions for healthy development then others must make an explicit effort to connect children with persons outside the family who have the right attributes and also the durability to do so. That is, as a society we must find ways to strengthen families in their caretaking functions to the extent possible. And to augment families as necessary with family equivalent
functions provided by community organizations as well as by the health system and the education system. All this is necessary simply as a practical matter to diminish the profusion of empty, shattered lives that are so conducive to rotten outcomes through the life span.

Now, what are the essential requirements for healthy child development in the first few years of life and the principal opportunities for meeting these requirements? Can we illuminate a developmental sequence of experiences that actually foster healthy child development and ways of accomplishing this sequence under contemporary American conditions? In what ways can families actually be strengthened if necessary to meet these developmental requirements? And what extrafamilial influences can strongly help to meet them for fulfilling the requirements of healthy child development? What motivations do people need? What skills do they need? And what professional services can be highly beneficial? For each phase of development is there in fact a strong scientific
consensus and professional consensus on these
questions?

We asked a distinguished task force to
address those questions in a report that ultimately
came to be published last spring as starting points.

You have an abridged version in front of you. We
were very fortunate to get terrific leaders from
different sectors to work together -- from the
scientific community; from the relevant professions;
from business, government and the media. They put
out a report that formulated practical ways to
fulfill the dream we all share: healthy, constructive
development of our youngest children.

The task force sought ways to meet the
vital needs of all our children, and they paid
special attention to the children in poverty. What
are these vital needs of children everywhere, stated
very briefly? Well, during the years of growth and
development, throughout childhood and adolescence,
but particularly in early childhood, children need
dependable nurturance, attachment, protection,
guidance, stimulation and ways of coping with
adversity. Infants, in particular, need very
dependable caregivers who can promote attachment and
thereby form the fundamental basis of decent human
relationships throughout the child’s life.

The Starting Point Task Force’s
recommendations set four main thrusts, and I’ll
refresh your memory on those in a very concise way.
The first was preparation for responsible and
competent parenthood, all the way from education in
the life sciences in early adolescence and the junior
high school years, to pervasive opportunities for
substantial parent education. For example, parent
education in conjunction with prenatal care; in
conjunction with primary health care; in conjunction
with child care centers and with Head Start. In
other words, multiple opportunities to get in depth
parent education that’s really meaningful.

The second thrust was health care.
Comprehensive, prenatal and primary health care with
concomitant educational and social services,
including opportunities for early home visits.

The third thrust was child care. For
example, cooperative networks of child care givers to help each other and professional training to strengthen the quality of child care. Also, wider use of the successful Head Start model which, at its best, combines serious parental involvement with disease prevention and with stimulation of cognitive as well as social skills. Pulling the Head Start model down to earlier ages, in effect.

The fourth main thrust was community mobilization with a variety of approaches endorsed. For example, family/child resource centers in communities. One place where all the relevant information would be readily available to families. Also, federal, state and local councils with intersectoral cooperation to assess specific needs and formulate ways of meeting the needs. For example, the North Carolina County Partnerships, about which we’ll be hearing shortly. Another form of community mobilization involves service integration. For instance, at community schools, which have great promise altogether. Also, the participation of business and the participation of
media in every community. And the participation of key professions, especially health and education in every community.

So the thrusts were preparation for responsible parenthood, health care, child care and community mobilization.

Now, it is evident this report that came out last spring touched a nerve nationally. It somehow resonated with the American public because professionals in this field can not recall any report on the subject of children, youth and families that had such extensive and accurate and constructive media coverage, both in print and non-print media.

Perhaps this provides a basis for hope that the American people really are concerned about our youngest children and want to do something constructive about their problems.

Now, within the scientific and professional communities an important consensus has emerged on ways in which parents and others can cope with the problems of development in order to produce good results for a lifetime. Much has become known
about ways to prevent the damage now being done to
children. I will wind up by very briefly sketching
some of the paths to prevention.

One vivid example, to start at the
beginning, is prenatal care, now weak or absent for
at least a quarter of pregnant women in the United
States. Yet prenatal care has a powerful capacity to
prevent lifelong damage, including brain damage, that
can lead to so many tragic outcomes. By the way, the
media were quite surprised by the rapidity of brain
growth in this first phase of development and the
vulnerability of the brain to a variety of assaults
during this period and the ways in which protection
becomes crucial. At its best, prenatal care is a two
generation intervention that helps both children and
parents. To do so it must be comprehensive and
include vigorous outreach efforts to bring poor young
women into prenatal care early, many of whom have no
idea about how important it is to do so.

Now, what do I mean by comprehensive
prenatal care? Well, there are three essential
components that were delineated beautifully in the
report of the Public Health Service and the NIH a few
years ago. One is medical care. The second, less
well understood, is education. And the third, still
less well understood, is social support services
during prenatal care.

A word about prenatal education. It makes
use of the special and distinctive motivation of the
pregnant mother -- especially the first time pregnant
mother -- as well as the father to strengthen their
knowledge and skill to care for themselves and to
care for their prospective baby.

Moreover, the educational component can
readily be expanded to include a constructive
examination of options for their life course. Links
to job training and formal schooling are likely to
include prospects for the future of the young family.

Especially in poor communities, young
parents need a dependable person who can provide
social support for health and education through the
months of pregnancy and beyond. And this can be
organized in systematic interventions, such as
Resource Mothers. Resource Mothers were stimulated and encouraged greatly by governors. These are indigenous women who know the community and have relevant experiences in child rearing. They are provided with a modicum of training and supervision. As they work with the young mothers they give personal support and practical guidance.

But prenatal care is only the beginning, albeit a crucial start. Evidence is accumulating that interventions, not only in the first few years but also in middle childhood and then in early adolescence -- this crucially formative 10-15 year period -- you can shape a person's lifelong course in healthy learning in constructive ways by providing the right opportunities and services during the first few years, during middle childhood and during adolescence. There's only time for passing mention of a few of these interventions.

One is well baby care, with emphasis on disease prevention and health promotion. The second is home visiting by human service professionals, especially in homes with very young children.
third is parent education to strengthen competence and build close parent/child relationships. A fourth is social support networks in which parents help each other. They give mutual aid to foster health and education for their children and themselves. A fifth is childcare of high quality outside the home, especially in day care centers. A sixth is preschool education in the Head Start mode.

A seventh, and very important, is enhanced precollegiate education. This is a suite of the reform of elementary school, primary grades illuminated by the work of James Comer at Yale that has since spread throughout the country, and by the work of Robert Slabin of Johns Hopkins, in Baltimore. The primary grades. Carnegie is putting out a report next year that will try to draw together in an intelligible and credible way what we know about how to do the primary grades right, even in poor communities. Similarly, we put out a report called Turning Points, in 1989 that delineated the form of the middle grade school, junior high and middle schools. Vitally important and grotesquely
neglected issues of education in early adolescence.

These are not wild beasts. These are rapidly forming young people who can be reached as they try out exploratory behavior in early adolescence.

In preparing that report in '88 and '89 we had great help from Governor Clinton and Governor King. Since then many governors have been involved in the follow up activities to make this an authentic middle grade school reform movement throughout the country, which it now is.

Eighth, and finally, I call your attention to constructive activities beyond the school hours in community based organizations, as illuminated in Carnegie's report called A Matter of Time. When community organizations are linked with schools you can get an array of constructive activities throughout the waking hours that affect children and adolescents in very positive ways. There are many thousands of community organizations throughout the country that they need our help both public and private more than they've had in the past.

All together this set of interventions has
strong potential to prevent damage of many kinds as reflected in indices of health and education. So we have reason to be hopeful. But we have, unfortunately, all too few working models across the country and the governors of the nation are in an exceedingly strong position to see to it that the effective working models that show what can be done will spread throughout the country.

I like to think that powerful sectors have begun to converge on the problems of children: business, government, clergy, the media, science and several professions, including the military. If a broad public consensus emerges on the facts, if multisectoral leadership continues to grow and if constructive policy options are fully and fairly considered we could see a real transformation in the health and well being of all our children.

The governors' campaigns, if pursued with vigor, determination and courage, could make a great difference in the kind of country this will be in the next century.

Thank you very much for your attention.
(Applause.)

GOVERNOR DEAN: We have time for one or two questions if there are some for Dr. Hamburg.

(No response.)

GOVERNOR DEAN: If there aren't, we want to thank you, Dr. Hamburg, very, very much for your opening remarks. We really appreciate, again, the role that Carnegie has played in both setting this out as a problem and in beginning to craft some solutions.

I want to call next on Governor Hunt and Governor Whitman, as members of the National Education Goals Panel, and lead governors on education. They each have guests -- and I want to warn our governors and guests, I'm very liberal with my gavel so that we have plenty of time for all folks to be able to express their points of view, especially our guests.

So, Governor Hunt.

GOVERNOR HUNT: Mr. Chairman, thank you very much.

Let me say at the very beginning, it's
easy for folks and, I think for governors, to sort of look at this issue as a be kind to little children issue. I want to tell you, I want to be kind to little children but I'm looking at it as an economic development issue. Over the years I have been in public leadership and in private life. I've come to realize I can't make my schools work if kids are coming to school like they are today. I can't have that globally competitive work force which I want to have with the best jobs in the world unless we change things.

Let me say to you that in North Carolina we believe David Hamburg. We think that those studies are right on point. We think the first five years are the most important. Many of you at this table are involved in education reform.

I want to tell you, as one who has worked at it for 20 years, you can't make your schools work right for kids who come to school already ruined. It can't happen. There's no magic, folks. Those first five years are crucial. Think about your own children, or your grandchildren. Think about how
curious they are in those earliest years. How they respond to love and stimulation and encouragement. And that’s why we give so much to them. We know that they’re getting the stuff that they need to have to help them grow up to be strong and intelligent and strongly motivated and so on.

I think all of us want all of our citizens, not part of them, to grow up to be educated, to be skilled workers, to be good citizens, not to be involved in crime. We want all of our children to get a good start. In fact, we provide public schools for all of them, right? We really have a commitment to all of our kids.

Now, we have learned over time, and Dr. Hamburg has talked about this, that those earliest years are so much more important than we used to think about them as being. Of course, families have the responsibility for raising children. But we also know that families have less time. In many cases, the parents are working a full day. There are many broken homes. We know these things. And so kids are getting an awful lot less. And I would say to you...
today we cannot leave ages one to five to chance.

Now, in North Carolina our goal is to have every child come to school healthy and ready to learn. In fact, today we know that many of our children, and I'm sure yours, are coming to school not ready to learn, but already destined to fail. They have been neglected. They have been abused. They've not gotten that good start so that you can go ahead and finish that race and do a good job.

But we also have learned a lot about how you do things. I am interested in stuff that works. I've seen enough that doesn't work -- and paid for it. So when we decided to establish an approach to this -- I don't even want to call it a program -- an approach to help these kids get the good start we didn't want to put in a big government program run from Raleigh, our state capital. We wanted to do it in a different way. So we created something that we call Smart Start. That's a fancy name. Kind of a catchy name. It's caught on in our state. What it really is is a public/private partnership for children. Let me tell you the steps we have taken.
First of all, we established a non-profit corporation. Now, we're outside of government, notice. We established a non-profit corporation. The head of it is a business CEO in our state who is very successful and highly respected. Among his properties, incidentally, is a minor league baseball team called the Durham Bulls. Did you see Bull Durham? I think they're going to make a sequel. He owns it, plus the biggest TV station and many other things.

We established that corporation. It has at the table, among the board of directors, business leaders and church leaders and parents and educators and government folks and so on.

Second, our legislature appropriated funds. You've got to put some money into this, folks. You can't do this on the cheap. You didn't raise your children on the cheap. We've got to have resources to help kids develop in the best way. So we are phasing in in all of our counties -- this is not a pilot project. We're in one-third of our counties already. We're going to phase it on in the
rest of them over a period of a few years. So we’ve
got government funds on the one hand but the private
sector is raising serious money. I’ve got
corporations that are going to give $5 million or
more in our state to help us do some of the things
that are more of a capital kind of nature.

Third thing: we created at the county
level the same kind of public/private partnership. I
call it Smart Start. The real name is the North
Carolina Partnership for Children, or the Caldwell
County Partnership for Children. All those same
people at the table, including church members and
leaders in business and so on.

Then the fourth thing is those people have
developed their plan. They’re using the state’s
resources and the local resources, public and
private, to do things for their children.

Now, folks, great things are happening in
our state as a result. First of all, there’s
tremendous excitement and enthusiasm about helping
children, little children. You can really get people
excited about that. You know how you do it in your
church, in your Sunday school rooms, your nursery. People can get excited about that. They know that’s a good thing to do.

Second, businesses are seeing this as a way to make sure that their workers have good child care. And they have to have that now. In fact, I have recruited some industries into North Carolina, maybe competing against some of you, that I believe came real close -- you had some tax breaks that I didn’t have -- but I think the thing that turned the tide was the fact that we were putting in Smart Start and they knew we were going to have a quality work force for them in the future that could compete against the world. I think that’s really true.

A lot of other things. We’re getting thousands of kids into quality child care. We prefer to have it in the church, frankly, or in a workplace, a business. Families are the key to it. Getting parenting education and helping them with their needs and so on. Transportation to help kids up in the mountains. Working with DOT to get vans if they don’t have a ride. One of our counties, Burke, is
getting dental care for kids. The dentists said
'Hey, we’re off on Wednesday. Any kid that needs
dental care and can’t pay for it we’ll provide it
free.' That’s what they’re contributing. In another
county we’re examining all the eyes for $12 a kid.
And the ophthalmologists are providing free care for
kids who can’t pay for it. Everybody is putting
something into this.

Well, let me present for their remarks a
couple of fellows who are really sort of in charge of
this in their counties.

First, of all, I have next to me Mr. David
Flaherty. Let me tell you something interesting.
Twenty years ago David Flaherty, a Republican, and I
ran against each other for Governor of North
Carolina. More than that, 10 years ago -- 11 years
ago, when I ran for United States Senate against
Jesse Helms, he was the state Republican chairman.
And I can tell you, he gave it to me. He has served
as the secretary of human resources in two state
administrations and has done a great job. He is now
a county manager of Caldwell County, up in the
mountains where a lot of your furniture came from. Despite all our differences, he and I are joined together behind Smart Start. This is a way to help our children and the right way to go about it. Dave Flaherty.

MR. FLAHERTY: Thank you, Governor Hunt. They say that politics makes strange bedfellows. I think Smart Start does too.

As a county manager and a former state secretary of human resources serving under Governor Jim Holzhauser and Jim Martin, I have seen government work and not work at all levels. I'm not an advocate of big government. I am an advocate of Smart Start because it is not big government. For the first time ever, North Carolina has a statewide initiative that pays more than lip service to public/private partnership. Smart Start embodies partnership at the state and local level. There is nothing more energizing than being at a table with business leaders, ministers, parents, day care operators, government agency representatives, school officials and non-profit leaders in your community with
everyone focused on one issue: helping our children.

It’s been a first for me.

In Caldwell County we already have a Community in Schools program that addressed some of the needs of school aged children. But that partnership didn’t bring together all of the players, all of the people and all the agencies that play a role in serving children and families. Through Smart Start we found a wealth of new ideas, new energy, new resources all focused on children. And we found a new level of team spirit and community enthusiasm.

The state has been a catalyst for Smart Start but it hasn’t gotten in our way or dictated what we should do. The state has given us flexibility while demanding accountability. And the state has given us help. We’ve gotten training and facilitators and ongoing technical assistance and oversight. Concentrated planning time up front was critical to this success. And when you’re talking about bringing a bunch of people together you wonder if you need all that planning. But I can tell you, a new team coming together to work in a new way to
break ground, it’s necessary.

I know process isn’t always exciting. But this new approach has helped us to do new things in Caldwell County. We’re strengthening families. Helping parents stay off welfare. Encouraging teenage mothers to get their high school diplomas. We have a new parenting program for mothers who were raised in dysfunctional or abusive homes where they never had a chance to learn good parenting skills.

This nurturing program helps parents and children individually learn new skills. It brings them together to practice these skills. Specialists also work with the children so the parents can learn parenting skills firsthand. One mother who graduated in December from the 14 week program learned that her four year old daughter would return home from foster care in time for Christmas, shorter than expected. This mother now knows how to control her temper, how to be a good parent. The family is intact and her daughter has a better chance for success.

Smart Start is also alerting employers in Caldwell County to the child care needs of families.
One mother who worked the night shift until 2:00 a.m.
was desperate to find child care after 11:00 p.m.
She called her new child care resource and referral
center which is, by the way, funded by Smart Start.
The referral service called her employer to adjust
her hours so she could keep her job and her child
care.

Teen mothers are working toward their GED
at an old school while their children are getting
quality early childhood education just downstairs.
Smart Start, local government agencies and non-
profits are working together to offer this program.
It provides transportation, child care, help with
parenting skills and classes where they can study at
their own pace to earn their high school diplomas.
One young girl told me that until now she had no way,
no transportation or day care to finish her
schooling. This is one fewer teen mother on welfare.

This is the kind of approach that requires
a new way of thinking and a new way of working. It
requires new partnerships between public and private
sectors, between community interests, between
political parties. It requires us to make changes in how we do things so we can make the changes for our children. It's not just talk; it's action. And I'm very proud to be part of that action.

I'd like to share one thing with you that I think demonstrates that the program is doing more than anyone even anticipated. We may have been chosen because we were the leading county for drop outs in North Carolina. After the first year of Smart Start -- and you can't give Smart Start total credit for it but it is making us talk better among ourselves -- we had the biggest improvement in any county in the state in the reduction of the drop out rate and we've moved up in the rankings, thank God.

Thank you, Governor.

GOVERNOR HUNT: Let me also present Dr. Alton Anderson. Dr. Anderson is a doctor serving one of our most depressed counties. Halifax County is very rural and it's very poor. It represents the other North Carolina. It's the one that will never make the cover of Money Magazine, which our research triangle did this year as the best place in America
to live. It’s a county that needs help. With Dr. Anderson’s help they’re working to change the landscape and to change the future of its children and families.

Dr. Anderson.

DR. ANDERSON: Thank you, Governor.

In preparing my remarks today I asked myself ‘What could I tell the governors of the United States about Smart Start to explain its effectiveness?’ First, let me tell you about my home, Halifax County. It’s poor, rural, predominantly African American. The third largest county in the state, and the poorest. More than one-third of our 16,000 children live in poverty. Our infant mortality rate is double the state average. Those children never reached their first birthday. Across North Carolina Halifax County is number one in need and dead last in resources.

Halifax County became one of the 12 Smart Start pioneers in 1993. But change is hard, as you all know. If you think about the process that Dave Flaherty just mentioned -- people from different
walks of life, different agendas, coming to consensus for children -- we said it wouldn't work and that we couldn't work together. Halifax's team was made up of people who didn't necessarily like each other or know each other, but we began to focus together. Putting Halifax County's children and families first.

These changes took time, a little frustration and a lot of what I call creative tension. You know, where you have current reality and that vision you want to go and the gap in the middle. That's creative tension. And we worked through that. Then something amazing happened in the middle of this collaborative process. People who wouldn't talk to each other in public began to talk in private, and even after hours. They actually started riding in the same automobiles together to increase their planning time as they went to meetings.

Did we create opportunities for children? Yes, we did. Innovative opportunities. We created over 700 new child care/day care slots thanks to a combination of Smart Start and CNEP grants,
convincing our banking community to make below market interest loans for expansion and new construction of day care facilities.

For the first time we had a way to assess all newborns in Halifax County. We hired a neonatal tracker; a registered nurse who was based in the hospital who made sure each newborn left the hospital with a pediatric appointment for needed shots and preventative care. She also found time to make sure parents had new baby care instructions. She worked with the parents, referring them to pediatric programs, parent education programs, nutritional programs so that they could be better parents. This was a blending of funding with the local hospital, the health department, Smart Start all coming together for this vital and essential position.

There is no waiting list now for subsidized day care. Below income families with four year olds with access to affordable day care or child care, these very parents can now work or get job training.

We're working to set up a comprehensive public transportation system to help families get to
child care, health care and family services. In a rural community like mine that critical barrier is often underestimated.

These are what you call real results. They say that the reward for work well done is the opportunity to do more. But we’ve got plenty of real challenges ahead in Halifax County. Our state legislators want immediate results, especially as they determine whether or not to fund Halifax County and continue to add other counties. We don’t have statistical studies yet, only success stories -- or what I call presumptive data. Physicians -- and I’m a physician -- we’re trained to realize sometimes a definitive test to provide a quick answer is not available. So we do the next best thing, we learn to rely on data that if accumulated provides a presumptive and compelling reason to proceed until more sufficient and validating data is collected.

Smart Start may not show statistical results for the next five to 10 years but the success stories, that presumptive data, is overwhelming. We know that healthier babies, better parents, more day
care, child care and preschool programs will make a
difference in how these children perform in school
and later in life.

For the last few years I have provided
health care for inmates, prisoners and some of them
have better recreational and library facilities than
these very children that live in our communities. So
we must make some changes.

I’d like to thank my 31 member board --
it’s a very diverse board -- for their commitment to
this process. I know that Smart Start will make my
poor, rural community a better place to live. I know
it can bring tears of joy to our children and
families who have been hurt for many years by poverty
and neglect so they have no tears left to cry. I
think it’s commendable that we have a governor who is
willing to make such a commitment for change. And I
have seen significant change.

Thank you, Governor Hunt.

GOVERNOR HUNT: Thank you, David, and Dr.
Anderson. I appreciate you all being here.

Mr. Chairman, we have used up our time but
I want to say that if we can provide any more
information about how we’re doing this or work with
any of you in any of your states we would be
delighted to do it.

GOVERNOR DEAN: Governor Hunt, thank you.

And my thanks to Mr. Flaherty. And particularly to
Dr. Anderson, as a fellow physician, my thanks to you
for what you’re doing.

Now I’d like to introduce Governor
Whitman, also a member of the National Governors’
Panel on Education, for her to speak and to introduce
her guests.

Governor Whitman.

GOVERNOR WHITMAN: Thank you, Mr.
Chairman.

Lewis Thomas, a physician and essayist,
was once asked to give his list of the seven wonders
of the modern world. His choice for number one was a
human child, any child. That’s why goal one of the
National Education Goals is to make certain that by
the year 2000 all children in America will start
school ready to learn.
One of the programs in New Jersey, and the one I’m going to share with you today, that is making strides toward that is our Good Starts program. Good Starts combines state and federal resources with the resources of the community. It targets low income and mostly urban children. It helps prepare them for kindergarten in basic education and social skills. It improves basic health and nutrition. It generates interest in school work. It promotes self confidence in learning. And perhaps most important of all, it gets parents involved.

Good Starts is designed to expand the participation of children ages three and four in effective preschool programs such as Head Start or other community based programs. The eligible school districts receive Good Starts funding by designing proposals that must include the involvement of the school district, community, early care and educational programs and the parents. Statewide, for this fiscal year, we have put in just under $6 million with federal matching of just over $2 million. Since the program started in 1992 a little
better than 2,000 children have participated.

I recently had the opportunity to tour one of our Good Starts programs in East Orange. It's one of the 10 programs in place throughout the state of New Jersey. The East Orange program serves 540 youngsters and their families. And to tell you a little bit more about the program and its effectiveness I've asked Sarah Hansford, the director of the East Orange program, as well as Keith McCoy, who's child participates in the Good Starts program, to join me.

I'd like first to ask Sarah Hansford to give us an overview. She has been the director of the corporation for 18 years and the director of the Good Starts program for three years. Sarah also serves on the New Jersey Child Care Advisory Group and is the secretary to the New Jersey Head Start Association.

Sarah?

MS. HANSFORD: Thank you, Governor, and Christine Todd Whitman, for inviting us here today. And good afternoon, everyone.
In the city of East Orange we are currently serving only 20 percent of the children needing our services. Good Starts enabled us to serve an additional 144 children the first year. We are now in our third year and serving 216 Good Start children and families. There are still over 2,000 children in our community needing comprehensive child care services.

I am very pleased to have -- I'm very nervous too.

(Laughter.)

MS. HANSFORD: I'm not a public speaker so you can start the cameras over now.

I'm very pleased to have this opportunity to tell you about our New Jersey Good Start program. We are very proud at the East Orange Child Development Program to be one of the 10 Good Starts programs currently in operation. Good Starts, as you know, was built upon the 30 year success and experience of Head Start -- and, by the way, I am a former Head Start parent, so I came up the ranks -- and was implemented to serve a greater number of
children and families. Good start utilizes the Head
Start performance standards to mandate
comprehensiveness and quality from pre-K through
grade two.

In fact, we are changing the lives of
children and their families for the better. We are
having many successes. And the one I am most
influenced by is how our children are able to
function cognitively, socially, physically,
creatively and emotionally. For example, last year -
every year I see children that enter our classes
that are unable to speak for a multitude of reasons.
I see these children laughing, talking and
communicating to other children and adults without
any inhibitions when they leave for public school.

I have seen children who were classified
as mentally retarded and unable to speak, yet after
only a few months in one of our classes these
children began to speak and in one instance, could
read at a third grade level. The aforementioned
child was slow talking and the mother enrolled the
child in a special handicapped class and the child
began to emulate all the other children in the class. When transferred to one of our classes the child began to flourish. The child had a hearing problem that needed tubes to drain the fluid from his ears. Once this was accomplished the child began to speak fluently. Previously he spoke as he had heard through the fluids. ELCDC's health screening component was able to identify this problem and provide technical assistance to the parent to resolve this condition.

Some of the key ingredients for our success are the fact that we are an experienced Head Start operator and have a solid foundation in providing comprehensive child care. The high standards that provide for quality core early childhood education services, including a low adult to child ratio. We have one adult to every five children in our three year old class and one adult to every six children in our four year old class. The class size limit, which is no more than 15 children in a class for our three year olds and no more than 18 children in a class for our four year olds. The
high qualifications. All our teachers are degreed and certified and all of our staff are degreed with Masters, doctorates. All kinds of degrees.

Most importantly, the parents are meaningfully involved in every aspect of the program, from policy making to volunteering in the classroom because ELCDC recognizes that parents are the first and primary educators. A great deal of time is devoted to parent education and training because we understand that the children will be with us a short period in time but the parents will bear the awesome responsibility of parenthood forever.

Emphasis is placed on building partnerships. Since the inception of Good Starts ELCDC has shared an excellent working relationship with the numerous state and federal agencies, including the New Jersey Department of Human Services, the New Jersey Division of Youth and Families, the local hospitals, East Orange General, United Medical Dental Hospital of New Jersey, Planned Parenthood, Healthy Mothers/Healthy Babies Coalition, WIC -- and the list goes on and on.
Where do all these services lead? Our children simply excel and I'm very proud of them. Because of the advancement of the children leaving pre-K Good Start the local board of education established special classes to meet the needs of these children because the regular curriculum was insufficient. And for the first time -- we fought on that many, many years, telling the board that when our children leave us the curriculum that they were getting was really insufficient. Now they have actually changed their curriculum and our children are just doing fabulous.

These children were very advanced. Teachers at the public schools indicate that the Good Starts children enter kindergarten eager, ready and able to learn. Many studies have shown that the Head Start model clearly has a positive influence on children and families and the community.

Good Starts has led to parents that are more aware of their role as primary educators and parents that become self sufficient and able to leave welfare and support their families. Keith is a
shining example of that and he’s going to talk to you also.

Special efforts are made to involve the fathers in all activities through our HIM initiative. The HIM initiative helps fathers gain high school diplomas, parenting, health, education, substance abuse counseling, job training, employment and self empowerment. When children draw pictures of their families they now include their fathers with a special pride. Involving the fathers is ongoing and special activities have created family stability. Our fathers are now accepting their responsibilities as mates, fathers and providers.

Joint staff development with our local board and our agency is ongoing throughout the year. Ongoing joint training produced an appropriate kindergarten curriculum that was adopted by the East Orange Board of Education that will enhance cultural competence and support family cohesiveness.

Are there challenges? There are some, but we’re working on them. We’ve mastered a lot of them. And we’re well on our way to mastering all of the
challenges.

Thank you.

(Applause.)

GOVERNOR WHITMAN: Thank you, Sarah.

Keith McCoy is a resident of East Orange and the parent of two children who are in the Good Starts program. His son Keith is enrolled in the pre-kindergarten program and his daughter Tiffany is in the kindergarten program. Keith is president of the policy council of the East Orange Child Development Corporation and also serves on the state’s Child Care Advisory Task Force.

Keith?

MR. MC COY: Good afternoon.

As she said, my name is Keith McCoy, and foremost I am a concerned parent. I try to take part in all of the day to day activities of my kids, including their schooling and child care. Nowadays, it’s hard. It’s not easy for those of us who have less than most but we try to make ends meet.

My two children are both in Good Starts, one in the kindergarten program at Nassau School in
East Orange, and my son, who is a part of the East Orange Child Development Corporation, is also Good Starts. My son is three years old. His teachers, because of his education and because of the help that his sister gave to him while he was in the program, thinks he is four. He is in a three and four year old class. He started in the three year old class and they put him in the three and four year old class.

When my daughter got to kindergarten her teachers said to me about her and another little girl in her class, 'They come in and they look like they want to learn.' The two little girls come in, they sit at their desks, they fold their hands or they go to the library section of the kindergarten, get a book and they flip through while the teacher is getting ready for class. They are always the first ones with their hands up. If a little child needs help they'll give it to them. If they don't know the answer they'll go get the answer and come back and tell whoever it is that didn't have the answer the answer.
I've just learned recently that my son's teacher in his pre-K class said to me, 'You might want to think about getting your son skipped.' I said, 'Ms. McQueen, he's only three years old. I don't want him to be skipped. I want him to learn all this.' She said, 'There's nothing left for him to learn.' She said that he says to her every day, 'Well, my sister said this and my sister taught me that.'

The one incident I do like to share: my daughter is in a class, it's called the Unique School in East Orange where they're teaching French to the kindergartners, first and second graders throughout the school. My daughter teaches my three year old -- understand: my five year old teaches my three year old French. And in the mornings before class in the kindergarten in the pre-K the teacher takes roll call. She picks a child to count the students in class. Now, mind you, there are two teachers in my son's class. One is American, one is of Spanish descent. They ask my son to count for them and my son counted for them -- my three year old son who has
never had French counted for them in French. And they didn’t know what he was saying.

(Laughter.)

MR. MC COY: But I just happened to be there. I said -- and I’m learning French too because of my kids. And I just happen to say to my son, 'Well, how many is that?' And he said, 'Vingt-huit --' or something like that. It was 18. Dix-huit. I said, 'How many is that in English, man?' He said, 'That’s 18, Daddy. Didn’t you know that?' I said, 'Thank you. Where did you learn that?' He said, 'Tiffany taught me.' And it’s not just counting. He recognizes the numbers.

And he is ready, I think now for public school because of this Good Starts program. They go in eager and wanting to learn. And I found that with other kids they see us, they see the parents -- 'Oh, that’s Keith’s dad.' 'Oh, that’s Tiffany’s mom.' 'Oh, isn’t that LeShon’s mother?' They know each other. And we’re getting more back to community education. Everyone is teaching everyone’s children the correct way.
That’s basically about it for me.

(Applause.)

GOVERNOR WHITMAN: Thank you, Keith.

Thank you, Sarah. Thank you, Mr. Chairman.

GOVERNOR DEAN: Thank you very much. I really appreciated that a great deal. As the father of two small children who often talk like that, I appreciate it.

We are now privileged to have with us Carol Rasco, who is the President’s domestic policy advisor. And I might say that Carol has been extremely helpful to the National Governors’ Association, particularly in helping us from the administration point of view in setting up the meetings that we’re having, which I thought was an extraordinary use of her time. She spent the entire day at the hearings in December, which I thought again was extraordinary for a senior policy advisor to the President. We are very, very grateful for your involvement, Carol.

MS. RASCO: Thank you, Governor Dean.

The man who will be speaking after me,
Congressman Castle, and I were on the phone a few days ago reminiscing about the good old days when we were in state houses and about our moves to D.C. and how we so often find ourselves wishing we were back in governor’s offices closer to real people.

But, Mr. Castle, some things never change. It’s been snowing in D.C. We’re at a hollow, square table in the basement of a hotel. It’s Superbowl Sunday so it must mean we’re at NGA.

(Laughter.)

MS. RASCO: One additional thing I’m certainly pleased to know has not changed is the commitment of the nation’s governors to the needs of our children.

Thank you, Governor Dean, for leading this Governors’ Campaign for Children. I attended my first NGA function in the summer of 1983 in Portland, Maine when NGA convened a seminar on children prior to the annual meeting then. The theme of that conference was America’s Children Need Powerful Friends. And today America’s children continue to need very powerful friends.
From that meeting in Portland a set of 10 principles was issued to guide the development and improvement of state services to children. Areas including economic security, education, child welfare, family supports, child care, housing, youth, and working parents.

But principles one and two are the ones that personally have spoken to me and to this President for years. Number one: all policy and legislation recommendations should be considered both from the child’s point of view and the potential impact on families. With a second principle: the right of parents and children seeking access to government services to timely and coordinated services.

It then follows, and certainly showed in the developing work of the NGA in the years since that, that it’s difficult to talk about children and school, adolescent issues or young adult needs if the first critical years of a child’s life are not given the highest of priorities. I have been haunted and motivated to pursue the child policy development
field for a number of years by two personal experiences which brought home to me quite vividly the academic lessons taught me regarding the importance of early childhood development.

First, as a new sixth grade teacher fresh from the university world a number of years ago I faced a class of student who exemplified exactly what I had been taught to expect. A range of reading performance from pre-kindergarten level to post-secondary. The problem with my training was that I had been taught to expect this range but I wasn't given many clues on how to handle it. So I called professors desperately. The best remedy they could give me was to say that I had to become a strong voice for quality and readily available early childhood programs for all children.

Over the course of that year, in my eagerness to work with those children, I spent a lot of time in their homes talking to their parents and earlier teachers and counselors. And what did I learn? That yes, often low income children were clearly more at risk for barriers related to lack of
appropriate prenatal or preventive case. Ear aches
turned into partial hearing loss, as mentioned by
Sarah Hansford earlier. Lack of eye exams meant
pages out of focus and blackboards unintelligible.
But I also saw far too many children across all
income levels who were experiencing a poverty of
spirit. Who lacked the nurturing of a parent who
would spend time with the child. Parents who
provided few books, little stimulating conversation
but plenty of free TV watching time.

However, the most startling experience
came from my own daughter. After a week in
kindergarten she came bouncing in with that gleam of
excitement in her eyes about going to school like her
older brother did. But she said she couldn’t figure
out why some of the other children in her class
didn’t have magic glue in their hands like she and
most of the other children did. Well, I, of course,
thought she meant that some of them had forgotten to
bring glue in their school supplies. And in an
exasperating tone she said, ‘No, they didn’t have
glue in their skin.’ They couldn’t hold a color or
pencil like she could. They were missing the glue.

And how sad it was for me, standing in my kitchen that day facing that reality in the fall of 1985. And now, even today, to know that we still have children in America who haven’t had the pre-kindergarten developmental experiences that enable them to hold a color the day they enter school. And what a contrast that is to the children like Mr. McCoy’s son.

As we seek through the executive branch of this administration to define the proper federal role in meeting the needs of our nation’s children and families the guiding principle for all the work of our domestic policy council is this sentence: every child shall be empowered to develop to his or her full potential.

You are certainly familiar, or if you are new you will be, with the Administration’s primary programs as well as legislative initiatives enabling young people and their children: the Family Preservation and Support Act; welfare reform; health care initiatives, including an expanded immunization...
program; and the statement by the President in his
State of the Union address about our hopes for an
incremental health reform initiative stressing the
needs of working families and their children.

    But when I say health care more of you are
probably thinking about waivers than anything else,
and I know there is great impatience there. But I
remind you that there have been more waivers given in
the last two years than the previous 12 combined.
And over a half million new people are covered by
health care insurance because of four states' waivers
in the last two years.

    In order to push more waivers through
maybe it's going to mean more people. You and I
don't want bigger bureaucracies so maybe we have to
start exploring alternatives. And we sure like one
that we know you like and that is let's do something
about un-legislating the need for waivers. A
continuing Head Start expansion is high on our list.
Crime and safety programs. Empowerment zone and
enterprise communities. The institutionalization of
Goals 2000 and other education reform.
But I want to mention to you what I think is perhaps even more important in our quest together to improve services. While in the governor's office for 10 years I talked as much as you do about the need for flexibility, less burdensome regulations, a "can do" attitude on the part of regional offices of a number of federal departments, and yes, those departments themselves.

I believe through the intensive regulatory review we are undertaking under the leadership of Vice President Gore we can actively work together on this reg issue. And in our budget to be present on February 6, we anticipate a positive reaction from the states on our proposed block grants. Block grants based on inputs from reports you have compiled in recent years, conversations with you and memories of our time in the governor's office.

Flexibility in funding and lifting of regulations can help to meet those first two goals of the Portland conference in 1983, issues of intent and ready access. But in the work over these last 12 years we have learned, as many of you have, that in
truth we have to move to the second half of statement
one of your Governors’ campaign. If we are serious
about a lasting, meaningful change in the way we meet
goal one concerning readiness we have to look at your
campaign’s first statement: increase the capacity of
communities to meet the needs of young children and
their families by encouraging families to be involved
in decision making, integrating services and
exploring new governments models. The key words here
are not regulations, waivers or block grants. The
key words are communities, families and the word
involved, which brings to mind a favorite saying of
Helen Keller’s: "The world is moved along not only by
the mighty shoves of its heros but also by the
aggregate of the tiny pushes of each honest worker."
Tiny pushes by informed parents, active community
members, energized teachers.

That’s why the President was so pleased
when Governors Caperton and Bayh approached us about
meeting with individuals from their states to talk
about a partnership between the federal government
and their states to allow grass roots planning for
services to children and their families.

Now, I have to tell you those letters requesting the meeting were quite foreign to the federal bureaucracy. They weren’t requesting waivers. They weren’t asking for extra funding. They just wanted a meeting and some cooperation from us in D.C. and numerous departments and regional offices as they sought to coordinate over a hundred programs the federal government has for children and families. Well, we held the meeting and gradually the federal bureaucracies warmed up to the idea that it doesn’t take an RFP from Washington to improve services or initiate innovation.

We’re also delighted to be working with Oregon in the benchmarks program. We look forward to similar partnerships with others of you and look to the development of more projects like the ones we’ve heard about from North Carolina and from New Jersey today.

Will we be able to make these changes as quickly as you want, as the President wants? Probably not in every case. We won’t always succeed.
and we won’t always be able to do everything that you and we would want. But I can promise you this: we will never relent in our effort to give every child a chance to develop fully.

Throughout the years of my grandmother’s life on this Earth, when she served as a very powerful mentor to me, she talked to me frequently of the mirror test. The mirror test, she said, I had to face daily when I looked into that mirror. When I became a parent that mirror test changed quite a bit in structure for the toughest mirror test to me, and I dare say you, is to look into the eyes of children as they reflect upon you. Daily I have to be able to look into those eyes of children I see in front of the White House or children I see in programs in your states when I’m visiting. And I have to meet their test with some of them looking at me with eyes of excitement, some of them with questioning, hostile eyes and some of them, eyes devoid of hope. I have to look at them and be able to say ‘We are seizing the moment. We are doing our best.’ But above all, to my own child I have to be able to say ‘We are all
working hard together to make that magic glue in
every child’s skin a reality.’

Thank you.

(Applause.)

GOVERNOR DEAN: I’m going to call on

Governor Carper to introduce the next guest in a
moment. Then we will have a question period where we
can address questions either to Carol Rasco or to our
next guest.

Governor Carper?

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

The gentleman I’m about to introduce is
somebody who needs relatively little introduction to
some around this table. Some of you may or may not
know that he hails from a state which has begun an
approach to provide a continuum of parenting training
which starts literally from the time a parent leaves
the hospital with a baby, continues through follow up
home visits which are designed to determine which
families are most at risk, which can then provide for
follow up home visits for as much as three years.
We've taken that program state wide.

He hails from a state which is in the first phase of implementing a three year phase in so that at the end of next year every four years every child who lives in poverty in the state of Delaware will participate in the Head Start program. He hails from a state that is implementing high standards of what we expect kids to know and be able to do in math and science and English and social studies, as many of you are doing, and which is providing a variety of options whereby children can stay in school longer days in order to learn what they need to do to reach those standards -- longer school weeks, longer school years as well.

He hails from a state where we are beginning to amass and enlist an army of mentors, thousands of mentors to join the hundreds of mentors that are in our schools to provide role models and advocates for our kids. He hails from a state where we've begun a series of strong community initiatives from one end of the other, partnering between the state government, local government, the federal
government, community groups, religious organizations
and business groups.

And he hails from a state which is
beginning this year, as I have conveyed to some of
you, a campaign -- almost an assault, if you will, on
teenage pregnancy.

I learned a good deal of what I know about
being a governor from this guy because he was my
predecessor and I was his predecessor in Congress. I
hope he learned a thing or two from me. One thing he
learned is how to move from the minority to the
majority and to do so rather quickly. He has been a
state legislator in Delaware, a leader in the state
legislature and a lieutenant governor, and a governor
for eight years.

He is, as I think most of us around this
table are, a builder of consensus, a pragmatic
politician, someone who has a lot of common sense and
uses it. He did a good job in making the Crime Bill
a reality and one that I think most of us can live
with and ought to live with. He chairs the Domestic
and Monetary Policy subcommittee on the House Banking
Committee.

As I said earlier, he's my congressman and he is my good friend. His name is Mike Castle.

Mike, I'm pleased to welcome you back to these parts.

(Applause.)

REPRESENTATIVE CASTLE: Let me thank Governor Carper a great deal. You can imagine the confusion back in Delaware -- Carper, Castle. Begins with C, it's six letters. We switched jobs two years ago and even today we still get introduced as being in the wrong positions. And now I come down to the NGA meeting and I'm up here speaking. If anyone is watching this on C-SPAN in Delaware they're probably confused that much more at this point.

By the way, Tom, as you all know, we sit in the order of the entry of our states into the Union. And very often the guest speakers sit next to the first state, which is Governor Carper now, and I was there before. I always took advantage of that, Tom. I don't know what you do but President Reagan would come in to sit down and I'd start talking to his back. He was worried about his speech. Or
President Bush or whatever. Just so the pictures back home would look like I was hobnobbing with the President. So I took advantage of that great seat.

(Laughter.)

REPRESENTATIVE CASTLE: I think, Carol, I enjoyed what you said tremendously. Seven years ago, not right in this room but in another hotel, negotiating out the welfare reform policy for the governors. She worked, as she said, for then-Governor Clinton. Kathy Way worked with me and the four of us worked on these welfare policies and eventually were able to put them together. Little did I know that three of those people would end up working in the White House and one of them would be President of the United States of America. I'm the weasel in the crowd. I'm in the Congress of the United States of America but the rest of you have done extraordinarily well. I just wanted to congratulate you on that because you really have done well.

And I'd like to thank Governor Dean and Governor Thompson for their focus on children in...
general -- the specifics, welfare, the other issues
that concern all of us and all of you. Because I
know the extraordinary work which you do as governors
of this country and I know the responsibility of your
jobs. I believe -- and believed when I was governor,
and believe it as a member of Congress that there is
simply nothing more important in terms of what we are
doing than worrying about the futures of our children
in the broadest sense possible. How we make
government programs apply to this is sometimes
difficult. How we get the coordination between the
federal, state and local levels is sometimes
difficult. Involving the outside world in terms of
what we’re doing is also sometimes very difficult.f

But, indeed if there is a place where the
rubber really meets the road it’s a the state level.
It’s where the governors are and it’s what you are
doing. And your programs must work. I used to be
able to put programs in place in Delaware. Being in
Congress you’re not very likely to be able to do
that. But I know exactly what we were hearing today
from Governor Hunt’s people and Governor Whitman’s
people talking about their programs back home, they
have to work. They have to show benefits or we’re
not going to be able to get it done.

I know that I one day qualified for
welfare under a false name and everyone knowing what
I was doing. I went through the process. I took one
look at how they did that and we changed it all
around in Delaware. We went to one stop shopping in
our state so you go to a social service center and
you get all the services you need. Now, a small
state like Delaware you can do that. We’re about
705,000 people. I know you can’t do that in some of
the bigger states that are represented here. But the
bottom line is you have the opportunity to do things
like that.

Sometimes it’s a little different in
Congress. If you think I’m here to defend Congress
I’m afraid I’m the wrong speaker. I think Congress
means well but I think the results over the years
have not been necessarily as beneficial to the
country as the individuals had intended. And I can’t
stress how well intended everybody is. But I also
can't stress how diffuse the programs have become and
how difficult it is to sometimes make those programs
coordinate and really help people back home.

I would make the analogy of a big jigsaw
puzzle, if you would. I think on the governor's
level when you hear about the programs you've heard
about today you may have 30 or 40 pieces that you can
see clearly that you have to put in place. When you
look at Congress you're looking at about 1,000
pieces. You're looking at a program for every
problem that's ever been called up in this country.
And they indeed have tried to put these together.
For the most part it's added up to a very, very
difficult and complex picture and a puzzle that
people have not been able to resolve altogether. And
I think we need to make some changes.

Why has this happened, though? I think we
need to understand that. Solutions generally at the
Congressional level are problem by problem. They are
not holistic. We don't look at children as a whole.
We look at some little program that we could perhaps
put into place back home. That clearly is a problem.
It’s a problem of the day and a solution of the day.

Once created a program is virtually never eliminated in Congress. For that matter, it’s rarely even held in check in Congress. It’s created; it goes on the books. Most of us can’t even identify all the programs. It stays on and on and on with the attendant costs and some inefficiencies and ineffectiveness. The original use is usually at some point outmoded or has changed in some way or another, and welfare comes to mind as a clear example of that. As we know, it was invented originally to help those who had a death in their families so that a widow, perhaps, could be tided over until something else might happen to relieve her of that circumstance. Now, obviously, it has become a program which supports numerous families and children which does it for the extent of their entire lives. And that is obviously a problem in terms of a program changing.

Congress is overly responsive. You always hear about Congress and elected officials being out of touch. I tell you, that is as wrong as anything that has ever been stated, particularly at the
Congressional level. We get mailings that you wouldn’t believe. They start in at 100 or 200 a day on a certain program. The telephone calls start at about 8:00 in the morning in a very organized fashion. Again, they’ll run in the hundreds in the course of a day. We get constituent visits. Well intended, good people but after specific programs. We have town meetings in which people appear and they are there again as supplicants for a particular program.

And then more recently we have the talk shows. And believe me, when Rush Limbaugh goes on the air we start hearing about it about 10 minutes later about whatever that particular issue of the day may be. We have faxes and soon we’re going to have the Internet on top of everything else in the Congress of the United States of America. So we hear plenty from our constituency. If anything, we may tend to overreact.

What does all this mean in terms of the programs that we are dealing with? Well, let’s take a look at welfare. I know you’ve been very focused...
on welfare and God love you for it. It's an extraordinarily important task and I know that you're aiming your resolutions at trying to deal with this particular issue. But I think we need to understand where we started from and where we are going.

As I said, it's gone from being a temporary program to basically a support system. We essentially discourage work. You lose benefits if you work. And right now we have a system that incredibly enough, actually discourages work. We actually discourage two parent household. You tend to lose benefits if you are in a two parent household. We tend to provide a soft landing for teenage births by obtaining benefits for individuals. As a result it's not quite the complex social problem that it might be otherwise.

All the people who put together these programs did not mean to bring these into effect. They dreamed that they would have beneficial effects. Unfortunately, the opposite has often occurred.

We see the same thing is true in education. Federal education programs are not based
on a sound plan for the educational needs of our

1
citizens. Again, it’s not looked at holistically.  

2

3
It’s look at as a piecemeal collection which lacks

4
coordination. And even in some cases these programs

5
tend to contradict one another. As a result, we have

6
gotten into the situation in which we as a federal

7
government, as all of you know, provide about six

8
percent of the funding in K-12. And some estimate

9
that our mandates and regulations direct or control

10
in excess of 30 percent of your expenditures. If you

11
look carefully at that 30 percent of expenditures I’m

12
not sure that you could really argue that much of it

13
goes into the actual education of our young people.

14
It goes into the paperwork. It goes into the staff

15
time. It goes into the requirements with which all

16
of you have to live as you carry out educational

17
programs back in your states.

18

19
The federal government is also very

20
involved in social programs. We’re involved in child

21
care, as you know. Family support, youth programs,

22
job training, nutrition, Head Start; all of which are

very, very vital matters to each and every one of
you. But again, as far as children are concerned there is no holistic policy. There is no coherence to the strategy in which these things are basically approach. And while some work -- in fact, many work in some small ways -- the results are really pretty spotty in the overall collection of where we are going.

Well, the issue comes down to how will Congress address these problems? And I think it’s very, very important as a governor today to understand exactly where Congress is going from, who is there now and what is going to happen.

It has also clearly in everyone’s mind become a more conservative place. There is a lot of discussion about the stripping down of programs, the reduction of costs or whatever it may be. The budget reductions are going to be real. We have passed a balanced budget amendment in the House of Representatives, which I wholeheartedly support. But we have a lot of discussion of the fact that we are not going to touch Social Security. We have some discussion of the fact that we probably won’t touch
Medicare. We don’t really have a lot of discussion of the entitlements in general, all the veteran’s benefits and pension plans for federal employees and all the other entitlements which exist out there. We don’t want to reduce the security that is the armed forces of the United States of America, particularly. So we are going to be dealing with some very, very difficult funding matters.

As a governor of a state today you really need to have input. And I might add that the members of your congressional delegation will listen to you probably more than anybody else they listen to. And you really need to have input in the direction in which some of the cuts are going to come.

But we’re also probably going to eliminate the unfunded mandates, or at least reduce them a great deal. You may have seen the debate on television. It’s been going on now for several days. The California Desert Act last year went on for about three months and I think this one is going to go on for about three months as well. But the bottom line is you are probably going to have fewer unfunded
mandates. That’s probably a plus but you’ll want to
make sure that you have the funding for the things
which you are going to need.

So when you go into the solutions it is
going to be difficult and I think we need to look at
where we’re going. Welfare reform, which clearly is
a problem, also I think has some potential federal
solutions. I think we need to focus on the areas
that I think are evident to each and every one of
you: parents and child support, preventing teenage
pregnancy, work and time limits on how long one can
be on welfare and, of course, a continued partnership
with the federal government but with some more state
flexibility, as Carol so well spelled out, that we
really need to stress. This is, as you all know,
again going to come up in the Ways and Means
Subcommittee on Human Resources, probably in the next
two weeks. So the time is there to do something
about it.

I have my own views of some of the things
we need to pay attention to. One I would try to
focus on is I think we should learn from the health
care bill of last year. Every single health care
bill that was written last year was a health care
package -- be it the biggest of the packages or the
smallest of the packages -- and, as you know, we
never debated, never considered a bit of health care
on the floor of the House of Representatives. I
think we need to understand that perhaps if there are
good portions of welfare reform programs which can
work let’s get those done, let’s not necessarily
package it all together if it can be fit into the
large picture.

I think that we need to consolidate our
programs and increase flexibility, something you all
have been calling for for many years, and justifiably
so.

I believe that we do need to have some
system in which we terminate welfare at some point.
We’re talking about two years in the Congress. I
believe Governor Carper is talking about two years.
Others are talking about perhaps different periods of
time. I think in some instances you can make the
argument that if you are in a certain kind of
educational program you should have longer. But I really do believe we should be looking at a time certain at some point for termination of welfare so that people understand it's not a continuum for their lifetimes.

We need to work together on the funding with the block grants as a goal. That's clearly something that's probably going to happen but then you get into the whole capping issue. Block grants sound fine, flexibility sounds fine but how do you like the idea of some sort of cap so you'll only be able to get so much in the next year and the year after that. And what if you go into a depression circumstance and all of the sudden we're into caps at the federal government level. It gets to be a very, very difficult issue.

We need to make work pay. I've always believed that as long as it is less valuable to work than to be on welfare when you add up AFDC and food stamps and Medicaid it simply is not going to be a system which we can break. And somehow we have got to keep addressing that issue. I think we're
getting closer than we are now. We need to reverse all laws making two parent households a financial liability. Just reverse them. Two parent households, particularly a husband and wife raising a family, should always be worth more than being apart.

And there are certain other things I think we flat out need to do in this country. We need to identify all fathers. We should not accept any excuses for that. We simply have to go after it in every way we can and I believe in this day and age we can do it. And obviously they have to pay support.

I think we need a standardized computer plan so we can talk with each other with our computers. I think we need to work on a universal child support formula, and obviously adjustments may need to be made around the various parts of the country. But I think that would help a great deal in terms of where we're going. And, obviously if we can use plastic cards or whatever it is to eliminate fraud we should do that as well.

Time prevents me, because we want to get
to questions, from going through too much in the area of education and social service programs. But, needless to say, in education there are a couple of overriding principles that we need to deal with: the solutions to education problems are local and so control must be local, and the federal government must understand that. And you are the ones who can sell that message to the Congress of the United States of America, and it needs to be done soon. And federal action should be limited to those things that they can do effectively and efficiently. We are all over the place as far as education is concerned. And we need to reign in some of the unnecessary and duplicative programs. We need to combine some of the similar programs and block grant some of them. We need to give you some more flexibility back home. And of course in that area we need to reduce the unfunded mandates as well.

Let me just say these things are happening right now. The committees are meeting and there is discussion of this happening at this very moment back in the Congress of the United States of America. And
we need your help in doing that so I would encourage your involvement as soon as possible. I know some of you have been in Congress and you are probably shaking your heads and saying 'Congress will never do that.' I wouldn't count on it this year. If it's ever going to happen this is the year and this is the year that I would get involved.

The same thing pertains to federal programs. We need to focus out federal government assistance in areas in which it can truly make a difference. We need to set goals linked to high quality services and hold the states accountable for achieving them. Again, we need to provide more flexibility. We need to reduce the regulations. We need to reduce the red tape. We need to reduce the costs. But we need to save some of the dollars as far as the federal programs are concerned.

And then, finally, I would just like to discuss something else for a moment that is beyond government. Because you are truly leaders and sometimes I think when you are a governor you don't realize how much of a leader you are in your
community. We have a huge problem in America in 1995. The problem is with out of wedlock births, with teenage pregnancies, with infant mortality. The whole structure of family, regardless of how you look at it, is called into question today.

The importance of education. Is there a connection between what people are doing in school and education and what their futures are going to be like? The whole problem with the teenage problems that exist today -- an increase in suicide, matters such as that that we have to deal with -- we simply must be the catalyst for institutional change.

I watch movies; I look at television; I read generally and I see very little that really discusses the problems of dealing with these issues of our young people, say up to 18 years of age. I see very few movies which are truly meaningful. On television you rarely see a house that is not out of Hollywood someplace with grand cars and dealing with the big problems of the day.

These are huge problems. Hoop Dreams is a movie which is out now which I had a chance to see.
recently and it’s interesting. It’s interesting because two to me very bright, capable young men in Chicago are really focused on playing in the NBA. That’s the extent of what their focus is to some great degree. It’s taken a lot to change that. Now they’re in college and hopefully they’ll do all right. But what about all those other kids back in Chicago or Detroit or Philadelphia or Wilmington or New York or whatever it may be who have no hope, no way out. What can we do to try to resolve those problems? We need to work with our heros. We need to work with our ministries. We need to work with role models, organizations. We need somehow to get into MTV. We need somehow to get into the media in general. We need to have this be pervasive. Government programs are not going to solve these problems but government leaders I think can be the source around which some of these solutions can be found.

So I would encourage all of us, after we’ve thought over how we’re going to do things at the federal level and the state level, to reach out
and make sure that we're encouraging these changes in every way we can. We need it. There are many, many good people out there. I don't know of a parent who doesn't want the very best for his or her child. I do not know a child who does not have dreams of some sort or another and I think we have the obligation to try to deliver them. We can only do it if we work together, if we work well, if we have a plan that can help it go into effect. And I think this particular NGA meeting is a great start in that direction and I look forward to the results of this winter meeting.

Thank you.

(Applause.)

GOVERNOR DEAN: Mike, thank you very much, and welcome back.

Are there any questions of Carol Rasco or former Governor Castle, or comments?

GOVERNOR ENGLER: I'll ask one, Mr. Chairman.

GOVERNOR DEAN: Governor Engler.

GOVERNOR ENGLER: Congressman Castle, welcome back.
I was interested in your observations. We had a lively discussion on welfare reform earlier. You see to be telling us something is going to happen and that the status quo in terms of funding probably isn’t going to be an option. I think that’s an important point. This business of how we project what’s going to be available, the share of the federal budget devoted to that set of expenditures, it’s a little hard to factor all that in and come up with any hard and fast numbers. But any guidance you could give us if you were planning the budget back in Delaware, what would you be planning on? Increased monies for child care? For AFDC? For Food and Nutrition? Or do you think that wouldn’t be likely given the budget that you are looking at up there?

REPRESENTATIVE CASTLE: Governor Engler, let me say first and foremost that the welfare reform program that is in the Contract With America essentially has savings which net something in excess I think of $20 billion. Part of it is the illegal aliens having to become citizens of the United States. Part of it is additional child support and...
other savings. But that is part of the closer to balancing the budget plan of the governors. You know as well as I do if you’re going to save $20 billion somehow it’s going to have to be paid for. We’re either going to have to make these programs really work and reduce the costs of them or it’s going to be shifted over to state and local governments.

I’m not saying it’s going to end that way but we’re going into those negotiations in the next two weeks. At this point the idea of open ended Medicaid, AFDC, food stamps is at least at risk. If not completely gone, it’s at least at risk. And I know that that is a problem for many of you. There is no doubt that members of Congress want to give the states the flexibility. Absolutely no doubts about that. There is no doubt that the members of Congress I think want to block grant if they can, but certainly consolidate and take away some of the regulatory and red tape aspects. But that’s not going to save it altogether. 

So to answer your question, I would be very, very cautious about the next two weeks. We all
want to save money but we've all got to do it on a
timetable that we all can live with. You input is
going to be essential.

GOVERNOR DEAN: Governor Carper and then

GOVERNOR CARPER: We had had a lively
discussion. My suspicion is, Mike, we will continue
to have a lively discussion in the next several days.
My hope is that will lead to some consensus by this
group on welfare reform in general. I think that is
possible.

And on the notion of block granting versus
individual entitlements, the situation we've got
right now is, as you well know, when someone becomes
pregnant, has a child, does not marry they become
entitled almost to a lifetime entitlement for
assistance from us. What's being proposed by some of
our friends on the other side of the aisle in the
Congress and in this organization is to replace that
with a system which says let's block grant into a
handful of programs and level fund over the next
several years assistance for folks with respect to
nutrition, AFDC -- Aid to Families with Dependent Children, and child care and so forth.

The concern that I have -- and you have alluded to it in your own comments is -- well, a couple of concerns. One: in our own state, in our welfare reform initiatives, a cornerstone of that is that work should pay. People should be better off because they go to work, not worse off. For us that means letting people keep a portion of their AFDC welfare grant until their income reaches -- if they’ll take a minimum wage job, until their income reaches a percentage of some level of poverty. It means providing child care for people that we’re going to require to stay in school and require to go to work. It means providing health care so people don’t fall off a cliff. So one of my concerns is as we block grant that we still have the ability to do those things, to do real meaningful welfare reform.

And, secondly, the point that you mentioned. What do you do when we run into a recession? When we have a deep economic drop and we have families that are desperate for nutritional
assistance and who no more want to be on welfare than
the man in the moon but they have no other choice to
keep their families together and to keep a roof over
their head. How do we respond to those turns in the
economy?

So that’s what we’re up against. I’m
hopeful we can work through them and come up with a
solution that’s sensitive to welfare reform and also
the countercyclical nature of our economy.

REPRESENTATIVE CASTLE: Just very briefly,
because I certainly agree, Governor, with everything
you have stated. I absolutely believe that the
programs should provide for a step down when one goes
to work. That is, child care or some continuation of
food stamps or AFDC or whatever it may be. It’s the
only way you’re going to make work pay more. But I
think the flexibility of doing that should be up to
you. We have to supply some of the resources -- in
some instances 100 percent; in some instances 50
percent. But that has to be taken into
consideration.

And I think if we do put together a block
grant and a capping formula we need to do something
with respect to recession to try to cover that
particular problem.

I will say one thing about trying to
terminate welfare. One of the reasons I am such a
fanatic on identifying fathers is I'm absolutely
convinced that if you start going out there and
identifying fathers and you do it scientifically if
it can't be done otherwise, my view is that the word
will get out on the street that maybe this business
of random fatherhood is not so exciting after all,
particularly if they're paying support for a period
of 18 years. So I'm very stuck on that issue for
people who are going to receive public funding. I
think that's going to help reduce the out of wedlock
births and the teenage births as much as anything
else.

I think the same thing applies to limiting
welfare. People know that at some point their
welfare is going to cease -- and I'm not sure what
that point is, be it two years or whatever. I think
that's also going to make people think twice about
having children in a situation in which there is not a support system in place. That’s one of the reasons that I advocate those two positions.

GOVERNOR DEAN: Governor Thompson, then Governor Nelson and then I think we’re going to have to move on.

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

Mike, it’s great to have you back. And it’s a pleasure to hear you again. And the common sense that you always are able to articulate is something that this organization has been proud of in the past and will be in the future as people like you keep coming back.

Mike, there are several things that you mentioned that peaked my curiosity. The first one is on child support and collections. One of the biggest problems that we have, of course, is that only 20 states have passed the Uniform Custody and Support Act. We need some help there. We need some help with the IRS in order to track people that are going from one state to the next in order to get child

ACE-FEDERAL REPORTERS, INC.
Nationwide Coverage
202-347-3700 800-336-6646 410-684-2550
You didn’t mentioned -- and I can remember back fighting with you against the Congressional representatives of that time on the Boren Amendment. That’s an unfunded mandate. And I was somewhat surprised that you wouldn’t mention that because you were as anybody was to repeal that. I was wondering if there was much chance of that taking place.

And the third thing I wish you would quickly comment on is is there anything you can think of about a trigger that would help us on these block grants that would give some governors from some states some degree of feeling of a safety net based upon poverty or unemployment or something like that. I know Representative Shaw, I mentioned this to him this morning and he was quite supportive.

REPRESENTATIVE CASTLE: First of all, Tommy, you’ve done a wonderful job on welfare. We all like to take credit for having the best state on welfare. We all like to take credit but you’re certainly up there with the best of them. You’re one of the few people who voted against some of these
policies because you were so far ahead of them even back then.

I think anything we can do to make support uniform we should do. And I think the Uniform Support Act itself may not go far enough now in this day and age and we need to look at that.

The Boren Amendment, in terms of repeal, that should take place. I don't have any question about that. It's something that may be addressed. I just didn't cover this point.

What was your third point?

GOVERNOR THOMPSON: The trigger for protection of states.

REPRESENTATIVE CASTLE: The trigger for protection for states, that's something else that needs to be looked at. I personally am very sympathetic to that and I would encourage you as a leader, and Governor Carper and others who are leaders in this -- and clearly Governor Dean -- to make that a very significant point in terms of what is going to unfold here in the next two weeks.

Because I think it's a recognized problem but in this
drive to save costs and to show a stream of savings
costs to eventually balance the budget those triggers
for when there are problems just aren’t being built
into it and I think you all are the ones that are
going to have to sell that message.

GOVERNOR DEAN: Governor Nelson, and then
we did have Governor James. I’m reluctant to shut
down a new governor, although he’s also an old
governor, so we’ll hear from Governor James.
Governor Nelson, then Governor James and we will
adjourn this session and go into the executive
session.

Governor Nelson.

GOVERNOR NELSON: Thank you, Mr. Chairman.

Mike, it is a pleasure to have you back.
I’ve always had a great deal of respect for you and
I’ve enjoyed working with you.

I’m worried that there is a terrible
inconsistency developing with respect to cuts. Some
things are on the table and some things are off the
table. And the great fear that I have as a governor
is that Congress will in fact balance their budget
and bust mine. I think that's a fear that all
governors have to one degree or another regardless of
partisanship.

I wonder if you can give me some idea of
whether or not it's going to be possible that there
are no sacred cows in this process. Because the
Balanced Budget Amendment makes a great deal of
sense, I really know of no one opposed to it, but I
do have to say that legislatures and states are going
to be very anxious about having the budget balanced
back here with the downloading of responsibilities
without some sort of measure of protection, a
constitutional amendment to protect the states
against shrinking government here and increasing
government there. I don't think anybody last
November expected that to happen. They certainly
didn't vote for that to happen. Maybe you can help
us take a look at how there won't be any sacred cows,
everything will be looked at and that the American
people can know exactly what's being looked at.

REPRESENTATIVE CASTLE: I wish I could
give you some comfort but I've got a hunch this is going to be tough. I was on the entitlement commission, Governor Romer was on the entitlement commission and I know he speaks tremendously forthrightly on these issues and I try to follow suit.

The truth of the matter is we really can not have sacred cows but I think most members of Congress would rather have their tongues pulled out than ever say that they would do anything to negatively impact the Social Security stream, even cost of living increases or even perhaps increasing the age 40 years out. Little things like that that clearly almost everyone who knows anything about it says probably should be done. They fall all over themselves. We fall all over ourselves. On Medicare too. Everyone has had a little apple out of that barrel and it didn’t go particularly well so it makes them very anxious. The Republicans are very concerned about security, perhaps rightly so, but I’m not convinced that we can’t have savings in cost there too.
The bottom line is that there are some tremendous inconsistencies here. We voted for the Balanced Budget Amendment. I hope those same people have the courage to get up and vote for the cuts which are going to be necessary and to do it as fairly as possible.

There is no way I can look you straight in the eye today and say Governor, I can guarantee you the states won't get hurt. The unfunded mandates may help you a little bit but the offsets on the other side are going to be tremendously difficult.

Now, this isn't going to happen all at once but it's going to start this year. Not necessarily going to the balance budget but clearly Republicans want to save money.

I've got to tell you, I've worked at the state levels of government as well as federal and the states are much leaner than the federal government. There is room for reductions. But also, the debt in the entitlements I think are 64 percent of our budget. So we're really looking at 36 percent. And these are the programs that we're talking about here.
today -- the social programs, the education programs, welfare, whatever it may be. Some of those are entitlements too, but a lot are not. And as a result of that you are probably going to be in line to take a few hits. And some of you probably are willing to take them.

My advice is that you’re not going to stop at just coming to Washington this week, although it’s tremendously effective to have you here. My advice is that you take your Washington representatives -- I know we have a very effective one in Delaware -- you take your Washington people, you coordinate with your members of Congress back home and work with them on every issue possible with the understanding that we’re going to make cuts.

I keep hearing from the arts people and the humanities people and public broadcasting: 'Don’t cut our budgets.' Well, I think the issue is don’t zero our budgets out. You’re going to get cut like everybody else. They’re going to get cut like everybody else is.

It’s a question of where can we make the
reductions? And how, by giving you flexibility, can we reduce the overall expenditures. A lot of the social programs are being looked at by the old Education and Labor Committee and they cut everything by 10 percent. Maybe that’s doable if we gave you that flexibility. We really need to work together on it and not start lobbing bombs at each other because it’s absolutely vital. But to suggest it’s just not going to happen would be wrong and inconsistent. I know you all to be great managers and my view is if we can work together we probably can make some efficient and effective cuts.

GOVERNOR DEAN: Thank you.

Governor James.

GOVERNOR JAMES: Thank you, Governor.

It’s good to be here. I was here in the 1980s as a Democrat. I’m back as a Republican. Some people in Alabama say there’s not a dime’s worth of difference between the two.

I appreciate the comments made by the Congressman and the respected governors. I’d like to put on the table a few thoughts that would try to tie
together the last 12 or 14 years for you and maybe go
back, let's say, as you examine these things --
certainly to examine them within one decade would not
be wise so let's go back maybe 35 years. Most of
us were at least born by then and some of us were in
young adulthood in the year 1960. We've had much
talk about poverty here. Governor Hunt, I believe
inflation in our lifetime has caused more poverty
than everything else you and I have heard mentioned
around this table today. Inflation. It created the
need for two paychecks for one family to live as well
as one family lived 30 years ago. Inflation.

Number two: I think high interest rates
and a lack of stable capital has cost more jobs
across these United States than any other single
factor I can recall.

And I would submit to you that if you
really want to talk about poverty, unless we get a
hold on the national debt every child born in the
next century will be born into poverty via his or her
share of the national debt.

Having said that, I would say to
Congressman Castle, former governor, our monetary and fiscal policy is the responsibility of the federal government. Not only of Congress fiscally to balance the budget but for Congress, in my judgement, to show some judgement relative to the Federal Reserve and relative to the action of the federal courts that are costing states and municipalities and counties hundreds upon hundreds of millions of dollars relative to court orders. And the one that Kansas City, Missouri today is a prime example of courts that have gone absolutely crazy. It can only be reconciled by action on the part of Congress.

In your effort, Congressman, to balance the budget you're talking about fiscal policy. And I would say to you -- and I would make this suggestion -- I noticed that when I left Alabama in 1983 state tax revenue was $2.2 billion. On returning I find it to be over $5 billion. That means our state tax revenue has increased more than two and a half times the rate of inflation. I notice that we are getting an extraordinary amount of money from the Federal Highway Fund into the state of Alabama. We also
received many other grants relative to Medicaid, relative to all of the social programs, the Appalachian group and it comes from all different directions.

I would respectfully suggest that if you can’t put all of these together and if, after you meet your fundamental conditions of balancing the budget and giving us an honest monetary and fiscal policy, which is a federal responsibility, until you do that all of this other is total nonsense. But once you get that done, to help you do it, you can, in my judgement, hit Alabama hard like. Send us one check if you want to send us a check, and put one requirement on it, that that dollar must be spent according and legally in the same sense as any state tax. That means the appropriation must come from the state legislature, and nobody can complain about that. Then you’ve got a real contract. I believe until we look at reality in the eye I’m not sure we’ve got a contract.

Thank you.

REPRESENTATIVE CASTLE: Governor, that was
a wonderful talk as far as I’m concerned. I am in
your corner completely. I think we need to do
everything possible to get to a balanced budget
because I do believe in that. By working very fairly
with you that will help with our monetary policy.
And we should take off as many restrictions as we
possibly can in returning the programs and the
dollars to the states where that is appropriate.

    Again, we’re going to need your help on
that. And some of the Congress may not think quite
as I do in that way so we’re going to need your help
on lobbying that effort.

    But that is a tremendous speech. I just
congratulate you for it. Thank you.

GOVERNOR DEAN: My thanks to Mike and
Carol Rasco for being with us today.

    I will make a one minute commercial and
then we’ll adjourn this. There is a group called
National Safe Kids Campaign, which in our state is
May 6th - 13th. You have this package in front of
you. This is a challenge to improve the environment
that kids grow up in and I would encourage you to
read this. There is a Safe Kids coalition in every state in the union and I would encourage you to get in touch with those folks. I am highlighting family safety checks in Vermont, May 6th - 13th. I know some of you have already done this in your states. I would love it if that could be done in all 50 states.

With that, we'll adjourn the plenary session and move directly into the Executive Committee session. All governors are welcome to participate but only governors on the committee may vote.

I want to welcome Governor Christine Todd Whitman, of New Jersey, as a new member of the Executive Committee. I also want to introduce Marsha Hale, Assistant to the President and Director of the White House Office Intergovernment Affairs. Where is Marsha? Right over here.

Let me call for a motion to second and approve the minutes of the December 19, 1994 meeting, if I may. Are there any committee members here? Governor Jones and Governor Thompson. All those in favor signify by saying aye.
(Chorus of ayes.)

GOVERNOR DEAN: The ayes have it. You've approved the minutes.

To move the approval of the Executive Committee policy positions I call on Governor Thompson.

GOVERNOR THOMPSON: I so move, Mr. Chairman.

GOVERNOR DEAN: And there's a second?

(Pause.)

GOVERNOR DEAN: Is there a second? Is there a second? Governor Jones. All those in favor signify by saying aye.

(Chorus of ayes.)

GOVERNOR DEAN: All those opposed say no.

(No response.)

GOVERNOR DEAN: The ayes have it.

I'm now going to call Governor Romer to move the policies dealing with health, if Governor Romer is here, and he is -- oh, no, he's not. Oh, Governor Romer. Thank you very much.

GOVERNOR ROMER: I so move.
GOVERNOR DEAN: This is the health policies. Is this the health policies?

GOVERNOR THOMPSON: We've got an amendment to it. Mr. Chairman, Governor Romer, I have an amendment to your health policy. I think you moved them en masse, didn't you?

GOVERNOR ROMER: Yes.

GOVERNOR THOMPSON: Okay. I would like to separate out the policy dealing with EC-12, dealing with Medicaid and the Boren Amendment. I have an amendment to that, Mr. Chairman.

GOVERNOR DEAN: Governor Romer?

GOVERNOR THOMPSON: I would ask Governor Romer if he would move all of the health policies except for the Medicaid and move that separately so I could offer an amendment.

GOVERNOR ROMER: Okay. I will move, as Governor Thompson just stated, all the policies except the Medicaid.

GOVERNOR DEAN: Is there a second?

GOVERNOR THOMPSON: I'll second that, Mr.
Chairman.

GOVERNOR DEAN: All in favor signify by saying aye.

(Chorus of ayes.)

GOVERNOR DEAN: All opposed say no.

(No response.)

GOVERNOR DEAN: The ayes have it.

Governor Thompson?

GOVERNOR THOMPSON: Mr. Chairman, I would appreciate it if Governor Romer would move the Medicaid provision.

GOVERNOR ROMER: I move that.

GOVERNOR THOMPSON: I second it. I’ll move an amendment to it, Mr. Chairman.

I believe there has been a copy of the amendment distributed. Let me explain it. This deals with the Boren Amendment, that all governors for a long time have been complaining about. I didn’t think the language in the policy was strong enough and what I asked the NGA staff to look at was to figure out a way that we might actually put in the words "repeal" and at the same time allow for
statutory provisions in there to protect the states.

It's very short. So if it's okay, Mr. Chairman, I
would read it so everybody could follow along.

The following changes are made to the
first paragraph of Section 12.2.3.1, Statutory and
Regulatory Changes: "The nation's governors believe
that in a coherent approach to national health care
reimbursement standard of the Boren Amendment. The
governors support repeal of the Boren Amendment and
urge alternative statutory protection for states.
They believe that a statutory change is a necessary
tool to bring Medicaid institutional costs under
control. Therefore, the governors urge the
Administration and Congress to adopt these or other
strategies that will give states the relief they
need."

I would so move that amendment, Mr.
Chairman.

GOVERNOR DEAN: Governor Romer.

GOVERNOR ROMER: Second.

GOVERNOR DEAN: All those in favor signify
by saying aye.

(Chorus of ayes.)

GOVERNOR DEAN: Those opposed say no.

(No response.)

GOVERNOR DEAN: The ayes have it. You have amended the Medicaid policy and the question now is shall we approve the Medicaid policy. Are you ready for the question?

GOVERNOR THOMPSON: Yes.

GOVERNOR ROMER: Mr. Chairman, staff has given me two amendments to the original policy. Do you have a copy of those?

GOVERNOR DEAN: I do not. These are additional amendments besides the one that Governor Thompson was offering?

GOVERNOR ROMER: There is a page that says Amendment 1 and Amendment 2.

GOVERNOR DEAN: I don't have that, Governor Romer.

(Pause.)

GOVERNOR ROMER: Let's go ahead with the rest of the business. We'll check it out while
you’re doing that.

GOVERNOR THOMPSON: Are you going to move these, Governor Romer?

GOVERNOR ROMER: I would move them if we still have them on the table. I was given this list after I made my initial motion.

GOVERNOR THOMPSON: It’s my understanding that they have been worked out by our staffs.

GOVERNOR ROMER: I think they are by consensus amendments.

GOVERNOR THOMPSON: I would second your motion.

GOVERNOR ROMER: I would move that we add these two amendments to the original health resolution.

GOVERNOR THOMPSON: I would second that.

GOVERNOR DEAN: The Chair accepts this and understands that this has all been worked out by staff. But the Chair would like a little bit more than 30 seconds notice the next time we do it this way. But hearing no objection, it’s been seconded and moved. All in favor signify by saying aye.
(Chorus of ayes.)

GOVERNOR DEAN: Those opposed say no.

(No response.)

GOVERNOR DEAN: The ayes have it. You further amended the Medicaid policies. Are there any additional -- excuse me, the health care policies. Now we come to the moving of all the health care policies. Are you ready for the question? If so, those in favor signify by saying aye.

(Chorus of ayes.)

GOVERNOR DEAN: Opposed by saying no.

(No response.)

GOVERNOR DEAN: The ayes have it.

Governor Thompson, to introduce a proposal on the line item veto.

GOVERNOR THOMPSON: Mr. Chairman, I was very happy to see President Clinton come out strongly for the line item veto that 43 governors have across the United States. I have submitted a policy on endorsing the line item veto language in Congress. It has been a policy of the NGA to support it but that policy has expired. Therefore, Mr. Chairman, I
would move once again that NGA policy would go on
record as endorsing the line item veto for the
President of the United States.

GOVERNOR DEAN: Is there a second?

GOVERNOR ROMER: I'd like to second that.

I think that is something we as governors are
familiar with. I think the President ought to have
it. I think it's good policy and I urge its
adoption.

GOVERNOR DEAN: That was the second.

All those in favor signify by saying aye.

(Chorus of ayes.)

GOVERNOR DEAN: Those opposed by saying
no.

(No response.)

GOVERNOR DEAN: The ayes have it.

I call on Governor Leavitt for some
discussion of conference of the states.

GOVERNOR LEAVITT: Some discussion has been
had on this in the past. I'll just report that in 29
or more states state legislatures have entered into
resolutions of participation that would allow states
to convene for the first time in over 210 years to discuss the balance between states and the national government.

I would urge your support of this. This is NGA policy. It has been adopted by the Council of State Governments and the National Conference of State legislators and NGA. They have now formed a joint steering committee to move this forward. I move its adoption.

GOVERNOR DEAN: Thank you, Governor Leavitt.

GOVERNOR THOMPSON: Mr. Chairman, I would second that policy. I would also like to congratulate Governor Leavitt on the wonderful work he’s doing in this area.

GOVERNOR DEAN: We have a policy, it’s been seconded. I would also like to congratulate Governor Nelson who has worked hard on this as well. And Governor Carnahan is the incoming president of CSG. They’ve bowled us over with this.

All those in favor signify by saying aye.

(Chorus of ayes.)
GOVERNOR DEAN: Those opposed by saying no.

(No response.)

GOVERNOR DEAN: The ayes have it. We've adopted the policy.

I'd like to call on Governor Thompson to recognize Governor Gutierrez of Guam, for a discussion of our policy on Guam.

GOVERNOR THOMPSON: Mr. Chairman, it is indeed my pleasure to welcome Governor Gutierrez to the NGA and as a newly elected governor from Guam to talk about the political status for Guam. And with no other things, I would move, Mr. Chairman, that we allow Governor Gutierrez to discuss this particular provision.

GOVERNOR DEAN: Governor Gutierrez.

GOVERNOR GUTIERREZ: Thank you very much, Governor Thompson, Governor Dean.

Right now it's about 3:00 in the morning Monday morning in Guam. So if you look over here you're looking at the man from tomorrow. And tomorrow can't come too soon for the people of Guam.
In three years we will have been under the United States flag for 100 years, 1898, but we still have no relationship of mutual consent with the United States of America. We are 10,000 miles away. We are smack in the middle of the Western Pacific; three hours from Tokyo; three hours from the Philippines; three hours from Taiwan; four hours from Hong Kong; four hours from Korea. In 1997 Hong Kong is going back to mainland China. Macao in 1999 is going back to mainland China. Guam sits at a beautiful location with the United States flag flying over it.

We need to be able to grow up. Guam is constrained by many federal laws. Federal laws that do not make sense in Guam because we are an Asian economy. When Japan catches a cold we're the ones on Guam that sneeze. We want to be able to have the United States take a look at Guam. Sometimes we wonder whether Guam matters to the United States. And every morning when I hear Rush Limbaugh for three hours live on Guam and repeatedly in the afternoon I know we are indeed worthy of the United States's attention.
So I'd like to ask this body to please assist Guam in its quest for a relationship with the United States of mutual consent. We don't have a constitution on Guam. We have a federal law. That's our constitution. It's just unheard of in this representative democracy of the United States. And this paper, The Political Status for Guam, fairly defines the position that NGA has had on political status for Guam over the last 10 years, which never got anywhere. And I think now that I'm with this organization I'd like to take full advantage of it. And I need all the governors to be able to assist us because we can showcase democracy in the Western Pacific. We have a gross island product of over $3 billion a year despite these federal laws. Well over one million Japanese tourists come to Guam. 150,000 population. Can you imagine what we can do given those constraints removed from the people of Guam?

So, Mr. Chairman, the political status paper on Guam has been passed around. I want to thank Governor Thompson and yourself and I hope that it can be placed as I've submitted it to the Ace-Federal Reporters, Inc.
Executive Committee. Thank you very much.

GOVERNOR DEAN: Thank you, Governor Gutierrez.

Governor Thompson?

GOVERNOR THOMPSON: Mr. Chairman, on behalf of our new friend, Governor Gutierrez, I move that the National Governors' Association in keeping with the basic principle of American democracy that the sovereignty of a government be derived from the consent of its citizens, urges the Administration and Congress to work with the government of Guam to establish a relationship that recognizes Guam's unique needs and that is based on mutual consent. I so move, Mr. Chairman.

GOVERNOR DEAN: Is there a second?

GOVERNOR ROMER: Second.

GOVERNOR DEAN: All those in favor signify by saying aye.

(Chorus of ayes.)

GOVERNOR DEAN: Those opposed by saying no.

(No response.)
GOVERNOR DEAN: The ayes have it. We adopted the policy.

I call on Governor Thompson for a motion to move the balance of policies.

GOVERNOR THOMPSON: Mr. Chairman, before you do I believe there is another resolution that Governor Voinovich is going to bring up on the guarantee for Mexico.

GOVERNOR DEAN: I was actually going to do that after the policies. I was going to leave that until last.

GOVERNOR THOMPSON: Then, Mr. Chairman, following your lead, I will move all the rest of the policies at this time.

GOVERNOR DEAN: Is there a second?

GOVERNOR ROMER: Second.

GOVERNOR DEAN: All those in favor signify by saying aye.

(Chorus of ayes.)

GOVERNOR DEAN: Those opposed no.

(No response.)

GOVERNOR DEAN: The ayes have it.
Governor Thompson, for a motion to move grants and contracts.

GOVERNOR THOMPSON: I so move, Mr. Chairman.

GOVERNOR DEAN: Is there a second?

GOVERNOR ROMER: Second.

GOVERNOR DEAN: All those in favor signify by saying aye.

(Chorus of ayes.)

GOVERNOR DEAN: All those opposed by saying no.

(No response.)

GOVERNOR DEAN: The ayes have it.

I call on Governor Voinovich to offer a resolution on debt guarantees for Mexico.

Governor Voinovich?

GOVERNOR VOINOVICH: Yes, Mr. Chairman.

You have a resolution in front of you dealing with legislation to support with appropriate conditions or safeguards legislation to help stabilize Mexico’s economy as it weathers the recent devaluation of the peso.
I think this organization was very, very supportive of NAFTA. I think it's appropriate for us to support legislation that will help support Mexico at this time, particularly with the guarantee that their oil reserves are security for any type of loan.

GOVERNOR DEAN: Thank you, Governor Voinovich.

Does every member have a copy of the amendment or the policy before them? Is there a second?

GOVERNOR CAPERTON: I second.

GOVERNOR DEAN: All those in favor signify by saying aye.

(Chorus of ayes.)

GOVERNOR DEAN: Those opposed by saying no.

(No response.)

GOVERNOR DEAN: The ayes have it. You have adopted the policy.

Before we adjourn, the committee meetings will begin immediately in other rooms, including, I believe, this room. So we need to clear this room.
out as soon as we adjourn the Executive Committee.

Are there any further announcements?

(No response.)

GOVERNOR DEAN: If not, we stand 

adjourned. The following meetings will occur at once 

so we do need to clear this room out. Thank you.

(Whereupon, at 3:00 p.m., this plenary 

session was adjourned.)
NATIONAL GOVERNORS' ASSOCIATION

* * *

WINTER MEETING

SECOND PLENARY SESSION

Grand Ballroom
J. W. Marriott Hotel
1331 Pennsylvania Avenue, N.W.
Washington, D. C.

Monday, January 30, 1995
2:50 p.m.
GOVERNOR DEAN (Presiding): I'm going to start the plenary session if everybody would have a seat.

I want to welcome everybody this afternoon. Governors are going to be discussing a critical issue, which is welfare reform for jobs and work activity.

We seem to have spent about 98 percent of our waking hours and some of our sleeping hours discussing welfare reform at this plenary.

The current systems of welfare economic development and job preparation are not producing the kind of results that we think we ought to have for beneficiaries and for taxpayers.

And reforming the system is no easy task, as we've discovered.

Our principal focus, as Governors, is to try to figure out what works and what doesn’t, and
how we can implement that in our states. That, of course, is one of the biggest advantages in having these kinds of meetings that we can share our own experiences.

West Virginia has had an extraordinarily innovative job creation approach, a state which has a history of difficulties with jobs, and a remarkable leader in Gaston Caperton who’s been a close friend, and whose friendship I deeply appreciate in this Association.

I’ve asked Governor Caperton if he would talk to us and introduce his guests to share with us his experience in West Virginia in terms of how to create jobs and what are the issues that he sees in the future for the work force.

Governor Caperton?

GOVERNOR CAPERTON: Thank you, Mr. Chairman.

I’m convinced that there is no better welfare policy than that of creating good jobs, jobs that move people from dependence on welfare to independence and work. Jobs that not only put our
people back to work but also prevent them from backsliding again and again onto the welfare rolls.

By good jobs, I mean more than the size of a paycheck. I mean jobs that will instill pride in people, I mean jobs where people want to do well, want to succeed, want to have responsibility and what to express ideas and see them used, good jobs where each person is engaged in and cares about the success of the enterprise, good jobs that reflect the values we treasure most in our society and where workers mirror those values at home and instill them in their children.

An important study by the Families and Work Institute focused on how Americans could be competitive in the 21st century. One of its authors, Ellen Gilinsky, is here with me today.

Her report, entitled "The National Study for A Changing Work Force" was funded by many of the nation's leading corporations and I'm having a copy of that report that I show here sent to each one of you.

The study points out that when employees
have good jobs, they're quite willing to go out of
their way to help their employers succeed, to be
loyal, to show initiative, and to work harder, all
parts of the competitive edge we all seek.

Creating good jobs is the best social
policy. The values stressed in the work place are
the values that workers pass on to their children.

Studies by UCLA and others show that
parents' jobs have a powerful effect on children's
development.

Creating good jobs has the power to do
more than just bolster the economy. Creating jobs is
about promoting work, strengthening families, and
most important, reinforcing personal
responsibilities.

These goals are the heart of welfare
reform.

This afternoon, I want to challenge you
with some new, non-traditional ways of thinking about
creating jobs. I have three very special guests who
will explain the work they are doing to create good
jobs.
First, I’ve asked Donna Klein, Vice President of Marriott Human Resources, to explain her company’s work life program.

Research on welfare to work population shows it is much easier to get people into jobs than to keep them on those jobs. Many quit the very first year and return to the welfare rolls. This was definitely a problem for Marriott. The company was having a three hundred percent turnover rate in its hourly workers, often because of family problems and child care.

I think you’ll be quite interested in how Donna’s company has successfully addressed these problems.

Second, I have asked Dave Dickerson to speak. Dave is a very successful West Virginia businessman who chairs the Economic Development and Tourism efforts of our West Virginia Parkway Authority. Dave will explain the Tamarack project, a way we in West Virginia are going about creating 2,000 jobs in a very non-traditional way. We are nurturing our State’s craftsmen, giving them the
opportunity to become successful entrepreneurs by
expanding their market potential. In turn, they will
create more of these good jobs that I’m referring to.

Third, I’ve asked Rick Surpin, President
of Cooperative Home Care Associates in the Bronx, to
tell you how one company designed good jobs for the
welfare population.

We know that often big problems with
getting low income people into jobs is the mismatch
between the jobs that exist and people’s skills. Too
often, training programs are not tied to the real
skills needed in today’s work force.

Rick will tell you about his experience in
that training work.

I will ask our three guests to give brief
descriptions of their programs. Then we will
entertain questions from each of you.

Donna, I’d like to ask you to start.

MS. KLEIN: Thank you, Governor Caperton,
for the invitation to speak.

Good afternoon all of you. It’s an honor
to be here. While we at Marriott have a full menu of
programs which support our working families, this
afternoon I’m going to focus on one particular
program called the Associate Resource Line which we
began in 1994 in the State of Florida.

To establish the business case, first of
all, Marriott International is a hospitality and food
service company employing some 180,000 people
nationwide. Of the 180,000 people, 20 percent are
salaried and 80 percent are hourly employees.

We do pay competitive wages and offer a
full array of benefits, including profit sharing to
our full time hourly work force. Nonetheless, in
terms of disposal income, the hourly work force
averages $6.10 an hour, or approximately $12,500 a
year.

The service industry is labor intensive.
It’s built on low skilled jobs and highly routinized
work. And as the January 19th edition of USA Today
points out, it’s the fastest growing job segment in
the country; 3.3 percent job growth in the service
industry versus 2.5 percent job growth in product
producing industries.
The instability of the growing segment of the population is evidenced by the fact that we do experience 300 percent turnover a year in our wage jobs. A single food server position may be staffed by five different people in one given year. Our salaried turnover is 15 to 20 percent.

Yet, in 1994, we issued 308,000 W2 forms. Where do the people go? Some to other service jobs, others back to the welfare ranks.

But more importantly, why do they go, and the answer is quite complex. Just to give you some background, in our wage population, we speak approximately 20 languages throughout the country. Many of our employees have little education and have not been socialized to the world of work. And the discipline required to hold a job is also sometimes lacking. Many are non-English speaking and new to the American culture.

Marriott's investment in entry level job training to overcome these obstacles is in the tens of millions of dollars. Yet, systemic turnover still exists. Job training itself is not enough to keep
them employed.

Thirty-five percent of our wage work force have children under the age of 12. Fifteen percent have children under the age of 6. Their caregiving arrangements are patched together informally with extended family members and friends. They include very complex arrangements for moving children from one location to another and from one caregiver to another.

They break down frequently and result in employees not showing up for work, or worse yet, employees coming to work and leaving their children at home alone and unattended.

In addition to the complexities of child care, their lives are compromised by an endless variety of other complications. Domestic violence, neighborhood violence, housing issues, child custody and divorce, legal and immigration issues and medical care problems, to name a few.

Until recently, most companies operated as if employees checked their problems at the door when they came to work. It was naively assumed that
personal life did not affect productivity.

We at Marriott know differently. We know differently because many of our frontline managers have assumed the task of providing the support systems themselves.

The counsel employees, provide transportation, talk to their employees' children at schools and their relatives and generally perform what some describe as social work.

In 1994, some managers reported spending as much as 50 percent of their time doing social work. This is an ineffective and inefficient use of managers' time. They’ve not been trained to do the job. Therefore, they don’t necessarily do it well.

We would rather rely on our managers to deliver the product that we market. We market service to our customers.

The Associate Resource Line then is a concept we developed to address these issues, very proactively providing service and support to our employees. We expect them to be more fully engaged at work.
Their personal issues are so varied in scope and complexity, however, we knew that any response had to be very comprehensive. The Associate Resource Line is a confidential counseling service available 24 hours a day in multiple languages. It's accessible through an 800 number. It's staffed by professional social workers trained in child care, parenting skills, and family counseling.

Employees are able to get answers to a wide variety of questions. They're able to be led to community services available to them and receive assistance in identifying options.

They can access the 800 number as many times as they choose.

To test the concept, Marriott International and Host Marriott piloted the Associate Resource Line in 17 locations in the State of Florida in 1994. We expected the usage to be three percent on a wide range of issues from child care to elder care and personal crisis.

Utilization was six percent, twice what we anticipated. Usage varied by location from a low of...
two percent to a high of 60 percent in some units. Both males and females used the service. Twenty percent of the callers received counseling in languages other than English.

Thirty percent of the callers were seeking child care and parenting information. The majority, though, sought help with a wide variety of personal issues such as divorce, substance abuse, treatment, legal counseling, medical coverage, vocational training, and domestic violence. In other words, many have much more acute issues than child care that they need to address before they can attend to their children.

For example, we discovered that when we promoted women from some cultures into supervisory positions, their reward at home could be domestic violence.

The pilot in Florida was a success in terms of employee satisfaction and work place impact and analysis of employee feedback indicates a 28 percent increase in loyalty, 38 percent reported they did not have to bring their problems to work. We had
a 12 percent decrease in tardiness, and 16 percent
decrease in absenteeism, and 12 percent reported they
did not have to quit.

And from a bottom line business
perspective, and of course we’re interested in the
business perspective of the final return on
investment was realized.

For every ten calls we received on the
Associate Resource Line, one hourly associate did not
quit, two days of absenteeism and four hours of
management time were recaptured. Three cases of
increased length of service were experienced and ten
cases of increased associate satisfaction.

And very importantly, there was a decrease
in worker comp claims and lost time claims.

The cost of the pilot to Marriott during
1994 was approximately $100,000. Subsequent to the
pilot, the Florida units are now purchasing the pilot
at their own cost. We’re expanding the corporate
expenditure in ’95 to $300,000 and expanding its
reach to the State of Texas, the Atlanta region, the
Chicago Metro area, and the State of Colorado.
We're committed to improving the outcomes from a business, as well as an employee satisfaction standpoint. We'd like the service to be fully implemented by the end of '96.

In closing, we at Marriott are of the opinion that corporate America does have the responsibility to assist in the social framework of our country. We're proud to be pioneering in the effort of I would say a modest beginning, we're experiencing great success.

We look forward to expanding the program.

We're also dedicated to sharing our knowledge and experience with other employers in the service industry. We will be providing the corporate leadership to Families Forward Institute to invite these employers to a series of national conferences to identify the quality of life issues, as well as a set of possible solutions.

We hope we can rely on your support as we undertake the difficult task. The better able we are to support our low wage work force, the better they are able to contribute to a stable economy.
Thank you.

GOVERNOR CAPERTON: Donna, thank you very much.

I think this is a great example of how corporate American can participate and help us in this big task.

I'd now like to pass the microphone to Dave Dickerson.

MR. DICKERSON: Thank you, Governor.

When Governor Caperton first expanded the role and mission of the West Virginia Parkway Authority to include economic development and tourism, our first challenge and perhaps our most difficult challenge was to identify a way in which we could significantly impact the economy of West Virginia with limited funds that were available to us, and without preferably duplicating the services of their state agencies.

The area that we chose was cottage industry or home-based industry. West Virginia, as has been pointed out, is a land on its own. It's rugged, it's rural, sparsely populated by 1.8 million
people. They're strong-willed, rugged, and self-reliant, but many times the artisans and agricultural producers in our state are insurmountable distances from the marketplace.

So the role that we chose to fill was to be that central purchasing point to create an integrated product, producer, distribution and marketing system, for people involved with a home based industry.

Now, just in our second full year of the program, the results have been quite significant. They have exceeded all of our expectations up to this point. With more than 2.5 thousand West Virginians having come forward, these are people who have a skill, who have a product, but by virtue of their location perhaps are removed from the marketplace.

We have centralized that marketing, purchasing and warehousing of these products. We started with two very small experimental shops on the West Virginia Parkway. We grew into four stores.

With the Governor's assistance, we have now moved into our state park system, which has
opened up an additional 30 some stores for outlets of West Virginia-produced products. And the products we displaced in those state park stores were largely foreign and imported goods.

As we go forward into this next year, we will also be moving into the nine welcome centers which are located around the State of West Virginia, and at the same time we’re selling products in those welcome centers that are produced by West Virginians, we’ll be offsetting the costs of staffing tourist information functions in those centers.

The effect on West Virginia has been very significant. We have producers supplying products to the Best of West Virginia Program in all 55 counties of our state, again, this only in our second year of operation.

We have people from all walks of life, all levels of education, age groups, physical challenges. We have participants, including professionals shelter workshops, senior citizens.

Opportunities in the Best of West Virginia Program are truly available to all West Virginians.
We have shelter workshops, presently three
in the program, who are busy silkscreening T-shirts,
making wooden utility items which are sold in our
stores.

These are citizens who may otherwise have
been tax takers, and they are now taxpayers in West
Virginia.

Our image has been enhanced by people who
come to our state and are presented with the very
best of West Virginia.

The system is supporting and building
entrepreneurship. It fosters a market-driven
approach for selling indigenous products of West
Virginia.

We have the added benefit of culture
preservation, something that our state was beginning
to lose, as artisans were unable to make a living,
given their remote location and the sporadic fair and
festival outlets they traditionally have had.

Public infrastructure was not required.
The factories, the roads, everything is in place
where the artisans live, in their homes and in their
workshops.

We also have the added benefit from displacing some of the imported goods in our state parks. We have now seen that some of the products previously sold were unavailable in West Virginia.

We are putting people in business. We are training people throughout Department of Education. We are having apprenticeship programs. We are creating new businesses to fulfill that market demand.

The effect on the participants has been equally dramatic. Home-based business offers us self-employment opportunities with low overhead and virtually no startup costs in most instances.

We offer employment opportunity with flexible hours. This is very important in the area of children and child care. Many of our participants who work at home are able to schedule their production and their employment time around the children.

The added benefit, double impact, if you will, is that there are no child care costs involved.
to the participants who are able to produce the
product at home.

In some cases, we're offering a very
meaningful job to an unemployed or under-employed
person. We open new markets to existing businesses.

We have a toymaker in West Virginia who,
just two years ago at the beginning of our program,
had a total of four employees. I've been going
around the State of West Virginia talking about the
Tamarack Best of West Virginia Program, telling how
he'd grown to 27 employees.

And he came to one of the seminars we were
having last month and corrected me. He has 41
employees now and we're still growing, still
building.

Perhaps the strongest point about the Best
of West Virginia Program is that opportunity exists
regardless of your city or county of resident,
regardless of the condition of the road you live on,
physical challenges, age, educational level, social
status, or child care availability.

Our program will cultivate, in 1996, with
ACE-FEDERAL REPORTERS, INC.
Nationwide Coverage
202-347-3700 800-336-6646 410-684-2550
the opening of our cornerstone facility, Tamarack, the Best of West Virginia, which will be located in a major thoroughfare in our state. Our studies indicate it will draw 750,000 people a year into this site to witness and experience the consequent West Virginia experience.

I think we have to keep in mind again that we are a state of only 1.8 million people, so you can see that the impact here is significant. Projections show that at least 500,000 of those visitors will be from out of state, so we’re creating new money, we’re bringing new money into our economy, not competing for existing dollars.

To capitalize on this opportunity of the 500,000 out of state visitors, we will feature a tourism center within the Tamarack facility which will showcase and alert people to 375 additional reasons to extend your stay in West Virginia or to plan yet another trip back to West Virginia for a longer period of time.

In closing, let me say that I am not a native of West Virginia. It’s my adopted state. I
love it dearly. I think most important to our
program has been the support from day one of a
Governor, who without the leadership and vision and
encouragement that he brought to us, the program
would not have happened.

That's what it took to create the Best of
West Virginia, and I look forward to sharing
additional details with you later.

Thank you very much.

MR. SURPIN: Cooperative Home Care
Associates is a worker-owned company based in the
South Bronx section of New York City. It started in
1985 and today has 300 people working in it,
virtually all of whom are African American and Latino
women.

Eighty-five percent of those people were
on public assistance prior to being trained by us.
We are a business. We provide important home care
services to elderly and disabled clients. We're also
an effective model for transitioning women from
public assistance to permanent employment.

The work of a home care aide is similar to
a nurse's aide in a hospital or nursing home. It's an occupation that is expected to have tremendous growth over the next ten to 20 years.

At the same time, it is an occupation that currently has low pay, few benefits, if any, unstable working hours and no opportunity for advancement.

Cooperative Home Care Associates was founded on the premise that clients would get better care only if professionals had better quality jobs.

We essentially have three goals:

To provide high quality jobs. Our wages and benefits are about 20 percent higher than industry average. Seven dollars an hour for new workers, eight dollars an hour for veteran workers, and we have a turnover rate of 20 percent on an annual basis, which is at least half the industry average.

Our second goal is to provide high quality services to elderly and disabled clients. We are recognized for our reliability, for the high quality training and competence of our aides, and the responsiveness of the agency when problems arise.
And third, we care very much about empowering and developing the people that work for us. We invest a lot in entry level and in service training. Only one out of every five applicants are accepted.

What's remarkable is that in each graduation ceremony for entry level training, families of our participants bring their families to the ceremony. Children talk about what it means to them that their parents went to school and are now getting a job.

We have an organizational culture and I think this is very important, that's based on respect for the individual and a sense of fairness and community for everybody there.

One of our workers once talked about how, when she worked at another agency, it was like talking to people through glass. And what she meant was that the bank teller's window that she got her paycheck through every week.

Another talked about an interview process, when you went to another company, it was like being
treated like a piece of meat. Everybody at Cooperative Home Care talks about how it's like a family.

There are opportunities for upgrading, there are opportunities for participation in governance of the company. The result of this investment in people and in community has a tremendous impact on the way people think about themselves and in turn in the way people care for their clients.

Cooperative Home Care Associates started ten years ago with foundation support. Its revenues come entirely from medicare and medicaid, and we have been modestly profitable for the past six years.

Our training programs are supported largely with public and foundation funds. But those public funds are now in jeopardy.

But we continue to be able to provide the high quality training program and high quality services.

Three years ago, we began a national replication program. We now have sites in

Philadelphia and in Boston. Those sites will probably be very successful; at least, at this point, they seem to be. Those sites will cost approximately one million dollars each over the four years.

Starting Cooperative Home Care and other application programs has been a painstaking and somewhat costly effort. At the same time, we believe that it’s an excellent private sector response to solving two major public policy issues:

First, how to create good jobs for low income people, particularly people with limited educational skills and people who in our company, for the most part, have fifth to eighth grade reading and math levels.

And secondly, to provide services to elderly and disabled clients as if they were members of our own families.

Thank you.

GOVERNOR CAPERTON: Rick, thank you very much.

We’re now open to any questions.

GOVERNOR THOMPSON (Presiding): Are there
any questions of the panel or of Governor Caperton?

GOVERNOR THOMPSON: Governor Weld?

GOVERNOR WELD: I just wanted to make a
pitch, Mr. Chairman, for making permanent of the R&D
tax credit, which is the subject of an NGA policy,
the subject of a letter that 34 Governors sent to
President Clinton in December of this year.

Just to mention that from our experience
in Massachusetts, where we enacted a very generous
credit in 1992, we’ve attracted a number of companies
from Europe who have come to Massachusetts for that
reason.

I also think that making it permanent has
independent significance. We have an investment tax
credit which is not permanent, and industry has
advised me that they all take it seriously.

So I speak in support of that policy.

GOVERNOR THOMPSON: Any other questions?

Yes, Governor Merrill?

GOVERNOR MERRILL: I just wanted to ask
the panelists. Obviously, Governor Caperton has been
very supportive of the efforts of your organizations,
but in the spirit of federalism that we’ve been
discussing here, not just in this meeting but in
prior meetings, are there any government regulations
or forms or policies or processes that are getting in
the way that we might be able to help you with?

GOVERNOR CAPTERTON: Rick, you’d probably
be the best to answer that.

MR. SURPIN: It would be silly, as an
employer, to say there are none. Certainly I think
one of the hardest things is to create public,
private partnerships. That those partnerships are
not easily constructed.

There’s always talk about that happening,
about the amount of forms and paper work, finding the
right people to talk to who have the authority to
make decisions relatively quickly, having time frames
that are realistic in the process.

As a private sector person, I’ve come to
believe very strongly in making investments over a
long time period. For instance, in the transition
from welfare to work, looking at a one-year time
period is what’s realistic for somebody.
Most government programs would choose to look at a 90-day time frame, which is really too short, to those kinds of things.

What's really required, more than anything else, is the matching of mindsets, trying to come together and understand the way each other's approaching the same problem.

GOVERNOR CAPERTON: Governor, I think one of the most important things that we're discussing here is the fact that everyone talks about welfare to work as if it's some easy, magic thing that is going to just happen.

And it doesn't happen easily. The jobs are difficult to create. The training is difficult and keeping people on jobs and making it better than the old way is difficult.

I think we take that way, way too lightly in this country.

GOVERNOR THOMPSON: Thank you very much.

Any other questions of the panel or Governor Caperton?

(No response.)
GOVERNOR THOMPSON: Thank you very much, Governor, Donna, Rick, and David. It's very nice. We appreciate it very much.

(Applause.)

GOVERNOR THOMPSON: Creating new jobs must now be accompanied by major reforms in how most state/federal affairs are being carried out.

None of us has worked harder this year on federalism issues than our friend and Governor from Ohio, Governor George Voinovich. He's led our efforts for mandate relief and he's been very successful.

And it was at this meeting a year ago for all of us Governors who were Governors at that time, that Governor Voinovich invited Senator Glenn and Senator Roth to join us to pass mandate reform legislation. Today, the mission is almost accomplished thanks to Governors and organizations of state legislators and county commissioners as well.

Our thanks also goes out to Governor Nelson for his prior service as the lead Governor on federalism.
I’m calling upon Governor Voinovich now to bring us up to date on unfunded mandates and federalism in general.

George?

GOVERNOR VOINOVICH: Thank you.

I don’t have to remind anyone here about the progress that we’ve made on federalism issues for the past year from unfunded mandates to welfare reform to the environment.

Congress is ready to consider legislation to ease our burden and grant us increased flexibility in managing our own programs.

Each of us can be very proud of the work we’ve done in getting our message over to Congress and the White House. Simply it is give us the authority and flexibility to manage our states in the best way that we know. That we’re the innovators and our states are the laboratories of democracy.

Since I became co-lead Governor for federalism is Tulsa two years ago, I have focused on working with Congress and with you to pass unfunded mandates relief legislation.
Today, I know how pleased we all are that we're very near to achieving that objective. It's been a long time coming.

Newt Gingrich assures us that that bill will be passed by the House after getting past the 140 so amendments, and I know the President is anxious to sign the bill.

As Tommy pointed out, exactly a year ago, we brought Senator Glenn and Senator Roth in to meet with us at one of our Governor-only meetings, and I'm sure after that meeting, many of you were skeptical that we'd get anything done.

But working with them and Senator Dirk Kempthorne and Congressman bill Clinger and John Conyers in the House, as well as the state and local government coalitions, we were able to negotiate a bill that was stronger than any mandate relief bill ever introduced in Congress.

And we got it approved by Committees in both the House and the Senate.

In spite of that, we were denied a vote on it late in the session. But we did do one thing. We
raised the importance of this legislation to state and local government officials, to the extent that Senator Byrd made it Senate Bill One, and this past Friday, our work paid off and we got our mandate relief legislation out of the Senate.

It’s interesting that the Bill passed 86 to 10 thanks to Senator Kempthorne, Senator Domenici and a representative from my state Rob Portman.

The enforcement mechanisms in the bills have been strengthened significantly. This is a good piece of legislation, and there’s been a great deal of misinformation on the House and Senate floors and in the media about what the bill does and does not do.

And I thought for just a minute, I’d briefly go over that for you.

First of all, the bill requires that the Congressional Budget Office publish a cost estimate for bills containing mandates in excess of $50 million in total costs on state and local governments, or a point of order may be raised against the bill.
Points of order, any point of order may be waived by a majority vote in either the House or the Senate if the bill contains a mandate in excess of $50 million. If it does, a point of order may be raised against the bill. The unfunded mandate will take effect if no point of order is raised or a majority votes to waive the point of order.

Unless the points are waived, mandates do not take effect unless funding is provided that’s authorized and appropriate to cover the cost of compliance as determined by CBO.

Provisions are also included to ensure mandates contained in amendments and conference reports are also covered under the enforcement mechanisms.

And Senator Domenici had the Budget Bill amended, which enhances the enforcement mechanism in the bill and triggers a 60-vote requirement in the Senate, if any future attempts are made to amend the bill without the approval of the Budget Committee.

The bill also establishes a mandates commission made up of nine representatives, three
appointed by the President, three by the Speaker,
three by the Majority Leader, to recommend the
elimination or modification of excessively burdensome
or outdated mandates.

This is the only provision in the bill
which deals with existing mandates.

House amendments. Other provisions have
been added in the House to assure accountability and
roll call votes, even if the Rules Committee waives
points of order.

The bill also requires that CBO examine
the impact of mandate bills on the private sector
that exceed $200 million in total cost.

So there's some help too to the private
sector.

And last, but not least, it provides a
regulatory consultation so that if federal agencies
are going to be spending over $100 million, they must
consult with state and local officials on any of
those regulations, which should help a great deal.

I would like to point out, the bill does
not undermine any existing civil rights or
constitutional rights and that answers the concern of many people in the country.

There's no doubt in my mind that the single most significant step we took in the process was bringing the state and local government coalition together in a unified effort. I really believe that the progress we have made has been a direct result of this unique partnership.

As I said in the past, we could not have gotten the job done by ourselves, and I'd like to publicly thank our partners for all that they've done.

The National League of Cities, the National Council of State Legislators, the U.S. Conference of Mayors, the National Association of Counties, the Council of State Governments, and the International City and Managers Association.

They've worked very, very hard on this bill with us, and they deserve a great deal of thanks for getting the bill passed in the Senate and I'm sure in the house.

I'd also like to recognize Ben Nelson who
really pitched in and helped us out. I just want you
to know that we have enjoyed a very productive
partnership with these organizations that I've
mentioned.

And I think we should point out that, too
often in the past, our respective organizations have
gone off in different directions, and Congress has
played us off against each other.

One of the things that was great was to be
there and testify before the House Budget and
Government Affairs Committee or Senate Budget and
Government Affairs Committee, and have everyone of
those organizations say, we're for it. We're against
any amendments that weaken it or strengthen it.

It's difficult for Congress to turn down
all of us at the same time.

I'd like to point out that one other thing
has happened. We have agreed on an agenda with the
other organizations, the state and local government
coalitions. I'm not going to go into all the details
but you have in front of you, it says state and local
priorities for the 104th Congress.
The things that are on this document are the things that they have all agreed to work with us on in this session of Congress, and I can guarantee you that because of the fact that we're all working together, we'll have a very good chance of dealing with some of these issues.

First is to get the mandate reform passed.

Second, to deal with the safe drinking water reform.

Third, to work with local governments and Congress to fix a provision in the Clean Water Act which imposes burdensome and unnecessary storm water controls on over 19,000 municipalities across the country.

Fourth, to see and reestablish authority for solid waste flow control, which is so important to many of our local governments.

Fifth, to support Congressional action to stop efforts to codify court-imposed mandates under the Fair Labor Standards Act.

And, finally, to deal with the reauthorization of the Paper Work Reduction Act.
requiring risk assessment and cost benefit analysis
during Federal rulemaking exempting state and local
officials from the Federal Advisory Committee Act.

I think, with this effort, some of the
things that are costing us money in our local
governments will get eased up and make a little more
money available to them.

I don't know whether you know this, but if
you go out into your cities today, you're going to
find that by 1998, 25 percent of the money that
they're funding will be from mandates, which means
the dollars are not there for providing basic city
services.

So they're very interested in seeing some
of this stuff changed.

It's important to point out also that
Governors Bob Miller and Fife Symington deserve a
great deal of credit for working with the coalition
on numerous of these issues.

I'd also like to thank Mike Lowry and
Terry Branstad, the current Chair and Vice Chair, who
have worked to continue the tradition.
I know they will work closely with the coalition on a host of environmental issues that challenge state and local governments.

I'd just like to close on this note.

I would really suggest that all of you make an effort to bring in the presidents of your local government organizations and spend some time with them and find out from them directly about some of the things that they're concerned about.

When we're lobbying for the passage of some of this stuff, when you contact your Senator or your Representatives, that letters go in with not only your signatures but the signature of those various organizations, I think that they'll have a lot more influence on your Senators and your House members. Particularly those of you who are members of Congress, it's nice to know that everyone agrees that this is something that you ought to do.

Mr. Chairman, again, I want to thank everyone for the great cooperation that we got. I want to thank you, Howard, for the terrific help that you gave me at the end of last year when we thought...
we'd get this legislation through. You were on the
phone with the White House and with leaders in the
Senate. I'm very grateful for that.

And Evan, he was overseas, and they got
him. He got on the phone and called home and gave us
a hand. And I just want to say, I'm very, very
grateful to you all for your help.

GOVERNOR DEAN (Presiding): Thank you,
Governor Voinovich. I will be sponsoring a
resolution thanking Senators of both parties, co-
sponsored with Governor Voinovich, a resolution
tomorrow that will come before the plenary.

But the one name that's not on that
resolution, and somebody we should be thanking, is
the name of George Voinovich.

George not only functioned as an ex
officio two or three members of the Senate in terms
of his vote gathering capacity, but was on the phone
to everybody that I know, trying to get the thing
passed.

We owe you a tremendous debt for your
leadership and your energy in getting this bill as
far as it's gotten, and we've got one more chamber to
go. And the President is very interested in signing
this and getting this done as quickly as possible.
And we deeply appreciate, George, what
you've done for this organization and for your former
organization, the League of Cities and Towns.
(Applause.)
GOVERNOR DEAN: We have now an opportunity
--
First, I should say, are there any
questions for Governor Voinovich on this issue?
(No response.)
GOVERNOR DEAN: We have an opportunity now
-- or I have an opportunity to make some awards to
states who have really worked extraordinarily hard
and shown great leadership in education.
At the Education Summit in
Charlottesville, the Governors and President Bush at
that time, made a commitment to establish national
education goals, and develop a process to hold
themselves accountable for achieving those goals.
And the Goals Panel, which I served on for
one year, was established to report to the nation on
the progress in achieving the goals.

And, as part of that commitment, we
adopted a policy that requires or requests that the
states adopt an annual progress report.

And every year, awards are given by the
Chairman of the NGA to states that submit outstanding
reports.

I would like to call to the podium for
this year's awards, the Chairman’s Awards for
outstanding state progress reports, Governor Carnahan
of Missouri for the Missouri Report on Achieving the
National Education Goals.

(Applause.)

GOVERNOR CARNAHAN: Thank you, Howard.

It is a pleasure to receive this on behalf
of all who have worked for education reform in
Missouri.

Our report does report on our Outstanding
Schools Initiative, which we started in 1993, and it
of course measures how we're doing with that
initiative, and how we're doing in meeting the
national education goals.

We're working particularly on drop out rate, parents as teachers are two of the big features that we're working on. And we believe we'll have more success in the future.

But thank you very much for this recognition, Mr. Chairman.

(Applause.)

GOVERNOR DEAN: The next recipient of this award is a true education Governor who has spent more time in education than I think most of us have served as Governor, that's Governor Jim Hunt from North Carolina, for Together We Can, North Carolina's collaborative effort to reach the national education goals.

Governor Hunt.

(Applause.)

GOVERNOR HUNT: Thank you, Mr. Chairman. I just want to say that I noticed these being given out last year, and I told my staff we'd better get it this year.

Y'all do the same.
If you’ll open that packet, this is the piece that we developed. And our approach was to give a page to each of the national education goals.

And what we did was to set out the goal, we said the hard road ahead for us, which was setting out exactly where we are and in effect saying how far we’ve got to go.

Then we laid out the initiatives that our state has underway to try to achieve that goal.

And then in the final, down in the bottom corner, we said what you can do. We have advice and information for parents and families, for businesses, for schools and for government. Everybody’s got a place in this. We’ve all got to work together.

We’re very proud to receive this and look forward to continued work with you.

(Applause.)

GOVERNOR DEAN: And finally, a Governor who’s getting a great deal of praise for a variety of efforts in all sorts of areas today for expanding opportunities for success, Ohio’s Fourth Progress Report on Education, Governor George Voinovich.
GOVERNOR VOINOVICH: I just want to say thank you very much, Howard.

I accept this on behalf of I think the finest public/private partnership in the United States, that's dedicated to improving education in our state.

The pamphlet here that you have was put out by our newspapers to about 1.5 million citizens in Ohio and was paid for with the help of the newspapers and the private sector people that were advertisers on it.

There's a much thicker report that's available, and if any of you are interested in receiving it, we'd be glad to send it to you.

It's very much like what Governor Hunt made reference to. It says what we've done, where we've got to go, what are the next steps, what you can do, what the community can do.

I think if we're going to reach the big, national goals, our people have got to know what those goals are and I think we've got to do
everything to make sure that they do understand them.
And the best way to reach them is to report on them
each year.

    Thank you.

(Applause.)

GOVERNOR DEAN: Believe it or not, we’re
ahead of schedule.

Fortunately, our next guest is also ahead
of schedule.

We have worked extraordinarily hard here
this weekend to craft a National Governors’
Association petition on welfare reform, and that
effort continues.

There are a large number of people who are
extremely interested in this issue on Capitol Hill,
and a large number of people who have been interested
in this issue for quite some time.

Today, we’re going to be fortunate to have
with us two of the most influential people, one from
the Senate and one from the House, on the issue of
welfare reform.

I’m sure we all have very sharp questions
because we are struggling with this issue ourselves.

And I very much appreciate the willingness of the
Chief Deputy Whip for the Senate Democrats, Senator
John Breaux, to be with us today.

I’m going to make sure Senator Breaux is
in this room before I introduce him. Is he in this
room? I know he’s in the hotel.

Well, I don’t see him. I’m going to ask
the staff to go out and corral him because he’s
probably being interviewed in the lobby.

Well, he’s on his way. He has been
corralled and he is being towed in.

We started on time. We crossed you up,
John.

SENATOR BREAUX: You’re obviously not the
Federal Government.

(Laughter.)

GOVERNOR DEAN: Senator Breaux is the
Chief Deputy Whip for the Senate Democrats. He has
been a member of the House and the Senate for 22
years.

He was a founding member, and is the
current chairman of the Democratic Leadership Council.

He has put a tremendous amount of thought and effort into this business of welfare reform, which we agree must be changed, which we agree must have work requirements, which we agree must have benefits that are commensurate with getting people to work, and which we have some struggles over in terms of a safety net for poor children and how to finance this so that state taxpayers don’t end up picking up the tab.

This bill is going to be marked up in the House probably within the next two weeks, perhaps even starting this week, and will be in the Senate shortly.

And we look forward to hearing from Senator Breaux on what he thinks might happen in the Senate and which directions he would prefer to see us go.

It’s a great privilege for me to introduce to you the Senator from Louisiana, Senator John Breaux.
SENIOR BREAUX: Good afternoon. Thank you very much.

I am really pleased to be able to spend a little bit of time without distinguished Governors, both republicans and democrats.

I said, when I walked in, I’m a little bit surprised but obviously this is not the Federal Government. You are running a program that is starting on time.

I thank you for letting me share just a moment or two with you.

I walked into the hotel, and as I was walking up, someone recognized me and said, Senator, are you democrats going to get your act together this session of the Congress.

And I said, well, it reminds me of the story of Beaudreaux and Abear from Louisiana who, at the sportsman banquet, won the raffle and first prize was an all expense paid trip to go ice fishing in Minnesota. And Beaudreaux and Abear had never done that.
But when they got up to Minnesota, they bought the supplies that they needed, and they went out, they bought a couple of ice picks, because they figured they needed that, they bought other winter gear that they needed, stayed out and in about an hour, and came back to the sporting goods store, and they said, we'd like to buy six more ice picks.

The guy said, okay, fine. He sold them the additional six ice picks. Thirty minutes later, Beaudreaux and Abear came back to the same sporting goods store, and they said, how many ice picks do you have left?

The guy said, oh, we have about three or four dozen. He said, we'll take them all. And the sporting goods salesman said, my goodness, you guys must be catching an awful lot of fish.

And Beaudreax and Abear said, catching a lot of fish, hell. We don't even have the boat in the water yet.

(Laughter.)

SENATOR BREAUX: Some would possibly say we don't have the boat in the water yet, but we're
trying.

And the subjects that you all are talking about are incredibly important, as we seek ways to make the state and federal relationship work a lot better than it's worked in the past.

Let me touch on just two things and touch on them as quickly as I possibly can.

Number one is a question of what we have started the debate with today in the Senate. It passed the House with only two days of discussion, and that is the amendment to the Constitution of the United States to Balance the Federal Budget.

I've supported it in the past. I've co-authored it in the past. I intend and want to vote for it again in this Congress.

But the question I have, and what I would suggest to all of you, that it is very important to each Governor to know that we are now starting finally to talk and also to shoot with real bullets.

Because what we do, as we move forward in this debate, you are going to be incredibly involved in, and not just in theory but in practical, everyday
reality.

Because after we send the Resolution to your State Capitals, you're going to have to look at it and say, what does it mean to my state, before you ask your state legislators to vote yes or to vote no.

And the concern that I have right now, as we talk about welfare and submitting it back to the states, is that you have a clear idea of what it's going to mean to your particular state.

Before your state legislators vote on the subject, there was I think a very important letter that was sent out at the request of Governor Howard Dean, your Governor Chair, to the Department of the Treasury, asking them to try and estimate what the balanced budget amendment would mean to the various states if it were to be adopted, considering certain assumptions.

The Treasury Department, who estimates this, are not political people. They are basically people with green eyeshades who really look at the numbers. They are number crunchers, they're professionals.
They've been in this Administration, they've been in other Administrations and what-have-you. And what they were able to do was to figure out the impact of a balanced budget amendment in Washington on each one of the various states, assuming certain things.

And the thing I think all of you ought to do is get a copy of that letter, if you haven't seen it, and see how the projections affect your particular state.

I know that for my state, on the assumptions that they assume, the impact would be dramatic and I would suggest very devastating. The impact of a balanced budget amendment on the State of Louisiana, a balanced budget amendment assuming certain things that we're talking about, clearly assuming, i.e., don't touch social security, i.e., don't reduce defense, but balance the budget.

If we did that, a balanced budget amendment for the State of Louisiana would reduce annual federal grants to my state government by $2 billion. $1.5 billion per year in lost funding for
medicaid. $94 million per year in lost highway trust funds. $48 million per year in lost funding for AFDC. $324 million per year in lost funding for education, job training, environmental programs, housing and other areas. Louisiana, under their scenario and their estimates, would have to increase state taxes by 27.8 percent across the board to make up for the loss in federal grants to my State of Louisiana.

And they have the estimate for each one of your states. One of the things I'm suggesting is that before we vote in the Senate this week, next week, or the week after, whenever we vote, and I think we will, that we have to ask that the Congress adopt, with this balanced budget amendment, what I have termed a State's Right To Know Amendment to just give you an idea of how we're going to do what the Constitutional Amendment says we have to do, if it's passed by 38 states.

I don't think that's too much for you, as a Governor, to demand the Congress to tell you. It's very easy for us to say we're going to do it. If we
pass the budget, we have to do it, and we will do it.

But I think the states ought to have in front of them the information that says what does it mean to my particular state when I ask my legislators to vote for it, or to vote against it.

And I think that's the question that they're going to be asking you, as the Governor, what does it mean? How is it going to be balanced? And what our resolution to the balanced budget amendment simply says is that Congress will do a budget resolution, lay out a plan as to what's going to be reduced, how it's going to be reduced in order to achieve a zero deficit balanced federal budget by the year 2002.

So I would suggest, as we talk about welfare, medicaid, or anything else you all talk about in your meetings here in Washington, that what we are going to do in that area will directly affect every single one of those items, every single one of those programs.

And we may all agree, I totally agree Congress should do it, vote for it, please make these
reductions, but at least the states need to know, how
do you reduce, how do you increase your state taxes
to maintain a level funding in that area.

I think it's absolutely essential. I
think if I were serving as Governor, I know the
problems that a deficit in Washington causes you, but
I would at least like to get an indication of how
Congress plans to fix it before I'd be willing to ask
my state to adopt it and to ratify it.

Welfare. Let me try and be as quick and
straightforward as I possibly can.

We all agree, I don't think there's a
Governor probably here that hasn't had to deal with
this problem. I've been working with it on and off
for the 23 years that I've been in the Congress, in
the House and in the Senate.

I don't think anybody agrees that it works
very well. Most people feel that it has not served
the needs very well of the people who are on it, nor
does it serve very well the needs of the people who
are paying for it.

They all want us to do something and have
a major change. And I certainly support that, I
certainly agree with it.

But I would only suggest that, as we look
at how to reform it, we make sure that we maintain
the connection with what I think should be the
central focus of welfare.

I would suggest that it’s not crime, I
would suggest that it’s not illegitimacy, I would
suggest that it’s not the breakup of the family, but
it really is essentially the question of work.

How do we get people who are on public
assistance into the private work force?

And I think in our discussions,
particularly since the last November elections, we
really lost a little bit of the focus on that central
issue, the question of how to get from welfare to
work.

I said it was the missing link, the
missing piece of the puzzle, because we all talk in
terms of the President’s proposal. Well, we’ll have
a time limit, we’re going to have education and
training, but there was never any real suggestion as
to how we get from that to the work force.

All the republican proposals talked about
a time limit in three years or less, and you were
off, but again didn’t, I think, have the real answer
or the missing link that connects people who are on
welfare to the work force.

The latest republican proposal I think
suggests, in my opinion, just giving it all to you.
I’ve termed it sort of like putting the problem in a
box and mailing it to you all and saying, look, we’re
out of here, folks; it’s your problem, you solve it.

Now if you take that approach and block
grants and let me do it all, bear in mind that we are
planning to do that in this session of the Congress
and I’m a big states’ rights supporter.

But if we put the problem in a box and
mail it to you, we may well be mailing it to you
without any money in the box. We may be mailing it
to you and saying, here, Governor, here’s the
problem. We’re out of it. We don’t have any money.
We’re balancing the budget, and we don’t have a lot
we can cut. We can’t really find the cuts unless we
do major cuts in medicare and medicaid and those
funding programs.

I guarantee you they're not going to touch
social security. If anybody in this room thinks that
we're going to make massive cuts in social security
which are 40 percent of the entitlement programs, I
will tell you that that is not likely to happen.

That means we've got medicare and medicaid
which is 31 percent of the remaining entitlement
programs to find all these cuts that we have to make.
We're talking about major, major reductions in
federal funding.

So if we just put the problem in a box and
send it to you without any financial help, I don't
think that really solves the problem. That's just
transferring responsibility. I don't think that's
the way we ought to go.

A final comment.

One of the things that we worked on in a
bipartisan fashion with two institutes at work here
in Washington, the DLC, the Progressive Policy
Institute, along with the Hudson Institute,
predominantly a republican organization, is to try
and come up with a concept of trying to privatize
that missing link, the missing part of the puzzle.
Getting the welfare recipient off of the public
welfare rolls and into the private sector.

And what we're talking about is using
existing subsidies, no new taxes, but existing
subsidies in this program to create job placement
vouchers. When that welfare recipient comes into the
welfare office, they sign a contract with the welfare
office, and that welfare office will be able to give
that recipient a voucher. The voucher would only be
able to be redeemed by a private sector operation if
the state thinks that's the best way to go, and that
private entity has one responsibility. To find that
welfare recipient a job in the private sector.

They can look at that person, they can
test that person, they can determine whether that
person is ready to go today, or whether that person
needs some remedial help in the basic skills that
they need to get a job in the private sector.

Their job, then, is to find them that work
in a company that will train them, that will help them.

Let me tell you what the good news about this proposal is. That private sector group only gets to get paid with the voucher when they have found that welfare recipient a job, and that they stay in that job for a certain period of time, whether it be seven months or one year.

But they only get paid when they find a job and a position that keeps them there for at least a year, if that’s the number that the state picks.

I think that provides a tremendous incentive for that private sector job placement operation to work with that welfare recipient to make sure I want to get them where they’re going to stay, because I know if I don’t, I don’t get paid, and my business is going to be a failure.

Some of the states, New Jersey, New York, and others, I think Cleveland has tried this, Florida is doing it with their good will job placement efforts, Cleveland Works is doing this, America Works is another corporation that’s doing this.
You could use it through the private
sector or you could use it through your job placement
office under the JOBS program that's operating in
your state.

I believe the states should have all the
flexibility that they want to design the type of
program that can best fit the needs of the people in
their state.

So this is just one suggestion that I thin
involves the private sector and provides the
incentives that they really need in order to get the
job done in a way that will make it work, and that we
can all be proud of.

Whether we send the whole thing to the
states and walk away from it, or whether we do it
with certain general guidelines, I think all of these
things are open for consideration. But the concept
of this private job placement vouchers is one that I
think has bipartisan support.

I've talked to Hank Brown, who was with
me, with Clay Shaw at the President's Welfare Summit.
Hank Brown, a republican from Colorado, likes the
idea and is going to be joining with me in
introducing that type of an amendment to try to
improve the system, and I think it will.

I encourage you to keep working with us.

This is not a political problem. It doesn’t have a
political solution. We’re going to have to work
together if we’re ever going to get it done.

I think we’re making great progress, and I
congratulate all of the Governors for the work that
you’ve done. You have woken up a lot of members of
Congress. I think that’s terribly important and the
right thing for you all to have done.

We’re going to make more progress I think
in this Congress on this problem than we ever had,
partially because the Governors have told us that we
have to do it better than we have been doing it.

And I thank you very much for your time.

(Appause.)

SENATOR BREAUX: Any questions?

GOVERNOR FORDICE: Senator Breaux? John,
I think you’re right in emphasizing the importance of
transitioning people from welfare to work. But you
talked about it being a tough problem, which it is, and you said, how can we do that.

I think the main thing that a lot of us want here is don’t have my staff people coming to Washington for one year and wasting time with a bunch of bureaucrats to get the waivers to do just that, because those bureaucrats probably don’t want me to have the waivers because it threatens their jobs.

Now I have a thousand jobs awaiting, and due to the munificence of these bureaucrats, I’ve been granted six pilot counties to do my welfare work. That leaves 72 other counties that I’ve got to work out later, once we prove ourselves.

But we’ve got a thousand jobs that have been sitting there for six months. We could have put people in. We shouldn’t have to go through this routine of coming up here and going through this drill with these bureaucrats who really probably don’t want us to have the waivers.

That’s one thing you could do and block grant the money to us, then we can get rolling on this. I’m confident we’ve got a good economy going.
That varies from state to state, but I’ve got the
jobs, and that’s the big first necessary requirement
for getting going on this is to have the jobs. I’ve
got the jobs and they’re going begging while I’m
going through the bureaucracy.

As far as the figures that the Treasury
worked up on what’s going to happen in a balanced
budget and how that’s going to affect every state, I
request, respectfully, Senator, to go back to them
and ask for some figures on just how much of my
grandchildren’s income is going to be consumed in
debt service if something isn’t done, about $400
billion of debt service annually, and a $4.5 trillion
debt.

That’s the overriding problem, and my
grandchildren are not going to have any
discretionary income left at all if we don’t attack
the problem, and the balanced budget is the way to do
it, because nothing else has worked.

SENATOR BREAUX: Two comments.
Number one, you’re taking all the jobs
from Louisiana. I know you’re doing real well with
ACE-FEDERAL REPORTERS, INC.
Nationwide Coverage
202-347-3700
800-336-6646
410-684-2550
The first point on the waivers, I think about 26 states now have waivers. Over half of the states now have some form of a waiver that has been approved. That's real progress. That's a hundred percent more than it probably was two years ago or there years ago.

So I think people in Washington are saying, grant the waivers, give the state more flexibility. I think that will continue.

But I would suggest, folks, that the federal government is not going to give all the money to the states and walk away from the problem. That's just not going to happen.

Whether we think we should or shouldn't, I will suggest politically the federal government is not going to have us raising the taxes and go back and say, all right, no restrictions, no accountability. We know you all are going to do a great job and go ahead and do it.

I don't think that's going to happen politically. Therefore, what I think we ought to
have is something that gives the maximum amount of
taxability to the states to devise a program that
works.

Certainly something that works in
Mississippi may not work in New York, California, or
my State of Louisiana. Let the states pick what’s
right and what can be done, and what works in your
state and go for it as fast as you possibly can.

I think that’s the trend with 26 state
waivers. I think that’s very, very clear.

I’m suggesting just one part of the
missing puzzle, and I would think that the concept of
trying to privatize moving the person off the welfare
rolls into the private sector and providing the
private sector the incentive and only paying them if
it works is something that is worth taking a look at.

GOVERNOR ALLEN: Senator Breaux, I’ve
enjoyed listening to your remarks, and appreciate
your leadership in the Senate, especially for folks
on your side of the aisle.

I’d like to make a couple comments, one on
welfare, but first on the balanced budget amendment
by requiring it, and this is my concern.

If you all go through this budget, and you know what torture it is to go through annual authorizations and appropriations bills up here, if you all, in the balanced budget amendment, have to project over at least seven years and probably nine years, because it will take a least a couple of years to get 38 states to ratify the amendment requiring a balanced budget, it seems to me that you’ll spend more time arguing about that, rather than on the balanced budget.

And it’s pretty difficult, I think, to project where you’re going to make expenditures for the next seven to nine years.

Clearly, from my perspective at the state level, clearly you’re going to have to reduce spending. It’s going to be tough, there’s no doubt about it. Folks are used to federal spending at a certain level, and everyone’s going to need to understand that the Federal Government is going to have to ratchet it down.

They’ll still increase spending. They’re
certainly going to have to determine what their
priorities are.

But I think that one of the things that
will never be shown, if you look at spending in the
next seven to nine years, it will be based upon the
mindset that has the Federal Government virtually
involved in every aspect of our lives. And also into
matters and into prerogatives that are rightfully
those of the state and local communities, as opposed
to being of national interest.

So I think that we can have more freedom
if there is less spending. I think that Governor
Voinovich of Ohio has talked about it and many of us,
there’s these unfunded mandates, there’s also current
mandates that if those were relaxed, that would free
up more of our money to be utilized and appropriated
in whether it’s law enforcement or education or
whatever our primary core responsibilities may be.

Also, there’s a cost to a lot of these
illogical and unscientific regulations. There’s a
cost to enforcing those, and there’s a cost on our
states and localities that is coming from that.
That's why you have an uproar over various federal laws, whether it's the Clean Air Act and their unscientific ways of pestering us.

So you have to understand that there are a lot of things that could be changed with the mindset of the Federal Government that we've had for decades and decades.

And that if you just withdraw from that and allow us to do it, we can free up a lot of our people to be actually serving folks.

Now, in the area of welfare, Governor Fordice is correct. I would only say that we could save the federal taxpayers a great deal of money if we can reach some sort of a contract, a contract of joint or dual or shared responsibility in the area of welfare reform.

Clearly, if there's going to be federal money, you can expect some federal guidelines, standards, benchmarks, something like that.

What we're saying is, we care in the states about our people. We're primarily responsible for them, and what you may do in Louisiana may be
different from what you do in Virginia, and we do
some things that may be different than Vermont or
some other state.

But I think we can come to an agreement,
while saving the federal taxpayers money, while also
allowing us in the states greater flexibility, less
federal bureaucracy, and clearly I think it’s a great
idea to have incentives for people to work, to
promote the work ethic rather than idle behavior.

And I think we can clearly, every one of
the Governors agrees that we need to lead folks away
from generations dependent on the taxpayers. We
would rather prefer them to be self-reliant.

I think we can work together in that
regard while also finding some help for you all, as
you have to meet a balanced budget.

SENATOR BREAUX: Let me just make a quick
comment on the balanced budget amendment. Don’t make
it too easy on the Congress for us just to pass
something that says a balanced budget is going to be
reached by the year 2002.

If I was a Governor of a particular state,
how would I answer the question of my president of
the senate or speaker of the house, when he comes up
and says, Governor, you’ve asked us to vote for this,
what does it mean?

Does it mean we’re going to have to
increase taxes? What programs are going to be cut?
Can you give me a guideline? Can you give me a
blueprint of what Congress is about to do to us?

Because without that, I don’t know how a
state legislator can make an intelligent decision to
say we’re going to balance the budget in Washington.
Does it mean we’re going to take it all out of
medicare, are we going to take it all out of
highways, are we going to take it all out of
education?

Give me a hint about what I’m getting
ready to get hit with because we’re not going to do
it in the abstract; it’s going to be real numbers and
it’s going to be real programs affected that affect
your citizens and your constituents, your people at a
local level, if this passes. It’s going to start
deciding which programs are we going to pick up, how
much is it going to cost, or how many programs are we willing to terminate.

I’m not saying that there’s anything wrong with that. I’m just suggesting that the state legislators ought to have an idea or a guideline of what we’re going to do.

And what we’re suggesting is that Congress, when we do the balanced budget, it just has a budget resolution accompanying it, giving at least the broad-based parameters of where these reductions are going to come so that you can make a more intelligent decision on the state level.

I voted for it in the past. I intend to vote for it again. But as a Governor, I’d be very concerned that what Congress is thinking about is not just reducing spending, but rather thinking about shifting the tax burdens in a major, major way.

And you ought to at least know that.

GOVERNOR LOWRY: Thank you, Senator Breaux, for saying that.

Where I come from, we call that buying a pig in a poke. Congress ought to be identifying
general parameters if this is going to be accomplished, or the burden that shifts to us is going to be dramatic.

A second point I would like to make. Give us flexibility on health care which costs us five times more than income assistance.

Give us flexibility so that we can meet our health care with health care reforms in our states. Because it costs us five to six times more than income assistance does, welfare.

GOVERNOR FORDICE: John, could I ask you one more thing on what’s —

GOVERNOR DEAN: Governor, I’m afraid we have another speaker here, and I think I’d like to give him equal opportunity.

We have Chairman Clay Shaw here. I’m going to have Governor Chiles introduce him.

Governor Chiles?

GOVERNOR CHILES: Thank you.

I’m delighted to have a chance to introduce, from Florida, Congressman Clay Shaw. Clay has had an outstanding career in public service. He
has been a mayor of a city, as well as a long and
distinguished career in the Congress.

I've had an opportunity to work with him
over a number of years when I served in the Senate,
and coming from Broward County in Florida, it's
always been one of Florida's, or has over the last
years been one of our fastest growing counties.

It's a county that has all of the myriad
of problems that we see in a growth state, a county
that has tremendous increases in its school
population, is always trying to keep up with having
enough school buildings, trying to have enough
schools, enough teachers, a tremendous influx touched
by the immigration problem, maybe not as much as Dade
County and Miami, but certainly hit by that problem
as well.

I think being from a state with the
problems that Florida has, Clay well understands that
this is a complex issue that states have different
degrees of problems regarding welfare reform. But I
know that in his chairmanship, he will be looking,
and trying to find ways to simplify the paper work,
the bureaucratic problems that we face. But, at the same time, trying to find a way that the federal dollar is spent most effectively.

I am delighted to have the opportunity to introduce my former colleague and my friend, Clay Shaw.

(Applause.)

CONGRESSMAN SHAW: Thank you very much, Lawton.

I think most of you will be delighted to know that there's a new wind now blowing across Washington, and this isn't entirely just because the republicans are now in charge, because we've been joined by the democrats in defining and redefining problems and trying to solve them.

And in the area of welfare, I don't think there's any greater opportunity or any problem that is more acute or any problem in which we have more of a sense of emergency than we do in solving the problem of redefining our failed process of taking care of those who are most vulnerable among us: the poor, the young, the infirm.
And in doing so, I think first you have to
go back and look at the problem as we find it today.
And we find it where teenage pregnancy is reaching
epidemic proportions. We find it now where almost
one-third of the American people are born out of
wedlock today. We find that we have a population
that is born out of wedlock, 86 percent of them will
at some time be on welfare compared to less than 10
percent of the rest of the population.

We have a situation that is absolutely
intolerable where we pay people not to work, pay them
not to get married, we pay them not to succeed. In
other words, we pay them to stay where they are.

And that is absolutely the cruelest system
that you can possibly have.

Now, I'm not standing here only as a
republican and trying to define the problem. We know
it's out there. You deal with it every day.

But what do we do?

Those of you who have been very
progressive, and I might say most of you have, you
come here, as Tommy Thompson said, you kiss
somebody's ring. I don't know what all you have to kiss up here, but those days are over.

(Applause.)

CONGRESSMAN SHAW: And in devising this new system, we have reached out to the Howard Dean's, the Tom Carper's, the Lawton Chiles' as well as the John Engler's and the Tommy Thompson's and the Bill Weld's, who have all testified before our Committee in telling us what is working.

You know, President Bush used to talk about the thousand points of light. I can tell you in welfare reform, there's 50 points of light. They are represented here at this conference.

The Governors are light years ahead of those of us in Washington in solving the problems of welfare. So what do we do?

We keep the old system in place.

Well, that's not going to last for many more months, and I can tell you there's another Governor that we've been working with, Governor Clinton. Last Saturday, he sounded more like Governor Clinton. He was slipping back into his role
as Governor, but he sounded actually supportive of what you all want to do.

And we are working in a bipartisan way in trying to come up with some of the solutions. And if we would dwell on what we all agree upon, time limitation, welfare cannot go on forever. It’s got to have time limitations on it.

And we are going to put that in place.

It’s got to have a work requirement.

We’re going to put that in place.

It’s got to have provisions in it where the people are discouraged from having children out of wedlock instead of encouraged, and we’re going to put that in place.

Then we’re going to look at how do you administer the program, and we’re going to be looking then to the senior partners and the senior partners are now going to be the Governors of the 50 states.

(Appause.)

CONGRESSMAN SHAW: You are not going to have to come to Washington to have your program pre-certified. We’ve got to of course evaluate the
programs. That has to be done on an annual basis. We’ve got to have audits. That is our responsibility when we’re talking about federal money. We’ve got to make public the reports of how you’re doing.

But I guarantee you, all 50 Governors will be very, very proud to come up and say that they’re doing a whole lot better than the program that was being administered before they took it over.

I’ll tell you, we are going to do, I think, one of the more exciting things, and there’s no reason in the world why we can’t go on to other programs and do other things.

In recognizing what really made this country great, in recognizing that we get these programs back to your state capitals, and I would hope, as Governors, that you would put as much of it down to the local level and let the mayors wade in on this.

In talking to the U.S. Conference of Mayors, just last week, they view you just as you view us, and they want to have more to say about what’s going to happen. They know, and they can put
together the local groups who will decide where the
jobs are so that people are trained for jobs that do
exist.

I think this is probably the most exciting
thing to happen in Washington certainly in the 14
years that I’ve been here, and to see that we are
working together as democrats and republicans, coming
together and we agree on so much.

And speaking to Donna Shalala, yesterday,
Tommy Thompson and I were with her on Face The
Nation. She was saying, she said, Clay, I think we
agree on 80 percent. And we do. We agree probably
more than that.

We get bogged down in some of the details
but we do agree that the responsibility of
administering these programs has to go to the states,
and we agree on what really makes this program work,
and what we have looked at.

Now, you look at what I’ve talked about.
Did I bring up any new ideas? No. These ideas you
people have been working on for years. We are simply
taking the ideas that you have made work in your

ACE-FEDERAL REPORTERS, INC.
Nationwide Coverage
202-347-3700 800-336-6646 410-684-2550
states and we are putting them into the law, and then we’re going to give it back to you, not in an empty box, but we’ll give it back to you as a package that is funded.

A block grant? Probably so. That we can put in provisions where we have an emergency fund set up that can crank in in times of dire emergency.

At the hearing this morning, Sandy Levin from Michigan, in questioning Lawton Chiles, he said something about the flood. He says, when you have a flood -- no, excuse me. This was to Senator Grassley, it wasn’t to Lawton.

He said, when you had a flood in Iowa, he says, you came and asked for federal money and you got it. That is a question and that is the answer to the problem.

Then I pointed to Sandy Levin and I said, well, when you talk about that, you talk about a Congress that did react. Congress will react. We’re not going to let babies starve. We’re not going to have these funds dry up in a time of recession. We understand that. That’s what makes our Federal
Government so great.

If there's an earthquake in California, a flood in Iowa, or a hurricane in Florida, we come to the rescue of the states that are having the problems, and we will continue to do so.

And I would say to you that have the faith that we will react to those problems, just as I have the faith that you will react to the problems and that you are in the best position of solving the problems of your states. You are in the best situation as far as putting these programs together.

We're going to put together a very wide perimeter in which you are then to design your own situation.

Governor Engler, in Michigan, where they have low unemployment, may want to start a work provision the first day. Well, he can do that, but he's not required to do that because, in other states, in Governor Dean's State of Vermont, where he has told us that they've got still a recession in place, he may very well want to have a period of time for job search and job training, and he will be able
to do so. And he can customize that.

As a matter of fact, you will be able to even customize as to where in the state you’re talking about.

Governor Lowry in Washington, where they’ve got massive unemployment in certain pockets of the state, he can make his program a little different in that part of the state than it is in another part of the state.

The extent of your imagination will be the only limitation that we’re going to put upon you because it’s going to be a new day and I look forward to working with the Governors as we have been.

And I can also tell you the Governors not only have been testifying at our hearings, but the Governors have been working with us in closed sessions. Their staff has been on board in working with our staff in actually putting this legislation together.

It is going to be a joint product. It’s going to be a product that’s going to work. It’s going to be a product that is going to give, to the
most unfortunate among us, a new sense of pride and self-empowerment because this is the way we have to face the problem in working people out of poverty, getting them to work, and making them into productive citizens.

This is the program with the heart, and this is the program that really cares about people.

Thank you very much.

(Applause.)

GOVERNOR DEAN: The Chairman has agreed to take a few questions.

Governor Carper?

GOVERNOR CARPER: Mr. Chairman, thank you very much for being here. Speaking as a former colleague, I feel a lot better knowing that your hand is at the helm as we go forward, than I might otherwise feel.

And what you've said today is certainly reassuring to us. We met earlier this morning with the President for awhile, and he has confirmed his own determination to eliminate the requirement for us to come here and to kiss anyone's ring in order to
get waivers.

He says, let's get rid of waivers. That's not the kind of flexibility that I want you to have. And he has vowed his determination that whatever is agreed to on the Hill, that his Administration will eliminate these waivers. We applaud that.

I want to reflect back a little bit on what Senator Breaux said, and what you've said as well.

What we need, as much as anything, what I think we need as much as anything as Governors is to make work pay so that families that have found it logical, even rational, to say on welfare because that's a logical economic decision for them, will actually find that they're better off if they go to work.

Some states, and these are not ideas that are solely for Delaware, but some states, for example, are letting someone who's taking a minimum wage job keep a piece of their AFDC check for a while, so they will actually be better off.

We're trying to provide child care for
those folks we’re compelling to stay in school or to
take a job to make sure that they have help with
child care.

We’re trying to make sure that people who
are taking a minimum wage job that has no health care
benefits, yet if you leave welfare eventually you
lose your medicaid, we’re going to try to make sure
that they keep their health benefits.

And I would just ask, as you go forward to
mark up a bill, keep in mind that among the things
that we need most are things that make work pay, that
enables a family to be better off by working. They
include child care, they include health care, they
include taking that earned income tax credit which a
person can file for next year when they file their
tax return.

But boy, it would sure be a lot nicer if
we could put that in a paycheck so we have the
ability of transforming a $4.25 an hour job to a
$6.00 an hour job.

Lastly, child support enforcement. When
people move across state lines, it gets much tougher
to collect child support, and there's a lot of it out
there that ought to be collected, and if we could
collect it, it would help a whole lot of families.

The last point on John Breaux's point
about the box, sending us a problem with money in the
box initially and the money gets smaller as time goes
forward, although the problem may not diminish in
size. It's just real important that the money be
there, especially to help us make work pay for child
care and health care.

CONGRESSMAN SHAW: I agree with just about
everything you've said. I think that you put that in
the record just about every point that you have made,
you put that in the record when you testified before
our subcommittee, and we took note of that, and we
are working ahead.

The child support is a provision that
we're still working on. We're going to have a
hearing on that next week -- excuse me, it'll be a
week from today. I would welcome any suggestions
that you might have as to how we should address that.

We're going to be working hard and making
that a very substantial part of the bill and a very
important part of the bill.

Tommy, I think you were talking about,
what was that figure you had on uncollected child
support across this country?

GOVERNOR THOMPSON: $34 billion.

CONGRESSMAN SHAW: $34 billion is not
being collected, and I can tell you, the
irresponsibility of a very significant portion of the
males in the population of this country, that is
something we must address.

These women are destined to a life of
poverty. In many instances, the male partner to
creating this child looks at this as a lark, as a
conquest. We’ve got to stop that and we’ve got to
let people know they are going to be held accountable
for what they do and what they produce.

This is something that we really need to
address.

Tom, being in Delaware, he’s surrounded
with states where it’s very easy to leave Delaware
and go into these other states. And we’ve got to
address that issue, and we will.

GOVERNOR DEAN: We have Governor Tucker

and then Governor Fordice.

Governor Tucker?

GOVERNOR TUCKER: Thank you, Congressman,

for your work on this issue. And many of the

principles which you've enunciated are things on

which there is wide agreement.

I am very concerned about how the welfare

change proposals will work in concert with the

balanced budget amendment. I don't understand how

Congress can ask us to trust them to respond to

working people and children in the time of a

recession if simultaneously, we were to have a

Constitutional amendment precluding us from touching

the Pentagon and retirees at the same time we needed

to provide money for children and working people who

may be laid off in a recession.

Can you give me something to take back to
the people of my state and tell them how we're going
to do that?

CONGRESSMAN SHAW: Well, I'm not sure that
the people of Arkansas are going to be very impressed
if you go back and say, yes, the Congress said to
trust them, and I did.

GOVERNOR TUCKER: That’s part of our
problem precisely.

(Laughter.)

CONGRESSMAN SHAW: The Constitutional
amendment that came out of the House doesn’t take
anything off of the table. So the Pentagon is not
protected. No Federal expenditure is protected as
far as the Constitutional amendment is concerned.

I look at this, and I can see that the
Mayors of this country are and should be concerned
about this. The Governors of this country are and
should be concerned about this.

I look at the balanced budget amendment
though as looking at what is the alternative. The
alternative is a continuation of what we have, and
the continuation of what we have is going to spell
economic disaster.

At least in my opinion, it will spell
economic disaster.
But obviously this is a fair concern and it is one that I can't walk away from. Because there will be, any time you’re talking about grants, you’re talking about, you’re taking it off of the entitlement and if you’re taking it off the entitlement, you’ve taken it off of automatic pilot, and the Appropriations Committee, every year, will have to look at this expenditure.

But that is what I call Congressional responsibility and it’s what we should be doing, as members of Congress, just as your state legislatures have to do on so many of the issues, and just as you have to supply them with a budget and what your programs are for the year ahead.

But I say this is a partnership and we are working together and we are working as partners. The question is, should you be concerned that the fact that this is coming off of an entitlement. Absolutely.

But I think you should be more concerned about the growth of entitlements because we’re going to have to look at this, and not only this, we’re
going to have to look at some other entitlements to
decide what is going to remain on automatic pilot and
what is not.

Because you can't have your entitlements
absolutely squeezing out your appropriation process.

GOVERNOR DEAN: Governor Fordice?

GOVERNOR FORDICE: Congressman Shaw, thank
you for those encouraging words to we that are
already engaged in welfare reform that some day soon
we might hope to continue that effort without gross
federal interference. We appreciate those
encouraging words.

I wanted to ask, with regard to what
Senator Breaux was addressing just before he left,
kind of an alarmist view that before we talk balanced
budget, state legislatures ought to know the percent
cut that they're looking at.

Just to put all that in perspective, is it
not true, and of course you have to get beyond
Washington rhetoric because, as best I can tell, cut
here doesn't mean cut at all as far as what we call a
cut. It simply means a reduction in the rate of
increase. That's no cut where I come from.

But isn't it true, to put everything in perspective, that we wouldn't have to cut at all if we could freeze the federal budget, and don't talk about what's on the table or off the table, freeze the federal budget, we can balance it in about half the time that we're giving ourselves in this balanced budget.

Simply freeze it and balance it in about half the time that is going to carry us to this 2002 deadline.

Won't that work?

CONGRESSMAN SHAW: It works. As a matter of fact, you could even limit the increase to about three percent and still come up.

GOVERNOR FORDICE: Not exactly alarming in the parlance of the way we do business in the states.

CONGRESSMAN SHAW: Sometimes, when you see some of the ideas, there is still a reason for alarm.

GOVERNOR ROMER: Chairman Shaw, could I ask a question?

One critical question is that if you do
the block grant, is Congress willing to put it on the
entitlement side of the budget rather than the
discretionary side of the budget?

That's a very crucial point of debate
among us Governors.

CONGRESSMAN SHAW: That's a crucial point
that's going to be hotly debated, I know in our
Committee, as well as once it gets to the floor,
because the question is, are we going to turn an
individual entitlement into a state entitlement.

Colorado, I believe, is one of the growth
states. You'd be concerned with the same thing that
Governor Chiles pointed out at our hearing this
morning. Are we going to take into consideration the
growth of these states on a year by year basis?

Yes. I have every intention of doing so
because I think that is called fairness, because we
want to take care of all the people without regard to
the state they happen to live in.

Because these states that are growing fast
have different problems and these things have to be
addressed within the legislation. But it's a big
question mark at this point of whether it's going to
be a state entitlement.

And what I plan to do is to put a
provision in the law to make it into a block grant,
but then have an upper layer above that which would
be a funded source of funds that can kick in in times
of recession, can kick in with special needs to some
of the states.

Very similar to how we handle the
unemployment compensation fund at this time. And I
think this will at least downplay the concern that
you might have and the fact that we will be taking
this off an entitlement.

It's like a rainy day fund that most of
you have set up in your own budgets. There's no
reason we can't do that, and we should be doing that
and planning ahead to fund these things, and not just
put it on automatic pilot and say these things are
going to happen whether Congress meets or not.

GOVERNOR ROMER: I think I want to help
you balance the budget. Our concern is that when you
have to make these tough decisions, that you have on
the table not just the pressure of children, but also
you have a competing pressure of the needs of
elderly. You know, I don’t want that to be off the
table. I think that debate is a tough debate and
those decisions are tough decisions.

But one of the problems with the block
grant is that it kind of separates individual
Congressmen from having to be responsible for that
vote, because they can say, well, that was Governor
Romer who did that to you, not me.

I just hope, in the way you do business
year by year, that each year you look at the relative
equity and need and the investment in the country’s
productivity as to how you support children and
productive workers as compared to how you support
those who are elderly.

GOVERNOR ENGLER: Congressman Shaw, maybe
you can respond to both at the same time, because I
think your initial response to Governor Romer is real
important. I thank you for that.

I also want to express my appreciation for
your openness in terms of looking at a period of time...
where we could have some certainty so that from a
state perspective, as we talk about that innovation
at the state level, there's an opportunity to say,
we're putting a program in place. Some of these take
a couple of years, especially as we're changing
directionally as much as we are now.

We move from having to go from waiver to
waiver to actually having an opportunity for the
first time ever to have systemic change, all at the
same time, integrated across what had been
programmatic barriers in the past.

So I just want to, and I thought you might
want to address, because this has been a topic of
conversation as well. The President referenced it
this morning.

He said, you know, a one-year, three-year,
five-year program.

Speaker Gingrich this morning, in a
meeting with some of the Governors, talked about the
idea of favoring a five-year period and literally
having a contract between the Federal Government and
the states, giving us that period of innovation.
Your thoughts on say that five-year fixed period, so that there's a reliable source of funding, especially given the caveat that you've just described, that so-called rainy day fund for something extraordinary and unplanned that might happen.

Other than that, the idea that there's some reliability for a fixed period of time. Speaker Gingrich actually used the analogy this morning, he said, we really ought to view this in part the way we have looked at some of the defense budget in the past, where we make a multi-year commitment on something that's a very big project that doesn't get done in one year, but it's your commitment that's locked in.

I guess I think that is fundamental to getting the kind of reform that we all seek in terms of reducing dependency, and I thought you might want to comment on that. It relates to Governor Romer's question, because it's that ability to rely that has been much debated around here.

And I must confess, some of the debate has
been in absence of at least any realistic assessment of how much reliability we have under the current status quo.

CONGRESSMAN SHAW: Of course, we budget in five-year increments now, and that is pretty much in the law. The question is, do we ever pay any attention to the budgets that we pass.

And I think usually the first thing we do when legislation is coming to the floor is we pass a rule to waive the Budget Act, and then we go forward from there.

I think that you're going to see a greater discipline and it's going to be a tough job, I can tell you. I think the two people who have the toughest job in Washington today are Congressman Livingston and Kasich, Livingston being the Chairman of the Appropriations Committee, and Kasich in the Budget.

Because we have made certain commitments that are going to be darn tough to deliver on. And it is bringing about a certain reality into government that has never existed before.

ACE-FEDERAL REPORTERS, INC.
Nationwide Coverage
202-347-3700 800-336-6646 410-684-2550
It won’t be too long before those figures are available, but they’re going to be very controversial, and they’re going to be very, very tough in all of these matters. And of course, even though we do plan these five-year periods, that can change every year, just as your state legislature can change its spending procedure every year.

So we are trying to plan ahead, and I think that the discipline of the balanced budget is really going to be really an eye-opening experience for all of us.

But we are going to build in as many safeguards into the legislation as we possibly can.

GOVERNOR DEAN: Governor Thompson?

GOVERNOR THOMPSON: Mr. Chairman, very quickly, let me just finish up by thanking you for your openness, your friendliness, and your willingness to work with us.

It’s been outstanding, and I would like to, as one Governor, publicly compliment you, Clay, for what you have done.
Of the trigger that you’re talking about, about what percentage would you set aside, if you could answer that at this time?

And secondly, could you give us some sort of a chronological update as to when you’re going to mark this up, and when it might reach the floor for debate?

CONGRESSMAN SHAW: I’m going to have to have the answer to your first question very shortly because we are on a fast track.

On November 9th, when I woke up, I think I came to sitting up in bed, thinking we agreed to do what in 100 days.

(Laughter.)

CONGRESSMAN SHAW: We are going forward, we are moving ahead, and I can tell you right now that the Welfare Reform Bill is away ahead of schedule. We brought it a long way. We are going to be doing the markup in the subcommittee within probably the second week of February.

Then it will go to the full Committee which already has its hands full with the tax cut for...
middle America that we promised, and we’re working on. But it is scheduled right now to go to the floor in late March.

So taking that as a schedule, we are really moving along at a very, very fast rate.

The Senate, as is their practice, is proceeding at a much slower rate. So I don’t know how long it’s going to be before they get moving.

But I am very, very hopeful that we’re going to have a bill on the President’s desk that the President will sign sometime this summer.

It is long overdue. We’ve been working on it for a long, long time. We’ve stopped spinning our wheels. We’ve got traction and we are moving ahead.

One last thing I will tell you. Your voice, as Governors of the 50 states, has never been stronger in Washington in the 14 years that I have been here than it is today.

Thank you and keep it up.

Thank you very much.

(Applause.)

GOVERNOR DEAN: We thank you very, very
much, Chairman Shaw, for sharing that with us. We will be seeing a lot of you within the next few weeks as you mark this up.

I'm going to close this session. I just want to remind everybody that there was a briefing on Amtrak to be conducted by Governor Thompson and Governor Carper. That's in Salon F down here. And there's also a Reception for Women Executives in Government in Salon E. That's at 5:00 o'clock.

This session is adjourned.

(Whereupon, at 4:35 p.m., Monday, January 30, 1995, the Session was adjourned.)
NATIONAL GOVERNORS' ASSOCIATION

* * *

WINTER MEETING

THIRD PLENARY SESSION

Grand Ballroom
J. W. Marriott Hotel
1331 Pennsylvania Avenue, N.W.
Washington, D. C.

Tuesday, January 31, 1995
9:50 a.m.
GOVERNOR DEAN: We are going to get started a little late. We have three speakers with us, and we are going to accelerate this as fast as we can. If people can take their seats, that would be great.

We have covered a wide range of topics during the meeting. Welfare reform, which I have to say we spent about 90 percent of our time and about 100 percent of the last hour and a half on; issues relating to children; education, transportation, workforce development, the Clean Air Act; juvenile programs; and telecommunications.

We have a package of policies which we will ask you to consider a little bit later in this session. We appreciate being able to hear from the President and the congressional leaders of both parties and have an opportunity to meet newer Governors. We look forward to further meetings.

As you know, we are planning a special meeting on the issue of children on June 6 and 7 in Annapolis, Maryland, being hosted by Governor
Glendening, and we will continue the work of Governors Merrill, Carnahan, Arne Carlson, and the Human Resources Committee, the work on the issues of children and how we might support them and their families as we realign some of the programs and as we realign our economy.

We are particularly interested in intervening in young children's lives and their families' lives if they need services early because all of you have struggled with the same thing that we have struggled with in Vermont, which is corrections budgets are going up at two, three, and four times the rate of inflation, foster care budgets that are going up two, three, and four times the rate of inflation, and we need to find ways, and there are ways in all of our States, to deal with those problems, and it is going to take time.

Today we have the opportunity to hear from an individual who has certainly revolutionized the way American politics is going to work, at least for the next two years, and we have enjoyed his fireworks sometimes, depending on your side of the aisle. But
I think all of us, as I said to a national news
organization, all of us, from a Governor's
perspective, thinks this change is a good thing.

There have been maybe a lot of partisan
disagreements about some of the new Congress's
programs, and there is partisan disagreement about
some of the ways that we work or don't work together.

But there is, I think, tremendous agreement among
Governors that the old Congress did not listen to
Governors as much as they could have, and we are very
appreciative of the new Congress reaching out to the
Governors in the way that they have.

So it gives me pleasure first to introduce
my longtime friend through the Lieutenant Governors'
Association and the Governors' Association to
introduce our next speaker, the Governor of Georgia,
Zell Miller.

(Appause.)

REMARKS BY GOVERNOR ZELL MILLER

GOVERNOR MILLER: Thank you, Mr. Chairman.

I am very pleased to have this honor.

Down in Georgia last week the dean of
Georgia's political writers, a fellow who has been covering Georgia politics for 40 years, had a column in which the headline was, and I quote, "Newt and Zell: Two Paws from the Same Pod." He then went on to say, "Governor Zell Miller, Democrat, and House Speaker Newt Gingrich, Republican, have much in common. Both are former history professors and both are boat rockers of the first magnitude. Neither can abide the status quo. Provocative and occasionally off-the-wall ideas erupt like Roman candles in each of their heads."

Now, I don't know about you, Mr. Speaker, but I consider that a great compliment. Our friendship, and I use that word purposely instead of relationship, our friendship goes back almost 25 years. I remember very vividly, in 1972 we debated each other during the general election. I was the State director of the Democratic Party at that time. 1972. Get that year. It was not best for Democrats, you will remember. Georgia went Republican, and in the presidential race at the same time we elected Sam Nunn for the first time. And
after that debate I remember very vividly going home and telling my wife about this formidable foe, and I predicted then to her that you are going to hear a lot about Newt Gingrich over the next several years.

So as a longtime friend and an occasional foe, I can tell you a few things about this man who presently has captured the attention of this Nation.

To my Republican colleagues, I don't think I have to tell you this. You have a leader, a man whose intelligence is remarkable and whose energy is even more remarkable. Your party could not have done better.

To my fellow Democrats, let me say this: We may disagree with this man from time to time, but he is a patriot. He loves this country and when we deal with him, we had better do our homework and we had better bring our lunch.

And to the press and the public, if you think this man is a passing fad or one who is going to have his 15 minutes of fame and then disappear or if you think he is going to self-destruct, you had better think again. This man is for real. He is
going to be around a long time. He can take it, he can dish it out.

I am very honored to present to you the first Georgian in this century to become Speaker of the U.S. House of Representatives, my friend, the Honorable Newt Gingrich.

(Applause.)

REMARKS BY HON. NEWT GINGRICH

REPRESENTATIVE GINGRICH: Let me say first of all that it was a delight to be introduced by Zell. I look around the room, Governor Lowry, there are a number of friends I served with in the Congress, a number of Republican friends, that I have worked with in a variety of backgrounds, but Zell and I go back a long, long way. We both are proof that perseverance may be the most important characteristic of politics. You don’t have to be pretty, you don’t have to be smart, you just have to be willing to go out and keep shaking hands and shaking hands and keep trying.

Did you run in ’64? Zell and I, I went up to a college to run a campaign for a Republican who
picked the only district in Georgia that Goldwater
didn't carry. In that year the young professor,
young Harris was out running for Congress on the
Democratic ticket in the primary. So we first
crossed trails then and debated in '72. We are
fellow historians. He has written a number of books.
I have written one. I am trying to write another.

(Laughter.)

REPRESENTATIVE GINGRICH: I don't know
that Zell had a chance to meet Rupert Murdoch in that
process. I think his books have not quite been in
that league. But we have worked together for a lot
of projects in Georgia.

I want to thank Governor Dean, who came by
twice recently. We had very good meetings in a very
positive way about issues that affect the States and
I thought really began with the right tone and the
right attitude.

The American people spoke on November 8.
It's clear that they want real change, and we are now
in the process of giving them that kind of change.

One of the reasons I was excited to come
here today is that you are a very key part of that revolution. All of you know that back home, and one of the things I would encourage you to do as you deal with the Congress over the next year is read your own speeches. That is, when you tell your States you have to balance the budget, don't be shocked if we say to you, we have to balance the budget. When you tell your cities and counties they are going to have to make do with less, don't be shocked if we say to you, you have to learn to make do with less.

When you talk about all the different changes you are trying to bring about in your State and then we come to you and use almost verbatim the same words, don't be surprised that change doesn't just start or stop at the State capital, that it's true everywhere.

It seems to me it's true not because of political ideology or political movement but because of five larger realities that you face at the Governors' level, we face in the Congress, the President faces in the White House, the cities and counties face at their level:
First of all, the genuine rise of the information age, the fact that all these cameras are here, we’re live on C-SPAN and people will be talking about us on Internet within three minutes. That is a reality, and it affects everything we do. It affects recordkeeping, it affects international terrorism, it affects job creation. You name it, in some way or another, the rise of the information age is having an impact on all of us.

The Alvin and Heidi Toeffler model, the Third Wave of Change, go back and look at government just prior to the rise of agriculture, then look at government during the agricultural era, what they call the First Wave. Then look at the enormous impact of change in the Industrial Age and how government had to change, and then assume, for example, that we are going to have to go through at least as big a change in our era as did the folks who survived the transition to the Industrial Age. It is going to be enormous, and it is going to affect every level.

Second is the inexorable reality of the Ace-Federal Reporters, Inc.
world market. Every one of you, and, frankly, Governors are often more aware than Presidents and Members of Congress of the competitive nature of capital investment, of going around the world and saying to people, "Look at our products. Look at us as the place to put your factory. Create jobs in my State."

Yet every decision we make at every level is a world market decision because you create local jobs through world sales. So every one of us is impacted every day.

I was in Sioux City, Iowa, the largest job center in the Sioux City, Iowa, now is actually just across the State line, and it is Gateway Computing, which will surpass the Iowa Beef Company as the largest employer in the area.

Now, that kind of change is happening everywhere in this country, and it relates to world sales, the world market, world competition. And so we are all affected by it. That means we have to rethink litigation, regulation, taxation, and education, just to be competitive.
Third, the welfare state has failed.

Every one of you knows that in your own State. You know it by what is happening to the poor. You know that by what is happening to educational outcomes. You know that by what is happening to violence. So we have an enormous challenge of replacing the welfare state with an opportunity society. That is true everywhere in America. It’s true on American Indian reservations, it’s true in centers of rural poverty, it’s true in the inner city.

Fourth, you are seeing a reassertion and a renewal of American civilization. The Enola Gay was a fight, in effect, over the reassertion by most Americans that they are sick and tired of being told by some cultural elite that they have to be ashamed of their country, that they ought to lack pride in what we have done, and that we ought to be defensive about our behavior. Every one of you faces this in your own State.

(Applause.)

REPRESENTATIVE GINGRICH: Fifth, and in some ways most radical, these solutions we are going
to develop together will not work unless we reassert
and reestablish civic responsibility and a sense of
community.

The era when we had to go shamefaced--and
all of you who have been in public life very long
have been in the meetings where the taxpayer’s job
and the citizen’s job was to show up and yell at the
professional politician; the professional
politician’s job was to be ashamed and leave, and the
clever professional politician tried to focus and
shape their anger or they tried to pander to whatever
prejudice was available. The fact is that what we
need and what the baby-boomers I believe are ready
for is a mature, adult conversation that says, "Look,
we will do a lot to shape society."

The truth is a free society is vastly
bigger than the government. There are many ways to
solve problems, and most of them aren’t in the
bureaucracy. Parents have to have some
responsibility for their children’s education, and
neighbors have to have some responsibility for their
neighborhood’s safety, and everybody is going to have
to have some responsibility for being able to compete
in the world market.

That is a very different definition of
citizenship than the one that says you pay taxes, I
the professional will supply whatever you want; if we
fail, yell at us, it's our fault. And we're going to
have to reassert that, because otherwise you can't
get a free society to work.

In the face of those five large changes, I
thought at least since the election in terms of our
new majority and what we are doing up here, that
there are three big facts that are overwhelming:

The first is that this is real change, and
I can't say this too strongly because you are going
to go back home to your professional experts, and it
is a little bit like "Yes, Minister," on the British
TV series, and your professional experts are going to
explain to you why in the old world they grew up in
and that they have an intellectual capital investment
in that you can't do whatever it is that Congress is
doing. And you need to say to them, "It's all gone."

In the first place, if you've got 218
House Members, 51 Senators, and the President, we can do virtually anything under the Constitution. So we can wipe out Medicaid in the morning and say good luck. That's reality. It's historically doable. It's legal. It may not be wise, but you need to go back home and say to them we are entering a new world and you had better be thinking about the new changes because if you try to explain why we are staying in the old world, you don't get it.

Second, it is very hard work. If you had said to me 90 days ago, the good news is you will be Speaker of the House and the bad news is you will be Speaker of the House, I wouldn't have understood it. Some of you who are Governors may have already been through this several times, particularly if you inherited a State in crisis and you had to spend 90 or 120 days getting things reorganized. But I can tell you this scale of what we are doing, the complexity of what we are doing, is just overwhelming.

We have to say that to the American people. Again, I think the baby-boomers are mature
enough to say to them in order to turn this country around, you don't want to turn on the evening news and watch drug addiction, violence, rapes, spouse abuse, children being killed by their parents. You had better roll your sleeves us, this is going to be hard work.

There are no magic bullets. There is no instant answer. But if all of us roll our sleeves up, we can get it done.

The third fact is you have to keep your promises because you have to rebuild the public's faith in public leadership. They have to believe you mean what you say. That's why every time I speak I pull out the Contract because the Contract is real. This is the laminated version of the TV Guide Ed. It now has a hole punched for the balanced budget amendment. As we do each of the two items, we will keep punching the holes.

The purpose is not because this is necessary totally right, but it is what we campaigned on, it's what they voted for, and we owe it to them to keep our word. And if we find reality has changed
and we can’t quite get something done the way we
would like to, we owe it to them to be very honest
and very direct and say let me tell you what we have
learned and why we can’t do it, because people will
accept that dialogue differently than somebody who
just says, well, that was then, this is now, that was
before the election, why are you bothering me?

Now, in that framework, what I am
suggesting to you is that we have an opportunity to
replace cynicism with a new sense of hope. Probably
our most difficult challenge today is the news media,
and if your State news media is like the federal news
media, it is a great challenge. It is a bigger
challenge, in my judgment, than the bureaucracy.

But we can do it if we just continue to
hammer away at the notion that this is America, that
we have every right to dream heroic dreams because we
are Americans, to paraphrase Ronald Reagan, and that
in fact this country has a great future and that
occasionally reporters ought to try to actually cover
what we are doing and not just find some new way to
start a fight.
So, again, we need to launch a new
dialogue. And I really want to use this word. And I
appreciate so much Governor Dean's attitude when he
came to see me. We don't need for 1995 any debates.
We had debates in the summer of 1996. In 1995 we
need a dialogue. We need an honest exchange of
ideas. We need an honest effort to improve things.
We need to do the best we can to get through one year
without a campaign. We need to work with each other
in that dialogue, and that includes all the American
people.

I believe in that new hope and that new
dialogue, we will create a new partnership, and I
really believe the new partnership is the term which
will replace the New Deal. In the Information Age
the government doesn't have the cards to deal,
frankly.

So we need to get everybody around the
table as partners. We need to say to the poor, we
will reach out a helping hand, but you have to reach
out too. We need to say to drug addicts and
alcoholics, we will reach out a helping hand, but you
have to reach out too. We need to say to the illiterate, we will reach out a helping hand, but you have to reach out too.

I believe most Americans will accept the moral premise of a new partnership. That new partnership, I believe, will create a generation of new leaders. All of you have discovered, you know, not necessarily a PhD, not necessarily a lawyer, not necessarily somebody with an MBA, just a good, hardworking citizen with common sense, who has the human qualities to get things done and to get people to follow him.

I think with that new leadership we will create a new era in which we will reassert and renew American civilization.

What I want to come here and talk with you about within this larger framework, which, by the way, I realize how busy you all are, but you have some fairly sophisticated staff who want to see a much larger explanation of it, I am teaching, I am in the middle of teaching a 20-hour course at Rinehart College on renewing American civilization, which is...
my effort to lay out the architectural design of how
you will do this. I would just recommend it to you.
Any of your staff can call 1-800-TO-RENEW to get the
information on it, or they can call my office.

But I wanted to come here today to talk
about a contract with the States and a partnership
with the Governors. Let me start with the idea that
the framework for us is to get to a balanced budget
by 2002. We hopefully, although I have noticed that
Senator Daschle is trying to change his position and
now be against the balanced budget, which is
unfortunate, but we hope we will be able to get the
balanced budget through the Senate. Whether we do or
not, for as long as I am allowed to serve as Speaker,
the House will make decisions based on achieving a
balanced budget in 2002.

(Applause.)

REPRESENTATIVE GINGRICH: With or without
the amendment.

(Applause.)

REPRESENTATIVE GINGRICH: That is the
framework.
I ask you to work with us. I understand as Governors you take whatever the worst State was, and it may very well have been what Pete Wilson inherited, but you take whatever your problems were going in, or Bill Weld's, claiming he cut 13 percent out of his budget the first 90 days, I had a critic come over and say it was only 11.

(Laughter.)

REPRESENTATIVE GINGRICH: Whatever the number, take whatever your problem was, and then look at federal budget. In seven years, this is a Herculean task. But I ask you to enter every conversation in our dialogue from within that framework.

Let me make the following suggestion, and I have to say, by the way, as I said last night, when I look at what Governors Weld and Whitman and Engler and Thompson have done—and I say this, Pete just fought his way back, they had very tough decisions, a very tough economy—I am inspired to say to the Congress, how can you have Governors who have done this, Terry Branstad, who went all the way through
the ag depression and managed to continue to work his way back, how can you have Governors who have done it and then say we in the Congress don’t have the will to do it?

In that sense, we look to the Governors for a certain amount of real inspiration here and the moral courage you have shown, virtually every one of you, in saying again and again, we are going to balance the budget, we are going to do it, and it’s on a bipartisan basis across the whole country.

In that framework, Governor Engler helped invent yesterday a new idea, which is that we resemble the State legislatures a little bit. You know, the feds right now, when you have something that is truly stupid -- and the Post today managed to mischaracterize it as though I was being flippant, so I will try to say it in a clear way for the press: If you have the Federal Government doing something truly stupid, the current federal attitude is, unless we change the entire law, which is almost impossible and cannot be done in a timely manner, it is impossible to stop the federal bureaucracy from being
stupid. Therefore, if you have something in your
State which is truly stupid, we will tell you, we
agree it is truly stupid, the President will then say
he agrees it is truly stupid, we will then all stare
at the bureaucrats as they file another lawsuit to
enforce their stupidity.

The bureaucrats will tell you, yes, they
think it's stupid too, but they are forced to by the
federal law and therefore nothing can be done.

My impression is that in most States, if
you have something which is truly stupid, you try to
pass a correcting legislation to eliminate the
stupidity.

I have been listening to Governors tell me
how they actually function. So what we want to
propose and John Engler deserves a lot of credit for
this, we want to propose that we establish, probably
the first Tuesday of every month, as Corrections Day.
And what we will do, it will take about a six-week
lead time, so we need to gear up when you get home
this week, you bring us items so dumb that you
wouldn't want to tell your mom you were busy doing
them.

(Laughter.)

REPRESENTATIVE GINGRICH: And we will schedule them. The first one I hope to schedule, I have checked with Governor Wilson of California this morning, Mayor Golding of San Diego came to me and said they are being required by EPA, the Environmental Protection Agency, to build a $10 billion secondary treatment plant designed perfectly to fit Lake Erie so they can dump their effluent in the Pacific Ocean and that every oceanographer at Scripps has said this is irrational scientifically. In fact, in the district court San Diego won the case.

I just checked with Governor Wilson and he said, yes, that he would be glad to support a narrowly drawn act to eliminate--and we're not going to do it to select out San Diego--we will simply say any city which is on the Pacific Coast and which has scientific proof that it is irrational to expend its money in this manner shall be exempted from the EPA harassment. I don't know what the legal language

but we are going to start drafting it.

But my point is very profound. It is not the silly headline the Post gave it this morning. My point is that if every Governor, every mayor and every county commissioner in this country, and every business, knew that if they identified something totally dumb when the bureaucrat says to him, you have no recourse, their answer is, oh, yes, I do.

We are going to bring it up on Corrections Day, and every agency will begin to realize that if they show up seven Corrections Day in a row, then maybe the next goal--

(Laughter and applause.)

Representative Gingrich: My only point, back to you as Governors--because Bob Dole has a harder job than I do because the Senate rules are less forgiving on these kind of innovations--is that when we get something good for your State, and we get it out of the House on suspension, you have to work...
the Senate to get it protected so that the bill
passes in its narrow form.

I think the

President will be delighted to sign 20 or 30
corrections bills a month. He and I discussed the
idea late Saturday night. We think this is a
direction that is useful. So that's my first offer.
You can go back home, get your folks to work right
now, and we will have a Corrections Day center in the
Capitol, and we will take every idea on a totally
nonpartisan basis. If you have a good one, give us a
chance to help.

(Applause.)

REPRESENTATIVE GINGRICH: Second, George
Pataki came to us with a good idea. I must say, it
teaches you something about the Governor's
aggressiveness because Governor Branstad was trying
to up the ante as I walked around the room. Governor
Pataki came by and said that when they have trouble
getting money saved at the State University of New
York system, they offered an incentive: that if the
president could deliver on less than the cost that
was allocated, they got to keep 20 percent for their college campus.

They suddenly found a new passion for efficient management of State resources. Governor Pataki said, "You know, if you would give us an incentive, I believe we could save a lot of money if we knew we could keep 20 percent." With all due respect, Terry was really trying to get 50 out of the deal. But I respect good, honest negotiations. I came back and offered 10.

(Laughter.)

REPRESENTATIVE GINGRICH: I want you to help us craft the idea because, frankly, if we do it with you, you may have an obligation to do it with your city and county governments. But if we could work that away, you know, the old baseline was the liberal baseline, which always won out. If we could now establish a conservative baseline, where here is the baseline but if you save it, it comes down, you get to keep 20 percent of the money, then you and your legislature can decide how to spend it, then you and your legislature can decide how to spend it. So
you have an incentive for efficient management. Then
you start getting the Governors' Association swapping
information about how you save money and how you
managed it better.

It seems to me that we would be in a whole
new cycle of virtuous behavior with you profiting
from your being smart, the taxpayers profiting from
your being smart, and everybody being better off.

So I would like to ask you to establish a
task force to help us write that legislation and to
design it.

Third, I want to ask you to develop for us
a federal cost-cutting contract. We are trying to
get the balanced budget. What I would like to get
from the Governors's Association is a real simple
little chart. On Column A, it says here's what the
feds do to us that is dumb and costs a lot of money.
If you will repeal this, this is how much less money
we will have to spend out of our State budgets.

Column B is, here is how much less you
guys in Washington have to send us if you repeal
column A. Now, we work out a contract where we have

ACE-FEDERAL REPORTERS, INC.
Nationwide Coverage
202-347-3700  800-336-6646  410-684-2550
to pass the bill together so we are relieving you of federal burdens at the same time we are relieving you of federal money. I am going to work out some formula so we relieve you of $3 of burden to $2 of money, or whatever we negotiate out.

But I think a contract for cutting the cost of federal imposition, unfunded mandates, remember, that we are passing now, is prospective. It doesn't go back and clean out all the problems that have already been built into the law.

Mayor Riordan told me he felt in L.A. that $6 billion was the municipal government amount for the next five years that we are costing them in money they are going to have to spend doing things they might not otherwise do.

In addition, I would like your advice on whether we should abolish the federal regional centers. Are they in fact useful, or are they in fact just a waste of time? Are they a place that you stop off at on the way to coming to Washington, or are they a place that works? I don't know. I am open to that.
But I am just saying, when we look at downsizing the Ford Motor Company and downsizing at IBM, should we delayer the Federal Government so States work more directly? I would just like a recommendation back from the NGA on what we should do.

I would also like your advice on how to revise federal property disposal. I think about the Presidio, which could be one of the great jewels of San Francisco, but the notion that the current law requires us to behave irrationally if we try to dispose of it or turn it over to the States is something we ought to revisit, because, frankly, if you shrink the Federal Government, we may dispose of a lot of property and we are not going to have a handful of self-appointed people showing up and claiming every piece of property under some arcane act. That needs to be revisited.

In addition, Governor Miller was a real leader on the issue of crime. And I just want to say in that tradition, a number of you have been very tough on it. There is a provision in the law that
allows a look at federal military bases that we are
demobilizing, and it does seem to me that there are
some places in the country where we are demobilizing
very big, very rural bases, so we don't have a not-in-my-backyard problem of prison building, and we
ought to look at a consortium to take advantage of
that kind of land.

We have also talked with Attorney General
Dan Lungren of California. We do have a provision
that stops the prisoner lawsuits that are clearly
frivolous. California alone now has 52 lawyers who
do nothing but respond.

(Applause.)

REPRESENTATIVE GINGRICH: We want to work
with you on minimizing the federal judges' ability to
take over prisons and establish their standards.

(Applause.)

REPRESENTATIVE GINGRICH: On welfare
reform, we have had a very, very successful time,
working with Governors Thompson, Engler, and Weld.

I hope--I know there is a split in the
NGA--but I hope we are going to be able to come up
with some rational project which dramatically
decentralizes, for this reason, and forget saving
money, forget bureaucratic overhead, we know the
current system is failing and we know that in failing
it is destroying Americans.

Children are being destroyed today while
we are in this meeting, and my theory is that if we
could have 51 experiments with Congress experimenting
in D.C. and the rest of you experimenting each in
your own States, just getting 50 different
experiments, and I would beg you to both personally
read Marvin O. Lasky's "The Tragedy of American
Compassion," and have every person who is going to
work with you on welfare read it before you decide
how to design your plan.

But if we could have 50 experiments in
transforming and saving the poor, surely out of those
50 parallel experiments we will learn more than we
are going to learn with highly centralized
Washington-based systems.

I don't totally trust the Governors. I
agree a little bit of Governor Dean's notion that you
don’t want to automatically trust anybody. But if we can sign a five-year contract, recognizing that Congress will still be here, we will still do oversight, and at the end of five years, we can rewrite if we find that somebody has cheated in an egregious manner.

But I want to liberate every one of you to sit down with the people of your States to ask yourself what can we do to save the children today, not five years from now, not ten years from now, not after 22 studies--today.

(Applause.)

REPRESENTATIVE GINGRICH: I also frankly want to encourage you to look at Medicaid in the same way. We are prepared to give you enormous grants of authority on a contracted basis for you to run Medicaid so that you are in charge of the delivery system of your State, without massive detailed oversight.

Again, I see this as a limited experiment, a five-year contract. We have oversight. We watch. At the end of five years, we review the whole thing,
and with your help we figure out what didn’t work and we then come back and we rewrite it. This is not in perpetuity. But I am prepared to trust the States for five years as an experiment. I think most of the States will do better than Washington expects. The places that don’t, we can learn how to micromanage again. We can go back and rewrite it. But at least let’s try to trust the people and try to trust the State governments.

(Appplause.)

REPRESENTATIVE GINGRICH: On litigation reform, we have bills already moving. Chairman Hyde is working in his committee, and I think it comes to the floor in late March. We very much would like to get from the National Governors’ Association what particular aspects of litigation reform most cost your State unnecessary money. What should we be doing to make life less litigious at the federal level for States?

The legal system should be designed to give optimum justice for citizens, not the optimum income for trial lawyers. And we need to, frankly,
go through a system that is practical, efficient, and you can afford. We do not today have that kind of system. It is no accident that Edward Deming, the founder of the quality movement, the man who taught the Japanese the concept, listed our litigation system as one of the two major impediments to our being able to compete in the world market.

So we want the National Governors' Association's advice on how to rethink litigation reform.

On immigration, I want to make two points. One, I believe the failure to protect the American border is a federal responsibility.

(Applause.)

REPRESENTATIVE GINGRICH: I believe the Federal Government has an obligation to work with you and to take up the cost of that if we require you to do something involving illegal aliens, if we are incapable of so writing the law that we instantly and efficiently deport illegal aliens.

And again let me draw the distinction: I believe passionately in the legal right to have legal
immigration, and I believe that many of the legal
immigrants in this country have been among our most
productive and our most desirable and our most
effective citizens. We cannot allow an honest debate
over illegality to degenerate into a debate about
race and ethnicity. I want to draw that distinction.

(Applause.)

REPRESENTATIVE GINGRICH: If I may also
suggest that we have two jobs here. Job one is to
say let’s make the feds pay for it because, frankly,
if the feds have to pay for it, Washington will
understand how big it is.

But, two, I want to propose to you--and we
are going to be asking the Governors of the border
States to have their State police and their National
Guard reviewing it and recommending directly to us--
it is irrational to suggest that the United States
cannot in fact have borders that are protected.

There is no European country that would
accept the notion that you have to have huge
population migrations that are just uncontrollable.

Frankly, the total cost of being effective at the
border is a very tiny percentage of the total cost we ultimately pay by being incompetent at the border.
That is, I think both of those -- we take care of the responsibility and we fail, but we take dramatically bigger effort by this summer to not fail.

(Applause.)

REPRESENTATIVE GINGRICH: I just have three more things. I appreciate your patience, but I wanted to lay out for you the two-year agenda where we can work together on our partnership.

Let me suggest that you all do a lot more about jobs in the world market than any elected federal official, no disrespect to the President, the vice president, and Members of the House and Senate. The fact is Governors wake up and think about how do I get jobs in my State? I would love to have the National Governors' Association put together an advisory group to be extremely bold. I use a planning model of visions, strategies, projects, and tactics.

I would love to have you come back to us and say here is our vision of America competing in
the 21st century in the world market, here is how America can be the value-added society in the world, here is how we can have the best jobs on the planet.

I have looked at things such as, for example, requiring Foreign Service officers to spend one year in an internship in exporting companies before they can become an ambassadors. I look to the notion of having a special ambassador for exports to Japan. I think we have got to rethink our tax code.

I think we have got to look again and again at what do we have to do because, let me tell you, we are in the competition of our life. The Chinese, the Japanese, and the Germans are first-class economic competitors, and if we think we can be sloppy and compete with them, we are just going to get our brains beaten out, legitimately, in a free market.

So we had better roll up our sleeves, and it seems to me on a bipartisan basis Governors do more to think about how to get jobs in America than
any other elected group in America. I just think you
could play a major role if you are bold enough and
decisive enough and reach far enough out in your
ideas.

Next to last, I would like to work with
you on entering the information age. We had a very
exciting meeting last week at the Library of Congress
on what seems like an arcane concept, creating a
national digital library. Let me tell you the name I
would like to apply to it, transforming the Library
of Congress into the Library of the American People.

What they are going to do, we are raising
match money, three-to-one private to public money,
and it is about a $60 million project. We are going
to digitize--that is, put on computer--five million
basic documents relating to American history.

We are then going to reach out and start
doing the same thing for science, for math, for
engineering, et cetera.

The goal is to literally make it possible
for any child in America sitting at home to access
the Library of the American People for any school
teacher anywhere in America, to access in real time, say, would you like to see a Mathew Brady portrait of Abraham Lincoln, let me call it up on the screen for you.

To do it so that all of you can participate with your phone companies, your computer companies, your cable companies, and every one of you can launch experiments back home.

This project is already up and running, so you could literally go back home tonight and suggest to your staff, let’s find what one of our local communications or computer companies would like to do and let’s take a poor neighborhood--and I mentioned yesterday morning to Governor Edgar that we already have Americatech and the Chicago Tribune looking at taking a very poor neighborhood in southside Chicago and liberating that neighborhood to put it in touch with the world.

But I would say to my friends from rural States, the impact may be even greater when the smallest high school in America in the most remote area can access directly to the largest source of
knowledge on the planet. That can be done today, and
we want to cooperate with you in using the
information age for distance medicine, where the
poorest hospital in the most rural area has direct
access to the finest cancer specialists in real time,
to distance learning where every child in America is
tied into the best teachers and the best databases
and to distance work.

Again, those of you who know for example,
in South Dakota, the number of jobs that are now
created by computerized systems, or in Omaha or in
Utah, where you have systems that are basically
nationwide where people are earning a living.

We have opportunities, I think, to
dramatically increase the income of rural Americans
through distance work.

Lastly, let me mention just two things
that I am working on to replace the welfare state so
you can understand sort of the direction we are
going. And I say again last week for me was a
liberating week in reading "The Tragedy of American
Compassion." We are working in Congress to try to
arrange with every member of the Black and Hispanic
Caucus to exchange districts with a Republican
Member, to reach out.

Now we have two African American members
of the Republican Conference, where they both
represent largely white districts. But we need to be
honest to be in the inner city. At the same time, we
need the legitimate elected representative of the
inner city to be in our suburban and rural districts.

I want to recommend you go back home to your State
legislature and make the same proposal, that a
weekend spent in each place, the process of getting
to know each other, the beginning, as I said earlier,
of a new dialogue.

And I was delighted that Charlie Rangel
came up to me on the floor as one of the senior
members and the second ranking member of the Ways and
Means Committee, that he would actively work with me
on this and that he would come to Georgia and get to
know Cobb County and Fulton County better. I will
come to Harlem and get to know his part of New York
better and we would start the dialogue.
Charlie Rangel fairly surprised me. He said he would help with my second project. Zell knows about this. We have done it in Georgia. We have a little idea we developed, I guess seven years ago now, called Earning by Learning.

We go into public housing projects, we take volunteers, we use public library books, we use free space in the library, I mean in the housing projects, and we pay second- and third-graders $2 a book. It is being done in Jersey City by Brett Shundlen. It is being done in 17 States by volunteers. No overhead, no bureaucracy, no waste.

You raise $500, you pay for 250 books. I said I would challenge in six major cities--New York, Baltimore, Washington, Atlanta, Chicago, and Los Angeles--I would challenge the newspapers. I will raise half the money. Since they have the highest vested interest in literacy, they ought to raise half the money.

(Laughter.)

REPRESENTATIVE GINGRICH: Then the minority elected leadership of a community ought to...
go to the churches and synagogues. I have gotten such a terrific reaction to this, and Charlie Rangel, second ranking member of Ways and Means, he would help me raise the money in New York City. He said it was very fascinating. He said all these big companies want to help. So they send me baseball bats to give out to my kids. He said, my kids aren’t going to earn a living playing baseball, they aren’t going to earn a living playing basketball. He said, if I could say to the major corporations, why don’t you help, why don’t we try to launch a project where this summer in every public housing project in America there are volunteers with second- and third-graders?

Now, why do we pay them when they all watch the baseball strike, they all watch rock stars contracts, they all watch television sitcoms?

These kids are growing up in a world where they are told everybody who wants money can get it, and we think reading is so important we won’t pay you anything.

They need to learn that it’s possible to
do an honest day's work and get cash, that you don't have to be a pimp or a prostitute or a drug dealer.

Three, they actually get to meet adults who cared enough to come to their project because they care about children.

We had one young man with a very severe mouth deformity. We actually allowed him to come to the program down in Jonseboro. He came to the program. He was a fifth-grader, but he was so lonely and so isolated that he had nothing else to do. He read the most books of any kid in the program. Two orthodontists took him under their wing and for free gave him two years of care, rebuilt his mouth, and probably changed his life permanently.

But it begins to rebond people. It begins to say, you know, what true charity is about is your soul, it's not your pocketbook, it's giving of your time, it's being connected, which gives me one last comment, because I have so many Governors I have to share it with you because it popped up Saturday morning.

We were having a town hall meeting in ACE-FEDERAL REPORTERS, INC.
Georgia, and a man got up and he said, you know, my wife and I are trying to adopt children, and it's now so expensive and so complicated, we don't know if we can adopt children and we think you ought to review the adoption law. And I made a note and said we would look into it. All of you, I think, have the same pressure.

Then he said something that startled me. He said, we live children. He said, we would be willing to have a pregnant teenage girl live with us so that we could teach her how to parent and how to mother, and we could give her a stable environment.

I said, well, I am curious because I said how many of you would be willing to have a teenager live with you for 10 or 12 months from, say, fifth month of pregnancy through the first six or eight months of raising a child? Twenty percent of the hands went up.

The reason I am saying this is for this reason, I want to close with this, but it is the key, I think, to what I have learned after over 16 years of thinking about this and some 36 years of being in
this business, 16 years as an elected federal
official. All of us get trapped inside our
bureaucracies, and our legal structures. We are
public leaders. If the mayors, the Governors, the
county commissioners, the congressional legislators
and the President decided this spring to just leave
the country, forget about the governments, we would
arouse such an enormous explosion of voluntarism that
we would change the entire dynamic of America almost
overnight.

But it means in a simple kind of way just
reaching out and saying let's just do it. If you
can't get the bureaucracy to do it, at least get them
to stay out of the way. If you can't change the law,
at least don't let it interfere. Let's just use
common sense to do it.

I am currently getting beaten up because I
raised money for charities. I wear a Habitat for
Humanity pin. I am going to raise money for them
later on this spring. I am helping the Library or
Congress raise money. You know, if I would be
willing to just use the taxpayers' money and keep
running a deficit, that would be noble and
meaningful.

But I will tell every one of you that
every day we fail to lead, children die. These are
American children. They are endowed by their Creator
with certain inalienable rights, among which are
life, liberty, and pursuit of happiness. If it was
your child, to get back to the famous movies we have
all seen, you wouldn’t it around and say, well, it’s
locked up in committee.

So I just want to say to you I am prepared
to reach out a hand to every citizen, to every
Governor, to every mayor, to every neighborhood, to
every parent, and to every grandparent who loves
children enough that they will adopt spiritually
others’ grandchildren who are currently left starving
for affection and attention, I believe we can renew
America. I believe we can do it with government
playing a remarkably secondary role, and I am
prepared to work with each of you to make sure we get
it done.

Thank you. Good luck and God bless.
(Applause.)

GOVERNOR DEAN: Thank you, Mr. Speaker.

We are particularly pleased to hear your words, particularly about children, and we appreciate the opportunity to work with you, even those of us who are in the cultural elite.

(Laughter.)

GOVERNOR DEAN: We are going to change the agenda slightly. The President is on his way, and rather than interrupt the presentation of the farm bill, I want to move immediately to consideration of policy.

We are going to consider the policies from the standing committee and, if we get to it, the policies from the executive committees. We will, of course, be interrupted when the President arrives.

So, first, let me call on Governor Steve Merrill to move the policy for the economic development and commerce committee.

Governor Merrill?

GOVERNOR MERRILL: Mr. Chairman, I am happy to do so. The considerations of the policies
adopted by the committee on economic development and commerce are as follows:

We have adopted the policy on military base closure and on economic and community development. We have adopted minor clarifying amendments on the international trade and fast-track authority. We have adopted the policy on surface transportation. We have made minor clarifying amendments in the affordable housing and on uniform product liability. And, Mr. Chairman, we have reaffirmed our existing policy on workforce excellence that we share, as you know, with the human resource committee.

All of the committee action were unanimous. Therefore, I would respectfully move adoption of these policies en bloc for the National Governors' Association.

GOVERNOR DEAN: Is there a second?

VOICES: Second.

GOVERNOR DEAN: All those in favor signify by saying "aye."

(Chorus of ayes.)
GOVERNOR DEAN: Opposed, "no."

(No response.)

GOVERNOR DEAN: The ayes have it.

I am now going to call on Governor Carnahan for an explanation on the changes in policy on human resources.

Governor Carnahan?

GOVERNOR CARNAHAN: Governor Dean, the committee on human resources spent most of its time hearing not from the usual experts on children who got in trouble, but from children who have been in preventive programs and in intervention programs.

It was a very enlightening presentation that we had, and it gives us a lot of hope. There is a lot of things going on that are right for children who have been in trouble.

On the policy front we took action on four policies. We added a new policy on child care. We tabled a policy on income security. And the amendments and policies that we did recommend are under the green cover. They were unanimous, and there was no objection.
Therefore, I would move the adoption of the human resources committee's policies en bloc.

GOVERNOR DEAN: Thank you, Mr. Chairman.

Is there a second?

VOICES: Second.

GOVERNOR DEAN: All those in favor signify by saying "aye."

(Chorus of ayes.)

GOVERNOR DEAN: Opposed, "no."

(No response.)

GOVERNOR DEAN: The ayes have it. You have adopted the policies.

I now call on Governor Lowry to discuss the committee on natural resources policy.

GOVERNOR LOWRY: Thank you, Mr. Chairman.

With Vice Chairman Terry Branstad, we unanimously adopted policies on solid waste, specifically on waste flow controls; the 1995 farm bill on which Governor Branstad and Governor Nelson are the lead Governors; a policy on safe drinking water, which continues forward the State and local coalition to work for the Safe Drinking Water Act; a
policy on recreation resources with an amendment that was unanimously worked out by Governor Branstad, Governor Symington, and myself, and we reaffirmed the existing policy of geologic mapping.

These all passed unanimously, Mr. Chairman. I move these policies en bloc.

GOVERNOR DEAN: Thank you.

Is there a second?

VOICES: Second.

GOVERNOR DEAN: All those in favor signify by saying "aye."

(Chorus of ayes.)

GOVERNOR DEAN: Opposed, "no."

(No response.)

GOVERNOR DEAN: The ayes have it. You have adopted the policy.

I would now call on Governor Thompson for review of the policies recommended by the executive committee.

Governor Thompson?

GOVERNOR THOMPSON: Mr. Chairman, members, we have had several resolutions of the executive
committee, several dealing with health care reform, Medicaid, long-term care, and also a proposed policy position on the Congress and the States.

We also have reaffirmation of some of the policies dealing with Indian gaming, political self-determination for Puerto Rico, also political status for Guam, public pension plans, and sales tax, ethics in government, and equal rights.

I would also move those, Mr. Chairman, at this time.

We had several motions on suspension which I will move later.

GOVERNOR DEAN:
Is there a second?

VOICES: Second.

GOVERNOR DEAN: All those in favor signify by saying "aye."

(Chorus of ayes.)

GOVERNOR DEAN: Those opposed, "no."

(No response.)

GOVERNOR DEAN: You have adopted the policies.
GOVERNOR THOMPSON: Mr. Chairman, there are several other things on suspension that we also need to get to.

GOVERNOR DEAN: We are going to get to that in a second. I am going to ask you, if wouldn't mind, to make that motion, but I am going to preface that by saying that we have reached an agreement on welfare reform among the seven Governors that were participating in that: Governor Thompson, Governor Engler, Governor Carlson, Governor Carnahan, Governor Carper, Governor Romer, and myself.

We have several recommendations on policy positions that require suspensions of the rules, all of which I believe are noncontroversial, with the exception of those.

So what I intend to do is to ask Governor Thompson to move suspension en bloc for all these items on your pink sheet. We will then go down the first three, which I believe are noncontroversial. I will call on those Governors to explain those and then ask Governor Thompson to offer a substitute on behalf of the seven of us on the welfare proposal.
So if Governor Thompson would move to suspend the rules on bloc.

Governor Thompson?

GOVERNOR THOMPSON: Mr. Chairman, thank you.

Not only did we deal with welfare but we also had one on the presidential line item veto authority, the United States loan guarantee authorities for Mexico, a resolution of appreciation by Governor Voinovich and Governor Dean for all the work on the unfunded mandates for certain congressmen and Senators, and the principles to guide the restructuring of the Federal/State partnership.

Then we also, as Governor Dean has described, several of us have worked extremely hard over the course of the last four days, on again, off again, as far as agreements, but finally coming to something that is acceptable to the Governors that were working on it.

I would move, Mr. Chairman, that the welfare policy be included with the rest of the suspensions, which would require 75 percent of the
voting members here to vote for it.

I would so move, Mr. Chairman.

GOVERNOR DEAN: So moved.

Is there a second?

VOICES: Second.

GOVERNOR DEAN: The motion has been seconded. The question is shall the rules be suspended for the consideration of these policies.

Are you ready for the question?

If so, all those in favor signify by saying "aye."

(Chorus of ayes.)

GOVERNOR DEAN: Those opposed, "no."

(No response.)

GOVERNOR DEAN: The ayes have it.

Before we get into this, let me just make it clear that because these came under suspension, a three-quarters majority is required to amend any of these things. So I think you should keep that in mind as we have these discussions.

The presidential line item veto authority,

we will pass over that because that is Governor
Thompson's, and we will move over to the loan guarantees for Mexico.

GOVERNOR WELD: Mr. Chairman, this grew out of a conversation between myself and Governor Hunt of North Carolina two days ago which intended to be a hortatory expression, perhaps an encouragement to those in Washington to take action to stabilize the situation in Mexico, get them over what is really a superficial crisis in confidence rather than a fundamental flaw in their economy.

Statements have been made about the impact on illegal immigration that would ensue if the situation deteriorates in Mexico. It is not just immigration, it is American jobs as well. And in States like North Carolina and Michigan and Massachusetts, which are far from the border, the impact on jobs in our States would be substantial if we are not able to get the benefits of the North American Free Trade Agreement as a result of deterioration in Mexico.

So, in terms of risk, I think the risks of
doing nothing outweigh the risks of taking this action.

I move that this be adopted.

GOVERNOR DEAN: Is there a second?

VOICES: Second.

GOVERNOR DEAN: All those in favor signify by saying "aye."

(Chorus of ayes.)

GOVERNOR DEAN: Opposed, "no."

(No response.)

GOVERNOR DEAN: We have adopted the resolution.

GOVERNOR ALLEN: Mr. President.

GOVERNOR DEAN: Pardon me. Governor Allen?

GOVERNOR ALLEN: I concur with the comments made by my friend from Massachusetts. It obviously has an impact on the job capabilities and opportunities for our citizens.

I would just like to discuss the last sentence of this resolution on the loan guarantees. It says that they are supported by sufficient Mexican
collateral. I am not sure they actually have
necessarily determined the collateral and the
mechanisms by which these loans would be secured.

I would simply offer a clarifying or
strengthening amendment that rather than say the
loans "are guaranteed by sufficient Mexican
collateral," it should be "must be supported by
sufficient Mexican collateral and represent therefore
lesser or no financial risk to the taxpayers of the
United States." That, I think, would just be the
more appropriate parameter to give guidance to the
Administration and Congress in this matter.

I would look at it as a friendly
amendment.

GOVERNOR DEAN: Governor Weld?

GOVERNOR WELD: I would accept it as a
friendly amendment, Mr. Chairman.

GOVERNOR DEAN: Hearing no objection--
well, we will put that to a vote. All those in favor
of the amendment please say "aye."

(Chorus of ayes.)

GOVERNOR DEAN: Those opposed by saying
"no."

(No response.)

GOVERNOR DEAN: You have amended the resolution.

GOVERNOR WILSON: Mr. President?

GOVERNOR DEAN: Governor Wilson?

GOVERNOR WILSON: Mr. President, I don't want to delay this. We have much to do. This is an important matter, and I think that Governor Weld's statement of support for it expresses the view of the proponents. I have reservations. I am not urging anyone to vote against this. But I think it is timely to state the reservations, to at least urge that the National Governors' Association not only be aware but actually undertake to address them.

I think that the friendly amendment just offered by Governor Allen and accepted by Governor Weld is a distinct improvement. Beyond that, though, it seems to me that there is, I think, every legitimate reason at this point to say that certain things that are not just intrinsically related to the merits of the proposition are deserving of attention.
and deserving of action.

I have specific regard to the problem that we just heard alluded to by the Speaker in his eloquent about immigration reform. As he has pointed out, immigration is the responsibility of the Federal Government, and, very candidly, it is a responsibility on which they have been very seriously in default.

It is necessary that we urge not just the reiteration of what is existing NGA policy but very strongly urge that the Federal Government undertake to secure the borders of the United States against illegal immigration.

There will be many who will object to attaching any conditions to the support for efforts to try to assist Mexico in this time when they are in a crisis because of devaluation. I think it is not only legitimate to do so, I think that it is imperative that we state that we think it is an obligation of a good neighbor to assist in restraining illegal immigration on their side of the border.
If we are not to do that as a part of this resolution, I seriously urge that that debate be undertaken and that action be taken by the NGA. It is consistent with our existing policy, but we have not seen that policy translate into effective, improved actions on the part of the Federal Government to secure the border.

So, again I do not rise or sit to object to anyone who wishes to cast a vote for this. Governor Weld has framed the issue in terms of saving American jobs. That, of course, can be the only rationale. We are obviously not obliged to safeguard investors, those who have made a speculative investments. His concern about jobs, I share.

I hope that whatever action is undertaken—and it is not clear precisely what the dimensions or form of this proposed guarantee will be—will have the effect of actually safeguarding American jobs. I think that is subject to some question.

But, again, I am not urging anyone to vote against this. I do think that at another time, Mr. President, if not at this time, this body has an
obligation to act upon the question of whether or not the Federal Government has done whatever it must do about the borders of the United States because when Bill Weld said the impact of this crisis reaches to Massachusetts and Michigan, to non-Mexican border States, he is correct, and it is now true that the impact of illegal immigration has affected States far from the border and will continue to do so.

I must tell you that I am genuinely outraged when the Administration says we must support this because otherwise illegal immigration will be inflamed.

Long before this crisis occurred, illegal immigration was a crisis, and it will continue to be so until the national Administration fulfills its responsibility to secure the border. I think that the President has every right, and indeed an obligation, to exact from our good neighbor their cooperation in restraining illegal immigration on their side of the border.

GOVERNOR DEAN: Thank you, Governor Wilson.
Governor Miller?

GOVERNOR MILLER: I certainly am concerned with the same elements that Governor Wilson raised, but I could hope we could just pass this out as is because the crisis is immediate. I know at least from personal experience. My son is living in Mexico this year. He talks to me daily. If we don’t interact right now, their government is potentially going to collapse.

And while Governor Wilson’s concerns are very critical and should be subject to future conversation, I would hope in future so we don’t somehow impede or send a mixed message to the Congress and the President.

GOVERNOR DEAN: Governor Symington, the question was called. Did you mean to cut off debate? Do you want to hear from Governor Symington?

GOVERNOR MILLER: I will withdraw that.

GOVERNOR DEAN: Governor Symington?

GOVERNOR SYMINGTON: Thank you, Mr. Chairman.
I would just like to say as a border State Governor that we have been deeply concerned about this issue. We work closely with Mexico in many ways.

It is very important that we do all that we can as a country to help stabilize the Mexican economy because the alternative will certainly represent a very dire economic situation, a loss of jobs in our State. And I know that Governor Bush in Texas feels exactly the same way. So we are both very supportive of this resolution. Thank you,

Mr. Chairman.

GOVERNOR DEAN: Governor Voinovich?

GOVERNOR VOINO VICH: Mr. Chairman, I think that the points that Governor Wilson made are very well taken. The Mexican government has been contacting us. Many of us supported NAFTA. This organization did. We are supporting this resolution today. We do have a major border problem. The Federal Government has not done the job that they’re supposed to do.

And, Governor Wilson, one of the things I
would suggest all of us that have been helpful to
Mexico can do is to send letters to the president
indicating to him how concerned we are about this and
that if he expects us to be cooperative and continue
to be supportive, then we expect him to do something
as the president and their government to help us with
this border problem and also to lean on our President
to make darned sure that our Federal Government does
something about this problem.

It is ridiculous, when we hear from Fife
Symington that it is 30,000, then it’s 150,000, it’s
going to be 200,000. It’s like it’s gotta happen. I
know it’s a long border. But if the Israelis can
keep secure their borders, I don’t know why we can’t
secure our borders, and I think Mexico ought to help
us do it.

Thank you.

GOVERNOR DEAN: Governor Whitman?

GOVERNOR WHITMAN: Governor Dean, I just
wanted to echo what has been said here. But while I
appreciate the comments of Governor Wilson and
Governor Voinovich, and I know what the problem is
for them, we are also a State that is currently in
court with the Federal Government over their failure
to fund their role in illegal immigration.

I should also say--and I would like to
second what Governor Miller said, that this goes far
beyond the border States--in our State alone, in the
first six months after NAFTA, the enactment of NAFTA,
we saw 5,000 new jobs develop in our State, and if
the peso crashes, if the Mexican government is thrown
into a state of panic or default, we have the
potential of losing over $300 million. That is in
New Jersey. I have to believe that every other State
in the Nation stands to have the same type of impact.

This is a national crisis for all of us.

It's not just for the border States.

GOVERNOR DEAN: Thank you, Governor.

GOVERNOR LOWRY: Mr. Chairman?

GOVERNOR DEAN: Governor Lowry?

GOVERNOR LOWRY: I would also speak in
strong support of this resolution for the purposes
already stated. I think it is very important to our
own economy.
I also want to speak just a moment for the importance of our relationship with Mexico, who are an outstanding, important neighbor to us. Last November I had the opportunity to meet with President Salinas, and President Salinas stated that he knew we had a serious immigration problem, and he cared very much about that.

He also stated that he thought it was very important that our positions recognize the dignity of the human rights of each of the individuals involved within this question. I think that is very important also.

We all know that illegal undocumented workers are being hired by employers in our States. They are hiring people to do jobs which, frankly speaking, don't have other people to do those jobs, whether that is in tree trimming or fruit harvesting or whether that is in domestic labor.

I think we need to be fair as to the discussion as to what is behind all of this very important problem before us. But I think we also want to recognize what an outstanding, important
neighbor to us Mexico is and the great contribution
they make to our country.

GOVERNOR DEAN: Thank you, Governor Lowry.

Are you ready for the question?

If so, all those in favor signify by

saying "aye."

(Chorus of ayes.)

GOVERNOR DEAN: Those opposed, "no."

(No response.)

GOVERNOR DEAN: The ayes have it. You

have adopted the policy.

Now, we call on Governor Voinovich to

address a resolution offered by myself and Governor

Voinovich in appreciation for the work of several

Senators on the S. 1, unfunded mandates.

Governor Voinovich?

GOVERNOR VOINOVICH: Mr. Chairman, I think

it is appropriate for the National Governors'

Association to recognize the leadership that we have

received from Members of the Senate in passing our

unfunded mandates legislation, and I urge the

approval of this resolution.
GOVERNOR DEAN: All those in favor signify by saying aye."

(Chorus of ayes.)

GOVERNOR DEAN: Those opposed, "no."

(No response.)

GOVERNOR DEAN: The ayes have it. You have approved the resolution.

Now Governor Thompson for the line item veto resolution.

Governor Thompson?

GOVERNOR THOMPSON: Thank you, Mr. Chairman.

I believe there are 46 Governors across this country that have line item veto authority. This reaffirms a policy that NGA has taken in the past. We are renewing that and supporting the President’s line item veto authority, and I would so move, Mr. Chairman.

GOVERNOR DEAN: Thank you, Governor Thompson.

VOICES: Second.

GOVERNOR DEAN: The motion is to move the
policy on the presidential line item veto, as offered by the executive committee.

Is there any discussion?

(No response.)

GOVERNOR DEAN: All those in favor signify by saying "aye."

(Chorus of ayes.)

GOVERNOR DEAN: Opposed, "no."

(No response.)

GOVERNOR DEAN: The aye shave it.

There have been some last-minute submissions and corrections to the welfare policy. So rather than move those at this time, we will try to get them typed up.

Therefore, I would call on Governor Nelson to discuss the farm bill, and then to Governor Branstad.

Governor Nelson?

GOVERNOR NELSON: Thank you, Mr. Chairman. We appreciate the opportunity to provide some information in this busy agenda for Governor Branstad and myself to discuss the upcoming farm
Although it is called the farm bill, it could equally be called the food cost bill, it could be called an environmental bill, it could be called a jobs bill, it could be called any number of things because of the implications that it has. But typically it has been called the farm bill.

Every five years, Congress reauthorizes an agricultural legislation intended to stabilize the unpredictable nature of farming, to promote rural economic development, and to increase international trade. It also impacts the costs of what U.S. consumers spend on food, which is by any grade or standard a real bargain in the United States. As a matter of fact, Americans spend a smaller percentage of their disposable income on food than do the citizens of any other country in the world.

In essence, national agricultural policy, therefore, affects every citizens of every State every single day.

In 1993, sales of agricultural products generated over $170 billion in economic opportunity.
Farming and farm-related activities provide employment for over 21 million Americans and account for nearly 20 percent of our gross domestic product. Globally, U.S. agriculture dominates with 1994 exports totalling $42 billion. The U.S. agricultural surplus continues to be one of the bright spots in our balance of trade contributing $17 billion on the positive side.

Now, because of agriculture's importance, Governor Branstad and I created a farm bureau working group, comprised of ten States from the midwestern Governors. And States vary widely by geography and commodity production. It was an open process, and many more States participated in every phase of the development of policy.

Governor Branstad and I would like to briefly run through some of the proposed NGA farm bureau policy objectives, and we would also like to entertain questions you may have following our presentation, assuming there may be time.

First of all, let me make clear, with commodities through the NGA policy, that the federal
budget will be a driving force in the consideration of changes to the commodity support programs. We know that that in fact might have a significant effect.

But it must also be clear that as reductions in the cost of the farm program are made and, in particular, commodity supports, it is important to recognize that over the last five years there has been a reduction of 25 percent, or an additional cut of $14.5 million, in program spending since just 1990.

We have already in agriculture experienced our share of cuts. The policy objectives are really four major goals: to consider revamping the 1995 farm bill; minimize distortions in the marketplace; foster an efficient family-based agriculture; avoid interference with international market opportunities; and, fourth, pursue natural resource conservation goals.

It calls for reform of the federal milk marketing order system and the ability for States to create multi-State marketing agreements while

ACE-FEDERAL REPORTERS, INC.
Nationwide Coverage
202-347-3700 800-336-6646 410-684-2550
availing creating or experiencing trade barriers.

While the NGA objectives do not particularly endorse or disavow any particular modification of commodity programs, it does call for the Governors to: one, support greater program flexibility for producers to make critical cropping and marketing decisions; two, to support reducing the producer reliance in cost of deficiency payments; three, to oppose expansion of production to the point of bringing the most highly erodable or environmentally fragile land back into production.

It proposes total elimination of support programs. By the very nature of their livelihood, farmers and ranchers have and continue to be the first environmentalists. The debate on how to best encourage or require additional stewardship practices in the agricultural community is to most certainly intensify during the farm bill debate.

In the 1985 farm bill, Congress took the first step in requiring farmers who participate in farm programs to design and implement a conservation compliance plan aimed at reducing soil erosion.
Stewardship has typically been promoted through voluntary incentive and cost share programs. Most of us are aware of the importance of the Conservation Reserve Program, or CRP, as it is very often related to. We generally agree, and I think most analysts agree as well, that the CRP program has been a success and needs to be continued.

NGA policy calls for CRP to be reauthorized at current funding levels. And while we agree that CRP needs to be included. So do the wetlands reserve programs, WRP, which has also been effective. And other programs administered by the USDA have not been as effective, due to a lack of funding and coordination.

States are accountable for achieving improvements in environmental quality, particularly when it comes to water quality. But at times we are unable to influence the allocation of the majority of conservation resources available to the farmers. We all agree that that, in fact, needs to be changed.

The proposed streamline approach would enable farmers and ranchers to work with federal,
State, and local agencies in the development of a far
more ranch-based, total resource management plan
administered at the State level.

I know that Governor Branstad is going to
be talking about trade and other parts of the
program. But there is one final thing that I would
like to make in the way of a point.

That is, that NGA policy currently calls
for repeal of the Delaney Clause in the Food, Drug,
and Cosmetics Act. The Delaney Clause employs a
zero-risk standard for carcinogens found in pesticide
residues in processed foods. The policy recommends
that this be replaced with a negligible-risk
standard.

We believe that all these policies should
be supported further by the NGA and that agriculture
is the underpinning of the economy of the United
States, particularly in the Midwest and other areas
which are affected by food and fiber needs, and that
it was important that this support be continued.

We urge all Governor to support this by
asking their congressional Representatives to support
it as it moves through the congressional process.

    Thank you very much, Mr. Chairman, for

this opportunity.

GOVERNOR DEAN: Thank you, Governor Nelson.

Governor Branstad?

GOVERNOR BRANSTAD: It has been a pleasure
to work with my friend and neighbor, Governor Nelson,
in putting together this NGA proposed policy on the
1995 farm bill.

    I think it is very important that we as
Governors play a role because agriculture has not
received much attention at the national level. Most
of the focus in Congress is on cutting the budget.
The new Secretary of Agriculture has not even been
confirmed yet, yet this is the year that the farm
bill is going to be written. It is going to have a
dramatic impact on our ability to compete in the
world and on our farmers' income.

    Trade is very important. The passage of
NAFTA and GATT has given us a golden opportunity and
are already beginning to pay off. We have recovered
more than all that we lost by the breakup of the Soviet Union in terms of the breakup of that marketplace. In fact, in 1995, U.S. agricultural exports are expected to be a record $45 billion. Prior reductions in domestic agricultural programs mean that no greater cuts are necessary for the United States to comply with GATT. We will need to adjust some of our export subsidy programs to comply, but we should keep that money in agricultural and promotion activities for the good of our agricultural producers and the economies of our agricultural States.

The proposed NGA policy says that we should coordinate the role of the States and USDA in market promotion to insure complementary work to reduce duplication, and to focus promotion activities on marketing of high value-added agricultural products. Value-added products have accounted for 85 percent of the growth in agricultural exports, and that means more jobs in food processing in our States.

We think that two-thirds of the jobs
created since 1992 in agricultural exports have been
in the value-added area, and that is encouraging. We
want to coordinate domestic and foreign marketing
programs and streamline the operation of reporting
processes for export promotion programs.

Rural development is also very
interconnected to this. Rural economic development
efforts are vital to agriculture because a lot of
farm families rely on off-farm income to support
their family-based production in agriculture.

In 1994 the U.S. General Accounting Office
found there were 689 federal programs relating to
rural areas.

The NGA is proposing that we restructure
the federal rural development programs and
consolidate those resources so that, where possible,
we can have States and various resources better
coordinated to reflect the needs of rural areas with
more flexibility to the States.

We support continuing the national rural
development partnership. The States are leading
economic development efforts, and the current
approach has reinforced federal, State, and local coordination. In fact, I think there are presently 39 States that are active in the State rural development councils initiated by a memorandum of understanding between the Governors and the USDA.

We also recognize--and I was Governor during the farm crisis of the '80s--the critical nature of having a stable farm credit system. Some of you may not remember, but the farm credit system went under before the savings and loans, and we went through a gut-wrenching experience, and a lot of farmers were driven off the land because of that.

We now have a stable farm credit system. But it is important that more emphasis be placed on helping beginning farmers and expanding the beginning-farmer loan program making changes in the loan limits and also changing the IRS prohibition against inter-family transfers of assets because that is how most people get started in farming is help from their father or their grandparents.

On the area of budget effects, Governor Nelson has already pointed out that agriculture has
seen significant reductions in both the 1985 and 1990 farm bills. Agricultural support programs have already been cut 25 percent. It is important that before additional reductions are made, that we see that agriculture is treated equitably with other areas of the budget. Failing to do this could mean that farmers will no longer participate in the farm program and the goals of protecting wetlands and protecting erodable land will not be achieved.

So this is something where, if it is cut too much, we could jeopardize the effects of the farm bill, of protecting the environment.

The 1995 farm bill debate is important and perhaps precedent-setting. We realize that each of us comes to the debate with different sets of concerns. I am proud to say the Governors, on a bipartisan basis, have come together with a common interest. I think the country is looking to us for leadership. We ask for your support for this comprehensive policy on the 1995 farm bill.

I again want to thank Governor Nelson for the bipartisan effort which has gone into this and
ask for your support not only in the resolution but
in the debate as we begin the farm bill discussion in
the Congress this year.

GOVERNOR ROMER: (presiding) Thank you,
Governor Branstad.

The President will be here momentarily.

GOVERNOR BRANSTAD: Is it appropriate to
go ahead and move the policy on agriculture unless
there are questions? Are we waiting on the President
momentarily?

ANNOUNCER: Ladies and gentlemen, the
President and Vice President of the United States,
accompanied by Governor Harry Dean and Governor Tommy
Thompson.

(Appause.)

GOVERNOR DEAN: Ladies and gentlemen, my
colleagues, I present to you the President of the
United States of America.

(Appause.)

REMARKS BY PRESIDENT WILLIAM JEFFERSON CLINTON

PRESIDENT CLINTON: Thank you very much.

Governor Dean, Governor Thompson, fellow
Governors, ladies and gentlemen, it is a pleasure for me to be back here.

I have enjoyed our visits in this meeting.

I was delighted to have you at the White House on Sunday evening, and I very, very much enjoyed our discussion yesterday, our discussions of welfare reform and a whole range of other issues.

Last year, you may remember when I was here, Governor Carroll Campbell and I both lost our voices before our talks, making collectively millions of people in both parties happy.

(Laughter.)

PRESIDENT CLINTON: Unfortunately for you, I am fully recovered this year, and I would like to begin, if I might, by thanking you for your vote just a few moments ago on the Mexican stabilization package.

I want to underline the critical nature of the financial problem in Mexico. All of you understand it, and I applaud your vote across party and especially across regional lines, because a
number of you are not in the moment as directly
affected as others are. This crisis poses, however,
great risks to our workers, to our economy, and to
the global economy, and it poses these risks now.
We must act now.

   It has gotten rose day by day since I
asked for the legislative action about two weeks ago.
Rather than face further delay, I met with the
congressional leadership this morning and told them
that I will act under my executive authority, and I
have asked for their full support. We cannot risk
further delay.

   I tell you today frankly that your strong
support is very, very helpful and very welcome.

   The situation in Mexico continues to
worsen, but the leadership advised me that while
they believe Congress will, or at least might well
eventually, act, it will not do so immediately.
Therefore, it will not do so in time because Congress
cannot act now, I have worked with other countries to
prepare a new package.

   As proposed now, it will consist of a $20
billion share from the United States Exchange Stabilization Fund, which we can authorize by executive action without a new act of Congress, $17.5 billion from the International Monetary Fund, and, in addition to that, there will be a short-term lending facility of $10 billion from the Bank of International Settlements.

That means that in the aggregate, we will be able to have an action that is potentially even more aggressive than the $40 billion one I originally proposed, with more of the load being taken by international institutions and our trading partners around the world, which I applaud, but with a significant part of the burden still being borne by the United States.

This is in the interest of America, contrary to what some have said, not because there are large financial interests at stake, but because there are thousands of jobs, billions of dollars of American exports at stake, the potential of an even more serious illegal immigration problem, the spread of financial instability to other countries in our...
hemisphere and indeed to other developing countries throughout the world, and the potential of a more serious narcotics trafficking problem.

All these things are at stake in the Mexican crisis, and therefore I will act to protect our interests. I have asked the bipartisan leadership of Congress to support these actions, and I hope and believe they will at some later point today.

The risks of inaction are greater than the risks of decisive action. Do I know for sure that this action will solve all the problems? I do not. Do I believe it will? I do. Am I virtually certain that if we do nothing, it will get much, much worse in a hurry? I am.

This is the right thing to do. You have understood it, and I thank you very, very much for your vote a few moments ago. Since our first meeting two years ago, we have enjoyed unprecedented cooperation, which has included seven major waivers in the health care reform area and 24 in the welfare reform area, a
partnership in a successful fight for the crime bill last year, which as you know reduces the Federal Government and gives all the money back to States and local communities to fight crime at the grassroots level.

We have had innovative and more comprehensive agreements with the States of West Virginia and Indiana, in the area of children and families, and the remarkable agreement that we signed recently with the State of Oregon and seven of our Cabinet secretaries ending federal micromanagement across a whole range of areas in return for the statement by the State of Oregon of clear goals and performance measures for the future.

This is the kind of thing that we need to be doing more of. It is the kind of thing that I believe we are in the process of doing on welfare reform.

I was informed of the Speakers' remarks just a few moments before I came here. I applaud them, and I think we have a real chance now to have a partnership between the White House and the Congress,
the Governors, and others who care deeply about this issue.

Our next goal must be to dramatically restructure the relationship between the Federal Government and the States, to create a stronger partnership on behalf of our people that goes to the heart of what I have called the New Covenant of Opportunity and Responsibility. I believe the Federal Government's job is to expand opportunity and shrink bureaucracy. Therefore, I think it is clearly the thing for us to do to try to shift more responsibility to the States, to the localities and, where appropriate, to the private sector, and therefore give you the opportunity to solve problems working with your people that have eluded all of us for too long.

The system we inherited was based fundamentally on a kind of a benign distrust from an era when, let's face it, in the past States might not have always done what they should have done to protect their citizens.

As a Southerner, I can tell you that I
don't know what we would have done if the Federal
Government had not been willing to take some of the
action that it took in civil rights and in some other
areas to help poor children in my State and others.

So we cannot and we need not condemn the
past to say that the whole nature and character of
State government, the expertise that is there, the
knowledge that is there, the connections that are
there with volunteer groups, with the community
groups, with the nonprofit groups, is totally
different than it used to be and the nature of the
work to be done and the problems to be solved are
different than they used to be.

Therefore, the system we have inherited
needs a searching reexamination and, where it is
yesterday's government and not tomorrow's, it ought
to be changed.

We have tackled this problem with energy
and some success. We have done it with real support
from the Cabinet and some opposition from some within
the bureaucracy that have been there through
Republican and Democratic Administrations alike and
some in our Congress who have questions about what we are doing.

But I have spent too many years of my life around this table to have forgotten where I learned it. I think I came to this office with a profound understanding of the challenges that you have faced in working with the Federal Government. To build on that understanding is part of the Reinventing Government Initiative.

The Vice President came here with me today for this announcement because he has worked so hard to make it possible. He has talked literally to thousands of State and local government workers, and they have been among the most helpful in shaping our reinvention blueprint.

The message is loud and clear. They want us to stop the micromanagement, trust them to do their jobs, hold them accountable for results when federal money and national interests are involved. That is why we wish to create a new Federal Government and a new partnership based on trust and accountability.
You know better than anyone that a great deal of what our national government does is already carried out by States, by counties, by cities. That is why we must change the relationship and trust them more.

I believe we should shift decision-making authority from bureaucracies in Washington to communities and States and, where we can, directly to individuals. Part of my job is to keep pushing the focus of the national government back to grassroots America where we can solve so many of our problems more effectively.

We have begun that work, first by cutting the size of the Federal Government. We have already cut over a quarter of a trillion dollars in spending, more than 300 domestic programs, more than 100,000 positions from the federal bureaucracy. Those cuts will total, if no more laws or budgets are passed, over 270,000, making in the process your Federal Government the smallest it has been since the Kennedy Administration.

Cutting government is not enough. We also
have to make it work better. And we have done that
too, in many ways. We have streamlined the
Agriculture Department, closing 1,200 field offices.

We moved FEMA from being a disaster to
helping people in disasters. The Department of
Transportation worked with private businesses and
helped to rebuild southern California's fractured
freeways in record time and under budget, also, with
partnership from the State by changing the laws and
the procedures and making it work. We have cut an
SBA loan form from an inch thick to a single page.

We have cut the time it takes to get an
FHA loan endorsement from four to six weeks to three
to five days.

We have reformed the procurement system of
the government so that governments can buy the way
businesses do--putting an end to the Vice President's
opportunity to go on the Letterman Show and break $10
ashtrays that ought to cost $1.50.

We have reformed the college loan system,
the direct loan program. We will literally save the
taxpayers billions of dollars, lower interest rates
and fees and improved repayment schedules for
students and lower paperwork, bureaucratic time for
our institutions of higher education.

Much of this work is simple common sense.
The Bureau of Reclamation used to require 20 people
to sign off on building special fish ladders in
northern California, taking three and a half years.
The fish were dead by then.

(Laughter.)

PRESIDENT CLINTON: But at least the
ladder was approved. Well, we removed 18 approval
layers and cut the time down to six months, in time
for the fish to spawn--to their great relief.

(Laughter.)

PRESIDENT CLINTON: I say this to make the
point that a lot of this is common sense, and an
enormous amount of this still remains to be done.

I suppose I have gotten more comments from
you in these last few days, pro and con, about the
process of federal regulation than anything else.
Some of you have said, "Well, I am getting better
cooperation from the EPA than ever before. Thank you
very much." Others have said, "What the policy is
sound goods, but there is nothing happening in our
State to make it better."

We have a long way to go, but we can do
this, and we ought to do it not simply with general
rhetoric but also taking these issues one by one by
one until we make it right.

I have asked the Vice President too, in
Phase II of his review, to continue to shrink federal
departments, and we are making sure that the
remaining government will be more economical, more
entrepreneurial, less bureaucratic, and less
dictatorial.

A year ago I signed an executive order to
encourage creative partnerships with the private
sector in the ownership, financing, and construction
of infrastructures, responding to your insistence
that you needed the same kind of flexibility the
private sector has when you raise funds for major
infrastructure projects.

Today I am happy to say that Secretary
Pena is announcing a series of 35 new infrastructure
projects in 21 States that will mobilize almost $2 billion in investment capital to build roads, bridges, and other infrastructure, relying on trust and accountability, not rules and bureaucracy.

(Applause.)

PRESIDENT CLINTON: Tens of thousands of new jobs will be created this year, not by rocket science but by simply adopting the financing techniques the private sector uses all the time. We wouldn't have any of these projects if we followed the old rules and allowed that to get in the way of innovation.

In the budget I am submitting to Congress, I will propose turning this approach into national policy by building performance partnerships with State and local governments. We want to consolidate categorical funding and call on you to take responsibility for meeting the performance standards.

Trust and accountability are the foundation of these new partnerships. We have to trust you, our partners, to make the right choices in spending public funds. Even though you will have
more flexibility to solve your problems, you must be
held accountable for how you spend the federal money.

I am excited because this approach gives
us a new opportunity to work together to move
forward. On Saturday, Governor Engler captivated
the Nation by rolling out a list of 335 programs on
parchment, sacred programs he wanted to put in the
block grant that he could write on a piece of
notepaper. He didn't know it, but next week we want
to announce plans that we have worked on for months
to consolidate 271 programs into 27 performance
partnerships. A lot of those were on Governor
Engler's list. I would like to help him cut it.

(Applause.)

PRESIDENT CLINTON: One of those I have
already announced, the new performance partnership
for education and job training, as part of our
middle-class bill of rights.

We propose to collapse 70 separate
programs to make them more efficient and effective.

A GI bill for America's workers who need
new skills to meet the demands of changing times.
States and local governments will have broad flexibility to help them meet those needs. But we propose not to just give this money back to State training programs but instead to let the workers themselves get a voucher and choose where they want to go.

Almost every American is now within driving distance of a community college or some other kind of high training program with a proven rate of success, far better than anything we need to design. So we ought to put more power not only back to the local level but also directly into the hands of citizens for the purposes that are plainly in the national interest.

(Applause.)

PRESIDENT CLINTON: In public health, we want to consolidate 108 programs into 16 performance partnerships, to abolish a dozen environmental grants and give you more power to achieve environmental goals.

(Applause.)

PRESIDENT CLINTON: I guess, in
parentheses, I thank Governor Carper for his repeated lectures to me on that subject, citing the Delaware example.

We want to continue to combine the 60 HUD programs into three. The Federal Government has worked in one way for decades. Now it is time to try a new way, a way that is proven in its performance in the private sector. It is time for these and other changes, and many of them are drawn directly from your own experience in your own laboratories of democracy.

When our country was founded, the founders rejected government based on central control and distrust of people. Our Constitution provides a few profound guiding principles. It puts deep trust in the American people to use their common sense to create a shared vision, not a centralized vision, and to give life to those ideals.

We have to take advantage of this rare moment to renew that ideal, to reshape the relationship between the national government and the States.
The American people have voted twice in the last two elections for dramatic change in the way our country works. They want more for their money, better schools, safer streets, better roads, a clean environment. But they want a greater say in how this work is done, and they don’t want the Federal Government to do what can better be done by private citizens themselves or by government.

They also have a deep feeling about our national commitment and our national responsibility and our national interest, things like the welfare of our children, the future of our economy, our obligations to our seniors. They know that we can meet these national obligations and pursue our national interests with a dramatic evolution of power and responsibility and opportunity to the State governments of this land.

I look forward to making all of this happen with you. Thank you very much.

(Applause.)

GOVERNOR DEAN: Mr. President, you have come before us many times now, you have been a true
friend of Governors, and I deeply appreciate it. We
are extraordinarily enthusiastic about the devolution
of powers that you have just described, and we are
extraordinarily enthusiastic about the emergency
disaster assistance, the welfare and health care
waivers that you have forced through the federal
bureaucracy for us, mandate relief.

But there is one thing I think that all of
us are extremely grateful to you for, Mr. President,
which has helped us at the State level more than
anything else that you have done in terms of giving
us more flexibility and creating new ways that we can
help our people. That is, Mr. President, that in
1994 we had more job growth than we have had in the
last ten years. Mr. President, for that, we are
very, very grateful.

(Applause.)

GOVERNOR ROMER: (presiding) We will
reconvene on the health care policy just as soon as
Howard Dean comes back in the hall.

Governor Branstad, I think we have already
moved the farm bill.
GOVERNOR BRANSTAD: That is already passed.

GOVERNOR ROMER: So if you will just bear with us, we are going to have a very important item of health care policy on the table in just matter of minutes.

(Pause.)

GOVERNOR DEAN: (presiding) The last item on the agenda is the welfare reform policy, which is being distributed to all Governors now.

We were not able to bridge all of the differences between us on the issue of welfare reform, but I think we have made some significant progress, and I think we have narrowed our differences significantly.

What we have done, as you will see in the policy that is being passed out, is that seven Governors sat down over a prolonged period of time and negotiated, it is fair to say in fits and starts, a policy which will allow us to participate in the debate on Capitol Hill on welfare reform without committing us to a specific course of action, but
which does lay out guidelines on how we are going to proceed in the event Congress adopts either a block grant proposal or an individual entitlement. There are Governors who feel very strongly that the individual entitlement must go because it is in the way of State flexibility and because they feel very strongly that there are budgetary considerations involved with that individual entitlement. There are Governors who feel equally strongly that the individual entitlement must stay because it protects children and because it provides a safety net for the State taxpayers and State budgets.

So what we have essentially done is take the block grant proposal and put safeguards into it, which we seven have agreed to, for children, and declare it is in the Nation's interest to have safeguards for children and safeguards which the seven of us have agreed to to protect State budgets and State taxpayers.

We have then taken the individual entitlement proposals and put broad latitude in it so
that we will never again have to come to Washington
to go through a hocus-pocus of waivers and
bureaucratic problems when we wanted to design our
own welfare reform programs.

I am going to call on Governor Thompson to
move to substitute this policy which you have in
front of you and then to Governor Romer to second the
policy.

Governor Thompson?

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

True to the best of NGA's bipartisanship,
a group of Governors, as Governor Dean has indicated,
worked extremely hard over the course of four days
and made lots of changes and worked on other programs
to try to come up with something that would be
acceptable to the vast majority of the group of
Governors that are still here to vote on it.

We also took the advice of Governor Lowry,
who has been sort of a stickler on reminding us that
you have to do something with the health care and
restructuring Medicaid.
Governor Lowry, I think you will be happy with the language that is on page 6. And I think a lot of us agree that that should be included and we are happy to have it. It allows for maximum flexibility.

It is not everything that I would like as far as a welfare replacement proposal, but it certainly is the kind of bipartisan resolution that will be helpful to the NGA to go to Capitol Hill and lobby on.

Whether it is a block grant or whether is it an individual entitlement, it gives the direction to the NGA staff, and it is very important, I think, for us to adopt this so that the NGA staff will be able to go on to Capitol Hill and carry our message to the congressional Representatives.

So, with that, Mr. Chairman, and with thanks to all the Governors who worked at this, I would like to move on behalf of that group the substituted amendment on welfare reform and Medicaid reform.

GOVERNOR DEAN: Thank you, Governor
Thompson.

Governor Romer?

GOVERNOR ROMER: Let me second that motion.

The seven of us who worked on this agree that we ought to bring it and try to encourage no amendments. The reason for that is that this is obviously a compromise document. It was very carefully worked through. Staff worked through it very carefully.

We obviously are proceeding on an open debate, and you can amend with 75 percent of the vote, but on behalf of all seven of us, I think we were trying to ask our fellow Governors to accept this without amendment, if it is possible.

There was one amendment that is on your desk which we would just like to incorporate into this statement by agreement. The seven of us understand that this is a noncontroversial amendment, and it is one authored, I think, by the Governor of Puerto Rico. And it just says the Governors believe that territories should be treated equitably in any
welfare reform proposal brought by Congress.

Mr. Chairman, how do you want to handle it?

GOVERNOR THOMPSON: I will move to incorporate that in the original motion, Governor Romer, that the sheet that has been handed out, I believe it has been moved by Governor Rossello, and that we will incorporate that in the body of the text.

I would so move, Mr. Chairman.

GOVERNOR DEAN: Thank you, Governor Thompson.

Governor Rossello, do you wish to speak to this amendment?

GOVERNOR ROSSELLO: I would only offer it as an amendment to the extent it is acceptable to everybody.

In essence, it reminds us that this organization stands for the States and territories, and whether we are considering areas that apply to U.S. citizens, that we consider those U.S. citizens that live in U.S. territories but outside the States
are very grateful that the Governors that have been
working at this are willing to accept it as an
amendment to their consensus on the floor.

Thank you.

GOVERNOR DEAN: Thank you, Governor
Rossello.

Are there any discussions on this
noncontroversial amendment?

(No response.)

GOVERNOR DEAN: If not, all those in favor
signify by saying "aye."

(Chorus of ayes.)

GOVERNOR DEAN: Opposed, "no."

(No response.)

GOVERNOR DEAN: You amended the
substitution offered by Governor Thompson. I have
Governor Engler, then Governor Carper to speak.

Governor Engler?

GOVERNOR ENGLER: Thank you, Mr. Chairman.

I want to thank Governor Romer
particularly. If you will note, the seven names are
the six that participated in the Saturday meeting at
the White House and then we got our former chairman
out of retirement to come and help be the language
crafter of some of these difficult words that we
worked on in this document.

I am very comfortable. I think it is
pretty obvious that in discussing both the block
grant approach and individual entitlements, there are
sort of two options that are in front of the
Congress.

Listening carefully to what the Speaker
was saying today and what the President has said,
relative to block grants, I think there is some
movement in this town toward block grant
opportunities, not just in social welfare programs or
programs affecting the poverty industry, but
literally across the board.

I personally welcome that. I think he
language that has been crafted here does do what we
set out to accomplish. So I am comfortable with it
because it provides a framework from which we can go
to the Hill and have the National Governors'
Association be part of the debate.
That doesn’t say everything exactly the way everyone might wish to have it stated, but if you read it carefully, and you can tell it was written by a committee, when you do read it carefully, you will note that it does have considerable policy reform that is open through it. And it does have some important objectives. So I think that it works.

We had a lengthy discussion at the Governors only meeting yesterday at noon. I won’t repeat what I thought were programmatic goals, but I think this allows us to get there and so on that basis I am very comfortable for those who say, well, there ought to be individual entitlement. It also says that somehow is that happened to emerge, then there is some reform language that is targeted in that direction.

But I suspect that won’t be the case in the block grant language, and it will be very important in terms of ultimately impacting what lands on the President’s desk and what I believe is signed.

GOVERNOR DEAN: Thank you, Governor Engler.
Governor Carper and then Governor Symington.

GOVERNOR CARPER: Thank you, Mr. Chairman.

Let me also express my thanks to each of the Governors who has been involved in bridging our differences and coming to the positions in the course of today.

The President indicated to all of us at the White House yesterday that not only are waivers an endangered species, but the notion that we have to ask anyone for extensive waivers to experiment and do what really makes common sense in getting people off welfare, that day is over.

The President has said that he wants to take away that requirement that first we have to come here and requests those waivers. The notion that someone can have a child out of wedlock and then earn a lifetime entitlement, I think that notion is dead and behind us.

The point where we have been trying to wrestle with our respective positions is how do we make sure that in our zeal to move people from
welfare to work that we do not somehow unwittingly

tie our hands and take away our ability to support

those folks who are working, trying to make a go of

their lives, for those folks who are work, compelling

them to work, to make sure that they have adequate

child care, folks who we are compelling to stay in

school, make sure that they have adequate child care,

make sure that as people take a minimum wage job they
don’t have to lose their health care, Medicaid, that

they will still enjoy a measure of protection.

Those are things that we basically said we
don’t agree amongst ourselves as Democrats and

Republicans, whether the block grant approach or the

individual limited entitlement approach is best with

respect to nutrition and with respect to some child

care and with respect to good health care.

For myself, I think we are better off

making sure that we have the safety net there for

child care, we have the safety net there for

nutrition and we have the safety net there for

Medicaid.

Having said that, that doesn’t stop us
from consolidating in the block grant 154 federal job
training programs. It doesn't keep us from
consolidating a number of child care block grant
programs. It doesn't keep us from consolidating some
of the housing programs and other programs that the
President was talking about today.

Again, I suggest there is a lot more that
unites us around this table than divides us.

Having said that, there are those in the
Congress who share a concern that I have with respect
to some kind of safety net for people who are trying
to make it, work or stay in school; helping them with
health care, child care and nutrition.

But the chairman has reminded me that
Senator Dole himself has expressed concerns about
taking away the entitlement protection for children
and that is protection that he himself is very likely
to want to continue to preserve.

Mr. Chairman, I think we have made good
progress. I think we have closed our ranks here to
some extent, and I think we will be in a position now
to go forward and present our position, for the most
part united, keeping in mind one simple point of
disagreement.

GOVERNOR DEAN: Thank you.

Governor Symington?

Governor Wilson?

GOVERNOR WILSON: Thank you,

Mr. President.

I have got a couple of friendly amendments
to offer, and a question. I don't see Governor
Engler. In his absence, I will proceed.

On page 2 of the draft, under the heading
"State entitlement block grant program," about the
third sentence. It reads, "The block grant should
include a clear statement of purpose, including goals
for the block grant, the methods that will be used to
depend effectiveness," et cetera.

A small change but I think not only
beneficial but perhaps a really needed change would
be to, instead of the phrase "including goals," I
would say "including mutually agreed upon goals."

The point of the amendment is simply to
assure the States that the goals that are set forth
are State goals, not federal. It is an effort to secure for ourselves the assurance that we are receiving in actual fact the substance of the kind of flexibility that we have been talking about as the basis for this needed reform.

So I would urge, if there is not objection, I see Governor Engler has returned.

Governor Engler, I would propose that we simply insert in the first paragraph under State entitlement block grant program, the third sentence, beginning with "block grant" should include "a clear statement of purpose, including goals." I would insert between "including goals" the phrase "mutually agreed upon."

GOVERNOR DEAN: Governor Wilson, I don't think there is any objection to this amendment. However, I would give a general caution that it took us about four or five hours among only seven of us to reach agreement on this document.

I think this amendment will be adopted by consensus, but let me just caution members about trying to get into a wholesale revision of this among
50 of us, because it is going to be a very difficult task, as I can assure you it was for the seven of us. Hearing no objection, I will assume that is a motion.

Is there a second?

GOVERNOR THOMPSON: I will second it. I think it is a positive motion. It allows for cooperation. I would second the motion, Mr. Chairman.

GOVERNOR DEAN: All those in favor signify by saying "aye."

(Chorus of ayes.)

GOVERNOR DEAN: Opposed, "no."

(No response.)

GOVERNOR DEAN: The ayes have it.

Governor Wilson?

GOVERNOR WILSON: Mr. President, on page 6, in a similar vein, at the final paragraph, beginning, "The Governors believe," there is a statement in the second sentence, "However, such restrictions must be accompanied by significant flexibility in program delivery."
I would simply ask that we insert the word, between "significant" and "flexibility," "statutory." The reason for my request is, very simply, that it will avoid the unhappy fact of lawsuits of the kind that we have been afflicted with repeatedly. I think California is not alone in experiencing these lawsuits. They are of a very, very serious nature. They can result in significant delays in the implementation of real reform.

So, if we say, "However, such restrictions must be accompanied by significant statutory flexibility," it will greatly diminish our vulnerability to such lawsuits.

GOVERNOR DEAN: Again, Governor, with the caution that I wouldn't want to go too far down this road, my own view is that that is an extraordinarily helpful addition, and I don't see any objection. So I will assume that has been moved.

VOICES: Second.

GOVERNOR DEAN:

Is there a second?
1. VOICES: Second.

2. GOVERNOR DEAN: All those in favor signify by saying "aye."

3. (Chorus of ayes.)

4. GOVERNOR DEAN: Opposed, "no."

5. (No response.)

6. GOVERNOR DEAN: You have moved that additional change.

7. Governor Wilson?

8. GOVERNOR WILSON: Just a final question to Governor Engler.

9. On page 4, when you are just about to begin, under the heading "Individual Entitlement Program," the first phrase at the top of page 4 is "policy objectives and standards could include, but should not exceed, the following." This may be just a semantic distinction. I am mindful of the chairman's admonition, but I was just wondering, when we say "should not exceed the following," actually our purpose is to achieve maximum flexibility, is it not?

10. GOVERNOR ENGLER: It is.
And, Mr. Chairman, if I might respond, I will perhaps even infer this whole section on the individual entitlements program, I paid scant attention to because I think it has scant chance of going anywhere. So somebody who is more enthusiastic may wish to expound on the language.

GOVERNOR WILSON: My point is very simply that I do not think that we ought to offer the Federal Government any opportunity to limit our flexibility.

GOVERNOR DEAN: Governor Wilson, I am informed by my staff that that language was not in any proposal of ours on the Democratic side. So if you are saying the policy objectives and standards could include the following, and you would like to take out "not exceed" because that is restrictive?

GOVERNOR WILSON: Yes.

GOVERNOR DEAN: I don’t think there would be any objection to that. It is not our language, in any case.

Governor Romer?

GOVERNOR ROMER: It’s good. Let’s do it.
GOVERNOR DEAN: All those in favor signify by saying "aye."

(Chorus of ayes.)

GOVERNOR DEAN: Opposed, "no."

(No response.)

GOVERNOR DEAN: The ayes have it.

GOVERNOR WILSON: Thank you, Mr. President.

GOVERNOR VOINOVICH: Mr. President?

GOVERNOR DEAN: Governor Voinovich?

GOVERNOR VOINOVICH: Mr. Chairman, before I make a motion, I would like to congratulate the ad hoc committee for all of the hours that they put in in putting together this compromise. I think it is really important for this organization to be represented in negotiations on the Hill.

I thank you, Mr. Chairman.

(Applause.)

GOVERNOR VOINOVICH: I move the previous question.

GOVERNOR DEAN: That actually, technically, requires a two-thirds vote.
We will hear from Governor Carper, and
then we will vote.

GOVERNOR CARPER: I don't want to belabor this, but to Governor Wilson, I would ask Governor Romer to consider this, the language that we just addressed in your friendly amendment on page 4, "Policy objectives and standards should include or should include but not exceed the following," I think what we may have done unwittingly is reduced our flexibility and unwittingly given the feds greater sway over any flexibility that we have within the individual entitlement. I don't think that is what we want to do, but I think we may have unwittingly done that with the adoption of your amendment.

I would just ask that we carefully consider what we have just done.

GOVERNOR DEAN: May I suggest, Governor Carper, you and Governor Wilson have a little conference on the side while we hear from Governor Carlson?

GOVERNOR CARLSON: I was seconding the motion.
GOVERNOR DEAN: Maybe we will take a 30-second recess for Governor Wilson and Governor Carper confer. I think it is the sense of this body that we certainly don't want to do anything to decrease flexibility.

(Pause.)

GOVERNOR WILSON: Mr. President?

GOVERNOR DEAN: Governor Wilson?

GOVERNOR WILSON: I think we can resolve this. It is not clear to some of us what the policy objectives and standards being discussed were federal. We wouldn't need to change the phrase that is there now if that were clear.

I would suggest that we simply include the word "federal," "federal policy objectives and standards."

GOVERNOR DEAN: "Federal policy could include the following"?

GOVERNOR CARPER: I would second that.

GOVERNOR DEAN: Hearing no objection, all those in favor signify by saying "aye."

(Chorus of ayes.)
GOVERNOR DEAN: Opposed, "no."

(No response.)

GOVERNOR DEAN: The ayes have it.

Now the question, I think, has been moved and seconded. Are you ready for the question whether to adopt this policy?

All those in favor signify by saying "aye."

(Chorus of ayes.)

GOVERNOR DEAN: Opposed, "no."

(No response.)

GOVERNOR DEAN: The ayes have it.

I appreciate this bipartisan effort. It was very difficult. I appreciate all your work.

(Appplause.)

GOVERNOR DEAN: That concludes the business of this meeting. I want to welcome you all to Burlington at the end of July.

Thank you for all your very hard work here, and we look forward to those of you who would like to attend the Children's Forum in June.

Just a second.
Governor Wilson?

(Pause.)

GOVERNOR DEAN: We are adjourned. Thank you very much.

(Whereupon, at 12 noon, the meeting was adjourned.)