

# TRANSCRIPT OF PROCEEDINGS

NATIONAL GOVERNORS' ASSOCIATION

WINTER MEETING

FIRST PLENARY SESSION

Washington, D. C.

Sunday, January 29, 1995

**ACE - FEDERAL REPORTERS, INC.**

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NATIONAL GOVERNORS' ASSOCIATION

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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.

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

2 GOVERNOR DEAN: First of all, let me  
3 formally open the 1995 winter meeting of the National  
4 Governors' Association and welcome many new governors  
5 to the first official meeting.

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

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

22 (Applause.)

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1 GOVERNOR DEAN: Now, if I may call on  
2 Governor Thompson to move the adoption of the rules  
3 of procedure for the meeting.

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

7 GOVERNOR DEAN: Is there a second?

8 VOICES: Second.

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

11 (Chorus of ayes.)

12 GOVERNOR DEAN: Those opposed say no.

13 (No response.)

14 GOVERNOR DEAN: We have adopted the rules  
15 of procedure.

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

22 I should also say that for the new

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

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

19                    Since August we've met with members of  
20    Congress and the foundation community, education and  
21    children's advocacy groups to gather as much  
22    information as we can about what works and what

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1 doesn't work in serving children and their families.

2

3 Building on the work of my predecessor,

4 former Governor Carroll Campbell, from South

5 Carolina, we have continued to develop the

6 intergovernmental working group on legislative

7 recommendations and had a chance to speak to many

8 national organizations. And in December we held a

9 national hearing to highlight community based

10 programs which was very successful. And I want to

11 thank the 25 states that submitted programs for our

12 review, and particularly the eight states that had

13 people at that hearing laying out for us their

14 programs and their success stories. I want

15 particularly to single out Governor Caperton,

16 Governor Carlson and Governor Carnahan, Governor

17 Engler and Governor Thompson for their participation

18 at that national hearing. Aside

19 from them, we have a number of invited guests to join

20 with us to share their perspectives on how we may

21 improve the welfare of children in the United States

22 of America. Our first guest is David Hamburg,

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1 President of the Carnegie Foundation of New York.  
2 Dr. Hamburg has been a strong advocate for children  
3 for many years, both in his work on education reform  
4 and in his work to improve services to support  
5 children and families.

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

11 Dr. David Hamburg.

12 (Applause.)

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

18 The governors of the United States  
19 constitute an enormous force for the good of our all  
20 children, and so for the future of the nation. The  
21 Governors' campaigns present a fundamental  
22 opportunity for our nation's progress. After all,

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1     what could be more important than a decent start in  
2     life. All the rest depends on this foundation.

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

13            If there is not a decent start then  
14    casualties are likely to follow throughout childhood  
15    and adolescence. Some of this is reversible later at  
16    high cost. Some is not reversible at any cost in  
17    light of present knowledge. If a poor start leaves  
18    an enduring legacy of impairment then high costs  
19    surely follow. They show up in various systems: in  
20    health and education; in justice. We call them by  
21    many names: disease, disability, ignorance,  
22    incompetence, hatred, violence. By whatever name,

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1     these outcomes involve severe economic and social  
2     penalties for the entire society. So this is a high  
3     stakes game we are playing with our children and so  
4     with the future of our nation.

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

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

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1       these early years.

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

9                       Now we live in an era of drastic  
10      technological and socioeconomic transformation. For  
11      example, changes in the regular patterns of contact  
12      between American children and their adult relatives  
13      are really remarkable changes. Not only are the  
14      mothers home much less during the past three decades,  
15      but there is little evidence of increased time by  
16      fathers at home to compensate, even in the most  
17      affluent sectors. Overall, the time parents spend  
18      with children has declined by at least one-third in  
19      the past 30 years -- a stunning development.  
20      Moreover, only about five percent of American  
21      children see a grandparent regularly; a lower level  
22      than was the case in earlier times.

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1                    Powerful institutions of the society such  
2 as business and government have done little to  
3 facilitate family availability for children or to  
4 strengthen the competence of families in the rapidly  
5 changing circumstances of the late 20th Century.  
6 These problems are compounded by high mobility as  
7 well as erosion of strong neighborhood ties and other  
8 social supports. Also compounded by high divorce and  
9 separation rates and never married rates. So we now  
10 live in a time of massive family disruption  
11 manifested in a lot of different ways and involving  
12 altogether considerable jeopardy to child  
13 development.

14                    Our nation's infants and toddlers and  
15 their families are indeed in trouble. An important  
16 comparison to make is with other established  
17 democracies like those of West Europe, Canada,  
18 Australia and Japan. How are we doing in relation to  
19 them? Not very well. In comparison to those  
20 democracies the United States has more casualties and  
21 more serious risk factors. For example, a higher  
22 infant mortality rate; a higher proportion of low

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1 birth weight babies; a smaller proportion of toddlers  
2 immunized against childhood diseases; and a much  
3 higher rate of babies born to adolescent mothers.  
4 One in four raised in poverty. One in four lives in  
5 a single parent family. And here's a striking fact:  
6 one in three victims of physical child abuse is a  
7 baby under the age of one.

8 Now, usually -- despite the radical  
9 transformations of recent times -- responsible,  
10 caring adults -- and that is the key -- responsible,  
11 caring adults are available within the child's  
12 immediate family. And if not, they exist to some  
13 extent in the extended family -- aunts and uncles and  
14 grandparents and so on. But if these family  
15 caregivers can not provide the necessary conditions  
16 for healthy development then others must make an  
17 explicit effort to connect children with persons  
18 outside the family who have the right attributes and  
19 also the durability to do so. That is, as a society  
20 we must find ways to strengthen families in their  
21 caretaking functions to the extent possible. And to  
22 augment families as necessary with family equivalent

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1 functions provided by community organizations as well  
2 as by the health system and the education system.

3 All this is necessary simply as a practical matter to  
4 diminish the profusion of empty, shattered lives that  
5 are so conducive to rotten outcomes through the life  
6 span.

7                   Now, what are the essential requirements  
8 for healthy child development in the first few years  
9 of life and the principal opportunities for meeting  
10 these requirements? Can we illuminate a  
11 developmental sequence of experiences that actually  
12 foster healthy child development and ways of  
13 accomplishing this sequence under contemporary  
14 American conditions? In what ways can families  
15 actually be strengthened if necessary to meet these  
16 developmental requirements? And what extrafamilial  
17 influences can strongly help to meet them for  
18 fulfilling the requirements of healthy child  
19 development? What motivations do people need? What  
20 skills do they need? And what professional services  
21 can be highly beneficial? For each phase of  
22 development is there in fact a strong scientific

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1 consensus and professional consensus on these  
2 questions?

3 We asked a distinguished task force to  
4 address those questions in a report that ultimately  
5 came to be published last spring as starting points.  
6 You have an abridged version in front of you. We  
7 were very fortunate to get terrific leaders from  
8 different sectors to work together -- from the  
9 scientific community; from the relevant professions;  
10 from business, government and the media. They put  
11 out a report that formulated practical ways to  
12 fulfill the dream we all share: healthy, constructive  
13 development of our youngest children.

14 The task force sought ways to meet the  
15 vital needs of all our children, and they paid  
16 special attention to the children in poverty. What  
17 are these vital needs of children everywhere, stated  
18 very briefly? Well, during the years of growth and  
19 development, throughout childhood and adolescence,  
20 but particularly in early childhood, children need  
21 dependable nurturance, attachment, protection,  
22 guidance, stimulation and ways of coping with

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1     adversity.   Infants, in particular, need very  
2     dependable caregivers who can promote attachment and  
3     thereby form the fundamental basis of decent human  
4     relationships throughout the child's life.

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

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

22                   The third thrust was child care.   For

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1     example, cooperative networks of child care givers to  
2     help each other and professional training to  
3     strengthen the quality of child care. Also, wider  
4     use of the successful Head Start model which, at its  
5     best, combines serious parental involvement with  
6     disease prevention and with stimulation of cognitive  
7     as well as social skills. Pulling the Head Start  
8     model down to earlier ages, in effect.

9             The fourth main thrust was community  
10    mobilization with a variety of approaches endorsed.  
11    For example, family/child resource centers in  
12    communities. One place where all the relevant  
13    information would be readily available to families.  
14    Also, federal, state and local councils with  
15    intersectoral cooperation to assess specific needs  
16    and formulate ways of meeting the needs. For  
17    example, the North Carolina County Partnerships,  
18    about which we'll be hearing shortly. Another form  
19    of community mobilization involves service  
20    integration. For instance, at community schools,  
21    which have great promise altogether. Also, the  
22    participation of business and the participation of

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1 media in every community. And the participation of  
2 key professions, especially health and education in  
3 every community.

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

7 Now, it is evident this report that came  
8 out last spring touched a nerve nationally. It  
9 somehow resonated with the American public because  
10 professionals in this field can not recall any report  
11 on the subject of children, youth and families that  
12 had such extensive and accurate and constructive  
13 media coverage, both in print and non-print media.  
14 Perhaps this provides a basis for hope that the  
15 American people really are concerned about our  
16 youngest children and want to do something  
17 constructive about their problems.

18 Now, within the scientific and  
19 professional communities an important consensus has  
20 emerged on ways in which parents and others can cope  
21 with the problems of development in order to produce  
22 good results for a lifetime. Much has become known

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1 about ways to prevent the damage now being done to  
2 children. I will wind up by very briefly sketching  
3 some of the paths to prevention.

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

20 Now, what do I mean by comprehensive  
21 prenatal care? Well, there are three essential  
22 components that were delineated beautifully in the

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1 report of the Public Health Service and the NIH a few  
2 years ago. One is medical care. The second, less  
3 well understood, is education. And the third, still  
4 less well understood, is social support services  
5 during prenatal care.

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

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

17  
18 Especially in poor communities, young  
19 parents need a dependable person who can provide  
20 social support for health and education through the  
21 months of pregnancy and beyond. And this can be  
22 organized in systematic interventions, such as

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1 Resource Mothers. Resource Mothers were stimulated  
2 and encouraged greatly by governors. These are  
3 indigenous women who know the community and have  
4 relevant experiences in child rearing. They are  
5 provided with a modicum of training and supervision.  
6 As they work with the young mothers they give  
7 personal support and practical guidance.

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

19 One is well baby care, with emphasis on  
20 disease prevention and health promotion. The second  
21 is home visiting by human service professionals,  
22 especially in homes with very young children. A

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1     third is parent education to strengthen competence  
2     and build close parent/child relationships. A fourth  
3     is social support networks in which parents help each  
4     other. They give mutual aid to foster health and  
5     education for their children and themselves. A fifth  
6     is childcare of high quality outside the home,  
7     especially in day care centers. A sixth is preschool  
8     education in the Head Start mode.

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

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1 neglected issues of education in early adolescence.  
2 These are not wild beasts. These are rapidly forming  
3 young people who can be reached as they try out  
4 exploratory behavior in early adolescence.

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

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

22 All together this set of interventions has

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1 strong potential to prevent damage of many kinds as  
2 reflected in indices of health and education. So we  
3 have reason to be hopeful. But we have,  
4 unfortunately, all too few working models across the  
5 country and the governors of the nation are in an  
6 exceedingly strong position to see to it that the  
7 effective working models that show what can be done  
8 will spread throughout the country.

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

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

22 Thank you very much for your attention.

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1 (Applause.)

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

4 (No response.)

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

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

19 So, Governor Hunt.

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

22 Let me say at the very beginning, it's

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

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

17                 I want to tell you, as one who has worked  
18    at it for 20 years, you can't make your schools work  
19    right for kids who come to school already ruined. It  
20    can't happen. There's no magic, folks. Those first  
21    five years are crucial. Think about your own  
22    children, or your grandchildren. Think about how

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1     curious they are in those earliest years. How they  
2     respond to love and stimulation and encouragement.  
3     And that's why we give so much to them. We know that  
4     they're getting the stuff that they need to have to  
5     help them grow up to be strong and intelligent and  
6     strongly motivated and so on.

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

14                Now, we have learned over time, and Dr.  
15    Hamburg has talked about this, that those earliest  
16    years are so much more important than we used to  
17    think about them as being. Of course, families have  
18    the responsibility for raising children. But we also  
19    know that families have less time. In many cases,  
20    the parents are working a full day. There are many  
21    broken homes. We know these things. And so kids are  
22    getting an awful lot less. And I would say to you

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1       today we cannot leave ages one to five to chance.

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

10                      But we also have learned a lot about how  
11       you do things. I am interested in stuff that works.  
12       I've seen enough that doesn't work -- and paid for  
13       it. So when we decided to establish an approach to  
14       this -- I don't even want to call it a program -- an  
15       approach to help these kids get the good start we  
16       didn't want to put in a big government program run  
17       from Raleigh, our state capital. We wanted to do it  
18       in a different way. So we created something that we  
19       call Smart Start. That's a fancy name. Kind of a  
20       catchy name. It's caught on in our state. What it  
21       really is is a public/private partnership for  
22       children. Let me tell you the steps we have taken.

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1                   First of all, we established a non-profit  
2 corporation. Now, we're outside of government,  
3 notice. We established a non-profit corporation.  
4 The head of it is a business CEO in our state who is  
5 very successful and highly respected. Among his  
6 properties, incidentally, is a minor league baseball  
7 team called the Durham Bulls. Did you see Bull  
8 Durham? I think they're going to make a sequel. He  
9 owns it, plus the biggest TV station and many other  
10 things.

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

15                   Second, our legislature appropriated  
16 funds. You've got to put some money into this,  
17 folks. You can't do this on the cheap. You didn't  
18 raise your children on the cheap. We've got to have  
19 resources to help kids develop in the best way. So  
20 we are phasing in in all of our counties -- this is  
21 not a pilot project. We're in one-third of our  
22 counties already. We're going to phase it on in the

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1 rest of them over a period of a few years. So we've  
2 got government funds on the one hand but the private  
3 sector is raising serious money. I've got  
4 corporations that are going to give \$5 million or  
5 more in our state to help us do some of the things  
6 that are more of a capital kind of nature.

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

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

18 Now, folks, great things are happening in  
19 our state as a result. First of all, there's  
20 tremendous excitement and enthusiasm about helping  
21 children, little children. You can really get people  
22 excited about that. You know how you do it in your

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1 church, in your Sunday school rooms, your nursery.  
2 People can get excited about that. They know that's  
3 a good thing to do.

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

15 A lot of other things. We're getting  
16 thousands of kids into quality child care. We prefer  
17 to have it in the church, frankly, or in a workplace,  
18 a business. Families are the key to it. Getting  
19 parenting education and helping them with their needs  
20 and so on. Transportation to help kids up in the  
21 mountains. Working with DOT to get vans if they  
22 don't have a ride. One of our counties, Burke, is

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1 getting dental care for kids. The dentists said  
2 'Hey, we're off on Wednesday. Any kid that needs  
3 dental care and can't pay for it we'll provide it  
4 free.' That's what they're contributing. In another  
5 county we're examining all the eyes for \$12 a kid.  
6 And the ophthalmologists are providing free care for  
7 kids who can't pay for it. Everybody is putting  
8 something into this.

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

12 First, of all, I have next to me Mr. David  
13 Flaherty. Let me tell you something interesting.  
14 Twenty years ago David Flaherty, a Republican, and I  
15 ran against each other for Governor of North  
16 Carolina. More than that, 10 years ago -- 11 years  
17 ago, when I ran for United States Senate against  
18 Jesse Helms, he was the state Republican chairman.  
19 And I can tell you, he gave it to me. He has served  
20 as the secretary of human resources in two state  
21 administrations and has done a great job. He is now  
22 a county manager of Caldwell County, up in the

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1 mountains where a lot of your furniture came from.

2 Despite all our differences, he and I are  
3 joined together behind Smart Start. This is a way to  
4 help our children and the right way to go about it.  
5 Dave Flaherty.

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

9 As a county manager and a former state  
10 secretary of human resources serving under Governor  
11 Jim Holzhauser and Jim Martin, I have seen government  
12 work and not work at all levels. I'm not an advocate  
13 of big government. I am an advocate of Smart Start  
14 because it is not big government. For the first time  
15 ever, North Carolina has a statewide initiative that  
16 pays more than lip service to public/private  
17 partnership. Smart Start embodies partnership at the  
18 state and local level. There is nothing more  
19 energizing than being at a table with business  
20 leaders, ministers, parents, day care operators,  
21 government agency representatives, school officials  
22 and non-profit leaders in your community with

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1 everyone focused on one issue: helping our children.

2 It's been a first for me.

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

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

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1 break ground, it's necessary.

2 I know process isn't always exciting. But  
3 this new approach has helped us to do new things in  
4 Caldwell County. We're strengthening families.  
5 Helping parents stay off welfare. Encouraging  
6 teenage mothers to get their high school diplomas.  
7 We have a new parenting program for mothers who were  
8 raised in dysfunctional or abusive homes where they  
9 never had a chance to learn good parenting skills.  
10 This nurturing program helps parents and children  
11 individually learn new skills. It brings them  
12 together to practice these skills. Specialists also  
13 work with the children so the parents can learn  
14 parenting skills firsthand. One mother who graduated  
15 in December from the 14 week program learned that her  
16 four year old daughter would return home from foster  
17 care in time for Christmas, shorter than expected.  
18 This mother now knows how to control her temper, how  
19 to be a good parent. The family is intact and her  
20 daughter has a better chance for success.

21 Smart Start is also alerting employers in  
22 Caldwell County to the child care needs of families.

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1 One mother who worked the night shift until 2:00 a.m.  
2 was desperate to find child care after 11:00 p.m.  
3 She called her new child care resource and referral  
4 center which is, by the way, funded by Smart Start.  
5 The referral service called her employer to adjust  
6 her hours so she could keep her job and her child  
7 care.

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

19 This is the kind of approach that requires  
20 a new way of thinking and a new way of working. It  
21 requires new partnerships between public and private  
22 sectors, between community interests, between

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1 political parties. It requires us to make changes in  
2 how we do things so we can make the changes for our  
3 children. It's not just talk; it's action. And I'm  
4 very proud to be part of that action.

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

15 Thank you, Governor.

16 GOVERNOR HUNT: Let me also present Dr.  
17 Alton Anderson. Dr. Anderson is a doctor serving one  
18 of our most depressed counties. Halifax County is  
19 very rural and it's very poor. It represents the  
20 other North Carolina. It's the one that will never  
21 make the cover of Money Magazine, which our research  
22 triangle did this year as the best place in America

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1 to live. It's a county that needs help. With Dr.  
2 Anderson's help they're working to change the  
3 landscape and to change the future of its children  
4 and families.

5 Dr. Anderson.

6 DR. ANDERSON: Thank you, Governor.

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

19 Halifax County became one of the 12 Smart  
20 Start pioneers in 1993. But change is hard, as you  
21 all know. If you think about the process that Dave  
22 Flaherty just mentioned -- people from different

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1 walks of life, different agendas, coming to consensus  
2 for children -- we said it wouldn't work and that we  
3 couldn't work together. Halifax's team was made up  
4 of people who didn't necessarily like each other or  
5 know each other, but we began to focus together.  
6 Putting Halifax County's children and families first.

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

19           Did we create opportunities for children?  
20 Yes, we did. Innovative opportunities. We created  
21 over 700 new child care/day care slots thanks to a  
22 combination of Smart Start and CNEP grants,

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1     convincing our banking community to make below market  
2     interest loans for expansion and new construction of  
3     day care facilities.

4                 For the first time we had a way to assess  
5     all newborns in Halifax County. We hired a neonatal  
6     tracker; a registered nurse who was based in the  
7     hospital who made sure each newborn left the hospital  
8     with a pediatric appointment for needed shots and  
9     preventative care. She also found time to make sure  
10    parents had new baby care instructions. She worked  
11    with the parents, referring them to pediatric  
12    programs, parent education programs, nutritional  
13    programs so that they could be better parents. This  
14    was a blending of funding with the local hospital,  
15    the health department, Smart Start all coming  
16    together for this vital and essential position.  
17    There is no waiting list now for subsidized day care.  
18    Below income families with four year olds with access  
19    to affordable day care or child care, these very  
20    parents can now work or get job training.

21                 We're working to set up a comprehensive  
22    public transportation system to help families get to

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1 child care, health care and family services. In a  
2 rural community like mine that critical barrier is  
3 often underestimated.

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

19           Smart Start may not show statistical  
20 results for the next five to 10 years but the success  
21 stories, that presumptive data, is overwhelming. We  
22 know that healthier babies, better parents, more day

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1 care, child care and preschool programs will make a  
2 difference in how these children perform in school  
3 and later in life.

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

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

19 Thank you, Governor Hunt.

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

22 Mr. Chairman, we have used up our time but

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1 I want to say that if we can provide any more  
2 information about how we're doing this or work with  
3 any of you in any of your states we would be  
4 delighted to do it.

5 GOVERNOR DEAN: Governor Hunt, thank you.  
6 And my thanks to Mr. Flaherty. And particularly to  
7 Dr. Anderson, as a fellow physician, my thanks to you  
8 for what you're doing.

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

13 Governor Whitman.

14 GOVERNOR WHITMAN: Thank you, Mr.  
15 Chairman.

16 Lewis Thomas, a physician and essayist,  
17 was once asked to give his list of the seven wonders  
18 of the modern world. His choice for number one was a  
19 human child, any child. That's why goal one of the  
20 National Education Goals is to make certain that by  
21 the year 2000 all children in America will start  
22 school ready to learn.

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1           One of the programs in New Jersey, and the  
2           one I'm going to share with you today, that is making  
3           strides toward that is our Good Starts program. Good  
4           Starts combines state and federal resources with the  
5           resources of the community. It targets low income  
6           and mostly urban children. It helps prepare them for  
7           kindergarten in basic education and social skills.  
8           It improves basic health and nutrition. It generates  
9           interest in school work. It promotes self confidence  
10          in learning. And perhaps most important of all, it  
11          gets parents involved.

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

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1 better than 2,000 children have participated.

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

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

19 Sarah?

20 MS. HANSFORD: Thank you, Governor, and  
21 Christine Todd Whitman, for inviting us here today.  
22 And good afternoon, everyone.

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1                   In the city of East Orange we are  
2                   currently serving only 20 percent of the children  
3                   needing our services. Good Starts enabled us to  
4                   serve an additional 144 children the first year. We  
5                   are now in our third year and serving 216 Good Start  
6                   children and families. There are still over 2,000  
7                   children in our community needing comprehensive child  
8                   care services.

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

11                  (Laughter.)

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

14                  I'm very pleased to have this opportunity  
15                  to tell you about our New Jersey Good Start program.  
16                  We are very proud at the East Orange Child  
17                  Development Program to be one of the 10 Good Starts  
18                  programs currently in operation. Good Starts, as you  
19                  know, was built upon the 30 year success and  
20                  experience of Head Start -- and, by the way, I am a  
21                  former Head Start parent, so I came up the ranks --  
22                  and was implemented to serve a greater number of

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1 children and families. Good start utilizes the Head  
2 Start performance standards to mandate  
3 comprehensiveness and quality from pre-K through  
4 grade two.

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

16 I have seen children who were classified  
17 as mentally retarded and unable to speak, yet after  
18 only a few months in one of our classes these  
19 children began to speak and in one instance, could  
20 read at a third grade level. The aforementioned  
21 child was slow talking and the mother enrolled the  
22 child in a special handicapped class and the child

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1 began to emulate all the other children in the class.  
2 When transferred to one of our classes the child  
3 began to flourish. The child had a hearing problem  
4 that needed tubes to drain the fluid from his ears.  
5 Once this was accomplished the child began to speak  
6 fluently. Previously he spoke as he had heard  
7 through the fluids. ELCDC's health screening  
8 component was able to identify this problem and  
9 provide technical assistance to the parent to resolve  
10 this condition.

11 Some of the key ingredients for our  
12 success are the fact that we are an experienced Head  
13 Start operator and have a solid foundation in  
14 providing comprehensive child care. The high  
15 standards that provide for quality core early  
16 childhood education services, including a low adult  
17 to child ratio. We have one adult to every five  
18 children in our three year old class and one adult to  
19 every six children in our four year old class. The  
20 class size limit, which is no more than 15 children  
21 in a class for our three year olds and no more than  
22 18 children in a class for our four year olds. The

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1 high qualifications. All our teachers are degreed  
2 and certified and all of our staff are degreed with  
3 Masters, doctorates. All kinds of degrees.

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

13 Emphasis is placed on building  
14 partnerships. Since the inception of Good Starts  
15 ELCDC has shared an excellent working relationship  
16 with the numerous state and federal agencies,  
17 including the New Jersey Department of Human  
18 Services, the New Jersey Division of Youth and  
19 Families, the local hospitals, East Orange General,  
20 United Medical Dental Hospital of New Jersey, Planned  
21 Parenthood, Healthy Mothers/Healthy Babies Coalition,  
22 WIC -- and the list goes on and on.

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1                   Where do all these services lead? Our  
2 children simply excel and I'm very proud of them.  
3 Because of the advancement of the children leaving  
4 pre-K Good Start the local board of education  
5 established special classes to meet the needs of  
6 these children because the regular curriculum was  
7 insufficient. And for the first time -- we fought on  
8 that many, many years, telling the board that when  
9 our children leave us the curriculum that they were  
10 getting was really insufficient. Now they have  
11 actually changed their curriculum and our children  
12 are just doing fabulous.

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

19                   Good Starts has led to parents that are  
20 more aware of their role as primary educators and  
21 parents that become self sufficient and able to leave  
22 welfare and support their families. Keith is a

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1 shining example of that and he's going to talk to you  
2 also.

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

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

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

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1 challenges.

2 Thank you.

3 (Applause.)

4 GOVERNOR WHITMAN: Thank you, Sarah.

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

13 Keith?

14 MR. MC COY: Good afternoon.

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

21 My two children are both in Good Starts,  
22 one in the kindergarten program at Nassau School in

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1 East Orange, and my son, who is a part of the East  
2 Orange Child Development Corporation, is also Good  
3 Starts. My son is three years old. His teachers,  
4 because of his education and because of the help that  
5 his sister gave to him while he was in the program,  
6 thinks he is four. He is in a three and four year  
7 old class. He started in the three year old class  
8 and they put him in the three and four year old  
9 class.

10 When my daughter got to kindergarten her  
11 teachers said to me about her and another little girl  
12 in her class, 'They come in and they look like they  
13 want to learn.' The two little girls come in, they  
14 sit at their desks, they fold their hands or they go  
15 to the library section of the kindergarten, get a  
16 book and they flip through while the teacher is  
17 getting ready for class. They are always the first  
18 ones with their hands up. If a little child needs  
19 help they'll give it to them. If they don't know the  
20 answer they'll go get the answer and come back and  
21 tell whoever it is that didn't have the answer the  
22 answer.



1                   I've just learned recently that my son's  
2 teacher in his pre-K class said to me, 'You might  
3 want to think about getting your son skipped.' I  
4 said, 'Ms. McQueen, he's only three years old. I  
5 don't want him to be skipped. I want him to learn  
6 all this.' She said, 'There's nothing left for him  
7 to learn.' She said that he says to her every day,  
8 'Well, my sister said this and my sister taught me  
9 that.'

10                   The one incident I do like to share: my  
11 daughter is in a class, it's called the Unique School  
12 in East Orange where they're teaching French to the  
13 kindergartners, first and second graders throughout  
14 the school. My daughter teaches my three year old --  
15 understand: my five year old teaches my three year  
16 old French. And in the mornings before class in the  
17 kindergarten in the pre-K the teacher takes roll  
18 call. She picks a child to count the students in  
19 class. Now, mind you, there are two teachers in my  
20 son's class. One is American, one is of Spanish  
21 descent. They ask my son to count for them and my  
22 son counted for them -- my three year old son who has

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1 never had French counted for them in French. And  
2 they didn't know what he was saying.

3 (Laughter.)

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

14 And he is ready, I think now for public  
15 school because of this Good Starts program. They go  
16 in eager and wanting to learn. And I found that with  
17 other kids they see us, they see the parents -- 'Oh,  
18 that's Keith's dad.' 'Oh, that's Tiffany's mom.'  
19 'Oh, isn't that LeShon's mother?' They know  
20 eachother. And we're getting more back to community  
21 education. Everyone is teaching everyone's children  
22 the correct way.

1                   That's basically about it for me.

2                   (Applause.)

3                   GOVERNOR WHITMAN: Thank you, Keith.

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

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

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

21                  MS. RASCO: Thank you, Governor Dean.

22                  The man who will be speaking after me,

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1       Congressman Castle, and I were on the phone a few  
2       days ago reminiscing about the good old days when we  
3       were in state houses and about our moves to D.C. and  
4       how we so often find ourselves wishing we were back  
5       in governor's offices closer to real people.

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

10                (Laughter.)

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

15               Thank you, Governor Dean, for leading this  
16       Governors' Campaign for Children. I attended my  
17       first NGA function in the summer of 1983 in Portland,  
18       Maine when NGA convened a seminar on children prior  
19       to the annual meeting then. The theme of that  
20       conference was America's Children Need Powerful  
21       Friends. And today America's children continue to  
22       need very powerful friends.

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1                   From that meeting in Portland a set of 10  
2 principles was issued to guide the development and  
3 improvement of state services to children. Areas  
4 including economic security, education, child  
5 welfare, family supports, child care, housing, youth,  
6 and working parents.

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

16                   It then follows, and certainly showed in  
17 the developing work of the NGA in the years since  
18 that, that it's difficult to talk about children and  
19 school, adolescent issues or young adult needs if the  
20 first critical years of a child's life are not given  
21 the highest of priorities. I have been haunted and  
22 motivated to pursue the child policy development

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1 field for a number of years by two personal  
2 experiences which brought home to me quite vividly  
3 the academic lessons taught me regarding the  
4 importance of early childhood development.

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

17 Over the course of that year, in my  
18 eagerness to work with those children, I spent a lot  
19 of time in their homes talking to their parents and  
20 earlier teachers and counselors. And what did I  
21 learn? That yes, often low income children were  
22 clearly more at risk for barriers related to lack of

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1 appropriate prenatal or preventive case. Ear aches  
2 turned into partial hearing loss, as mentioned by  
3 Sarah Hansford earlier. Lack of eye exams meant  
4 pages out of focus and blackboards unintelligible.  
5 But I also saw far too many children across all  
6 income levels who were experiencing a poverty of  
7 spirit. Who lacked the nurturing of a parent who  
8 would spend time with the child. Parents who  
9 provided few books, little stimulating conversation  
10 but plenty of free TV watching time.

11           However, the most startling experience  
12 came from my own daughter. After a week in  
13 kindergarten she came bouncing in with that gleam of  
14 excitement in her eyes about going to school like her  
15 older brother did. But she said she couldn't figure  
16 out why some of the other children in her class  
17 didn't have magic glue in their hands like she and  
18 most of the other children did. Well, I, of course,  
19 thought she meant that some of them had forgotten to  
20 bring glue in their school supplies. And in an  
21 exasperating tone she said, 'No, they didn't have  
22 glue in their skin.' They couldn't hold a color or

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1 pencil like she could. They were missing the glue.

2 And how sad it was for me, standing in my  
3 kitchen that day facing that reality in the fall of  
4 1985. And now, even today, to know that we still  
5 have children in America who haven't had the pre-  
6 kindergarten developmental experiences that enable  
7 them to hold a color the day they enter school. And  
8 what a contrast that is to the children like Mr.  
9 McCoy's son.

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

17 You are certainly familiar, or if you are  
18 new you will be, with the Administration's primary  
19 programs as well as legislative initiatives enabling  
20 young people and their children: the Family  
21 Preservation and Support Act; welfare reform; health  
22 care initiatives, including an expanded immunization

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1     program; and the statement by the President in his  
2     State of the Union address about our hopes for an  
3     incremental health reform initiative stressing the  
4     needs of working families and their children.

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

13            In order to push more waivers through  
14    maybe it's going to mean more people. You and I  
15    don't want bigger bureaucracies so maybe we have to  
16    start exploring alternatives. And we sure like one  
17    that we know you like and that is let's do something  
18    about un-legislating the need for waivers. A  
19    continuing Head Start expansion is high on our list.  
20    Crime and safety programs. Empowerment zone and  
21    enterprise communities. The institutionalization of  
22    Goals 2000 and other education reform.

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1                   But I want to mention to you what I think  
2                   is perhaps even more important in our quest together  
3                   to improve services. While in the governor's office  
4                   for 10 years I talked as much as you do about the  
5                   need for flexibility, less burdensome regulations, a  
6                   "can do" attitude on the part of regional offices of  
7                   a number of federal departments, and yes, those  
8                   departments themselves.

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

18                 Flexibility in funding and lifting of  
19                 regulations can help to meet those first two goals of  
20                 the Portland conference in 1983, issues of intent and  
21                 ready access. But in the work over these last 12  
22                 years we have learned, as many of you have, that in

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1 truth we have to move to the second half of statement  
2 one of your Governors' campaign. If we are serious  
3 about a lasting, meaningful change in the way we meet  
4 goal one concerning readiness we have to look at your  
5 campaign's first statement: increase the capacity of  
6 communities to meet the needs of young children and  
7 their families by encouraging families to be involved  
8 in decision making, integrating services and  
9 exploring new governments models. The key words here  
10 are not regulations, waivers or block grants. The  
11 key words are communities, families and the word  
12 involved, which brings to mind a favorite saying of  
13 Helen Keller's: "The world is moved along not only by  
14 the mighty shoves of its heros but also by the  
15 aggregate of the tiny pushes of each honest worker."  
16 Tiny pushes by informed parents, active community  
17 members, energized teachers.

18 That's why the President was so pleased  
19 when Governors Caperton and Bayh approached us about  
20 meeting with individuals from their states to talk  
21 about a partnership between the federal government  
22 and their states to allow grass roots planning for

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1 services to children and their families.

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

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

20 Will we be able to make these changes as  
21 quickly as you want, as the President wants?  
22 Probably not in every case. We won't always succeed

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1 and we won't always be able to do everything that you  
2 and we would want. But I can promise you this: we  
3 will never relent in our effort to give every child a  
4 chance to develop fully.

5           Throughout the years of my grandmother's  
6 life on this Earth, when she served as a very  
7 powerful mentor to me, she talked to me frequently of  
8 the mirror test. The mirror test, she said, I had to  
9 face daily when I looked into that mirror. When I  
10 became a parent that mirror test changed quite a bit  
11 in structure for the toughest mirror test to me, and  
12 I dare say you, is to look into the eyes of children  
13 as they reflect upon you. Daily I have to be able to  
14 look into those eyes of children I see in front of  
15 the White House or children I see in programs in your  
16 states when I'm visiting. And I have to meet their  
17 test with some of them looking at me with eyes of  
18 excitement, some of them with questioning, hostile  
19 eyes and some of them, eyes devoid of hope. I have  
20 to look at them and be able to say 'We are seizing  
21 the moment. We are doing our best.' But above all,  
22 to my own child I have to be able to say 'We are all

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1 working hard together to make that magic glue in  
2 every child's skin a reality.'

3 Thank you.

4 (Applause.)

5 GOVERNOR DEAN: I'm going to call on  
6 Governor Carper to introduce the next guest in a  
7 moment. Then we will have a question period where we  
8 can address questions either to Carol Rasco or to our  
9 next guest.

10 Governor Carper?

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

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

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1 We've taken that program state wide.

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

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

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1 government, community groups, religious organizations  
2 and business groups.

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

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

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

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1 Committee.

2 As I said earlier, he's my congressman and  
3 he is my good friend. His name is Mike Castle.  
4 Mike, I'm pleased to welcome you back to these parts.

5 (Applause.)

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

15 By the way, Tom, as you all know, we sit  
16 in the order of the entry of our states into the  
17 Union. And very often the guest speakers sit next to  
18 the first state, which is Governor Carper now, and I  
19 was there before. I always took advantage of that,  
20 Tom. I don't know what you do but President Reagan  
21 would come in to sit down and I'd start talking to  
22 his back. He was worried about his speech. Or

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1 President Bush or whatever. Just so the pictures  
2 back home would look like I was hobnobbing with the  
3 President. So I took advantage of that great seat.

4 (Laughter.)

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

21 And I'd like to thank Governor Dean and  
22 Governor Thompson for their focus on children in

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1     general -- the specifics, welfare, the other issues  
2     that concern all of us and all of you. Because I  
3     know the extraordinary work which you do as governors  
4     of this country and I know the responsibility of your  
5     jobs. I believe -- and believed when I was governor,  
6     and believe it as a member of Congress that there is  
7     simply nothing more important in terms of what we are  
8     doing than worrying about the futures of our children  
9     in the broadest sense possible. How we make  
10    government programs apply to this is sometimes  
11    difficult. How we get the coordination between the  
12    federal, state and local levels is sometimes  
13    difficult. Involving the outside world in terms of  
14    what we're doing is also sometimes very difficult.f

15                 But, indeed if there is a place where the  
16    rubber really meets the road it's at the state level.  
17    It's where the governors are and it's what you are  
18    doing. And your programs must work. I used to be  
19    able to put programs in place in Delaware. Being in  
20    Congress you're not very likely to be able to do  
21    that. But I know exactly what we were hearing today  
22    from Governor Hunt's people and Governor Whitman's

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1 people talking about their programs back home, they  
2 have to work. They have to show benefits or we're  
3 not going to be able to get it done.

4 I know that I one day qualified for  
5 welfare under a false name and everyone knowing what  
6 I was doing. I went through the process. I took one  
7 look at how they did that and we changed it all  
8 around in Delaware. We went to one stop shopping in  
9 our state so you go to a social service center and  
10 you get all the services you need. Now, a small  
11 state like Delaware you can do that. We're about  
12 705,000 people. I know you can't do that in some of  
13 the bigger states that are represented here. But the  
14 bottom line is you have the opportunity to do things  
15 like that.

16 Sometimes it's a little different in  
17 Congress. If you think I'm here to defend Congress  
18 I'm afraid I'm the wrong speaker. I think Congress  
19 means well but I think the results over the years  
20 have not been necessarily as beneficial to the  
21 country as the individuals had intended. And I can't  
22 stress how well intended everybody is. But I also

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1     can't stress how diffuse the programs have become and  
2     how difficult it is to sometimes make those programs  
3     coordinate and really help people back home.

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

17                Why has this happened, though? I think we  
18    need to understand that. Solutions generally at the  
19    Congressional level are problem by problem. They are  
20    not holistic. We don't look at children as a whole.  
21    We look at some little program that we could perhaps  
22    put into place back home. That clearly is a problem.

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1 It's a problem of the day and a solution of the day.

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

19           Congress is overly responsive. You always  
20 hear about Congress and elected officials being out  
21 of touch. I tell you, that is as wrong as anything  
22 that has ever been stated, particularly at the

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1 Congressional level. We get mailings that you  
2 wouldn't believe. They start in at 100 or 200 a day  
3 on a certain program. The telephone calls start at  
4 about 8:00 in the morning in a very organized  
5 fashion. Again, they'll run in the hundreds in the  
6 course of a day. We get constituent visits. Well  
7 intended, good people but after specific programs.  
8 We have town meetings in which people appear and they  
9 are there again as supplicants for a particular  
10 program.

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

20 What does all this mean in terms of the  
21 programs that we are dealing with? Well, let's take  
22 a look at welfare. I know you've been very focused

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1 on welfare and God love you for it. It's an  
2 extraordinarily important task and I know that you're  
3 aiming your resolutions at trying to deal with this  
4 particular issue. But I think we need to understand  
5 where we started from and where we are going.

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

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

21 We see the same thing is true in  
22 education. Federal education programs are not based

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1 on a sound plan for the educational needs of our  
2 citizens. Again, it's not looked at holistically.  
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 The federal government is also very  
19 involved in social programs. We're involved in child  
20 care, as you know. Family support, youth programs,  
21 job training, nutrition, Head Start; all of which are  
22 very, very vital matters to each and every one of

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1     you. But again, as far as children are concerned  
2     there is no holistic policy. There is no coherence  
3     to the strategy in which these things are basically  
4     approach. And while some work -- in fact, many work  
5     in some small ways -- the results are really pretty  
6     spotty in the overall collection of where we are  
7     going.

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

13                It has also clearly in everyone's mind  
14    become a more conservative place. There is a lot of  
15    discussion about the stripping down of programs, the  
16    reduction of costs or whatever it may be. The budget  
17    reductions are going to be real. We have passed a  
18    balanced budget amendment in the House of  
19    Representatives, which I wholeheartedly support. But  
20    we have a lot of discussion of the fact that we are  
21    not going to touch Social Security. We have some  
22    discussion of the fact that we probably won't touch

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1 Medicare. We don't really have a lot of discussion  
2 of the entitlements in general, all the veteran's  
3 benefits and pension plans for federal employees and  
4 all the other entitlements which exist out there. We  
5 don't want to reduce the security that is the armed  
6 forces of the United States of America, particularly.  
7 So we are going to be dealing with some very, very  
8 difficult funding matters.

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

15 But we're also probably going to eliminate  
16 the unfunded mandates, or at least reduce them a  
17 great deal. You may have seen the debate on  
18 television. It's been going on now for several days.  
19 The California Desert Act last year went on for about  
20 three months and I think this one is going to go on  
21 for about three months as well. But the bottom line  
22 is you are probably going to have fewer unfunded

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1 mandates. That's probably a plus but you'll want to  
2 make sure that you have the funding for the things  
3 which you are going to need.

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

20 I have my own views of some of the things  
21 we need to pay attention to. One I would try to  
22 focus on is I think we should learn from the health

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1     care bill of last year. Every single health care  
2     bill that was written last year was a health care  
3     package -- be it the biggest of the packages or the  
4     smallest of the packages -- and, as you know, we  
5     never debated, never considered a bit of health care  
6     on the floor of the House of Representatives. I  
7     think we need to understand that perhaps if there are  
8     good portions of welfare reform programs which can  
9     work let's get those done, let's not necessarily  
10    package it all together if it can be fit into the  
11    large picture.

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

16                 I believe that we do need to have some  
17    system in which we terminate welfare at some point.  
18    We're talking about two years in the Congress. I  
19    believe Governor Carper is talking about two years.  
20    Others are talking about perhaps different periods of  
21    time. I think in some instances you can make the  
22    argument that if you are in a certain kind of

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1 educational program you should have longer. But I  
2 really do believe we should be looking at a time  
3 certain at some point for termination of welfare so  
4 that people understand it's not a continuum for their  
5 lifetimes.

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

17 We need to make work pay. I've always  
18 believed that as long as it is less valuable to work  
19 than to be on welfare when you add up AFDC and food  
20 stamps and Medicaid it simply is not going to be a  
21 system which we can break. And somehow we have got  
22 to keep addressing that issue. I think we're

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1 getting closer than we are now. We need to reverse  
2 all laws making two parent households a financial  
3 liability. Just reverse them. Two parent  
4 households, particularly a husband and wife raising a  
5 family, should always be worth more than being apart.

6  
7 And there are certain other things I think  
8 we flat out need to do in this country. We need to  
9 identify all fathers. We should not accept any  
10 excuses for that. We simply have to go after it in  
11 every way we can and I believe in this day and age we  
12 can do it. And obviously they have to pay support.

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

22 Time prevents me, because we want to get

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1 to questions, from going through too much in the area  
2 of education and social service programs. But,  
3 needless to say, in education there are a couple of  
4 overriding principles that we need to deal with: the  
5 solutions to education problems are local and so  
6 control must be local, and the federal government  
7 must understand that. And you are the ones who can  
8 sell that message to the Congress of the United  
9 States of America, and it needs to be done soon. And  
10 federal action should be limited to those things that  
11 they can do effectively and efficiently. We are all  
12 over the place as far as education is concerned.  
13 And we need to reign in some of the unnecessary and  
14 duplicative programs. We need to combine some of the  
15 similar programs and block grant some of them. We  
16 need to give you some more flexibility back home.  
17 And of course in that area we need to reduce the  
18 unfunded mandates as well.

19 Let me just say these things are happening  
20 right now. The committees are meeting and there is  
21 discussion of this happening at this very moment back  
22 in the Congress of the United States of America. And

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1 we need your help in doing that so I would encourage  
2 your involvement as soon as possible. I know some of  
3 you have been in Congress and you are probably  
4 shaking your heads and saying 'Congress will never do  
5 that.' I wouldn't count on it this year. If it's  
6 ever going to happen this is the year and this is the  
7 year that I would get involved.

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

18 And then, finally, I would just like to  
19 discuss something else for a moment that is beyond  
20 government. Because you are truly leaders and  
21 sometimes I think when you are a governor you don't  
22 realize how much of a leader you are in your

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1 community. We have a huge problem in America in  
2 1995. The problem is with out of wedlock births,  
3 with teenage pregnancies, with infant mortality. The  
4 whole structure of family, regardless of how you look  
5 at it, is called into question today.

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

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

21 These are huge problems. Hoop Dreams is a  
22 movie which is out now which I had a chance to see

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1 recently and it's interesting. It's interesting  
2 because two to me very bright, capable young men in  
3 Chicago are really focused on playing in the NBA.  
4 That's the extent of what their focus is to some  
5 great degree. It's taken a lot to change that. Now  
6 they're in college and hopefully they'll do all  
7 right. But what about all those other kids back  
8 in Chicago or Detroit or Philadelphia or Wilmington  
9 or New York or whatever it may be who have no hope,  
10 no way out. What can we do to try to resolve those  
11 problems? We need to work with our heros. We need  
12 to work with our ministries. We need to work with  
13 role models, organizations. We need somehow to get  
14 into MTV. We need somehow to get into the media in  
15 general. We need to have this be pervasive.  
16 Government programs are not going to solve these  
17 problems but government leaders I think can be the  
18 source around which some of these solutions can be  
19 found.

20 So I would encourage all of us, after  
21 we've thought over how we're going to do things at  
22 the federal level and the state level, to reach out

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1 and make sure that we're encouraging these changes in  
2 every way we can. We need it. There are many, many  
3 good people out there. I don't know of a parent who  
4 doesn't want the very best for his or her child. I  
5 do not know a child who does not have dreams of some  
6 sort or another and I think we have the obligation to  
7 try to deliver them. We can only do it if we work  
8 together, if we work well, if we have a plan that can  
9 help it go into effect. And I think this particular  
10 NGA meeting is a great start in that direction and I  
11 look forward to the results of this winter meeting.

12 Thank you.

13 (Applause.)

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

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

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

20 GOVERNOR DEAN: Governor Engler.

21 GOVERNOR ENGLER: Congressman Castle,  
22 welcome back.

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

16           REPRESENTATIVE CASTLE: Governor Engler,  
17      let me say first and foremost that the welfare reform  
18      program that is in the Contract With America  
19      essentially has savings which net something in excess  
20      I think of \$20 billion. Part of it is the illegal  
21      aliens having to become citizens of the United  
22      States. Part of it is additional child support and

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1 other savings. But that is part of the closer to  
2 balancing the budget plan of the governors. You know  
3 as well as I do if you're going to save \$20 billion  
4 somehow it's going to have to be paid for. We're  
5 either going to have to make these programs really  
6 work and reduce the costs of them or it's going to be  
7 shifted over to state and local governments.

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

21 So to answer your question, I would be  
22 very, very cautious about the next two weeks. We all

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1 want to save money but we've all got to do it on a  
2 timetable that we all can live with. You input is  
3 going to be essential.

4 GOVERNOR DEAN: Governor Carper and then  
5 Governor Thompson.

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

12 And on the notion of block granting versus  
13 individual entitlements, the situation we've got  
14 right now is, as you well know, when someone becomes  
15 pregnant, has a child, does not marry they become  
16 entitled almost to a lifetime entitlement for  
17 assistance from us. What's being proposed by some of  
18 our friends on the other side of the aisle in the  
19 Congress and in this organization is to replace that  
20 with a system which says let's block grant into a  
21 handful of programs and level fund over the next  
22 several years assistance for folks with respect to

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1        nutrition, AFDC -- Aid to Families with Dependent  
2        Children, and child care and so forth.

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

19                   And, secondly, the point that you  
20       mentioned. What do you do when we run into a  
21       recession? When we have a deep economic drop and we  
22       have families that are desperate for nutritional

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1 assistance and who no more want to be on welfare than  
2 the man in the moon but they have no other choice to  
3 keep their families together and to keep a roof over  
4 their head. How do we respond to those turns in the  
5 economy?

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

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

22 And I think if we do put together a block

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1 grant and a capping formula we need to do something  
2 with respect to recession to try to cover that  
3 particular problem.

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

18 I think the same thing applies to limiting  
19 welfare. People know that at some point their  
20 welfare is going to cease -- and I'm not sure what  
21 that point is, be it two years or whatever. I think  
22 that's also going to make people think twice about

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1     having children in a situation in which there is not  
2     a support system in place. That's one of the reasons  
3     that I advocate those two positions.

4                 GOVERNOR DEAN: Governor Thompson, then  
5     Governor Nelson and then I think we're going to have  
6     to move on.

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

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

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

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1 support.

2           You didn't mentioned -- and I can remember  
3 back fighting with you against the Congressional  
4 representatives of that time on the Boren Amendment.  
5 That's an unfunded mandate. And I was somewhat  
6 surprised that you wouldn't mention that because you  
7 were as anybody was to repeal that. I was wondering  
8 if there was much chance of that taking place.

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

17           REPRESENTATIVE CASTLE: First of all,  
18 Tommy, you've done a wonderful job on welfare. We  
19 all like to take credit for having the best state on  
20 welfare. We all like to take credit but you're  
21 certainly up there with the best of them. You're one  
22 of the few people who voted against some of these

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1 policies because you were so far ahead of them even  
2 back then.

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

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

11 What was your third point?

12 GOVERNOR THOMPSON: The trigger for  
13 protection of states.

14 REPRESENTATIVE CASTLE: The trigger for  
15 protection for states, that's something else that  
16 needs to be looked at. I personally am very  
17 sympathetic to that and I would encourage you as a  
18 leader, and Governor Carper and others who are  
19 leaders in this -- and clearly Governor Dean -- to  
20 make that a very significant point in terms of what  
21 is going to unfold here in the next two weeks.  
22 Because I think it's a recognized problem but in this

1 drive to save costs and to show a stream of savings  
2 costs to eventually balance the budget those triggers  
3 for when there are problems just aren't being built  
4 into it and I think you all are the ones that are  
5 going to have to sell that message.

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

13 Governor Nelson.

14 GOVERNOR NELSON: Thank you, Mr. Chairman.

15  
16 Mike, it is a pleasure to have you back.  
17 I've always had a great deal of respect for you and  
18 I've enjoyed working with you.

19 I'm worried that there is a terrible  
20 inconsistency developing with respect to cuts. Some  
21 things are on the table and some things are off the  
22 table. And the great fear that I have as a governor

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1 is that Congress will in fact balance their budget  
2 and bust mine. I think that's a fear that all  
3 governors have to one degree or another regardless of  
4 partisanship.

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

22 REPRESENTATIVE CASTLE: I wish I could

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1 give you some comfort but I've got a hunch this is  
2 going to be tough. I was on the entitlement  
3 commission, Governor Romer was on the entitlement  
4 commission and I know he speaks tremendously  
5 forthrightly on these issues and I try to follow  
6 suit.

7           The truth of the matter is we really can  
8 not have sacred cows but I think most members of  
9 Congress would rather have their tongues pulled out  
10 than ever say that they would do anything to  
11 negatively impact the Social Security stream, even  
12 cost of living increases or even perhaps increasing  
13 the age 40 years out. Little things like that that  
14 clearly almost everyone who knows anything about it  
15 says probably should be done. They fall all over  
16 themselves. We fall all over ourselves. On Medicare  
17 too. Everyone has had a little apple out of that  
18 barrel and it didn't go particularly well so it makes  
19 them very anxious. The Republicans are very  
20 concerned about security, perhaps rightly so, but I'm  
21 not convinced that we can't have savings in cost  
22 there too.

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1           The bottom line is that there are some  
2           tremendous inconsistencies here. We voted for the  
3           Balanced Budget Amendment. I hope those same people  
4           have the courage to get up and vote for the cuts  
5           which are going to be necessary and to do it as  
6           fairly as possible.

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

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

16          I've got to tell you, I've worked at the  
17          state levels of government as well as federal and the  
18          states are much leaner than the federal government.  
19          There is room for reductions. But also, the debt in  
20          the entitlements I think are 64 percent of our  
21          budget. So we're really looking at 36 percent. And  
22          these are the programs that we're talking about here

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1     today -- the social programs, the education programs,  
2     welfare, whatever it may be. Some of those are  
3     entitlements too, but a lot are not. And as a result  
4     of that you are probably going to be in line to take  
5     a few hits. And some of you probably are willing to  
6     take them.

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

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

22            It's a question of where can we make the

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

13 GOVERNOR DEAN: Thank you.

14 Governor James.

15 GOVERNOR JAMES: Thank you, Governor.

16 It's good to be here. I was here in the  
17 1980s as a Democrat. I'm back as a Republican. Some  
18 people in Alabama say there's not a dime's worth of  
19 difference between the two.

20 I appreciate the comments made by the  
21 Congressman and the respected governors. I'd like to  
22 put on the table a few thoughts that would try to tie

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1 together the last 12 or 14 years for you and maybe go  
2 back, let's say, as you examine these things --  
3 certainly to examine them within one decade would not  
4 be wise so let's go back maybe 35 years. Most of  
5 us were at least born by then and some of us were in  
6 young adulthood in the year 1960. We've had much  
7 talk about poverty here. Governor Hunt, I believe  
8 inflation in our lifetime has caused more poverty  
9 than everything else you and I have heard mentioned  
10 around this table today. Inflation. It created the  
11 need for two paychecks for one family to live as well  
12 as one family lived 30 years ago. Inflation.

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

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

22 Having said that, I would say to

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

13             In your effort, Congressman, to balance  
14    the budget you're talking about fiscal policy. And I  
15    would say to you -- and I would make this suggestion  
16    -- I noticed that when I left Alabama in 1983 state  
17    tax revenue was \$2.2 billion. On returning I find it  
18    to be over \$5 billion. That means our state tax  
19    revenue has increased more than two and a half times  
20    the rate of inflation. I notice that we are getting  
21    an extraordinary amount of money from the Federal  
22    Highway Fund into the state of Alabama. We also

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1 received many other grants relative to Medicaid,  
2 relative to all of the social programs, the  
3 Appalachian group and it comes from all different  
4 directions.

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

21 Thank you.

22 REPRESENTATIVE CASTLE: Governor, that was

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1 a wonderful talk as far as I'm concerned. I am in  
2 your corner completely. I think we need to do  
3 everything possible to get to a balanced budget  
4 because I do believe in that. By working very fairly  
5 with you that will help with our monetary policy.  
6 And we should take off as many restrictions as we  
7 possibly can in returning the programs and the  
8 dollars to the states where that is appropriate.

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

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

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

17 I will make a one minute commercial and  
18 then we'll adjourn this. There is a group called  
19 National Safe Kids Campaign, which in our state is  
20 May 6th - 13th. You have this package in front of  
21 you. This is a challenge to improve the environment  
22 that kids grow up in and I would encourage you to

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1 read this. There is a Safe Kids coalition in every  
2 state in the union and I would encourage you to get  
3 in touch with those folks. I am highlighting family  
4 safety checks in Vermont, May 6th - 13th. I know  
5 some of you have already done this in your states. I  
6 would love it if that could be done in all 50 states.

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

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

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



1 (Chorus of ayes.)

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

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

7 GOVERNOR THOMPSON: I so move, Mr.  
8 Chairman.

9 GOVERNOR DEAN: And there's a second?

10 (Pause.)

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

14 (Chorus of ayes.)

15 GOVERNOR DEAN: All those opposed say no.

16 (No response.)

17 GOVERNOR DEAN: The ayes have it.

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

22 GOVERNOR ROMER: I so move.

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1 GOVERNOR DEAN: This is the health  
2 policies. Is this the health policies?

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

7 GOVERNOR ROMER: Yes.

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

12 GOVERNOR DEAN: Governor Romer?

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

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

20 GOVERNOR DEAN: Is there a second?  
21 Governor Thompson?

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

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1 Chairman.

2 GOVERNOR DEAN: All in favor signify by  
3 saying aye.

4 (Chorus of ayes.)

5 GOVERNOR DEAN: All opposed say no.

6 (No response.)

7 GOVERNOR DEAN: The ayes have it.

8 Governor Thompson?

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

12 GOVERNOR ROMER: I move that.

13 GOVERNOR THOMPSON: I second it. I'll  
14 move an amendment to it, Mr. Chairman.

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

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1 statutory provisions in there to protect the states.  
2 It's very short. So if it's okay, Mr. Chairman, I  
3 would read it so everybody could follow along.

4 The following changes are made to the  
5 first paragraph of Section 12.2.3.1, Statutory and  
6 Regulatory Changes: "The nation's governors believe  
7 that in a coherent approach to national health care  
8 reform must address the inflexible provider  
9 reimbursement standard of the Boren Amendment. The  
10 governors support repeal of the Boren Amendment and  
11 urge alternative statutory protection for states.  
12 They believe that a statutory change is a necessary  
13 tool to bring Medicaid institutional costs under  
14 control. Therefore, the governors urge the  
15 Administration and Congress to adopt these or other  
16 strategies that will give states the relief they  
17 need."

18 I would so move that amendment, Mr.  
19 Chairman.

20 GOVERNOR DEAN: Governor Romer.

21 GOVERNOR ROMER: Second.

22 GOVERNOR DEAN: All those in favor signify

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1 by saying aye.

2 (Chorus of ayes.)

3 GOVERNOR DEAN: Those opposed say no.

4 (No response.)

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

9 GOVERNOR THOMPSON: Yes.

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

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

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

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

20 (Pause.)

21 GOVERNOR ROMER: Let's go ahead with the  
22 rest of the business. We'll check it out while

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1       you're doing that.

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

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

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

9                   GOVERNOR ROMER:    I think they are by  
10      consensus amendments.

11                   GOVERNOR THOMPSON:   I would second your  
12      motion.

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

16                   GOVERNOR THOMPSON:   I would second that.

17                   GOVERNOR DEAN:    The Chair accepts this and  
18      understands that this has all been worked out by  
19      staff.   But the Chair would like a little bit more  
20      than 30 seconds notice the next time we do it this  
21      way.   But hearing no objection, it's been seconded  
22      and moved.   All in favor signify by saying aye.

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1 (Chorus of ayes.)

2 GOVERNOR DEAN: Those opposed say no.

3 (No response.)

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

10 (Chorus of ayes.)

11 GOVERNOR DEAN: Opposed by saying no.

12 (No response.)

13 GOVERNOR DEAN: The ayes have it.

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

16 GOVERNOR THOMPSON: Mr. Chairman, I was  
17 very happy to see President Clinton come out strongly  
18 for the line item veto that 43 governors have across  
19 the United States. I have submitted a policy on  
20 endorsing the line item veto language in Congress.  
21 It has been a policy of the NGA to support it but  
22 that policy has expired. Therefore, Mr. Chairman, I

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1 would move once again that NGA policy would go on  
2 record as endorsing the line item veto for the  
3 President of the United States.

4 GOVERNOR DEAN: Is there a second?

5 GOVERNOR ROMER: I'd like to second that.  
6 I think that is something we as governors are  
7 familiar with. I think the President ought to have  
8 it. I think it's good policy and I urge its  
9 adoption.

10 GOVERNOR DEAN: That was the second.

11 All those in favor signify by saying aye.

12 (Chorus of ayes.)

13 GOVERNOR DEAN: Those opposed by saying  
14 no.

15 (No response.)

16 GOVERNOR DEAN: The ayes have it.

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

19 GOVERNOR LEAVITT: Some discussion has been  
20 had on this in the past. I'll just report that in 29  
21 or more states state legislatures have entered into  
22 resolutions of participation that would allow states

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1 to convene for the first time in over  
2 210 years to discuss the balance between states and  
3 the national government.

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

10 GOVERNOR DEAN: Thank you, Governor  
11 Leavitt.

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

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

21 All those in favor signify by saying aye.

22 (Chorus of ayes.)

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1                   GOVERNOR DEAN: Those opposed by saying  
2 no.

3                   (No response.)

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

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

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

16                   GOVERNOR DEAN: Governor Gutierrez.

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

19                   Right now it's about 3:00 in the morning  
20 Monday morning in Guam. So if you look over here  
21 you're looking at the man from tomorrow. And  
22 tomorrow can't come too soon for the people of Guam.

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1 In three years we will have been under the United  
2 States flag for 100 years, 1898, but we still have no  
3 relationship of mutual consent with the United States  
4 of America. We are 10,000 miles away. We are smack  
5 in the middle of the Western Pacific; three hours  
6 from Tokyo; three hours from the Philippines; three  
7 hours from Taiwan; four hours from Hong Kong; four  
8 hours from Korea. In 1997 Hong Kong is going back to  
9 mainland China. Macao in 1999 is going back to  
10 mainland China. Guam sits at a beautiful location  
11 with the United States flag flying over it.

12 We need to be able to grow up. Guam is  
13 constrained by many federal laws. Federal laws that  
14 do not make sense in Guam because we are an Asian  
15 economy. When Japan catches a cold we're the ones on  
16 Guam that sneeze. We want to be able to have the  
17 United States take a look at Guam. Sometimes we  
18 wonder whether Guam matters to the United States.  
19 And every morning when I hear Rush Limbaugh for three  
20 hours live on Guam and repeatedly in the afternoon I  
21 know we are indeed worthy of the United States's  
22 attention.

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1                   So I'd like to ask this body to please  
2                   assist Guam in its quest for a relationship with the  
3                   United States of mutual consent. We don't have a  
4                   constitution on Guam. We have a federal law. That's  
5                   our constitution. It's just unheard of in this  
6                   representative democracy of the United States. And  
7                   this paper, The Political Status for Guam, fairly  
8                   defines the position that NGA has had on political  
9                   status for Guam over the last 10 years, which never  
10                  got anywhere. And I think now that I'm with this  
11                  organization I'd like to take full advantage of it.  
12                  And I need all the governors to be able to assist us  
13                  because we can showcase democracy in the Western  
14                  Pacific. We have a gross island product of over \$3  
15                  billion a year despite these federal laws. Well over  
16                  one million Japanese tourists come to Guam. 150,000  
17                  population. Can you imagine what we can do given  
18                  those constraints removed from the people of Guam?

19                         So, Mr. Chairman, the political status  
20                         paper on Guam has been passed around. I want to  
21                         thank Governor Thompson and yourself and I hope that  
22                         it can be placed as I've submitted it to the

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1 Executive Committee. Thank you very much.

2 GOVERNOR DEAN: Thank you, Governor

3 Gutierrez.

4 Governor Thompson?

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

15 GOVERNOR DEAN: Is there a second?

16 GOVERNOR ROMER: Second.

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

19 (Chorus of ayes.)

20 GOVERNOR DEAN: Those opposed by saying  
21 no.

22 (No response.)

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1 GOVERNOR DEAN: The ayes have it. We  
2 adopted the policy.

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

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

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

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

15 GOVERNOR DEAN: Is there a second?

16 GOVERNOR ROMER: Second.

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

19 (Chorus of ayes.)

20 GOVERNOR DEAN: Those opposed no.

21 (No response.)

22 GOVERNOR DEAN: The ayes have it.

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1 Governor Thompson, for a motion to move  
2 grants and contracts.

3 GOVERNOR THOMPSON: I so  
4 move, Mr. Chairman. GOVERNOR DEAN:  
5 Is there a second?

6 GOVERNOR ROMER: Second.

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

9 (Chorus of ayes.)

10 GOVERNOR DEAN: All those opposed by  
11 saying no.

12 (No response.)

13 GOVERNOR DEAN: The ayes have it.

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

16 Governor Voinovich?

17 GOVERNOR VOINOVICH: Yes, Mr. Chairman.

18 You have a resolution in front of you dealing with  
19 legislation to support with appropriate conditions or  
20 safeguards legislation to help stabilize Mexico's  
21 economy as it weathers the recent devaluation of the  
22 peso.

1 I think this organization was very, very  
2 supportive of NAFTA. I think it's appropriate for us  
3 to support legislation that will help support Mexico  
4 at this time, particularly with the guarantee that  
5 their oil reserves are security for any type of loan.

6 GOVERNOR DEAN: Thank you, Governor  
7 Voinovich.

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

11 GOVERNOR CAPERTON: I second.

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

14 (Chorus of ayes.)

15 GOVERNOR DEAN: Those opposed by saying  
16 no.

17 (No response.)

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

20 Before we adjourn, the committee meetings  
21 will begin immediately in other rooms, including, I  
22 believe, this room. So we need to clear this room

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1 out as soon as we adjourn the Executive Committee.

2 Are there any further announcements?

3 (No response.)

4 GOVERNOR DEAN: If not, we stand  
5 adjourned. The following meetings will occur at once  
6 so we do need to clear this room out. Thank you.

7 (Whereupon, at 3:00 p.m., this plenary  
8 session was adjourned.)

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# TRANSCRIPT OF PROCEEDINGS

NATIONAL GOVERNORS' ASSOCIATION

WINTER MEETING

SECOND PLENARY SESSION

Washington, D. C.

Monday, January 30, 1995

**ACE - FEDERAL REPORTERS, INC.**

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NATIONAL GOVERNORS' ASSOCIATION

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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.

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1 NATIONAL GOVERNORS' ASSOCIATION

2 SECOND PLENARY SESSION

3 January 30, 1995

4 (2:50 p.m.)

5 GOVERNOR DEAN (Presiding): I'm going to  
6 start the plenary session if everybody would have a  
7 seat.

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

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

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

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

21 Our principal focus, as Governors, is to  
22 try to figure out what works and what doesn't, and

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1     how we can implement that in our states. That, of  
2     course, is one of the biggest advantages in having  
3     these kinds of meetings that we can share our own  
4     experiences.

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

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

16                    Governor Caperton?

17                    GOVERNOR CAPERTON: Thank you, Mr.  
18    Chairman.

19                    I'm convinced that there is no better  
20    welfare policy than that of creating good jobs, jobs  
21    that move people from dependence on welfare to  
22    independence and work. Jobs that not only put our

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1 people back to work but also prevent them from  
2 backsliding again and again onto the welfare rolls.

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

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

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

22 The study points out that when employees

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1 have good jobs, they're quite willing to go out of  
2 their way to help their employers succeed, to be  
3 loyal, to show initiative, and to work harder, all  
4 parts of the competitive edge we all seek.

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

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

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

16 These goals are the heart of welfare  
17 reform.

18 This afternoon, I want to challenge you  
19 with some new, non-traditional ways of thinking about  
20 creating jobs. I have three very special guests who  
21 will explain the work they are doing to create good  
22 jobs.

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1                   First, I've asked Donna Klein, Vice  
2 President of Marriott Human Resources, to explain her  
3 company's work life program.

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

12                  I think you'll be quite interested in how  
13 Donna's company has successfully addressed these  
14 problems.

15                  Second, I have asked Dave Dickerson to  
16 speak. Dave is a very successful West Virginia  
17 businessman who chairs the Economic Development and  
18 Tourism efforts of our West Virginia Parkway  
19 Authority. Dave will explain the Tamarack project, a  
20 way we in West Virginia are going about creating  
21 2,000 jobs in a very non-traditional way. We are  
22 nurturing our State's craftsmen, giving them the

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1 opportunity to become successful entrepreneurs by  
2 expanding their market potential. In turn, they will  
3 create more of these good jobs that I'm referring to.

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

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

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

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

18 Donna, I'd like to ask you to start.

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

21 Good afternoon all of you. It's an honor  
22 to be here. While we at Marriott have a full menu of

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1 programs which support our working families, this  
2 afternoon I'm going to focus on one particular  
3 program called the Associate Resource Line which we  
4 began in 1994 in the State of Florida.

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

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

16 The service industry is labor intensive.  
17 It's built on low skilled jobs and highly routinized  
18 work. And as the January 19th edition of USA Today  
19 points out, it's the fastest growing job segment in  
20 the country; 3.3 percent job growth in the service  
21 industry versus 2.5 percent job growth in product  
22 producing industries.

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1           The instability of the growing segment of  
2           the population is evidenced by the fact that we do  
3           experience 300 percent turnover a year in our wage  
4           jobs. A single food server position may be staffed  
5           by five different people in one given year. Our  
6           salaried turnover is 15 to 20 percent.

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

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

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

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1       them employed.

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

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

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

20                   Until recently, most companies operated as  
21       if employees checked their problems at the door when  
22       they came to work. It was naively assumed that

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1 personal life did not affect productivity.

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

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

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

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

18 The Associate Resource Line then is a  
19 concept we developed to address these issues, very  
20 proactively providing service and support to our  
21 employees. We expect them to be more fully engaged  
22 at work.

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1           Their personal issues are so varied in  
2 scope and complexity, however, we knew that any  
3 response had to be very comprehensive. The Associate  
4 Resource Line is a confidential counseling service  
5 available 24 hours a day in multiple languages. It's  
6 accessible through an 800 number. It's staffed by  
7 professional social workers trained in child care,  
8 parenting skills, and family counseling.

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

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

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

21           Utilization was six percent, twice what we  
22 anticipated. Usage varied by location from a low of

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1 two percent to a high of 60 percent in some units.  
2 Both males and females used the service. Twenty  
3 percent of the callers received counseling in  
4 languages other than English.

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

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

18 The pilot in Florida was a success in  
19 terms of employee satisfaction and work place impact  
20 and analysis of employee feedback indicates a 28  
21 percent increase in loyalty, 38 percent reported they  
22 did not have to bring their problems to work. We had

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1 a 12 percent decrease in tardiness, and 16 percent  
2 decrease in absenteeism, and 12 percent reported they  
3 did not have to quit.

4 And from a bottom line business  
5 perspective, and of course we're interested in the  
6 business perspective of the final return on  
7 investment was realized.

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

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

16 The cost of the pilot to Marriott during  
17 1994 was approximately \$100,000. Subsequent to the  
18 pilot, the Florida units are now purchasing the pilot  
19 at their own cost. We're expanding the corporate  
20 expenditure in '95 to \$300,000 and expanding its  
21 reach to the State of Texas, the Atlanta region, the  
22 Chicago Metro area, and the State of Colorado.

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1                   We're committed to improving the outcomes  
2                   from a business, as well as an employee satisfaction  
3                   standpoint. We'd like the service to be fully  
4                   implemented by the end of '96.

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

11                  We look forward to expanding the program.  
12                  We're also dedicated to sharing our knowledge and  
13                  experience with other employers in the service  
14                  industry. We will be providing the corporate  
15                  leadership to Families Forward Institute to invite  
16                  these employers to a series of national conferences  
17                  to identify the quality of life issues, as well as a  
18                  set of possible solutions.

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

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1                   Thank you.

2                   GOVERNOR CAPERTON: Donna, thank you very  
3 much.

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

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

9                   MR. DICKERSON: Thank you, Governor.

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

19                  The area that we chose was cottage  
20 industry or home-based industry. West Virginia, as  
21 has been pointed out, is a land on its own. It's  
22 rugged, it's rural, sparsely populated by 1.8 million

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1 people. They're strong-willed, rugged, and self-  
2 reliant, but many times the artisans and agricultural  
3 producers in our state are insurmountable distances  
4 from the marketplace.

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

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

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

21 With the Governor's assistance, we have  
22 now moved into out state park system, which has

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1 opened up an additional 30 some stores for outlets of  
2 West Virginia-produced products. And the products we  
3 displaced in those state park stores were largely  
4 foreign and imported goods.

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

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

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

21 Opportunities in the Best of West Virginia  
22 Program are truly available to all West Virginians.

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1                   We have shelter workshops, presently three  
2                   in the program, who are busy silkscreening T-shirts,  
3                   making wooden utility items which are sold in our  
4                   stores.

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

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

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

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

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

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1 workshops.

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

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

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

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

21 The added benefit, double impact, if you  
22 will, is that there are no child care costs involved

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1 to the participants who are able to produce the  
2 product at home.

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

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

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

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

22 Our program will cultivate, in 1996, with

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1 the opening of our cornerstone facility, Tamarack,  
2 the Best of West Virginia, which will be located in a  
3 major thoroughfare in our state. Our studies  
4 indicate it will draw 750,000 people a year into this  
5 site to witness and experience the consequent West  
6 Virginia experience.

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

14 To capitalize on this opportunity of the  
15 500,000 out of state visitors, we will feature a  
16 tourism center within the Tamarack facility which  
17 will showcase and alert people to 375 additional  
18 reasons to extend your stay in West Virginia or to  
19 plan yet another trip back to West Virginia for a  
20 longer period of time.

21 In closing, let me say that I am not a  
22 native of West Virginia. It's my adopted state. I

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1 love it dearly. I think most important to our  
2 program has been the support from day one of a  
3 Governor, who without the leadership and vision and  
4 encouragement that he brought to us, the program  
5 would not have happened.

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

9 Thank you very much.

10 MR. SURPIN: Cooperative Home Care  
11 Associates is a worker-owned company based in the  
12 South Bronx section of New York City. It started in  
13 1985 and today has 300 people working in it,  
14 virtually all of whom are African American and Latino  
15 women.

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

22 The work of a home care aide is similar to

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1 a nurse's aide in a hospital or nursing home. It's  
2 an occupation that is expected to have tremendous  
3 growth over the next ten to 20 years.

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

7 Cooperative Home Care Associates was  
8 founded on the premise that clients would get better  
9 care only if professionals had better quality jobs.  
10 We essentially have three goals:

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

18 Our second goal is to provide high quality  
19 services to elderly and disabled clients. We are  
20 recognized for our reliability, for the high quality  
21 training and competence of our aides, and the  
22 responsiveness of the agency when problems arise.

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1                   And third, we care very much about  
2                   empowering and developing the people that work for  
3                   us. We invest a lot in entry level and in service  
4                   training. Only one out of every five applicants are  
5                   accepted.

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

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

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

21                  Another talked about an interview process,  
22                  when you went to another company, it was like being

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1 treated like a piece of meat. Everybody at  
2 Cooperative Home Care talks about how it's like a  
3 family.

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

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

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

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

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

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

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

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

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

18 Thank you.

19 GOVERNOR CAPERTON: Rick, thank you very  
20 much.

21 We're now open to any questions.

22 GOVERNOR THOMPSON (Presiding): Are there

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1 any questions of the panel or of Governor Caperton?

2 GOVERNOR THOMPSON: Governor Weld?

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

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

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

17 So I speak in support of that policy.

18 GOVERNOR THOMPSON: Any other questions?

19 Yes, Governor Merrill?

20 GOVERNOR MERRILL: I just wanted to ask  
21 the panelists. Obviously, Governor Caperton has been  
22 very supportive of the efforts of your organizations,

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1 but in the spirit of federalism that we've been  
2 discussing here, not just in this meeting but in  
3 prior meetings, are there any government regulations  
4 or forms or policies or processes that are getting in  
5 the way that we might be able to help you with?

6 GOVERNOR CAPTERTON: Rick, you'd probably  
7 be the best to answer that.

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

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

18 As a private sector person, I've come to  
19 believe very strongly in making investments over a  
20 long time period. For instance, in the transition  
21 from welfare to work, looking at a one-year time  
22 period is what's realistic for somebody.

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1                   Most government programs would choose to  
2                   look at a 90-day time frame, which is really too  
3                   short, to those kinds of things.

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

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

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

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

19                  GOVERNOR THOMPSON: Thank you very much.

20                  Any other questions of the panel or  
21                  Governor Caperton?

22                  (No response.)

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1                   GOVERNOR THOMPSON: Thank you very much,  
2 Governor, Donna, Rick, and David. It's very nice.  
3 We appreciate it very much.

4                   (Applause.)

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

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

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

20                   Our thanks also goes out to Governor  
21 Nelson for his prior service as the lead Governor on  
22 federalism.

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1                   I'm calling upon Governor Voinovich now to  
2                   bring us up to date on unfunded mandates and  
3                   federalism in general.

4                   George?

5                   GOVERNOR VOINOVICH: Thank you.

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

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

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

19                  Since I became co-lead Governor for  
20                  federalism in Tulsa two years ago, I have focused on  
21                  working with Congress and with you to pass unfunded  
22                  mandates relief legislation.

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1                   Today, I know how pleased we all are that  
2                   we're very near to achieving that objective. It's  
3                   been a long time coming.

4                   Newt Gingrich assures us that that bill  
5                   will be passed by the House after getting past the  
6                   140 so amendments, and I know the President is  
7                   anxious to sign the bill.

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

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

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

21                  In spite of that, we were denied a vote on  
22                  it late in the session. But we did do one thing. We

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1 raised the importance of this legislation to state  
2 and local government officials, to the extent that  
3 Senator Byrd made it Senate Bill One, and this past  
4 Friday, our work paid off and we got our mandate  
5 relief legislation out of the Senate.

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

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

15 And I thought for just a minute, I'd  
16 briefly go over that for you.

17 First of all, the bill requires that the  
18 Congressional Budget Office publish a cost estimate  
19 for bills containing mandates in excess of \$50  
20 million in total costs on state and local  
21 governments, or a point of order may be raised  
22 against the bill.

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1                   Points of order, any point of order may be  
2                   waived by a majority vote in either the House or the  
3                   Senate if the bill contains a mandate in excess of  
4                   \$50 million. If it does, a point of order may be  
5                   raised against the bill. The unfunded mandate will  
6                   take effect if no point of order is raised or a  
7                   majority votes to waive the point of order.

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

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

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

21                  The bill also establishes a mandates  
22                  commission made up of nine representatives, three

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1 appointed by the President, three by the Speaker,  
2 three by the Majority Leader, to recommend the  
3 elimination or modification of excessively burdensome  
4 or outdated mandates.

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

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

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

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

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

21 I would like to point out, the bill does  
22 not undermine any existing civil rights or

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1 constitutional rights and that answers the concern of  
2 many people in the country.

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

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

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

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

22 I'd also like to recognize Ben Nelson who

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1 really pitched in and helped us out. I just want you  
2 to know that we have enjoyed a very productive  
3 partnership with these organizations that I've  
4 mentioned.

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

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

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

17 I'd like to point out that one other thing  
18 has happened. We have agreed on an agenda with the  
19 other organizations, the state and local government  
20 coalitions. I'm not going to go into all the details  
21 but you have in front of you, it says state and local  
22 priorities for the 104th Congress.

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1                   The things that are on this document are  
2                   the things that they have all agreed to work with us  
3                   on in this session of Congress, and I can guarantee  
4                   you that because of the fact that we're all working  
5                   together, we'll have a very good chance of dealing  
6                   with some of these issues.

7                   First is to get the mandate reform passed.

8                   Second, to deal with the safe drinking  
9                   water reform.

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

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

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

21                  And, finally, to deal with the  
22                  reauthorization of the Paper Work Reduction Act

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1 requiring risk assessment and cost benefit analysis  
2 during Federal rulemaking exempting state and local  
3 officials from the Federal Advisory Committee Act.

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

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

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

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

20 I'd also like to thank Mike Lowry and  
21 Terry Branstad, the current Chair and Vice Chair, who  
22 have worked to continue the tradition.

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1 I know they will work closely with the  
2 coalition on a host of environmental issues that  
3 challenge state and local governments.

4 I'd just like to close on this note.

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

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

19 Mr. Chairman, again, I want to thank  
20 everyone for the great cooperation that we got. I  
21 want to thank you, Howard, for the terrific help that  
22 you gave me at the end of last year when we thought

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1 we'd get this legislation through. You were on the  
2 phone with the White House and with leaders in the  
3 Senate. I'm very grateful for that.

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

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

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

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

21 We owe you a tremendous debt for your  
22 leadership and your energy in getting this bill as

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1 far as it's gotten, and we've got one more chamber to  
2 go. And the President is very interested in signing  
3 this and getting this done as quickly as possible.

4 And we deeply appreciate, George, what  
5 you've done for this organization and for your former  
6 organization, the League of Cities and Towns.

7 (Applause.)

8 GOVERNOR DEAN: We have now an opportunity  
9 --

10 First, I should say, are there any  
11 questions for Governor Voinovich on this issue?

12 (No response.)

13 GOVERNOR DEAN: We have an opportunity now  
14 -- or I have an opportunity to make some awards to  
15 states who have really worked extraordinarily hard  
16 and shown great leadership in education.

17 At the Education Summit in  
18 Charlottesville, the Governors and President Bush at  
19 that time, made a commitment to establish national  
20 education goals, and develop a process to hold  
21 themselves accountable for achieving those goals.

22 And the Goals Panel, which I served on for

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1 one year, was established to report to the nation on  
2 the progress in achieving the goals.

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

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

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

14 (Applause.)

15 GOVERNOR CARNAHAN: Thank you, Howard.

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

19 Our report does report on our Outstanding  
20 Schools Initiative, which we started in 1993, and it  
21 of course measures how we're doing with that  
22 initiative, and how we're doing in meeting the

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1 national education goals.

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

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

8 (Applause.)

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

16 Governor Hunt.

17 (Applause.)

18 GOVERNOR HUNT: Thank you, Mr. Chairman.

19 I just want to say that I noticed these  
20 being given out last year, and I told my staff we'd  
21 better get it this year.

22 Y'all do the same.

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1                   If you'll open that packet, this is the  
2 piece that we developed. And our approach was to  
3 give a page to each of the national education goals.

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

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

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

15                  We're very proud to receive this and look  
16 forward to continued work with you.

17                  (Applause.)

18                  GOVERNOR DEAN: And finally, a Governor  
19 who's getting a great deal of praise for a variety of  
20 efforts in all sorts of areas today for expanding  
21 opportunities for success, Ohio's Fourth Progress  
22 Report on Education, Governor George Voinovich.

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1 (Applause.)

2 GOVERNOR VOINOVICH: I just want to say  
3 thank you very much, Howard.

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

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

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

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

20 I think if we're going to reach the big,  
21 national goals, our people have got to know what  
22 those goals are and I think we've got to do

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1 everything to make sure that they do understand them.  
2 And the best way to reach them is to report on them  
3 each year.

4 Thank you.

5 (Applause.)

6 GOVERNOR DEAN: Believe it or not, we're  
7 ahead of schedule.

8 Fortunately, our next guest is also ahead  
9 of schedule.

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

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

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

22 I'm sure we all have very sharp questions

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1       because we are struggling with this issue ourselves.  
2       And I very much appreciate the willingness of the  
3       Chief Deputy Whip for the Senate Democrats, Senator  
4       John Breaux, to be with us today.

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

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

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

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

15              SENATOR BREAU: You're obviously not the  
16      Federal Government.

17              (Laughter.)

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

22              He was a founding member, and is the

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1 current chairman of the Democratic Leadership  
2 Council.

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

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

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

20 It's a great privilege for me to introduce  
21 to you the Senator from Louisiana, Senator John  
22 Breaux.

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1 (Applause.)

2 SENATOR BREAUX: Good afternoon. Thank  
3 you very much.

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

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

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

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

17 And I said, well, it reminds me of the  
18 story of Beaudreaux and Abear from Louisiana who, at  
19 the sportsman banquet, won the raffle and first prize  
20 was an all expense paid trip to go ice fishing in  
21 Minnesota. And Beaudreaux and Abear had never done  
22 that.

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1                   But when they got up to Minnesota, they  
2                   bought the supplies that they needed, and they went  
3                   out, they bought a couple of ice picks, because they  
4                   figured they needed that, they bought other winter  
5                   gear that they needed, stayed out and in about an  
6                   hour, and came back to the sporting goods store, and  
7                   they said, we'd like to buy six more ice picks.

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

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

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

20                  (Laughter.)

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

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1     trying.

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

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

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

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

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

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

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1 reality.

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

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

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

18 The Treasury Department, who estimates  
19 this, are not political people. They are basically  
20 people with green eyeshades who really look at the  
21 numbers. They are number crunchers, they're  
22 professionals.

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1                   They've been in this Administration,  
2                   they've been in other Administrations and what-have-  
3                   you. And what they were able to do was to figure out  
4                   the impact of a balanced budget amendment in  
5                   Washington on each one of the various states,  
6                   assuming certain things.

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

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

19                  If we did that, a balanced budget  
20                  amendment for the State of Louisiana would reduce  
21                  annual federal grants to my state government by \$2  
22                  billion. \$1.5 billion per year in lost funding for

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1     medicaid.   \$94 million per year in lost highway trust  
2     funds.   \$48 million per year in lost funding for  
3     AFDC.   \$324 million per year in lost funding for  
4     education, job training, environmental programs,  
5     housing and other areas.   Louisiana, under their  
6     scenario and their estimates, would have to increase  
7     state taxes by 27.8 percent across the board to make  
8     up for the loss in federal grants to my State of  
9     Louisiana.

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

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

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1 pass the budget, we have to do it, and we will do it.

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

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

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

21 And we may all agree, I totally agree  
22 Congress should do it, vote for it, please make these

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1 reductions, but at least the states need to know, how  
2 do you reduce, how do you increase your state taxes  
3 to maintain a level funding in that area.

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

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

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

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

22 They all want us to do something and have

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1 a major change. And I certainly support that, I  
2 certainly agree with it.

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

7 I would suggest that it's not crime, I  
8 would suggest that it's not illegitimacy, I would  
9 suggest that it's not the breakup of the family, but  
10 it really is essentially the question of work.

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

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

18 I said it was the missing link, the  
19 missing piece of the puzzle, because we all talk in  
20 terms of the President's proposal. Well, we'll have  
21 a time limit, we're going to have education and  
22 training, but there was never any real suggestion as

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1 to how we get from that to the work force.

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

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

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

16 But if we put the problem in a box and  
17 mail it to you, we may well be mailing it to you  
18 without any money in the box. We may be mailing it  
19 to you and saying, here, Governor, here's the  
20 problem. We're out of it. We don't have any money.  
21 We're balancing the budget, and we don't have a lot  
22 we can cut. We can't really find the cuts unless we

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1 do major cuts in medicare and medicaid and those  
2 funding programs.

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

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

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

18 A final comment.

19 One of the things that we worked on in a  
20 bipartisan fashion with two institutes at work here  
21 in Washington, the DLC, the Progressive Policy  
22 Institute, along with the Hudson Institute,

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1 predominantly a republican organization, is to try  
2 and come up with a concept of trying to privatize  
3 that missing link, the missing part of the puzzle.  
4 Getting the welfare recipient off of the public  
5 welfare rolls and into the private sector.

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

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

22 Their job, then, is to find them that work

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1 in a company that will train them, that will help  
2 them.

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

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

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

18 Some of the states, New Jersey, New York,  
19 and others, I think Cleveland has tried this, Florida  
20 is doing it with their good will job placement  
21 efforts, Cleveland Works is doing this, America Works  
22 is another corporation that's doing this.

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1                   You could use it through the private  
2                   sector or you could use it through your job placement  
3                   office under the JOBS program that's operating in  
4                   your state.

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

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

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

20                 I've talked to Hank Brown, who was with  
21                 me, with Clay Shaw at the President's Welfare Summit.  
22                 Hank Brown, a republican from Colorado, likes the

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1     idea and is going to be joining with me in  
2     introducing that type of an amendment to try to  
3     improve the system, and I think it will.

4             I encourage you to keep working with us.  
5     This is not a political problem. It doesn't have a  
6     political solution. We're going to have to work  
7     together if we're ever going to get it done.

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

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

17            And I thank you very much for your time.

18            (Applause.)

19            SENATOR BREAUX: Any questions?

20            GOVERNOR FORDICE: Senator Breaux? John,  
21    I think you're right in emphasizing the importance of  
22    transitioning people from welfare to work. But you

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1       talked about it being a tough problem, which it is,  
2       and you said, how can we do that.

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

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

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

20               That's one thing you could do and block  
21       grant the money to us, then we can get rolling on  
22       this. I'm confident we've got a good economy going.

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1 That varies from state to state, but I've got the  
2 jobs, and that's the big first necessary requirement  
3 for getting going on this is to have the jobs. I've  
4 got the jobs and they're going begging while I'm  
5 going through the bureaucracy.

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

15 That's the overriding problem, and my  
16 grand children are not going to have any  
17 discretionary income left at all if we don't attack  
18 the problem, and the balanced budget is the way to do  
19 it, because nothing else has worked.

20 SENATOR BREAUX: Two comments.

21 Number one, you're taking all the jobs  
22 from Louisiana. I know you're doing real well with

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1       that, Governor.

2               The first point on the waivers, I think  
3       about 26 states now have waivers. Over half of the  
4       states now have some form of a waiver that has been  
5       approved. That's real progress. That's a hundred  
6       percent more than it probably was two years ago or  
7       there years ago.

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

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

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

21              I don't think that's going to happen  
22      politically. Therefore, what I think we ought to

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1 have is something that gives the maximum amount of  
2 taxability to the states to devise a program that  
3 works.

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

9 I think that's the trend with 26 state  
10 waivers. I think that's very, very clear.

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

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

21 I'd like to make a couple comments, one on  
22 welfare, but first on the balanced budget amendment

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1 by requiring it, and this is my concern.

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

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

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

22 They'll still increase spending. They're

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1       certainly going to have to determine what their  
2       priorities are.

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

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

19              Also, there's a cost to a lot of these  
20      illogical and unscientific regulations. There's a  
21      cost to enforcing those, and there's a cost on our  
22      states and localities that is coming from that.

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1                   That's why you have an uproar over various  
2 federal laws, whether it's the Clean Air Act and  
3 their unscientific ways of pestering us.

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

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

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

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

20                  What we're saying is, we care in the  
21 states about our people. We're primarily responsible  
22 for them, and what you may do in Louisiana may be

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1 different from what you do in Virginia, and we do  
2 some things that may be different than Vermont or  
3 some other state.

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

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

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

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

22 If I was a Governor of a particular state,

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1     how would I answer the question of my president of  
2     the senate or speaker of the house, when he comes up  
3     and says, Governor, you've asked us to vote for this,  
4     what does it mean?

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

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

16            Give me a hint about what I'm getting  
17    ready to get hit with because we're not going to do  
18    it in the abstract; it's going to be real numbers and  
19    it's going to be real programs affected that affect  
20    your citizens and your constituents, your people at a  
21    local level, if this passes. It's going to start  
22    deciding which programs are we going to pick up, how

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1 much is it going to cost, or how many programs are we  
2 willing to terminate.

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

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

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

18 And you ought to at least know that.

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

21 Where I come from, we call that buying a  
22 pig in a poke. Congress ought to be identifying

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1 general parameters if this is going to be  
2 accomplished, or the burden that shifts to us is  
3 going to be dramatic.

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

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

11 GOVERNOR FORDICE: John, could I ask you  
12 one more thing on what's --

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

16 We have Chairman Clay Shaw here. I'm  
17 going to have Governor Chiles introduce him.

18 Governor Chiles?

19 GOVERNOR CHILES: Thank you.

20 I'm delighted to have a chance to  
21 introduce, from Florida, Congressman Clay Shaw. Clay  
22 has had an outstanding career in public service. He

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1 has been a mayor of a city, as well as a long and  
2 distinguished career in the Congress.

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

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

17 I think being from a state with the  
18 problems that Florida has, Clay well understands that  
19 this is a complex issue that states have different  
20 degrees of problems regarding welfare reform. But I  
21 know that in his chairmanship, he will be looking,  
22 and trying to find ways to simplify the paper work,

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1 the bureaucratic problems that we face. But, at the  
2 same time, trying to find a way that the federal  
3 dollar is spent most effectively.

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

7 (Applause.)

8 CONGRESSMAN SHAW: Thank you very much,  
9 Lawton.

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

16 And in the area of welfare, I don't think  
17 there's any greater opportunity or any problem that  
18 is more acute or any problem in which we have more of  
19 a sense of emergency than we do in solving the  
20 problem of redefining our failed process of taking  
21 care of those who are most vulnerable among us: the  
22 poor, the young, the infirm.

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1                   And in doing so, I think first you have to  
2 go back and look at the problem as we find it today.  
3 And we find it where teenage pregnancy is reaching  
4 epidemic proportions. We find it now where almost  
5 one-third of the American people are born out of  
6 wedlock today. We find that we have a population  
7 that is born out of wedlock, 86 percent of them will  
8 at some time be on welfare compared to less than 10  
9 percent of the rest of the population.

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

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

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

19                   But what do we do?

20                   Those of you who have been very  
21 progressive, and I might say most of you have, you  
22 come here, as Tommy Thompson said, you kiss

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1       somebody's ring. I don't know what all you have to  
2       kiss up here, but those days are over.

3                       (Applause.)

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

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

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

17                      We keep the old system in place.

18                      Well, that's not going to last for many  
19       more months, and I can tell you there's another  
20       Governor that we've been working with, Governor  
21       Clinton. Last Saturday, he sounded more like  
22       Governor Clinton. He was slipping back into his role

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1 as Governor, but he sounded actually supportive of  
2 what you all want to do.

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

8 And we are going to put that in place.

9 It's got to have a work requirement.  
10 We're going to put that in place.

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

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

19 (Applause.)

20 CONGRESSMAN SHAW: You are not going to  
21 have to come to Washington to have your program pre-  
22 certified. We've got to of course evaluate the

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1 programs. That has to be done on an annual basis.  
2 We've got to have audits. That is our responsibility  
3 when we're talking about federal money. We've got to  
4 make public the reports of how you're doing.

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

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

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

19 In talking to the U.S. Conference of  
20 Mayors, just last week, they view you just as you  
21 view us, and they want to have more to say about  
22 what's going to happen. They know, and they can put

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1 together the local groups who will decide where the  
2 jobs are so that people are trained for jobs that do  
3 exist.

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

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

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

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

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1 states and we are putting them into the law, and then  
2 we're going to give it back to you, not in an empty  
3 box, but we'll give it back to you as a package that  
4 is funded.

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

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

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

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

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1 Government so great.

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

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

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

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

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1 to do so. And he can customize that.

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

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

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

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

20 It is going to be a joint product. It's  
21 going to be a product that's going to work. It's  
22 going to be a product that is going to give, to the

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1 most unfortunate among us, a new sense of pride and  
2 self-empowerment because this is the way we have to  
3 face the problem in working people out of poverty,  
4 getting them to work, and making them into productive  
5 citizens.

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

8 Thank you very much.

9 (Applause.)

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

12 Governor Carper?

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

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

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1 get waivers.

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

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

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

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

22 We're trying to provide child care for

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1     those folks we're compelling to stay in school or to  
2     take a job to make sure that they have help with  
3     child care.

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

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

17            But boy, it would sure be a lot nicer if  
18    we could put that in a paycheck so we have the  
19    ability of transforming a \$4.25 an hour job to a  
20    \$6.00 an hour job.

21            Lastly, child support enforcement. When  
22    people move across state lines, it gets much tougher

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1 to collect child support, and there's a lot of it out  
2 there that ought to be collected, and if we could  
3 collect it, it would help a whole lot of families.

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

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

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

22 We're going to be working hard and making

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1       that a very substantial part of the bill and a very  
2       important part of the bill.

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

6               GOVERNOR THOMPSON:   \$34 billion.

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

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

18              This is something that we really need to  
19      address.

20              Tom, being in Delaware, he's surrounded  
21      with states where it's very easy to leave Delaware  
22      and go into these other states.  And we've got to

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1 address that issue, and we will.

2 GOVERNOR DEAN: We have Governor Tucker  
3 and then Governor Fordice.

4 Governor Tucker?

5 GOVERNOR TUCKER: Thank you, Congressman,  
6 for your work on this issue. And many of the  
7 principles which you've enunciated are things on  
8 which there is wide agreement.

9 I am very concerned about how the welfare  
10 change proposals will work in concert with the  
11 balanced budget amendment. I don't understand how  
12 Congress can ask us to trust them to respond to  
13 working people and children in the time of a  
14 recession if simultaneously, we were to have a  
15 Constitutional amendment precluding us from touching  
16 the Pentagon and retirees at the same time we needed  
17 to provide money for children and working people who  
18 may be laid off in a recession.

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

22 CONGRESSMAN SHAW: Well, I'm not sure that

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1 the people of Arkansas are going to be very impressed  
2 if you go back and say, yes, the Congress said to  
3 trust them, and I did.

4 GOVERNOR TUCKER: That's part of our  
5 problem precisely.

6 (Laughter.)

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

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

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

21 At least in my opinion, it will spell  
22 economic disaster.

1                   But obviously this is a fair concern and  
2                   it is one that I can't walk away from. Because there  
3                   will be, any time you're talking about grants, you're  
4                   talking about, you're taking it off of the  
5                   entitlement and if you're taking it off the  
6                   entitlement, you've taken it off of automatic pilot,  
7                   and the Appropriations Committee, every year, will  
8                   have to look at this expenditure.

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

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

20                  But I think you should be more concerned  
21                  about the growth of entitlements because we're going  
22                  to have to look at this, and not only this, we're

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1 going to have to look at some other entitlements to  
2 decide what is going to remain on automatic pilot and  
3 what is not.

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

6 GOVERNOR DEAN: Governor Fordice?

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

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

18 Just to put all that in perspective, is it  
19 not true, and of course you have to get beyond  
20 Washington rhetoric because, as best I can tell, cut  
21 here doesn't mean cut at all as far as what we call a  
22 cut. It simply means a reduction in the rate of

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1       increase.   That's no cut where I come from.

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

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

12                   Won't that work?

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

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

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

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

22                   One critical question is that if you do

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1 the block grant, is Congress willing to put it on the  
2 entitlement side of the budget rather than the  
3 discretionary side of the budget?

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

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

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

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

20 Because these states that are growing fast  
21 have different problems and these things have to be  
22 addressed within the legislation. But it's a big

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1 question mark at this point of whether it's going to  
2 be a state entitlement.

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

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

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

20 GOVERNOR ROMER: I think I want to help  
21 you balance the budget. Our concern is that when you  
22 have to make these tough decisions, that you have on

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1 the table not just the pressure of children, but also  
2 you have a competing pressure of the needs of  
3 elderly. You know, I don't want that to be off the  
4 table. I think that debate is a tough debate and  
5 those decisions are tough decisions.

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

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

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

21 I also want to express my appreciation for  
22 your openness in terms of looking at a period of time

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1       where we could have some certainty so that from a  
2       state perspective, as we talk about that innovation  
3       at the state level, there's an opportunity to say,  
4       we're putting a program in place. Some of these take  
5       a couple of years, especially as we're changing  
6       directionally as much as we are now.

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

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

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

18             Speaker Gingrich this morning, in a  
19      meeting with some of the Governors, talked about the  
20      idea of favoring a five-year period and literally  
21      having a contract between the Federal Government and  
22      the states, giving us that period of innovation.

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1                   Your thoughts on say that five-year fixed  
2                   period, so that there's a reliable source of funding,  
3                   especially given the caveat that you've just  
4                   described, that so-called rainy day fund for  
5                   something extraordinary and unplanned that might  
6                   happen.

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

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

22                  And I must confess, some of the debate has

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1       been in absence of at least any realistic assessment  
2       of how much reliability we have under the current  
3       status quo.

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

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

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

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

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1                   It won't be too long before those figures  
2                   are available, but they're going to be very  
3                   controversial, and they're going to be very, very  
4                   tough in all of these matters. And of course, even  
5                   though we do plan these five-year periods, that can  
6                   change every year, just as your state legislature can  
7                   change its spending procedure every year.

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

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

14                  GOVERNOR DEAN: Governor Thompson?

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

19                  It's been outstanding, and I would like  
20                  to, as one Governor, publicly compliment you, Clay,  
21                  for what you have done.

22                  I have just two very quick questions.

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1                   Of the trigger that you're talking about,  
2                   about what percentage would you set aside, if you  
3                   could answer that at this time?

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

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

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

14                  (Laughter.)

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

21                  Then it will go to the full Committee  
22                  which already has its hands full with the tax cut for

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1 middle America that we promised, and we're working  
2 on. But it is scheduled right now to go to the floor  
3 in late March.

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

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

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

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

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

19 Thank you and keep it up.

20 Thank you very much.

21 (Applause.)

22 GOVERNOR DEAN: We thank you very, very

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1 much, Chairman Shaw, for sharing that with us. We  
2 will be seeing a lot of you within the next few weeks  
3 as you mark this up.

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

10 This session is adjourned.

11 (Whereupon, at 4:35 p.m., Monday,  
12 January 30, 1995, the Session was adjourned.)

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# TRANSCRIPT OF PROCEEDINGS

NATIONAL GOVERNORS' ASSOCIATION

ORIGINAL

WINTER MEETING

THIRD PLENARY SESSION

Washington, D. C.

Tuesday, January 31, 1995

**ACE - FEDERAL REPORTERS, INC.**

*Stenotype Reporters*

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NATIONAL GOVERNORS' ASSOCIATION

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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.

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P R O C E E D I N G S

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

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1     Glendening, and we will continue the work of  
2     Governors Merrill, Carnahan, Arne Carlson, and the  
3     Human Resources Committee, the work on the issues of  
4     children and how we might support them and their  
5     families as we realign some of the programs and as we  
6     realign our economy.

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

18                Today we have the opportunity to hear from  
19    an individual who has certainly revolutionized the  
20    way American politics is going to work, at least for  
21    the next two years, and we have enjoyed his fireworks  
22    sometimes, depending on your side of the aisle. But

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1 I think all of us, as I said to a national news  
2 organization, all of us, from a Governor's  
3 perspective, thinks this change is a good thing.

4 There have been maybe a lot of partisan  
5 disagreements about some of the new Congress's  
6 programs, and there is partisan disagreement about  
7 some of the ways that we work or don't work together.  
8 But there is, I think, tremendous agreement among  
9 Governors that the old Congress did not listen to  
10 Governors as much as they could have, and we are very  
11 appreciative of the new Congress reaching out to the  
12 Governors in the way that they have.

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

18 (Applause.)

19 REMARKS BY GOVERNOR ZELL MILLER

20 GOVERNOR MILLER: Thank you, Mr. Chairman.

21 I am very pleased to have this honor.

22 Down in Georgia last week the dean of

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

12 Now, I don't know about you, Mr. Speaker,  
13 but I consider that a great compliment. Our  
14 friendship, and I use that word purposely instead of  
15 relationship, our friendship goes back almost 25  
16 years. I remember very vividly, in 1972 we debated  
17 each other during the general election. I was the  
18 State director of the Democratic Party at that time.

19 1972. Get that year. It was not best for  
20 Democrats, you will remember. Georgia went  
21 Republican, and in the presidential race at the same  
22 time we elected Sam Nunn for the first time. And

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1 after that debate I remember very vividly going home  
2 and telling my wife about this formidable foe, and I  
3 predicted then to her that you are going to hear a  
4 lot about Newt Gingrich over the next several years.

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

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

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

18 And to the press and the public, if you  
19 think this man is a passing fad or one who is going  
20 to have his 15 minutes of fame and then disappear or  
21 if you think he is going to self-destruct, you had  
22 better think again. This man is for real. He is

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1 going to be around a long time. He can take it, he  
2 can dish it out.

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

7 (Applause.)

8 REMARKS BY HON. NEWT GINGRICH

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

21 Did you run in '64? Zell and I, I went up  
22 to a college to run a campaign for a Republican who

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1       picked the only district in Georgia that Goldwater  
2       didn't carry. In that year the young professor,  
3       young Harris was out running for Congress on the  
4       Democratic ticket in the primary. So we first  
5       crossed trails then and debated in '72. We are  
6       fellow historians. He has written a number of books.  
7       I have written one. I am trying to write another.

8                       (Laughter.)

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

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

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

22               One of the reasons I was excited to come

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

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

17 It seems to me it's true not because of  
18 political ideology or political movement but because  
19 of five larger realities that you face at the  
20 Governors' level, we face in the Congress, the  
21 President faces in the White House, the cities and  
22 counties face at their level:

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1                   First of all, the genuine rise of the  
2 information age, the fact that all these cameras are  
3 here, we're live on C-SPAN and people will be talking  
4 about us on Internet within three minutes. That is a  
5 reality, and it affects everything we do. It affects  
6 recordkeeping, it affects international terrorism, it  
7 affects job creation. You name it, in some way or  
8 another, the rise of the information age is having an  
9 impact on all of us.

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

22                   Second is the inexorable reality of the

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1 world market. Every one of you, and, frankly,  
2 Governors are often more aware than Presidents and  
3 Members of Congress of the competitive nature of  
4 capital investment, of going around the world and  
5 saying to people, "Look at our products. Look at us  
6 as the place to put your factory. Create jobs in my  
7 State."

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

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

17 Now, that kind of change is happening  
18 everywhere in this country, and it relates to world  
19 sales, the world market, world competition. And so  
20 we are all affected by it. That means we have to  
21 rethink litigation, regulation, taxation, and  
22 education, just to be competitive.

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1                   Third, the welfare state has failed.  
2   Every one of you knows that in your own State. You  
3   know it by what is happening to the poor. You know  
4   that by what is happening to educational outcomes.  
5   You know that by what is happening to violence. So  
6   we have an enormous challenge of replacing the  
7   welfare state with an opportunity society. That is  
8   true everywhere in America. It's true on American  
9   Indian reservations, it's true in centers of rural  
10   poverty, it's true in the inner city.

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

20                  (Applause.)

21                  REPRESENTATIVE GINGRICH: Fifth, and in  
22   some ways most radical, these solutions we are going

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1 to develop together will not work unless we reassert  
2 and reestablish civic responsibility and a sense of  
3 community.

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

16 The truth is a free society is vastly  
17 bigger than the government. There are many ways to  
18 solve problems, and most of them aren't in the  
19 bureaucracy. Parents have to have some  
20 responsibility for their children's education, and  
21 neighbors have to have some responsibility for their  
22 neighborhood's safety, and everybody is going to have

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1 to have some responsibility for being able to compete  
2 in the world market.

3 That is a very different definition of  
4 citizenship than the one that says you pay taxes, I  
5 the professional will supply whatever you want; if we  
6 fail, yell at us, it's our fault. And we're going to  
7 have to reassert that, because otherwise you can't  
8 get a free society to work.

9 In the face of those five large changes, I  
10 thought at least since the election in terms of our  
11 new majority and what we are doing up here, that  
12 there are three big facts that are overwhelming:

13 The first is that this is real change, and  
14 I can't say this too strongly because you are going  
15 to go back home to your professional experts, and it  
16 is a little bit like "Yes, Minister," on the British  
17 TV series, and your professional experts are going to  
18 explain to you why in the old world they grew up in  
19 and that they have an intellectual capital investment  
20 in that you can't do whatever it is that Congress is  
21 doing. And you need to say to them, "It's all gone."

22 In the first place, if you've got 218

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1 House Members, 51 Senators, and the President, we can  
2 do virtually anything under the Constitution. So we  
3 can wipe out Medicaid in the morning and say good  
4 luck. That's reality. It's historically doable.  
5 It's legal. It may not be wise, but you need to go  
6 back home and say to them we are entering a new world  
7 and you had better be thinking about the new changes  
8 because if you try to explain why we are staying in  
9 the old world, you don't get it.

10 Second, it is very hard work. If you had  
11 said to me 90 days ago, the good news is you will be  
12 Speaker of the House and the bad news is you will be  
13 Speaker of the House, I wouldn't have understood it.  
14 Some of you who are Governors may have already been  
15 through this several times, particularly if you  
16 inherited a State in crisis and you had to spend 90  
17 or 120 days getting things reorganized. But I can  
18 tell you this scale of what we are doing, the  
19 complexity of what we are doing, is just  
20 overwhelming.

21 We have to say that to the American  
22 people. Again, I think the baby-boomers are mature

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1 enough to say to them in order to turn this country  
2 around, you don't want to turn on the evening news  
3 and watch drug addiction, violence, rapes, spouse  
4 abuse, children being killed by their parents. You  
5 had better roll your sleeves us, this is going to be  
6 hard work.

7 There are no magic bullets. There is no  
8 instant answer. But if all of us roll our sleeves  
9 up, we can get it done.

10 The third fact is you have to keep your  
11 promises because you have to rebuild the public's  
12 faith in public leadership. They have to believe you  
13 mean what you say. That's why every time I speak I  
14 pull out the Contract because the Contract is real.  
15 This is the laminated version of the TV Guide Ed. It  
16 now has a hole punched for the balanced budget  
17 amendment. As we do each of the two items, we will  
18 keep punching the holes.

19 The purpose is not because this is  
20 necessary totally right, but it is what we campaigned  
21 on, it's what they voted for, and we owe it to them  
22 to keep our word. And if we find reality has changed

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1 and we can't quite get something done the way we  
2 would like to, we owe it to them to be very honest  
3 and very direct and say let me tell you what we have  
4 learned and why we can't do it, because people will  
5 accept that dialogue differently than somebody who  
6 just says, well, that was then, this is now, that was  
7 before the election, why are you bothering me?

8 Now, in that framework, what I am  
9 suggesting to you is that we have an opportunity to  
10 replace cynicism with a new sense of hope. Probably  
11 our most difficult challenge today is the news media,  
12 and if your State news media is like the federal news  
13 media, it is a great challenge. It is a bigger  
14 challenge, in my judgment, than the bureaucracy.

15 But we can do it if we just continue to  
16 hammer away at the notion that this is America, that  
17 we have every right to dream heroic dreams because we  
18 are Americans, to paraphrase Ronald Reagan, and that  
19 in fact this country has a great future and that  
20 occasionally reporters ought to try to actually cover  
21 what we are doing and not just find some new way to  
22 start a fight.

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1                   So, again, we need to launch a new  
2 dialogue. And I really want to use this word. And I  
3 appreciate so much Governor Dean's attitude when he  
4 came to see me. We don't need for 1995 any debates.  
5 We had debates in the summer of 1996. In 1995 we  
6 need a dialogue. We need an honest exchange of  
7 ideas. We need an honest effort to improve things.  
8 We need to do the best we can to get through one year  
9 without a campaign. We need to work with each other  
10 in that dialogue, and that includes all the American  
11 people.

12                   I believe in that new hope and that new  
13 dialogue, we will create a new partnership, and I  
14 really believe the new partnership is the term which  
15 will replace the New Deal. In the Information Age  
16 the government doesn't have the cards to deal,  
17 frankly.

18                   So we need to get everybody around the  
19 table as partners. We need to say to the poor, we  
20 will reach out a helping hand, but you have to reach  
21 out too. We need to say to drug addicts and  
22 alcoholics, we will reach out a helping hand, but you

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1 have to reach out too. We need to say to the  
2 illiterate, we will reach out a helping hand, but you  
3 have to reach out too.

4 I believe most Americans will accept the  
5 moral premise of a new partnership. That new  
6 partnership, I believe, will create a generation of  
7 new leaders. All of you have discovered, you know,  
8 not necessarily a PhD, not necessarily a lawyer, not  
9 necessarily somebody with an MBA, just a good,  
10 hardworking citizen with common sense, who has the  
11 human qualities to get things done and to get people  
12 to follow him.

13 I think with that new leadership we will  
14 create a new era in which we will reassert and renew  
15 American civilization.

16 What I want to come here and talk with you  
17 about within this larger framework, which, by the  
18 way, I realize how busy you all are, but you have  
19 some fairly sophisticated staff who want to see a  
20 much larger explanation of it, I am teaching, I am in  
21 the middle of teaching a 20-hour course at Rinehart  
22 College on renewing American civilization, which is

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1 my effort to lay out the architectural design of how  
2 you will do this. I would just recommend it to you.  
3 Any of your staff can call 1-800-TO-RENEW to get the  
4 information on it, or they can call my office.

5 But I wanted to come here today to talk  
6 about a contract with the States and a partnership  
7 with the Governors. Let me start with the idea that  
8 the framework for us is to get to a balanced budget  
9 by 2002. We hopefully, although I have noticed that  
10 Senator Daschle is trying to change his position and  
11 now be against the balanced budget, which is  
12 unfortunate, but we hope we will be able to get the  
13 balanced budget through the Senate. Whether we do or  
14 not, for as long as I am allowed to serve as Speaker,  
15 the House will make decisions based on achieving a  
16 balanced budget in 2002.

17 (Applause.)

18 REPRESENTATIVE GINGRICH: With or without  
19 the amendment.

20 (Applause.)

21 REPRESENTATIVE GINGRICH: That is the  
22 framework.

1                   I ask you to work with us. I understand  
2 as Governors you take whatever the worst State was,  
3 and it may very well have been what Pete Wilson  
4 inherited, but you take whatever your problems were  
5 going in, or Bill Weld's, claiming he cut 13 percent  
6 out of his budget the first 90 days, I had a critic  
7 come over and say it was only 11.

8                   (Laughter.)

9                   REPRESENTATIVE GINGRICH: Whatever the  
10 number, take whatever your problem was, and then look  
11 at federal budget. In seven years, this is a  
12 Herculean task. But I ask you to enter every  
13 conversation in our dialogue from within that  
14 framework.

15                  Let me make the following suggestion, and  
16 I have to say, by the way, as I said last night, when  
17 I look at what Governors Weld and Whitman and Engler  
18 and Thompson have done--and I say this, Pete just  
19 fought his way back, they had very tough decisions, a  
20 very tough economy--I am inspired to say to the  
21 Congress, how can you have Governors who have done  
22 this, Terry Branstad, who went all the way through

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1 the ag depression and managed to continue to work his  
2 way back, how can you have Governors who have done it  
3 and then say we in the Congress don't have the will  
4 to do it?

5 In that sense, we look to the Governors  
6 for a certain amount of real inspiration here and the  
7 moral courage you have shown, virtually every one of  
8 you, in saying again and again, we are going to  
9 balance the budget, we are going to do it, and it's  
10 on a bipartisan basis across the whole country.

11 In that framework, Governor Engler helped  
12 invent yesterday a new idea, which is that we  
13 resemble the State legislatures a little bit. You  
14 know, the feds right now, when you have something  
15 that is truly stupid -- and the Post today managed to  
16 mischaracterize it as though I was being flippant, so  
17 I will try to say it in a clear way for the press:  
18 If you have the Federal Government doing something  
19 truly stupid, the current federal attitude is, unless  
20 we change the entire law, which is almost impossible  
21 and cannot be done in a timely manner, it is  
22 impossible to stop the federal bureaucracy from being

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1 stupid. Therefore, if you have something in your  
2 State which is truly stupid, we will tell you, we  
3 agree it is truly stupid, the President will then say  
4 he agrees it is truly stupid, we will then all stare  
5 at the bureaucrats as they file another lawsuit to  
6 enforce their stupidity.

7 The bureaucrats will tell you, yes, they  
8 think it's stupid too, but they are forced to by the  
9 federal law and therefore nothing can be done.

10 My impression is that in most States, if  
11 you have something which is truly stupid, you try to  
12 pass a correcting legislation to eliminate the  
13 stupidity.

14 I have been listening to Governors tell me  
15 how they actually function. So what we want to  
16 propose and John Engler deserves a lot of credit for  
17 this, we want to propose that we establish, probably  
18 the first Tuesday of every month, as Corrections Day.  
19 And what we will do, it will take about a six-week  
20 lead time, so we need to gear up when you get home  
21 this week, you bring us items so dumb that you  
22 wouldn't want to tell your mom you were busy doing

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1       them.

2                       (Laughter.)

3                       REPRESENTATIVE GINGRICH:   And we will  
4       schedule them.   The first one I hope to schedule, I  
5       have checked with Governor Wilson of California this  
6       morning, Mayor Golding of San Diego came to me and  
7       said they are being required by EPA, the  
8       Environmental Protection Agency, to build a \$10  
9       billion secondary treatment plant designed perfectly  
10      to fit Lake Erie so they can dump their effluent in  
11      the Pacific Ocean and that every oceanographer at  
12      Scripps has said this is irrational scientifically.  
13      In fact, in the district court San Diego won the  
14      case.

15                     I just checked with Governor Wilson and he  
16      said, yes, that he would be glad to support a  
17      narrowly drawn act to eliminate--and we're not going  
18      to do it to select out San Diego--we will simply say  
19      any city which is on the Pacific Coast and which has  
20      scientific proof that it is irrational to expend its  
21      money in this manner shall be exempted from the EPA  
22      harassment.   I don't know what the legal language

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1 will be.

2 (Laughter.)

3 REPRESENTATIVE GINGRICH: But we are going  
4 to start drafting it.

5 But my point is very profound. It is not  
6 the silly headline the Post gave it this morning. My  
7 point is that if every Governor, every mayor and  
8 every county commissioner in this country, and every  
9 business, knew that if they identified something  
10 totally dumb when the bureaucrat says to him, you  
11 have no recourse, their answer is, oh, yes, I do.

12 We are going to bring it up on Corrections  
13 Day, and every agency will begin to realize that if  
14 they show up seven Corrections Day in a row, then  
15 maybe the next goal--

16 (Laughter and applause.)

17 REPRESENTATIVE GINGRICH: My only point,  
18 back to you as Governors--because Bob Dole has a  
19 harder job than I do because the Senate rules are  
20 less forgiving on these kind of innovations--is that  
21 when we get something good for your State, and we get  
22 it out of the House on suspension, you have to work

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1 the Senate to get it protected so that the bill  
2 passes in its narrow form.

3 I think the  
4 President will be delighted to sign 20 or 30  
5 corrections bills a month. He and I discussed the  
6 idea late Saturday night. We think this is a  
7 direction that is useful. So that's my first offer.  
8 You can go back home, get your folks to work right  
9 now, and we will have a Corrections Day center in the  
10 Capitol, and we will take every idea on a totally  
11 nonpartisan basis. If you have a good one, give us a  
12 chance to help.

13 (Applause.)

14 REPRESENTATIVE GINGRICH: Second, George  
15 Pataki came to us with a good idea. I must say, it  
16 teaches you something about the Governor's  
17 aggressiveness because Governor Branstad was trying  
18 to up the ante as I walked around the room. Governor  
19 Pataki came by and said that when they have trouble  
20 getting money saved at the State University of New  
21 York system, they offered an incentive: that if the  
22 president could deliver on less than the cost that

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1 was allocated, they got to keep 20 percent for their  
2 college campus.

3 They suddenly found a new passion for  
4 efficient management of State resources. Governor  
5 Pataki said, "You know, if you would give us an  
6 incentive, I believe we could save a lot of money if  
7 we knew we could keep 20 percent." With all due  
8 respect, Terry was really trying to get 50 out of the  
9 deal. But I respect good, honest negotiations. I  
10 came back and offered 10.

11 (Laughter.)

12 REPRESENTATIVE GINGRICH: I want you to  
13 help us craft the idea because, frankly, if we do it  
14 with you, you may have an obligation to do it with  
15 your city and county governments. But if we could  
16 work that away, you know, the old baseline was the  
17 liberal baseline, which always won out. If we could  
18 now establish a conservative baseline, where here is  
19 the baseline but if you save it, it comes down, you  
20 get to keep 20 percent of the money, then you and  
21 your legislature can decide how to spend it, then you  
22 and your legislature can decide how to spend it. So

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1     you have an incentive for efficient management. Then  
2     you start getting the Governors' Association swapping  
3     information about how you save money and how you  
4     managed it better.

5             It seems to me that we would be in a whole  
6     new cycle of virtuous behavior with you profiting  
7     from your being smart, the taxpayers profiting from  
8     your being smart, and everybody being better off.

9             So I would like to ask you to establish a  
10    task force to help us write that legislation and to  
11    design it.

12            Third, I want to ask you to develop for us  
13    a federal cost-cutting contract. We are trying to  
14    get the balanced budget. What I would like to get  
15    from the Governors's Association is a real simple  
16    little chart. On Colulmn A, it says here's what the  
17    feds do to us that is dumb and costs a lot of money.  
18    If you will repeal this, this is how much less money  
19    we will have to spend out of our State budgets.

20            Column B is, here is how much less you  
21    guys in Washington have to send us if you repeal  
22    column A. Now, we work out a contract where we have

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1 to pass the bill together so we are relieving you of  
2 federal burdens at the same time we are relieving you  
3 of federal money. I am going to work out some  
4 formula so we relieve you of \$3 of burden to \$2 of  
5 money, or whatever we negotiate out.

6 But I think a contract for cutting the  
7 cost of federal imposition, unfunded mandates,  
8 remember, that we are passing now, is prospective.  
9 It doesn't go back and clean out all the problems  
10 that have already been built into the law.

11 Mayor Riordan told me he felt in L.A. that  
12 \$6 billion was the municipal government amount for  
13 the next five years that we are costing them in money  
14 they are going to have to spend doing things they  
15 might not otherwise do.

16 In addition, I would like your advice on  
17 whether we should abolish the federal regional  
18 centers. Are they in fact useful, or are they in  
19 fact just a waste of time? Are they a place that you  
20 stop off at on the way to coming to Washington, or  
21 are they a place that works? I don't know. I am  
22 open to that.

1                   But I am just saying, when we look at  
2 downsizing the Ford Motor Company and downsizing at  
3 IBM, should we delayer the Federal Government so  
4 States work more directly? I would just like a  
5 recommendation back from the NGA on what we should  
6 do.

7                   I would also like your advice on how to  
8 revise federal property disposal. I think about the  
9 Presidio, which could be one of the great jewels of  
10 San Francisco, but the notion that the current law  
11 requires us to behave irrationally if we try to  
12 dispose of it or turn it over to the States is  
13 something we ought to revisit, because, frankly, if  
14 you shrink the Federal Government, we may dispose of  
15 a lot of property and we are not going to have a  
16 handful of self-appointed people showing up and  
17 claiming every piece of property under some arcane  
18 act. That needs to be revisited.

19                   In addition, Governor Miller was a real  
20 leader on the issue of crime. And I just want to say  
21 in that tradition, a number of you have been very  
22 tough on it. There is a provision in the law that

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1 allows a look at federal military bases that we are  
2 demobilizing, and it does seem to me that there are  
3 some places in the country where we are demobilizing  
4 very big, very rural bases, so we don't have a not-  
5 in-my-backyard problem of prison building, and we  
6 ought to look at a consortium to take advantage of  
7 that kind of land.

8 We have also talked with Attorney General  
9 Dan Lungren of California. We do have a provision  
10 that stops the prisoner lawsuits that are clearly  
11 frivolous. California alone now has 52 lawyers who  
12 do nothing but respond.

13 (Applause.)

14 REPRESENTATIVE GINGRICH: We want to work  
15 with you on minimizing the federal judges' ability to  
16 take over prisons and establish their standards.

17 (Applause.)

18 REPRESENTATIVE GINGRICH: On welfare  
19 reform, we have had a very, very successful time,  
20 working with Governors Thompson, Engler, and Weld.

21 I hope--I know there is a split in the  
22 NGA--but I hope we are going to be able to come up

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1 with some rational project which dramatically  
2 decentralizes, for this reason, and forget saving  
3 money, forget bureaucratic overhead, we know the  
4 current system is failing and we know that in failing  
5 it is destroying Americans.

6 Children are being destroyed today while  
7 we are in this meeting, and my theory is that if we  
8 could have 51 experiments with Congress experimenting  
9 in D.C. and the rest of you experimenting each in  
10 your own States, just getting 50 different  
11 experiments, and I would beg you to both personally  
12 read Marvin O. Lasky's "The Tragedy of American  
13 Compassion," and have every person who is going to  
14 work with you on welfare read it before you decide  
15 how to design your plan.

16 But if we could have 50 experiments in  
17 transforming and saving the poor, surely out of those  
18 50 parallel experiments we will learn more than we  
19 are going to learn with highly centralized  
20 Washington-based systems.

21 I don't totally trust the Governors. I  
22 agree a little bit of Governor Dean's notion that you

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1 don't want to automatically trust anybody. But if we  
2 can sign a five-year contract, recognizing that  
3 Congress will still be here, we will still do  
4 oversight, and at the end of five years, we can  
5 rewrite if we find that somebody has cheated in an  
6 egregious manner.

7 But I want to liberate every one of you to  
8 sit down with the people of your States to ask  
9 yourself what can we do to save the children today,  
10 not five years from now, not ten years from now, not  
11 after 22 studies--today.

12 (Applause.)

13 REPRESENTATIVE GINGRICH: I also frankly  
14 want to encourage you to look at Medicaid in the same  
15 way. We are prepared to give you enormous grants of  
16 authority on a contracted basis for you to run  
17 Medicaid so that you are in charge of the delivery  
18 system of your State, without massive detailed  
19 oversight.

20 Again, I see this as a limited experiment,  
21 a five-year contract. We have oversight. We watch.  
22 At the end of five years, we review the whole thing,

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1 and with your help we figure out what didn't work and  
2 we then come back and we rewrite it. This is not in  
3 perpetuity. But I am prepared to trust the States  
4 for five years as an experiment. I think most of the  
5 States will do better than Washington expects. The  
6 places that don't, we can learn how to micromanage  
7 again. We can go back and rewrite it. But at least  
8 let's try to trust the people and try to trust the  
9 State governments.

10 (Applause.)

11 REPRESENTATIVE GINGRICH: On litigation  
12 reform, we have bills already moving. Chairman Hyde  
13 is working in his committee, and I think it comes to  
14 the floor in late March. We very much would like to  
15 get from the National Governors' Association what  
16 particular aspects of litigation reform most cost  
17 your State unnecessary money. What should we be  
18 doing to make life less litigious at the federal  
19 level for States?

20 The legal system should be designed to  
21 give optimum justice for citizens, not the optimum  
22 income for trial lawyers. And we need to, frankly,

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1 go through a system that is practical, efficient, and  
2 you can afford. We do not today have that kind of  
3 system. It is no accident that Edward Deming, the  
4 founder of the quality movement, the man who taught  
5 the Japanese the concept, listed our litigation  
6 system as one of the two major impediments to our  
7 being able to compete in the world market.

8 So we want the National Governors'  
9 Association's advice on how to rethink litigation  
10 reform.

11 On immigration, I want to make two points.  
12 One, I believe the failure to protect the American  
13 border is a federal responsibility.

14 (Applause.)

15 REPRESENTATIVE GINGRICH: I believe the  
16 Federal Government has an obligation to work with you  
17 and to take up the cost of that if we require you to  
18 do something involving illegal aliens, if we are  
19 incapable of so writing the law that we instantly and  
20 efficiently deport illegal aliens.

21 And again let me draw the distinction: I  
22 believe passionately in the legal right to have legal

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1 immigration, and I believe that many of the legal  
2 immigrants in this country have been among our most  
3 productive and our most desirable and our most  
4 effective citizens. We cannot allow an honest debate  
5 over illegality to degenerate into a debate about  
6 race and ethnicity. I want to draw that distinction.

7 (Applause.)

8 REPRESENTATIVE GINGRICH: If I may also  
9 suggest that we have two jobs here. Job one is to  
10 say let's make the feds pay for it because, frankly,  
11 if the feds have to pay for it, Washington will  
12 understand how big it is.

13 But, two, I want to propose to you--and we  
14 are going to be asking the Governors of the border  
15 States to have their State police and their National  
16 Guard reviewing it and recommending directly to us--  
17 it is irrational to suggest that the United States  
18 cannot in fact have borders that are protected.

19 There is no European country that would  
20 accept the notion that you have to have huge  
21 population migrations that are just uncontrollable.  
22 Frankly, the total cost of being effective at the

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1 border is a very tiny percentage of the total cost we  
2 ultimately pay by being incompetent at the border.  
3 That is, I think both of those -- we take care of the  
4 responsibility and we fail, but we take dramatically  
5 bigger effort by this summer to not fail.

6 (Applause.)

7 REPRESENTATIVE GINGRICH: I just have  
8 three more things. I appreciate your patience, but I  
9 wanted to lay out for you the two-year agenda where  
10 we can work together on our partnership.

11 Let me suggest that you all do a lot more  
12 about jobs in the world market than any elected  
13 federal official, no disrespect to the President, the  
14 vice president, and Members of the House and Senate.  
15 The fact is Governors wake up and think about how do  
16 I get jobs in my State? I would love to have the  
17 National Governors' Association put together an  
18 advisory group to be extremely bold. I use a  
19 planning model of visions, strategies, projects, and  
20 tactics.

21 I would love to have you come back to us  
22 and say here is our vision of America competing in

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1 the 21st century in the world market, here is how  
2 America can be the value-added society in the world,  
3 here is how we can have the best jobs on the planet.

4 I have looked at things such as, for  
5 example, requiring Foreign Service officers to spend  
6 one year in an internship in exporting companies  
7 before they can become an ambassadors. I look to the  
8 notion of having a special

9  
10 ambassador for exports to Japan. I think we have got  
11 to rethink our tax code.

12 I think we have got to look again and  
13 again at what do we have to do because, let me tell  
14 you, we are in the competition of our life. The  
15 Chinese, the Japanese, and the Germans are first-  
16 class economic competitors, and if we think we can be  
17 sloppy and compete with them, we are just going to  
18 get our brains beaten out, legitimately, in a free  
19 market.

20 So we had better roll up our sleeves, and  
21 it seems to me on a bipartisan basis Governors do  
22 more to think about how to get jobs in America than

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1 any other elected group in America. I just think you  
2 could play a major role if you are bold enough and  
3 decisive enough and reach far enough out in your  
4 ideas.

5 Next to last, I would like to work with  
6 you on entering the information age. We had a very  
7 exciting meeting last week at the Library of Congress  
8 on what seems like an arcane concept, creating a  
9 national digital library. Let me tell you the name I  
10 would like to apply to it, transforming the Library  
11 of Congress into the Library of the American People.

12 What they are going to do, we are raising  
13 match money, three-to-one private to public money,  
14 and it is about a \$60 million project. We are going  
15 to digitize--that is, put on computer--five million  
16 basic documents relating to American history.

17 We are then going to reach out and start  
18 doing the same thing for science, for math, for  
19 engineering, et cetera.

20 The goal is to literally make it possible  
21 for any child in America sitting at home to access  
22 the Library of the American People for any school

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1 teacher anywhere in America, to access in real time,  
2 say, would you like to see a Mathew Brady portrait of  
3 Abraham Lincoln, let me call it up on the screen for  
4 you.

5 To do it so that all of you can  
6 participate with your phone companies, your computer  
7 companies, your cable companies, and every one of you  
8 can launch experiments back home.

9 This project is already up and running, so  
10 you could literally go back home tonight and suggest  
11 to your staff, let's find what one of our local  
12 communications or computer companies would like to do  
13 and let's take a poor neighborhood--and I mentioned  
14 yesterday morning to Governor Edgar that we already  
15 have Americatech and the Chicago Tribune looking at  
16 taking a very poor neighborhood in southside Chicago  
17 and liberating that neighborhood to put it in touch  
18 with the world.

19 But I would say to my friends from rural  
20 States, the impact may be even greater when the  
21 smallest high school in America in the most remote  
22 area can access directly to the largest source of

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1 knowledge on the planet. That can be done today, and  
2 we want to cooperate with you in using the  
3 information age for distance medicine, where the  
4 poorest hospital in the most rural area has direct  
5 access to the finest cancer specialists in real time,  
6 to distance learning where every child in America is  
7 tied into the best teachers and the best databases  
8 and to distance work.

9 Again, those of you who know for example,  
10 in South Dakota, the number of jobs that are now  
11 created by computerized systems, or in Omaha or in  
12 Utah, where you have systems that are basically  
13 nationwide where people are earning a living.

14 We have opportunities, I think, to  
15 dramatically increase the income of rural Americans  
16 through distance work.

17 Lastly, let me mention just two things  
18 that I am working on to replace the welfare state so  
19 you can understand sort of the direction we are  
20 going. And I say again last week for me was a  
21 liberating week in reading "The Tragedy of American  
22 Compassion." We are working in Congress to try to

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1       arrange with every member of the Black and Hispanic  
2       Caucus to exchange districts with a Republican  
3       Member, to reach out.

4                       Now we have two African American members  
5       of the Republican Conference, where they both  
6       represent largely white districts. But we need to be  
7       honest to be in the inner city. At the same time, we  
8       need the legitimate elected representative of the  
9       inner city to be in our suburban and rural districts.  
10      I want to recommend you go back home to your State  
11      legislature and make the same proposal, that a  
12      weekend spent in each place, the process of getting  
13      to know each other, the beginning, as I said earlier,  
14      of a new dialogue.

15                     And I was delighted that Charlie Rangel  
16      came up to me on the floor as one of the senior  
17      members and the second ranking member of the Ways and  
18      Means Committee, that he would actively work with me  
19      on this and that he would come to Georgia and get to  
20      know Cobb County and Fulton County better. I will  
21      come to Harlem and get to know his part of New York  
22      better and we would start the dialogue.

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1 Charlie Rangel fairly surprised me. He  
2 said he would help with my second project. Zell  
3 knows about this. We have done it in Georgia. We  
4 have a little idea we developed, I guess seven years  
5 ago now, called Earning by Learning.

6 We go into public housing projects, we  
7 take volunteers, we use public library books, we use  
8 free space in the library, I mean in the housing  
9 projects, and we pay second- and third-graders \$2 a  
10 book. It is being done in Jersey City by Brett  
11 Shundlen. It is being done in 17 States by  
12 volunteers. No overhead, no bureaucracy, no waste.

13 You raise \$500, you pay for 250 books. I  
14 said I would challenge in six major cities--New York,  
15 Baltimore, Washington, Atlanta, Chicago, and Los  
16 Angeles--I would challenge the newspapers. I will  
17 raise half the money. Since they have the highest  
18 vested interest in literacy, they ought to raise half  
19 the money.

20 (Laughter.)

21 REPRESENTATIVE GINGRICH: Then the  
22 minority elected leadership of a community ought to

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1 go to the churches and synagogues. I have gotten  
2 such a terrific reaction to this, and Charlie Rangel,  
3 second ranking member of Ways and Means, he would  
4 help me raise the money in New York City. He said it  
5 was very fascinating. He said all these big  
6 companies want to help. So they send me baseball  
7 bats to give out to my kids. He said, my kids aren't  
8 going to earn a living playing baseball, they aren't  
9 going to earn a living playing basketball. He said,  
10 if I could say to the major corporations, why don't  
11 you help, why don't we try to launch a project where  
12 this summer in every public housing project in  
13 America there are volunteers with second- and third-  
14 graders?

15 Now, why do we pay them when they all  
16 watch the baseball strike, they all watch rock stars  
17 contracts, they all watch television sitcoms?

18 These kids are growing up in a world where  
19 they are told everybody who wants money can get it,  
20 and we think reading is so important we won't pay you  
21 anything.

22 They need to learn that it's possible to

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1 do an honest day's work and get cash, that you don't  
2 have to be a pimp or a prostitute or a drug dealer.

3 Three, they actually get to meet adults  
4 who cared enough to come to their project because  
5 they care about children.

6 We had one young man with a very severe  
7 mouth deformity. We actually allowed him to come to  
8 the program down in Jonseboro. He came to the  
9 program. He was a fifth-grader, but he was so lonely  
10 and so isolated that he had nothing else to do. He  
11 read the most books of any kid in the program. Two  
12 orthodontists took him under their wing and for free  
13 gave him two years of care, rebuilt his mouth, and  
14 probably changed his life permanently.

15 But it begins to rebond people. It begins  
16 to say, you know, what true charity is about is your  
17 soul, it's not your pocketbook, it's giving of your  
18 time, it's being connected, which gives me one last  
19 comment, because I have so many Governors I have to  
20 share it with you because it popped up Saturday  
21 morning.

22 We were having a town hall meeting in

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1 Georgia, and a man got up and he said, you know, my  
2 wife and I are trying to adopt children, and it's now  
3 so expensive and so complicated, we don't know if we  
4 can adopt children and we think you ought to review  
5 the adoption law. And I made a note and said we  
6 would look into it. All of you, I think, have the  
7 same pressure.

8 Then he said something that startled me.  
9 He said, we live children. He said, we would be  
10 willing to have a pregnant teenage girl live with us  
11 so that we could teach her how to parent and how to  
12 mother, and we could give her a stable environment.

13 I said, well, I am curious because I said  
14 how many of you would be willing to have a teenager  
15 live with you for 10 or 12 months from, say, fifth  
16 month of pregnancy through the first six or eight  
17 months of raising a child? Twenty percent of the  
18 hands went up.

19 The reason I am saying this is for this  
20 reason, I want to close with this, but it is the key,  
21 I think, to what I have learned after over 16 years  
22 of thinking about this and some 36 years of being in

1     this business, 16 years as an elected federal  
2     official. All of us get trapped inside our  
3     bureaucracies, and our legal structures. We are  
4     public leaders. If the mayors, the Governors, the  
5     county commissioners, the congressional legislators  
6     and the President decided this spring to just leave  
7     the country, forget about the governments, we would  
8     arouse such an enormous explosion of voluntarism that  
9     we would change the entire dynamic of America almost  
10    overnight.

11               But it means in a simple kind of way just  
12    reaching out and saying let's just do it. If you  
13    can't get the bureaucracy to do it, at least get them  
14    to stay out of the way. If you can't change the law,  
15    at least don't let it interfere. Let's just use  
16    common sense to do it.

17               I am currently getting beaten up because I  
18    raised money for charities. I wear a Habitat for  
19    Humanity pin. I am going to raise money for them  
20    later on this spring. I am helping the Library or  
21    Congress raise money. You know, if I would be  
22    willing to just use the taxpayers' money and keep

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1 running a deficit, that would be noble and  
2 meaningful.

3 But I will tell every one of you that  
4 every day we fail to lead, children die. These are  
5 American children. They are endowed by their Creator  
6 with certain inalienable rights, among which are  
7 life, liberty, and pursuit of happiness. If it was  
8 your child, to get back to the famous movies we have  
9 all seen, you wouldn't it around and say, well, it's  
10 locked up in committee.

11 So I just want to say to you I am prepared  
12 to reach out a hand to every citizen, to every  
13 Governor, to every mayor, to every neighborhood, to  
14 every parent, and to every grandparent who loves  
15 children enough that they will adopt spiritually  
16 others' grandchildren who are currently left starving  
17 for affection and attention, I believe we can renew  
18 America. I believe we can do it with government  
19 playing a remarkably secondary role, and I am  
20 prepared to work with each of you to make sure we get  
21 it done.

22 Thank you. Good luck and God bless.

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1 (Applause.)

2 GOVERNOR DEAN: Thank you, Mr. Speaker.

3 We are particularly pleased to hear your words,  
4 particularly about children, and we appreciate the  
5 opportunity to work with you, even those of us who  
6 are in the cultural elite.

7 (Laughter.)

8 GOVERNOR DEAN: We are going to change the  
9 agenda slightly. The President is on his way, and  
10 rather than interrupt the presentation of the farm  
11 bill, I want to move immediately to consideration of  
12 policy.

13 We are going to consider the policies from  
14 the standing committee and, if we get to it, the  
15 policies from the executive committees. We will, of  
16 course, be interrupted when the President arrives.

17 So, first, let me call on Governor Steve  
18 Merrill to move the policy for the economic  
19 development and commerce committee.

20 Governor Merrill?

21 GOVERNOR MERRILL: Mr. Chairman, I am  
22 happy to do so. The considerations of the policies

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1       adopted by the committee on economic development and  
2       commerce are as follows:

3                       We have adopted the policy on military  
4       base closure and on economic and community  
5       development. We have adopted minor clarifying  
6       amendments on the international trade and fast-track  
7       authority. We have adopted the policy on surface  
8       transportation. We have made minor clarifying  
9       amendments in the affordable housing and on uniform  
10      product liability. And, Mr. Chairman, we have  
11      reaffirmed our existing policy on workforce  
12      excellence that we share, as you know, with the human  
13      resource committee.

14                     All of the committee action were  
15      unanimous. Therefore, I would respectfully move  
16      adoption of these policies en bloc for the National  
17      Governors' Association.

18                     GOVERNOR DEAN: Is there a second?

19                     VOICES: Second.

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

22                     (Chorus of ayes.)

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1 GOVERNOR DEAN: Opposed, "no."

2 (No response.)

3 GOVERNOR DEAN: The ayes have it.

4 I am now going to call on Governor  
5 Carnahan for an explanation on the changes in policy  
6 on human resources.

7 Governor Carnahan?

8 GOVERNOR CARNAHAN: Governor Dean, the  
9 committee on human resources spent most of its time  
10 hearing not from the usual experts on children who  
11 got in trouble, but from children who have been in  
12 preventive programs and in intervention programs.

13 It was a very enlightening presentation  
14 that we had, and it gives us a lot of hope. There is  
15 a lot of things going on that are right for children  
16 who have been in trouble.

17 On the policy front we took action on four  
18 policies. We added a new policy on child care. We  
19 tabled a policy on income security. And the  
20 amendments and policies that we did recommend are  
21 under the green cover. They were unanimous, and  
22 there was no objection.

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1                   Therefore, I would move the adoption of  
2 the human resources committee's policies en bloc.

3                   GOVERNOR DEAN: Thank you, Mr. Chairman.  
4                   Is there a second?

5                   VOICES: Second.

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

8                   (Chorus of ayes.)

9                   GOVERNOR DEAN: Opposed, "no."

10                  (No response.)

11                  GOVERNOR DEAN: The ayes have it. You  
12 have adopted the policies.

13                  I now call on Governor Lowry to discuss  
14 the committee on natural resources policy.

15                  GOVERNOR LOWRY: Thank you, Mr. Chairman.

16                  With Vice Chairman Terry Branstad, we  
17 unanimously adopted policies on solid waste,  
18 specifically on waste flow controls; the 1995 farm  
19 bill on which Governor Branstad and Governor Nelson  
20 are the lead Governors; a policy on safe drinking  
21 water, which continues forward the State and local  
22 coalition to work for the Safe Drinking Water Act; a

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1 policy on recreation resources with an amendment that  
2 was unanimously worked out by Governor Branstad,  
3 Governor Symington, and myself, and we reaffirmed the  
4 existing policy of geologic mapping.

5 These all passed unanimously,  
6 Mr. Chairman. I move these policies en bloc.

7 GOVERNOR DEAN: Thank you.

8 Is there a second?

9 VOICES: Second.

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

12 (Chorus of ayes.)

13 GOVERNOR DEAN: Opposed, "no."

14 (No response.)

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

17 I would now call on Governor Thompson for  
18 review of the policies recommended by the executive  
19 committee.

20 Governor Thompson?

21 GOVERNOR THOMPSON: Mr. Chairman, members,  
22 we have had several resolutions of the executive

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1 committee, several dealing with health care reform,  
2 Medicaid, long-term care, and also a proposed policy  
3 position on the Congress and the States.

4 We also have reaffirmation of some of the  
5 policies dealing with Indian gaming, political  
6 self-determination for Puerto Rico, also political  
7 status for Guam, public pension plans, and sales tax,  
8 ethics in government, and equal rights.

9 I would also move those, Mr. Chairman, at  
10 this time.

11 We had several motions on suspension which  
12 I will move later.

13 GOVERNOR DEAN:

14 Is there a second?

15 VOICES: Second.

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

18 (Chorus of ayes.)

19 GOVERNOR DEAN: Those opposed, "no."

20 (No response.)

21 GOVERNOR DEAN: You have adopted the  
22 policies.

1                   GOVERNOR THOMPSON: Mr. Chairman, there  
2 are several other things on suspension that we also  
3 need to get to.

4                   GOVERNOR DEAN: We are going to get to  
5 that in a second. I am going to ask you, if wouldn't  
6 mind, to make that motion, but I am going to preface  
7 that by saying that we have reached an agreement on  
8 welfare reform among the seven Governors that were  
9 participating in that: Governor Thompson, Governor  
10 Engler, Governor Carlson, Governor Carnahan, Governor  
11 Carper, Governor Romer, and myself.

12                   We have several recommendations on policy  
13 positions that require suspensions of the rules, all  
14 of which I believe are noncontroversial, with the  
15 exception of those.

16                   So what I intend to do is to ask Governor  
17 Thompson to move suspension en bloc for all these  
18 items on your pink sheet. We will then go down the  
19 first three, which I believe are noncontroversial. I  
20 will call on those Governors to explain those and  
21 then ask Governor Thompson to offer a substitute on  
22 behalf of the seven of us on the welfare proposal.

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1                   So if Governor Thompson would move to  
2 suspend the rules on bloc.

3                   Governor Thompson?

4                   GOVERNOR THOMPSON: Mr. Chairman, thank  
5 you.

6                   Not only did we deal with welfare but we  
7 also had one on the presidential line item veto  
8 authority, the United States loan guarantee  
9 authorities for Mexico, a resolution of appreciation  
10 by Governor Voinovich and Governor Dean for all the  
11 work on the unfunded mandates for certain congressmen  
12 and Senators, and the principles to guide the  
13 restructuring of the Federal/State partnership.

14                  Then we also, as Governor Dean has  
15 described, several of us have worked extremely hard  
16 over the course of the last four days, on again, off  
17 again, as far as agreements, but finally coming to  
18 something that is acceptable to the Governors that  
19 were working on it.

20                  I would move, Mr. Chairman, that the  
21 welfare policy be included with the rest of the  
22 suspensions, which would require 75 percent of the

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1 voting members here to vote for it.

2 I would so move, Mr. Chairman.

3 GOVERNOR DEAN: So moved.

4 Is there a second?

5 VOICES: Second.

6 GOVERNOR DEAN: The motion has been  
7 seconded. The question is shall the rules be  
8 suspended for the consideration of these policies.  
9 Are you ready for the question?

10 If so, all those in favor signify by  
11 saying "aye."

12 (Chorus of ayes.)

13 GOVERNOR DEAN: Those opposed, "no."

14 (No response.)

15 GOVERNOR DEAN: The ayes have it.

16 Before we get into this, let me just make  
17 it clear that because these came under suspension, a  
18 three-quarters majority is required to amend any of  
19 these things. So I think you should keep that in  
20 mind as we have these discussions.

21 The presidential line item veto authority,  
22 we will pass over that because that is Governor

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1 Thompson's, and we will move over to the loan  
2 guarantees for Mexico.

3 Governor Weld?

4 GOVERNOR WELD: Mr. Chairman, this grew  
5 out of a conversation between myself and Governor  
6 Hunt of North Carolina two days ago which intended to  
7 be a hortatory expression, perhaps an encouragement  
8 to those in Washington to take action to stabilize  
9 the situation in Mexico, get them over what is really  
10 a superficial crisis in confidence rather than a  
11 fundamental flaw in their economy.

12 Statements have been made about the impact  
13 on illegal immigration that would ensue if the  
14 situation deteriorates in Mexico. It is not just  
15 immigration, it is American jobs as well. And in  
16 States like North Carolina and Michigan and  
17 Massachusetts, which are far from the border, the  
18 impact on jobs in our States would be substantial if  
19 we are not able to get the benefits of the North  
20 American Free Trade Agreement as a result of  
21 deterioration in Mexico.

22 So, in terms of risk, I think the risks of

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1 doing nothing outweigh the risks of taking this  
2 action.

3 I move that this be adopted.

4 GOVERNOR DEAN: Is there a second?

5 VOICES: Second.

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

8 (Chorus of ayes.)

9 GOVERNOR DEAN: Opposed, "no."

10 (No response.)

11 GOVERNOR DEAN: We have adopted the  
12 resolution.

13 GOVERNOR ALLEN: Mr. President.

14 GOVERNOR DEAN: Pardon me. Governor  
15 Allen?

16 GOVERNOR ALLEN: I concur with the  
17 comments made by my friend from Massachusetts. It  
18 obviously has an impact on the job capabilities and  
19 opportunities for our citizens.

20 I would just like to discuss the last  
21 sentence of this resolution on the loan guarantees.  
22 It says that they are supported by sufficient Mexican

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1 collateral. I am not sure they actually have  
2 necessarily determined the collateral and the  
3 mechanisms by which these loans would be secured.

4 I would simply offer a clarifying or  
5 strengthening amendment that rather than say the  
6 loans "are guaranteed by sufficient Mexican  
7 collateral," it should be "must be supported by  
8 sufficient Mexican collateral and represent therefore  
9 lesser or no financial risk to the taxpayers of the  
10 United States." That, I think, would just be the  
11 more appropriate parameter to give guidance to the  
12 Administration and Congress in this matter.

13 I would look at it as a friendly  
14 amendment.

15 GOVERNOR DEAN: Governor Weld?

16 GOVERNOR WELD: I would accept it as a  
17 friendly amendment, Mr. Chairman.

18 GOVERNOR DEAN: Hearing no objection--  
19 well, we will put that to a vote. All those in favor  
20 of the amendment please say "aye."

21 (Chorus of ayes.)

22 GOVERNOR DEAN: Those opposed by saying

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1 "no."

2 (No response.)

3 GOVERNOR DEAN: You have amended the  
4 resolution.

5 GOVERNOR WILSON: Mr. President?

6 GOVERNOR DEAN: Governor Wilson?

7 GOVERNOR WILSON: Mr. President, I don't  
8 want to delay this. We have much to do. This is an  
9 important matter, and I think that Governor Weld's  
10 statement of support for it expresses the view of the  
11 proponents. I have reservations. I am not urging  
12 anyone to vote against this. But I think it is  
13 timely to state the reservations, to at least urge  
14 that the National Governors' Association not only be  
15 aware but actually undertake to address them.

16 I think that the friendly amendment just  
17 offered by Governor Allen and accepted by Governor  
18 Weld is a distinct improvement. Beyond that, though,  
19 it seems to me that there is, I think, every  
20 legitimate reason at this point to say that certain  
21 things that are not just intrinsically related to the  
22 merits of the proposition are deserving of attention

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1 and deserving of action.

2 I have specific regard to the problem that  
3 we just heard alluded to by the Speaker in his  
4 eloquent about immigration reform. As he has pointed  
5 out, immigration is the responsibility of the Federal  
6 Government, and, very candidly, it is a  
7 responsibility on which they have been very seriously  
8 in default.

9 It is necessary that we urge not just the  
10 reiteration of what is existing NGA policy but very  
11 strongly urge that the Federal Government undertake  
12 to secure the borders of the United States against  
13 illegal immigration.

14 There will be many who will object to  
15 attaching any conditions to the support for efforts  
16 to try to assist Mexico in this time when they are in  
17 a crisis because of devaluation. I think it is not  
18 only legitimate to do so, I think that it is  
19 imperative that we state that we think it is an  
20 obligation of a good neighbor to assist in  
21 restraining illegal immigration on their side of the  
22 border.

1                   If we are not to do that as a part of this  
2 resolution, I seriously urge that that debate be  
3 undertaken and that action be taken by the NGA. It  
4 is consistent with our existing policy, but we have  
5 not seen that policy translate into effective,  
6 improved actions on the part of the Federal  
7 Government to secure the border.

8                   So, again I do not rise or sit to object  
9 to anyone who wishes to cast a vote for this.  
10 Governor Weld has framed the issue in terms of saving  
11 American jobs. That, of course, can be the only  
12 rationale. We are obviously not obliged to safeguard  
13 investors, those who have made a speculative  
14 investments. His concern about jobs, I share.

15                   I hope that whatever action is undertaken-  
16 -and it is not clear precisely what the dimensions or  
17 form of this proposed guarantee will be--will have  
18 the effect of actually safeguarding American jobs. I  
19 think that is subject to some question.

20                   But, again, I am not urging anyone to vote  
21 against this. I do think that at another time,  
22 Mr. President, if not at this time, this body has an

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1 obligation to act upon the question of whether or not  
2 the Federal Government has done whatever it must do  
3 about the borders of the United States because when  
4 Bill Weld said the impact of this crisis reaches to  
5 Massachusetts and Michigan, to non-Mexican border  
6 States, he is correct, and it is now true that the  
7 impact of illegal immigration has affected States far  
8 from the border and will continue to do so.

9 I must tell you that I am genuinely  
10 outraged when the Administration says we must support  
11 this because otherwise illegal immigration will be  
12 inflamed.

13 Long before this crisis occurred, illegal  
14 immigration was a crisis, and it will continue to be  
15 so until the national Administration fulfills its  
16 responsibility to secure the border. I think that the  
17 President has every right, and indeed an obligation,  
18 to exact from our good neighbor their cooperation in  
19 restraining illegal immigration on their side of the  
20 border.

21 GOVERNOR DEAN: Thank you, Governor  
22 Wilson.

1 Governor Miller?

2 GOVERNOR MILLER: I certainly am concerned  
3 with the same elements that Governor Wilson raised,  
4 but I could hope we could just pass this out as is  
5 because the crisis is immediate. I know at least  
6 from personal experience. My son is living in Mexico  
7 this year. He talks to me daily. If we don't  
8 interact right now, their government is potentially  
9 going to collapse.

10 And while Governor Wilson's concerns are  
11 very critical and should be subject to future  
12 conversation, I would hope in future so we don't  
13 somehow impede or send a mixed message to the  
14 Congress and the President.

15 GOVERNOR DEAN: Governor Symington, the  
16 question was called. Did you mean to cut off debate?

17 Do you want to hear from Governor  
18 Symington?

19 GOVERNOR MILLER: I will withdraw that.

20 GOVERNOR DEAN: Governor Symington?

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

1                   I would just like to say as a border State  
2 Governor that we have been deeply concerned about  
3 this issue. We work closely with Mexico in many  
4 ways.

5                   It is very important that we do all that  
6 we can as a country to help stabilize the Mexican  
7 economy because the alternative will certainly  
8 represent a very dire economic situation, a loss of  
9 jobs in our State. And I know that Governor Bush in  
10 Texas feels exactly the same way. So we are both  
11 very supportive of this resolution. Thank you,  
12 Mr. Chairman.

13                   GOVERNOR DEAN: Governor Voinovich?

14                   GOVERNOR VOINOVICH: Mr. Chairman, I think  
15 that the points that Governor Wilson made are very  
16 well taken. The Mexican government has been  
17 contacting us. Many of us supported NAFTA. This  
18 organization did. We are supporting this resolution  
19 today. We do have a major border problem. The  
20 Federal Government has not done the job that they're  
21 supposed to do.

22                   And, Governor Wilson, one of the things I

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1 would suggest all of us that have been helpful to  
2 Mexico can do is to send letters to the president  
3 indicating to him how concerned we are about this and  
4 that if he expects us to be cooperative and continue  
5 to be supportive, then we expect him to do something  
6 as the president and their government to help us with  
7 this border problem and also to lean on our President  
8 to make darned sure that our Federal Government does  
9 something about this problem.

10 It is ridiculous, when we hear from Fife  
11 Symington that it is 30,000, then it's 150,000, it's  
12 going to be 200,000. It's like it's gotta happen. I  
13 know it's a long border. But if the Israelis can  
14 keep secure their borders, I don't know why we can't  
15 secure our borders, and I think Mexico ought to help  
16 us do it.

17 Thank you.

18 GOVERNOR DEAN: Governor Whitman?

19 GOVERNOR WHITMAN: Governor Dean, I just  
20 wanted to echo what has been said here. But while I  
21 appreciate the comments of Governor Wilson and  
22 Governor Voinovich, and I know what the problem is

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1 for them, we are also a State that is currently in  
2 court with the Federal Government over their failure  
3 to fund their role in illegal immigration.

4 I should also say--and I would like to  
5 second what Governor Miller said, that this goes far  
6 beyond the border States--in our State alone, in the  
7 first six months after NAFTA, the enactment of NAFTA,  
8 we saw 5,000 new jobs develop in our State, and if  
9 the peso crashes, if the Mexican government is thrown  
10 into a state of panic or default, we have the  
11 potential of losing over \$300 million. That is in  
12 New Jersey. I have to believe that every other State  
13 in the Nation stands to have the same type of impact.

14 This is a national crisis for all of us.  
15 It's not just for the border States.

16 GOVERNOR DEAN: Thank you, Governor.

17 GOVERNOR LOWRY: Mr. Chairman?

18 GOVERNOR DEAN: Governor Lowry?

19 GOVERNOR LOWRY: I would also speak in  
20 strong support of this resolution for the purposes  
21 already stated. I think it is very important to our  
22 own economy.

1 I also want to speak just a moment for the  
2 importance of our relationship with Mexico, who are  
3 an outstanding, important neighbor to us. Last  
4 November I had the opportunity to meet with President  
5 Salinas, and President Salinas stated that he knew we  
6 had a serious immigration problem, and he cared very  
7 much about that.

8 He also stated that he thought it was very  
9 important that our positions recognize the dignity of  
10 the human rights of each of the individuals involved  
11 within this question. I think that is very important  
12 also.

13 We all know that illegal undocumented  
14 workers are being hired by employers in our States.  
15 They are hiring people to do jobs which, frankly  
16 speaking, don't have other people to do those jobs,  
17 whether that is in tree trimming or fruit harvesting  
18 or whether that is in domestic labor.

19 I think we need to be fair as to the  
20 discussion as to what is behind all of this very  
21 important problem before us. But I think we also  
22 want to recognize what an outstanding, important

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1 neighbor to us Mexico is and the great contribution  
2 they make to our country.

3 GOVERNOR DEAN: Thank you, Governor Lowry.

4 Are you ready for the question?

5 If so, all those in favor signify by  
6 saying "aye."

7 (Chorus of ayes.)

8 GOVERNOR DEAN: Those opposed, "no."

9 (No response.)

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

12 Now, we call on Governor Voinovich to  
13 address a resolution offered by myself and Governor  
14 Voinovich in appreciation for the work of several  
15 Senators on the S. 1, unfunded mandates.

16 Governor Voinovich?

17 GOVERNOR VOINOVICH: Mr. Chairman, I think  
18 it is appropriate for the National Governors'  
19 Association to recognize the leadership that we have  
20 received from Members of the Senate in passing our  
21 unfunded mandates legislation, and I urge the  
22 approval of this resolution.

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

3                   (Chorus of ayes.)

4                   GOVERNOR DEAN: Those opposed, "no."

5                   (No response.)

6                   GOVERNOR DEAN: The ayes have it. You  
7 have approved the resolution.

8                   Now Governor Thompson for the line item  
9 veto resolution.

10                  Governor Thompson?

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

13                  I believe there are 46 Governors across  
14 this country that have line item veto authority.  
15 This reaffirms a policy that NGA has taken in the  
16 past. We are renewing that and supporting the  
17 President's line item veto authority, and I would so  
18 move, Mr. Chairman.

19                  GOVERNOR DEAN: Thank you, Governor  
20 Thompson.

21                  VOICES: Second.

22                  GOVERNOR DEAN: The motion is to move the

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1 policy on the presidential line item veto, as offered  
2 by the executive committee.

3 Is there any discussion?

4 (No response.)

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

7 (Chorus of ayes.)

8 GOVERNOR DEAN: Opposed, "no."

9 (No response.)

10 GOVERNOR DEAN: The aye shave it.

11 There have been some last-minute  
12 submissions and corrections to the welfare policy.

13 So rather than move those at this time, we will try  
14 to get them typed up.

15 Therefore, I would call on Governor Nelson  
16 to discuss the farm bill, and then to Governor  
17 Branstad.

18 Governor Nelson?

19 GOVERNOR NELSON: Thank you, Mr. Chairman.

20 We appreciate the opportunity to provide  
21 some information in this busy agenda for Governor  
22 Branstad and myself to discuss the upcoming farm

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1 bill.

2           Although it is called the farm bill, it  
3 could equally be called the food cost bill, it could  
4 be called an environmental bill, it could be called a  
5 jobs bill, it could be called any number of things  
6 because of the implications that it has. But  
7 typically it has been called the farm bill.

8           Every five years, Congress reauthorizes an  
9 agricultural legislation intended to stabilize the  
10 unpredictable nature of farming, to promote rural  
11 economic development, and to increase international  
12 trade. It also impacts the costs of what U.S.  
13 consumers spend on food, which is by any grade or  
14 standard a real bargain in the United States. As a  
15 matter of fact, Americans spend a smaller percentage  
16 of their disposable income on food than do the  
17 citizens of any other country in the world.

18           In essence, national agricultural policy,  
19 therefore, affects every citizens of every State  
20 every single day.

21           In 1993, sales of agricultural products  
22 generated over \$170 billion in economic opportunity.

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1 Farming and farm-related activities provide  
2 employment for over 21 million Americans and account  
3 for nearly 20 percent of our gross domestic product.

4 Globally, U.S. agriculture dominates with  
5 1994 exports totalling \$42 billion. The U.S.  
6 agricultural surplus continues to be one of the  
7 bright spots in our balance of trade contributing \$17  
8 billion on the positive side.

9 Now, because of agriculture's importance,  
10 Governor Branstad and I created a farm bureau working  
11 group, comprised of ten States from the midwestern  
12 Governors. And States vary widely by geography and  
13 commodity production. It was an open process, and  
14 many more States participated in every phase of the  
15 development of policy.

16 Governor Branstad and I would like to  
17 briefly run through some of the proposed NGA farm  
18 bureau policy objectives, and we would also like to  
19 entertain questions you may have following our  
20 presentation, assuming there may be time.

21 First of all, let me make clear, with  
22 commodities through the NGA policy, that the federal

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1 budget will be a driving force in the consideration  
2 of changes to the commodity support programs. We  
3 know that that in fact might have a significant  
4 effect.

5 But it must also be clear that as  
6 reductions in the cost of the farm program are made  
7 and, in particular, commodity supports, it is  
8 important to recognize that over the last five years  
9 there has been a reduction of 25 percent, or an  
10 additional cut of \$14.5 million, in program spending  
11 since just 1990.

12 We have already in agriculture experienced  
13 our share of cuts. The policy objectives are really  
14 four major goals: to consider revamping the 1995  
15 farm bill; minimize distortions in the marketplace;  
16 foster an efficient family-based agriculture; avoid  
17 interference with international market opportunities;  
18 and, fourth, pursue natural resource conservation  
19 goals.

20 It calls for reform of the federal milk  
21 marketing order system and the ability for States to  
22 create multi-State marketing agreements while

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1       avoiding creating or experiencing trade barriers.

2                       While the NGA objectives do not  
3       particularly endorse or disavow any particular  
4       modification of commodity programs, it does call for  
5       the Governors to: one, support greater program  
6       flexibility for producers to make critical cropping  
7       and marketing decisions; two, to support reducing the  
8       producer reliance in cost of deficiency payments;  
9       three, to oppose expansion of production to the point  
10      of bringing the most highly erodable or  
11      environmentally fragile land back into production.

12                     It proposes total elimination of support  
13      programs. By the very nature of their livelihood,  
14      farmers and ranchers have and continue to be the  
15      first environmentalists. The debate on how to best  
16      encourage or require additional stewardship practices  
17      in the agricultural community is to most certainly  
18      intensify during the farm bill debate.

19                     In the 1985 farm bill, Congress took the  
20      first step in requiring farmers who participate in  
21      farm programs to design and implement a conservation  
22      compliance plan aimed at reducing soil erosion.

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1 Stewardship has typically been promoted through  
2 voluntary incentive and cost share programs. Most of  
3 us are aware of the importance of the Conservation  
4 Reserve Program, or CRP, as it is very often related  
5 to. We generally agree, and I think most analysts  
6 agree as well, that the CRP program has been a  
7 success and needs to be continued.

8 NGA policy calls for CRP to be  
9 reauthorized at current funding levels. And while we  
10 agree that CRP needs to be included. So do the  
11 wetlands reserve programs, WRP, which has also been  
12 effective. And other programs administered by the  
13 USDA have not been as effective, due to a lack of  
14 funding and coordination.

15 States are accountable for achieving  
16 improvements in environmental quality, particularly  
17 when it comes to water quality. But at times we are  
18 unable to influence the allocation of the majority of  
19 conservation resources available to the farmers. We  
20 all agree that that, in fact, needs to be changed.

21 The proposed streamline approach would  
22 enable farmers and ranchers to work with federal,

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1 State, and local agencies in the development of a far  
2 more ranch-based, total resource management plan  
3 administered at the State level.

4 I know that Governor Branstad is going to  
5 be talking about trade and other parts of the  
6 program. But there is one final thing that I would  
7 like to make in the way of a point.

8 That is, that NGA policy currently calls  
9 for repeal of the Delaney Clause in the Food, Drug,  
10 and Cosmetics Act. The Delaney Clause employs a  
11 zero-risk standard for carcinogens found in pesticide  
12 residues in processed foods. The policy recommends  
13 that this be replaced with a negligible-risk  
14 standard.

15 We believe that all these policies should  
16 be supported further by the NGA and that agriculture  
17 is the underpinning of the economy of the United  
18 States, particularly in the Midwest and other areas  
19 which are affected by food and fiber needs, and that  
20 it was important that this support be continued.

21 We urge all Governor to support this by  
22 asking their congressional Representatives to support

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1 it as it moves through the congressional process.

2 Thank you very much, Mr. Chairman, for  
3 this opportunity.

4 GOVERNOR DEAN: Thank you, Governor  
5 Nelson.

6 Governor Branstad?

7 GOVERNOR BRANSTAD: It has been a pleasure  
8 to work with my friend and neighbor, Governor Nelson,  
9 in putting together this NGA proposed policy on the  
10 1995 farm bill.

11 I think it is very important that we as  
12 Governors play a role because agriculture has not  
13 received much attention at the national level. Most  
14 of the focus in Congress is on cutting the budget.  
15 The new Secretary of Agriculture has not even been  
16 confirmed yet, yet this is the year that the farm  
17 bill is going to be written. It is going to have a  
18 dramatic impact on our ability to compete in the  
19 world and on our farmers' income.

20 Trade is very important. The passage of  
21 NAFTA and GATT has given us a golden opportunity and  
22 are already beginning to pay of. We have recovered

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1 more than all that we lost by the breakup of the  
2 Soviet Union in terms of the breakup of that  
3 marketplace. In fact, in 1995, U.S. agricultural  
4 exports are expected to be a record \$45 billion.

5 Prior reductions in domestic agricultural  
6 programs mean that no greater cuts are necessary for  
7 the United States to comply with GATT. We will need  
8 to adjust some of our export subsidy programs to  
9 comply, but we should keep that money in agricultural  
10 and promotion activities for the good of our  
11 agricultural producers and the economies of our  
12 agricultural States.

13 The proposed NGA policy says that we  
14 should coordinate the role of the States and USDA in  
15 market promotion to insure complementary work to  
16 reduce duplication, and to focus promotion activities  
17 on marketing of high value-added agricultural  
18 products. Value-added products have accounted for 85  
19 percent of the growth in agricultural exports, and  
20 that means more jobs in food processing in our  
21 States.

22 We think that two-thirds of the jobs

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1 created since 1992 in agricultural exports have been  
2 in the value-added area, and that is encouraging. We  
3 want to coordinate domestic and foreign marketing  
4 programs and streamline the operation of reporting  
5 processes for export promotion programs.

6 Rural development is also very  
7 interconnected to this. Rural economic development  
8 efforts are vital to agriculture because a lot of  
9 farm families rely on off-farm income to support  
10 their family-based production in agriculture.

11 In 1994 the U.S. General Accounting Office  
12 found there were 689 federal programs relating to  
13 rural areas.

14 The NGA is proposing that we restructure  
15 the federal rural development programs and  
16 consolidate those resources so that, where possible,  
17 we can have States and various resources better  
18 coordinated to reflect the needs of rural areas with  
19 more flexibility to the States.

20 We support continuing the national rural  
21 development partnership. The States are leading  
22 economic development efforts, and the current

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1 approach has reinforced federal, State, and local  
2 coordination. In fact, I think there are presently  
3 39 States that are active in the State rural  
4 development councils initiated by a memorandum of  
5 understanding between the Governors and the USDA.

6 We also recognize--and I was Governor  
7 during the farm crisis of the '80s--the critical  
8 nature of having a stable farm credit system. Some  
9 of you may not remember, but the farm credit system  
10 went under before the savings and loans, and we went  
11 through a gut-wrenching experience, and a lot of  
12 farmers were driven off the land because of that.

13 We now have a stable farm credit system.  
14 But it is important that more emphasis be placed on  
15 helping beginning farmers and expanding the  
16 beginning-farmer loan program making changes in the  
17 loan limits and also changing the IRS prohibition  
18 against inter-family transfers of assets because that  
19 is how most people get started in farming is help  
20 from their father or their grandparents.

21 On the area of budget effects, Governor  
22 Nelson has already pointed out that agriculture has

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1     seen significant reductions in both the 1985 and 1990  
2     farm bills. Agricultural support programs have  
3     already been cut 25 percent. It is important that  
4     before additional reductions are made, that we see  
5     that agriculture is treated equitably with other  
6     areas of the budget. Failing to do this could mean  
7     that farmers will no longer participate in the farm  
8     program and the goals of protecting wetlands and  
9     protecting erodable land will not be achieved.

10                 So this is something where, if it is cut  
11     too much, we could jeopardize the effects of the farm  
12     bill, of protecting the environment.

13                 The 1995 farm bill debate is important and  
14     perhaps precedent-setting. We realize that each of  
15     us comes to the debate with different sets of  
16     concerns. I am proud to say the Governors, on a  
17     bipartisan basis, have come together with a common  
18     interest. I think the country is looking to us for  
19     leadership. We ask for your support for this  
20     comprehensive policy on the 1995 farm bill.

21                 I again want to thank Governor Nelson for  
22     the bipartisan effort which has gone into this and

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1 ask for your support not only in the resolution but  
2 in the debate as we begin the farm bill discussion in  
3 the Congress this year.

4 GOVERNOR ROMER: (presiding) Thank you,  
5 Governor Branstad.

6 The President will be here momentarily.

7 GOVERNOR BRANSTAD: Is it appropriate to  
8 go ahead and move the policy on agriculture unless  
9 there are questions? Are we waiting on the President  
10 momentarily?

11 ANNOUNCER: Ladies and gentlemen, the  
12 President and Vice President of the United States,  
13 accompanied by Governor Harry Dean and Governor Tommy  
14 Thompson.

15 (Applause.)

16 GOVERNOR DEAN: Ladies and gentlemen, my  
17 colleagues, I present to you the President of the  
18 United States of America.

19 (Applause.)

20 REMARKS BY PRESIDENT WILLIAM JEFFERSON CLINTON

21 PRESIDENT CLINTON: Thank you very much.

22 Governor Dean, Governor Thompson, fellow

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1       Governors, ladies and gentlemen, it is a pleasure for  
2       me to be back here.

3               I have enjoyed our visits in this meeting.  
4       I was delighted to have you at the White House on  
5       Sunday evening, and I very, very much enjoyed our  
6       discussion yesterday, our discussions of welfare  
7       reform and a whole range of other  
8       issues.

9               Last year, you may remember when I was  
10       here, Governor Carroll Campbell and I both lost our  
11       voices before our talks, making collectively millions  
12       of people in both parties happy.

13               (Laughter.)

14               PRESIDENT CLINTON: Unfortunately for you,  
15       I am fully recovered this year, and I would like to  
16       begin, if I might, by thanking you for your vote just  
17       a few moments ago on the Mexican stabilization  
18       package.

19               I want to underline the critical nature of  
20       the financial problem in Mexico. All of you  
21       understand it, and I applaud your vote across party  
22       and especially across regional lines, because a

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1     number of you are not in the moment as directly  
2     affected as others are. This crisis poses, however,  
3     great risks to our workers, to our economy, and to  
4     the global economy, and it poses these risks now.  
5     We must act now.

6                 It has gotten rose day by day since I  
7     asked for the legislative action about two weeks ago.  
8     Rather than face further delay, I met with the  
9     congressional leadership this morning and told them  
10    that I will act under my executive authority, and I  
11    have asked for their full support. We cannot risk  
12    further delay.

13                I tell you today frankly that your strong  
14    support is very, very helpful and very welcome.

15                The situation in Mexico continues to  
16    worsen, but the leadership advised me that while  
17    they believe Congress will, or at least might well  
18    eventually, act, it will not do so immediately.  
19    Therefore, it will not do so in time because Congress  
20    cannot act now, I have worked with other countries to  
21    prepare a new package.

22                As proposed now, it will consist of a \$20

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1 billion share from the United States Exchange  
2 Stabilization Fund, which we can authorize by  
3 executive action without a new act of Congress, \$17.5  
4 billion from the International Monetary Fund, and, in  
5 addition to that, there will be a short-term lending  
6 facility of \$10 billion from the Bank of  
7 International Settlements.

8 That means that in the aggregate, we will  
9 be able to have an action that is potentially even  
10 more aggressive than the \$40 billion one I originally  
11 proposed, with more of the load being taken by  
12 international institutions and our trading partners  
13 around the world, which I applaud, but with a  
14 significant part of the burden still being borne by  
15 the United States.

16 This is in the interest of America,  
17 contrary to what some have said, not because there  
18 are large financial interests at stake, but because  
19 there are thousands of jobs, billions of dollars of  
20 American exports at stake, the potential of an even  
21 more serious illegal immigration problem, the spread  
22 of financial instability to other countries in our

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1 hemisphere and indeed to other developing countries  
2 throughout the world, and the potential of a more  
3 serious narcotics trafficking problem.

4 All these things are at stake in the  
5 Mexican crisis, and therefore I will act to protect  
6 our interests. I have asked the bipartisan  
7 leadership of Congress to support these actions, and  
8 I hope and believe they will at some later point  
9 today.

10 The risks of inaction are greater than the  
11 risks of decisive action. Do I know for sure that  
12 this action will solve all the problems? I do not.  
13 Do I believe it will? I do. Am I virtually certain  
14 that if we do nothing, it will get much, much worse  
15 in a hurry? I am.

16 This is the right thing to do. You have  
17 understood it, and I thank you very, very much for  
18 your vote a few moments ago.

19 Since our first meeting two years ago, we  
20 have enjoyed unprecedented cooperation, which has  
21 included seven major waivers in the health care  
22 reform area and 24 in the welfare reform area, a

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1 partnership in a successful fight for the crime bill  
2 last year, which as you know reduces the Federal  
3 Government and gives all the money back to States and  
4 local communities to fight crime at the grassroots  
5 level.

6 We have had innovative and more  
7 comprehensive agreements with the States of West  
8 Virginia and Indiana, in the area of children and  
9 families, and the remarkable agreement that we signed  
10 recently with the State of Oregon and seven of our  
11 Cabinet secretaries ending federal micromanagement  
12 across a whole range of areas in return for the  
13 statement by the State of Oregon of clear goals and  
14 performance measures for the future.

15 This is the kind of thing that we need to  
16 be doing more of. It is the kind of thing that I  
17 believe we are in the process of doing on welfare  
18 reform.

19 I was informed of the Speakers' remarks  
20 just a few moments before I came here. I applaud  
21 them, and I think we have a real chance now to have a  
22 partnership between the White House and the Congress,

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1 the Governors, and others who care deeply about this  
2 issue.

3 Our next goal must be to dramatically  
4 restructure the relationship between the Federal  
5 Government and the States, to create a stronger  
6 partnership on behalf of our people that goes to the  
7 heart of what I have called the New Covenant of  
8 Opportunity and Responsibility. I believe the  
9 Federal Government's job is to expand opportunity and  
10 shrink bureaucracy. Therefore, I think it is clearly  
11 the thing for us to do to try to shift more  
12 responsibility to the States, to the localities and,  
13 where appropriate, to the private sector, and  
14 therefore give you the opportunity to solve problems  
15 working with your people that have eluded all of us  
16 for too long.

17 The system we inherited was based  
18 fundamentally on a kind of a benign distrust from an  
19 era when, let's face it, in the past States might not  
20 have always done what they should have done to  
21 protect their citizens.

22 As a Southerner, I can tell you that I

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1 don't know what we would have done if the Federal  
2 Government had not been willing to take some of the  
3 action that it took in civil rights and in some other  
4 areas to help poor children in my State and others.

5 So we cannot and we need not condemn the  
6 past to say that the whole nature and character of  
7 State government, the expertise that is there, the  
8 knowledge that is there, the connections that are  
9 there with volunteer groups, with the community  
10 groups, with the nonprofit groups, is totally  
11 different than it used to be and the nature of the  
12 work to be done and the problems to be solved are  
13 different than they used to be.

14 Therefore, the system we have inherited  
15 needs a searching reexamination and, where it is  
16 yesterday's government and not tomorrow's, it ought  
17 to be changed.

18 We have tackled this problem with energy  
19 and some success. We have done it with real support  
20 from the Cabinet and some opposition from some within  
21 the bureaucracy that have been there through  
22 Republican and Democratic Administrations alike and

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1     some in our Congress who have questions about what we  
2     are doing.

3             But I have spent too many years of my life  
4     around this table to have forgotten where I learned  
5     it. I think I came to this office with a profound  
6     understanding of the challenges that you have faced  
7     in working with the Federal Government. To build on  
8     that understanding is part of the Reeinventing  
9     Government Initiative.

10            The Vice President came here with me today  
11     for this announcement because he has worked so hard  
12     to make it possible. He has talked literally to  
13     thousands of State and local government workers, and  
14     they have been among the most helpful in shaping our  
15     reinvention blueprint.

16            The message is loud and clear. They want  
17     us to stop the micromanagement, trust them to do  
18     their jobs, hold them accountable for results when  
19     federal money and national interests are involved.  
20     That is why we wish to create a new Federal  
21     Government and a new partnership based on trust and  
22     accountability.

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1                   You know better than anyone that a great  
2 deal of what our national government does is already  
3 carried out by States, by counties, by cities. That  
4 is why we must change the relationship and trust them  
5 more.

6                   I believe we should shift decision-making  
7 authority from bureaucracies in Washington to  
8 communities and States and, where we can, directly to  
9 individuals. Part of my job is to keep pushing the  
10 focus of the national government back to grassroots  
11 America where we can solve so many of our problems  
12 more effectively.

13                  We have begun that work, first by cutting  
14 the size of the Federal Government. We have already  
15 cut over a quarter of a trillion dollars in spending,  
16 more than 300 domestic programs, more than 100,000  
17 positions from the federal bureaucracy. Those cuts  
18 will total, if no more laws or budgets are passed,  
19 over 270,000, making in the process your Federal  
20 Government the smallest it has been since the Kennedy  
21 Administration.

22                  Cutting government is not enough. We also

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1 have to make it work better. And we have done that  
2 too, in many ways. We have streamlined the  
3 Agriculture Department, closing 1,200 field offices.

4 We moved FEMA from being a disaster to  
5 helping people in disasters. The Department of  
6 Transportation worked with private businesses and  
7 helped to rebuild southern California's fractured  
8 freeways in record time and under budget, also, with  
9 partnership from the State by changing the laws and  
10 the procedures and making it work. We have cut an  
11 SBA loan form from an inch thick to a single page.

12 We have cut the time it takes to get an  
13 FHA loan endorsement from four to six weeks to three  
14 to five days.

15 We have reformed the procurement system of  
16 the government so that governments can buy the way  
17 businesses do--putting an end to the Vice President's  
18 opportunity to go on the Letterman Show and break \$10  
19 ashtrays that ought to cost \$1.50.

20 We have reformed the college loan system,  
21 the direct loan program. We will literally save the  
22 taxpayers billions of dollars, lower interest rates

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1 and fees and improved repayment schedules for  
2 students and lower paperwork, bureaucratic time for  
3 our institutions of higher education.

4 Much of this work is simple common sense.  
5 The Bureau of Reclamation used to require 20 people  
6 to sign off on building special fish ladders in  
7 northern California, taking three and a half years.  
8 The fish were dead by then.

9 (Laughter.)

10 PRESIDENT CLINTON: But at least the  
11 ladder was approved. Well, we removed 18 approval  
12 layers and cut the time down to six months, in time  
13 for the fish to spawn--to their great relief.

14 (Laughter.)

15 PRESIDENT CLINTON: I say this to make the  
16 point that a lot of this is common sense, and an  
17 enormous amount of this still remains to be done.

18 I suppose I have gotten more comments from  
19 you in these last few days, pro and con, about the  
20 process of federal regulation than anything else.  
21 Some of you have said, "Well, I am getting better  
22 cooperation from the EPA than ever before. Thank you

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1 very much." Others have said, "What the policy is  
2 sound goods, but there is nothing happening in our  
3 State to make it better."

4 We have a long way to go, but we can do  
5 this, and we ought to do it not simply with general  
6 rhetoric but also taking these issues one by one by  
7 one until we make it right.

8 I have asked the Vice President too, in  
9 Phase II of his review, to continue to shrink federal  
10 departments, and we are making sure that the  
11 remaining government will be more economical, more  
12 entrepreneurial, less bureaucratic, and less  
13 dictatorial.

14 A year ago I signed an executive order to  
15 encourage creative partnerships with the private  
16 sector in the ownership, financing, and construction  
17 of infrastructures, responding to your insistence  
18 that you needed the same kind of flexibility the  
19 private sector has when you raise funds for major  
20 infrastructure projects.

21 Today I am happy to say that Secretary  
22 Pena is announcing a series of 35 new infrastructure

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1 projects in 21 States that will mobilize almost \$2  
2 billion in investment capital to build roads,  
3 bridges, and other infrastructure, relying on trust  
4 and accountability, not rules and bureaucracy.

5 (Applause.)

6 PRESIDENT CLINTON: Tens of thousands of  
7 new jobs will be created this year, not by rocket  
8 science but by simply adopting the financing  
9 techniques the private sector uses all the time. We  
10 wouldn't have any of these projects if we followed  
11 the old rules and allowed that to get in the way of  
12 innovation.

13 In the budget I am submitting to Congress,  
14 I will propose turning this approach into national  
15 policy by building performance partnerships with  
16 State and local governments. We want to consolidate  
17 categorical funding and call on you to take  
18 responsibility for meeting the performance standards.

19 Trust and accountability are the  
20 foundation of these new partnerships. We have to  
21 trust you, our partners, to make the right choices in  
22 spending public funds. Even though you will have

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1 more flexibility to solve your problems, you must be  
2 held accountable for how you spend the federal money.

3 I am excited because this approach gives  
4 us a new opportunity to work together to move  
5 forward. On Saturday, Governor Engler captivated  
6 the Nation by rolling out a list of 335 programs on  
7 parchment, sacred programs he wanted to put in the  
8 block grant that he could write on a piece of  
9 notepaper. He didn't know it, but next week we want  
10 to announce plans that we have worked on for months  
11 to consolidate 271 programs into 27 performance  
12 partnerships. A lot of those were on Governor  
13 Engler's list. I would like to help him cut it.

14 (Applause.)

15 PRESIDENT CLINTON: One of those I have  
16 already announced, the new performance partnership  
17 for education and job training, as part of our  
18 middle-class bill of rights.

19 We propose to collapse 70 separate  
20 programs to make them more efficient and effective.

21 A GI bill for America's workers who need  
22 new skills to meet the demands of changing times.

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1 States and local governments will have broad  
2 flexibility to help them meet those needs. But we  
3 propose not to just give this money back to State  
4 training programs but instead to let the workers  
5 themselves get a voucher and choose where they want  
6 to go.

7 Almost every American is now within  
8 driving distance of a community college or some other  
9 kind of high training program with a proven rate of  
10 success, far better than anything w need to design.  
11 So we ought to put more power not only back to the  
12 local level but also directly into the hands of  
13 citizens for the purposes that are plainly in the  
14 national interest.

15 (Applause.)

16 PRESIDENT CLINTON: In public health, we  
17 want to consolidate 108 programs into 16 performance  
18 partnerships, to abolish a dozen environmental grants  
19 and give you more power to achieve environmental  
20 goals.

21 (Applause.)

22 PRESIDENT CLINTON: I guess, in

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1     parentheses, I thank Governor Carper for his repeated  
2     lectures to me on that subject, citing the Delaware  
3     example.

4                 We want to continue to combine the 60 HUD  
5     programs into three. The Federal Government has  
6     worked in one way for decades. Now it is time to try  
7     a new way, a way that is proven in its performance in  
8     the private sector. It is time for these and other  
9     changes, and many of them are drawn directly from  
10    your own experience in your own laboratories of  
11    democracy.

12                When our country was founded, the founders  
13    rejected government based on central control and  
14    distrust of people. Our Constitution provides a few  
15    profound guiding principles. It puts deep trust in  
16    the American people to use their common sense to  
17    create a shared vision, not a centralized vision, and  
18    to give life to those ideals.

19                We have to take advantage of this rare  
20    moment to renew that ideal, to reshape the  
21    relationship between the national government and the  
22    States.

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1           The American people have voted twice in  
2   the last two elections for dramatic change in the way  
3   our country works. They want more for their money,  
4   better schools, safer streets, better roads, a clean  
5   environment. But they want a greater say in how this  
6   work is done, and they don't want the Federal  
7   Government to do what can better be done by private  
8   citizens themselves or by government.

9           They also have a deep feeling about our  
10   national commitment and our national responsibility  
11   and our national interest, things like the welfare of  
12   our children, the future of our economy, our  
13   obligations to our seniors. They know that we can  
14   meet these national obligations and pursue our  
15   national interests with a dramatic evolution of power  
16   and responsibility and opportunity to the State  
17   governments of this land.

18           I look forward to making all of this  
19   happen with you. Thank you very much.

20           (Applause.)

21           GOVERNOR DEAN: Mr. President, you have  
22   come before us many times now, you have been a true

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1 friend of Governors, and I deeply appreciate it. We  
2 are extraordinarily enthusiastic about the devolution  
3 of powers that you have just described, and we are  
4 extraordinarily enthusiastic about the emergency  
5 disaster assistance, the welfare and health care  
6 waivers that you have forced through the federal  
7 bureaucracy for us, mandate relief.

8 But there is one thing I think that all of  
9 us are extremely grateful to you for, Mr. President,  
10 which has helped us at the State level more than  
11 anything else that you have done in terms of giving  
12 us more flexibility and creating new ways that we can  
13 help our people. That is, Mr. President, that in  
14 1994 we had more job growth than we have had in the  
15 last ten years. Mr. President, for that, we are  
16 very, very grateful.

17 (Applause.)

18 GOVERNOR ROMER: (presiding) We will  
19 reconvene on the health care policy just as soon as  
20 Howard Dean comes back in the hall.

21 Governor Branstad, I think we have already  
22 moved the farm bill.

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1                   GOVERNOR BRANSTAD: That is already  
2 passed.

3                   GOVERNOR ROMER: So if you will just bear  
4 with us, we are going to have a very important item  
5 of health care policy on the table in just matter of  
6 minutes.

7                   (Pause.)

8                   GOVERNOR DEAN: (presiding) The last item  
9 on the agenda is the welfare reform policy, which is  
10 being distributed to all Governors now.

11                   We were not able to bridge all of the  
12 differences between us on the issue of welfare  
13 reform, but I think we have made some significant  
14 progress, and I think we have narrowed our  
15 differences significantly.

16                   What we have done, as you will see in the  
17 policy that is being passed out, is that seven  
18 Governors sat down over a prolonged period of time  
19 and negotiated, it is fair to say in fits and starts,  
20 a policy which will allow us to participate in the  
21 debate on Capitol Hill on welfare reform without  
22 committing us to a specific course of action, but

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1     which does lay out guidelines on how we are going to  
2     proceed in the event Congress adopts either a block  
3     grant proposal or an individual entitlement.

4             There are Governors who feel very strongly  
5     that the individual entitlement must go because it is  
6     in the way of State flexibility and because they feel  
7     very strongly that there are budgetary considerations  
8     involved with that individual entitlement.

9             There are Governors who feel equally  
10    strongly that the individual entitlement must stay  
11    because it protects children and because it provides  
12    a safety net for the State taxpayers and State  
13    budgets.

14            So what we have essentially done is take  
15    the block grant proposal and put safeguards into it,  
16    which we seven have agreed to, for children, and  
17    declare it is in the Nation's interest to have  
18    safeguards for children and safeguards which the  
19    seven of us have agreed to to protect State budgets  
20    and State taxpayers.

21            We have then taken the individual  
22    entitlement proposals and put broad latitude in it so

1     that we will never again have to come to Washington  
2     to go through a hocus-pocus of waivers and  
3     bureaucratic problems when we wanted to design our  
4     own welfare reform programs.

5                 I am going to call on Governor Thompson to  
6     move to substitute this policy which you have in  
7     front of you and then to Governor Romer to second the  
8     policy.

9                 Governor Thompson?

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

12                True to the best of NGA's bipartisanship,  
13     a group of Governors, as Governor Dean has indicated,  
14     worked extremely hard over the course of four days  
15     and made lots of changes and worked on other programs  
16     to try to come up with something that would be  
17     acceptable to the vast majority of the group of  
18     Governors that are still here to vote on it.

19                We also took the advice of Governor Lowry,  
20     who has been sort of a stickler on reminding us that  
21     you have to do something with the health care and  
22     restructuring Medicaid.

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1 Governor Lowry, I think you will be happy  
2 with the language that is on page 6. And I think a  
3 lot of us agree that that should be included and we  
4 are happy to have it. It allows for maximum  
5 flexibility.

6 It is not everything that I would like as  
7 far as a welfare replacement proposal, but it  
8 certainly is the kind of bipartisan resolution that  
9 will be helpful to the NGA to go to Capitol Hill and  
10 lobby on.

11 Whether it is a block grant or whether is  
12 it an individual entitlement, it gives the direction  
13 to the NGA staff, and it is very important, I think,  
14 for us to adopt this so that the NGA staff will be  
15 able to go on to Capitol Hill and carry our message  
16 to the congressional Representatives.

17 So, with that, Mr. Chairman, and with  
18 thanks to all the Governors who worked at this, I  
19 would like to move on behalf of that group the  
20 substituted amendment on welfare reform and Medicaid  
21 reform.

22 GOVERNOR DEAN: Thank you, Governor

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1 Thompson.

2 Governor Romer?

3 GOVERNOR ROMER: Let me second that  
4 motion.

5 The seven of us who worked on this agree  
6 that we ought to bring it and try to encourage no  
7 amendments. The reason for that is that this is  
8 obviously a compromise document. It was very  
9 carefully worked through. Staff worked through it  
10 very carefully.

11 We obviously are proceeding on an open  
12 debate, and you can amend with 75 percent of the  
13 vote, but on behalf of all seven of us, I think we  
14 were trying to ask our fellow Governors to accept  
15 this without amendment, if it is possible.

16 There was one amendment that is on your  
17 desk which we would just like to incorporate into  
18 this statement by agreement. The seven of us  
19 understand that this is a noncontroversial amendment,  
20 and it is one authored, I think, by the Governor of  
21 Puerto Rico. And it just says the Governors believe  
22 that territories should be treated equitably in any

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1 welfare reform proposal brought by Congress.

2 Mr. Chairman, how do you want to handle  
3 it?

4 GOVERNOR THOMPSON: I will move to  
5 incorporate that in the original motion, Governor  
6 Romer, that the sheet that has been handed out, I  
7 believe it has been moved by Governor Rossello, and  
8 that we will incorporate that in the body of the  
9 text.

10 I would so move, Mr. Chairman.

11 GOVERNOR DEAN: Thank you, Governor  
12 Thompson.

13 Governor Rossello, do you wish to speak to  
14 this amendment?

15 GOVERNOR ROSSELLO: I would only offer it  
16 as an amendment to the extent it is acceptable to  
17 everybody.

18 In essence, it reminds us that this  
19 organization stands for the States and territories,  
20 and whether we are considering areas that apply to  
21 U.S. citizens, that we consider those U.S. citizens  
22 that live in U.S. territories but outside the States

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1 are very grateful that the Governors that have been  
2 working at this are willing to accept it as an  
3 amendment to their consensus on the floor.

4 Thank you.

5 GOVERNOR DEAN: Thank you, Governor  
6 Rossello.

7 Are there any discussions on this  
8 noncontroversial amendment?

9 (No response.)

10 GOVERNOR DEAN: If not, all those in favor  
11 signify by saying "aye."

12 (Chorus of ayes.)

13 GOVERNOR DEAN: Opposed, "no."

14 (No response.)

15 GOVERNOR DEAN: You amended the  
16 substitution offered by Governor Thompson. I have  
17 Governor Engler, then Governor Carper to speak.

18 Governor Engler?

19 GOVERNOR ENGLER: Thank you, Mr. Chairman.

20 I want to thank Governor Romer  
21 particularly. If you will note, the seven names are  
22 the six that participated in the Saturday meeting at

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1 the White House and then we got our former chairman  
2 out of retirement to come and help be the language  
3 crafter of some of these difficult words that we  
4 worked on in this document.

5 I am very comfortable. I think it is  
6 pretty obvious that in discussing both the block  
7 grant approach and individual entitlements, there are  
8 sort of two options that are in front of the  
9 Congress.

10 Listening carefully to what the Speaker  
11 was saying today and what the President has said,  
12 relative to block grants, I think there is some  
13 movement in this town toward block grant  
14 opportunities, not just in social welfare programs or  
15 programs affecting the poverty industry, but  
16 literally across the board.

17 I personally welcome that. I think he  
18 language that has been crafted here does do what we  
19 set out to accomplish. So I am comfortable with it  
20 because it provides a framework from which we can go  
21 to the Hill and have the National Governors'  
22 Association be part of the debate.

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1           That doesn't say everything exactly the  
2 way everyone might wish to have it stated, but if you  
3 read it carefully, and you can tell it was written by  
4 a committee, when you do read it carefully, you will  
5 note that it does have considerable policy reform  
6 that is open through it. And it does have some  
7 important objectives. So I think that it works.

8           We had a lengthy discussion at the  
9 Governors only meeting yesterday at noon. I won't  
10 repeat what I thought were programmatic goals, but I  
11 think this allows us to get there and so on that  
12 basis I am very comfortable for those who say, well,  
13 there ought to be individual entitlement. It also  
14 says that somehow is that happened to emerge, then  
15 there is some reform language that is targeted in  
16 that direction.

17           But I suspect that won't be the case in  
18 the block grant language, and it will be very  
19 important in terms of ultimately impacting what lands  
20 on the President's desk and what I believe is signed.

21           GOVERNOR DEAN: Thank you, Governor  
22 Engler.

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1 Governor Carper and then Governor  
2 Symington.

3 GOVERNOR CARPER: Thank you, Mr. Chairman.

4 Let me also express my thanks to each of  
5 the Governors who has been involved in bridging our  
6 differences and coming to the positions in the course  
7 of today.

8 The President indicated to all of us at  
9 the White House yesterday that not only are waivers  
10 an endangered species, but the notion that we have to  
11 ask anyone for extensive waivers to experiment and do  
12 what really makes common sense in getting people off  
13 welfare, that day is over.

14 The President has said that he wants to  
15 take away that requirement that first we have to come  
16 here and requests those waivers. The notion that  
17 someone can have a child out of wedlock and then earn  
18 a lifetime entitlement, I think that notion is dead  
19 and behind us.

20 The point where we have been trying to  
21 wrestle with our respective positions is how do we  
22 make sure that in our zeal to move people from

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1 welfare to work that we do not somehow unwittingly  
2 tie our hands and take away our ability to support  
3 those folks who are working, trying to make a go of  
4 their lives, for those folks who are work, compelling  
5 them to work, to make sure that they have adequate  
6 child care, folks who we are compelling to stay in  
7 school, make sure that they have adequate child care,  
8 make sure that as people take a minimum wage job they  
9 don't have to lose their health care, Medicaid, that  
10 they will still enjoy a measure of protection.

11 Those are things that we basically said we  
12 don't agree amongst ourselves as Democrats and  
13 Republicans, whether the block grant approach or the  
14 individual limited entitlement approach is best with  
15 respect to nutrition and with respect to some child  
16 care and with respect to good health care.

17 For myself, I think we are better off  
18 making sure that we have the safety net there for  
19 child care, we have the safety net there for  
20 nutrition and we have the safety net there for  
21 Medicaid.

22 Having said that, that doesn't stop us

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1 from consolidating in the block grant 154 federal job  
2 training programs. It doesn't keep us from  
3 consolidating a number of child care block grant  
4 programs. It doesn't keep us from consolidating some  
5 of the housing programs and other programs that the  
6 President was talking about today.

7 Again, I suggest there is a lot more that  
8 unites us around this table than divides us.

9 Having said that, there are those in the  
10 Congress who share a concern that I have with respect  
11 to some kind of safety net for people who are trying  
12 to make it, work or stay in school; helping them with  
13 health care, child care and nutrition.

14 But the chairman has reminded me that  
15 Senator Dole himself has expressed concerns about  
16 taking away the entitlement protection for children  
17 and that is protection that he himself is very likely  
18 to want to continue to preserve.

19 Mr. Chairman, I think we have made good  
20 progress. I think we have closed our ranks here to  
21 some extent, and I think we will be in a position now  
22 to go forward and present our position, for the most

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1 part united, keeping in mind one simple point of  
2 disagreement.

3 GOVERNOR DEAN: Thank you.

4 Governor Symington?

5 Governor Wilson?

6 GOVERNOR WILSON: Thank you,  
7 Mr. President.

8 I have got a couple of friendly amendments  
9 to offer, and a question. I don't see Governor  
10 Engler. In his absence, I will proceed.

11 On page 2 of the draft, under the heading  
12 "State entitlement block grant program," about the  
13 third sentence. It reads, "The block grant should  
14 include a clear statement of purpose, including goals  
15 for the block grant, the methods that will be used to  
16 judge the effectiveness," et cetera.

17 A small change but I think not only  
18 beneficial but perhaps a really needed change would  
19 be to, instead of the phrase "including goals," I  
20 would say "including mutually agreed upon goals."

21 The point of the amendment is simply to  
22 assure the States that the goals that are set forth

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1 are State goals, not federal. It is an effort to  
2 secure for ourselves the assurance that we are  
3 receiving in actual fact the substance of the kind of  
4 flexibility that we have been talking about as the  
5 basis for this needed reform.

6 So I would urge, if there is not  
7 objection, I see Governor Engler has returned.

8 Governor Engler, I would propose that we  
9 simply insert in the first paragraph under State  
10 entitlement block grant program, the third sentence,  
11 beginning with "block grant" should include "a clear  
12 statement of purpose, including goals." I would  
13 insert between "including goals" the phrase "mutually  
14 agreed upon."

15 GOVERNOR DEAN: Governor Wilson, I don't  
16 think there is any objection to this amendment.  
17 However, I would give a general caution that it took  
18 us about four or five hours among only seven of us to  
19 reach agreement on this document.

20 I think this amendment will be adopted by  
21 consensus, but let me just caution members about  
22 trying to get into a wholesale revision of this among

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1 50 of us, because it is going to be a very difficult  
2 task, as I can assure you it was for the seven of us.

3 Hearing no objection, I will assume that  
4 is a motion.

5 Is there a second?

6 GOVERNOR THOMPSON: I will second it. I  
7 think it is a positive motion. It allows for  
8 cooperation. I would second the motion,  
9 Mr. Chairman.

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

12 (Chorus of ayes.)

13 GOVERNOR DEAN: Opposed, "no."

14 (No response.)

15 GOVERNOR DEAN: The ayes have it.

16 Governor Wilson?

17 GOVERNOR WILSON: Mr. President, on page  
18 6, in a similar vein, at the final paragraph,  
19 beginning, "The Governors believe," there is a  
20 statement in the second sentence, "However, such  
21 restrictions must be accompanied by significant  
22 flexibility in program delivery."

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1 I would simply ask that we insert the  
2 word, between "significant" and "flexibility,"  
3 "statutory.".

4 The reason for my request is, very simply,  
5 that it will avoid the unhappy fact of lawsuits of  
6 the kind that we have been afflicted with repeatedly.  
7 I think California is not alone in experiencing these  
8 lawsuits. They are of a very, very serious nature.  
9 They can result in significant delays in the  
10 implementation of real reform.

11 So, if we say, "However, such restrictions  
12 must be accompanied by significant statutory  
13 flexibility," it will greatly diminish our  
14 vulnerability to such lawsuits.

15 GOVERNOR DEAN: Again, Governor, with the  
16 caution that I wouldn't want to go too far down this  
17 road, my own view is that that is an extraordinarily  
18 helpful addition, and I don't see any objection. So  
19 I will assume that has been moved.

20 VOICES: Second.

21 GOVERNOR DEAN:

22 Is there a second?

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1 VOICES: Second.

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

4 (Chorus of ayes.)

5 GOVERNOR DEAN: Opposed, "no."

6 (No response.)

7 GOVERNOR DEAN: You have moved that  
8 additional change.

9 Governor Wilson?

10 GOVERNOR WILSON: Just a final question to  
11 Governor Engler.

12 On page 4, when you are just about to  
13 begin, under the heading "Individual Entitlement  
14 Program," the first phrase at the top of page 4 is  
15 "policy objectives and standards could include, but  
16 should not exceed, the following." This may be just  
17 a semantic distinction. I am mindful of the  
18 chairman's admonition, but I was just wondering, when  
19 we say "should not exceed the following," actually  
20 our purpose is to achieve maximum flexibility, is it  
21 not?

22 GOVERNOR ENGLER: It is.

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1                   And, Mr. Chairman, if I might respond, I  
2 will perhaps even infer this whole section on the  
3 individual entitlements program, I paid scant  
4 attention to because I think it has scant chance of  
5 going anywhere. So somebody who is more enthusiastic  
6 may wish to expound on the language.

7                   GOVERNOR WILSON: My point is very simply  
8 that I do not think that we ought to offer the  
9 Federal Government any opportunity to limit our  
10 flexibility.

11                  GOVERNOR DEAN: Governor Wilson, I am  
12 informed by my staff that that language was not in  
13 any proposal of ours on the Democratic side. So if  
14 you are saying the policy objectives and standards  
15 could include the following, and you would like to  
16 take out "not exceed" because that is restrictive?

17                  GOVERNOR WILSON: Yes.

18                  GOVERNOR DEAN: I don't think there would  
19 be any objection to that. It is not our language, in  
20 any case.

21                  Governor Romer?

22                  GOVERNOR ROMER: It's good. Let's do it.

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

3                   (Chorus of ayes.)

4                   GOVERNOR DEAN: Opposed, "no."

5                   (No response.)

6                   GOVERNOR DEAN: The ayes have it.

7                   GOVERNOR WILSON: Thank you, Mr.

8 President.

9                   GOVERNOR VOINOVICH: Mr. President?

10                  GOVERNOR DEAN: Governor Voinovich?

11                  GOVERNOR VOINOVICH: Mr. Chairman, before  
12 I make a motion, I would like to congratulate the ad  
13 hoc committee for all of the hours that they put in  
14 in putting together this compromise. I think it is  
15 really important for this organization to be  
16 represented in negotiations on the Hill.

17                  I thank you, Mr. Chairman.

18                  (Applause.)

19                  GOVERNOR VOINOVICH: I move the previous  
20 question.

21                  GOVERNOR DEAN: That actually,  
22 technically, requires a two-thirds vote.

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1                   We will hear from Governor Carper, and  
2 then we will vote.

3                   GOVERNOR CARPER: I don't want to belabor  
4 this, but to Governor Wilson, I would ask Governor  
5 Romer to consider this, the language that we just  
6 addressed in your friendly amendment on page 4,  
7 "Policy objectives and standards should include or  
8 should include but not exceed the following," I think  
9 what we may have done unwittingly is reduced our  
10 flexibility and unwittingly given the feds greater  
11 sway over any flexibility that we have within the  
12 individual entitlement. I don't think that is what  
13 we want to do, but I think we may have unwittingly  
14 done that with the adoption of your amendment.

15                   I would just ask that we carefully  
16 consider what we have just done.

17                   GOVERNOR DEAN: May I suggest, Governor  
18 Carper, you and Governor Wilson have a little  
19 conference on the side while we hear from Governor  
20 Carlson?

21                   GOVERNOR CARLSON: I was seconding the  
22 motion.

1                   GOVERNOR DEAN: Maybe we will take a 30-  
2 second recess for Governor Wilson and Governor Carper  
3 confer. I think it is the sense of this body that we  
4 certainly don't want to do anything to decrease  
5 flexibility.

6                   (Pause.)

7                   GOVERNOR WILSON: Mr. President?

8                   GOVERNOR DEAN: Governor Wilson?

9                   GOVERNOR WILSON: I think we can resolve  
10 this. It is not clear to some of us what the policy  
11 objectives and standards being discussed were  
12 federal. We wouldn't need to change the phrase that  
13 is there now if that were clear.

14                   I would suggest that we simply include the  
15 word "federal," "federal policy objectives and  
16 standards."

17                   GOVERNOR DEAN: "Federal policy could  
18 include the following"?

19                   GOVERNOR CARPER: I would second that.

20                   GOVERNOR DEAN: Hearing no objection, all  
21 those in favor signify by saying "aye."

22                   (Chorus of ayes.)

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1 GOVERNOR DEAN: Opposed, "no."

2 (No response.)

3 GOVERNOR DEAN: The ayes have it.

4 Now the question, I think, has been moved  
5 and seconded. Are you ready for the question whether  
6 to adopt this policy?

7 All those in favor signify by saying  
8 "aye."

9 (Chorus of ayes.)

10 GOVERNOR DEAN: Opposed, "no."

11 (No response.)

12 GOVERNOR DEAN: The ayes have it.

13 I appreciate this bipartisan effort. It  
14 was very difficult. I appreciate all your work.

15 (Applause.)

16 GOVERNOR DEAN: That concludes the  
17 business of this meeting. I want to welcome you all  
18 to Burlington at the end of July.

19 Thank you for all your very hard work  
20 here, and we look forward to those of you who would  
21 like to attend the Children's Forum in June.

22 Just a second.

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1 Governor Wilson?

2 (Pause.)

3 GOVERNOR DEAN: We are adjourned. Thank  
4 you very much.

5 (Whereupon, at 12 noon, the meeting was  
6 adjourned.)

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