

1 NATIONAL GOVERNORS ASSOCIATION
2 Winter Meeting
3 Saturday, February 22, 2014
4 JW Marriott
5 1331 Pennsylvania Avenue Northwest
6 Washington, DC 20004
7 Governor Mary Fallin, Oklahoma, NGA Chair, Presiding
8 Governor John Hickenlooper, Colorado, Vice Chair

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13 Presentation by Jeffrey R. Immelt,
14 CEO, General Electric
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21 Court Reporter: Jane W. Beach, Ace-Federal
22 Reporters, Inc.

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

2 (11:14 a.m.)

3 GOVERNOR FALLIN: Good morning.

4 (*Greeting returned.*)

5 GOVERNOR FALLIN: Well, everybody is
6 cheerful today. Big crowd today. We would like to
7 welcome you to the National Governors Association's
8 Winter Meeting. We are proud to have so many of our
9 governors that have joined us here today. Thank you
10 all for coming. And to all of our guests who have
11 joined us, thank you for your participation today.

12 I am Governor Mary Fallin, and I am the
13 Chair of the National Governors Association. I also
14 have alongside me our Vice Chair of our National
15 Governors Association, Governor John Hickenlooper
16 from Colorado, my good friend. Governor Hickenlooper
17 and I have had a great time over the last six months
18 working together, and we want to welcome you to the
19 [Winter] Meeting.

20 The first thing on our agenda is a motion
21 for the adoption of the Rules of Procedure for this
22 morning. Part of the Rules require that any governor

1 who wants to submit a new policy or resolution for
2 adoption at this meeting will need a three-fourths
3 vote to suspend the rules to do so.

4 So if I could have a motion for adoption
5 for the procedures of our meeting, and a second, I
6 would appreciate it.

7 GOVERNOR [RICK] SNYDER: So moved.

8 GOVERNOR FALLIN: Governor Snyder,
9 first. Do I hear a second?

10 GOVERNOR [EARL RAY] TOMBLIN: Second.

11 GOVERNOR FALLIN: Governor Tomblin,
12 thank you very much for the second. I'd just call
13 for a vote. All those in favor, say aye.

14 *(A chorus of ayes.)*

15 GOVERNOR FALLIN: All those opposed,
16 say nay.

17 *(No response.)*

18 GOVERNOR FALLIN: All right, the
19 Rules of Procedure are adopted. And if you have any
20 other proposals that you would like to submit, you
21 need to submit that to David Quam, to the NGA staff,
22 by 5:00 p.m. tonight. Just a little bit of

1 procedural things we need to get out of the way.

2 I would also like to recognize our White
3 House guests that have joined us from the Office of
4 Intergovernmental Affairs. I'm not sure if they are
5 here yet, but they will be joining us, but David
6 Agnew from the Office of Governmental Affairs, and
7 Adrienne Saenz, who is also supposed to be joining us
8 today. There you are. Thank you very much for
9 coming. Welcome. Good to have you here.

10 We also have a very significant number of
11 guests from our international friends that have
12 joined us at our Winter Meeting. I would like to
13 take a moment to recognize them.

14 We are joined today by the Governor of
15 Pueblo, Governor Rafael Moreno Valle. There you are.
16 Wonderful, Governor. He is-

17 ***(Applause.)***

18 GOVERNOR FALLIN: -president of the
19 National Conference of Governors of Mexico. We
20 appreciate you joining us today. He is president of
21 the National Conference of all the Governors of
22 Mexico, and so it is a great honor to have you here.

1 And joining him today is also the Mexican Ambassador,
2 Eduardo Medina Mora. Ambassador, good to have you
3 here.

4 **(Applause.)**

5 GOVERNOR FALLIN: And a
6 representative of Mexico's National Conference of
7 Governors, too. So we appreciate both of you joining
8 us here today.

9 We also are joined by our Canadian
10 Ambassador, a longtime friend, Gary Doer. Gary, are
11 you here today? There you are.

12 **(Applause.)**

13 GOVERNOR FALLIN: Ambassador, good
14 to see you.

15 **(Applause.)**

16 GOVERNOR FALLIN: He also has a
17 delegation from the Canadian-United States
18 Interparliamentary Group. So welcome to our Canadian
19 partners that have joined us here today. We
20 appreciate you coming, too. Thank you, very much.

21 **(Applause.)**

22 GOVERNOR FALLIN: And finally, I

1 know we also have some representatives from our
2 Brazilian and Chinese Embassies that have joined us.
3 Will our friends from Brazil and China please stand
4 up?

5 *(These people stand.)*

6 *(Applause.)*

7 GOVERNOR FALLIN: Thank you, very
8 much. Appreciate you joining us. I'm getting a lot
9 of great new friendships and partnerships from around
10 the world.

11 When I became chair of the National
12 Governors Association last August, I began working on
13 what's called our "chair's initiative." It is a
14 yearlong process in which we begin to formulate some
15 type of initiative that both Republican and Democrat
16 governors can support, one that is important to all
17 of us.

18 So I chose my initiative this year, called
19 "America Works: Education and Training for
20 Tomorrow's Jobs." That is something that is very
21 important for all of our governors, growing our
22 economies, creating jobs, creating opportunities for

1 our fellow citizens, and certainly growing our
2 revenue in our states.

3 The initiative is about making significant
4 improvements to our education systems and our
5 workforce training programs, and to help better align
6 those programs with the needs of our businesses, and
7 certainly our labor markets.

8 I believe this issue is critically
9 important to our nation. It is critically important
10 to our states, as well as our nation's economic
11 future.

12 Governors are uniquely positioned to be a
13 person who can help foster, who can help implement
14 stronger connections between the educational leaders
15 and employers, because in the end, the governors are
16 the ones that are responsible for both public
17 education and also economic development. So we are
18 the key to that.

19 Preparing America's 21st century workforce
20 to keep pace and to be competitive is an issue that
21 not only calls for national attention, but frankly it
22 calls for gubernatorial leadership. That is

1 something I am calling upon all of our governors to
2 take care of and to work with us on.

3 The initiative raises the awareness about
4 the significant benefits to individuals, to
5 businesses, to state economies, when governors act to
6 raise their populations' educational attainment
7 levels, and to better align their education systems
8 and their training systems with the likely future
9 needs of their economies and certainly their
10 employers.

11 But to do this, it takes statistics. It
12 takes good numbers. So I wanted to share with you a
13 statistic that I think is very important and relevant
14 not only for our states but very important and
15 relevant for our nation.

16 Nearly 50 years ago, when my parents were
17 growing up in my small town of Tucumseh, Oklahoma, 80
18 percent of the jobs in our nation's economy required
19 only a high school degree or less. Eighty percent—50
20 years ago the jobs in America required a high
21 school degree to be able to reach the middle class.

22 Today, that number has dropped

1 significantly, and today that number is 35 percent of
2 our jobs in America require a high school degree. A
3 huge challenge for our nation. And that is why it
4 demands gubernatorial leadership.

5 What we know is that of those people in
6 that 35 percent figure of high school graduates, that
7 two-thirds of those people who have a high school
8 degree in the workforce will make \$25,000 or less.
9 That is certainly not going to get them to the
10 lifestyle that we hope they would have, and the
11 lifestyle that they could have.

12 So what we know today is that a
13 postsecondary degree or some type of relevant workforce
14 certificate from a career technology type school is
15 the new minimum to success for our future workforce,
16 one that our employers need, one that our children
17 need, one that our working adults need, to be able to
18 meet the demands of tomorrow's jobs--and even today's
19 jobs, emerging jobs in our nation's economy and to be
20 able to help our citizens gain access to a middle
21 class life, and frankly the American Dream.

22 If we fail to provide our students and our

1 citizens of our current workforce with the
2 opportunities to be able to successfully navigate to
3 that postsecondary education, we are going to limit
4 our own people's ability to be able to achieve their
5 potential and certainly to have a higher standard of
6 living, which is important to all governors.

7 So through the America Works Program and
8 the initiative, we have identified a set of actions
9 that governors can take that will improve their
10 educational attainment levels of their citizens, and
11 also help realign their education systems, and also
12 be able to help employers meet their demands for the
13 job skill sets that they need.

14 So there are four policy components that
15 we have outlined in our America Works Program to help
16 governors be able to improve and better align their
17 state education and training programs that will help
18 not only our employees, help our students, but also
19 provide results for the industry that demands a
20 talented, educated workforce.

21 So here are the points, governors:

22 First of all, it starts at the top. It

1 starts at the top with our governors articulating a
2 vision, articulating a message about why it is
3 important to be able to connect education and the
4 workforce, and to be able to help our educational
5 attainment levels in our individual states meet that
6 new minimum for a better educated workforce and
7 skilled workforce.

8 Secondly, we've got to have good data.
9 We've got to know where we're at today and where we
10 need to be going in the future. And then we need to
11 track our progress. And then we need to measure our
12 results.

13 Third, we need to build partnerships
14 between both the private sector and the public
15 sector, and to be able to get the results that we
16 hope to be able to achieve.

17 And then fourth, we need to look at our
18 resources within our individual states. And they're
19 all unique. They're all different. We need to be
20 able to look at the resources, our funding, our
21 incentives for our education systems, certainly for
22 our workforce programs that we have, and to be able

1 to support it and align it with our overall vision in
2 our individual states, an integrated vision.

3 So we launched this initiative last
4 August. Since then, there has been great support
5 from both the private sector, from our education
6 community itself, and certainly a great understanding
7 as to why this is important to not only our states
8 but it is important to our nation and our
9 international competitiveness.

10 Nowhere is this more apparent than when we
11 have had our two NGA regional summits. We started
12 out with one in Connecticut. Governor [Dan] Malloy was
13 gracious enough—is the Governor here today? Yes—
14 Governor Malloy was gracious enough to host us in
15 Connecticut. We had a great turnout of other states
16 and people that joined us, from governors and
17 different staff members and other public elected
18 officials and service members.

19 And then we also had one in New Mexico
20 with Governor [Susana] Martinez and her staff, and we
21 appreciate Governor Martinez for being able to host
22 us for those summits.

1 But your last chance is coming up for our
2 regional America Works education and training summit
3 in the great state of Oklahoma.

4 *(Laughter.)*

5 GOVERNOR FALLIN: What a surprise.
6 So I would like to invite all of you to join us. So
7 far we have a great, nice list, a big list actually,
8 of attendees that will be joining us there in
9 Oklahoma City.

10 I promise you: You will have a good time.
11 You are going to learn a lot of great information
12 that will be beneficial to your states. You will go
13 home with a to-do list, be able to check it off, and
14 go back home and say I'm focusing on jobs and
15 education and trying to help my employers and my
16 students and the workforce itself.

17 So I hope that you will consider either
18 coming personally, or sending your team members to
19 Oklahoma. It will be March 27th and 28th in our
20 state.

21 Now my priority for this initiative is to
22 be able to provide the governors with examples of

1 best practices and actual, tangible resources to be
2 able to advance these goals. And many of you have
3 already identified these goals in your State of the
4 State speeches, which you just recently gave.

5 And so to begin that, we want to deliver
6 on that commitment. And so I am pleased to be able
7 to share with you today our first report of my
8 initiative called America Works. This is titled "The
9 Benefit of A More Educated Workforce To Individuals
10 and To the Economies."

11 Now you have this report at your seat, and
12 so I hope that you will all take this report. The
13 NGA staff, as I mentioned, the governors, and other
14 people in various cabinet positions in various states
15 have worked very hard.

16 You will also find in this report not only
17 the details of different things, but we are also
18 pleased to be able to provide you state-specific
19 data. We have been working very hard over the last
20 six months to work with an organization that will
21 help you get very specific, drill-down data about
22 your educational attainment levels, your employers,

1 and your market that you need. And so it is a one-
2 page profile that provides this breakdown, and it
3 compares it with your educational attainment level,
4 with your current population compared to other
5 projections about your workforce—Moody's Analytics
6 provided this—and the educational requirements of
7 your companies in your state, and projects it clear
8 out to the year 2030.

9 So this is a roadmap for each of our
10 governors to be able to utilize. Now what we find is
11 that we have a mismatch not only in our nation but
12 certainly throughout our individual states between
13 the supply and the talent in our states, and what our
14 companies actually demand that they need in the years
15 to come for the job creation.

16 And it challenges us to provide our
17 citizens with a path of opportunity to be able to
18 work with our companies, to identify qualified talent
19 that can be able to take those jobs. And, like many
20 of our governors in this room, I will frequently talk
21 to businesses that will tell me: I have job
22 openings, but I can't find the employees to take

1 those jobs. I could invest more, and I could grow
2 more jobs, and thus help us grow our economies, but I
3 can't find the workforce.

4 And on the other hand, I have friends and
5 acquaintances that will come to me and say: I can't
6 find a job. I'll say, but there are jobs. And so
7 the challenge is how do we close that gap to be able
8 to make sure that we have the right skill sets in our
9 states to be able to take care of our businesses and
10 industries so that we can all grow our economy.

11 So it is an excellent report and data that
12 we are pleased to be able to share with each of you,
13 and we hope that you will take this data back home
14 and that you will share it with various members,
15 whether it's your commerce secretaries, your
16 superintendents of education, your chancellors of
17 higher education, whoever might be involved. And we
18 are very pleased to be able to present this to you
19 and think it is a very important discussion of
20 aligning our students' education with the needs of
21 our ever-changing workforce.

22 And to help us kick off this discussion we

1 are very proud today to be able to entice one of our
2 top CEOs of our nation to join us in helping us lead
3 this discussion with our governors, to hear from
4 someone that is out investing and creating jobs and
5 opportunities and innovation in our nation, and
6 that's Jeffrey Immelt, who is the CEO of General
7 Electric.

8 We are so thrilled to have him here today.
9 He is going to talk to us about the challenges his
10 company faces when they are trying to find employees
11 needed for their continued growth, and to stay
12 competitive not only domestically but certainly
13 internationally.

14 He also will lay out the opportunities he
15 sees for both the private sector and the public
16 sector to work together to achieve greater success
17 for our citizens, and certainly for our companies.

18 Jeff has held so many positions, and so
19 many global leadership positions since joining GE in
20 1982, including roles in GE's plastics, their
21 appliances, and their health care businesses. And
22 those of us that are familiar with GE know that they

1 have very many divisions.

2 We are thrilled that GE has an impending
3 new facility in the state of Oklahoma for GE's Global
4 International Energy Research Center. We have a
5 little bit of oil and gas—where's Governor [Jack] Dalrymple?

6 GOVERNOR DALRYMPLE: Right here.

7 GOVERNOR FALLIN: We also have a lot
8 of oil and gas in Oklahoma, as you know.

9 *(Laughter.)*

10 GOVERNOR DALRYMPLE: I haven't heard that.

11 GOVERNOR FALLIN: You haven't heard
12 that.

13 *(Laughter.)*

14 GOVERNOR FALLIN: Well, let me just
15 have a little man from Oklahoma named Harold Hamm
16 come talk to you.

17 *(Laughter.)*

18 GOVERNOR FALLIN: We're joking.
19 It's a great Oklahoma company that invests in North
20 Dakota. But in the year 2000, Jeff was appointed
21 President and Chief Executive Officer of GE. He's
22 been named as one of the world's best CEOs three

1 times by *Barrons*, and has since begun serving as the
2 Chief Executive Officer of GE. It has been named
3 America's Most Admired Company—the company has
4 been—and that was from *Fortune* magazine.

5 So it is our great pleasure today to have
6 Jeffrey Immelt here from GE. Let's give a warm NGA
7 welcome to our conference.

8 **(Applause.)**

9 MR. IMMELT: Thank you. It is really an
10 honor to be here today, really on behalf both of GE
11 but also more broadly. A lot of things I will talk
12 about today are common across the business community.
13 So I will try not to make this a GE commercial,
14 although it's the only thing I really know much
15 about.

16 **(Laughter.)**

17 MR. IMMELT: So I will try to broaden it
18 beyond that. I know, you know, because of the
19 history and breadth of the company I've met most of
20 you in this room, so it is really an honor to be with
21 you.

22 I want to say at the outset, thanks for

1 the great work you do on our behalf in your states,
2 and that is really where the action takes place in
3 our company, is on the ground and all the locations
4 we have.

5 So what I thought I would do today with
6 Governor Fallin's backdrop is maybe just put a little
7 bit of the global context in terms of the economy,
8 what's going on, and then I thought I'd talk to you,
9 kind of CEO to CEO, about how we invest and why we
10 invest, and what we're investing in, to give you a
11 context of what we're thinking about.

12 And then, really, take Governor Fallin's
13 challenge on competitiveness and the importance of
14 education, and I know the subject of the NGA.

15 So first, on the broad economy, I just
16 think we're in a world that gets a little bit better
17 every day. Everybody wants it to be magically back
18 to where it was in 2005, or 1997, and it is
19 frustrating that it's not there, but the U.S. economy
20 gets a little bit better each and every day.

21 Consumers certainly are purchasing.
22 There's not enough jobs, and I would say the missing

1 piece still in the U.S. is capital investment by
2 small and medium business is still lagging behind
3 where you'd like to see it at this point in the
4 recovery.

5 Europe is good because it's not so bad
6 anymore.

7 *(Laughter.)*

8 MR. IMMELT: So Europe has kind of
9 stabilized, and that is always good for the U.S. GE
10 is one of the biggest companies that does business in
11 China and is the second biggest economy. That is
12 quite important to American companies.

13 I would say the Chinese economy continues
14 to be strong. We think the new government and the
15 reforms they are leading are positive.

16 And then, you know, the resource-rich
17 countries around the world, I know a lot of you met
18 with the Brazilian ambassador last night. These are
19 very important countries for companies that are
20 multi-nationals, and we think they also continue to
21 reinvest back into infrastructure and things like
22 that.

1 So I think, you know, from a business
2 standpoint we see slow growth and volatility. You
3 have to kind of keep investing in order to grow. And
4 I think this is a pattern we could be in for a
5 relatively long period of time. There's just not a
6 magic potion that's going to suddenly make the U.S.
7 go back to 4 or 4.5 percent GDP growth; although,
8 that's what we all should be pulling for, and that's
9 ultimately important I think to get that kind of
10 economic growth.

11 So in that world, you know GE is the
12 biggest infrastructure company in the world, one of
13 the biggest industrial companies in the world: 140
14 years old, founded by Thomas Edison. We're a
15 \$110 billion industrial company. We're about a
16 \$400 billion investment financial service company.
17 We're one of the biggest lenders to small- and
18 medium-sized business in the U.S. That is kind of
19 the context of GE.

20 We are one of the biggest patent issuers
21 in the history of the country. We invest about 6
22 percent of our revenue back into research and

1 development.

2 Sixty-five percent of our backlog is
3 outside the United States. That is not by choice.
4 That's just where the markets are. We have high
5 market shares, but you should think about us as
6 somebody that's punching around the world.

7 We're the second-biggest exporter after
8 Boeing. So we export more than \$20 billion a year.
9 So when we locate a facility in your state, it's not
10 to serve your state; it's to serve all the countries
11 around the world.

12 We've got a valuable brand, the sixth most
13 valuable brand in the world. We invest about
14 \$12 billion a year back into R&D, capital
15 expenditures, information technology. So we keep
16 investing back into the economy and do that every
17 day.

18 We've got 135,000 employees in the United
19 States. We have more than 200 factories in the
20 United States. And we've got about 93,000 of our
21 employees are in manufacturing and engineering. So
22 these are people that make things, design things, and

1 that's grown about 9 percent since the financial
2 crisis.

3 For every job that we create in GE, we
4 create eight in the supply chain. So we are very
5 dependent on small and medium business. We purchase
6 about \$15 billion a year from companies less than
7 \$100 million in revenue. So we are very much
8 dependent on the extended enterprise that exists in
9 this country.

10 And we have, I would say, very strong
11 financial footing with small and medium businesses.
12 we loan about \$200 billion to small and medium
13 business every year.

14 So that is kind of the tail of the tape in
15 terms of the global economy. We like to think about,
16 you know, when you host us in your state, and when
17 we're lucky enough to invest there and have your
18 employees, we think they can compete in any corner of
19 the world. We don't think the American workers that
20 work for us in the U.S. take second fiddle to
21 anybody. They can compete.

22 So for us, we'll sell more—we've got

1 about 50 percent market share of large gas turbines.
2 We'll sell more in Algeria in the next three years than
3 we will in the United States.

4 Last November we took \$40 billion of
5 aircraft engine orders in Dubai--none from U.S.
6 airlines. The biggest three locomotive deals coming
7 out of Pennsylvania will happen outside the United
8 States this year, and we'll sell more MR and CT
9 scanners in China than we will in the United States.

10 So that is the world that we have to
11 compete in. That's the help we need. And that is
12 kind of the context for the company in terms of where
13 we are. So that's the world.

14 Slow growth. We've got to play in every
15 corner of the world to be competitive.
16 Competitiveness counts. We think the U.S. continues
17 to get better, but that's the backdrop. You've got
18 to go out and make your own competitiveness and make
19 your own growth. So that's number one.

20 The second thing, I thought I'd be remiss
21 today if I didn't come here and tell you what we're
22 investing in and how we invest. Because I know, you

1 know, from an economic standpoint that's incredibly
2 important to the governors and that's where we
3 interface.

4 I think there are three interesting things
5 that are just seismic changes where GE is investing
6 to lead right now, and that I think are very
7 important for the future both for the company and for
8 the country.

9 The first one is I think we kind of living
10 in the age of gas. The plentiful reserves of gas,
11 not just in the U.S. but globally, are opening up new
12 economic opportunities from both a power generation
13 standpoint, which is obvious, but also from the
14 standpoint of technology that's going to go in terms
15 of creating new economic opportunities around the
16 world as this gas, plentiful gas, kind of plays out.

17 And then, transportation. So we work with
18 railroad companies, transportation companies, on
19 converting to natural gas. But we think this is an
20 absolute game changer economically in terms of where
21 the future could be, not just in the United States--
22 we do a lot of business in Africa.

1 Africa has a 100-gigawatt deficit of
2 electricity and they're surrounded by gas. All the
3 technologies that are going to gasify the African
4 Continent are being innovated in the United States
5 today. And this is going to create jobs here, and
6 it's going to create economic growth here.

7 So we live in a new energy age, and one
8 that is very important that we are investing in.

9 The second thing is the notion of advanced
10 manufacturing. This gets written about and talked
11 about, and people want to say it's a fantasy or
12 whatever else, but we're a big manufacturer. And I
13 would say that the U.S. is, in my career . . . has never
14 been as competitive as it is today.

15 We can make a refrigerator with two hours
16 of labor. So if you can make things with two hours
17 of labor, you can make them any place you want to.
18 Labor as a percentage of cost of an aircraft engine
19 and things like that is relatively small.

20 And the new technologies around
21 manufacturing are significant: additive
22 manufacturing, new materials, 3-D printing, I could

1 go down the list, but to say that from a
2 manufacturing base, from a competitive base, the
3 country has never been more competitive than it is on
4 a relative basis today.

5 And the third big theme that I would talk
6 about is just in the area of what we call the
7 industrial Internet. You know, everybody here has a
8 Blackberry or an Apple [iPhone]. Everybody is on social
9 media, on Facebook, the series of other technologies.
10 That innovation is now going to be played in the
11 industrial base.

12 So if you look at a jet engine, a jet
13 engine has 20 sensors. It takes a couple of
14 terabytes of data every time it flies. And all that
15 data in the future is going to be modeled and turned
16 into fuel performance, economic performance, and
17 development.

18 So there are going to be as many people
19 that go to work around the industrial Internet as
20 went to work around social media. And that's not
21 necessarily going to take place in California and New
22 York; that's going to take place in Pennsylvania,

1 Michigan, lots of places around the industrial belt.

2 So there's a whole 'nother millions of jobs
3 going to be created around the industrial Internet as
4 time goes on. So advanced manufacturing, age of gas,
5 industrial Internet. These are the great things to
6 invest in I think in the 21st century.

7 And that's—you know, we kind of on each
8 one of those are putting our money where our mouth
9 is. So in gas we've invested in gas research and
10 development centers, new technologies, R&D capital,
11 and we plan to lead in that advancement, both using
12 our balance sheet but also in terms of how we make
13 and design the technology.

14 So we've got a big research and
15 development facility going into Oklahoma City. We're
16 working with Penn State, other universities, on the
17 age of gas.

18 We open up four or five new manufacturing
19 facilities every year. You know, our model
20 manufacturing facility now is about 500 people,
21 because we think that is a size big enough to have
22 scale. But it's also small enough that they can be

1 self-directed where the employees really call the
2 shots. And we do four or five of those every year.
3 And they're imbued with, and they're invested with
4 great manufacturing capability and great technology
5 that goes in it.

6 We have added 1,500 engineers in California
7 who work on the industrial Internet. So we've made
8 big investments in building engineering centers in
9 the last 12 months that can allow us to access all
10 the data and analytics that's going to take place.

11 And the last thing is something we're
12 doing in Louisville around Appliance Park, which is
13 we've partnered with a company called Local Motors,
14 which is a start-up manufacturing company. So we
15 actually allow entrepreneurs to come in and design on
16 our appliances. They can reduce cycle times, and
17 these new kind of maker-movement companies are all
18 over the place, and it can be done in any one of the
19 states around here to help go forward in the future.

20 So we've kind of invested behind the big
21 three initiatives that we think are going to reshape
22 both our company and the economy going forward.

1 Now the other thing I thought I'd talk
2 about is in the area of investment. I would be
3 remiss if I didn't go through some of the current
4 investments we're making, but really in the context
5 of what we look for in terms of when we're building a
6 new facility from a state—in terms of how to invest.

7 So we probably make 15 or 20 important
8 global investments, new global investments every
9 year. And we're working on five right now that will
10 happen in 2014.

11 We will have an aviation assembly plant
12 that will build engines. So if you happen to be in
13 the aviation industry, God has been good to you. You
14 know, we have a 10-year backlog. I mean, it's just a
15 great business to be in. And we're going to build an
16 assembly plant. And this is an awesome investment
17 because these really create a whole portfolio of
18 companies that gather around that.

19 We are going to build a plant to really
20 consolidate a lot of our activities in energy
21 management and put them into a state-of-the-art
22 manufacturing facility, another green field

1 investment that we'll make this year.

2 And both those sites will start as maybe a
3 couple hundred units—a couple hundred people, and
4 grow to maybe 500 over time.

5 We're going to invest in the best
6 manufacturing lab that anybody could build. We want
7 to own that space. We want to invest in a way that
8 can attract other companies to come—and this is huge
9 for us. And so we're going to do that around a
10 university somewhere.

11 One of the big trends in business today is
12 to unify what's called "shared services." So in
13 order for me to invest more in R&D and manufacturing,
14 I have to cut my administrative costs.

15 One of the ways you cut administrative
16 costs is you co-locate your backroom in locations.
17 So we're going to build a big shared service center
18 in the United States this year, and that will be,
19 again, in analytics and capability.

20 And we're going to go invest, using both
21 our capital and our strength to take a big gas
22 project, like taking flare gas and turning it into

1 fuel, and building a transportation system around it
2 so that we can demonstrate what's possible from a
3 standpoint of gasification.

4 So those are just five on the GE hit
5 parade in terms of how we think about it. So when we
6 access states on these, we would go to four to six
7 states on each one of these investments and just be
8 states where we could be kind of—create a home-field
9 advantage, and we can invest.

10 And, you know, basically GE, when Edison
11 started the company, we grew up around fundamentally
12 the Erie Canal. I mean that was the world of the
13 United States back in the 1870s. We were in upstate
14 New York, and now we can go anywhere in the country
15 because we have a whole different world and a whole
16 different horizon in terms of where we are today.

17 So each one of these, we'll go to four to
18 six states. We'll meet with the economic development
19 people first. We love it when we can go to your
20 states and meet with one group who can answer for
21 everybody, who can answer completely on the
22 economics, the regulatory, the speed. I mean, when

1 you can deliver on that, that is a massive
2 competitive advantage.

3 We love universities. So we love building
4 around great high-class universities because that's
5 our stock and trade. That's where we get people.
6 That's what we need. That's how we can reinvest. So
7 universities are key.

8 Talented and hungry workforce, people that
9 like, you know, working for a living and want to be a
10 part of a facility. Because when we go, we go for 50
11 years. You know, we're not going for a year or two.
12 The lifecycle of a jet engine is 25 years. So you're
13 not going to—you know, you're not going there just
14 to pick up something and then leave. It's a long
15 term.

16 And then the economics are important for
17 sure, but I'd say the economics are important as much
18 as a symbol for what the long term relationship is
19 going to be like with the state as much as, you know,
20 like I said, if we do a big assembly plant on jet
21 engines, we might get \$15 million from the state.
22 This is going to be here for 50 years. So in the

1 span of time, it's relatively little, but it's a way
2 to get started and mitigate some of the risks.

3 So those would be my pieces of advice on
4 how we invest and how to work with you. So the world
5 is all about competitiveness, number one. Number
6 two, we continue to invest, and we like working
7 directly with you in terms of how we invest.

8 The last thing I would say on investment,
9 I've got a great team of people who do this but
10 there's not one thing that happens in the United States that I
11 don't personally approve, you know, or anywhere in
12 the world. So I know how important jobs are.

13 And we, you know, we speak as a company
14 every time we make an investment. So we don't take
15 that at all and delegate it into the company. That's
16 key. So that's just a little bit to set the
17 backdrop.

18 Competitiveness—I was honored to work
19 with 25 other folks on President Obama's
20 Competitiveness and Jobs Council. It made me, I'd
21 say, more aware of competitiveness and job creation.
22 I learned four things on that council in terms of

1 what has to happen to create jobs. And I've seen
2 this time and time again as I've traveled the world,
3 and I think it is true in every country I've been to,
4 every state I've been to.

5 The one thing I would say is, there's a
6 shortage of jobs every place you go. There's no
7 place that's happy with the amount of jobs that they
8 have. And that is, the folks on infrastructure, that
9 without infrastructure it's hard to build any
10 competitiveness. So you've got to have roads, and
11 ports, and airports, and broadband, and all those
12 things.

13 The importance of small and medium
14 enterprise. Small and medium enterprise are
15 incredibly important. I've known a lot of small
16 business leaders as I've grown in GE in my career,
17 but I got a chance to see, when I was on the Jobs
18 Council, how difficult we make their life, and how
19 important it is that they have a way to really
20 compete.

21 I'll just repeat what I said: For every job
22 in GE there's eight in the supply chain. So if we

1 can create that multiplier, if you can create that
2 multiplier in your state, that's how the jobs
3 ultimately get created.

4 The importance of regulatory reform. You
5 know, I'd just say I'm a business guy so, you know,
6 most business guys, we just don't like regulators'
7 might, right? It's just the way it goes. It's
8 just kind of the way. But that's a decision [made] by
9 people, and ultimately we like high standards, and we
10 think high standards are good. But there's no reason
11 that it should take seven years to get a transmission
12 permit across state lines, you know, when the touch
13 time is like three months.

14 And I think the sense of accountability
15 and transparency around regulations is something that
16 you see in different countries and different states
17 that's important. Ultimately, if you're easy to do
18 business with, you're going to get more jobs. It's
19 just the way it is.

20 And then the last piece that we saw in
21 working on the President's Council is the importance
22 of training and education, and that that is really

1 important.

2 If you went on GE's employment site today,
3 there are 2,000 open jobs in the United States in GE.
4 These are in IT, and engineering, and basically every
5 part of the company. So there are open jobs out
6 there around society.

7 And I would say, just to echo what
8 Governor Fallin said, you know, the important things
9 we see, or that I would say that the business
10 roundtable would see in training and education, are
11 really, I would say, five things:

12 STEM. We've got to get math and science
13 back into our schools. And just being in the
14 20s in math and science is a tough place to be. And
15 ultimately there's not one job in any of our
16 factories that you could ever look at that isn't
17 automated, or needs some basic analytical skills, and
18 we've fallen way behind. So a focus on STEM is
19 incredibly important.

20 And that's where we, the GE Foundation--
21 that's where the GE Foundation spends most of its
22 money. We go into GE towns and we really try to

1 reach, change the curriculum of education and focus
2 on math and science in education.

3 Now, you know, like the business
4 roundtable we believe in high standards. I know it's
5 not—you know, it's a little bit politically
6 controversial in Common Core, but we believe in high
7 standards as we look at what we do. And I kind of
8 stand with the business roundtable on that activity.

9 Community colleges. If I go to a state
10 and a governor can describe how many welders they
11 prepare every year, that's a good thing, right. That
12 means you can step into a manufacturing base that is
13 incredibly ready and incredibly important. And there
14 are a lot of people that are retiring now from a
15 standpoint of the oil and gas industry, or other
16 industries. So you have a real vacuum of people in
17 the trades. And the community colleges do that.

18 So at a lot of our sites we partner with
19 local community colleges that are training people
20 during the day. They might work four hours at GE,
21 and they go to school for four hours. And if you as
22 a governor can stand right in and talk about this is

1 my community college plan, that is huge in terms of
2 job creation and competitiveness.

3 Building universities around engineers.
4 So if you had a dream of people that are going to
5 probably find jobs in the 21st century, it's going to
6 be engineers and welders. And engineers are
7 incredibly important. They create jobs. They can
8 fill jobs. But a good university is incredibly
9 investable, right. If you have a university that
10 knows how to do things, this is where, you know, we
11 like investing.

12 When I go back to the things I talked
13 about on the age of gas, advanced manufacturing,
14 industrial Internet, probably on each one of those
15 three things we'll partner with three universities
16 to have multi-year, multi-million dollar
17 research and development programs that again can
18 create their own funding and create their own jobs as
19 time goes on. So leveraging your universities is
20 incredibly important.

21 Veterans. How do we get veterans back
22 into the workplace? We've made a commitment to hire

1 1,000 veterans every year. We've joined in with
2 Boeing, Lockheed Martin and other companies on
3 what's called "Get Skills To Work".

4 So how do you [transition] veterans as
5 they're coming back in terms of what they've done in
6 the military, and what they can do on a factory
7 floor. And on all these new facilities that I've
8 talked about that we've opened up in the last few
9 years, about half of the new employees are veterans
10 coming back. So I think working together in states
11 on where we go with veterans is important.

12 And then, as a governor promoting the big
13 company/small company integration. So finding ways
14 and forums that allow big companies and small
15 companies to train together is really important.
16 Because we need that skill base in the small and
17 medium enterprises, and that is very important in
18 terms of where and how we invest.

19 So if I would give you on education, it's
20 really STEM. Community colleges for advanced
21 manufacturing. Have the universities front and
22 center in terms of how you invest and where you

1 invest. Have a plan for the veterans that are coming
2 back to your state. And either use the Chamber of
3 Commerce or have some governmental institution that
4 allows big companies and small companies to integrate
5 in either clusters or other activities.

6 And that to me, Governor Fallin, is the
7 training and education that needs to take place. So,
8 again, I would say you can grow, you can create jobs,
9 but you have to compete. That's kind of the
10 watch word on the global economy.

11 Business and government have to work
12 together to get the growth rate up. We continue to
13 invest. As a company, we invest roughly \$12 billion
14 each year in R&D, new cap X. We do it around big
15 themes. We do it around different locations, and I
16 kind of laid out what the things we look at are in
17 that regard. And then education is extremely
18 important, mainly around math and science and
19 competitiveness. Those would be the messages I'd
20 give you.

21 Lastly, I'd say again just thanks for the
22 great work you do. I think the states allow us, give

1 us a platform in which we can compete. You know,
2 you're the entrepreneurs in government. You can get
3 things done. And so I hope you utilize the chance to
4 try new things and utilize your state to try new
5 things in health care and engineering and education.
6 I think that's important.

7 Know your distinctive competence. What's
8 investable in your state, and make that apparent.
9 What are the big investing themes or your competitive
10 advantage? I think that allows us to get plugged in.

11 I'm a GE guy, so I'm a big company guy
12 but, you know, we find our way in this world one way
13 or another. It's the small businesses that need the
14 most help. And as a country, you know, we all talk
15 about small businesses every day, but we make their life
16 too hard. And I think, as governors can embrace 100,
17 200 small and medium businesses, they give you the
18 data that you should need every day on health care,
19 or education, or things like that, and I think that's
20 really important.

21 So let me end there. And, Governor
22 Fallin, I'm happy to take questions. But again,

1 thanks for helping us compete, and we want to make you
2 proud in terms of how we do in your states and what
3 we do in the future.

4 **(Applause.)**

5 GOVERNOR FALLIN: Well thank you,
6 Jeffrey. Those are great comments. My first
7 question was going to be asked: What can the
8 governors do to help you address the challenges you
9 laid out? But you gave us one, two, three, four,
10 five. And so all the different points that we need.

11 But I might ask you: What do you think
12 employers would be willing to bring to the table to
13 work jointly with the governors to help you
14 accomplish these challenges, the private sector?

15 MR. IMMELT: Oh, look, I'd say if I just
16 talked specifically about education, there's probably
17 not one company or one big company in the country
18 that doesn't have big education programs, that's not
19 spending money right now in education. But I think
20 we need more direction. You know, to be honest with
21 you, I think every company has its own best idea in
22 education, but we get fragmented too easily.

1 So maybe the governors could say, gosh,
2 this is the way that GE could really help in this
3 state. Because we have other companies going in the
4 same direction. And I always think we need a little
5 bit of a focus as it pertains to how to best to fund
6 education.

7 You know, we spend as a company probably
8 \$150 million a year on education, but our focus is
9 STEM. But maybe we can do a better job in your state
10 if we knew, you know, how better to do it.

11 The other thing I would say is, look, I've
12 traveled the world a thousand times over. We do
13 business in 170 countries around the world. There's
14 no country in the world that has the university
15 system the United States has.

16 If you had to say what are two or three of
17 the biggest competitive advantages this country has,
18 the university system has to be at the top of the
19 list. And I'm just not convinced we do enough to
20 leverage the great universities we have in this
21 country. And we are a scale employer. So we go to,
22 you know, Big Ten schools, and big engineering

1 schools are kind of what we see every day. They are
2 awesome in this country.

3 And how you build around these schools. I
4 mean, you know, I can give you the Stanford example,
5 right; what Stanford's done over the past 30 years is
6 unbelievable. But it's hard to find the next
7 university that can lay claim exactly the way
8 Stanford can. And I think that's amiss of what we
9 can do here, because that's still where the best
10 ideas can be formed.

11 GOVERNOR [MIKE] BEEBE: Mary?

12 CGOVERNOR FALLIN: Governor.

13 GOVERNOR BEEBE: I know everybody is
14 always asking you for something, but since you
15 already indicated that you're investing a significant
16 amount of money annually in education, and since
17 you're talking about the need for having perhaps some
18 states point out some things that you could focus on
19 to achieve better results, I want to point out what
20 another major corporation has done. I don't think
21 they're competitors of yours—I think you complement—
22 and that's Exxon.

1 Exxon has—and they didn't do it all
2 across the country, I think they picked about six
3 states—and they invested significant sums of money
4 in Advanced Placement courses by actually rewarding
5 both students and teachers, monetarily, for
6 participation in Advanced Placement courses,
7 particularly in the STEM area.

8 And secondly, the achievement of those
9 proficiency scores in those tests. I think in
10 virtually every state—and there was a pretty good
11 cross section of states—but in virtually every state
12 in which that program's been going on, it's been
13 going on now five or six years, we've seen marked
14 improvement in both Advanced Placement class
15 participation and in the scores. And it's been
16 particularly I think good in math. English and
17 science are also highlighted, but math in particular
18 seems to have generated a significant higher increase
19 in participation in Advanced Placement courses, and
20 in the scores.

21 So as you're thinking about where you're
22 going to invest in the future, I mean it sounds kind

1 of-it's pretty small. I think they give \$100 per
2 student per course per grade per year, but if you're
3 sitting there and all of a sudden you go from 10,000
4 kids in Advanced Placement to 40,000 kids in Advanced
5 Placement, then your pipeline has broadened to the
6 point that your pool then becomes bigger.

7 And an investment of \$10 million,
8 \$12 million, \$15, \$20 million in a several-state
9 consortium to do something like that can generate the
10 kind of results I think that would help you, and
11 certainly help our students in our global
12 competitiveness.

13 And so if you all, as you're looking for
14 future opportunities and direction to invest what
15 you're already going to invest anyway, that old
16 competitive give-you-money if you perform well, works
17 on high school kids, too.

18 MR. IMMELT: You know, Governor, we do
19 something. So we go to seven big GE towns, and we do
20 big grants, \$25 million over five years, and we sit
21 down with the superintendent of schools, the union,
22 the teachers, and we sign an agreement on performance

1 and what's going to happen.

2 Our own employees mentor, and we focus on
3 inner-city schools math and science. It's how I got
4 to know Governor Malloy at Stamford We did one of
5 these in Stamford. It's how I got to know Dan. So
6 we do it in seven towns, or 10 towns, but the
7 question I always have on education is: How do we
8 get a multiplier?

9 I mean, when I talked to Secretary [Arne] Duncan,
10 it's how do you take a few of these seeds and get
11 them to multiply more? Because we have a need. We
12 have skin in the game. We need it to be successful.
13 We want it to be successful. We're investing money.
14 But it's how do you make 1 plus 1 equal 3, is
15 the key.

16 GOVERNOR FALLIN: Governor Beshear
17 of Kentucky.

18 GOVERNOR [STEVE] BESHEAR: Thank you.

19 First, Jeff, let me thank you and GE for
20 your investment in Kentucky. Together we're
21 restoring jobs and product, and that's exciting to be
22 continuing to build advanced manufacturing right here

1 in the United States.

2 Secondly, I happen to have my entire
3 economic team with me, and we'd like to take you to
4 lunch.

5 **(Laughter.)**

6 GOVERNOR BESHEAR: Thirdly--

7 MR. IMMELT: I just felt I'd be guilty if
8 I didn't come here and talk a little business with
9 you guys, so that's the--

10 GOVERNOR BESHEAR: I'll tell you, you got
11 my interest.

12 MR. IMMELT: Alrighty.

13 GOVERNOR BESHEAR: But let me ask about
14 apprenticeship programs, because I've traveled quite
15 a bit recruiting jobs for Kentucky, and you see in
16 some of these countries a different structure, even in
17 high school where kids are able to work in a plant,
18 go to school, be paid and earn certificates, and
19 earn skills that then let them go right into the
20 workforce.

21 And I know Germany is set up like that
22 with their educational system. What do you think of

1 that approach for the United States?

2 MR. IMMELT: So I would make a couple of
3 comments. First, I'm going to circle back to just
4 say, you know, there's cynicism and questions about
5 manufacturing, but I would say it's real. You know,
6 in other words, you know, we used to have 25 percent
7 of the jobs in the United States were manufacturing.
8 Now it's about 10. Is it going to go back to 20 or
9 25 percent? That's not going to happen.

10 But can the jobs grow incrementally in
11 manufacturing? Can they be more productive? And let
12 me tell you, it's what every country around the world
13 wants, right, because it's where middle class jobs
14 get created. It's where wealth gets created. It's
15 where you create this multiplier effect, right? This
16 8-to-1 multiplier effect is all done in
17 manufacturing.

18 So don't give up on it. Be curious about
19 it. And, you know, just let all the other people
20 talk about it, but do it, number one.

21 Number two, I would say that having this
22 leverage between high schools and community colleges,

1 and for a governor to have in their own mind what the
2 jobs are in your state, and how you prepare people
3 for those jobs, is really important.

4 I remember when we were on the Jobs
5 Council, talking about New York City, I think in New
6 York City 400 people go to work every Monday in the
7 hospital system in New York City.

8 So why don't you take the senior year of
9 high school, for a lot of the high schools in New
10 York City, and train people to be radiology techs, or
11 physician's assistants, and start that in school, is
12 really important.

13 And then on the global stage, Governor, I
14 would say Germany is the best on apprenticeship, but,
15 you know, five years ago the President of Vietnam
16 said they were going to graduate 5,000 welders every
17 year—5,000.

18 And so we need to put in a plan to do
19 Asian wind turbines, you know, because it's hard to
20 ship wind turbines around. We put it in Haiphong.
21 It's an awesome workforce. Now they bow to me when I
22 walk through it, that's pretty cool, too, but that's

1 hard to do-

2 *(Laughter.)*

3 MR. IMMELT: But it is an awesome
4 workforce, you know? And so that's the way that
5 again I think governors can say what's happening in
6 Kentucky. I'd say Kentucky's got a manufacturing
7 renaissance. There's a lot of skilled manufacturing
8 labor that's going to have to go in there, and that
9 ought to be what the community colleges do.

10 GOVERNOR FALLIN: Governor Herbert
11 from Utah.

12 GOVERNOR [GARY] HERBERT: Well thank you, and
13 thank you, Jeff. We appreciate you being here with
14 us today. And thanks for your public service, too.
15 I think it's good for you to help out in trying to
16 figure a way to create jobs.

17 Let me ask the question a little big
18 differently. That is, that most of us came in to
19 office really at the thralls of the Great Recession.
20 And I think for a lot of us the progress has been
21 sluggish. We haven't seen the economy expand. It's
22 been really a tepid recovery.

1 I'm curious to know, I've heard a lot of
2 economists give us their theories as far as why. I'd
3 like to hear you tell me what you think. What's been
4 the cause of this slow recovery? And what should we
5 be doing to make sure it accelerates, as a country?

6 MR. IMMELT: You know, again I think
7 it's—I can only describe, Governor, kind of what I
8 see. So you basically had a deep recession in the
9 financial service market. Those tend to be sharper
10 and take harder to recover from because you've got to
11 deliver at the same time you're trying to build back.

12 The thing that I haven't seen take place
13 yet in the United States is capital investment by
14 small and medium business; that is still anemic by any
15 standard. So if you look, Governor, consumers are
16 back. Consumers are actually taking on leverage
17 again and investing again. So that's happened.

18 I think, you know, people talk about big
19 company investment, but in the businesses we're in
20 it's not like I can say to Boeing, look, I'm not
21 going to invest in the next jet engine because I'm
22 uncertain about anything. You know, we've got to

1 keep going almost no matter what.

2 But the small and medium business is kind
3 of on the sidelines from a cap X standpoint. I think
4 we saw in the fourth quarter of last year the first
5 time that net new investment was actually growing.
6 And that to me is what we've got to solve for.

7 How do we get capital expenditures? To
8 get an economy that's growing 3 percent a year,
9 you've got to have both consumers back, which is
10 already happening, and you've got to have new company
11 formation and new capital. People have to start
12 building factories and things like that. And it's
13 the small and medium businesses that have gotten the
14 hardest hit and that haven't really come back yet
15 from an investment standpoint.

16 So I come back to, if I—you know, again,
17 because you guys have a super tough job, but if I
18 were in your shoes I would have a council of 100 or
19 200 small and medium businesses, and I would be in
20 tune with them all the time. What's their health
21 care like? What's their employee training like?
22 What's their investment thesis? Why aren't they

1 investing? And I think that's the story. That's the
2 power that's not back in this country yet.

3 GOVERNOR FALLIN: Governor Shumlin
4 from Vermont.

5 GOVERNOR [PETER] SHUMLIN: Hey, thanks for being
6 here, Jeff. We're still bragging about your trip to
7 Vermont. Jeff was the first—we've got a great GE
8 plant in Vermont producing airplane parts that
9 compete with the world. Jeff was the first CEO from
10 GE to show up there in 21 years, and the state is
11 still talking about it. So thanks for joining us.

12 MR. IMMELT: You guys got to get out more,
13 Governor.

14 GOVERNOR SHUMLIN: We're going to do that.

15 *(Laughter.)*

16 GOVERNOR SHUMLIN: You know, I figured the
17 only reason you did it is because you're a Dartmouth
18 boy and you knew we were there, right?

19 But, listen, I want to go back to the
20 education link just because I bet we all share this
21 challenge as governors around this table.

22 Education and CEOs like you is the place

1 it seems to me we can really partner. And I know my
2 challenge in Vermont, and I get it's not uncommon, is
3 that even while I've got the best graduation rate
4 from high school in the country, I'm losing
5 the battle [when] moving kids beyond high school. First-
6 generation, low-income kids.

7 And if we look at jobs in our future, if
8 we don't do a better job there of taking kids—they
9 don't necessarily need a four-year degree—but taking
10 kids, getting them into tech programs, getting them
11 excited about manufacturing, getting them so they can
12 run those GE machines that's, you know, a \$2 million
13 machine that their parents used to be able to run
14 with a high school degree that you can't run with a
15 high school degree anymore. Is there a way that we
16 could partner with you to develop more aggressive
17 internships that then—for those low-income kids—that
18 then lead to apprenticeships, internships, then some
19 support for higher education, and then we say: You
20 do this, and you've got a job. And you know what,
21 you're going to make \$36 an hour starting, not \$9 an
22 hour flipping burgers, or \$8.50.

1 Is there a partnership there that we could
2 really focus on, particularly on low-income kids,
3 first-generation kids, who we know we need to succeed
4 in this workforce if you just look at the
5 demographics of the country?

6 MR. IMMELT: So I think it's a number of
7 things. I come back to getting the kids in inner-city
8 schools, or underprivileged kids, to study math and
9 science. I think a lot of that can happen, you
10 know, with companies working with governors on how to
11 do education.

12 One of the things we've tried to do is
13 open up to field trips. So if somebody can come and
14 walk through an aviation plant and get a hands-you
15 know-get a view of this is pretty neat; it's neat
16 technology; it's a neat thing to learn, to try to
17 give people experience on that.

18 You know, Governor, we are retooling and
19 relaunching our apprenticeship programs. I'd say
20 these were extremely beneficial in the '50s and '60s.
21 Then there was a long period of time I would say
22 when a lot of these went away, and we're kind of in

1 the process of restarting those.

2 And then the third thing comes, what
3 governors can do is link up the demand. Because
4 let's look at Rutland. You know, you want to be
5 training more than 30 or 40 or 50 people that we
6 might hire each year, and the only way to do that is
7 you've got to get small business in the same camp.

8 So I think one of the things you could do
9 is say, hey, here's 500 people in Vermont. We could
10 host some of the training, or some of the standards
11 in apprenticeship, but we're only going to take 50.
12 You need to find, you know, other people that can
13 take the others. And I think that's one of the
14 things governors can do.

15 GOVERNOR FALLIN: Governor Jay
16 Nixon, Missouri.

17 GOVERNOR NIXON: Real quick, a comment and
18 a question. The comment is: I appreciate what
19 you're saying about STEM and what you're doing, and I
20 also appreciate your comments about how that needs to
21 get into the preschool and grade schools, and
22 whatnot.

1 MR. IMMELT: Right.

2 GOVERNOR NIXON: Because obviously if we
3 can get enough high school graduates still willing to
4 do the math and science, getting them trained after
5 that's relatively easy and your leadership with a
6 number of corporate leaders in pressing the preschool
7 and middle school issues in that area. Because if we
8 can keep those kids moving forward, then we can
9 provide you much more of what you need, and I thank
10 you and the other leaders of business roundtable for
11 talking about preschool, talking about the younger
12 piece.

13 My question is around labor costs, which
14 large organizations continue to say they've developed
15 into being relatively small. I would sense for two
16 significant reasons. One is the level of investment
17 per job in the technical robotics and all of the
18 other things. But the second is, I mean you've kind
19 of used the last decade to clear some of the larger
20 obligations off of the balance sheet, moving the
21 pension systems to much different, the health care
22 systems to different, and whatnot.

1 But the smaller businesses are a little
2 behind in that regard in the sense that their wage
3 rates are pretty low. They're worried about things
4 that you all cleared off.

5 What advice would you have for us in
6 dealing—because it's just amazing as a governor.
7 You go to a GE facility, or a Boeing facility, or
8 whatever, and you see something. And then you go to
9 some of your suppliers and you see, wow, they do need
10 to invest. If they do, they can be much more
11 competitive.

12 Other than those capital things, are there
13 some ways to use advanced manufacturing leaders to
14 assist these, either the supply chain or the smaller
15 ones that just don't have any. All of us tour a lot
16 of factories, a lot of facilities, and it's just
17 stunning to us as to which ones are going to be
18 successful and which ones aren't. And amazingly
19 enough, the ones that aren't being successful are the
20 ones that are paying the lowest wage rate.

21 And then to have the leader of an
22 international organization of your capacity tell us

1 that, you know, the labor costs are relatively small,
2 yet to have the smaller folks come to us and say my
3 problem is I can't find enough people to work at \$10
4 an hour who are loyal workers. And we say, well,
5 for \$10 an hour I'm not very loyal either, you know.

6 So how do we get the competitive wage
7 rates up while keeping the cost structure competitive
8 for those smaller and medium-sized businesses?

9 MR. IMMELT: So, again, I would—the first
10 thing I would urge all the governors to do is there's
11 all these entrepreneurial manufacturing companies
12 coming up. So the one we've done with Governor
13 Beshear is called "Local Motors." And this is
14 basically an entrepreneur who fundamentally goes in
15 and says, "Okay, guys, here's how I can do a
16 dishwasher in six months. GE, it takes you eight
17 months to do it." And he kind of crowdsources the
18 manufacturing.

19 And I would get something like that in all
20 your states. Because that way you get this
21 entrepreneurial spirit that kind of opens up the
22 door.

1 And then, Governor, again I'm not going to
2 get into the health care debate in this town, okay?

3 *(Laughter.)*

4 MR. IMMELT: I'm going to come here, stay
5 a little while, and then leave before the getting
6 gets tough. But, you know, it's the total cost of
7 work. And so the extent to which, you know, in this
8 room the extent to which you can get entrepreneurial
9 activity going on, so for us there's 15 towns that
10 have the preponderance of GE retirees and employees
11 in the United States.

12 And the cost per employee between the low
13 and high is like 50 percent. So I think we're pretty
14 typical. So if governors can now look at this as a
15 local challenge, health care being a local challenge
16 and not some--let the national piece sort itself
17 out--but find ways to make that, you know, that I
18 think helps out the small and medium business make
19 the right tradeoffs between comp[ensation] and bene[fits], and cost
20 of employment, and things like that.

21 So I think the extent to which a governor
22 can look at health care and education as being things

1 they can help them with, then that allows for more
2 value of the employee. And ultimately I think that's
3 what it's all about.

4 GOVERNOR FALLIN: Jeff, you're
5 stirring up a lot of questions now. I've got four
6 people who want to ask questions and about two
7 minutes left. So if you guys could ask them really
8 quickly and [give] short answers.

9 Governor Walker of Wisconsin.

10 GOVERNOR [SCOTT] WALKER: Yes, Jeff, just a quick
11 request. All of us have talked a lot about worker
12 training. We talked about it before. We put a lot
13 in our technical colleges and elsewhere. But you
14 said something in particular where I think your
15 employees, whether those in Wisconsin or elsewhere,
16 could help out. You mentioned the high-skilled
17 welders.

18 We put \$100 million in our budget last
19 year. We put \$35 million more in this year largely
20 to drive down waiting lists. But one of our
21 challenges in areas like that is there's not enough
22 young people going into those areas. And it's not

1 just the STEM. It's particularly in some of the
2 skilled trades.

3 And one of the challenges, I've been just
4 thinking of an example in Wisconsin, highly skilled
5 employees at GE Health Care in Pewaukee, for example,
6 like a lot of us as parents or grandparents, we look
7 at our kids wanting them to go to a four-year college
8 or university. One of the challenges I think we need
9 to do as governors [is] we need to talk about it, but you
10 talking to your employees would be helpful--this is
11 my request--is to help us spread the message that
12 it's just as important, we should be just as proud of
13 our sons and daughters who choose to be high-skilled
14 welders as we are those who choose to be attorneys or
15 doctors.

16 And that's a message I think [that] isn't just
17 political; it's something we need leaders, and
18 parents, and guidance counselors and others saying.
19 And a lot of your professionals in Wisconsin and
20 elsewhere across the country could help us do that.

21 MR. IMMELT: I think it's great. You
22 know, for the first time in 25 years, the most popular

1 on-campus program in GE is the manufacturing
2 leadership program. So we had kind of 20 years where
3 it wasn't very sexy. People avoided it. And it's
4 now become kind of the most popular thing.

5 So I think we're seeing a change in
6 community colleges and schools, as well. Will do.

7 GOVERNOR FALLIN: Governor Malloy of
8 Connecticut.

9 GOVERNOR MALLOY: Jeff, thanks for being
10 here and sharing your thoughts with us. And thanks
11 for being a great corporate citizen in the state of
12 Connecticut, and a neighbor, as well.

13 Actually I didn't realize we were running
14 out of time. I was actually going to ask you to
15 comment on the environment, climate change, and what
16 you guys are doing to prepare, and what you guys are
17 doing to make money.

18 MR. IMMELT: So, you know, we've kind of
19 as a company starting in 2005, we basically inside
20 the company have run the company to reduce our
21 greenhouse gas emissions.

22 We've invested in clean energy. So we've

1 been an investor in super-efficient jet engines, gas
2 turbines, wind energy, and things like that.

3 Our view is always one, Dan, of a balanced
4 kind of economy, that basically there's going to be
5 all kinds of solutions around energy, and not
6 internally try to pick winners or losers, but try to
7 drive economics.

8 So, you know, the new jet engines that we
9 are producing for Boeing are 20 and 25 percent more
10 fuel efficient than the ones that they replaced.

11 At the same time, you know, a wind turbine a
12 decade ago was 25 cents a kilowatt hour. The most
13 recent ones have gone online at 5 cents a kilowatt
14 hour.

15 So we just think innovation and technology
16 is going to drive solutions ultimately across a broad
17 range of different industries. And we've kind of run
18 the company with that as a principle, right? As I
19 just said, we're going to have our own assumption
20 that says we're going to reduce our own greenhouse
21 gas emissions. We're going to do it in our products.
22 We're going to be proud of it. We're going to

1 innovate around it.

2 And at the end of the day, it creates more
3 jobs. But, you know, it's an interesting world we
4 live in. You know, as an American my age I learned
5 about energy policy going to Europe. Now Europe--
6 Germany has 50 gigawatts of solar. They've got twice
7 the cost of electricity as the United
8 States, and they're importing coal.

9 So it's a completely, you know, you can
10 get sideways sometimes, you know, based on how the
11 policy and the technology meet.

12 GOVERNOR FALLIN: One last question.
13 Governor Padilla of Puerto Rico.

14 GOVERNOR [ALEJANDRO] GARCIA-PADILLA: Thank you, Mr.
15 Immelt, thank you for your presence in Puerto Rico.
16 You have been part of Puerto Rico. My father used to
17 work in GE in the very poor side of Puerto Rico.

18 What level of engagement does GE expect
19 from a public university and community college in the
20 site selection process?

21 MR. IMMELT: Oh, look, I think it's the
22 differentiator frequently. You know, to be honest

1 with you, I think today is--again--I'm in a different
2 case because when we do a facility in any one of your
3 states, we're thinking about 40 years or 50 years.
4 So we're not thinking about, you know, six--it's just
5 the nature of the products we make, or just these
6 long cycle high-tech businesses.

7 So for us, if you're making an investment
8 for a long time, the schools are like number one,
9 two, and three. The quality of the workforce, the
10 quality of the universities. It's just the way life
11 is.

12 When we--you know, we've got a big, we've
13 got a huge presence in Wisconsin. We've been there
14 since 1915, health care and other businesses. Fifty
15 percent of our engineers went to the University of
16 Wisconsin. It's just the nature of human beings.
17 They like a place, they want to stay.

18 So knowing how good the schools are is one
19 of the most critical things. And having a belief
20 that the schools can scale. In Oklahoma, you know,
21 we know Oklahoma cares about natural gas. But we
22 also know the University of Oklahoma and Oklahoma

1 State are awesome schools when it comes to investing
2 in, you know, where the future is going to be.

3 So I think it's the dominant number one.
4 It's the dominant number one for somebody in our
5 shoes.

6 GOVERNOR GARCIA-PADILLA: Great. Thank
7 you very much.

8 **(Applause.)**

9 GOVERNOR FALLIN: As you can see,
10 there is great interest, Jeff. So thank you very
11 much for coming and spending time with our governors.
12 I think you earned a lot of best friends here today
13 with all your great announcements of expansion, and
14 growth, and job creation. But some great advice for
15 our governors as we continue to work on improving our
16 economies.

17 So now it is time for our NGA Public
18 Private Sector Partnership Award. It is a program
19 that recognizes our NGA Corporate Fellows Program,
20 public policy companies, and also our noteworthy
21 partnerships that we have with our governors and the
22 private sector.

1 So each fall, our governors are invited to
2 nominate a company that has partnered to implement a
3 program, a project, or some type of service that
4 possibly affects a state and its citizens, such as
5 work in education, health care, energy, public
6 safety, or even the environment.

7 So it's a great opportunity for governors
8 to be able to highlight the ways that the public and
9 private sectors can work together to make a
10 difference in our states.

11 So the winners are selected by an
12 independent volunteer group and a panel that is
13 vetted by the NGA staff. And I want to thank NGA
14 and the panel that has been on the selection
15 committee for their time and energy in the
16 consideration of all these very worthwhile and
17 important projects that we have seen. There are a
18 lot of great things happening across our nation.

19 So I would like to invite up Governor
20 Maggie Hassan from New Hampshire—I'm having a brain
21 freeze here—from New Hampshire. It's always great
22 to see you, Maggie. We're glad you got to come.

1 Maggie has a wonderful nominee and a
2 company that she's going to give the NGA Public
3 Private Partnership Award to. Welcome, Governor
4 Hassan. Thank you.

5 **(Applause.)**

6 GOVERNOR HASSAN: Well thank you, Governor
7 Fallin, and good afternoon to everybody. Thank you,
8 Jeff, as well, for your comments. It's always nice
9 to have a Dartmouth graduate from the great state of
10 New Hampshire talking.

11 So a special thanks as well to the NGA
12 Center for Best Practices and all Corporate Fellows
13 Program Participants. Public-private partnerships
14 are indeed incredibly important to our states. They
15 strengthen our families, our communities, and our
16 economy.

17 Just a few examples: We partner with them
18 on emergency response, on development, especially in
19 the areas of affordable housing, public spaces,
20 community centers. They help us facilitate the
21 sharing of information and resources to stimulate
22 economic growth. And they help us build a stronger

1 workforce pipeline, obviously an issue of great
2 importance to each and every governor who is here.

3 And they also, I think in a unique way,
4 help us demonstrate the value of collective problem-
5 solving, something we are all doing in our states on
6 a daily basis, and I quite frankly wish we were doing
7 a little bit more of here in Washington, D.C., too.

8 In New Hampshire we have had the great
9 privilege of working with our award winner today, the
10 Environmental Systems Research Institute, also known
11 as ESRI. ESRI has partnered with our department of
12 education, our New Hampshire Fish & Game Department,
13 the New Hampshire Geographic Alliance and the
14 University of New Hampshire Cooperative Extension.

15 And in those partnerships, ESRI has really
16 helped us form a team of New Hampshire education
17 geographic information system specialists. And
18 before I talk a little bit more about the specifics,
19 I want to take a step back because what ESRI and its
20 founder, Jack Dangermond, really understand is the
21 importance of geography.

22 My mom taught high school history at my

1 local high school, and she always said to me, "You
2 can't understand history without understanding
3 geography, right?" And when I think about our state,
4 all of us have geography that defines us as places
5 and as people.

6 Jeff, if you want a talented and hungry
7 workforce, we settled a state made of granite.

8 *(Laughter.)*

9 GOVERNOR HASSAN: We blasted our way
10 through, when you talk about talented and hungry
11 people to do that, that's New Hampshire. We have
12 those wonderful mountains that define us as
13 individuals. We like to think of ourselves as rugged
14 as them, but we have our great lakes and rivers and
15 sea coast where the water connects all of us.

16 And so you can't underestimate the
17 importance of geography, and you can't in this day
18 and age let the tool that geography is go to waste as
19 the governor, or as a manager.

20 So thanks to the innovative public-private
21 partnership that we have with ESRI. Every New
22 Hampshire public, private and charter K-through-12

1 school has access through a statewide license to
2 state-of-the-art geographic information system tools
3 for use in education and research.

4 We have more than 200,000 students who now
5 have the ability to learn and apply geospatial
6 concepts. We have school districts that are using the
7 information to become more efficient—for instance,
8 planning better and more effective school bus routes,
9 which in a state that has a lot of rural territory, is
10 a really, really important thing.

11 So in New Hampshire, because of our
12 partnership with ESRI, we are using geography,
13 especially our young people are using geography to
14 understand our history, who we are as a people. We
15 are using it to collect and analyze data and
16 understand our current challenges as a result, and we
17 are using geography to literally map our future, find
18 our way through to meet the challenges we have ahead.

19 So I am so delighted to be able to present
20 this award to ESRI and its founder and CEO, its
21 president, Jack Dangermond. Thank you to ESRI for
22 your partnership with the state of New Hampshire to

1 strengthen STEM education, to strengthen us in all
2 the ways I've just described, and I would like to
3 welcome Jack up here to accept this award.

4 Jack's vision in 1969 to start this effort
5 was truly a major source of change in our country,
6 much for the better. And his commitment not only to
7 the use of the tools that he and his company have
8 developed, but in partnering with all of us to make us
9 a much better country, is just incredible and we are
10 very, very lucky to have him as the corporate citizen
11 that he is.

12 So, Jack, where are you? Come on up,
13 please.

14 *(Applause.)*

15 *(Award presented.)*

16 GOVERNOR FALLIN: Congratulations,
17 Jack. And, Governor, thank you so much for that
18 wonderful presentation and for the nomination itself.

19 Next we have our information about our
20 NGA Summer Meeting. Governor Bill Haslam from
21 Tennessee is going to join us. I know he's got a
22 great agenda planned for us, a lot of fun.

1 GOVERNOR HASLAM: We do. Well, I know
2 that there are a lot of you saying NGA Summer Meeting,
3 there's an inordinate amount of us who have
4 re-election campaigns, and you're thinking I'm not
5 sure I can squeeze that in, but I'm here to remind
6 you you'd be making a big mistake.

7 **(Laughter.)**

8 GOVERNOR HASLAM: Condé Nast came out and
9 said Nashville, which is where we'll be in Tennessee,
10 is one of the five cities that you have to visit
11 before you die. That's five cities around the world.
12 Then *Bon Appétit* just named it the tastiest and
13 coolest city in the South. I think that's before I
14 got there, about the coolest part.

15 **(Laughter.)**

16 GOVERNOR HASLAM: And *The New York Times* just
17 called it the "it" city. So I think you will love
18 your visit to Nashville. I can assure you of that.
19 You'll be staying at the brand new Omni Hotel in
20 downtown. We'll be visiting some of the great sites
21 of Nashville: the Ryman Auditorium, the
22 birthplace, or the mother church of country music.

1 We'll also, for those of you who are from
2 one of our blue states, you might say well
3 Tennessee's a little on the red state side. We'll be
4 having dinner one night at the Hermitage, the home of
5 Andrew Jackson, who some of you I think identify
6 pretty closely with.

7 *(Laughter.)*

8 GOVERNOR HASLAM: And the part you're
9 really interested in, will we have any musical
10 entertainment? Well, Nashville is not Music City for
11 nothing, and I can assure you that if you don't come,
12 your spouse will be saying, "I can't believe you
13 missed that."

14 I'm a little limited by what their agents
15 will let us say because they're coming to us to
16 perform for us, and they're under contract to places,
17 but I can promise you this: We will have several
18 entertainers that you will say, "Wow, I can't believe
19 I got to be in a small group and listen with them."

20 While you're there, I hope you will have a
21 chance to swing by East Tennessee, the home of The
22 Great Smoky Mountains National Park, the most visited

1 National Park in the country.

2 Or you can head west and go see Memphis.

3 Rumors are Elvis is still in the building at times.

4 Speaking of which, I have it on authority that the
5 king will be here tomorrow. And if you have a chance
6 to visit our booth out there, you can sample some
7 great Tennessee products.

8 We are handing out M&Ms because every day
9 in Tennessee we make 300 million M&Ms. So I-

10 ***(Applause.)***

11 GOVERNOR HASLAM: We also have some Goo
12 Goo Clusters. There's another product we make in
13 Tennessee that starts with the name "Jack." I don't
14 think anybody wants that on a Saturday morning, but
15 if you come to Nashville, I promise you we will have
16 some around.

17 ***(Laughter.)***

18 GOVERNOR HASLAM: So, seriously, we
19 promise you an engaging meeting. We realize that
20 summer is a busy time for a lot of us in the campaign
21 year, but I can promise you it will be informative
22 and entertaining, and it will be one of those that

1 you won't want to miss.

2 Thanks so much.

3 **(Applause.)**

4 GOVERNOR FALLIN: I hope you caught
5 that he did say that Elvis may be in the room
6 tomorrow. That will be exciting. So you don't want
7 to miss tomorrow's session.

8 We are concluding our opening session
9 right now and, Governors, if you will please join us
10 in the governors-only session, which will start at
11 12:45. So you have a quick break and we will see all
12 of our governors in that session. Thank you, very
13 much.

14 **(Whereupon, at 12:32 p.m., the opening**
15 **session was adjourned.)**

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1 NATIONAL GOVERNORS ASSOCIATION
2 Winter Meeting
3 Sunday, February 23, 2014
4 JW Marriott
5 1331 Pennsylvania Avenue Northwest
6 Washington, DC 20004
7 Governor Mary Fallin, Oklahoma, NGA Chair, Presiding
8 Governor John Hickenlooper, Colorado, Vice Chair

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 GROWTH AND JOBS IN AMERICA
Moderator: Maria Bartiromo, Anchor and
Global Markets Editor, Fox Business Network,
 Fox News Channel

Court Reporter: Jane W. Beach, Ace-Federal
Reporters, Inc.

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

2 (11:02 a.m.)

3 GOVERNOR FALLIN: If I could have
4 everyone's attention, please. . If I could have
5 everyone's attention:, Elvis is in the building.

6 *(Laughter.)*

7 GOVERNOR FALLIN: Where's Governor
8 [Bill] Haslam? is that right? Elvis is in the building.
9 He's not in the room, but he could be. So if you
10 don't take your seats and prepare, Elvis may come in
11 the room.

12 We are glad to welcome everyone once again
13 to our special session of our Winter
14 Meeting. . Thank you all for joining us. We have a
15 great program this morning, a moderated discussion
16 about growth and jobs in America. It is a critical
17 issue that all governors care about and work on daily
18 in their individual states: How do we create jobs,
19 create the very best business climate possible? How
20 do we work with our employers to develop a highly
21 skilled, educated workforce?

22 Yesterday certainly we had a great

1 discussion on our chair's initiative, my chair's
2 initiative, "America Works: Education and Training
3 For Tomorrow's Jobs," talking about how do we realign
4 our education systems, our career technology schools,
5 with the type of skill sets that are needed in
6 tomorrow's workforce?

7 We also talked about how we can develop a
8 plan of action, give action steps to our governors so
9 that they can take those steps, go back home, and
10 implement various plans to certainly create a highly
11 skilled, educated workforce.

12 The purpose of this session today will be
13 to discuss employment trends; also, talk about growth
14 opportunities in our states; and a changing, ever-
15 changing, I should say, economic climate of our 21st
16 century.

17 It is my great honor to introduce our
18 moderator for our morning panel, Maria Bartiromo.

21 We are glad to have Maria here. She's an
22 award-winning journalist. She's an author. She's a

1 news anchor. She's one of our leading financial
2 journalists and certainly known throughout the United
3 States.

4 She's spent more than 20 years in the
5 business. She's been the face of CNBC, and on shows
6 like "Squawk Box," which we've watched her on; "The
7 Closing Bell" with Maria Bartiromo; and—she also earlier this year
10 was named anchor and global markets editor for
11 Fox Business Network, Fox News Channel, where she
12 will co-anchor and be the daily economic person who
13 will talk about economic-related programs, and the
14 weekend program.

15 She has received so many awards, whether
16 it's been two Emmys, and certainly the Gracie Award.
17 She's also been the first—among many things—the
18 first female journalist inducted into the Cable Hall
19 of Fame, Class of 2011, and was the first journalist
20 to report live from the floor of the New York Stock
21 Exchange on a daily basis, which is huge. And if
22 that's not enough, Maria is also the author of

1 several books, including *The Weekend That Changed Wall Street* and *The Ten Laws*
2 *of Enduring Success*.

3 That's something we're all interested in, so we
4 appreciate that, Maria.

5 But Maria, as I have been reading up on
6 her and studying her a little bit, also has some
7 unique things about her. She's actually got a pop
8 culture fan club with some group called "The
9 Ramones," and a video that's out there. Do we have
10 that by any chance, that we could show some of that.

11 *(Music is played.)*

12 GOVERNOR FALLIN: Yeah, we like
13 that, Maria. Maria Bartiromo, we're glad to have you
14 here. Thank you so much. Welcome to the National
15 Governors Association.

16 MS. BARTIROMO: Oh, my goodness. Well
17 when was the last time you heard the Ramones rock
18 band at the National Governors Association meeting?
19 Governor Walker, you've never seen that before?

20 GOVERNOR [SCOTT] WALKER: No. That's great.

21 MS. BARTIROMO: Thank you so much,
22 Governor.

1 GOVERNOR FALLIN: You're welcome.

2 MS. BARTIROMO: It's good to see you all.
3 I am Maria Bartiromo, and I speak with CEOs and heads
4 of state and business guys all day long, and I'm
5 hearing from them what the issues are in terms of
6 creating jobs. And I am thrilled to be able to talk
7 right now really to the stewards of our economy, the
8 governors of the country.

9 So thank you very much for having me
10 today. We are talking about where are the jobs? And
11 where's the growth in the country?

12 I thought we would have an interactive
13 discussion. I know I've spoken to many of you on the
14 phone before this, and many of you have agreed to
15 have a conversation.

16 This is not about me calling anybody out
17 asking about what's going on in your state. It is
18 more about all of you talking to one another and
19 allowing the public to truly understand where are the
20 opportunities? Where is the growth and the jobs in
21 America today?

22 So let's get right at it. First, let's

1 talk growth and opportunities. Then I want to go
2 into a bit of the challenge, some of the challenges
3 that each of your states face. And then we'll end on
4 opportunities and solutions.

5 So let's talk about growth in the country
6 today. We've heard a lot about energy, about
7 agriculture, a little bit about a rebirth of
8 manufacturing in this country. Certainly
9 entrepreneurialism taking hold across the country.
10 Small businesses I continue to hear so much about in
11 terms of opportunity. Some auto and banking
12 resilience, as well. We'll talk about that.

13 Who can kick us off and tell me and the
14 group where is the growth in America today?

15 Governor of Illinois.

16 GOVERNOR [PAT] QUINN: Five years ago when I
17 became governor, we had 200 jobs at Chrysler [in]
18 Belvedere, Illinois. We have 4,500 or 6,000 jobs there
19 now. Ford had one shift on the south side of
20 Chicago. They now have three shifts. They make the
21 Ford Explorer. And Mitsubishi, located in
22 Bloomington/Normal, they have a new product line.

1 So clearly auto and auto supply is a key
2 part of the American economy. It's much better today
3 than it was five years ago. We are exporting more,
4 and we want to continue to do that.

5 So that is a key part of our manufacturing
6 economy, and "Made In America" are our favorite
7 words.

8 MS. BARTIROMO: And at the same time
9 you've got the Chinese, the Japanese, you've got the
10 Brazilians, you've got all these carmakers coming at
11 the Americas and trying to get their cars out there.

12 Governor Beshear, you've also seen a
13 similar situation in terms of the rebirth and
14 strength of the auto sector, but you're facing
15 competition.

16 GOVERNOR [STEVE] BESHEAR: Well, manufacturing is
17 making a huge comeback in the United States, and it
18 is in Kentucky. One of the biggest areas, as
19 Governor Quinn pointed out, is in the automotive
20 areas.

21 Kentucky is the third-largest producer of
22 cars and light trucks in the country now. We're

1 close to Ohio. We're going to hopefully bypass them
2 shortly, but Governor [John] Kasich and I will fight over
3 that.

4 But manufacturing is so much where the
5 jobs are at these days. And it's not the old idea of
6 back-breaking work and putting a peg in a hole. This
7 is high-tech stuff. This is—and it requires
8 education and training.

9 And we are very aggressive in our
10 recruiting efforts, but CEOs every day tell me that,
11 while incentives are important, infrastructure is
12 important, all of these other things are important,
13 the most important thing is an educated, qualified
14 workforce. And that's what they have to have in
15 order to succeed. And that's why we're zeroing in on
16 workforce training and working with industry and
17 partnering with them to try to tailor our workforce
18 development to what is really needed in this 21st
19 century economy.

20 MS. BARTIROMO: I think that's a great
21 point, because increasingly what you hear is the
22 skills gap. Business really can't find the people

1 that they need, those engineers that they need,
2 everything is changing as a result of technology.

3 So we're going to get to that. But as we
4 stay on autos for a second, how do you keep that
5 stronghold? Governor Quinn, how do you keep this
6 going, the auto sector?

7 GOVERNOR QUINN: Well I think what Steve
8 just said about the skills are very, very important
9 because we have a unionized workforce at all of our
10 auto plants, and they work with management on
11 developing these skills for 21st century
12 manufacturing.

13 We use our community colleges, which there
14 are 48 of them in Illinois, third largest in the
15 country. And we heard how important engineers are,
16 but also welders. You know, if you want a job for
17 the rest of your life, learn to be a welder.

18 We have a lot of our service members
19 returning from Iraq and Afghanistan. Our community
20 colleges have programs for our service members. I
21 just went to southern Illinois and 15 veterans
22 learned how to be welders and got union cards and got

1 paychecks.

2 So I think those are key parts of a
3 manufacturing economy and a growing economy.

4 MS. BARTIROMO: So is that a state—is the
5 onus on the state to provide those opportunities? Or
6 is that a business-state partnership, the skills gap?
7 Governor Beebe?

8 GOVERNOR [MIKE] BEEBE: It's a partnership, but I
9 want to go in a different direction because we all
10 agree with what's already been said. We all know
11 that, as Governor Beshear said, infrastructure, tax
12 policy, all that's important, but nothing trumps the
13 quality of the workforce.

14 I mean everybody agrees with that. You
15 asked the specific question about how do we keep this
16 competitive advantage? And whether it's American
17 cars, or whether it's foreign cars, "Made In America"
18 is the key, and American jobs is the key.

19 Two points that are totally separate and
20 apart from what we talk about all the time I think
21 are important to that competitive advantage that you
22 just asked the question about.

1 One is an example of what a news network
2 has done. And there are anecdotal stories about the
3 results of that. It's ABC. It's one of your
4 competitors, but it's ABC.

5 You may remember a number of years ago ABC
6 started—if you get a minute on the national nightly
7 news, that's a long segment. And they started that
8 weekly thing about "Buy America." Do you remember?
9 And many of us have seen that.

10 And the patriotic result of the American
11 consumer, if all other things are relatively equal,
12 if you're close in price and close in quality, if you
13 will educate the American consumer, they'll go out of
14 their way to buy American for the very reason you're
15 talking about.

16 I remember one specific segment—and I
17 don't remember whether it was Georgia, or South
18 Carolina, but there was a nail manufacturing company
19 and a very small business that may have had 10 or 12
20 employees who were manufacturing nails.

21 They ran a segment, and then they went
22 back a year later and they had like 200 workers now

1 because all the box stores and everybody else were
2 compelled to start buying [their] nails.

3 The other thing that can and should be
4 done to do this is more of our giants, our corporate
5 giants, need to help what the states and the
6 governors are doing, the way Walmart has done.

7 Walmart has said we're going to spend
8 \$50 billion--and I just saw a revised figure
9 yesterday where it may be even more than that--
10 \$50 billion over 10 years to Buy America, to **reshore**
11 American manufacturing.

12 So if you've been making toys--and there's
13 a specific example; we just started a new company in
14 Arkansas that does this--if you're making these ride-
15 around cars, battery cars, in China you bring that
16 back, we're going to give you a seven-year contract
17 to, you've got a built-in buyer of your manufactured
18 product in Walmart. We're going to sell your cars in
19 Walmarts all across America. In fact, all across the
20 world, if you make them in America. And they're
21 putting their money where their mouth is.

22 Now we've got to have the reshoring of

1 some of this manufacturing, but it's going to take
2 more than—we need to do all the things everybody
3 talks about. We need to do the job training. We
4 need to get the skills gap closed. We need to do
5 research and development. But over and above, and in
6 addition to that, our private sector can also appeal
7 to the patriotic American spirit and reward companies
8 who will reshore and bring stuff back here.

9 MS. BARTIROMO: There's no doubt about it.
10 The private sector can be hugely part of the solution
11 here. The media can be a big part of the solution
12 here. But today we're talking about what all of you
13 can do, what all of you can do to create policies to
14 get that private sector to actually create the jobs.

15 Governor Fallin, you wanted to jump in.

16 GOVERNOR FALLIN: Well I was just
17 going to add the comment, I heard a businessman say
18 the other day, which really hit home with me:
19 Today's manufacturing companies are not your
20 grandfather's manufacturing companies.

21 In other words, things have changed so
22 much. Years ago, back 50 years ago, as I have said

1 to this group yesterday, if you had a high school
2 degree, 80 percent of the jobs in America, if you had
3 a high school degree you could reach the middle
4 class. You could reach a living wage. You might be
5 able to reach the American Dream.

6 But today only 35 percent of the jobs in
7 America require a high school degree. And so what we
8 know is that there is a new minimum that we've got to
9 have more than a high school degree [diploma], either a career
10 vocational school certificate of some sort, an
11 associate's degree, or higher.. |

12 And so manufacturing, even in America, is
13 not a grandfather's type of manufacturing where you
14 just show up and you're just there. Now you've got
15 to know how to work equipment, work machines, work
16 computers. I mean it's pretty sophisticated.

17 And so that is our challenge as governors,
18 is how do we develop the type of skilled workforce to
19 meet the jobs of tomorrow and close that skills gap,
20 and to be able to have the type of competitive
21 workforce so we can compete internationally.

22 We know we're falling behind with other

1 foreign countries when it comes to reading, math and
2 science, all those skill sets that are needed for
3 today's jobs and tomorrow's jobs.

4 MS. BARTIROMO: So how do you do it? Is
5 it, as you said, a partnership with business and
6 government? How do you do it?

7 GOVERNOR FALLIN: We have to put
8 together education and businesses to talk because we
9 need to listen to businesses about what type of
10 skills they need, and what type of jobs they're going
11 to be creating.

12 One of the things we've done--and I'll do
13 it really quickly because I know we've got a lot of
14 people to talk--but we've actually analyzed all of
15 our different states, their educational attainment
16 levels, the type of core industries in their states.
17 And if we know we need a lot of say welders in a
18 particular state because they have a strong aerospace
19 industry or a strong energy sector, then we need to
20 have more welders. Or maybe we need to have more
21 engineers, or more composite material-type people in
22 those types of heavy industries that are in those

1 various states. But it varies. Each state is
2 unique.

3 MS. BARTIROMO: There was someone--
4 Governor Corbett, I'm going to get to you in a
5 second, but Governor Martinez, you had your hand up.

6 GOVERNOR [GARY] HERBERT: Herbert.

7 MS. BARTIROMO: Herbert, I apologize.

8 GOVERNOR HERBERT: I think some time, you
9 asked a question what should we be doing, and I think
10 sometimes government tries to do too much.

11 I'm a free market person. I think that
12 the wealth creators, the innovators out there in the
13 private sector, need to be empowered. And in Utah
14 we've tried to create a system that allows the
15 business people to excel.

16 We have a simple phrase: We want to keep
17 government off your backs and out of your wallets.
18 So we've done tax reform. We've lowered our taxes.
19 We've done regulation reform. We want to make sure
20 there's level playing fields, and the public is
21 protected, but not have onus regulations that stifle
22 innovation and creativity.

1 No matter what the niche is in the
2 marketplace, there's a lot of different areas to
3 excel. We're having great success in life sciences,
4 medical device areas of manufacturing, aerospace,
5 tourism, and travel. But we've tried to let the
6 marketplace find the niche, as opposed to government
7 weighing in and tipping the scales.

8 MS. BARTIROMO: Yes?

9 GOVERNOR [STEVE] BULLOCK: But I think one of the
10 things that we can do as leaders is work with the
11 private sector and say, what are your needs?

12 I've said to my higher educational
13 system—I mean Montana has the fastest growth in
14 degrees. A lot of that is, right now, two-year
15 degrees, but I've said I never want to be talking to
16 an employer who says to me: I'd love to locate there
17 but we don't have the skill set.

18 So we need to make sure that our higher
19 education system, especially our two-year for a lot
20 of these programs, are responsive enough to the needs
21 that employers have.

22 We've been working by actually bringing

1 the employers together, both in Montana and
2 elsewhere, and saying what do you project? And then
3 we can work on our curriculums and make sure that
4 we're getting the talent and trained workforce that
5 the need out.

6 MS. BARTIROMO: Okay, it's more than the
7 skills gap for companies to decide to locate in the
8 states, and we want to get into that. I'm going to
9 come to you in a moment, Governor, because I know,
10 Governor Corbett, you had your hand up for a little
11 bit.

12 GOVERNOR [TOM] CORBETT: Well I'm going to end
13 up repeating somewhat what Governor Herbert said.
14 You know, if you look at where government touches
15 business, we touch them in taxes. We touch them in
16 regulations. And providing a fair tax system,
17 providing a more streamlined tax system, reducing the
18 taxes as much as we possibly can, allows businesses
19 to reinvest that money and growth. It allows them to
20 bring more people into the employment sector.

21 But also from the regulatory side,
22 oftentimes what you see when you come into the office

1 is a regulatory system that might have been heavy on
2 regulation, and real heavy on not providing a level
3 playing field.

4 I think all businesses understand they
5 have to be regulated to a certain extent. We have a
6 growing natural gas industry in our State. They
7 understand that. But they want to know that there's
8 consistency across the board in the application
9 across a wide state, with all the different
10 employees, and exactly what the rules are.

11 That is one of the most important things
12 we can do. At the same time, if you want to talk
13 about where can you help them, we have some great
14 partnerships called the Ben Franklin Technology Partners in
15 Pennsylvania to go to these young entrepreneurs.
16 They don't necessarily have to be young, but the
17 small entrepreneurs, to help them get started with a
18 little bit of investment on our side. And then you
19 watch the major angel investors and investment firms,
20 Kleiner Perkins from California, come in and take a
21 look and help grow those people.

22 We just help a little bit. We plowed the

1 field, seeded it a little bit, and get out of the way
2 and let the free market system do exactly what it
3 does.

4 MS. BARTIROMO: I think that's a great
5 point, because you have, you know, this competition
6 for venture capital dollars. You've got this
7 competition for the small investor and the innovators
8 across the country, but it's more than just the
9 country.

10 You're talking about the Skolkovo Project
11 in Russia, talking about Beijing, you're talking
12 about Europe. I mean, you've got innovators trying
13 to become the hub for innovation all over the world.

14 Governor Hassan.

15 GOVERNOR [MAGGIE] HASSAN: Thank you. And I'd echo
16 what a number of the governors have said. We're all
17 working very hard on the skills gap, and that's
18 obviously real important at a very foundational level
19 making sure that we have modern standards for
20 learning STEM in our country.

21 But getting on to—I come from a very
22 small business state. New Hampshire has some large

1 employers, but by and large we are a very small
2 business state. We're entrepreneurial. And one of
3 the things that we heard from businesses, especially
4 the small ones, is they don't have the kind of
5 resources that can help them kind of leverage the
6 backroom function that they might need, whether it's
7 human resources or even getting up to speed on how
8 they could become an exporter.

9 So over the last year in New
10 Hampshire—we're the fastest growing state in the
11 country in export increases because we put a little
12 bit of money back in our budget to help our small
13 businesses develop that kind of export.

14 We doubled our research and development
15 tax credit, something that businesses have been
16 asking us to do for a long time. We capped the
17 amount per business that they can take so it's fair,
18 so that small businesses can get in. And that's been
19 real important.

20 We're looking at having a gold-standard
21 program for businesses who are really good corporate
22 citizens, who follow regulations, who follow the law,

1 so maybe we can ease some of the compliance paperwork
2 for them, if you will, to help them again create
3 jobs.

4 We're working on encouraging private
5 investment, whether it's through incubators, but
6 really trying to have match-making sessions for small
7 businesses and entrepreneurs with investors and
8 finance companies.

9 And I guess the thing we haven't talked
10 about yet is the other piece of this is really to
11 make sure that we're supporting working people and
12 developing a strong middle class. Because the
13 stronger our middle class is, the more customers our
14 businesses have, right?

15 So whether it's expanding health care
16 coverage—we all know that the cost of health care
17 has been extraordinary for middle class families.

18 Freezing college tuition like we did in
19 New Hampshire, the first time in 25 years for our
20 university system, to make that more affordable for
21 middle class families.

22 Raising the minimum wage and making sure

1 that women and men earn the same for the work they
2 do. As one person put it in an anecdote I heard
3 recently, he said, "You know, when my wife is paid
4 fairly, my whole family does better."

5 And so those are some of the things that I
6 think we can all do together, making sure that our
7 businesses are leveraged and regulated fairly but
8 well; and then finally, making sure we're innovating
9 in state government, too.

10 We should be making sure that we're all
11 looking at the customers we're trying to serve and
12 bringing that customer service culture to government.
13 And then I think we can really help our businesses do
14 what they do, which is create jobs.

15 MS. BARTIROMO: I'm glad you mentioned the
16 challenges, because we are going to get into the
17 challenges. And I want to try to get some solutions
18 in terms of the cost of health care, in terms of the
19 uncertainty happening in Washington, and what that
20 has done to having a clear path to growth and jobs.

21 Well, Governor McCrory, you wanted to jump
22 in. You know, for your state you've got to look at

1 it in two ways: the rural/urban. Is that different
2 in terms of the approaches you take toward growth and
3 jobs?

4 GOVERNOR [PAT] McCRORY: Absolutely there is a
5 difference between rural and urban. Actually, our
6 urban areas are going through great recovery. We're
7 the 10th most populated state in the country right
8 now, and the Charlottes, the Raleighs, the
9 Greensboros are coming back, Asheville. We're
10 getting great recruitment partially due to our tax
11 reform and regulatory reform, which many states have
12 done.

13 Our greatest challenge I think in this
14 country and many of our states is how do we deal with
15 the rural towns that were small manufacturing towns
16 in the '20s and '30s where the manufacturing left,
17 and how can we connect them to the major economic
18 regions?

19 And one of the issues is labor. And I
20 frankly think there has been a disconnect between
21 education and commerce, where we may be training
22 people in education on what education people want,

1 but not what commerce actually needs.

2 And it's very discouraging, as another
3 governor stated, when an employer comes to me and
4 says I've got job openings but even with the high
5 unemployment rate we cannot connect the two. And I
6 think what we as governors have to do, and we're
7 doing this in many of our states, is we're going to
8 be asking, and we are asking our universities and our
9 two-year schools, and our high schools, to start
10 training kids in those areas in which you can
11 actually get a job and teach them those skills where
12 they can be a welder and make \$100,000 a year.

13 But, frankly, we're spending tens of
14 millions of dollars in education, and we need to be
15 adapting it more to the market needs, in addition to
16 exercising people's brains and have logical problem
17 solving skills. But I think that's what we have to
18 adapt.

19 We have a limited amount of money in
20 education, and we have to make sure that money is
21 flexible and can be moved quickly to the areas of
22 commerce where it's needed.

1 For example, right now we have an
2 over-abundance of lawyers, with all due respect.

3 MS. BARTIROMO: Yep, yep.

4 **(Laughter.)**

5 MS. BARTIROMO: That's a good point. And
6 we have an over-abundance of banks, as well.

7 GOVERNOR McCRORY: But we're graduating
8 the same number of lawyers, and even more, at a time
9 when we don't have enough engineers.

10 MS. BARTIROMO: That's right.

11 GOVERNOR McCRORY: So why are we not
12 shifting money from legal degrees to engineering
13 degrees? At a time when we have plenty of sociology
14 majors, we don't have enough electricians and
15 mechanics. Why don't we shift that money over and
16 allow us in the way we spend the government money
17 adapted to what the market is telling us they need at
18 this point in time. And we're doing that, but we're
19 having to move institutional ships that are pretty
20 set in their ways. And I think that's one of our
21 great challenges, since we all do have a limited
22 amount of money.

1 MS. BARTIROMO: Can you do that as a
2 state? I mean, there's such uncertainty, as far as
3 where the next federal dollar comes from- . . .

4 GOVERNOR McCRORY: Well we're doing it,
5 for example, right now we used to have a formula for
6 community colleges and our universities which was
7 only based upon you get this much money based upon
8 how many students you have, not based upon the
9 results of how many of those students are actually
10 getting jobs.

11 And therefore the money was directed
12 toward cheaper classes, which in fact those cheaper
13 classes weren't necessarily getting job placement,
14 where the auto mechanic classes, the welding classes,
15 the engineering classes, the IT classes, are the most
16 expensive courses but the job placement is almost 100
17 percent.

18 So we in our formulas have to make sure
19 we're directing the limited amount of government
20 money to those areas where we can get those kids jobs
21 so they can pay their student debt. And we use that
22 skill set to take companies from my competitors here.

1 very comprehensive approach. As a result of what
2 we've done, we've got the second-lowest unemployment
3 rate in America at 3.6 percent. There's a reason the
4 number one American capitalist is located in Omaha,
5 Nebraska, Warren Buffett, because we're a low
6 regulatory regulation environment relative to
7 insurance and finance.

8 But I agree with what everybody's saying,
9 but we've got to understand we're competing globally
10 today. We're prepared to do that. We're willing to
11 compete against any other state, and that competition
12 helps all of us get better.

13 MS. BARTIROMO: You don't think people
14 understand today that we're competing globally? Do
15 you think people understand that?

16 GOVERNOR HEINEMAN: They do in Nebraska.
17 I can go to the smallest town in Nebraska,
18 particularly rural Nebraska, and they know their
19 products are being exported to China, Japan, Europe,
20 all over the world. So they do understand at least
21 in our state.

22 MS. BARTIROMO: And of course, Governor,

1 you mentioned the export story that you're seeing,
2 and it's a good one.

3 GOVERNOR HASSAN: Yes, and I think people
4 do understand it. I think there's also the need not
5 only we talk about the skills gap, but also helping
6 our young people understand where the jobs will be.
7 And then helping them develop the pathways to get
8 there.

9 So it's not just what are we teaching, but
10 what is the demand for different subjects in schools.
11 And then how do we help our young people through kind
12 of career and college readiness and competency-based
13 learning understand that today's manufacturing, as
14 Governor Fallin said, is not your grandfather's
15 manufacturing, and understanding where the markets
16 are.

17 But also really understanding that in
18 addition to technical skills they're going to need to
19 be able to communicate and collaborate in a way that
20 has never been necessary on a manufacturing floor or
21 in high tech in the past.

22 So I think it's being good at all of these

1 things, and it is needing also to be able to
2 demonstrate that you can work together.

3 You mentioned that businesses are worried
4 about the uncertainty in Washington. I'm sure other
5 governors have similar stories to tell.

6 We passed one of the most bipartisan
7 budgets in over a decade in New Hampshire last June,
8 and I thought that was only going to be an inside-
9 the-state-capitol story, right? But everywhere I
10 went in my state, people were really, really excited
11 that we had reached across party lines, gotten a
12 budget done. It was a compromise budget. People
13 understand the value of that. They do it in their
14 daily lives all the time.

15 MS. BARTIROMO: Right. Well you don't
16 have the luxury of not passing a budget. I mean, all
17 of you have to pass budgets, and you have to live by
18 it. You're executing. You're all on the front
19 lines.

20 Yes?

21 GOVERNOR HASLAM: Let me go back to the
22 question you asked about what can we do about it, and

1 talking about the fact that it's a world market now.

2 There's a thing that I think everybody
3 around this table can do. There are two trade
4 agreements up right now, the Transatlantic Trade
5 Investment Partnership, and the Pacific Trade
6 Partnership Agreement.

7 This is one, just before everybody gets
8 all which side is my team on, the President is for
9 it, and the Republican Congress is for it, and we
10 still can't get it done. But I would encourage--

11 MS. BARTIROMO: Why not? If everybody's
12 for it, why not?

13 GOVERNOR HASLAM: The President is for it,
14 and the Republican Congressmen are for it.

15 *(Laughter.)*

16 MS. BARTIROMO: Okay, everybody's not for
17 it. Got it.

18 *(Laughter.)*

19 GOVERNOR HASLAM: It's a unique situation.
20 But here's what I would encourage the governors to
21 do. Go back and compare your exports to countries
22 that you have trade agreements with--or that the United States

1 has trade agreements with, and countries that we
2 don't.

3 In Tennessee, our exports are 10 times
4 the number that they are with countries that we have
5 trade agreements with. This really is one of those
6 that I think if you'll weigh in, it's an issue that's
7 stuck. Literally the President is pushing it. I
8 think the governors can make a difference, if you'll
9 go back and see where your legislators are, and
10 compare your exports for countries where you have
11 agreements.

12 MS. BARTIROMO: That's really the key, and
13 that's why manufacturing is so important.

14 Scott Walker, talk to us about that and
15 what you're doing specifically.

16 GOVERNOR WALKER: Yes, and I'll go back
17 for one second to your original question: What are
18 the areas of growth? Advanced manufacturing, we've
19 all talked about. I would add agriculture,
20 particularly from an export standpoint. I know Terry [Branstad]
21 and I have talked a lot about that. Agriculture is
22 booming in an export market in the Midwest, but

1 across the country.

2 And then third, water. Water is a big
3 asset not only for friends like Brian [Sandoval] here in the
4 Southwest, but across the world in China, and India,
5 and elsewhere. We've got some tremendous assets
6 here.

7 But to the point a number of us have
8 talked about, particularly on advanced manufacturing
9 and on job training, I'm obviously not a big spender
10 but we put \$100 million in our budget for job
11 training. Because we heard the same thing all of you
12 are talking about, but it's really the whole
13 spectrum. From everything from our universities—a
14 couple of years ago when NGA was in Utah with Gary [Herbert],
15 we heard about the Western Governors University.

16 We liked that so much, we came back and had
17 our University of Wisconsin do a flex option so that
18 people looking for engineering degrees, health care
19 degrees and IT degrees who had some college credit
20 but didn't have the time or the money to get back in
21 the classroom could do it quicker.

22 Like Utah did, we did it in the UW system.

1 We've done it in our technical colleges like you're
2 talking about, or some have talked.

3 The other interesting thing, though, is
4 it's not even just in our high schools with dual
5 enrollment; it's all the way to our middle schools.
6 We put money in starting this school year for kids as
7 young as sixth grade to do academic and career
8 planning.

9 The reason being is we found if you don't
10 get to kids sooner, all the things we talked about
11 how manufacturing has changed, well not only for the
12 kids but for parents, for guidance counselors, for a
13 lot of influence makers, they're past that. And
14 some of you heard me ask this yesterday when our
15 speaker from GE came in.

16 All of us can use the bully pulpit, but we
17 need business professionals to do the same, to point
18 out we should be just as proud of our sons and
19 daughters who choose to be welders as we are those
20 who choose to be lawyers or doctors.

21 And unfortunately, one of the specific
22 things we asked for, Pat, and you were talking about

1 specifics, we asked our—I spoke to our education
2 convention a month ago where all of our school board
3 members, and superintendents came in, and I asked
4 them to consider changing their brochures and their
5 websites. Because if you go to any of your schools
6 in your state, I would gather, like ours do, that
7 they probably tell you how many kids go on to a four-
8 year college or university as a percentage. And
9 that's their selling point, public or private, why
10 your kid should go there.

11 We should change that to say how many of
12 our sons or daughters go to a two- or a four-year
13 college or university. Because we need those careers
14 of welding and manufacturing and CNC operators, and
15 tool and die, just as much as we need those that
16 require a four-year degree. And that makes a big
17 difference.

18 MS. BARTIROMO: Yes, which is the point
19 Governor Fallin made as well.

20 I don't think—yes, sir. Let's go to Iowa
21 first.

22 GOVERNOR [TERRY] BRANSTAD: Well one of the areas

1 that I think needs to be stressed is STEM: science,
2 technology, engineering and math.

3 This is where a lot of the good jobs of
4 the future are. It's also related to agriculture
5 because what's happening in agriculture, instead of
6 shipping out the raw commodities, we are now, through
7 bioscience, converting them to all kinds of new
8 products which are much higher in value. And that's
9 one of the reasons why agriculture is doing well. It
10 is food, feed and fuel. All of them.

11 And in addition to that, medicine- and
12 health-related that's also related to STEM. These
13 are where the real good jobs of the future are. We
14 have a STEM advisory group that the lieutenant governor is
15 heading with Marion Drenga, who is the president of
16 Vermeer Manufacturing in Iowa. We're trying to
17 really put focus and emphasis there, and we've got a
18 partnership with private-sector business as well as
19 with the schools--and it has gained broad-based
20 bipartisan support.

21 MS. BARTIROMO: I love what you're saying,
22 because we've talked manufacturing. We've talked

1 autos. We've talked agriculture. You're bringing up
2 health care and biosciences.

3 You know, right now I think it is Qualcomm
4 that is backing a clinical trial where as you insert
5 a sensor into your bloodstream and it will tell you
6 two weeks before you're going to have a heart attack.

7 The way technology is changing health care
8 is changing the game. And that is real
9 manufacturing, but it's also real education in terms
10 of teaching these folks what to do and how to
11 actually have the skill sets required.

12 So what I'm hearing is a lot of positives
13 here. I don't think we can talk about growth in
14 America without talking about energy. So let's go to
15 North Dakota for a moment and talk about that, and
16 then we're going to come back to Wyoming.

17 GOVERNOR [JACK] DALRYMPLE: One of my favorite
18 topics. Thank you. And North Dakota, as the
19 greatest job creator in the nation for the fifth year
20 in a row, I really should say something here.

21 You know, I think what I want to bring up
22 is that really we keep talking about how do we create

1 these opportunities? How do we fix the economy?

2 Really, I think the opportunities are here now.

3 I see it out there, you know, throughout
4 the country, and especially in a place like North
5 Dakota. I can advise a young person in North Dakota
6 to go through an 18-month program in Wapata, North
7 Dakota, and come out and start at \$85,000 a year,
8 today.

9 Why would that person want to pay Yale
10 \$200,000 when they can go for 18 months and get paid
11 \$85,000?

12 The opportunities are crazy. They are out
13 there. And I think to some extent, you know, we
14 don't know that really the job is to coach people to
15 get to these opportunities.

16 Why are we hearing over and over from the
17 national media, frankly, that, you know, things are
18 so tough and terrible? I see opportunities out there
19 for everybody. Energy is an incredible opportunity.
20 I run into people today and I say the United States
21 is producing more petroleum, finally, than Saudi
22 Arabia.

1 And they question me. They say, no,
2 you're wrong on that. You don't understand what
3 you're talking about. And, you know, the opportunity
4 to, you know, use, you know, ample energy supplies
5 right here in North America exists today. I think
6 people are just not conscious of the opportunities
7 that lay right before us.

8 MS. BARTIROMO: So what's stopping you,
9 then, from making this a bigger job creator? Is it
10 permitting? Is it uncertainty in government? Is it
11 this miscommunication and unawareness of this
12 potential opportunity in America? What is it?

13 GOVERNOR DALRYMPLE: Well we are trying to,
14 you know, match people up, you know, with these
15 opportunities. And we are recruiting workforce.
16 People are coming to North Dakota. They are getting
17 great jobs.

18 In the last 12 years, we've gone from 39th
19 in the nation in per capita income to sixth. That is
20 quite a bit of progress in 12 years. And we believe
21 that the right policies and the right opportunities
22 are magic. They will make that happen not just in

1 North Dakota, because there's much more going on than
2 just the Bakken play, but it will happen in any state.

3 MS. BARTIROMO: Let's--Governor Mead, you
4 wanted to jump in, and then I know there were others
5 here.

6 GOVERNOR [MATT] MEAD: Yes. Thanks for bringing
7 up the topic of energy. Wyoming exports more BTUs
8 than any other state, so it's a big issue for us as
9 it is North Dakota.

10 *(Laughter.)*

11 MS. BARTIROMO: That's good. We need
12 competition. That's good.

13 GOVERNOR MEAD: Jack, we'll let you know
14 when you get close, but--

15 *(Laughter.)*

16 GOVERNOR DALRYMPLE: We're gaining on 'ya.

17 GOVERNOR MEAD: You are, indeed.

18 The reason energy is important is, in and
19 of itself it's a sector that produces a lot of jobs.
20 You look at states that have the ability to produce a
21 lot of energy, they have low unemployment. But also
22 that goes with that we've increased our manufacturing

1 a full percentage point greater than the national
2 average.

3 And manufacturers and businesses that want
4 to come to Wyoming, they look at the low cost of
5 energy and that is a big factor. Because if you have
6 low cost of energy, if you can provide affordable
7 energy, that lifts all boats, manufacturing and
8 otherwise.

9 The other thing that it's tied to is
10 energy is related to the cost of everything we do,
11 from the first time we get up in the morning to
12 infrastructure. And I think infrastructure is very
13 important because it doesn't matter what your
14 economic development plan is, if you don't have
15 roads, sewer, water, bridges, transmission, you're
16 going to be in a tough spot.

17 And so I think collectively, as I talk to
18 governors, you know infrastructure is and should
19 remain a top concern for us in terms of making sure
20 we have the platform necessary for businesses to take
21 off.

22 MS. BARTIROMO: Yes. So what I'm hearing

1 is, the biggest opportunities for growth and jobs in
2 America are manufacturing, auto, energy, biotech and
3 biosciences, health care-

4 UNIDENTIFIED SPEAKER: Agriculture.

5 MS. BARTIROMO: -agriculture.

6 GOVERNOR McCRORY: Aerospace.

7 MS. BARTIROMO: Governor McCrory.

8 GOVERNOR McCRORY: Aerospace is doing
9 extremely well. One holdup in energy is that, first
10 of all, I split energy up into two areas. One is
11 power generation.

12 Most of the future power plants in the
13 world are going to be designed and built, or designed
14 in the United States and then exported.
15 The Charlotte region is becoming a major energy
16 generation hub for the Westinghouses and the GEs and
17 other companies that are designing future gas turbine
18 plants and nuclear plants and other types of plants,
19 so we've got to remember that. That's the quality of
20 workforce that we have in the United States.

21 But the second thing is, there are states
22 like North Carolina and South Carolina and several

1 other states along the Atlantic Coast who want to
2 look to see what potential energy is offshore. And
3 right now we are not giving permission to do the
4 necessary seismic testing to find out what energy
5 sources we have off our coast so we can determine how
6 we can possibly drill in a safe and environmentally
7 sound way.

8 We actually have a meeting. Several
9 governors and I are meeting with the Secretary of
10 Interior tomorrow morning to try to get the current
11 Administration to lift the moratorium to allow us to
12 begin seismic testing so we can compete against some
13 of these other energy states and get jobs, and also
14 help participate in the country's energy
15 independence.

16 MS. BARTIROMO: What do you say to the
17 environmentalists and the critics who say this can't
18 be done safely, this is going to get into the water
19 supply?

20 GOVERNOR McCORRY: Well first of all,
21 they're taking--they're filling up their gas tanks
22 from someplace right now, and they're heating their

1 homes from someplace right now, including the Dakotas
2 and Wyoming and everywhere else, and overseas.

3 And the technology has improved greatly,
4 and we've got to ensure as governors that we
5 institute the safe, environmentally sound practices
6 that make it happen. But every form of energy, we
7 have to seek.

8 I think most governors believe in "all of
9 the above," and all of them have certain issues we
10 have to deal with to ensure that we protect the
11 environment while also continuing our economic growth
12 and prosperity.

13 MS. BARTIROMO: Yes, sir.

14 GOVERNOR [PHIL] BRYANT: I think you said
15 something that was very important. When we talk
16 about jobs in the energy sector, there's this idea
17 that somehow that's not a popular thing to do for
18 children, for young adults in universities and
19 colleges. Almost as if you'd go into a classroom and
20 say how many of you want to go to work in the oil
21 field? Not a lot of hands would go up.

22 Now if you say how many of you want to be

1 petroleum engineers? Then they'll start saying that
2 sounds good. And so it's the way that it's been
3 presented I think by a lot of those that are the "not
4 in my backyard, not offshore, we're trying to protect
5 the environment." And if you go into the energy
6 production or exploration, you're going to do
7 something that's somehow unpopular in our culture.

8 And we have worked hard on that in
9 Mississippi. The Frazier Institute says we're the
10 second-best state in America to invest—I know,
11 Oklahoma is number one. But we're working very hard
12 trying to get our universities, and even at the high
13 school level, to tell our students this is an
14 admirable thing for you to do. You can have a
15 tremendous career in energy and change that mindset
16 that someone will dislike them because they're going
17 out and drilling for oil and using hydraulic
18 fracturing, and enhanced oil recovery, the new
19 technology that has made us the greater producer of
20 oil and gas in the world right now.

21 MS. BARTIROMO: Right. You make a great
22 point. It's almost marketing.

1 GOVERNOR BRYANT: Absolutely.

2 MS. BARTIROMO: We have to be able to
3 communicate to our young people that this is where
4 the growth is, and that this is understandable and
5 acceptable.

6 Governor Herbert?

7 GOVERNOR HERBERT: Well thank you. Let me
8 just weigh in on the energy thing. The reason energy
9 creates jobs is because there's a big demand for
10 energy. It's a product that is now global in nature.
11 It's probably growing exponentially. And so those
12 who can produce the energy in fact have got a product
13 that creates jobs.

14 I sympathize with Pat [McCrorry] in the need to have
15 some offshore. But as a public land state where we
16 have a lot of opportunity for energy in our public
17 lands, and under the charter of the BLM to have
18 multiple use, we are very much inhibited because of
19 overburden regulations that don't allow us to access
20 a lot of our natural resources on our public lands.

21 Jack [Dalrymple], in North Dakota, has only about 9
22 percent public lands. So he's got the Bakken and

1 private development that's taking place out there in
2 a significant way.

3 Seventy percent of the land mass in Utah
4 is public lands. We have some potential just like
5 that to develop our energy reserves, whether it be
6 natural gas, and our own shale resources there, oil,
7 again opportunities to develop inland if we're just
8 allowed to do so. And believe me, I understand the
9 market demand out there is for sustainable energy
10 that's affordable and cleaner, and that's the
11 challenge as to how do we have affordability and
12 sustainability and cleaner. But with new technology
13 that's taking place, we can drill offshore in
14 responsible ways, and we can drill inland on our
15 public lands in responsible ways, too, to provide the
16 energy that the marketplace wants out there.

17 MS. BARTIROMO: Yes. I mean we're talking
18 about a lot of the same issues. And I think this is
19 important because we're going to be transitioning
20 very soon into challenges.

21 We started this discussion on
22 opportunities, but we've gone right to challenges.

1 And that's important because we're getting the
2 issues, the barriers to growth and jobs, on the table
3 right away.

4 Yes, first Governor Hassan actually had
5 her hand up first, and then we're going to go to you.

6 GOVERNOR HASSAN: Well this is on the
7 subject of challenges in the energy arena. For New
8 England and the Northeast, we have particular
9 challenges in getting capacity—for instance, gas line
10 capacity—up to our area of the country.

11 So the New England governors have just
12 entered into an agreement to work on this regionally
13 to improve the energy infrastructure, if you will.
14 Also, looking out not only in improving capacity but
15 also making sure that over the long run we have a
16 diverse energy supply portfolio, which I think all
17 the governors would agree is an important thing to be
18 able to do.

19 So again it gets back to not only where
20 are the opportunities in terms of energy and the fact
21 that we can be self-sustaining as a country, but we
22 also need to think through how our energy

1 infrastructure transmission capacity is going to
2 work, and how we can all work together.

3 Again, we are a happily competitive bunch,
4 but what we know about the 21st century is that
5 collaboration and problem solving is really going to
6 determine whether we can compete and lead.

7 And so I think that's the next kind of
8 challenge for many of us, is what can we do
9 regionally together, honoring our state's individual
10 needs and strengths, but also making sure that we
11 collaborate in a way that really leverages our
12 opportunities.

13 MS. BARTIROMO: Absolutely. Governor
14 Quinn?

15 GOVERNOR QUINN: Okay, well I think we're
16 missing the boat when we don't talk about energy
17 efficiency. You know, energy production is very
18 important but we have to be much more efficient in
19 our country.

20 Our state is number one in the country at
21 building LEED-certified buildings, buildings that are
22 energy-efficient that use water in a conserving way.

1 And I think it is important that we use renewable
2 energy in every energy efficiency mission that we can
3 embark on. It saves taxpayers money if it's a public
4 building, and it saves all of us, issues that lead
5 the news every day, which is weather.

6 We've got to deal with the fact that we've
7 had severe weather. The things in our state, floods
8 in April that were pervasive; November, deadly
9 tornadoes; and then in the winter here we've had this
10 very severe winter. We have to understand as a
11 society we've got to act together to be much more I
12 think observant of the climate, as well as the
13 environment.

14 In our state, we have a Clean Water
15 initiative. I was just in California, a terrible
16 drought. Mark Twain said a long time ago, "Whiskey's
17 for drinking and water's worth fighting for."

18 *(Laughter.)*

19 GOVERNOR QUINN: So we've got to
20 definitely invest in our water mains, in our water
21 systems to make sure we're conserving society.

22 I would also say, one more thing, if we

1 want to be sustainable, we have to invest in
2 broadband deployment. We have to have everybody in,
3 and nobody left out, when it comes to access to
4 high-speed Internet.

5 I think governments in particular have to
6 make sure that the private market doesn't behave like
7 an oligopoly and really cause a lot of people to pay
8 higher prices for lousy service. We want to be like
9 other countries where we have excellent service,
10 high-speed service, ultra high-speed Internet, at a
11 reasonable price.

12 So I think there's a real role for state
13 government to play to make sure that when it comes to
14 broadband deployment, which can be very sustainable,
15 that we make sure that everybody gets a fair shake.

16 MS. BARTIROMO: Yes, broadband deployment
17 is very important. There's no doubt about it. Yes,
18 Governor, you wanted to jump in.

19 GOVERNOR [BRIAN] SANDOVAL: Thank you. And I want
20 to—I guess a piggyback on Governor Herbert's comment
21 for appreciation. Nevada is 86 percent federal land.
22 So we have some unique challenges where we have to

1 work very closely with the federal government.

2 But another part of this discussion that
3 we haven't talked about is renewable energy. We're
4 very blessed in Nevada to have wind assets, solar
5 assets and geothermal assets. And as we go through
6 some of this competition with some of the other
7 states, we have an advantage because a lot of these
8 new technology companies want the renewable energy.

9 I wish my friend Jerry Brown, or Governor
10 Brown, was here. The state of California is going to
11 a renewable portfolio standard of 50 percent by I
12 believe 2025. It's a very aggressive standard. So
13 that puts Nevada in a very unique position to be able
14 to work with the state of California to make sure
15 that we generate that.

16 But Governor Quinn talks about efficiency.
17 We've talked about what's going on in Wyoming and
18 North Dakota, but there's another component to this,
19 which is renewable energy which we are trying to work
20 on.

21 MS. BARTIROMO: There's no doubt about it.
22 I think, you know, in order to really get to the crux

1 of growth and jobs, you've got to talk about the
2 challenges.

3 We've heard a lot about the skill set, the
4 skills gap. Let's talk about the cost of health
5 care. Speak to us like we are your grandmother.
6 Give us the opportunities and the challenges in terms
7 of the Affordable Care Act, in terms of what you're
8 facing around the uncertainty of health care.

9 Does anybody at the table have a solution?
10 Yes, sir.

11 GOVERNOR [MARTIN] O'MALLEY: Yeah, I have a
12 solution. We're the last advanced nation on the
13 planet to figure out a way to cover all of our people
14 with health care. And for the last few decades,
15 while we were blindly following for the most part
16 this phony economic theory that prosperity somehow
17 trickles down from the top, in the meantime rising,
18 escalating, inflationary costs of health care were
19 eating our productivity out of the bottoms every
20 small, medium, large business and industry in the
21 country.

22 So now we have an opportunity as

1 individual states to actually improve the wellness of
2 our people, and to change the incentives to ones of
3 wellness, rather than treating hospitals as if they
4 were hotels that can only be profitable if they keep
5 all of their beds filled with as many sick people for
6 as many days and nights as possible.

7 So in our state recently we were granted a
8 waiver from CMS that allows us now to shift toward
9 making the global payments to hospitals, and already
10 10 of our 44 hospitals have shifted to this method so
11 that they can be assured for their own planning
12 purposes of what their payment will be, and also so
13 that they can start focusing on improving the
14 wellness of those chronic—our citizens that are
15 suffering from chronic conditions.

16 And you all know what they are, right?
17 It's the congestive heart conditions, the diabetes,
18 it's the asthma. And that those hospitals will
19 actually do better as they reduce the repeated
20 readmissions that those folks poorly treated and
21 uncovered with health care would otherwise be racking
22 up for all of us to absorb in our uncompensated care.

1 So we're very excited about it, and
2 already as a nation we see that that sharply
3 escalating cost of health care is being brought down.
4 Is it going in the right direction yet? No, but it's
5 no longer that sort of hockey stick that was eating
6 up our productivity and our ability to create a
7 stronger middle class so that we can grow our
8 economy.

9 MS. BARTIROMO: Yes, sir.

10 GOVERNOR BRANSTAD: I think the only way
11 we solve the health care problem in America is to get
12 people to take ownership of their own health.

13 In my previous job as president of a
14 medical school, we did health risk assessments on all
15 faculty staff and students. We have just gone
16 through quite a battle to get our waiver for Iowa's
17 Health and Wellness Plan. We have the goal to be the
18 healthiest state in the nation. And we feel the only
19 way we do that is we've got to get individuals,
20 communities, businesses, everybody on board working
21 to—and that's, you know, it's not using tobacco
22 products, it's focusing on exercise and nutrition and

1 all those kinds of things.

2 But also, if you do a health risk
3 assessment, know your own risk factors, and then work
4 to reduce those risk factors, there needs to be a
5 real incentive to do that. And that's really what
6 we're trying to do for everybody regardless of what
7 income level they are. And I think that's the only
8 way.

9 Because if we don't do that, we have more
10 and more people with these chronic diseases, and
11 those are the most expensive, and that's what's
12 driving the health care costs beyond what can be
13 afforded.

14 MS. BARTIROMO: Well that makes sense.

15 GOVERNOR HASLAM: I agree with our late
16 friend, Governor O'Malley, on the second part of what
17 he said--

18 *(Laughter.)*

19 GOVERNOR HASLAM: --above moving away from
20 fee-for-service, because we have to do that. I
21 didn't so much agree with the first part, but you
22 asked us to describe it your grandmother what the

1 issue is.

2 I said, okay, Granny, come with me and
3 let's go to the grocery store. We walk in the front
4 door of the grocery store, and as we walk in we get
5 met by the assistant manager of the store. And as we
6 go down the aisles, the assistant manager goes, "you
7 might like some of this. And then, you might like
8 some of that." And we go all the way through the
9 grocery store and when we get to the cash register
10 and say, "Okay, have a great day, and she walks about
11 the door."

12 Your grandmother would say, well, I'm not
13 going to care very much how I pay for it if that's
14 true, and if the grocery store has a manager walking
15 around with me every step of the way suggesting
16 things that might add to my bill because that helps
17 him or her as well, then my bill is going to be
18 higher. And that's how I would explain it to your
19 grandmother.

20 That's why we need to change the system.

21 MS. BARTIROMO: So what's your solution?

22 How do you change it?

1 GOVERNOR HASLAM: Well, two things. I
2 mean, again I think Governor O'Malley is right, going
3 away from fee-for-service where that assistant
4 manager of the grocery store doesn't have incentive
5 for the more you buy, the better they do.

6 The second, though, back—I think Governor
7 Brandstad's right. There has to be something to
8 where your grandmother says "I get it." There's an
9 incentive for me to make wise choices as I go through
10 the process.

11 MS. BARTIROMO: Accountability.

12 GOVERNOR HASSAN: But also transparency in
13 the charging system that our health care producers
14 have. So you have to know what the price difference
15 is.

16 In New Hampshire, we've saved millions of
17 dollars in our state employee health program because
18 we provide incentives. We were one of the early
19 states to do all-payer claims data so that we could
20 begin to compare how much different procedures cost
21 and what the quality outcomes are at the same time.

22 So now we provide incentives to our state

1 employees. We have a group, a private entity that
2 they can call up and say, "So I need to have a knee
3 replacement. Where's the best value in New
4 Hampshire?" And if they choose one of those best-
5 value providers, they get an incentive.

6 So this is about cost transparency and
7 accountability and individual motivation to take care
8 of themselves, and critical access to primary and
9 preventive care.

10 Many of us are expanding health care in
11 our states, because it's the smart thing to do. My
12 businesses say to me: If I have a healthy workforce,
13 I have a better workforce. It's better for our
14 economy.

15 So one of the things we really need to
16 make sure is that all of these incentives come
17 together. And if we can have more access to
18 preventive and primary care so people are getting the
19 care, and getting the coaching so that they
20 understand how to manage their own health, we all do
21 better.

22 GOVERNOR HERBERT: Well, thank you. I

1 believe that a healthy economy is key to people's own
2 personal health. If you want to help those who are
3 poor, those who are disadvantaged, the best thing we
4 can do is give them a job. Help them to have the
5 opportunity to support themselves.

6 I don't know what Governor O'Malley talks
7 about the top-down-failed system, but I do believe we
8 need to empower the wealth creators, those who find
9 different ways to do things the government would
10 never even think about in the private sector. You
11 know, the Bill Gates, the Steve Jobs, the people that
12 are actually out there creating wealth.

13 And as they create wealth, they create job
14 opportunities. If you don't like wealthy people, try
15 getting a job from a poor person. It just doesn't
16 work that way.

17 So as we expand the economy, we want to
18 empower the private sector and make sure that those
19 innovators out there that start maybe poor end up
20 rich, that's the American Dream. That's what
21 capitalism is all about. That's what's made America
22 great.

1 In Utah, we've tried to do that. We have
2 the lowest-cost health care in America in Utah, with
3 about the fifth-rated best quality of health care in
4 our state. But it starts, as has been mentioned,
5 with individual responsibility, healthy lifestyles,
6 people taking ownership, then trying to provide
7 opportunities out there for health care in the
8 private sector to find those niches and ways to
9 deliver services to the people in a free market
10 system.

11 Now believe me, there's challenges out
12 there. And there's not any silver bullet out there
13 to find the solution to the problem. But I have been
14 critical, and still remain disappointed that when we
15 created the Affordable Care Act that this body was
16 never consulted.

17 They didn't come to the states. They
18 didn't come to the governors. They didn't say what
19 do you think. And yet we're the ones on the front
20 line having to implement the programs now. And it's
21 a challenge.

22 What would have been better is if they'd

1 said to the states, hey, you know, we've got this
2 health care issue. Utah, you've got a young
3 population. You probably need more prenatal care.
4 If you're in Arizona, or Florida, maybe more senior
5 citizen end-of-care needs.

6 Why doesn't every state develop its own
7 system? Why don't we-as pilot programs. Under the
8 concept of federalism, learn from each other. We
9 learned from the exchange that was taking place in
10 Massachusetts, the Utah exchange. You might like it.
11 You might not like it. But learn from our successes,
12 learn from our failures, and develop a system in all
13 50 states.

14 Wouldn't that have been a better approach
15 than a one-size-fits-all that comes out of Washington
16 that seems to be creating uncertainty in the
17 marketplace out there?

18 We heard from Jeff Immelt yesterday from
19 GE who says the problem we're having with the
20 economy, and it's struggling, is because of
21 uncertainty. The small and medium businesses are
22 not investing capital in the marketplace because of

1 uncertainty.

2 Steve Forbes estimates nearly \$2 trillion
3 of capital is sitting on the sidelines not willing to
4 engage because of uncertainty.

5 MS. BARTIROMO: Right. You make a lot of
6 good points, particularly I think the point on the
7 states and the ability to, you know, be included in
8 this discussion.

9 What do you say to the critics and the
10 skeptics who say you cannot make it more favorable
11 for the top because it's not trickling down to the
12 middle class? And their wages haven't moved. What
13 do you say as the pushback for that argument?

14 GOVERNOR HERBERT: Well I think, you know,
15 a rising tide raises all ships on the pond. And the
16 fact the people at the upper echelon is kind of like
17 an accordion. It expands and contracts and brings
18 people up. They expand and they bring people up from
19 the bottom.

20 MS. BARTIROMO: And you've seen evidence
21 of that?

22 GOVERNOR HERBERT: Absolutely. In fact,

1 in Utah we have a large middle class, and we've been
2 just rated as, if you are at the lower end of the
3 spectrum in all 50 states, your chance of advancing
4 to the higher economic ladder is better in Utah than
5 any place.

6 So we're trying to give opportunity. We
7 don't want to punish the wealthy to say, well, you're
8 getting too much and in doing so punish them, which
9 does not help the poor.

10 MS. BARTIROMO: Right. We've had—I know
11 Governor Nixon, you—

12 GOVERNOR [JAY] NIXON: Three things real quick.

13 What would I tell your grandmother? Her
14 Medicare works pretty well. You know, 3 percent
15 overhead cost for Medicare, we're working to get
16 those costs down as a country. But generally a
17 program that was highly controversial when it came
18 in, that was unaccepted by the public in many ways,
19 is now relied on by seniors and reliable as the
20 backbone of senior care.

21 Now there's a lot of products that you can
22 buy from Medicare Advantage and all this sort of

1 stuff, but that's number one.

2 And in that vein, we have a unique
3 opportunity in front of us at our time in history,
4 and I agree with Governor Herbert on a lot of things,
5 some I disagree with him, but our responsibility now
6 is for the working poor to give them the same
7 opportunity for health care that the senior citizens
8 have had under Medicare. That's our responsibility.

9 We can talk about the politics of it. We
10 can all do our phases on each side of whether we ride
11 an elephant or a donkey to work, but there's a unique
12 opportunity with federal resources. And it got
13 passed. The Supreme Court upheld it. The
14 presidential election is over. We've got an
15 opportunity here as states. And what that requires
16 us to do is to use our individual power to make sure
17 that as we move Medicaid forward, we're making it most
18 applicable to our various states. And that's why we
19 need to have a tremendous amount of flexibility. But
20 we need to use those resources.

21 The third piece is, we've been talking
22 about technology. Health care needs way more

1 technology. If a cop in West Plains, Missouri, pulls
2 over somebody, by the time that cop gets out of his
3 car and walks to that—to pick up the guy, he can
4 look—or gal, whoever's speeding or whatever—he's
5 got their entire criminal record on a computer
6 screen.

7 If, instead of speeding, that car wreck went
8 in a ditch and that person got hurt and he was taken
9 by ambulance to the local ER, they have no idea what
10 that person's background is, and no capacity to
11 figure out what medication they're on, what their
12 history is, and what needs to be done to catch that
13 person's health.

14 And we've got to take technology and get
15 it in health care, while respecting privacy, but get
16 technology in health care also just as we are in all
17 these other models.

18 MS. BARTIROMO: Yeah, I mean it's changing
19 the game already. I couldn't agree more.

20 We're going to go Walker, Bryant, and then
21 McCrory.

22 Go ahead, Governor.

1 GOVERNOR WALKER: First I've got to ask
2 you, I'd prefer to ride a Harley to work, not a
3 donkey or an elephant.

4 *(Laughter.)*

5 GOVERNOR WALKER: Maybe not today, but—

6 GOVERNOR NIXON: We were talking about
7 health care, and I would submit that either an
8 elephant or a donkey is a little more safe than a
9 Harley—

10 *(Laughter.)*

11 MS. BARTIROMO: Very good.

12 GOVERNOR WALKER: I wear my helmet.

13 GOVERNOR NIXON: Please, I know it may be
14 hard for you, please wear a helmet.

15 GOVERNOR WALKER: I wear my helmet every
16 time.

17 GOVERNOR NIXON: We want to protect your
18 head. Even though you've got a law against them,
19 please wear your helmet just a leader of our states
20 and our nation, please. Set a good example as you
21 get to work.

22 MS. BARTIROMO: You made a real decision

1 as it relates to health care and Medicaid. Talk to
2 us about it, and also what your solution is here.

3 GOVERNOR WALKER: And I think every state
4 is different. People ask all the time in terms of
5 Medicaid and the Affordable Care Act. In our case,
6 we didn't take the Medicaid expansion, and yet for
7 the first time in our state's history, everyone living
8 in poverty is covered in our state because we had a
9 unique scenario and we transitioned everybody above
10 that into the marketplace.

11 But I want to go back to kind of your
12 original question. Bill actually had a good point
13 about your supermarket analogy.

14 I always use the one of taking out our
15 cellphones and saying how many of us in America can
16 tell what our cellphone plan is? I know, having two
17 teenagers, that if I didn't have unlimited texting
18 I'd be in the poorhouse, right?

19 *(Laughter.)*

20 GOVERNOR WALKER: And yet, most Americans
21 can't tell you much about their health plan. They
22 can tell you maybe that it costs \$10 to go pick up a

1 prescription drug. Maybe it's a little bit less if
2 it's generic. They can tell you it's \$10 or \$15 to
3 go to the doctor, but they really don't know what
4 it's all about.

5 Governor Hassan, you talked a little bit
6 about it in New Hampshire where you talked about with
7 employees, which by the way for a lot of us one of
8 the biggest areas where we can have impact is with
9 our state employee plan and what we do for Medicaid.
10 Beyond just anything else, those two things alone had
11 a huge influence.

12 And I agree with what you said about
13 transparency. You think about that concept of the
14 cellphone plan and applying it to health care, we've
15 done it in a limited margin in the past in the
16 marketplace, one of the few places, corrective eye
17 surgery.

18 Most people, years ago, it was
19 unaffordable for anybody but the superrich to have
20 corrective eye surgery. It was a couple of thousand
21 dollars an eye. And yet today, at least in our
22 parts, and I would imagine other states as well, you

1 can-anybody, just about anybody, could save up for a
2 couple hundred dollars an eye could have corrective
3 eye surgery.

4 Now I'm not going to go to a doctor that
5 gives me that corrective eye surgery for \$50 an eye
6 with a coupon in the phone book, because I still want
7 quality. So you match the two out there. And it's
8 because I can make a logical decision based on the
9 quality of the references I get about that, if I want
10 to go have corrective eye surgery. And yet it can be
11 affordable for someone who is not super rich.

12 Now most decisions we make when it comes
13 to health care are elective. I'm not going to shop
14 around if I have a heart attack as to what hospital.
15 But for the example you gave in New Hampshire, I
16 remember years ago one of my friends who had a FLEX
17 account said, you know, the great things for him and
18 his family was they decided on a fairly routine
19 procedure they could either have it at the hospital
20 that day, or they could wait two days later for
21 something they didn't need to have right away and
22 save \$1,500 by going to a clinic that was 20 minutes

1 away.

2 Right now, with our phones we would make
3 those sorts of decisions. We don't when it comes to
4 health care. And I think we've got to move to a
5 patient-centered plan, something the states, even
6 with the Affordable Care Act, can play a role in.
7 Because if we give our patients, our consumers, more
8 information, more data, more ability to make those
9 choices, if they have more skin in the game, that's
10 ultimately going to be what controls cost.

11 MS. BARTIROMO: And they will be
12 accountable for that. Governor?

13 GOVERNOR BRYANT: What we have done in
14 Mississippi is look at health care as an economic
15 driver. Every new physician that comes into the
16 community brings about \$1.7 million with him as an
17 economic effect on that community.

18 So we're creating a thousand new
19 physicians by 2025, building a new medical school;
20 broke ground on it just last year. And so we created
21 health care zones where we incentivize the medical
22 community, as we do automobiles, as we do aerospace

1 and other economic entities.

2 I think what we're trying to do in
3 Mississippi is go back to an access through the
4 health care industry, rather than trying to take the
5 health care industry and centralize it under
6 government.

7 Hospitals have done a very good job. I
8 can tell you, those that are for-profit, or that they
9 are for profit. The really smart ones are for
10 not-for-profit, so they don't have to pay taxes. If
11 you're Catholic, or Baptist, Methodist, you don't
12 have to pay taxes.

13 But as we create these health care medical
14 zones, we've seen manufacturers come in, more
15 doctors, nurses. So we're treating it as a business
16 and asking it to grow so that we can have more
17 access. And I think there's a supply-and-demand
18 element that we've almost forgotten about in
19 competition that we believe will lower the cost.

20 MS. BARTIROMO: Governor McCrory.

21 GOVERNOR McCRORY: You asked earlier some
22 of the challenges, and I just want to briefly mention

1 a couple of challenges that sometimes wake me up
2 early in the morning, earlier than I want.

3 The first challenge I think all the
4 governors are going to have, and the President, and
5 the Congress, and every mayor and chairman of county
6 commissioners out there, is unfunded liabilities
7 that, frankly, aren't on the books but we're sweeping
8 them underneath the rug.

9 And I'm not talking about this year.
10 We're all dealing with our budgets year after year.
11 I'm talking about unfunded liabilities that are not
12 funded for the next 10 to 20 years, regarding
13 pensions, regarding health care primarily, I think
14 are the two major unfunded liabilities that are not
15 being talked about enough in this nation, and even
16 among governors.

17 Because it's going to catch up, and it is
18 catching up in certain pockets of the United States
19 at this point in time where the private sector, any
20 board of directors of private sector has to list
21 their unfunded liabilities on their financial
22 reports. That's not always been the case in

1 government. And we've got to do some realistic
2 accounting on unfunded liabilities.

3 The second issue that continues to be a
4 problem I think for governors and, frankly, we had
5 some consensus yesterday among Republicans and
6 Democrats on several issues, and that is this: The
7 Feds keep passing new policies with absolutely no
8 idea on how the policy is going to be executed.

9 Most likely, the governors or mayors or
10 others are the ones having to execute that policy,
11 and they were not involved in that process. And
12 often we have to find the talent to execute it. We
13 have to find the IS systems to execute it. We have
14 to find the forecasters, and the accountants to
15 execute it. And that does not happen overnight.

16 And we're feeling the impact of that.
17 Regardless of how you feel about the national health
18 care act, it's the execution not being discussed in
19 the development of a very thick bill which continues
20 to be the scourge.

21 We discussed yesterday, Republicans and
22 Democrats, alone on the execution of certain cuts in

1 the military, and they're doing it to our Guards, not
2 realizing the impact of the operation of our Guard
3 work. I think there is a consensus on this.

4 The other is the execution of waivers.
5 And there's a consensus in this group as of yesterday
6 where, please give us some more flexibility on
7 waivers and don't make us go through a bureaucratic
8 time span and hunt to get waivers for a state,
9 especially those waivers that may already be working
10 in other states. Go ahead and approve them for
11 states that might want those waivers, without going
12 through a bureaucratic timespan which is far too long
13 to get approval.

14 We shouldn't be having to ask for waivers.
15 We're the states. We're executives. Give us that
16 flexibility.

17 The last thing that I think we're all
18 seeking is predictability in some of these rules and
19 procedures. Often what's happening out of the
20 federal government is they're changing the rules by
21 the day, and by the minute, and therefore I don't
22 know if it's the case with other governors right now,

1 we're trying to forecast our budget for the future
2 and, frankly, we do not know the Medicaid impact of
3 how many more people are signing up on Medicaid
4 during the past three months and the next three
5 months.

6 MS. BARTIROMO: And food stamps, right?

7 GOVERNOR MCCRORY: Yes. The term is
8 "woodworking." How many people are coming out of the
9 woodwork? And we're frankly having to do SWAGS,
10 major SWAGS, which I won't repeat what that acronym
11 means, on guessing what the impact of national policy
12 will be on the states.

13 I think that's going to be the great
14 unknown on state budgets during the next three or
15 four months, is the impact of Medicaid rolls. Are
16 people signing up for new insurance? Or are they
17 just signing up on government insurance that
18 currently exists and expanding those rolls, which is
19 the state's responsibility.

20 Those are the four major issues that we as
21 governors, both Republican and Democrat, we have to
22 find the solutions together.

1 MS. BARTIROMO: How are you going to
2 appeal to the President and Congress to really move
3 the needle on these issues? You are having a meeting
4 at the White House. Is that the crux of the
5 conversation tomorrow?

6 GOVERNOR McCRORY: Well the good news
7 among this group is that we are trying to find—we
8 agree to disagree on certain things. We've heard
9 that already. But we are agreeing, for example, on
10 the issue of waivers.

11 We are agreeing on the Guard issue.

12 And I anticipate a very strong message to
13 the President tonight and tomorrow when we have the
14 great opportunity to meet with the President to say
15 this is where there's a united front among all the
16 governors, is give us some flexibility. Recognize
17 the National Guard cost in protecting our national
18 security are much less than other costs and can end
19 up saving you money. So don't deplete us.

20 Governor Branstad is our leader in that
21 effort, along with Governor O'Malley. So it's nice
22 among us to find the consensus, and at least make

1 progress towards those areas.

2 MS. BARTIROMO: I guess what confuses me
3 is, you know, we've been talking about some of these
4 issues for a long time. I mean, the uncertainty of,
5 you know, not knowing the rules, and, you know, not
6 knowing where the federal money is going, and if it
7 is going.

8 GOVERNOR McCRORY: The business doesn't
9 know the rules, either. That's another—the other
10 concern is—

11 MS. BARTIROMO: Well that's probably where
12 I'm coming from.

13 GOVERNOR McCRORY: —is business doesn't
14 know for . . .— my other big concern is, will business
15 start dropping insurance. We like to have businesses
16 pay for insurance and subsidize the insurance of
17 their employees, and I think the other unknown in the
18 future is how many businesses are going to go: You
19 know what? I'm going to ask my employees to go on
20 the national health care act. We will subsidize them
21 a certain amount, but now it's their responsibility.

22 And no one really knows what the impact of

1 that is going to be. But from a financial
2 standpoint, I think you are going to see a lot of
3 businesses do that. And that is going to change the
4 whole framework of health care in the United States.

5 MS. BARTIROMO: Have you already seen
6 people going to a 30-hour week?

7 GOVERNOR McCRORY: You're seeing people
8 make sure they don't grow beyond a certain amount of
9 employees, and you're seeing others reduce the amount
10 of work weeks to find gaps in the legislation.

11 MS. BARTIROMO: Governor Fallin.

12 GOVERNOR FALLIN: Well I actually
13 have an example of that. There was a story on our
14 news in Oklahoma City not too long ago about a man
15 who was building storm shelters. As you might know,
16 we had a terrible storm in May of last year. We lost
17 some lives in Moore, Oklahoma. So we had a storm
18 shelter company, and he had grown it up to 70
19 employees.

20 And with the Affordable Care Act and the
21 new mandates under that, he said his health insurance
22 costs were going to go up about \$250,000 and he

1 couldn't afford it because he was a new company. So
2 he dropped his employees back to 50 to stay under the
3 guidelines. And then all of a sudden it gets
4 delayed, and he let all those employees go, which
5 also stopped his business from growing. So it kind
6 of had the reverse effect.

7 But back to what you were talking about a
8 moment ago, you know we think governors are leading
9 the way. Governors have to find solutions to
10 problems. Unlike Washington, D.C., where you see a
11 lot of inaction, a lot of partisan gridlock, a lot of
12 issues not being solved, we have to solve our
13 problems. We have to balance our budgets. We have
14 to work on education, and growing the economy and
15 creating jobs, and health care policy, and
16 infrastructure, and energy, and creating a better
17 pro-jobs business climate so we can be competitive
18 not only in our states but certainly with other
19 foreign countries and our nation.

20 So that's been our message to the
21 President, is that look to the governors. We do have
22 great solutions for health care issues, for

1 education, for workforce, skills gaps, recruiting,
2 energy, creating jobs. We're addressing the issues
3 that are important to America at a time when you see
4 a lot of inaction in Washington, D.C.

5 And I think my co-chairman here, Governor
6 Hickenlooper, has been waiting for a few moments to
7 say something.

8 MS. BARTIROMO: Yes, Governor.

9 GOVERNOR [JOHN] HICKENLOOPER: So of
10 course I echo whatever the chair says.

11 **(Laughter.)**

12 GOVERNOR HICKENLOOPER: You
13 know, I think one thing within all this is a couple
14 of things: that we are making progress, right? And
15 one of the things Jeff Immelt of GE said yesterday
16 was that every day this country is getting a little
17 better. Not as fast as we might like, we can see all
18 the mistakes we're making, but every day the world is
19 getting better.

20 I see the level of integration between
21 states. And, you know, Colorado is a big aerospace
22 state, probably per capita the number one aerospace

1 state in the country, and we have a lot of different
2 companies that are very widespread when they put
3 things together.

4 So Sierra Nevada Space Systems, the
5 president, Mark Sirangelo, this year, yesterday, and
6 he's working--basically he has about 18 different
7 states, if I remember correctly--that have different
8 pieces.

9 Now they build and deliver space systems.
10 They're taking over the manned space system, and
11 they're bringing--they have businesses they work
12 with, vendors, all over the country. And those
13 businesses are all working seamlessly together to get
14 that product done with all of my fellow governors.

15 We compete, you know, all the time, on a
16 regular basis but we don't--sometimes we forget how
17 well we work together. And GE, I'm going to guess
18 there's not a state in the country that they don't
19 have some sort of a manufacturing presence. And that
20 ability of this country to work together, and, you
21 know, the ability of us to fix the infrastructure
22 issues, right, whether it's education, whether it's

1 transportation. I mean we obviously have a lack of
2 capital available right now for infrastructure, but
3 again governors are going to sit down and work on
4 that together and figure out a way with the federal
5 government.

6 When we went to see the President a month
7 ago, he was very clear that he recognizes that kind
8 of a need, and saying, you know, no matter what the
9 industry, we'll try and change whatever the rules and
10 regulations are and accelerate how your permitting
11 process works--still make sure we have the public
12 voice, and we have the environmental review, but
13 instead of doing it all sequentially we will do it
14 parallel, and what would take seven years in the old
15 days would take one year.

16 That's progress, right? And we should
17 recognize it. You know, we're being offered a chance
18 right now to work with the White House on a direct
19 basis, to work with his agencies, and be more
20 efficient, right? Be more effective.

21 MS. BARTIROMO: Governor, while we're
22 talking Colorado, what are you expecting the

1 financial impact of legalizing marijuana will be on
2 your state?

3 GOVERNOR HICKENLOOPER: It is
4 more significant I think than most of us thought,
5 although it's so early in the system it's hard to
6 see. When I was in the restaurant business, we
7 always looked at flow-through, right? So people made
8 a lot of purchases, set up a lot of stores.

9 We're not sure how-what the repeat
10 business is going to look like. One of the things
11 we're focused on is not to take this as a windfall
12 and start putting it to other uses. We're not sure
13 what the unintended consequences are going to be,
14 whether we're going to have a lot of kids that slip
15 off the tracks, and we're going to need resources to
16 get them back on the right direction.

17 We're very worried about people looking at
18 marijuana consumption as it really is harmless,
19 right? We're trying to regulate it as rigorously as
20 we do alcohol. Again, as someone who was in the
21 restaurant business, boy, the first time, or the
22 second time you serve an underage person in your

1 restaurant, they suspend your license. Usually in
2 most states, by the third time you've lost your
3 license forever.

4 We want to have that same sort of
5 attention. We're trying not to take all that
6 windfall money, whatever the windfall is, and not
7 become dependent upon it.

8 MS. BARTIROMO: Yes, but when I was at
9 CNBC we did a number of special reports about the
10 business of marijuana. And actually it was the
11 leading most-the highest-rated program CNBC had ever
12 seen. And we were all, you know, looking at this and
13 thinking: What is going on in the country?

14 So do you have an estimate in terms of the
15 financial impact?

16 GOVERNOR HICKENLOOPER: Well
17 we're saying for the first full 12 months we think
18 the tax revenue for us, for the state, will be about
19 \$140 million. The business looks like it's going to
20 be about \$1 billion. That's much bigger than we
21 thought.

22 But again, that's a preliminary estimate.

1 You have to take that with a grain of salt, right?
2 We don't have enough data to be really more assertive
3 on it.

4 MS. BARTIROMO: As we wrap up, gentlemen
5 and ladies, I know you are meeting with a number of
6 important people the rest of the day, and you're
7 going to the White House tomorrow. If we can go
8 around the horn and come up with one important
9 solution, or change, or impact that you'd like to
10 come from the White House and Congress this year or
11 the next two years, what would that be?

12 I would like to hear from all of you. I
13 tried to make it very conversational, jumping around,
14 but now everybody will hopefully have an answer to
15 that.

16 So I will begin with you, sir.

17 GOVERNOR QUINN: Okay, we've got to raise
18 the minimum wage. There's a principle as old as the
19 Bible. If you work hard, if you're a mom and a dad
20 raising children, you shouldn't have to live in
21 poverty. We should listen to *Time's* Man of the Year
22 last year, Pope Francis. He talked about it an

1 economy of inclusion, not exclusion. If we want to
2 really have more consumer purchasing power, 70
3 percent of our economy, raise the minimum wage.

4 MS. BARTIROMO: Governor Branstad, you're
5 up. What are you going to tell President Obama
6 tomorrow?

7 GOVERNOR BRANSTAD: Well I'm going to tell
8 him that it is a terrible mistake to follow the
9 Pentagon's recommendation in cutting the National
10 Guard. The Guard has been really instrumental in
11 fighting these wars in both Iraq and Afghanistan, and
12 now that we're seeing dramatic cutbacks in the
13 military, the regular Army has increased
14 dramatically. The size of the Guard has stayed about
15 the same.

16 We need to keep the Guard and not cut the
17 Guard. And, frankly, it is more economical. And this
18 is something the governors are united on, and
19 something that's important. It's never easy to go up
20 against the Pentagon, but we think that this is
21 critically important, and we want the President to
22 know that it would be a terrible mistake for him to

1 cut the National Guard in his budget.

2 MS. BARTIROMO: Governor Heineman.

3 GOVERNOR HEINEMAN: I would say across the
4 board, we need the federal government to give us more
5 flexibility to appreciate that the way we want to run
6 our programs in this country; there's a difference
7 between Nebraska and New York, between California and
8 New Hampshire, and to respect that. More flexibility
9 in every program.

10 MS. BARTIROMO: Governor?

11 GOVERNOR DALRYMPLE: I'm an old
12 appropriations chair, and I still think the biggest
13 dead weight on our economy is the federal budget
14 deficit, and I think the economy is strong enough now
15 that the President needs to get deadly serious about
16 solving that problem, getting into the entitlements
17 discussion, and provide the leadership that we need
18 there. And it's absolutely going to continue to kill
19 us unless we face up to it.

20 GOVERNOR [STEVE] BULLOCK: I think overall it's
21 more than just talking to the President. I think
22 that part of the uncertainty in our overall economy

1 is the dysfunction that occurs in Washington, D.C.,
2 right now when we're--last fall, I mean the greatest
3 country in the world to almost go into default on our
4 debt?

5 Folks out in the real world like what
6 happens in states because somehow we've put aside
7 some of our differences and we get things done. We
8 need to be doing that more in Washington, D.C., not
9 just yelling at one another and actually find some
10 good solutions.

11 MS. BARTIROMO: Again, we've been talking
12 about this for so long. Can you point to one or two
13 things that are really the issues in terms of the
14 barriers? Why can't we--I mean, is it just too much
15 red tape? I mean, why can't we move forward with
16 solutions and eliminate this uncertainty?

17 GOVERNOR BULLOCK: Well I think in many
18 ways we are moving forward with solutions. I mean, I
19 had an undersecretary of the agriculture out last
20 week saying how can we actually move some wood off of
21 federal lands like we're doing on state lands?

22 But a lot--I mean, look, it's a different

1 world with intensified rhetoric, and people not
2 wanting to find solutions. I live in a state where
3 almost two-thirds of my legislature is the opposite
4 party. Nonetheless, we figured out a way to actually
5 cut taxes for every business and make record
6 investments in education, freeze college tuition, fix
7 our pension system without raising taxes, and leave
8 \$300 million in the bank.

9 We found a way to do that, and found some
10 of the common ground as we're looking forward. I
11 don't think Washington, D.C., right now,
12 collectively, is trying to find areas of common
13 ground to move things forward.

14 MS. BARTIROMO: Governor Herbert, what do
15 you want to tell the President and Congress tomorrow?

16 GOVERNOR HERBERT: Well let me just echo
17 what Steve said. I think there's too much playing of
18 "Who's King of the Hill," and that gets in the way of
19 actually finding solutions.

20 We as governors go back to our own hill,
21 and we work together with those because we have to
22 solve problems.

1 an elephant, maybe not a donkey, ride a horse.

2 That's what we do.

3 And three, and I think importantly, have a
4 sound energy strategy for this country that gets us
5 right back on track.

6 MS. BARTIROMO: So you're going to ask for
7 what?

8 GOVERNOR MEAD: You know, here's--related
9 to what's been said here, I think that what I see is
10 sort of the lip service to the "all the above"
11 approach, but I don't see it in reality. We see, as
12 has been discussed, timelines that are not acceptable
13 to those in the energy business. We see undue
14 regulations, and we see a dismissiveness toward what
15 states are trying to do.

16 We live in our states. We can't pass the
17 buck with regard to budgets. We can't pass the buck
18 in terms of saying, hey, we'll kick the can down the
19 road. We have to get things done.

20 And when it comes to that, we see states
21 taking great environmental leads that I think are
22 dismissed by the federal government at their peril

1 and at our peril.

2 MS. BARTIROMO: I think I'm hearing the
3 same, actually, from a number. One minute. We're
4 going to quickly go around the horn.

5 Yes?

6 GOVERNOR [DENNIS] DAUGAARD: I'll echo what
7 Governor Dalyrmple said. I think the federal budget
8 deficit and the uncertainty surrounding the debt
9 ceiling, and every year the uncertainty surrounding
10 when or if a budget will actually be passed creates
11 too much uncertainty in the marketplace, and that
12 impairs our economic recovery.

13 MS. BARTIROMO: Because you don't know
14 where the federal dollars are coming from.

15 Governor?

16 GOVERNOR SANDOVAL: As I mentioned before,
17 Nevada is 86 percent federal land. And I spend most
18 of my days sorting out this over regulations, and
19 mandates, and these issues when we know our own
20 backyard.

21 GOVERNOR WALKER: Flexibility in programs,
22 for sure. I would add to what Matt [Mead] said on energy

1 policy. We know in the Midwest in particular with
2 the propane shortage, it was a good wake-up call to
3 the fact that in the larger sense we need a national
4 energy policy that really does embrace "all the
5 above" not just for energy exploration, but because
6 it's a national security issue as well as an economic
7 issue.

8 And, transportation. We're hanging out
9 there wondering what's going to happen next with
10 transportation. I think as governors, we understand
11 we need to have a way to get product to and from
12 market.

13 MS. BARTIROMO: Governor Nixon.

14 GOVERNOR NIXON: That education is the
15 best economic development tool we have, and at all
16 levels, whether it's preschool, or rigor in high
17 schools, or college affordability, or worker
18 training, we need extra support.

19 I also think that it's important for all
20 of us and for him to continue to support families in
21 the military as we wind down Afghanistan. I mean,
22 this country went through something after Vietnam

1 where folks came back after serving our country that
2 were not welcomed back, and I think we've all,
3 everybody here, as well as the President and
4 Congress, has done a good job in that area. We want
5 to be supportive to make sure we make transitioning
6 these folks back into their day jobs, back into our
7 communities, that we support them all the way home
8 with jobs and other things. And I want to thank the
9 President and First Lady for doing just that.

10 MS. BARTIROMO: Governor Bryant.

11 GOVERNOR BRYANT: I might suggest he use
12 his pen and his phone. He could take his pen out and
13 write down the things that we've heard around this
14 table. We all are in unison I think on more
15 flexibility, and talking about our National Guard.
16 We're worried about that national debt. Write those
17 things down, and pick the phone up and call us. If
18 things are going good in a state, give us a call and
19 say how's that thing working out for you down there?
20 I see you are trying a new innovative idea. Is that
21 something we might be able to try in other states?
22 And is that something I can assist you with as

1 President, and let that new innovative idea in this
2 great network of states work elsewhere?

3 MS. BARTIROMO: Communicate.

4 GOVERNOR BRYANT: Write it down and talk
5 to us.

6 MS. BARTIROMO: Communicate, as you
7 mentioned, as well. Yes, sir?

8 GOVERNOR HASLAM: Well by this time he's
9 been communicated with fairly thoroughly, after
10 listening to all of our advice.

11 I think what I would say is, I think the
12 rollout of the health care plan, forget whether you
13 agreed with the policy or not, just shows how this is
14 a big country and it's complex and the issues are
15 difficult.

16 I think one thing you'd hear from all of
17 us is: We can cut this down into 50 bite-sized
18 pieces, and I think if you'll help let us assist with
19 implementation, giving us that more flexibility, I
20 think it will go down better.

21 MS. BARTIROMO: Well you've got to become
22 part of the conversation, no doubt about it.

1 Governor McCrory.

2 GOVERNOR McCRORY: Flexibility.
3 Transportation. Let us unleash our energy resources.
4 We shouldn't be having to ask the federal government
5 for permission.

6 I will mention one other thing that hadn't
7 been mentioned. I think we need to get clarity from
8 the White House on the issue of addiction and mental
9 health, based upon previous comments that have been
10 made about drugs and other things, and alcohol.

11 The addiction issue and the mental health
12 issue for our states is also another very serious
13 challenge for us, and I'm worried about the next
14 generation and their brain capacity. And to me that's
15 something we cannot ignore.

16 MS. BARTIROMO: It is seeping into the
17 *Zeitgeist*. It's interesting that in Davost that was
18 one of the big pieces on the agenda.

19 Governor Corbett.

20 GOVERNOR CORBETT: There has been a lot
21 said that has gone through my mind. I would boil it
22 down pretty quickly. I figure 10 seconds with the

1 President. Give us the flexibility. Give us the
2 predictability from the government. And number
3 three, call us before you come up with a new policy
4 that's going to affect us and allow us to give you
5 input. Because I'm completely different than
6 Missouri is, or Scott is over in Wisconsin, and our
7 needs are completely different.

8 This is not a one-size-fits-all nation.

9 MS. BARTIROMO: Right. Fair enough. I'm
10 going to end on the chair, so let's go to Governor
11 Chafee.

12 GOVERNOR [LINCOLN] CHAFEE: All the initiatives
13 that we want to embark on to grow our economy and be
14 competitive globally take resources, and I'd ask the
15 President to push for the Marketplace Fairness Act,
16 which is the Internet sales, where states are losing,
17 those of us that have sales tax, are losing sales tax
18 revenue to Internet sales.

19 It passed the Senate I think 60 to 27. So
20 if we can get it through the House and have the
21 President sign it, that's revenue that we can put
22 towards our higher education, toward our K to 12,

1 toward our roads and bridges, and to be competitive
2 economically.

3 MS. BARTIROMO: Governor Hassan.

4 GOVERNOR HASSAN: Well to the President
5 and to Congress, we are a strong and resilient
6 people. We have challenges in education,
7 infrastructure, energy, health care. We've talked
8 about them this morning.

9 As the great Robert Frost said, the best
10 way out is always through. We've got to keep working
11 together, and we'll get there.

12 MS. BARTIROMO: Governor Malloy.

13 GOVERNOR [DAN] MALLOY: Yeah, I would thank the
14 President for having shown more flexibility than
15 either of the past two administrations on points of
16 education, on points of health, on points of
17 environment, on points of transportation. So I would
18 start with a thank you.

19 I would ask him to lift more women out of
20 poverty by making sure that we raise the minimum
21 wage. The reality is that 55 to 60 percent of people
22 are earning the minimum wage in this nation are

1 women, and it is one of the biggest factors in women
2 living in poverty. So I would ask them to get the
3 job done.

4 MS. BARTIROMO: Governor Hickenlooper,
5 you're next.

6 GOVERNOR HICKENLOOPER: I
7 wouldn't repeat all the things that I agree with that
8 have already been said, but I would—I think we've
9 got upwards of \$2 trillion now of our largest
10 businesses and corporations have profits that are
11 kept outside the United States.

12 I think maybe it's time to get a deal
13 done, whatever that interest rate is, find a number
14 in negotiations for a compromise. Maybe it's 10
15 percent. But maybe that money, some of that tax
16 money goes into a loan fund, or something for
17 infrastructure that helps accelerate our ability to
18 invest in our roads, bridges, redundant broadband,
19 medical, et cetera.

20 MS. BARTIROMO: Governor Fallin.

21 GOVERNOR FALLIN: We do appreciate
22 the President and Vice President meeting with all the

1 governors. As you have heard around this room, there
2 are a lot of great ideas, a lot of good solutions to
3 problems being proposed by our governors.

4 So once again, continuing to ask for that
5 flexibility. I think you've heard both Democrat and
6 Republican governors say that we have innovative
7 solutions to problems facing America. We are
8 implementing those solutions. And give us the
9 flexibility.

10 Also, that uncertainty. As we see in the
11 federal rules, regulations, that can hamper
12 investment, hamper job creation, and the best way to
13 help people get out of poverty is give them a good-
14 paying job, give them the skill sets that they need.

15 And the last thing I'll just add, from an
16 energy-producing state, I'd like to see the Keystone
17 Pipeline finally move.

18 MS. BARTIROMO: I'm glad you said
19 something real specific, and that's terrific that you
20 said that.

21 I want to say that I don't know that we
22 came up with the solutions and fixed what ails us,

1 but certainly having the discussion, getting
2 everything on the table, making specifics like you
3 just did, Governor, is the beginning.

4 So I thank you so much for having me, and
5 good luck tomorrow and for the rest of your meeting.
6 Thanks, everybody.

7 **(Applause.)**

8 GOVERNOR FALLIN: Governors, we have
9 our governors-only session, so if you'll take a five-
10 minute break and move on to the governors-only
11 session.

12 **(Whereupon, at 12:36 p.m., Sunday,**
13 **February 23, 2014, the session was adjourned.)**

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