NATIONAL GOVERNORS ASSOCIATION

Winter Meeting

Saturday, February 22, 2014

JW Marriott

1331 Pennsylvania Avenue Northwest

Washington, DC 20004

Governor Mary Fallin, Oklahoma, NGA Chair, Presiding
Governor John Hickenlooper, Colorado, Vice Chair

Presentation by Jeffrey R. Immelt,

CEO, General Electric

Court Reporter: Jane W. Beach, Ace-Federal Reporters, Inc.
GOVERNOR FALLIN: Good morning.

(Greeting returned.)

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

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

The first thing on our agenda is a motion for the adoption of the Rules of Procedure for this morning. Part of the Rules require that any governor
who wants to submit a new policy or resolution for adoption at this meeting will need a three-fourths vote to suspend the rules to do so.

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

GOVERNOR [RICK] SNYDER: So moved.

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


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

(A chorus of ayes.)

GOVERNOR FALLIN: All those opposed, say nay.

(No response.)

GOVERNOR FALLIN: All right, the Rules of Procedure are adopted. And if you have any other proposals that you would like to submit, you need to submit that to David Quam, to the NGA staff, by 5:00 p.m. tonight. Just a little bit of
procedural things we need to get out of the way.

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

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

We are joined today by the Governor of Pueblo, Governor Rafael Moreno Valle. There you are. Wonderful, Governor. He is—

(Applause.)

GOVERNOR FALLIN: —president of the National Conference of Governors of Mexico. We appreciate you joining us today. He is president of the National Conference of all the Governors of Mexico, and so it is a great honor to have you here.
And joining him today is also the Mexican Ambassador, Eduardo Medina Mora. Ambassador, good to have you here.

(Applause.)

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

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

(Applause.)

GOVERNOR FALLIN: Ambassador, good to see you.

(Applause.)

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

(Applause.)

GOVERNOR FALLIN: And finally, I
know we also have some representatives from our
Brazilian and Chinese Embassies that have joined us.
Will our friends from Brazil and China please stand
up?

(These people stand.)

(Applause.)

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

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

So I chose my initiative this year, called
"America Works: Education and Training for
Tomorrow's Jobs." That is something that is very
important for all of our governors, growing our
economies, creating jobs, creating opportunities for
our fellow citizens, and certainly growing our revenue in our states. 

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

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

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

Preparing America's 21st century workforce to keep pace and to be competitive is an issue that not only calls for national attention, but frankly it calls for gubernatorial leadership. That is
something I am calling upon all of our governors to
take care of and to work with us on.

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

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

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

Today, that number has dropped
significant, and today that number is 35 percent of
our jobs in America require a high school degree. A
total challenge for our nation. And that is why it
demands gubernatorial leadership.

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

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

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

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

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

So here are the points, governors:

First of all, it starts at the top. It
starts at the top with our governors articulating a
vision, articulating a message about why it is
important to be able to connect education and the
workforce, and to be able to help our educational
attainment levels in our individual states meet that
new minimum for a better educated workforce and
skilled workforce.

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

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

And then fourth, we need to look at our
resources within our individual states. And they're
all unique. They're all different. We need to be
able to look at the resources, our funding, our
incentives for our education systems, certainly for
our workforce programs that we have, and to be able
to support it and align it with our overall vision in
our individual states, an integrated vision.

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

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

And then we also had one in New Mexico
with Governor [Susana] Martinez and her staff, and we
appreciate Governor Martinez for being able to host
us for those summits.
But your last chance is coming up for our
regional America Works education and training summit
in the great state of Oklahoma.

(Laughter.)

GOVERNOR FALLIN: What a surprise.

So I would like to invite all of you to join us. So
far we have a great, nice list, a big list actually,
of attendees that will be joining us there in
Oklahoma City.

I promise you: You will have a good time.

You are going to learn a lot of great information
that will be beneficial to your states. You will go
home with a to-do list, be able to check it off, and
go back home and say I'm focusing on jobs and
education and trying to help my employers and my
students and the workforce itself.

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

Now my priority for this initiative is to
be able to provide the governors with examples of
best practices and actual, tangible resources to be able to advance these goals. And many of you have already identified these goals in your State of the State speeches, which you just recently gave.

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

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

You will also find in this report not only the details of different things, but we are also pleased to be able to provide you state-specific data. We have been working very hard over the last six months to work with an organization that will help you get very specific, drill-down data about your educational attainment levels, your employers,
and your market that you need. And so it is a one-page profile that provides this breakdown, and it compares it with your educational attainment level, with your current population compared to other projections about your workforce—Moody's Analytics provided this—and the educational requirements of your companies in your state, and projects it clear out to the year 2030.

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

And it challenges us to provide our citizens with a path of opportunity to be able to work with our companies, to identify qualified talent that can be able to take those jobs. And, like many of our governors in this room, I will frequently talk to businesses that will tell me: I have job openings, but I can't find the employees to take
those jobs. I could invest more, and I could grow
more jobs, and thus help us grow our economies, but I
can't find the workforce.

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

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

And to help us kick off this discussion we
are very proud today to be able to entice one of our
top CEOs of our nation to join us in helping us lead
this discussion with our governors, to hear from
someone that is out investing and creating jobs and
opportunities and innovation in our nation, and
that's Jeffrey Immelt, who is the CEO of General
Electric.

We are so thrilled to have him here today.

He is going to talk to us about the challenges his
company faces when they are trying to find employees
needed for their continued growth, and to stay
competitive not only domestically but certainly
internationally.

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

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

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

GOVERNOR DALRYMPLE: Right here.

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

(Laughter.)

GOVERNOR DALRYMPLE: I haven't heard that.

GOVERNOR FALLIN: You haven't heard
that.

(Laughter.)

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

(Laughter.)

GOVERNOR FALLIN: We're joking.

It's a great Oklahoma company that invests in North
Dakota. But in the year 2000, Jeff was appointed
President and Chief Executive Officer of GE. He's
been named as one of the world's best CEOs three
times by Barrons, and has since begun serving as the
Chief Executive Officer of GE. It has been named
America's Most Admired Company—the company has
been—and that was from Fortune magazine.

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

(Applause.)

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

(Laughter.)

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

I want to say at the outset, thanks for
the great work you do on our behalf in your states, and that is really where the action takes place in our company, is on the ground and all the locations we have.

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

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

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

Consumers certainly are purchasing. There's not enough jobs, and I would say the missing
piece still in the U.S. is capital investment by
small and medium business is still lagging behind
where you'd like to see it at this point in the
recovery.

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

(Laughter.)

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

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

And then, you know, the resource-rich
countries around the world, I know a lot of you met
with the Brazilian ambassador last night. These are
very important countries for companies that are
multinationals, and we think they also continue to
reinvest back into infrastructure and things like
that.
So I think, you know, from a business standpoint we see slow growth and volatility. You have to kind of keep investing in order to grow. And I think this is a pattern we could be in for a relatively long period of time. There's just not a magic potion that's going to suddenly make the U.S. go back to 4 or 4.5 percent GDP growth; although, that's what we all should be pulling for, and that's ultimately important I think to get that kind of economic growth.

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

We are one of the biggest patent issuers in the history of the country. We invest about 6 percent of our revenue back into research and
Sixty-five percent of our backlog is outside the United States. That is not by choice. That's just where the markets are. We have high market shares, but you should think about us as somebody that's punching around the world. We're the second-biggest exporter after Boeing. So we export more than $20 billion a year. So when we locate a facility in your state, it's not to serve your state; it's to serve all the countries around the world.

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

We've got 135,000 employees in the United States. We have more than 200 factories in the United States. And we've got about 93,000 of our employees are in manufacturing and engineering. So these are people that make things, design things, and
that's grown about 9 percent since the financial crisis.

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

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

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

So for us, we'll sell more—we've got
about 50 percent market share of large gas turbines.

We'll sell more in Algeria in the next three years than we will in the United States.

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

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

Slow growth. We've got to play in every corner of the world to be competitive.

Competitiveness counts. We think the U.S. continues to get better, but that's the backdrop. You've got to go out and make your own competitiveness and make your own growth. So that's number one.

The second thing, I thought I'd be remiss today if I didn't come here and tell you what we're investing in and how we invest. Because I know, you
know, from an economic standpoint that's incredibly important to the governors and that's where we interface.

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

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

And then, transportation. So we work with railroad companies, transportation companies, on converting to natural gas. But we think this is an absolute game changer economically in terms of where the future could be, not just in the United States—we do a lot of business in Africa.
Africa has a 100-gigawatt deficit of electricity and they're surrounded by gas. All the technologies that are going to gasify the African Continent are being innovated in the United States today. And this is going to create jobs here, and it's going to create economic growth here.

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

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

We can make a refrigerator with two hours of labor. So if you can make things with two hours of labor, you can make them any place you want to.

Labor as a percentage of cost of an aircraft engine and things like that is relatively small.

And the new technologies around manufacturing are significant: additive manufacturing, new materials, 3-D printing, I could
go down the list, but to say that from a manufacturing base, from a competitive base, the country has never been more competitive than it is on a relative basis today.

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

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

So there are going to be as many people that go to work around the industrial Internet as went to work around social media. And that's not necessarily going to take place in California and New York; that's going to take place in Pennsylvania,
Michigan, lots of places around the industrial belt. So there's a whole 'nother millions of jobs going to be created around the industrial Internet as time goes on. So advanced manufacturing, age of gas, industrial Internet. These are the great things to invest in I think in the 21st century.

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

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

We open up four or five new manufacturing facilities every year. You know, our model manufacturing facility now is about 500 people, because we think that is a size big enough to have scale. But it's also small enough that they can be
self-directed where the employees really call the
shots. And we do four or five of those every year.
And they're imbued with, and they're invested with
great manufacturing capability and great technology
that goes in it.

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

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

So we've kind of invested behind the big
three initiatives that we think are going to reshape
both our company and the economy going forward.
Now the other thing I thought I'd talk about is in the area of investment. I would be remiss if I didn't go through some of the current investments we're making, but really in the context of what we look for in terms of when we're building a new facility from a state-in terms of how to invest.

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

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

We are going to build a plant to really consolidate a lot of our activities in energy management and put them into a state-of-the-art manufacturing facility, another green field
investment that we'll make this year. And both those sites will start as maybe a couple hundred units—a couple hundred people, and grow to maybe 500 over time. We're going to invest in the best manufacturing lab that anybody could build. We want to own that space. We want to invest in a way that can attract other companies to come—and this is huge for us. And so we're going to do that around a university somewhere.

One of the big trends in business today is to unify what's called "shared services." So in order for me to invest more in R&D and manufacturing, I have to cut my administrative costs. One of the ways you cut administrative costs is you co-locate your backroom in locations. So we're going to build a big shared service center in the United States this year, and that will be, again, in analytics and capability. And we're going to go invest, using both our capital and our strength to take a big gas project, like taking flare gas and turning it into
fuel, and building a transportation system around it so that we can demonstrate what's possible from a standpoint of gasification.

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

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

So each one of these, we'll go to four to six states. We'll meet with the economic development people first. We love it when we can go to your states and meet with one group who can answer for everybody, who can answer completely on the economics, the regulatory, the speed. I mean, when
you can deliver on that, that is a massive competitive advantage.

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

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

And then the economics are important for sure, but I'd say the economics are important as much as a symbol for what the long term relationship is going to be like with the state as much as, you know, like I said, if we do a big assembly plant on jet engines, we might get $15 million from the state. This is going to be here for 50 years. So in the
span of time, it's relatively little, but it's a way
to get started and mitigate some of the risks.

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

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

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

Competitiveness—I was honored to work
with 25 other folks on President Obama's
Competitiveness and Jobs Council. It made me, I'd
say, more aware of competitiveness and job creation.
I learned four things on that council in terms of
what has to happen to create jobs. And I've seen
this time and time again as I've traveled the world,
and I think it is true in every country I've been to,
every state I've been to.

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

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

I'll just repeat what I said: For every job
in GE there's eight in the supply chain. So if we
can create that multiplier, if you can create that
multiplier in your state, that's how the jobs
ultimately get created.

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

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

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

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

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

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

And that’s where we, the GE Foundation— that’s where the GE Foundation spends most of its money. We go into GE towns and we really try to
reach, change the curriculum of education and focus
on math and science in education.

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

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

So at a lot of our sites we partner with local community colleges that are training people during the day. They might work four hours at GE, and they go to school for four hours. And if you as a governor can stand right in and talk about this is
my community college plan, that is huge in terms of
job creation and competitiveness.

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

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

Veterans. How do we get veterans back
into the workplace? We've made a commitment to hire
1,000 veterans every year. We've joined in with Boeing, Lockheed Martin and other companies on what's called "Get Skills To Work". So how do you [transition] veterans as they're coming back in terms of what they've done in the military, and what they can do on a factory floor. And on all these new facilities that I've talked about that we've opened up in the last few years, about half of the new employees are veterans coming back. So I think working together in states on where we go with veterans is important. And then, as a governor promoting the big company/small company integration. So finding ways and forums that allow big companies and small companies to train together is really important. Because we need that skill base in the small and medium enterprises, and that is very important in terms of where and how we invest. So if I would give you on education, it's really STEM. Community colleges for advanced manufacturing. Have the universities front and center in terms of how you invest and where you
invest. Have a plan for the veterans that are coming back to your state. And either use the Chamber of Commerce or have some governmental institution that allows big companies and small companies to integrate in either clusters or other activities.

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

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

Lastly, I'd say again just thanks for the great work you do. I think the states allow us, give
us a platform in which we can compete. You know,
you're the entrepreneurs in government. You can get
things done. And so I hope you utilize the chance to
try new things and utilize your state to try new
things in health care and engineering and education.
I think that's important.

Know your distinctive competence. What's
investable in your state, and make that apparent.
What are the big investing themes or your competitive
advantage? I think that allows us to get plugged in.
I'm a GE guy, so I'm a big company guy
but, you know, we find our way in this world one way
or another. It's the small businesses that need the
most help. And as a country, you know, we all talk
about small businesses every day, but we make their life
too hard. And I think, as governors can embrace 100,
200 small and medium businesses, they give you the
data that you should need every day on health care,
or education, or things like that, and I think that's
really important.

So let me end there. And, Governor
Fallin, I'm happy to take questions. But again,
thanks for helping us compete, and we want to make you 

proud in terms of how we do in your states and what 

we do in the future.

(Applause.)

GOVERNOR FALLIN: Well thank you, 

Jeffrey. Those are great comments. My first 

question was going to be asked: What can the 
governors do to help you address the challenges you 
laid out? But you gave us one, two, three, four, 
five. And so all the different points that we need. 

But I might ask you: What do you think 

employers would be willing to bring to the table to 

work jointly with the governors to help you 

accomplish these challenges, the private sector?

MR. IMMELT: Oh, look, I'd say if I just 
talked specifically about education, there's probably 

not one company or one big company in the country 

that doesn't have big education programs, that's not 

spending money right now in education. But I think 

we need more direction. You know, to be honest with 
you, I think every company has its own best idea in 
education, but we get fragmented too easily.
So maybe the governors could say, gosh, this is the way that GE could really help in this state. Because we have other companies going in the same direction. And I always think we need a little bit of a focus as it pertains to how to best to fund education.

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

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

If you had to say what are two or three of the biggest competitive advantages this country has, the university system has to be at the top of the list. And I'm just not convinced we do enough to leverage the great universities we have in this country. And we are a scale employer. So we go to, you know, Big Ten schools, and big engineering
schools are kind of what we see every day. They are awesome in this country. And how you build around these schools. I mean, you know, I can give you the Stanford example, right; what Stanford's done over the past 30 years is unbelievable. But it's hard to find the next university that can lay claim exactly the way Stanford can. And I think that's amiss of what we can do here, because that's still where the best ideas can be formed.

GOVERNOR [MIKE] BEEBE: Mary?
GOVERNOR FALLIN: Governor.

GOVERNOR BEEBE: I know everybody is always asking you for something, but since you already indicated that you're investing a significant amount of money annually in education, and since you're talking about the need for having perhaps some states point out some things that you could focus on to achieve better results, I want to point out what another major corporation has done. I don't think they're competitors of yours—I think you complement—and that's Exxon.
Exxon has—and they didn't do it all across the country, I think they picked about six states—and they invested significant sums of money in Advanced Placement courses by actually rewarding both students and teachers, monetarily, for participation in Advanced Placement courses, particularly in the STEM area.

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

So as you're thinking about where you're going to invest in the future, I mean it sounds kind
of—it's pretty small. I think they give $100 per
student per course per grade per year, but if you're
sitting there and all of a sudden you go from 10,000
kids in Advanced Placement to 40,000 kids in Advanced
Placement, then your pipeline has broadened to the
point that your pool then becomes bigger.

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

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

MR. IMMELT: You know, Governor, we do
something. So we go to seven big GE towns, and we do
big grants, $25 million over five years, and we sit
down with the superintendent of schools, the union,
the teachers, and we sign an agreement on performance
and what's going to happen.

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

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

GOVERNOR FALLIN: Governor Beshear of Kentucky.

GOVERNOR [STEVE] BESHEAR: Thank you.

First, Jeff, let me thank you and GE for your investment in Kentucky. Together we're restoring jobs and product, and that's exciting to be continuing to build advanced manufacturing right here.
in the United States.
Secondly, I happen to have my entire
economic team with me, and we'd like to take you to
lunch.

(Laughter.)

GOVERNOR BESHEAR: Thirdly—

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

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

MR. IMMELT: Alrighty.

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

And I know Germany is set up like that
with their educational system. What do you think of
that approach for the United States?

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

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

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

Number two, I would say that having this leverage between high schools and community colleges,
and for a governor to have in their own mind what the jobs are in your state, and how you prepare people for those jobs, is really important. I remember when we were on the Jobs Council, talking about New York City, I think in New York City 400 people go to work every Monday in the hospital system in New York City. So why don't you take the senior year of high school, for a lot of the high schools in New York City, and train people to be radiology techs, or physician's assistants, and start that in school, is really important. And then on the global stage, Governor, I would say Germany is the best on apprenticeship, but, you know, five years ago the President of Vietnam said they were going to graduate 5,000 welders every year—5,000. And so we need to put in a plan to do Asian wind turbines, you know, because it's hard to ship wind turbines around. We put it in Haiphong. It's an awesome workforce. Now they bow to me when I walk through it, that's pretty cool, too, but that's
hard to do—

(Laughter.)

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

GOVERNOR FALLIN: Governor Herbert from Utah.

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

Let me ask the question a little big differently. That is, that most of us came in to office really at the thralls of the Great Recession. And I think for a lot of us the progress has been sluggish. We haven't seen the economy expand. It's been really a tepid recovery.
I'm curious to know, I've heard a lot of economists give us their theories as far as why. I'd like to hear you tell me what you think. What’s been the cause of this slow recovery? And what should we be doing to make sure it accelerates, as a country?

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

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

I think, you know, people talk about big company investment, but in the businesses we're in it's not like I can say to Boeing, look, I'm not going to invest in the next jet engine because I'm uncertain about anything. You know, we've got to
keep going almost no matter what. But the small and medium business is kind of on the sidelines form a cap X standpoint. I think we saw in the fourth quarter of last year the first time that net new investment was actually growing. And that to me is what we've got to solve for. How do we get capital expenditures? To get an economy that's growing 3 percent a year, you've got to have both consumers back, which is already happening, and you've got to have new company formation and new capital. People have to start building factories and things like that. And it's the small and medium businesses that have gotten the hardest hit and that haven't really come back yet from an investment standpoint. So I come back to, if I—you know, again, because you guys have a super tough job, but if I were in your shoes I would have a council of 100 or 200 small and medium businesses, and I would be in tune with them all the time. What's their health care like? What's their employee training like? What's their investment thesis? Why aren't they
investing? And I think that's the story. That's the
power that's not back in this country yet.

GOVERNOR FALLIN: Governor Shumlin
from Vermont.

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

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

GOVERNOR SHUMLIN: We're going to do that.

(Laughter.)

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

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

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

And if we look at jobs in our future, if
we don't do a better job there of taking kids—they
don't necessarily need a four-year degree—but taking
kids, getting them into tech programs, getting them
excited about manufacturing, getting them so they can
run those GE machines that's, you know, a $2 million
machine that their parents used to be able to run
with a high school degree that you can't run with a
high school degree anymore. Is there a way that we
could partner with you to develop more aggressive
internships that then—for those low-income kids—that
then lead to apprenticeships, internships, then some
support for higher education, and then we say: You
do this, and you've got a job. And you know what,
you're going to make $36 an hour starting, not $9 an
hour flipping burgers, or $8.50.
Is there a partnership there that we could really focus on, particularly on low-income kids, first-generation kids, who we know we need to succeed in this workforce if you just look at the demographics of the country?

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

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

You know, Governor, we are retooling and relaunching our apprenticeship programs. I'd say these were extremely beneficial in the '50s and '60s. Then there was a long period of time I would say when a lot of these went away, and we're kind of in
And then the third thing comes, what governors can do is link up the demand. Because let's look at Rutland. You know, you want to be training more than 30 or 40 or 50 people that we might hire each year, and the only way to do that is you've got to get small business in the same camp. So I think one of the things you could do is say, hey, here's 500 people in Vermont. We could host some of the training, or some of the standards in apprenticeship, but we're only going to take 50. You need to find, you know, other people that can take the others. And I think that's one of the things governors can do.

GOVERNOR FALLIN: Governor Jay Nixon, Missouri.

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

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

My question is around labor costs, which large organizations continue to say they've developed into being relatively small. I would sense for two significant reasons. One is the level of investment per job in the technical robotics and all of the other things. But the second is, I mean you've kind of used the last decade to clear some of the larger obligations off of the balance sheet, moving the pension systems to much different, the health care systems to different, and whatnot.
But the smaller businesses are a little behind in that regard in the sense that their wage rates are pretty low. They’re worried about things that you all cleared off.

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

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

And then to have the leader of an international organization of your capacity tell us
that, you know, the labor costs are relatively small, yet to have the smaller folks come to us and say my problem is I can't find enough people to work at $10 an hour who are loyal workers. And we say, well, for $10 an hour I'm not very loyal either, you know. So how do we get the competitive wage rates up while keeping the cost structure competitive for those smaller and medium-sized businesses?

MR. IMMELT: So, again, I would—the first thing I would urge all the governors to do is there's all these entrepreneurial manufacturing companies coming up. So the one we've done with Governor Beshear is called "Local Motors." And this is basically an entrepreneur who fundamentally goes in and says, "Okay, guys, here's how I can do a dishwasher in six months. GE, it takes you eight months to do it." And he kind of crowdsources the manufacturing. And I would get something like that in all your states. Because that way you get this entrepreneurial spirit that kind of opens up the door.
And then, Governor, again I'm not going to get into the health care debate in this town, okay?

(Laughter.)

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

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

So I think the extent to which a governor can look at health care and education as being things
they can help them with, then that allows for more value of the employee. And ultimately I think that's what it's all about.

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

Governor Walker of Wisconsin.

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

We put $100 million in our budget last year. We put $35 million more in this year largely to drive down waiting lists. But one of our challenges in areas like that is there's not enough young people going into those areas. And it's not
just the STEM. It's particularly in some of the skilled trades.

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

And that's a message I think [that] isn't just political; it's something we need leaders, and parents, and guidance counselors and others saying.

And a lot of your professionals in Wisconsin and elsewhere across the country could help us do that.

MR. IMMELT: I think it's great. You know, for the first time in 25 years, the most popular
on-campus program in GE is the manufacturing leadership program. So we had kind of 20 years where it wasn't very sexy. People avoided it. And it's now become kind of the most popular thing.

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

GOVERNOR FALLIN: Governor Malloy of Connecticut.

GOVERNOR MALLOY: Jeff, thanks for being here and sharing your thoughts with us. And thanks for being a great corporate citizen in the state of Connecticut, and a neighbor, as well. Actually I didn't realize we were running out of time. I was actually going to ask you to comment on the environment, climate change, and what you guys are doing to prepare, and what you guys are doing to make money.

MR. IMMELT: So, you know, we've kind of as a company starting in 2005, we basically inside the company have run the company to reduce our greenhouse gas emissions. We've invested in clean energy. So we've
been an investor in super-efficient jet engines, gas
turbines, wind energy, and things like that.

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

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

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

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

We're going to be proud of it. We're going to
innovate around it.

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

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

GOVERNOR FALLIN: One last question.

GOVERNOR [ALEJANDRO] GARCIA-PADILLA: Thank you, Mr. Immelt, thank you for your presence in Puerto Rico.

You have been part of Puerto Rico. My father used to work in GE in the very poor side of Puerto Rico.

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

MR. IMMELT: Oh, look, I think it's the differentiator frequently. You know, to be honest
with you, I think today is—again—I'm in a different
case because when we do a facility in any one of your
states, we're thinking about 40 years or 50 years.
So we're not thinking about, you know, six—it's just
the nature of the products we make, or just these
long cycle high-tech businesses.

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

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

So knowing how good the schools are is one
of the most critical things. And having a belief
that the schools can scale. In Oklahoma, you know,
we know Oklahoma cares about natural gas. But we
also know the University of Oklahoma and Oklahoma
State are awesome schools when it comes to investing
in, you know, where the future is going to be.
So I think it's the dominant number one.
It's the dominant number one for somebody in our
shoes.
GOVERNOR GARCIA-PADILLA: Great. Thank
you very much.
(Applause.)
GOVERNOR FALLIN: As you can see,
there is great interest, Jeff. So thank you very
much for coming and spending time with our governors.
I think you earned a lot of best friends here today
with all your great announcements of expansion, and
growth, and job creation. But some great advice for
our governors as we continue to work on improving our
economies.
So now it is time for our NGA Public
Private Sector Partnership Award. It is a program
that recognizes our NGA Corporate Fellows Program,
public policy companies, and also our noteworthy
partnerships that we have with our governors and the
private sector.
So each fall, our governors are invited to nominate a company that has partnered to implement a program, a project, or some type of service that possibly affects a state and its citizens, such as work in education, health care, energy, public safety, or even the environment.

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

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

So I would like to invite up Governor Maggie Hassan from New Hampshire—I'm having a brain freeze here—from New Hampshire. It's always great to see you, Maggie. We're glad you got to come.
Maggie has a wonderful nominee and a company that she's going to give the NGA Public Private Partnership Award to. Welcome, Governor Hassan. Thank you.

(Applause.)

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

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

Just a few examples: We partner with them on emergency response, on development, especially in the areas of affordable housing, public spaces, community centers. They help us facilitate the sharing of information and resources to stimulate economic growth. And they help us build a stronger
workforce pipeline, obviously an issue of great
importance to each and every governor who is here.
And they also, I think in a unique way,
help us demonstrate the value of collective problem-
solving, something we are all doing in our states on
a daily basis, and I quite frankly wish we were doing
a little bit more of here in Washington, D.C., too.
In New Hampshire we have had the great
privilege of working with our award winner today, the
Environmental Systems Research Institute, also known
as ESRI. ESRI has partnered with our department of
education, our New Hampshire Fish & Game Department,
the New Hampshire Geographic Alliance and the
University of New Hampshire Cooperative Extension.
And in those partnerships, ESRI has really
helped us form a team of New Hampshire education
geographic information system specialists. And
before I talk a little bit more about the specifics,
I want to take a step back because what ESRI and its
founder, Jack Dangermond, really understand is the
importance of geography.
My mom taught high school history at my
local high school, and she always said to me, "You can't understand history without understanding geography, right?" And when I think about our state, all of us have geography that defines us as places and as people.

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

(Laughter.)

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

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

So thanks to the innovative public-private partnership that we have with ESRI. Every New Hampshire public, private and charter K-through-12
school has access through a statewide license to state-of-the-art geographic information system tools for use in education and research. We have more than 200,000 students who now have the ability to learn and apply geospatial concepts. We have school districts that are using the information to become more efficient—for instance, planning better and more effective school bus routes, which in a state that has a lot of rural territory, is a really, really important thing.

So in New Hampshire, because of our partnership with ESRI, we are using geography, especially our young people are using geography to understand our history, who we are as a people. We are using it to collect and analyze data and understand our current challenges as a result, and we are using geography to literally map our future, find our way through to meet the challenges we have ahead. So I am so delighted to be able to present this award to ESRI and its founder and CEO, its president, Jack Dangermond. Thank you to ESRI for your partnership with the state of New Hampshire to
strengthen STEM education, to strengthen us in all
the ways I've just described, and I would like to
welcome Jack up here to accept this award.
Jack's vision in 1969 to start this effort
was truly a major source of change in our country,
much for the better. And his commitment not only to
the use of the tools that he and his company have
developed, but in partnering with all of us to make us
a much better country, is just incredible and we are
very, very lucky to have him as the corporate citizen
that he is.
So, Jack, where are you? Come on up,
please.

(Applause.)

(Award presented.)

GOVERNOR FALLIN: Congratulations,
Jack. And, Governor, thank you so much for that
wonderful presentation and for the nomination itself.
Next we have our information about our
NGA Summer Meeting. Governor Bill Haslam from
Tennessee is going to join us. I know he's got a
great agenda planned for us, a lot of fun.
GOVERNOR HASLAM: We do. Well, I know that there are a lot of you saying NGA Summer Meeting, there's an inordinate amount of us who have re-election campaigns, and you're thinking I'm not sure I can squeeze that in, but I'm here to remind you you'd be making a big mistake.

(Laughter.)

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

(Laughter.)

GOVERNOR HASLAM: And The New York Times just called it the "it" city. So I think you will love your visit to Nashville. I can assure you of that. You'll be staying at the brand new Omni Hotel in downtown. We'll be visiting some of the great sites of Nashville: the Ryman Auditorium, the birthplace, or the mother church of country music.
We'll also, for those of you who are from one of our blue states, you might say well Tennessee's a little on the red state side. We'll be having dinner one night at the Hermitage, the home of Andrew Jackson, who some of you I think identify pretty closely with.

(Laughter.)

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

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

While you're there, I hope you will have a chance to swing by East Tennessee, the home of The Great Smoky Mountains National Park, the most visited
National Park in the country.
Or you can head west and go see Memphis.
Rumors are Elvis is still in the building at times.
Speaking of which, I have it on authority that the king will be here tomorrow. And if you have a chance to visit our booth out there, you can sample some great Tennessee products.
We are handing out M&Ms because every day in Tennessee we make 300 million M&Ms. So I—

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

(Laughter.)
GOVERNOR HASLAM: So, seriously, we promise you an engaging meeting. We realize that summer is a busy time for a lot of us in the campaign year, but I can promise you it will be informative and entertaining, and it will be one of those that
you won't want to miss.

Thanks so much.

(Applause.)

GOVERNOR FALLIN: I hope you caught

that he did say that Elvis may be in the room

tomorrow. That will be exciting. So you don't want

to miss tomorrow's session.

We are concluding our opening session

right now and, Governors, if you will please join us

in the governors-only session, which will start at

12:45. So you have a quick break and we will see all

of our governors in that session. Thank you, very

much.

(Whereupon, at 12:32 p.m., the opening

session was adjourned.)
NATIONAL GOVERNORS ASSOCIATION
Winter Meeting
Sunday, February 23, 2014
JW Marriott
1331 Pennsylvania Avenue Northwest
Washington, DC 20004
Governor Mary Fallin, Oklahoma, NGA Chair, Presiding
Governor John Hickenlooper, Colorado, Vice Chair

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.
PROCEEDINGS

(11:02 a.m.)

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

(Laughter.)

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

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

Yesterday certainly we had a great
discussion on our chair's initiative, my chair's initiative, "America Works: Education and Training For Tomorrow's Jobs," talking about how do we realign our education systems, our career technology schools, with the type of skill sets that are needed in tomorrow's workforce?

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

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

It is my great honor to introduce our moderator for our morning panel, Maria Bartiromo. We are glad to have Maria here. She's an award-winning journalist. She's an author. She's a
news anchor. She's one of our leading financial
journalists and certainly known throughout the United
States.

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

She has received so many awards, whether
it's been two Emmys, and certainly the Gracie Award.
She's also been the first—among many things—the
first female journalist inducted into the Cable Hall
of Fame, Class of 2011, and was the first journalist
to report live from the floor of the New York Stock
Exchange on a daily basis, which is huge. And if
that's not enough, Maria is also the author of
several books, including *The Weekend That Changed Wall Street* and *The Ten Laws of Enduring Success*.

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

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

(Music is played.)

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

MS. BARTIROMO: Oh, my goodness. Well when was the last time you heard the Ramones rock band at the National Governors Association meeting?


MS. BARTIROMO: Thank you so much,
GOVERNOR FALLIN: You're welcome.

MS. BARTIROMO: It's good to see you all.

I am Maria Bartiromo, and I speak with CEOs and heads of state and business guys all day long, and I'm hearing from them what the issues are in terms of creating jobs. And I am thrilled to be able to talk right now really to the stewards of our economy, the governors of the country.

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

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

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

So let's get right at it. First, let's
talk growth and opportunities. Then I want to go
into a bit of the challenge, some of the challenges
that each of your states face. And then we'll end on
opportunities and solutions.

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

Who can kick us off and tell me and the
group where is the growth in America today?
Governor of Illinois.

GOVERNOR [PAT] QUINN: Five years ago when I
became governor, we had 200 jobs at Chrysler [in]
Belvedere, Illinois. We have 4,500 or 6,000 jobs there
now. Ford had one shift on the south side of
Chicago. They now have three shifts. They make the
Ford Explorer. And Mitsubishi, located in
Bloomington/Normal, they have a new product line.
So clearly auto and auto supply is a key part of the American economy. It's much better today than it was five years ago. We are exporting more, and we want to continue to do that.

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

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

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

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

Kentucky is the third-largest producer of cars and light trucks in the country now. We're
close to Ohio. We're going to hopefully bypass them shortly, but Governor [John] Kasich and I will fight over that.

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

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

MS. BARTIROMO: I think that's a great point, because increasingly what you hear is the skills gap. Business really can't find the people
that they need, those engineers that they need, everything is changing as a result of technology.

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

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

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

We have a lot of our service members returning from Iraq and Afghanistan. Our community colleges have programs for our service members. I just went to southern Illinois and 15 veterans learned how to be welders and got union cards and got
paychecks. So I think those are key parts of a manufacturing economy and a growing economy.

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

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

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

Two points that are totally separate and apart from what we talk about all the time I think are important to that competitive advantage that you just asked the question about.
One is an example of what a news network has done. And there are anecdotal stories about the results of that. It's ABC. It's one of your competitors, but it's ABC.

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

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

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

They ran a segment, and then they went back a year later and they had like 200 workers now
because all the box stores and everybody else were compelled to start buying [their] nails.

The other thing that can and should be done to do this is more of our giants, our corporate giants, need to help what the states and the governors are doing, the way Walmart has done. Walmart has said we're going to spend $50 billion—and I just saw a revised figure yesterday where it may be even more than that—$50 billion over 10 years to Buy America, to reshore American manufacturing.

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

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

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

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

In other words, things have changed so much. Years ago, back 50 years ago, as I have said
to this group yesterday, if you had a high school degree, 80 percent of the jobs in America, if you had a high school degree you could reach the middle class. You could reach a living wage. You might be able to reach the American Dream.

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

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

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

We know we're falling behind with other...
foreign countries when it comes to reading, math and science, all those skill sets that are needed for today's jobs and tomorrow's jobs.

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

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

One of the things we've done—and I'll do it really quickly because I know we've got a lot of people to talk—but we've actually analyzed all of our different states, their educational attainment levels, the type of core industries in their states. And if we know we need a lot of say welders in a particular state because they have a strong aerospace industry or a strong energy sector, then we need to have more welders. Or maybe we need to have more engineers, or more composite material-type people in those types of heavy industries that are in those
various states. But it varies. Each state is unique.

MS. BARTIROMO: There was someone—

Governor Corbett, I'm going to get to you in a second, but Governor Martinez, you had your hand up.

GOVERNOR [GARY] HERBERT: Herbert.

MS. BARTIROMO: Herbert, I apologize.

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

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

We have a simple phrase: We want to keep government off your backs and out of your wallets.

So we've done tax reform. We've lowered our taxes.

We've done regulation reform. We want to make sure there's level playing fields, and the public is protected, but not have onus regulations that stifle innovation and creativity.
No matter what the niche is in the marketplace, there's a lot of different areas to excel. We're having great success in life sciences, medical device areas of manufacturing, aerospace, tourism, and travel. But we've tried to let the marketplace find the niche, as opposed to government weighing in and tipping the scales.

MS. BARTIROMO: Yes?

GOVERNOR [STEVE] BULLOCK: But I think one of the things that we can do as leaders is work with the private sector and say, what are your needs? I've said to my higher educational system—I mean Montana has the fastest growth in degrees. A lot of that is, right now, two-year degrees, but I've said I never want to be talking to an employer who says to me: I'd love to locate there but we don't have the skill set.

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

We've been working by actually bringing
the employers together, both in Montana and elsewhere, and saying what do you project? And then we can work on our curriculums and make sure that we're getting the talent and trained workforce that the need out.

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

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

But also from the regulatory side, oftentimes what you see when you come into the office
is a regulatory system that might have been heavy on
regulation, and real heavy on not providing a level
playing field.

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

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

We just help a little bit. We plowed the
field, seeded it a little bit, and get out of the way
and let the free market system do exactly what it
does.

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

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

Governor Hassan.

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

But getting on to—I come from a very
small business state. New Hampshire has some large
employers, but by and large we are a very small business state. We're entrepreneurial. And one of the things that we heard from businesses, especially the small ones, is they don't have the kind of resources that can help them kind of leverage the backroom function that they might need, whether it's human resources or even getting up to speed on how they could become an exporter.

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

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

We're looking at having a gold-standard program for businesses who are really good corporate citizens, who follow regulations, who follow the law,
so maybe we can ease some of the compliance paperwork for them, if you will, to help them again create jobs.

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

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

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

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

Raising the minimum wage and making sure
that women and men earn the same for the work they
do. As one person put it in an anecdote I heard
recently, he said, "You know, when my wife is paid
fairly, my whole family does better."
And so those are some of the things that I
think we can all do together, making sure that our
businesses are leveraged and regulated fairly but
well; and then finally, making sure we're innovating
in state government, too.
We should be making sure that we're all
looking at the customers we're trying to serve and
bringing that customer service culture to government.
And then I think we can really help our businesses do
what they do, which is create jobs.
MS. BARTIROMO: I'm glad you mentioned the
challenges, because we are going to get into the
challenges. And I want to try to get some solutions
in terms of the cost of health care, in terms of the
uncertainty happening in Washington, and what that
has done to having a clear path to growth and jobs.
Well, Governor McCrory, you wanted to jump
in. You know, for your state you've got to look at
it in two ways: the rural/urban. Is that different
in terms of the approaches you take toward growth and
jobs?

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

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

And one of the issues is labor. And I
frankly think there has been a disconnect between
education and commerce, where we may be training
people in education on what education people want,
but not what commerce actually needs.

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

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

We have a limited amount of money in education, and we have to make sure that money is flexible and can be moved quickly to the areas of commerce where it's needed.
For example, right now we have an over-abundance of lawyers, with all due respect.

MS. BARTIROMO: Yep, yep.

(Laughter.)

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

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

MS. BARTIROMO: That's right.

GOVERNOR McCORRY: So why are we not shifting money from legal degrees to engineering degrees? At a time when we have plenty of sociology majors, we don't have enough electricians and mechanics. Why don't we shift that money over and allow us in the way we spend the government money adapted to what the market is telling us they need at this point in time. And we're doing that, but we're having to move institutional ships that are pretty set in their ways. And I think that's one of our great challenges, since we all do have a limited amount of money.
MS. BARTIROMO: Can you do that as a
state? I mean, there's such uncertainty, as far as
where the next federal dollar comes from— . . .

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

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

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

GOVERNOR McCORORY: And that's our major sales force, selling point, marketing point, in competing against my friends here, is we've got the skilled labor.

MS. BARTIROMO: Well it's interesting to hear that the skills gap is so prevalent across the country, really, with so many of you voicing. So we're going to go to Nebraska, then we're going to hear from Tennessee, as well as Wisconsin.

Governor Heineman.

GOVERNOR [DAVE] HEINEMAN: Thank you. Let me just share a couple of things.

I think education is very important. We talk about low taxes, low regulation, all that makes a difference. We're trying to make sure our kids understand we're competing globally.

I've been on 12 different trade missions, from Cuba to China. We've done two reverse trade missions where we brought over 500 people to our state to understand what we have to offer.

All these things come into play. It's a
very comprehensive approach. As a result of what we've done, we've got the second-lowest unemployment rate in America at 3.6 percent. There's a reason the number one American capitalist is located in Omaha, Nebraska, Warren Buffett, because we're a low regulatory regulation environment relative to insurance and finance.

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

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

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

MS. BARTIROMO: And of course, Governor,
you mentioned the export story that you're seeing, and it's a good one.

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

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

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

So I think it's being good at all of these
things, and it is needing also to be able to
demonstrate that you can work together.
You mentioned that businesses are worried
about the uncertainty in Washington. I'm sure other
governors have similar stories to tell.

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

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

Yes?

GOVERNOR HASLAM: Let me go back to the
question you asked about what can we do about it, and
talking about the fact that it's a world market now.

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

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

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

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

(Laughter.)

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

(Laughter.)

GOVERNOR HASLAM: It's a unique situation.

But here's what I would encourage the governors to
do. Go back and compare your exports to countries
that you have trade agreements with—or that the United States
has trade agreements with, and countries that we
don't.

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

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

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

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

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

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

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

Like Utah did, we did it in the UW system.
We've done it in our technical colleges like you're talking about, or some have talked.

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

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

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

And unfortunately, one of the specific things we asked for, Pat, and you were talking about
specifics, we asked our—I spoke to our education
convention a month ago where all of our school board
members, and superintendents came in, and I asked
them to consider changing their brochures and their
websites. Because if you go to any of your schools
in your state, I would gather, like ours do, that
they probably tell you how many kids go on to a four-
year college or university as a percentage. And
that's their selling point, public or private, why
your kid should go there.

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

MS. BARTIROMO: Yes, which is the point
Governor Fallin made as well.
I don't think—yes, sir. Let's go to Iowa
first.

GOVERNOR [TERRY] BRANSTAD: Well one of the areas
that I think needs to be stressed is STEM: science, technology, engineering and math. This is where a lot of the good jobs of the future are. It's also related to agriculture because what's happening in agriculture, instead of shipping out the raw commodities, we are now, through bioscience, converting them to all kinds of new products which are much higher in value. And that's one of the reasons why agriculture is doing well. It is food, feed and fuel. All of them.

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

MS. BARTIROMO: I love what you're saying, because we've talked manufacturing. We've talked
autos. We've talked agriculture. You're bringing up health care and biosciences.

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

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

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

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

You know, I think what I want to bring up is that really we keep talking about how do we create
these opportunities? How do we fix the economy?

Really, I think the opportunities are here now.

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

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

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

Why are we hearing over and over from the national media, frankly, that, you know, things are so tough and terrible? I see opportunities out there for everybody. Energy is an incredible opportunity. I run into people today and I say the United States is producing more petroleum, finally, than Saudi Arabia.
And they question me. They say, no,
you're wrong on that. You don't understand what
you're talking about. And, you know, the opportunity
to, you know, use, you know, ample energy supplies
right here in North America exists today. I think
people are just not conscious of the opportunities
that lay right before us.

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

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

In the last 12 years, we've gone from 39th
in the nation in per capita income to sixth. That is
quite a bit of progress in 12 years. And we believe
that the right policies and the right opportunities
are magic. They will make that happen not just in
North Dakota, because there's much more going on than just the Bakken play, but it will happen in any state.

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

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

(Laughter.)

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

GOVERNOR MEAD: Jack, we'll let you know when you get close, but—

(Laughter.)

GOVERNOR DALRYMPLE: We're gaining on 'ya.

GOVERNOR MEAD: You are, indeed.

The reason energy is important is, in and of itself it's a sector that produces a lot of jobs. You look at states that have the ability to produce a lot of energy, they have low unemployment. But also that goes with that we've increased our manufacturing
a full percentage point greater than the national average.
And manufacturers and businesses that want to come to Wyoming, they look at the low cost of energy and that is a big factor. Because if you have low cost of energy, if you can provide affordable energy, that lifts all boats, manufacturing and otherwise.
The other thing that it's tied to is energy is related to the cost of everything we do, from the first time we get up in the morning to infrastructure. And I think infrastructure is very important because it doesn't matter what your economic development plan is, if you don't have roads, sewer, water, bridges, transmission, you're going to be in a tough spot.
And so I think collectively, as I talk to governors, you know infrastructure is and should remain a top concern for us in terms of making sure we have the platform necessary for businesses to take off.

MS. BARTIROMO: Yes. So what I'm hearing
is, the biggest opportunities for growth and jobs in America are manufacturing, auto, energy, biotech and biosciences, health care—

UNIDENTIFIED SPEAKER: Agriculture.

MS. BARTIROMO: Agriculture.

GOVERNOR McCROY: Aerospace.

MS. BARTIROMO: Governor McCrory.

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

Most of the future power plants in the world are going to be designed and built, or designed in the United States and then exported.

The Charlotte region is becoming a major energy generation hub for the Westinghouses and the GEs and other companies that are designing future gas turbine plants and nuclear plants and other types of plants, so we've got to remember that. That's the quality of workforce that we have in the United States.

But the second thing is, there are states like North Carolina and South Carolina and several
other states along the Atlantic Coast who want to look to see what potential energy is offshore. And right now we are not giving permission to do the necessary seismic testing to find out what energy sources we have off our coast so we can determine how we can possibly drill in a safe and environmentally sound way.

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

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

GOVERNOR McCRORY: Well first of all, they're taking—they're filling up their gas tanks from someplace right now, and they're heating their
homes from someplace right now, including the Dakotas
and Wyoming and everywhere else, and overseas.
And the technology has improved greatly,
and we've got to ensure as governors that we
institute the safe, environmentally sound practices
that make it happen. But every form of energy, we
have to seek.
I think most governors believe in "all of
the above," and all of them have certain issues we
have to deal with to ensure that we protect the
environment while also continuing our economic growth
and prosperity.
MS. BARTIROMO: Yes, sir.
GOVERNOR [PHIL] BRYANT: I think you said
something that was very important. When we talk
about jobs in the energy sector, there's this idea
that somehow that's not a popular thing to do for
children, for young adults in universities and
colleges. Almost as if you'd go into a classroom and
say how many of you want to go to work in the oil
field? Not a lot of hands would go up.
Now if you say how many of you want to be
petroleum engineers? Then they'll start saying that
sounds good. And so it's the way that it's been
presented I think by a lot of those that are the "not
in my backyard, not offshore, we're trying to protect
the environment." And if you go into the energy
production or exploration, you're going to do
something that's somehow unpopular in our culture.
And we have worked hard on that in
Mississippi. The Frazier Institute says we're the
second-best state in America to invest—I know,
Oklahoma is number one. But we're working very hard
trying to get our universities, and even at the high
school level, to tell our students this is an
admirable thing for you to do. You can have a
tremendous career in energy and change that mindset
that someone will dislike them because they're going
out and drilling for oil and using hydraulic
fracturing, and enhanced oil recovery, the new
technology that has made us the greater producer of
oil and gas in the world right now.

MS. BARTIROMO: Right. You make a great
point. It's almost marketing.
GOVERNOR BRYANT: Absolutely.

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

Governor Herbert?

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

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

Jack [Dalrymple], in North Dakota, has only about 9 percent public lands. So he's got the Bakken and
private development that's taking place out there in a significant way.

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

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

We started this discussion on opportunities, but we've gone right to challenges.
And that's important because we're getting the
issues, the barriers to growth and jobs, on the table
right away.

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

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

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

So again it gets back to not only where
are the opportunities in terms of energy and the fact
that we can be self-sustaining as a country, but we
also need to think through how our energy
infrastructure transmission capacity is going to
work, and how we can all work together.

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

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

MS. BARTIROMO: Absolutely. Governor
Quinn?

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

Our state is number one in the country at
building LEED-certified buildings, buildings that are
energy-efficient that use water in a conserving way.
And I think it is important that we use renewable energy in every energy efficiency mission that we can embark on. It saves taxpayers money if it's a public building, and it saves all of us, issues that lead the news every day, which is weather.

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

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

(Laughter.)

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

I would also say, one more thing, if we
want to be sustainable, we have to invest in broadband deployment. We have to have everybody in, and nobody left out, when it comes to access to high-speed Internet.

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

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

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

GOVERNOR [BRIAN] SANDOVAL: Thank you. And I want to—I guess a piggyback on Governor Herbert's comment for appreciation. Nevada is 86 percent federal land.

So we have some unique challenges where we have to
work very closely with the federal government.

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

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

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

MS. BARTIROMO: There's no doubt about it. I think, you know, in order to really get to the crux
of growth and jobs, you've got to talk about the
challenges.

We've heard a lot about the skill set, the
skills gap. Let's talk about the cost of health
care. Speak to us like we are your grandmother.

Give us the opportunities and the challenges in terms
of the Affordable Care Act, in terms of what you're
facing around the uncertainty of health care.

Does anybody at the table have a solution?

Yes, sir.

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

So now we have an opportunity as
individual states to actually improve the wellness of
our people, and to change the incentives to ones of
wellness, rather than treating hospitals as if they
were hotels that can only be profitable if they keep
all of their beds filled with as many sick people for
as many days and nights as possible.

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

And you all know what they are, right?
It's the congestive heart conditions, the diabetes,
it's the asthma. And that those hospitals will
actually do better as they reduce the repeated
readmissions that those folks poorly treated and
uncovered with health care would otherwise be racking
up for all of us to absorb in our uncompensated care.
So we're very excited about it, and already as a nation we see that that sharply escalating cost of health care is being brought down. Is it going in the right direction yet? No, but it's no longer that sort of hockey stick that was eating up our productivity and our ability to create a stronger middle class so that we can grow our economy.

MS. BARTIROMO: Yes, sir.

GOVERNOR BRANSTAD: I think the only way we solve the health care problem in America is to get people to take ownership of their own health. In my previous job as president of a medical school, we did health risk assessments on all faculty staff and students. We have just gone through quite a battle to get our waiver for Iowa's Health and Wellness Plan. We have the goal to be the healthiest state in the nation. And we feel the only way we do that is we've got to get individuals, communities, businesses, everybody on board working to—and that's, you know, it's not using tobacco products, it's focusing on exercise and nutrition and
all those kinds of things.

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

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

MS. BARTIROMO: Well that makes sense.

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

(Laughter.)

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

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

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

That's why we need to change the system.

MS. BARTIROMO: So what's your solution?

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

The second, though, back—I think Governor Brandstad’s right. There has to be something to where your grandmother says “I get it.” There’s an incentive for me to make wise choices as I go through the process.

MS. BARTIROMO: Accountability.

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

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

So now we provide incentives to our state
employees. We have a group, a private entity that
they can call up and say, “So I need to have a knee
replacement. Where's the best value in New
Hampshire?” And if they choose one of those best-
value providers, they get an incentive.

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

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

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

GOVERNOR HERBERT: Well, thank you. I
believe that a healthy economy is key to people's own personal health. If you want to help those who are poor, those who are disadvantaged, the best thing we can do is give them a job. Help them to have the opportunity to support themselves.

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

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

So as we expand the economy, we want to empower the private sector and make sure that those innovators out there that start maybe poor end up rich, that's the American Dream. That's what capitalism is all about. That's what's made America great.
In Utah, we've tried to do that. We have the lowest-cost health care in America in Utah, with about the fifth-rated best quality of health care in our state. But it starts, as has been mentioned, with individual responsibility, healthy lifestyles, people taking ownership, then trying to provide opportunities out there for health care in the private sector to find those niches and ways to deliver services to the people in a free market system.

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

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

What would have been better is if they'd
said to the states, hey, you know, we've got this health care issue. Utah, you've got a young population. You probably need more prenatal care. If you're in Arizona, or Florida, maybe more senior citizen end-of-care needs.

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

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

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

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

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

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

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

MS. BARTIROMO: And you’ve seen evidence of that?

GOVERNOR HERBERT: Absolutely. In fact,
in Utah we have a large middle class, and we've been just rated as, if you are at the lower end of the spectrum in all 50 states, your chance of advancing to the higher economic ladder is better in Utah than any place.

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

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

GOVERNOR [JAY] NIXON: Three things real quick.

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

Now there's a lot of products that you can buy from Medicare Advantage and all this sort of
And in that vein, we have a unique opportunity in front of us at our time in history, and I agree with Governor Herbert on a lot of things, some I disagree with him, but our responsibility now is for the working poor to give them the same opportunity for health care that the senior citizens have had under Medicare. That's our responsibility.

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

The third piece is, we've been talking about technology. Health care needs way more
If a cop in West Plains, Missouri, pulls over somebody, by the time that cop gets out of his car and walks to that—to pick up the guy, he can look—or gal, whoever's speeding or whatever—he's got their entire criminal record on a computer screen.

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

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

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

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

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

(Laughter.)

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

(Laughter.)

MS. BARTIROMO: Very good.

GOVERNOR WALKER: I wear my helmet.

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

GOVERNOR WALKER: I wear my helmet every time.

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

MS. BARTIROMO: You made a real decision
as it relates to health care and Medicaid. Talk to
us about it, and also what your solution is here.

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

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

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

(Laughter.)

GOVERNOR WALKER: And yet, most Americans
can't tell you much about their health plan. They
can tell you maybe that it costs $10 to go pick up a
prescription drug. Maybe it's a little bit less if it's generic. They can tell you it's $10 or $15 to go to the doctor, but they really don't know what it's all about.

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

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

Most people, years ago, it was unaffordable for anybody but the superrich to have corrective eye surgery. It was a couple of thousand dollars an eye. And yet today, at least in our parts, and I would imagine other states as well, you
can—anybody, just about anybody, could save up for a
couple hundred dollars an eye could have corrective
eye surgery.

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

Now most decisions we make when it comes
to health care are elective. I'm not going to shop
around if I have a heart attack as to what hospital.
But for the example you gave in New Hampshire, I
remember years ago one of my friends who had a FLEX
account said, you know, the great things for him and
his family was they decided on a fairly routine
procedure they could either have it at the hospital
that day, or they could wait two days later for
something they didn't need to have right away and
save $1,500 by going to a clinic that was 20 minutes
Right now, with our phones we would make those sorts of decisions. We don't when it comes to health care. And I think we've got to move to a patient-centered plan, something the states, even with the Affordable Care Act, can play a role in. Because if we give our patients, our consumers, more information, more data, more ability to make those choices, if they have more skin in the game, that's ultimately going to be what controls cost.

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

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

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

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

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

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

MS. BARTIROMO: Governor McCrory.

GOVERNOR McCRORY: You asked earlier some of the challenges, and I just want to briefly mention
a couple of challenges that sometimes wake me up
early in the morning, earlier than I want.
The first challenge I think all the
governors are going to have, and the President, and
the Congress, and every mayor and chairman of county
commissioners out there, is unfunded liabilities
that, frankly, aren't on the books but we're sweeping
them underneath the rug.
And I'm not talking about this year.
We're all dealing with our budgets year after year.
I'm talking about unfunded liabilities that are not
funded for the next 10 to 20 years, regarding
pensions, regarding health care primarily, I think
are the two major unfunded liabilities that are not
being talked about enough in this nation, and even
among governors.
Because it's going to catch up, and it is
catching up in certain pockets of the United States
at this point in time where the private sector, any
board of directors of private sector has to list
their unfunded liabilities on their financial
reports. That's not always been the case in
government. And we've got to do some realistic accounting on unfunded liabilities.

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

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

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

We discussed yesterday, Republicans and Democrats, alone on the execution of certain cuts in
the military, and they're doing it to our Guards, not realizing the impact of the operation of our Guard work. I think there is a consensus on this.

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

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

The last thing that I think we're all seeking is predictability in some of these rules and procedures. Often what's happening out of the federal government is they're changing the rules by the day, and by the minute, and therefore I don't know if it's the case with other governors right now,
we're trying to forecast our budget for the future and, frankly, we do not know the Medicaid impact of how many more people are signing up on Medicaid during the past three months and the next three months.

MS. BARTIROMO: And food stamps, right?
GOVERNOR McCORRY: Yes. The term is "woodworking." How many people are coming out of the woodwork? And we're frankly having to do SWAGS, major SWAGS, which I won't repeat what that acronym means, on guessing what the impact of national policy will be on the states.

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

Those are the four major issues that we as governors, both Republican and Democrat, we have to find the solutions together.
MS. BARTIROMO: How are you going to appeal to the President and Congress to really move the needle on these issues? You are having a meeting at the White House. Is that the crux of the conversation tomorrow?

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

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

Governor Branstad is our leader in that effort, along with Governor O'Malley. So it's nice among us to find the consensus, and at least make
MS. BARTIROMO: I guess what confuses me is, you know, we’ve been talking about some of these issues for a long time. I mean, the uncertainty of, you know, not knowing the rules, and, you know, not knowing where the federal money is going, and if it is going.

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

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

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

And no one really knows what the impact of
that is going to be. But from a financial standpoint, I think you are going to see a lot of businesses do that. And that is going to change the whole framework of health care in the United States.

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

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

MS. BARTIROMO: Governor Fallin.

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

And with the Affordable Care Act and the new mandates under that, he said his health insurance costs were going to go up about $250,000 and he
couldn't afford it because he was a new company. So he dropped his employees back to 50 to stay under the guidelines. And then all of a sudden it gets delayed, and he let all those employees go, which also stopped his business from growing. So it kind of had the reverse effect.

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

So that's been our message to the President, is that look to the governors. We do have great solutions for health care issues, for
education, for workforce, skills gaps, recruiting,
energy, creating jobs. We’re addressing the issues
that are important to America at a time when you see
a lot of inaction in Washington, D.C.
And I think my co-chairman here, Governor
Hickenlooper, has been waiting for a few moments to
say something.
MS. BARTIROMO: Yes, Governor.
GOVERNOR [JOHN] HICKENLOOPER: So of
course I echo whatever the chair says.

(Laughter.)

GOVERNOR HICKENLOOPER: You
know, I think one thing within all this is a couple
of things: that we are making progress, right? And
one of the things Jeff Immelt of GE said yesterday
was that every day this country is getting a little
better. Not as fast as we might like, we can see all
the mistakes we’re making, but every day the world is
getting better.
I see the level of integration between
states. And, you know, Colorado is a big aerospace
state, probably per capita the number one aerospace
state in the country, and we have a lot of different
companies that are very widespread when they put
things together.

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

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

We compete, you know, all the time, on a
regular basis but we don't—sometimes we forget how
well we work together. And GE, I'm going to guess
there's not a state in the country that they don't
have some sort of a manufacturing presence. And that
ability of this country to work together, and, you
know, the ability of us to fix the infrastructure
issues, right, whether it's education, whether it's
transportation. I mean we obviously have a lack of capital available right now for infrastructure, but again governors are going to sit down and work on that together and figure out a way with the federal government.

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

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

MS. BARTIROMO: Governor, while we're talking Colorado, what are you expecting the
financial impact of legalizing marijuana will be on your state?

GOVERNOR HICKENLOOPER: It is more significant I think than most of us thought, although it's so early in the system it's hard to see. When I was in the restaurant business, we always looked at flow-through, right? So people made a lot of purchases, set up a lot of stores. We're not sure how what the repeat business is going to look like. One of the things we're focused on is not to take this as a windfall and start putting it to other uses. We're not sure what the unintended consequences are going to be, whether we're going to have a lot of kids that slip off the tracks, and we're going to need resources to get them back on the right direction.

We're very worried about people looking at marijuana consumption as it really is harmless, right? We're trying to regulate it as rigorously as we do alcohol. Again, as someone who was in the restaurant business, boy, the first time, or the second time you serve an underage person in your
restaurant, they suspend your license. Usually in
most states, by the third time you've lost your
license forever.

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

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

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

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

But again, that's a preliminary estimate.
You have to take that with a grain of salt, right?

We don't have enough data to be really more assertive on it.

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

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

So I will begin with you, sir.

GOVERNOR QUINN: Okay, we've got to raise the minimum wage. There's a principle as old as the Bible. If you work hard, if you're a mom and a dad raising children, you shouldn't have to live in poverty. We should listen to Time's Man of the Year last year, Pope Francis. He talked about it an
economy of inclusion, not exclusion. If we want to
really have more consumer purchasing power, 70
percent of our economy, raise the minimum wage.

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

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

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

MS. BARTIROMO: Governor Heineman.

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

MS. BARTIROMO: Governor?

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

GOVERNOR [STEVE] BULLOCK: I think overall it's more than just talking to the President. I think that part of the uncertainty in our overall economy
is the dysfunction that occurs in Washington, D.C.,
right now when we're—last fall, I mean the greatest
country in the world to almost go into default on our
debt?

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

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

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

But a lot—I mean, look, it's a different
world with intensified rhetoric, and people not wanting to find solutions. I live in a state where almost two-thirds of my legislature is the opposite party. Nonetheless, we figured out a way to actually cut taxes for every business and make record investments in education, freeze college tuition, fix our pension system without raising taxes, and leave $300 million in the bank.

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

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

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

We as governors go back to our own hill, and we work together with those because we have to solve problems.
What I'm going to suggest is there needs to be a rebirth of the concept of federalism. We are partners with the federal government, and we're not junior partners. We are co-equals, and we ought to be treated as such. We have something to say. We have examples. We have opportunities. We need flexibility, as has been mentioned.

But the concept of federalism as states being partners, co-equal with the federal government, is something we've got to have a rebirth not only with the President but with the Congress.

MS. BARTIROMO: Governor?

GOVERNOR [ELOY] INOS: I think we need more flexibility, especially in the regulatory and permitting areas. I think that has hampered a lot of the progress that I would like to see.

MS. BARTIROMO: Governor Mead.

GOVERNOR MEAD: Well, of course, thanks for dinner would be one.

(Laughter.)

MS. BARTIROMO: Well that's important.

GOVERNOR MEAD: Two, you know, maybe not
an elephant, maybe not a donkey, ride a horse.

That's what we do.

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

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

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

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

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

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

Yes?

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

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

Governor?

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

GOVERNOR WALKER: Flexibility in programs, for sure. I would add to what Matt [Mead] said on energy
policy. We know in the Midwest in particular with the propane shortage, it was a good wake-up call to the fact that in the larger sense we need a national energy policy that really does embrace "all the above" not just for energy exploration, but because it's a national security issue as well as an economic issue.

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

MS. BARTIROMO: Governor Nixon.

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

I also think that it's important for all of us and for him to continue to support families in the military as we wind down Afghanistan. I mean, this country went through something after Vietnam
where folks came back after serving our country that
were not welcomed back, and I think we've all,
everybody here, as well as the President and
Congress, has done a good job in that area. We want
to be supportive to make sure we make transitioning
these folks back into their day jobs, back into our
communities, that we support them all the way home
with jobs and other things. And I want to thank the
President and First Lady for doing just that.

MS. BARTIROMO: Governor Bryant.

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

           MS. BARTIROMO: Communicate.

           GOVERNOR BRYANT: Write it down and talk
to us.

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

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

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

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

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

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

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

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

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

Governor Corbett.

GOVERNOR CORBETT: There has been a lot
said that has gone through my mind. I would boil it
donw pretty quickly. I figure 10 seconds with the
President. Give us the flexibility. Give us the predictability from the government. And number three, call us before you come up with a new policy that's going to affect us and allow us to give you input. Because I'm completely different than Missouri is, or Scott is over in Wisconsin, and our needs are completely different.

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

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

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

It passed the Senate I think 60 to 27. So if we can get it through the House and have the President sign it, that's revenue that we can put towards our higher education, toward our K to 12,
toward our roads and bridges, and to be competitive economically.

MS. BARTIROMO: Governor Hassan.

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

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

MS. BARTIROMO: Governor Malloy.

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

I would ask him to lift more women out of poverty by making sure that we raise the minimum wage. The reality is that 55 to 60 percent of people are earning the minimum wage in this nation are
women, and it is one of the biggest factors in women living in poverty. So I would ask them to get the job done.

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

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

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

MS. BARTIROMO: Governor Fallin.

GOVERNOR FALLIN: We do appreciate the President and Vice President meeting with all the
governors. As you have heard around this room, there are a lot of great ideas, a lot of good solutions to problems being proposed by our governors.

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

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

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

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

I want to say that I don't know that we came up with the solutions and fixed what ails us,
but certainly having the discussion, getting
everything on the table, making specifics like you
just did, Governor, is the beginning.

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

Thanks, everybody.

(Applause.)

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

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