NATIONAL GOVERNORS ASSOCIATION

FIRST PLENARY SESSION

Hyatt Regency Hotel
Ballroom I
Hilton Head, South Carolina

Sunday, August 24, 1986

The first plenary session convened at 12:35 p.m.
GOVERNOR ALEXANDER: Good morning, ladies and gentlemen, guests. I would like to call this meeting of the Governors session to order.

MR. BRANSCOMB: Audio.

GOVERNOR ALEXANDER: Thank you very much.

Ladies and gentlemen and my fellow Governors, we want to begin the 78th meeting of the National Governors' Association, and ask the Governors to please take their seats; some of the most comfortable seats, as Governor O'Neill observed, in any of the Governors' meetings. We thank Governor Riley for that. We have a fascinating afternoon ahead of us and I think a fascinating next 2-1/2 days. I have a few pieces of business to get out of the way before we begin.

May I have a motion and a second for the adoption of our usual rules of procedure. Motion and a second.

Any objection?

They are adopted.

I would like to announce at this time that any Governor intending to offer a motion, or a suspension of the rules, for the purpose of introducing a policy statement for consideration at Tuesday's plenary session, must do so in writing by the close of business tomorrow.
If the Governors have substantial amendments, it would be a help if they would also be made in writing. I hope you will give all copies of that to Jim Martin of the NGA staff.

There will be some elections of our own before we leave on Tuesday, and I have asked five of our members to serve as members of the nominating committee for next year's Executive Committee: Governors Janklow, Atiyeh, Riley, Lamm, and Governor John Carlin as Chairman.

We are already enjoying South Carolina and Hilton Head and the Rileys, the first family here, as well as all of the other families. And to welcome us again, the honorable Governor Dick Riley, the Governor of South Carolina. Dick.

(Applause.)

GOVERNOR RILEY: Thank you so much, Lamar. It's certainly a great honor for me as Governor to welcome all of you here. South Carolina is so proud to have this very important conference, proud to have all the distinguished Governors and the guests here with us. I think you can sense the great warmth that's present here from the people of this state. One of my favorite stories about the sea coast is when my wife and I had our children down to Pawleys Island, which is up the coast a little bit from here, one summer. We had three little children at the time.
We have four now; but Hubert was about four years old, and we were walking on the beach early one morning, nobody was out there but Hubert and myself, and I told Hubert to look out into the ocean -- and no boats, no nothing -- and to concentrate on what was important -- and he was a little tiny fellow. He looked out at the ocean, the ocean waves were rolling in and rolling in. He looked up at me, big eyes shining, he said, "Daddy, it just keeps flushing and flushing and flushing." So I hope as you all look out into the ocean, you can have a little more profound thoughts than Hubert.

But I am so proud, as the issues we have discussed here at this meeting -- we will address the critical issues for all states and, really, for the future of this nation, and for all young people, certainly, and all the people. That is this issue of quality education, American educational reform.

But Hilton Head and all South Carolina have thrown their doors open. And I hope, in turn, you will be impressed with the beauty of this island and the entire low country of South Carolina. It is indeed steeped in legend and in mystery, and is unsurpassed, I think, in natural beauty and climate anywhere.

By the end of your stay, I am sure you will agree with our court laureate Henry Timrod, who lived in
the mid-1800s and served as court laureate then. Talking about this state, he said, "We thank Him for placing us here beneath so kind a sky."

This welcome also would not be complete without thinking of those farmers all across the country and thanking you Governors and all involved, for sending the large quantities of hay here during our very critical drought that has occurred over the past six or eight months. It was an outpouring of warmth and support. We appreciate it. I think it has touched people all over the nation and certainly we have been very grateful.

With the focus of this meeting on the 1991 Education Report, I think it's particularly significant that it's being held here in South Carolina. We in our state are proud of the pioneering efforts that have been made for educational reforms, by parents and children and grandparents and teachers and principals, business people, all working together.

Knowing the caliber of Governors here, their determination to place the children of America as their top priority, I am certainly confident, as one of your fellow Governors, that we will succeed.

As Governor of this state, it is a privilege for our state and Hilton Head to be the location of this important national effort led by our states' Governors.
Our one great treasure, Mr. Chairman, that we have in South Carolina, is a great appreciation and sensitivity of all the arts. Last night those of you who were at the function saw and heard Clay Rice, who, along with his well-known grandfather, Carew Rice, was a silhouetter, a person who developed this great art of silhouetting. Clay has done a special silhouette of a low country scene that will be mailed to all the Governors. I know you will enjoy and appreciate it. Walter Greer is an excellent, well-recognized national artist from Hilton Head and one of his paintings, of course, you will have of a low country scene.

But I am pleased this morning to have with us Grace Freeman of Rock Hill, South Carolina, our beloved poet laureate. She and her husband, John, are down visiting with us. We put at all of your desks a copy of her most recent volume, "Not Set in Stone." I would note what she said about her husband in it, as she dedicates the volume to him, that he is her constant in life. Grace has autographed a copy for each of you. I know you will enjoy it. Let me ask Grace, and John too, if you will stand and be recognized.

(Appause.)

GOVERNOR RILEY: Let me ask you, if you would, as I conclude my welcoming remarks, turn to page 11 of the
title poem, "Not Set in Stone." Grace, if you don't mind me saying, a whimsical yet very meaningful little poem, with an important message that would provide, I think, a sound beginning, Lamar, for this conference. The last two lines, I would like to read it; the last two lines I will share with you, "Life's appetites and answers are not set in stone."

So, Mr. Chairman and my fellow Governors, welcome to South Carolina. Answers to our heavy state problems are indeed not set in stone. We are all anxious to share our ideas, to seek our best solutions working together. Welcome.

(Applause.)

GOVERNOR ALEXANDER: Thank you very much, Dick Riley and the host committee and the people of South Carolina, for this wonderful visit. A few years ago, it was possible to find a great many parents, citizens and especially educators, who would tell you in a minute that the Governors were too disinterested in education. Now, many of those same people think they have found something even worse: Governors who are too interested in education.

If you look over the horizon and see a big cloud of dust, it's not likely to be the Russians or the buffaloes coming; it's likely to be the Governors coming to save the schools, and coming in virtually every state.
Governor Riley said, and he believes it, and the people of South Carolina mean it, they are very proud of South Carolina's efforts to improve the quality of education in this state, and they have done a number of pioneering things here that people respect in every state.

But it's just not only true in South Carolina. You can interview the Governors as they leave this room, and each one will give you a pretty good and honest speech about his or her deep belief that the state that Governor represents has the best education reform package in that state's history. The Governors, in their own ways, in their own states, are making great steps forward.

No one can quite remember the nation's Governors ever doing anything quite the way we have done our look at better schools over the past year. We have divided into seven task forces to work on seven tough questions. We have produced a variety of answers and issued those in a report that looks ahead for five years. They are not easy questions and they are not always the favorite questions of many professional educators. We have done it because we believe that better schools mean better jobs, and that our -- the future of the people who elect us depend upon having better jobs. We have come to some conclusions about it which we would like now to begin to present.

For the first next hour and a half, we are going
to begin that presentation. We will have a film about 12
minutes long featuring the chairmen of those seven task
forces, and a number of other very important individuals,
many of whom are seven, eight and nine years old, at whom a
lot of this is directed and intended to help. We will then
hear presentations from three of the Governors who led the
task forces on teaching, on leadership and on choice. And
then to assist us, we will welcome six very distinguished
persons in the field of American education: The honorable
William J. Bennett, the United States Secretary of
Education; Mr. Lewis Branscomb, the chief scientist for IBM
who headed the task force of the Carnegie Foundation on
teaching which we have been hearing so much about;
Mrs. Mary Futrell and Mr. Al Shanker, the heads of the two
national teachers unions in this country, who have come
here today; Mr. Everett Hawks, principal of Central High
School in Little Rock, Arkansas; Ms. Georgeanne Sherrill,
who is a career ladder 3 elementary teacher in Tennessee.
The six of them will be here to respond to the questions of
the Governors.

The most important thing I could say about the
report, just before we see the film, is this: This is not
a report of a professor, no matter how distinguished that
professor might be. Neither is it the report of a
commission, no matter how distinguished that commission
might be. This is a report of the nation's 50 chief
executives. The chief executives of states, who have the
responsibility for setting the agenda and making things
happen state by state by state.

It is my judgment and hope that this report, and
the issues upon which it focuses, will help to set the
agenda for American public education for the next decade.

I want to thank the staff of the National
Governors' Association, Ray Schpock, Joel Nathan, and a
variety of other persons too numerous to mention for some
of very skillful help. We begin now with the presentation
of the report itself featured in this film for the next 12
minutes.

(Film was shown.)

(Applause.)

GOVERNOR ALEXANDER: She would be a threat, too.
The way we are going about this is to deal with
three task force reports today: the first by Governor
Clinton, the task force on school leadership and management;
then Governor Kean's, then Governor Lamm's.

Tomorrow at the Executive Committee meeting, we
will meet with the leaders of the distinguished education
groups who are here to find better ways to develop this
compact so we can spend more time working together. Then
on Tuesday we will continue with the reports of Governor
Riley, Governor Sununu, Governor Schwinden and Governor Ashcroft.

We want like to get to the summary presentation of the reports now so that we can then get to the opinions of our distinguished visitors. To do that, the vice chairman of our association, Governor Bill Clinton, chair of the task force on school leadership and management.

GOVERNOR CLINTON: Thank you very much, Mr. Chairman. I will be very brief, because I, like all of you, am more interested in what the panel has to say than what we have to say to repeat our program. I would like to begin by thanking the staff of the NGA and others, including people from ECS and other education communities, for their help in this report, and by complimenting our vice chairman, Governor DiPrete, as well as our principal staff people, Representative Cabe from Arkansas and Mr. DiOrio from Rhode Island.

There were two central ideas in this report, which I will try to make succinct and clear. The first is that the state can do a very good job of raising minimum standards through the state reform programs, that we can lift the bottom, if you will. We can require more courses to be offered, more courses to be taken, more support services to be given to students. But that anything beyond that, the achievement of real excellence and maximum
educational productivity, has to take place in the school, in the magic that exists between the teacher and the students and the environment of the school.

The second idea is that, following from that, that this is not very likely to happen unless that school has a very good school leader; and that in every state there can be dramatic improvement in the system we have for selecting, training, supporting and evaluating school leaders.

The principal area of disagreement, I should say, and one that we never really fully resolved, was to what extent state certification requirements were relevant for the selection of school principals, and to what extent they should be changed.

The most radical position taken in all of our hearings was that -- predictably, I think -- taken by Dr. Finn of the Department of Education, who suggested that a good corporate executive might be a good school principal and perhaps should be put into a school on an experimental basis, if a person who had good management experience in another area of life wanted to run a school. There were others who said, no, we should have very detailed educational requirements for becoming a school principal.

However, 100 percent of the people who testified in our hearings agreed that every state needed to go back
and look at the certification requirements for principals and make absolutely sure that there was more practical experience required and that each of the course requirements for becoming certified was actually relevant to the work to be done.

The committee members did a good job; the witnesses were terrific. I think this is an important report and I hope that all of us will devote more time and attention to the process of selecting and supporting and training school leaders. Thank you very much.

GOVERNOR ALEXANDER: Thank you, Governor Clinton. Bill Clinton's leadership is very important to the success of this report. He is the new chairman of the Education Commission of the States and will be the new chairman of the National Governors' Association. None of us remember anybody having both jobs at once, and no year could be better than next year, which will be the first of the five years that we intend to track these issues.

Governor Tom Kean of New Jersey headed our task force on teaching, former teacher himself. He was chairman of the Education Commission of the States last year, and was the Governor who, incumbent Governor who served on the Carnegie Commission's task force on teaching. Governor Kean.

GOVERNOR KEAN: Thank you, Governor Alexander,
and first of all, let me commend you on your leadership of this whole effort and, secondly, to thank the members of my particular task force. We have done as Governors a tremendous amount up to this point, and I don't think we should underestimate that. But I think we also should say that there is no way we can stop here. We are just beginning, I think, for instance, to tap the vast energy of 2 million teachers. They haven't really been involved in the effort before, and one of the things our particular task force felt strongly in -- in the various states, we have got to listen more, talk more with those teachers and tap the tremendous energy that they bring to the whole process. We have got to attract the kind of teacher who told me that, hey, when they have a problem, when people have a problem with the schools, they don't call the Governors's office, they don't call even the principal; they call me, they call the teacher. We have got to involve that kind of a teacher and keep them in the classroom.

40 percent of our teachers leave in the first two years; and that's wasted talent, and we've got to stop it.

There is a consensus emerging around the new agenda; no question about that. That teachers must assert high standards of performance and live by it; we believe
that our National Board of Professional Standards is the way to do that, and we hope that Governors will support that particular effort.

Colleges and universities must rebuild teacher education. There are too many teacher education courses that are simply a waste of time and money, and the teachers who are taking them know it. We have got to rebuild those agendas.

Educators must redesign schools to make them more productive. More productive places to learn and more productive places to work. We have to go beyond the combative school form where the only time principals and school boards and teachers talk to each other is around collective bargaining, and they are fighting with each other. We have got to get them in and around the classroom, centered around issues about how to improve what goes on, how things get into a child's head.

We need to redesign our regulatory system. We want a more thoughtful teacher recruitment and retention program. Teachers want to succeed, and they want a professional work environment, and we have got to give it to them.

We outline basically 10 things, now I will mention them very briefly, that Governors can do to move forward our agenda.
First of all, we are asking that Governors convene a statewide panel to review those national teacher policy reports. We have three or four great reports, this is the latest in that, but we want the states to review those reports and devise out of that a plan for your state, so you as Governors can move ahead on those issues and get moving.

Secondly, as I mention, we hope you will support the National Board of Professional Teacher Standards.

Third, we would like Governors to develop initiatives to rebuild schools for performance. Start with a model. Say look, we're looking for a few visionary principals, we're looking for people who want to take chances, who aren't satisfied with the status quo, and we have to back those risk-takers, we have to back those people, and if necessary, put some money behind them. I think you better than anyone else, you as Governors, can set the stage for a new compact between teachers and the public.

Fourth, we have got to simply challenge higher education and teacher education. We have got to convene, if necessary, presidents, deans, trustees, whatever it takes, and ask them what they can do to make teacher education meaningful, what they can do to resolve teacher recruitment problems, and how we can build alliance with
teacher educators who are willing to assert ambitious goals, who want to raise their own standards and make their own work meaningful. We have got to support those people and we've got to hold them accountable.

Fifth, we have got to establish a meaningful way for the state to intervene in bankrupt schools. We have got to provide for the education of children, if there are districts that repeatedly failed to teach them. Makes no sense to abandon anything, let alone children, to a bankrupt organization. I suspect that each and every one of you, right this minute, could think of a school district in your state where education isn't taking place and hasn't taken place for a number of years and those kids have been cheated year after year. We happen to believe that at this point we have a duty as Governors to massively intervene if necessary in those school districts to make sure that education is taking place.

There are other actions which we recommend in our report. They are not easy things to do. They are tough things to do. Some of them are tough politically but they are practical things and things that Governors can do to create opportunities for others.

Many people in the classroom, we have found, many teachers are willing to take the risks for better education; many administrators are, too. We have got to
support those risk-takers.

Above all, we have got -- again, make the point
over and over again -- we support those good teachers. We
want to back them, and we believe in the importance of
their profession. This doesn't mean business as usual or
even education as usual. It means education that is
fundamentally better than it is right now.

Education is good politics, and it's good
governing. I campaigned on education issues in every city
in my state, and last year I carried every city in my state,
a good deal on those issues. Education is the way for
Governors to do something practical about economic
development, and education is a way we can fight economic
competition from abroad. Education, I believe, may be the
very best way that the Governors can contribute to the
defense of our nation.

We are not going to move on to another agenda.
Governors are with this agenda, and I suspect you're all
going to stick with it, and for that I thank you.

GOVERNOR ALEXANDER: Thank you, Tom Kean. Tom
and Bill were vice chairmen of this large undertaking that
involved all of the Governors; we're only now hearing from
the chairmen, but all of the Governors were involved one
way or another.

The third report we will discuss in more detail
today is the report on choice. Seems like a fairly simple question, but it produces a wild, complex array of answers. Why not give parents more choice of the school their children attend?

Governor Dick Lamm of Colorado led that task force.

GOVERNOR LAMM: Mr. Chairman, in addition to recognizing your leadership in this, I would like to recognize Governor Tony Anaya and Governor Mike Castle, who were extraordinarily helpful in this very complex task force that we looked at. What we were looking at is how can we give additional flexibility to parents and students in choosing their schools within the public school context. Is there a possibility, and what are the options in terms of allowing a student more choices. There is this sort of monopoly right now by where you live dictates where you go to school.

A number of states have started -- in fact, some started as much as 10 years ago -- trying to find ways to give parents and students a series of options. In Arizona, they come up with a system where K through 12, students can attend different public schools than necessarily the one that is dictated by where they live.

In Minnesota, they have a program where juniors and seniors in high school can take community college
credits and courses and those count toward their high school.

A number of states -- and this is not a panacea; this is no magic bullet, but in terms of the total arsenal of education reform, very clearly a number of states have tried to enlarge the amount of choice that their students have available.

You know, it is interesting that America is a land of choices. We have 100 breakfast cereals to choose from, 200 different makes of cars. But in this one educational area -- and for some very good reasons -- we have not done a lot in choice. Some of these could be magnet schools, some of them could be alternative schools, some of them could just be different options among the public schools.

By the way, one of the most depressing charts, on page 71 of this report, "A Time for Choice," on page 71 there's a study that shows where some of America's public school teachers send their kids to school. Those people that are in the front lines, those people that know what happens in our public schools best. You will see that in percentages substantially higher than average, public school teachers send, in these studies -- this isn't all America but this is a number of significant cities -- that they send their kids to different schools.
The task force also looked at the question of parental involvement. We are convinced that an educated child can be maximized by maximizing the amount of interest that parents take in their children's learning, the context of children's learning, the school that they go to. And we have recommended a number of different, again, examples from other states where states have tried successfully and successfully tried to encourage the amount of parental involvement. The two things we looked at: choice, parental involvement. They are related but they are also separate. We decided that there was an awful lot of wisdom in trying to enlarge -- by the way, in a nondiscriminatory way, one of the things that all of these programs start out with is you have to make sure that it does not in any way interfere with access or equity. But there are a lot of experimental programs that show very promising results by enlarging the amounts of choices that we can have for our kids.

Thank you, Mr. Chairman.

GOVERNOR ALEXANDER: Thanks, Governor Lamm.

Now, for the Governors' questions. The format is to address our questions to our six experts, who are among the most prominent thinkers and leaders in American public education today. I am going to toss the first one out. Secretary Bennett, you are the top U.S. education
official. You have seen the report. What are its pluses, what are its minuses? How long will it take, and what will happen, especially if some of the ideas that the Governors suggest are carried out, in turning over more responsibility to local school districts? What if they do a worse job instead of a better job? And thank you for being here.

SECRETARY BENNETT: You are welcome. Thank you, Governor. First, if I can comment on that film. Those children are free to choose their careers, and you notice the careers they talked about, being an astronaut, being a person who helps other people, being a governor. You notice no one said being a career federal bureaucrat. You see the way the educational system is working; things are getting better, and we should take advantage of it. If I may make a couple of general comments following the presentations that have been made.

In a nutshell, I would say that your reports, I would give them an A. They are great, they make sense. I encourage you to go to it, and I offer my congratulations to the Governors for their clarity, their cogency and their courage in regard to these questions. These reports showed that the nation's Governors are at the center stage of education reform, and that's a very good thing.

I think your reports may be the most important,
constitute the most important event in American education in the last five years, and a lot of important things have occurred in the last five years. That's because you are in charge of schools in your states, and when you decide to act you can act.

I would hope, Governor, that by 1991 -- you said how long -- these reforms would be visible in every school in the land. But I think that the time frame can be considerably shorter for a number of these reforms, maybe next year for some of them.

The good thing, one of the very good things about these reports, is that Governors, unlike some of us in the education business, have a bias toward action, and that is a good thing. And to be making sense, and to have a bias toward action while you are making sense, is, I think, very promising.

If I could comment just specifically very briefly on the three reports that have been briefly summarized. Governor Lamm's report, I applaud Governor Lamm and his group for recognizing that parental choice is critical to educational reform. I think it's growing. Endorsement, acceptance and your specific endorsement of it may be the education story of the year. Educational choice does make for better schools, better students, and more satisfied and involved parents. Indeed, it's the best for
those students, who need it the most -- those students who
have the most to gain from school and those students who
are hurt the most by the operation of the current system.
A student who is poor, who does not get much intellectual
stimulation at home, and who is at a school that is not
serving him well, that is the student who needs choice the
most.

Second, on Governor Clinton's report, he
embraces -- the Governors embrace the proposition that the
quality of the school is apt to be closely tied with the
quality of its leader, usually principal, and that
performance, not paper credentials, is how you judge a
principal or school leader. This is right, it is surely
right. The evidence is clear that it is right. The
research makes it plain that this is right. A recent study
in the state of Washington showed that the immediate
beneficiaries of strong principals and strong leaders are,
again, the children who need school the most, the children
for whom school matters the most.

Enticing and hiring a good principal is what I
call the $50,000 solution. A community looking for a
relatively inexpensive way, given what education costs, to
improve a problem school, could do no better than cajole,
ettice, tempt, and then hire a man or woman as principal to
do the job. I've made it a point in the last few months to
meet with some of these extraordinary people. They are
worth their weight in gold. A man like Doc Williams, if I
can just speak of Washington, D.C. for a moment, Doc
Williams of Cordoza High School, Ralph Neal at Eastern High
School, these guys take over schools where the dropout rate
is 50 percent, where drugs are rampant, where students are
not taking math after the 9th or 10th grade, and by their
leadership, and their ability to elicit the loyalty of the
professional staff, the teachers, these people turn schools
around. They get the dropout rate from 50 percent to 10
percent. They get everybody taking math in the 11th grade.
They give students aspirations they did not have before.
These are some of the real heroes of American education,
and we need to pay more attention to them. There are very
few schools that are not well led. I congratulate Governor
Clinton and his group.

Governor Kean talks about teaching and teaching
reform, and Governor Kean knows of what he speaks. He has
not only spoken a good game here, he has acted a good game.
He has done it in the state of New Jersey. I won't go into
detail, but I think that the things that Governor Kean has
done to open up the teaching profession to people who are
otherwise qualified, other than through the usual route,
has led to an increase in standards in the teaching
profession of New Jersey. That has enlarged the pool, it's
responded in part, I think, to teacher shortages, and it's generally been very good for education in the state. You acknowledge, Governor, that all sorts of routes can lead competent people into teaching, and that that's what we need, that school systems should not rule out the competent, whether they have the methods courses or not.

You also acknowledge that teachers need to have more interesting and more rewarding careers, particularly good teachers. I couldn't agree with you more. Teachers need many kinds of rewards, not just financial. And that, let's face it, some teachers are better than others. If you go into the schools, where I have been the last year and where I'm going tomorrow, opening school in Idaho, you will see that some teachers are better than others, and that should be recognized and those good teachers should be rewarded.

So I congratulate Governor Kean. I am not usually an easy grader, Governor Alexander, let me say, but I think these reports are splendid. I just briefly mentioned, it wasn't discussed this morning, although your film mentioned it, that I am delighted with Governor Ashcroft's report, too, on higher education. It is about time that we paid more attention to accountability in higher education. The public, as you know, feels very
strongly that its elementary and secondary schools belong to it, belong to the public. They feel less strongly that their institutions of higher public education do. Well, they should exercise that sense of ownership more than they are, and I am delighted that the Governors are leading the way there in terms of accountability.

I hope that we see a similar dynamic now on the part of all those involved in the education business. There will be those who will want to carp about your reports and take exceptions to it. Obviously you want questions and debate. I don't argue against that.

But I see education now, vis-a-vis your reports, in roughly the same situation that I see taxes, federal taxes, in relation to the Congress' recent action. There is a broad consensus. Some people are going to start nipping at it, carping about it, complaining that the interest of their particular group isn't served. I hope you will listen patiently, and in the end not brook any nonsense and proceed to act. It is time for results.

Thank you for that opportunity.

GOVERNOR ALEXANDER: Thank you, Mr. Secretary.

Governor Kean has a question for Mr. Branscomb.

GOVERNOR KEAN: I would like to ask you, Lou, American business has been faulted, really, for a short-term focus. I guess the same thing is true for those
of us in political life. Yet investment and education are
a long-term thing, it takes a long time before you see
results. So given this focus on short-term performance,
first of all, how do you account for senior business
leaders such as yourself who are willing to invest the kind
of energy in education reform that you have, and more to
the point, if we as Governors stick to it, stick to this
agenda, will the business leadership in this country stick
with us?

MR. BRANSCOMB: Governor Kean, the companies
that are committed to educational reform and are active are
the companies that take the long-term view. Companies that
take the short-term view may not be around very long, and
that might even be said of governors. I think the
important issue is, indeed, a long-term view for our whole
economy. A lot of companies that take that longer view
invest enormous sums in their internal training and
education of their people. My company, IBM, spent last
year close to $2 billion on internal education, counting
the salaries of our people while they were in class. Our
knowledge of what competition skills are around the world
is considerable; we operate in 127 countries, and in
virtually every country all the employees in that country
company are natives of the country, including the
management. And so we can compare performance of different
groups of people around the world tackling the same set of industrial problems in our industry. It's kind of interesting that not only is it true that many of these competing companies also believe that education is critical to their competitiveness, but they are reaping considerable rewards. We looked at the average educational level of IBMers in countries around the world, and somewhat to my astonishment we discovered the best educated IBM employees in the world are in IBM South Korea, where a full 91 percent have education beyond high school. That came as a surprise to me, and would probably come as a surprise to many Americans that realize as we compete with countries around the world, particularly in Asia, we are often competing against companies with lower wage scales than ours. That is not true in Japan where the principal competitor's wages are quite similar to ours. The thing we don't realize is we are competing against societies that take education even more seriously than we do. So it's not just a matter of patching up our education to be as good as it was, it's a matter of training people for a world of work where thinking for a living is the key to success.

I might also point out that there's been a fair amount of discussion in the press about whether or not it's really true that we need a broad-based educational reform in order to be successful in high-tech industries, and some
reports that claim that the biggest increase numerically in future jobs is going to be in low-tech jobs. I think that's dead wrong. It's certainly true that the high-tech companies are not going to be the principal source of new employment, although they will, as they grow, as the economy grows. Because high-tech companies are those in the best position to be very productive, using their own tools, and their own way of working. Indeed they must be very productive because it's precisely in that sector that our foreign competition is most productive. You'll find that while our company is a labor-intensive company -- we have 300,000 or so employees in the United States -- and labor is a big fraction of product cost, the factory-direct labor -- on the assembly lines, if you like -- is typically 3 or 4 percent of product cost. What happened, who are all the people who contributed to the profits? The answer is they are former factory workers who are now maintenance people on the machinery, who are the programmers of that equipment, who are the schedulers, planners and managers of that enterprise. That's all been done with internal education.

We hear a lot about a knowledge-based economy. I think it's important to appreciate that moving into a knowledge-based economy, if that's what it takes to be competitive, that we can't expect the smokestack industries
to create the new employment. Then we have to ask, "What is industry in a knowledge-based economy?" The answer is the education industry. The next question you ask is, "Well, how competitive is the education industry?" A question Governor Lamm asked in a very interesting paper I read. You have to say our education industry -- to be sure a public sector industry, nonetheless an industry -- is not competitive today. So, if our economy is going to be competitive, the education industry has got to be competitive.

I think the key to engaging a long-term interest and commitment of companies is the adoption of a reform strategy, like that proposed by the Carnegie task force and the Governors' task force, that is based on genuine and fundamental change in which the principles are more emphasis on professionalism in the teaching, deregulation to free people to be innovative, incentives, positive incentives to encourage creativity and imagination, and accountability, not just on the part of the teachers and school administrators, but accountability on the part of those citizens who have to understand why we need better schools.

My final comment is to observe that in the old days we used to depend for citizen support on the parents. And parents are absolutely crucial because of course they
do care deeply about their children's futures, but parents are a declining percentage of the voting population in this country. It will not be sufficient to have just the parents in favor of better schools. We have got to have the retired population understanding that their future Social Security payments depend upon the earnings of those kids who are now going into school.

So I think we have a real collective job.

Business has a major responsibility to work with you to try to convince the American people that what we have at stake here is not just get the schools back like they used to be for our children of the parents, but, is, in fact, the most important central strategic investment we can make for a competitive society in the future.

GOVERNOR ALEXANDER: Thank you, Mr. Branscomb.

I want to thank you on behalf of all of us for the Carnegie Commission report, which you, Governor Kean, Mr. Shanker, Mrs. Futrell, all worked hard on. We are grateful for that. It's a tremendous blueprint for the future of teaching as a profession. Governor Clinton has a question for Mrs. Futrell.

GOVERNOR CLINTON: Thank you, Mr. Chairman.

Before I ask this question, I would also want to say that I appreciate all these panelists coming and I particularly appreciate the fact that we have a classroom teacher in
Ms. Sherrill, coming from Tennessee, and a high school principal from Arkansas here. I would invite all of you not to feel too rigidly bound to the format here. So if you want to comment on somebody else's question, feel like you can.

Mrs. Futrell, I suppose the conclusion of the task force on leadership and management is self-evident to anyone that has ever spent any time in education, that we need to devote more time and attention to selecting and supporting good school leaders. The question really is how do we do it. We have 10 specific recommendations here.

But the question I would like to ask you is based upon your experience as the president of the NEA and as a classroom teacher; if you were -- if you had to tell the Governors what one thing, or two things at most, what could we do that would have the biggest impact on getting more good principals, what would it be? If you had to say, you can only do one or two things, and if you do these things, I think you would have more good principals, what would you tell us to do?

MS. FUTRELL: Thank you. First of all, let me applaud the Governors for issuing such a very strong and very positive set of reports regarding education and trying to prepare the children of America for the future. I would like to indicate to you that we believe that the next step

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that you have now is to return to your states and to implement the recommendations you have; to let you know that the NEA and the state affiliates that we have throughout the nation stand ready to work with you in every way possible.

I would especially like to applaud you for involving teachers at every step of the way because it's extremely important to recognize that if there is going to be change in the schools, teachers must be involved from day one. You are one of the leading groups in the country to recognize that teachers are going to play a major role.

With reference to the question you asked about what you do to attract leaders into the schools, and to retain them, well, I think one of the things we have to do is look at the way we train administrators in America. Most administrators will tell you that the programs which are offered are not of the highest quality, and that many of the courses which are offered do not prepare them to go into the schools and be the kinds of leaders that we need.

I would suggest that the programs need to be changed to provide not only better managerial skills, but to also help the administrators to understand what it means to be an instructional leader. And being an instructional leader also means being able to work with the people who are assigned to your school. It means having knowledge
about the substance and about the instructional process, sharing that information with the people in the schools.

We conducted a survey about a year ago and basically what the teachers said to us was that they really don't have confidence in the administrators who are assigned to their buildings. They don't know or don't feel that the administrators really have a strong background as it relates to the academic knowledge and as it relates to the instructional process.

I think the second thing we should do is to help the administrators understand that a participatory decision-making process is not a threat to them professionally. But the participatory decision-making process is to utilize all of the talents and the skills of the individuals in the school to try to have the highest quality of education that can be provided for the children.

And oftentimes, I think people feel threatened when we talk about shared decision-making. I think it's also important to say to administrators that you need to constantly have a dialogue with the teachers in the schools. We are your partners, your allies, not the enemy. We have the same goals that you have and that is to improve the quality of education for our children. I think we must give them the authority to be leaders, and in many instances, I think that what happens is the administrators
simply receive the dictation downtown and they feel that they don't have flexibility to address their needs in their schools and that they must carry out the mandates as they have been told to carry them out. They need the resources in order to be able to have a good school environment, to provide resources to make sure that we have adequate materials, supplies, to be creative in the learning process, et cetera. So, in other words, give them more flexibility, give them the leadership, give them the authority.

Finally, I think that if I had to make a suggestion, I would say that we need to, as you talk about the compact, not ignore administrators. And as we talk about the compact regarding parents, the community and teachers, let's not leave out the administrators, and let's all work together to help define what it is what we want to do and how we are going to do it.

Again, thank you for inviting me to come and I applaud you for the report you've issued.

GOVERNOR CLINTON: One quick follow-up question. As you know, our task force, and I think all of them that looked at this question, strongly agree there should be more shared leadership. Can Governors mandate that in some way, or is the best we can do to encourage that? Should we -- can we mandate it or should we just encourage it?

MS. FUTRELL: My personal opinion, Governor, is
it cannot be mandated. What the Governors can do is to

certainly encourage school districts, communities, and the

people in the state, to support this kind of leadership

style.

Secondly, I think the Governors can work with

state legislators, work with the departments of education,

work with the different education groups, to review and to

revise the policies to allow us to have the kind of

management, the kind of leadership that we want and need in

our school. That's what I think governors can do.

Governors can be a good support system and say to the

administrators, say to the teachers, we're not here to
dictate the mandate, but we are here to work with you and
to help you achieve the kinds of schools that you want and
we know we need in order to have the results that the
states and the local communities must have.

GOVERNOR ALEXANDER: Mary, thank you for being

here and for your willingness to stay tomorrow and meet

with the Executive Committee so we can talk more about
developing a closer working relationship between

educational leaders and the Governors. We are also glad to

have Al Shanker, innovative thinker in education, head of

the American Federation of Teachers. Governor Lamm has a

question for Mr. Shanker.

GOVERNOR LAMM: Well, Al Shanker, you were very
thoughtful in Denver about the question of choice and where you pointed out there are certain fundamental things like equality that you cannot compromise by choice, that teachers' unions ought to work toward the maximum amount of choice in the schools. Would you just share with this group what -- your feelings on this concept.

MR. SHANKER: Well, I first want to thank you for this opportunity to be with you. I want to, if we are going to do a report card here, I too want to agree with Bill Bennett's mark of A on all these reports. I think they are outstanding, they are sophisticated. They have moved away from the first level of quick regulations to try to pull up those minimums into a very in-depth understanding of how complex the institution is, but yet a gutsiness to be willing to go in there and look at the issues and become familiar with them and make some outstanding recommendations. I will get back to that in a second.

I think the choice issue is one of -- we live in a society where that is one of our top values. I think that is, you have a more and more educated population, they want more and more choices; people who are less educated generally are more willing to be assigned to the local clinic or they may not have any other choice. But as we have had over the years a society where basically most
people were pretty close to the bottom and yet a very small
group in the middle and on top. And now we have so many
people -- I look at this phrase on the tax reform bill of
the "working rich."

I think it's a great thing to have a country
where you have got a lot of people who are the working rich.
People like that demand choice. I also think that with --
that when you pick something, you have more of a commitment
to it.

Kids have more of a commitment when they decide
on a program or a school than parents do.

I want that same choice for teachers. I notice
you have got that here in terms of one of the reports in
terms of greater mobility within states and across the
country for teachers as well.

I just think as we move into that, we have got
to be -- I think we have got to be careful, in terms of how
we jump, in terms of that movement.

One of the most important books in the education
effectiveness literature, and I guess the first one, was
"15,000 Hours" by Michael Rudder and Associates in England.
We quote all sorts of things about principals and school
climate and everything else. But there is one basic piece
of information there that we practically never quote, even
though that was one of the central pieces of the book; and
that is that Rudder said he never found a school that was effective if it didn't have at least 25 percent of the students in it who were learning students. That is, if you put together a collection of students, none of whom want to learn anything and they are not making it, and there are no models among other students, then he never saw a group of adults or others lift that school up.

And I am very concerned, and I think all of us have to be concerned, that there are situations where choice could result, let's say, in the top 25 percent of the students in a major city being offered nice spots in suburban schools, and leaving the schools in that city that might very well be on their way to coming back, leaving them without any role models at all for those other students.

So I think that we all know that part of the education of any child is not just the teacher or the textbooks or the curriculum. Part of the education are the kids who sit next to that child. That's why a lot of Americans move from one community to another. They are sort of buying the school with the real estate, as you suggest.

Therefore, as we move towards systems of choice, I think you ought to be very sensitive that we may be leaving a lot of kids behind, and we have got to look at
that. That's not to argue against choice, it's just to argue that we do it in a thoughtful way.

I would like to congratulate you for pulling together your own thoughts and those of the Committee on Economic Development and the Holmes Report and the High Scope on Early Childhood Education, and the Carnegie task force and a number of others.

You have recognized in these reports that regulation is not enough, and that we need some very important structural changes within the schools. Schools are maybe the only institution in our society that look pretty much the same today as they did 200 years ago: bunch of kids sitting there, blackboard, teachers up front; and if we were to take most of these regulatory reports and proceed to put them into effect, we need to analyze what the consequences of that would most likely be.

That is, if we had outstanding teachers and if we were to require students to take a tough curriculum, and if we were to give them homework to do and make sure that they did the homework, and if we didn't promote any student unless the student learned what he or she was supposed to, or graduate them, we would have schools just like the ones that I went to in 1939, '40, '41, about that time in New York City.

And there were schools like that all across the
country. We had wonderful teachers during the Great Depression, and after that. And we had a tough curriculum. We also had a 76 percent dropout rate in this country in 1946 -- in 1940; 76 percent. Basically kids started staying in school when we promised them sort of an easy ticket, so we had a school system with a high dropout rate that was kind of quality standards, then we moved to one which had lower standards and kept everybody in. Now we need to do something that is different from what we have ever done before. We have to maintain standards, raise standards, raise them very considerably, and do it in such a way that we don't go back to 1940 and end up pushing out 75 or more percent of the students.

So that means structural change. You've also recognized a different role for the teacher, and that's important not just because you have leaders of teachers' unions here, or this is Be Nice to Your Teacher Day, or week, or month or something like that, but basically we have a -- there are changing attitudes on the part of American workers, all workers. People used to work for just one reason; they expected the work to be hard and dirty and messy, and they exchanged it just because they had to make a living.

But today most workers work because they get satisfaction from the job. Work is a form of using your
talents and being recognized because you used them and, yes, 
Governor Alexander, because you get recognized for doing 
better than somebody else. That's part of what people want 
from work.

That means that we have got to change the way 
schools operate, which are very much like factories. We 
treat kids in ways that they shouldn't be treated. 
Teachers are also treated very much like the old factory 
model; told what to do, told what textbook, told how many 
minutes to teach something. It's almost as though we are 
saying to them we don't trust you, you have got no judgment. 
We will tell you every little thing to do and we will come 
in and watch you every once in a while.

We know we are not going to get good people to 
come or stay if that's what we do. You have asked the 
right questions, I think you have provided a lot of the 
right answers; but, more important, I think we have got to 
the point where we realize that education is not one of 
those things that gets done or fixed once and for all.

We wouldn't think about medicine as saying, well, 
what is a five-year program of medicine so everything will 
work. Well, what is a five-year program for the defense of 
America?

We know that defending our country, and we know 
that medicine, we know these are the things where you
constantly have to keep working at it. You have to continually keep thinking and constantly have to do something different, something new, and something better than what you have done before. It's living. There are new problems that come up and they will need new answers.

I think what you have outlined here is not just a one-shot kind of thing, if you put this together, everything is going to be great. You are thinking about an ongoing structure which is going to bring improvement from year to year in the decades to come. So I want to thank you for the work that you have done and for confounding the experts who said that people in political life can only be interested in things for a short period of time, while it's got the headlines or their term of office or something else. This long-term commitment for the last 3-1/2 years, five more, I think it shows those people were dead wrong. So thank you.

GOVERNOR ALEXANDER: Al, thank you for your leadership and presence; we look forward in talking more with you tomorrow. I didn't say it earlier, but tomorrow's meeting with the Executive Committee is a meeting all Governors are welcome to attend, if they would like. It's specifically for the purpose of getting down a little more to brass tacks about how do we Governors work with education groups, without -- maintaining our positions,
without wasting everybody's time and arguments and battles, if we can possibly avoid them.

Tomorrow we have with us Dr. Frank Walter, who is president of the Council of Chief State School Officers; Mrs. Nellie Weal, president of the National School Boards Association; Dr. Earl Ferguson, president of the American Association of School Administrators and superintendent of public schools in Oregon; Dr. Edna Mae Merson, president of the National Association of Elementary School Principals, Dr. Robert Saunders, immediate past president of the American Association of Colleges for Teacher Education; Mrs. Futrell and Mr. Shanker. So that ought to be a busy hour or so in the morning.

Now, we have stolen from the classrooms two very busy people as school is starting, I guess, in Little Rock and Nashville: Everett Hawks and Georgianne Sherrill. We thank you for that, for coming today.

Governor Thornburgh has a question for Mr. Hawks.

GOVERNOR THORNBURGH: Mr. Hawks, this is a tough one. I think your views, as well as the other panelists', would be welcome on it. During the work on the school readiness task force, we had a great deal of difficulty tying together two threads that seem to run through a lot of the testimony that we received. One was, in our hearings, as well as, I suspect, in a lot of other task
force hearings, there was frequent reference made to the
importance of parental involvement with the school and with
the children in producing a higher degree of excellence. I
assume that there would be agreement on this panel in that
regard as well.

On the other hand, increasingly our attention
was focused, in the school readiness task force, on the
problem of the at-risk child; determining ways in which the
new increased curriculum requirements and heavier emphasis
on quality in education could become opportunities rather
than barriers for particular children with problems of one
kind or another in reaching that minimal standard that
would enable them to take off and take advantage of these
new opportunities being offered to them.

The most at risk of those at-risk children, I
think we agreed, were those who lack a family structure;
there was either no parent or no effective parent available
to relate in any way to the school system or to the child
in the classroom environment. That seemed to us to be one
of the toughest questions that we as a society face, and at
the same time, acknowledging that this most at-risk group
is unfortunately increasing with the breakdown of the
family structure in certain areas; there is a lot of
attention to the family structure. But I wonder if you
have any thoughts as to how that deficiency can be
addressed by teachers, and, in your case in particular, the principal.

MR. HAWKS: That is indeed a hard question. Thank you for saving it for me.

If I had the answer to that question, I would be a lot better off than I am right now. Before I answer that question -- I am not stalling, I promise you -- I want to thank the Governors for inviting me to this meeting. I feel a fairly significant burden on my shoulders, representing principals. I consider principals all over this great country as being my brethren, and I do feel somewhat a responsibility to them. I appreciate Mrs. Futrell's answer about whether Governors can help principals.

Governors need to keep in mind when school opens and whenever we start the reforms that you have so magnificently started, it's the principals and the schoolteachers who are going to have to do the bulk of the work. So when we say we need your support, we really mean we need your support. Because we are the ones that stand in the schoolhouse and greet the students and greet the parents when they come to our new reformed schools.

It's important you don't forget us, and I know you won't, because you have done a marvelous job of having led the input to this point.
To your question; relates, I am sure, to the quality of the teachers in the school building, to the quality of the administrators in the building. Whether we like it or not, as school administrators and as teachers, we are parents for those children that come to our schoolhouse building. Sometimes we don't like that. Teachers will tell you that, "I don't have enough time for dealing with a particular student's problems; his mother ought to take care of that" or "the parents ought to deal with that." But those days are gone, I think, for good. I think we have a significant number of our students who come to our school buildings who really, for six hours a day, the closest thing they will find to parents are the teachers and fellow students that they relate to in that school building.

My suggestion would be that we equip our teachers, we equip our administrators with as many skills as we can possibly give them. Skills that enable them to deal with the needs of these particular students. There are several ways this can be done. I think that, starting with the classroom teacher, I think the colleges of education could do a much better job of providing significant course material and course work in dealing with situations with students like this.

Local school districts which have a
preponderance or a large number of these at-risk students can do a better job of training our classroom teachers to deal with the kind of student we are talking about.

As far as administrators are concerned, I think an administrator who did not realize the importance of approaching this very crucial problem in his building would probably not be very successful, especially in urban areas. We do have a large number these students in our buildings today. In our school district, as a matter of fact, we are making real efforts, this year especially, with a significant grant to deal with dropouts, to deal with the drug situation.

I think that's the only way to do it; to make the people that work with the students and the parents, on a daily basis, more effective in what they do.

With regard to the question of parental support, it is extremely vital that the community be involved in our schools.

Any way a principal or a teacher can get a parent to the school building to help should be tried and should be utilized.

GOVERNOR ALEXANDER: Thank you, Mr. Hawks.

Thank you for being here.

Governor Bob Graham of Florida, who has been a pioneer in teacher reform, has a question for
Mrs. Georgeanne Sherrill from Nashville, who I am proud to welcome. She has been a teacher for 18 years, an elementary school teacher and has earned the top designation in Tennessee's career ladder system.

Governor Graham.

GOVERNOR GRAHAM: Thank you, Mr. Chairman.

Ms. Sherrill, I share the enthusiasm for having close involvement with the profession and particularly teachers in this effort. I recognize that success requires the participation and a sense of common commitment of all of those, particularly those who are going to be in the classrooms with the day-to-day responsibility for educating our children.

Many states have attempted various ways to recognize and reward the performance of teachers. I wonder if you could comment on those various initiatives such as the career ladder program in your state, and what, from that experience, you would suggest to other Governors as to state policy on recognition and rewarding of teachers.

MS. SHERRILL: Thank you, Governor Graham.

First I would like to thank all the Governors for this invitation to be here, and I would like to congratulate you on this report. I think it's a wonderful report.

I also would like to show my appreciation to Governor Kean's remark about supporting those teachers who
are risk-takers. I assure you that every one of us, the first year that Tennessee implemented a career ladder, those of us who attempted those higher levels, we very much felt we were risk-takers. Those risks have been greatly reduced because of the communication about our career ladder.

In answering your question, I would hope that the first three steps that any state or Governor would look at, would be to establish your goals and to get input from educators and include educators on the task force.

From there, I would suggest that you stop and look at what other states have done. There are several states, I know, that are working to implement a career ladder. Tennessee is beginning its third year. In these years we have learned a lot, we've made a lot of adjustments. Our program is succeeding. We have been very fortunate to have leadership from Governor Alexander and the legislators. They have worked together. They have utilized the recommendations of teachers, and with those recommendations, we are improving our program.

We now have over 4000 teachers on the upper levels of the career ladder. Our teachers have been fearful of change, and I think this is true in any state, and it's going to be. Teachers are going to be afraid. That is not only true in education, it's true in business.
and government and any time you try to implement a new program.

There are some key points that I would like to suggest that you keep in mind as you work on a career ladder program.

One is that, in my opinion, career ladder is a very strong motivator for some teachers. Since we are concerned about retaining quality teachers, we need to look at all motivational factors, and career ladder is definitely one.

The upper levels of the career ladder are not meant for every teacher. The process that teachers go through in itself is an educational process. The career ladder in Tennessee is the choice that a teacher can make.

Also, career ladder provides the opportunity to advance and still remain in the classroom.

In teaching, in the teaching profession, you have teachers and you have administrators, and there are many teachers that would like to feel that they are moving up and still remain in the classroom.

Our teachers who climb the upper rungs of the ladder continue to be rewarded as we work with other teachers who are constantly showing interest in the ladder. This summer I have been very fortunate to work with several of our teachers who have called me and asked me to talk
with them about applying for the career ladder. I feel
like I have been able to eliminate fears on their part, and
I have a lot of friends that are applying for the career
ladder this next year. I feel very good about that.

I am also very proud to be a career ladder
teacher, and I would just like to say that I wish all of
you success in your program.

GOVERNOR ALEXANDER: Thank you, Ms. Sherrill.

Now, we have, as one might expect, a number of Governors
with questions. I have written them down in this order and
then we will go beyond that. The sharper the questions and
the more pointed the answers, the better it will be. So
that's just a general admonition.

Governor Babbitt, Governor Orr, Governor Dukakis,
Governor Janklow and Governor Carlin would be the first
five. Then if we have more time, we will go beyond that,
but we only have about 15 more minutes.

Governor Babbitt.

GOVERNOR BABBITT: Mr. Chairman, I will try to
rise to your admonition with the following question to
Secretary Bennett.

Many of us, as we have worked through these
education reform issues, have rediscovered an old problem
that is not being talked about very much. It's called
fiscal equalization. The fact is that American education
is still grounded in local districts within states which
have vastly unequal fiscal capacity and financial resources.
It is a problem on which there is some progress being made,
but frankly, not very much. It is a problem with civil
rights overtones, for obvious reasons routed in the housing
patterns of American cities and municipalities.

My question is this: Does the federal
government have any responsibilities in mandating, pushing,
or otherwise leaning on the states, to do something about
this issue of equalization on an intrastate basis among
school districts?

SECRETARY BENNETT: Yes, well, I think to the
degree that federal programs make sense in this area and
can be used --

GOVERNOR BABBITT: But suppose there were no
federal programs at all?

SECRETARY BENNETT: If there were no federal
programs at all, the state would inherit that additional 7
percent, that last 7 percent.

GOVERNOR BABBITT: But wouldn't you have a
responsibility even if there weren't federal programs?

SECRETARY BENNETT: You mean to make sense about
what should be done in terms of equalization? Sure, we
would.

GOVERNOR BABBITT: The Supreme Court came within
one vote, as I recall, about 10 years ago saying that it was constitutionally mandated. Now if it's not constitutionally mandated, isn't there an argument that it is at least something that the federal government ought to deal with directly?

SECRETARY BENNETT: Yes. It is something that the federal government ought to deal with, and it's something that the federal government does deal with. For example, we would welcome your comments, Governor, as we face the reauthorization of one of our largest single programs, Chapter 1, a $3.5 billion program. It's a program aimed at poor students and disadvantaged students, students who are not learning well. One of the difficulties with this program as we have seen it is the way it's been set up, there are a number of students who benefit from the program who, although they are behind in terms of reading and mathematics, are not poor.

The question is, should we target those resources so that we are focusing exclusively on poor students? It's an open question, but it's the kind of question, question of equity and equalization: Should all of our programs or a majority of our programs, reach first towards the students who are the least well-off? That's one of the issues, obviously, in higher education, too.

GOVERNOR BABBITT: Let me just ask you more
question, if I may, in pursuit of a little controversy. Would you advocate a federal law mandating that the states take some effort at a minimum acceptable level of equalization; that is, a federal law not dealing with federal programs but going directly to the issue of equalization?

SECRETARY BENNETT: Equalization state to state or within state?

GOVERNOR BABBITT: Intrastate, within states.

SECRETARY BENNETT: Within states.

GOVERNOR BABBITT: Yes.

SECRETARY BENNETT: Within the State of Arizona. You are not comparing Arizona to California.

GOVERNOR BABBITT: Yes. saying, for example, just hypothetically, every state must devise a minimum level of per student support that would apply in all districts across the state.

SECRETARY BENNETT: Many states have something like this already. Whether I would want a federal law depends on exactly what that federal law says.

GOVERNOR BABBITT: I got it. Thank you.

GOVERNOR ALEXANDER: Thank you.

Governor Orr.

GOVERNOR ORR: Mr. Chairman, this question is to Mr. Branscomb. I am wanting to inquire about the valuation
of performance and reward systems. In American industry and business and in many, many professions, individuals are evaluated, rated against some kind of a standard, and a reward system, depending upon the business or industry, is established for those individuals; and, likewise, in many, many businesses, large and small, various units of the business will be placed against some kind of an evaluation, branch plants for example, and a reward system established for that whole unit of the business. It is a part of our economic system and accepted as such, yet there seems to be, despite some of the things said by many of the panelists there, a reluctance to move in that direction in education, either a reward system for schools individually or as a unit, as a group, or the individual professionals within the schools.

How do you think, from your observation, we can sell that kind of concept, it being the belief of most Governors that something of that kind is very necessary indeed in order to uplift a standard, but more particularly, uplift the spirits of people involved in educational process?

MR. BRANSCOMB: The Carnegie Task Force which spent a lot of time discussing that subject, certainly agrees with the general view that there needs to be a reward system for performances of schools as a whole that
is appropriate -- an appropriate measure of that performance to be established by the community. I think that the day may well come, some day in the future, when there is a personnel management system in schools that is appropriate to the professional character of the job done by teachers and which bears some similarity to the kind of personnel management system that is used in more progressive companies.

I don't think we can get there from here in one step. One reason for that is because there is not only a considerable lack of experience and even competence on the part of teachers in the way in which individual evaluation might be carried out in today's schools; but, in fact, the way the school is structured. In most cases, that's not a practical thing. You have to think about span of management responsibility. In industry, there is a standard of -- depends on different parts of the country -- but a span of six or seven people reporting to a single supervisor.

Many schools have a principal and a few assistant principals with the entire teaching faculty reporting to that one individual or two individuals. So you don't have the same situation.

I think our view is that the right first step in that direction is, first of all, begin to build an
incentive structure that rewards the teachers and the school administration if they collectively get their act together, cooperate with each other, help each other where they're weak, let the strong indeed carry a little more burden if they can, and deliver a better aggregate result for the community. And the aggregate measures are a better test. A very interesting experiment being conducted in Florida in that respect, and it seems to be working. Everybody is watching it very carefully.

That's important for the very reason that Al Shanker mentioned. Our society wishes, correctly, in my view, to have all the kids get a good education and there is a huge span of ability and family support and so forth within any given school; and, therefore, the teachers need to be incented to cooperate with each other to handle that full span of problems.

I think the other thing that is required is a change in the school structure that recognizes different levels of responsibilities to different people in the school; so that the way you measure their performance is appropriate to what is expected of them in their specific jobs and what they bring to that job in order to perform. I don't think it's reasonable to expect every teacher, bringing whatever background that individual brings in the way of experience and training, to perform at the same
level; therefore they shouldn't be measured by the same standard. I think the best first step is an incentive system that does reward performance by the school team as a whole, that commits the community to participate in the goal-setting that allows the teacher to participate in that goal-setting, so that they commit to the objectives; and that then rewards the group collectively if they can overachieve the objectives.

GOVERNOR ALEXANDER: Governor Dukakis.

GOVERNOR DEUKMEJIAN: Mr. Chairman, this question is addressed to Secretary Bennett, to Al Shanker, and perhaps other members of the panel may want to comment. It has to do with the issue of choice which you referred to, Al. In the early 1850s in the city of Boston -- just to demonstrate that choice is not a new one -- certain Yankee parents -- and when we refer to "Yankee" we don't mean Yankee in the definition of South Carolina -- those who were there before the rest of us arrived -- asked that their kids be transferred out of certain schools which had growing Irish enrollments. The Boston school committee, to its great credit, I believe, sought to discourage the practice on the grounds that to further concentrate one ethnic and income group in individual schools appeared educationally unsound and morally unwise.

I guess my question to you is this: If what the
Boston school committee believed in the early 1850s made sense then and makes sense today, don't we have to rather severely constrain this concept of choice lest we end up, Al, with the kinds of schools that you described, and with the kinds of effects that many of us are concerned about, and I think all of you are concerned about, and way back in the middle of the 19th century that was concerning the school committee of the city of Boston.

MR. SHANKER: I think that was the conclusion of what I said is allow choice, but watch it very carefully or else you get results of that kind.

GOVERNOR DEUKMEJIAN: How do you do that?

MR. SHANKER: Well, you don't start tomorrow, you maybe conduct a few limited experiments. Many of our cities have magnet schools and do have elements of choice. I have to think that one of the most important elements of choice is not the question of whether this parent can take a child out of this school and move the child X number of miles. I don't know how many parents will do that. One of the most frequent problems you have is you have a teacher and a child who don't hit it off with each other. I think they ought to try to hit it off with each other. But we have some situations where for an entire year a student and a teacher who don't get along with each other, it's a waste of an entire year, can be pretty deadly to the teacher and
the student. Often, schools don't want to go through the
paperwork that it takes, they say if I do it for one child
I have to do it for everybody. So we don't have to think
of these necessarily in grand terms. You can be on an
individual basis within the same school.

There is one other downside which hasn't been
mentioned on this. In England they allow a good deal of
choice. If there is a vacancy in a school and a parent
wants to move a child to that vacancy, it's generally
permitted. The parents' associations in England complain
bitterly that if you have the right to switch, nobody wants
to fight. That is, nobody is left to argue that you need
improvement in the school because the dissatisfied people
move out, leaving only those who either don't know what is
going on or who don't care, or don't have the time or the
energy to move.

When you are all finished, I think our society
is not going to tolerate a system in which you have all the
rigidities of the past in which there is no choice. I
think you have got to move to that system. I can't answer --
I don't know all the problems that are going to arise. But
I don't want to do it all at once. I want to do it slowly.
I want to experiment. I want to make sure we don't
decimate the cities. I want to make sure that we still
have active -- in other words, you can't get a reduction of
involvement by parents. If each parent can rescue his or her child, they are less motivated to do something about who is the principal, who are the teachers, what are the policies in the school. You rescue your own kid and say the heck with the rest of it. These things have to be watched.

In spite of that, I think if we don't provide for more choice in public schools there will be more and more of a demand for choice in the nonpublic sector.

One final thing, I think that those figures in the book about the percentage of teachers who send their children in certain cities to private schools would be perhaps more accurate if it were measured against not the general population but those of the same income bracket. If you were to break it out by religion, for instance, teachers in different cities comment generally it's a certain wave of immigrants who enter into teaching. It's one of the early jobs that one gets when one makes it.

You may find that in those cities you have a very high percentage, higher than normal of Catholics as teachers, you may find you have certain people in certain income brackets. I think it would not be fair to leave with the notion that that represents that teachers know something that leads them to take their kids out. I don't think that's so. I think that the number of teachers with
children in nonpublic schools undoubtedly is exactly the
same as others in the population of their income, their
religion and so forth.

GOVERNOR ALEXANDER: Mary had a question or a
point.

MS. FUTRELL: I wanted to respond.

SECRETARY BENNETT: The Governor wanted me to
respond to the question, too, if I could.

GOVERNOR ALEXANDER: Good. We are running short
of time.

SECRETARY BENNETT: I will be sharp. Governor,
you talked about the fear of the Yankees in the sense --
you were talking about them leaving. They have already
left a lot of those schools, that's what we need to be
plain about. Take a look at the Boston city schools. I
don't have to tell you that. Tell me how many Boston Back
Bay Brahmins send their children to the Boston public
schools. The point of Governor Lamm's choice proposal, as
I recommend it, is to give those poor kids a chance. A lot
of the affluent, wealthy, and talented kids have already
left. Some of the talented kids, or kids that are
interested in learning, but who are poor are left behind.
Nobody has a right to be in a wretched school. If a school
is wretched, we should let people leave it. If only 25
percent of the kids in the school are learning, referring
back to what Al was saying, that school is not being run properly; you don't have the right principal and the right teachers. If you get the right principal and the right teachers, you can do better than 25 percent. That's why I think choice programs, I agree with Al, should be exercised carefully, but the main beneficiaries of this program are the kids of the poor who are trapped in bad schools and who ought to be given the choice of a good school.

GOVERNOR ALEXANDER: Mary.

MS. FUTRELL: Yes. Mr. Chairperson, I will try to be very brief, but I would just like to say to Governor Dukakis that the concern you have raised is a very real one which we cannot ignore. There is the inherent danger that we could end up with a lot of inequities in school. There is the inherent danger that we could end up with public dollars going into private schools, even though I know here we're talking about public schools. I think that when we talk about the choice issue, the choice continuum as it is today is very wide. We have alternative schools, magnet schools, choices with respect to curriculum, et cetera. It seems to me that the primary concern should be for parents to choose what kind of education they want for their children in those schools and to make sure that that education is provided.

I think that as we look at this whole issue we
have to move forward very cautiously, make sure we have very clearly defined criteria, so that we can avoid some of the pitfalls you have identified and that we monitor the system. So that is what I would suggest we would do as we talk about this issue.

Thank you.

GOVERNOR ALEXANDER: Thank you, Mrs. Futrell. Mr. Hawks and Ms. Sherrill, do you all have anything to throw into the choice discussion? You are there in the schools every day. What is your reaction to the question?

MR. HAWKS: I would like to make a brief comment concerning the cooperation that our new schools are going to require and going to need. I think Mrs. Futrell touched on the basic issue that there has to be, there has to be a great spirit of collegiality between administrators and teachers if our schools are going to succeed in the future. The "good ol' boy" days when the principal was selected by the downtown administration because he was another good football coach who was a friend of the superintendent, are and should be gone. It's going to take an academically intelligent and wise principal to work with teachers, to provide them equal footing when it comes to running the school. I think that will be a critical issue in the future. I think principals need to realize they must have the support of their faculty, must be on an equal basis, in
order to be successful.

GOVERNOR ALEXANDER: Thank you.

Ms. Sherrill, do you have anything on choice?

MS. SHERRILL: I would just like to say one thing. I think it's in connection with what Ms. Futrell said. I think we can give parents a choice in education without having to pull the students out of one school and put them in another school. We can work with parents to structure the program in that school to meet the needs of the parents that have children in that school.

GOVERNOR ALEXANDER: Thank you. I am going to try to give as many Governors as we can within the time limits a chance to ask questions, but we may not make it.

Governor Janklow.

GOVERNOR JANKLOW: Mr. Chairman, I will be very brief. There is one fact in these reports, one thing in these reports that's been unique to American education that I really find sadly missing, and I can't find it in any of the issue papers or task force papers that were put forth. And that is the unique phenomenon that we have only in America that occasionally when you have a genetic accident in the community and you have five superb athletes that are classmates, you end up with a successful basketball season two or three years in a row. Two and three always guarantees the coach a job with the next opening as either
a superintendent at least, or I should say the principal at
least, or the superintendent at best, in the community.

Occasionally they bring other attributes to the
job because they have been willing to volunteer their spare
time to teach math or science when nobody else in the
faculty wanted to teach those subjects in some of those
schools. I find that that unique phenomenon is missing
from the report.

What I would like to ask Mrs. Futrell, if I
could, and Mr. Shanker, if I could; given the two
associations that you belong to, the two groups that you
represent, what is the most substantive thing in the report
that your group, Mrs. Futrell, or your group, Mr. Shanker,
disagree with with respect to what has been brought
together so far? Is there a primary issue that you can't
buy?

GOVERNOR ALEXANDER: Who wants to go first?

Well, that's terrible.

MR. SHANKER: I will go first. There is nothing
in here that I couldn't live with in some form. But, no,
basically, I would say that about 98 percent of what is in
here I can really embrace. I don't want to be -- I don't
want to make it look like I am lukewarm, because I am not.
I think it's terrific.

There are a few things like the choice thing
that we have got to monitor and we've got to do carefully.
I think there are so many good things, I think the creation
of a National Board of Teachers -- the problem that you
talked about there was essentially a lack of integrity in
the field, namely that we do things for other purposes. If
you had a National Board of Teaching Standards -- and I
think that it's terrific that Governors representing 50
states talk about -- in a period when doing things
nationally isn't the style. Recognize that as other
professions have national professional boards, have that
item in there several times, the elimination of emergency
licenses, a whole bunch of things.

I think what you are dealing with there is a
standards issue. Somebody obviously, for political reasons
in that community, decides they may -- they may be moving
the guy along, not because he was successful for five years
but because he started to be unsuccessful and they needed
to make room for a new coach.

If we can start doing things in education for
reasons that are educational; namely, it would be good for
kids, good for the building or the teaching profession
instead of a whole bunch of other reasons which we have
been doing them for, then I think that there's great hope
and I think that's what this report points to.

GOVERNOR ALEXANDER: Thank you. Mrs. Futrell.
MS. FUTRELL: Yes. I should have known that question was going to come up sooner or later. We did indicate in our press release that while we applaud the report, especially for addressing issues such as bringing an end to emergency certificates, establishing a national standards board, and we also believe that there should be strong state standard boards because you need that infrastructure, and that you are strongly advocating that teachers be empowered to make more of the decisions, and I would particularly like to applaud the report that deals with readiness. It is very sensitive; it indicates that the Governors who put together that report understood the problems that we are facing in the schools and the children that we are teaching and will be teaching in the future and that we must address the concerns surrounding those children today.

I also was very impressed with the section dealing with involvement of parents, because I believe that unless parents are involved, that half the battle is lost, and we absolutely must involve parents.

I was a little dismayed that the report was not as strong as it could have been on issues dealing with the reciprocity issue and affordability issue; certification and retirement as teachers move from one state to another and especially as we look at choice.
We also indicated in the press release, trying to be very candid, but recognizing that the Governors have taken a giant step forward, that we do still have concerns regarding career ladders, especially since we would take the best teachers, as most career ladder plans have been structured, out of the classroom, or we would pay the teachers who are out of the classroom or performing non-instructional duties, more money. How do we keep those good teachers in the classroom?

We, through the Metro program in California and through the Master in Learning program, are trying to look at how do we give teachers more authority, more power, but not necessarily take them out of the classroom 50, 60, 70 percent of the time. That is an area of concern.

Another area of concern, obviously, is the one dealing with choice. Trying to work with the communities, work with parents so that they have flexibility and have choice but at the same time trying to avoid the pitfalls described by Governor Dukakis which might lead to inequities.

The third area where we had a concern was the area dealing with performance-based pay. We believe that educators should be accountable. We strongly advocate that people should be evaluated for those things for which they could be accountable.
We believe the primary responsibility of an accountability system or an evaluation system, it should be for professional growth. To help the teachers do a better job. We have a real concern that as we look at school-based or school performance or student performance, that we will try to tie teachers' pay to that, even though there is no research to support it. We believe that a better way to look at it would be school-based or school district-based performance; that way you are holding the whole school district accountable or the school accountable because it's very difficult to say to the teacher that you are to be totally accountable for all of these issues even though you might not have any control over them.

GOVERNOR ALEXANDER: Mr. Branscomb, let me ask, this issue of portability, teacher moving from one state to another is the kind of issue likely to escape a Governor's attention; we just aren't likely to pay much attention to it. My sense of it is there is hardly any disagreement about it, that it just needs to be squarely addressed and dealt with so that teachers in this very mobile society can have a chance to pursue their profession wherever they may be and states can take advantage of their talents. Is that right or am I missing the point?

MR. BRANSCOMB: That's absolutely right. I think lack of portability is an important contributor to
the fact that half the teachers leave the profession in seven years; because as you know, many teachers are spouses of working spouses who have the primary income in the family, so when that spouse is moved from one state to the other, the teacher is kind of forced to move.

I think it is not just a matter of being certified in the state you move to; it's very important that when a teacher moves that there be a mechanism for allowing a teacher to benefit from their full experience. I think the big problem is, yes, you can teach when you move to another state, but you drop back to the entry level. That's just a terrific time to decide to give the subject up.

Finally, we have been told in our task force by our two colleagues who know about these things that the pension arrangements of teachers are complicated and so the task of fixing it so it can be mobile and not screw up the pension arrangement has to be looked at by a technical expert.

GOVERNOR ALEXANDER: I am going to ask Governor Clinton in working with Governor Kean and Governor Castle, who will be chairman of the relevant committees in the NGA, if they might suggest to the Executive Committee of the NGA, how we can work with whomever we ought to work with in the professional associations to find a way to fix that. The
Governors can help do that with the legislators, and we
might be able to raise the attention, but you would need to
tell us how to do it without messing it up.

MR. BRANSCOMB: I am delighted it came up. This
is the one issue that the Governors can uniquely address.
Nobody else can address it.

GOVERNOR ALEXANDER: I am going to have to
apologize to some of my fellow Governors. We are basically
out of time. I am going to call on Governor Carlin for a
question, then to Secretary Bennett for a quick wrap-up. I
will say to Governors Sununu, Ariyoshi, Earl and Kunin, may
I call on you first or early in our next session, either at
the Executive Committee meeting tomorrow or on Tuesday when
we consider some of the same issues again.

Governor Carlin.

GOVERNOR CARLIN: Mr. Chairman, given the hour
and being a past chairman myself, I will pass and help you
out a little bit.

GOVERNOR ALEXANDER: Mr. Secretary. You have
heard this. Any last words?

SECRETARY BENNETT: Two, quickly.

One, in the obviously growing ecumenical spirit
that is around this table today, on this question of choice,
I will just make one comment, and I will not use the
privilege of being the last speaker to make a statement
that I think anybody will disagree with. Let's bear in mind that with choice, where choice has been put into effect, it has strengthened the public school system vis-a-vis the private school system. A couple of comments have been made about the fact this is a public school choice only.

I think that's fine. Buffalo, Cambridge, Massachusetts, Washington, D.C., where there has been choice, it has strengthened the public school system. People have sent their children back to public schools. I think that is a good thing.

Finally on the ecumenical note, what are you going to do, Governor Alexander, now that the Secretary of Education gives you an A; Albert Shanker gives you an A; Mary Futrell says very high marks; do not be deluded into in thinking you did not say anything substantial in this report. You said a lot substantial. You got consensus. Obviously there will be some disagreements along the way, but I think a number of the recommendations, if I may say so, that you have urged could be put in place within a year, and all of them by 1991, which is your target date, if you will continue to press ahead. And as the Packwood and Rostenkowski of education, now I hope you will go full steam ahead for the American people and let the special interests carp and nick but not distract you.
GOVERNOR ALEXANDER: Thank you, Mr. Secretary.

Thank all of you for coming. We appreciate your constructive response to what we have tried to do. We know very well there are things in there that could be made better. I guess a big part of what we are trying to say is, we can take all of this to a point, then we really need some help from those of you who can make it work. We will talk more about that tomorrow morning.

I would invite all of the Governors who would like to join that Executive Committee meeting to come at 8:00 to that session. There is also a copy of the tape for every Governor if they would like to have it. The meeting is adjourned.

(Whereupon, at 2:35 p.m., the meeting was adjourned.)
Hilton Head, South Carolina

Tuesday, August 26, 1986

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PLENARY SESSION

Hyatt Regency Hotel
Ballroom I
Hilton Head, South Carolina

Tuesday, August 26, 1986

The plenary session convened at 9:45 a.m.
GOVERNOR ALEXANDER: I would like to call to order the plenary session of the National Governors' Association and I would like to ask the Governors to please assume their places and if everyone else in the room would please assume your places, we will be able to hear each other.

Today we have a very tight agenda. We have Governors and others who will be leaving to catch planes, but we have an interesting agenda. We have these three things to do: First, we will be hearing summary reports from four of the task forces on education, the Governors 1991 Report. The conversation among Governors about seven of the most important issues facing American education, our best advice to each other.

Secondly, we will be considering the proposed policy statements. The focus of our meeting has been education in the future of this country, but at the same time, we have been dealing with a great many other issues from product liability to telecommunications, to agriculture, and we will be hearing about some of the policy statements that the committees have adopted and are recommending for us.

Finally, we will elect the National Governors' Association Executive Committee for next year.
First, I would like to present to you Marc Tucker, who is executive director of the Carnegie Forum on Education and the Economy, which initially recently issued "A Nation Prepared: Teachers for the 21st Century."

Mr. Tucker's distinguished career includes work on educational telecommunications and science curriculum. He was at the National Institute of Education in the early 1970s and was for four years associate director for Educational Policy and Organization.

There have been a great many education reform reports over the last four years, but I believe, and I believe most Governors agree, that one of the most important and far-reaching of those reports is the Carnegie Forum on Education and the Economy. What it does is boil into a single strategy some fairly radical notions for restructuring the teaching profession. And we believe that better schools are essential to better jobs, then, of course, having the best teachers are essential for having the best schools.

Mr. Tucker will then have an introduction of his own and the release for the first time of some very interesting new national survey information, which is directly relevant to the work we have been doing in the 1991 report on education.

Mr. Marc Tucker.
MR. TUCKER: Thank you, Governor Alexander, for those kind remarks, for your leadership on education, and for the critical role that you have played in helping make our report a success.

It is a special pleasure to be here today. When the Carnegie Forum Task Force began its work, we knew that the Governors were the key to the necessary revolution in school policy.

Our work went forward with that prospect in mind, and we kept in very close touch with many of your aides as your report and our report were written in parallel.

The results are clear. The Governors and the members of the Carnegie Task Force are of one mind on the issues and on strategy. The Carnegie Forum stands ready to join with each of you and with the National Governors' Association in implementation of our common agenda. I invite those of you with whom we are not now in contact to give me a call in Washington.

We now know that the Governors of this country are solidly committed to a new political compact in education and to a set of powerful strategies for completing that compact.

Last May, when we issued our report, we wanted to know what the American public, though, thought about these issues, because little progress will be made on
changes as fundamental as those outlined in these two reports without broad and deep public support.

We turned to the dean of one of America's most respected polling organizations, Lou Harris and Associates for the answer. Lou will tell you in a moment what he found. As he does, you will notice that I have left. Unavoidable family obligations make it necessary for me to catch the 10:25 plane from Hilton Head. But I wouldn't have missed this meeting for anything. No one can doubt that American education reached a turning point here this weekend.

Not only have America's Governors committed themselves to leading a revolution in the schools, but as you are about to hear, the American public is with you all the way.

Thank you. We turn now to Lou Harris.

(AppAUSE.)

MR. HARRIS: Thank you, Marc.

Governor Alexander, distinguished members of the National Governors' Association, once upon a time not so long ago, there was a golden dream in America that no matter how humble or modest your present means, in this great land of opportunity, you might just do a lot better. But even more, your kids could make it beyond what you did. And the reason for that, it used to be told, was that they
could get an education you never had. The public education system could and would work literally miracles.

Then about 15 years ago, I'd date it, it all seemed to be going sour. The schools seemed to become a mess, a blackboard jungle, a place where kids could get in trouble and where many never learned to read or write or even to add or subtract. Indeed, in this study we just concluded for the Carnegie Forum on Education and the Economy, only 54 percent of the American people and 52 percent of the top business leaders -- let me say we surveyed a cross section of 1513 people, public, your constituents, and 52 percent of the top 1000 business CEOs in the country; well, a bare majority gave the school system a passing marks, clear 3 to 2 majorities -- and this should be noted -- don't think they get good value today for their tax dollars. Roughly half the public gives the schools a vote of little or no confidence as the public school system is set up today.

It's evident the American people feel that that golden dream for their kids' success through education has been slipping away. They are deeply worried, but they are also desperately eager, eager for some new approach, some plan, some way to change the education system to make it do what they always dreamed it would.

But the problem, they feel, is compounded by yet
another survival problem; it's one that all of you feel, I
know, in your own states: How could America be
competitive in the world again? They see jobs and whole
industries being exported. A big 3 in every 4 are
convinced Japan has a rate of increase in productivity far
beyond that of the U.S. By 3 to 1, top American business
leaders concede that Japan is ahead of us in quality of
output and a plurality of the public and a big majority of
corporate leaders believe that Japanese public school
students outperform U.S. students in math, science, and
other fields, and understand that is objectively the case.

Given the perceived deep trouble this country is
in competing in the world, it's significant that 7 of
every 10 people reject the route of trade restrictions on
the one hand or of cutting U.S. wages and living standards
as a means to catch up.

Instead, 8 in 10 Americans -- and we tested this
-- say the answer is to create new, higher-skilled jobs to
produce new products and services that will outcompete the
rest of the world; but to do that they are convinced a
whole new approach must be taken in educating and training
the American work force. This education, 3 in every 4
believe, should teach students to learn to write and reason
well, to really understand math, science and technology,
and to be able to use those skills and to learn to figure
out what they need to know and how to find it out. Also viewed as critically important is to educate students who can think their way creatively through tough problems and to learn to understand this complex society in order to be an effective citizen body.

Note it well, the American people are not talking about educating a new elite in this country. They are saying that all the nation's children must learn these new things if the country is to develop the new level skills to make us competitive.

But that means facing the issue of educating the poor, many of whom are minorities; close to 7 in 10 people and almost all the business leaders are convinced that these groups are now getting a poor education. That's costing this country dearly in welfare programs, the criminal justice system, and remedial education courses. They conclude we can compete only if the least privileged groups are lifted up to the new skill levels required for national survival.

Of course, people are convinced the heart of the matter lies in what is done about teachers. Let me say the key in the end of the American people is who is learning and who is teaching and almost all the rest becomes quite irrelevant. The key question about teachers is double-barreled:
First, can the quality of teaching be upgraded to be capable of educating this new type of product of the public school system?

And second, is society willing to give the teachers the added authority and incentive rewards to attract the best to the profession and to keep the best in the system?

Significantly, 9 in every 10 people reject the notion that the way to solve the current teacher shortage is to temporarily lower the standards among teachers. To the contrary, they say standards must be raised and teaching made into a career with better pay and more independence.

Of course, this means, in turn, new ground rules for teachers. That's what the public and top business leaders say; and these ground rules are such as, paying teachers by a new bottom line, and mark it well, what kind of progress their students are making; paying the highest salaries to those teachers with the most proven professional competence and on how much they contribute to their schools; and finally, finally, at last, paying teachers competitive salaries on a level, for example, with accountants.

But then with these upside inducements must also go stiff, stiff accountability, such as annual reporting of
school-wide student performance, regular reports on student
ability to understand, summarize and explain relatively
complicated information on a whole host of subjects; and --
this is the key one -- allowing parents the chance to
choose which public school to send their kids to as a
device to reward schools that are successful.

It should be noted that three-quarters or better
of the public and businessmen favor such measures. Similar
huge majorities support steps such as these: that the best
positions be reserved for teachers who prove their
competence through tough assessments; that teachers be
involved in the process of deciding how subjects are to be
taught; rewarding the most capable teachers with higher pay
and responsibility to keep them in the system and teaching;
giving the best teachers leadership roles in schools to
improve the entire performance, the entire school, to other
teachers and students; and having the top teachers
coordinate the work of other teachers, thus optimally
utilizing the school's resources.

Put bluntly, this means a new compact in
education, a trade-off, if you will, between higher
salaries and more autonomy for teachers on the one hand, in
exchange for higher standards and accountability for
teachers measured, in what: in terms of student
performance. This is basic.
The Carnegie Forum Task Force did come up with 13 sweeping recommendations, all of which met with majority backing from the public. Here they are:

Big majorities favor setting up a national board for professional standards which would spell out high standards for teachers and would certify teachers who meet those standards. Other professions have it; teaching does not.

A close to unanimous majority agree that teachers should be required to demonstrate full command of their subjects and their ability to communicate it all to their students.

And then, 3 in every 4 of both groups would support the national board issuing a code of ethics and then enforcing it, disciplining those who would violate it. But sizable majorities also say that if teachers are held strictly accountable for student progress, they also should have a real say over what is taught, how materials are used and how the budget in their school is spent. In other words, cut the teachers into the action the first time.

The concept of a lead teacher, to be filled by the most competent teachers who would be responsible for helping to improve the performance of other teachers and students, also meets with wide approval.

Then, 7 in 10 also back the requirement of a
four-year college degree in the subject the teacher will
teach before the professional study of teaching itself; and
8 in 10 support creating a new graduate degree, a master in
teaching, to prepare teachers indeed for the mastery of
their subjects, for understanding student growth and
learning abilities and for command of sound teaching
techniques.

The majorities also agree that real emphasis
must be put on increasing the numbers of minorities who
become teachers; and they realize this means many more
graduate fellowships and other financial aid for needy
minority students who are qualified and promise to become
teachers.

They are nearly unanimous in support of the
recommendation creating incentives to focus the schools'
entire energies on improving student performances; and 9 in
every 10 also back the proposal that teacher salaries and
career opportunities would be made competitive with other
professions, which means raising pay to attract and keep
the best. And we laid it right on the line in this survey:
This specifically means teachers' pay similar to that of
accountants, who range between $20,000 as a starting salary,
to a high of $60,000; note, though, that's for 12 month's
work, a full year's work.

The only exception of the remarkably high
endorsement of the recommendations emerged over the proposal, and I quote it, "In some cases, lead teachers would actually hire administrators, instead of being hired by them, as is the case now."

The public backed proposal by a modest majority; businessmen oppose it by 68 to 24 percent.

Now as important as is the adherence to the key recommendations of the Carnegie Forum Task Force is the overwhelming endorsement by 90 percent or better of both the public and business leaders of the principles underlying that report. They hardly go along with the view that for the U.S. to become competitive, we must pay more for quality education, but we must also get tangible results back and returns on our investment. Also that if teachers are to be paid more and have more say about how schools are run, then they should really know their subject and how to teach it and should be willing to be held accountable for their students' performance and the teachers must be paid according to their level of responsibility, their competence, their experience and their success in teaching students.

Also, that ways should be found to reallocate education money from administration to instruction. I will repeat that, because that is basic. Ways should be found to reallocate education money from administration to
education and instruction.

Finally, that investment in education is one of the best investments the country can make because well-educated people are the best guarantee of what? A rising standard of living in these United States.

The reaction of the American people and the top business community to the Carnegie Forum's Task Force recommendations and approach is nothing less than overwhelming and staggering; the clear mandate is for nothing less than complete and comprehensive overhaul of the entire public education system. And it's significant that people are playing for keeps and not just indulging in easy rhetoric.

Specific proof of that was never more clear than the fact that 77 percent of the public -- mark that well -- and 65 percent of the top business leaders, are willing to pay higher individual and higher corporate taxes respectively to improve the quality of education in this country. The backing comes from every region, every sector, every state, from every strata of society, high, low, people in all occupations. Let me say the challenge facing Governors and educators, businessmen, parents, the leadership of the country and the citizenry, I believe is to act now, not later, before it's too late.

Now let me say this week, if I might indulge
myself in one personal observation in closing, I have been
deeply impressed by what I have heard here at your meetings.
Traditionally, those who have wanted the least government
action, the least decisive action, said, many cases for
many years, "Just turn it over to the states."

It's true that each state, each locality, public
school system is different; and yet this crisis in
education pervades every state and is truly national in
character. There are those traditionalists who want little
done at the national level who welcome your taking
responsibility. But let me say, make no mistake about it,
you are making national policy right here and now, filling
a national vacuum, exerting national leadership.

But that's the history of this country, if I
might suggest, when federal leadership does not move on a
critical problem, a crisis, the states then innovate and
act. What you you do today will be national policy
tomorrow, and a generation from now, it's my view, that a
grateful nation will give you its thanks for what you have
done here this week. Thank you very much.

(Applause.)

GOVERNOR ALEXANDER: Thank you, Mr. Harris and
Mr. Tucker. Thank you very much for announcing your survey
at this time when it-- and obviously we are pleased by it
because what it shows is that what the Governors have found
after a year of study ought to be done is what the American people want done, and that's very reassuring.

It's also an interesting twist, I think, to hear a long-time observer of American government say when the federal government fails or won't innovate, then the states must. That's just the reverse of what we heard 25 years ago. People were saying the states wouldn't, so the federal government had to.

We have a moment for maybe one question or comment by a Governor to Mr. Harris before we go on, if there is one; or we can move right on to our summaries.

GOVERNOR ORR: Mr. Chairman.

GOVERNOR ALEXANDER: Governor Orr.

GOVERNOR ORR: May I ask a question? I am not sure that I could glean from your comments how well our people understand the nature of global competition, and whether or not we have a job to do as Governors showing leadership to help to bring about a recognition and understanding as to how serious global competition will soon be.

MR. HARRIS: Governor, we asked that directly and we got 73 percent that said it's very serious; another 22 percent who said it's somewhat serious; but the point is, apart from that, I think, just as I reported here, that people have been shocked over the last 15 years, this great
American dream of education really being the way to haul
yourself and your kids up by their bootstraps, has somehow
been slipping.

So too in the whole competition area, the
American people were led to believe for a long, long time
that the United States was the engine of great basic
research, of technological competence; we invented it all,
we are superior to everybody else, all of a sudden, up from
the blind side, somebody comes along-- they think it's
Japan mainly, but -- because we did test western Europe and
some other sources -- somebody else is superior to us:
productivity, quality, a whole host of things; able to
outcompete us.

And I think people are just shocked that this
has happened and they are willing to go to great extremes
to correct it. They mean business on it.

In fact, I would say if we went on another five
years like this, our people would get in a very mean and
ugly mood about throwing a lot of rascals out who don't--who
haven't done anything about this. I think it's a major,
major issue. And it's the coincidence of those two things
of, on the one hand, of having a great golden dream of
education being shattered to a degree and this other one of
our great technological competence also coming under real
question. The coincidence of those two that has finally
led people to believe, even if it costs them more taxes, to say for heaven's sake, let's overhaul this education system and do it right, do it right. Not by lowering our standards to compete, let's say with Korea, where we never will on wages; but, rather, developing a whole new skilled labor force that will turn out products that are unique and totally not only competitive, but nobody else in the world can offer them.

If there is an American way, I think I have just summed that up. That's what people feel right to the bottom of their hearts and souls.

GOVERNOR ALEXANDER: We have time for two more questions: Governor Thornburgh and then Governor Carlin.

GOVERNOR THORNBURGH: Mr. Chairman, it's reassuring to hear poll results that substantiate the direction in which this association wants to move in educational matters. But as Governors we know that implementing the political agenda often depends on finding those areas where we may be swimming against the tide as far as public opinion goes. I think it would be useful if our staff and the staff of Carnegie Forum and Mr. Harris' organization were to get their heads together and pinpoint those areas where there may be public resistance to the implementation of some of the recommendations that we've made for the next five years so that we can
prioritize our efforts at the state level and the local level in getting the job accomplished.

GOVERNOR ALEXANDER: Governor Thornburgh, I will ask Ray Shapok on our staff to work with Mr. Harris and that will be a supplement that could go to the Governors following this meeting. Thank you.

Governor Carlin.

GOVERNOR CARLIN: Mr. Harris, did you ask the public anything about their support for change, consolidation, closing the schools, that sort of thing, to come up with the resources or a part of the resources to fund these programs?

MR. HARRIS: I think a key, Governor Carlin, a key result -- I repeated it in my remarks here a minute ago -- people are, 3 to 1, they are prepared to see less money spent on administration of schools and more on teaching.

GOVERNOR CARLIN: But closing of schools?

MR. HARRIS: We did not talk about this business of bankrupt schools. We did not cover that as such.

GOVERNOR CARLIN: But not necessarily bankrupt, but just smaller schools where, particularly in a rural state where consolidation historically has been a very tough political issue and is really one of the keys, as we look to the future, again at some point another round, as to whether they relate that to improvement in the schools
as well.

MR. HARRIS: We did not ask about that specifically, Governor, but let me add this: that the whole tenor of what emerged was people just poured out their hearts with this and said, look, whatever it takes, what we want is for our kids to get a quality education and to make America more competitive.

This was the -- details become less important than this; and people, I am sure, are going to judge by that bottom line, just as they want teachers for -- I think it's a very radical thing -- to have teachers paid by how well they produce in terms of the success of their students, you know, and learning. If this means closing schools, if it means consolidating schools, I am absolutely certain they will do it.

I am sure, let me add, that there is a lot more work to be done because each school district and each state, each area of the country is different. But I'll eat it if the overall results don't hold in any single state or municipality in this country; this is felt far too deeply to be denied.

GOVERNOR ALEXANDER: Your last comment, Mr. Harris, there are lots of surveys and you have conducted lots of them. Is there any comment you can make about intensity of feeling? Sometimes intensity of feeling
-- you almost made one as you finished there. What else is
there to say about the intensity of feeling on this subject?

MR. HARRIS: I think, Governor Alexander, it's a
matter of -- it's a word I think you have used and others
have used in politics through the years. It's "enough is
enough." We have had enough on this whole subject of
education; let's start acting. Let's start getting
something done.

It's curious because a few of the Governors have
come up to me and said, you know, this doesn't seem to be
on people's minds when you ask them about things. I said,
well, have you tried out, though, saying, you know, I think
there is a way to make the schools a lot better. And then
people -- you just ask that and people will just respond
like nothing flat, I must say. They will just say to you,
holy smoke, it's about time somebody wanted to do that.

And then if you have some kind of plan, you got
some orderly way to do it -- and I am not suggesting that
you can keelhaul the school system in one day -- but if you
say to them, it's going to take us two to three years here
but we are going to make drastic changes, I think you will
find this is just about as popular an idea as you can run
into.

Don't mistake, though, that you haven't got an
entrenched bureaucracy and a whole lot of other things that
aren't going to fight you tooth and nail on it. I think you know that better than I.

GOVERNOR ALEXANDER: Mr. Harris, this is a fascinating report. It is providential that our report is entitled "Time for Results," which seems to be what the people are saying through your survey. Thank you for joining us today and I know many of the Governors will look forward to talking to you more individually about this survey in the future.

We will now move to the second part of our session this morning, which is to consider the remaining parts of the 1991 Report on Education. On Sunday afternoon, we heard from Governors Clinton, Governors Kean and Governors Lamm on leadership, teaching and giving parents more choice of the public schools their children attend.

Four task forces will report briefly today and then we will have some discussion of those reports: Governor Riley's Task Force on Readiness, young children, what can we do to make sure they are prepared for school. Governor Schwinden's Task Force on School Facilities, most of which are closed half the time. Governor Sununu's Task Force on Technology, are we using it properly. And Governor Ashcroft's task force asking, how can we tell if college students are learning?

We will begin with Governor Dick Riley of South
GOVERNOR RILEY: Thank you, Mr. Chairman. I would like to point out my particular interest in Lou Harris' --

GOVERNOR ALEXANDER: Governor Riley, excuse me. Could I ask those sitting in the back to keep the conversation down, please. It's hard for the Governors at this end to hear. Thank you.

GOVERNOR RILEY: I was very interested in Lou Harris' comment that from his data, all the nation's children need to have new, higher skill levels. That's certainly consistent with our report and I think we all must go into this issue realizing that we have some 25 percent of our children on an average drop out, and many more in addition to that group who end up being poorly prepared. That is really what this task force dealt with.

I commend the National Governors' Association once again for challenging us as Governors to examine the comprehensive educational climate and to set the priorities for the next five years.

Governor Thornburgh, vice-chair of this Task Force on Readiness, has worked with us, and we have worked as a team; our staffs have worked as a team; and because of his commitment and support, I have asked him to join this morning with me in making this brief presentation of our
The Task Force on Readiness looked squarely at the issues surrounding increased educational standards and requirements due to the recent education reform movement that swept across this nation.

For some students, these increases were needed challenges. For others, however, the increases promised only additional barriers, unless -- and that is part of this report -- unless new and effective educational strategies could be initiated.

Our task force decided to focus its attention on these students at high risk of failure.

Yesterday, Mary Futrell made some kind remarks about our readiness report. She said that we must, to quote her, "teach the public." In our own state of South Carolina we, like many of you who have passed massive education reforms, we too are facing what may be the largest and most understated obstacle to successful implementation.

To put it simply, we are trying to make sure that our parents and students and teachers fully understand what the higher standards and requirements are and what they as parents and students must do to get ready for them.

For example, as part of our 61-point education reform package, we have undertaken a massive public
information campaign to help students get ready for the new
exit exam in basic skills before they get to 10th grade,
and to help them meet the higher college entrance
requirements by taking the right courses in the 9th and
10th grades before they graduate.

To get everybody's attention, we have used one
of today's popular words, "awesome," and I would call your
attention to the bumper sticker that you have at your desk
as part of our awareness effort.

Once we get their attention, we must be ready to
help them in a realistic way to succeed in their efforts to
meet these higher standards. And that's what the Readiness
Task Force is truly all about.

Our Task Force on Readiness realized that our
task was, indeed, awesome. In order to meet this challenge,
we have recommended two sets of bold strategies. The first
set of recommendation targets seven proposed state
initiatives to help at-risk preschool children get ready
for school.

Some of these initiatives, such as kindergarten
for all five-year-olds and half-day programs for at-risk
four-year-olds, will cost some money now, but will save
millions and millions of dollars later in reduced remedial
programs, less welfare, less crime, a reduced dropout rate,
and many other beneficial results.
Others, such as developing support systems for parents through community cooperation and education, will require time and a high degree of coordination.

Other initiatives address the need for quality child development programs, accreditation for day-care centers, staff training, teacher credentialing; they are all important. And we, as members of this task force, have made every effort to represent the best collective thought of early childhood professionals and experts as well as policymakers from around the country.

We urge each state to bite the bullet and consider these preventive recommendations. They are sound investments, I assure you, for the future.

Now, Mr. Chairman, I would like to ask Dick Thornburgh to present the second set of recommendations at this time.

Dick.

GOVERNOR THORNBURGH: Thank you, Governor Riley. The second part of our report recommends special steps to ensure that new higher educational standards act as a challenge and not as a barrier to at-risk children once they are in school. Tougher education requirements, special attention to basic skills and increases in the number of mathematics and science courses are crucial to improving our public schools. But these new standards will
not accomplish their purpose if we ignore those at-risk children who are beginning their educational experience at an immediate disadvantage because of inadequate preparation and a lack of parental and family support systems so crucial to academic success. These are the children who have the intelligence to succeed but don't. They are at risk of failing without special help which can prevent them from falling through the cracks of our educational system.

At our task force hearings, it became apparent that we needed to develop a set of recommendations for states to employ in keeping these children in school and allowing them to complete on an equal basis with their peers. We therefore, recommended, first, extra assistance in basic skills for students with major deficiencies in reading, writing or mathematics, such as the Tell's testing program in Pennsylvania which has tested more than 300,000 students for reading and mathematic skills in the third, fifth and eighth grade and is now providing extra help to some 95,000 found to be in need.

Secondly, the establishment of parent-school relationships to encourage and involve parents in their children's education; particularly in the areas of homework, school attendance and discipline.

Third, providing incentives, technical assistance and training to principals and teachers in the
most effective learning methods for all students.

And finally, rewarding schools which make progress in improving the quality of education for all students.

The nation's public school systems have responded in a most encouraging way to the 1983 "Nation At Risk" report on the need for educational reform. But these reforms will fall short of their goal if we do not prepare all children for success in the classroom and sustain our support for them as they make their way through the educational system.

In closing, I would like to thank Governor Dick Riley for asking me to share the results of our task force work with you. He and I and our staffs have developed our own educational partnership during the last year and have learned much about what Governors and states can do to continue to improve education with a particular focus on the at-risk portion of our student population.

Thank you, Dick.

GOVERNOR ALEXANDER: Thank you, Governors Riley and Thornburgh.

I think the Readiness report makes a very clear statement that we are very much aware as Governors that teachers and parents and all of us are dealing with a very changed set of circumstances today than we might have been
in other years and that those family structures and
circumstances that we are dealing with are very important
to the results that we hope to achieve. Thank you.

Governor Ted Schwinden chaired the task force
that asked the question about whether we were using our
school buildings, our school facilities, as well as we
might.

Governor Schwinden.

GOVERNOR SCHWINDEN: Thank you very much,
Mr. Chairman. If the task force, which was vice-chaired
ably by Governor Bangerter from Utah, began with the
presumption that buildings are boring, I think we found, as
we have wound our way through the testimony, that the
better use of school facilities across this country is a
real challenge. We have offered a series of
recommendations that encourage, among other things, more
efficient use of those facilities for educating students.
We have urged the greater use of school property for
general community use and invited the active involvement of
states in restoring buildings to safety and good repair.
The task force also asks for the adoption of policies for
the disposition of old and obsolete facilities; and finally,
for the development of greater expertise by national
education organizations, in alternative school use and
design.
Not surprisingly, the greatest obstacle that we foresee to acceptance of the task force recommendations, one we have already heard Mr. Harris confirm in response to one of the questions, the greatest obstacle is tradition; the existing institutions.

If you ask why schools are closed for as many days of the year as they are open, the answer is "We have always done it that way." If you ask why sports facilities and kitchens and even classrooms are not available to community groups, the answer is, "We have never done that before." If you ask why unused buildings are boarded up and decaying, the answer is invariably some variation of that same theme related to tradition.

The task force found some bright spots. We heard many examples of innovative facility use and efficient property management. But to the extent that tradition is a major obstacle to new approaches, Governors certainly can and should exercise a positive influence on the ways that communities choose to use the vast investment that they have in school facilities today. Governors can promote nontraditional ideas, applaud innovative local action, and Governors can lead state government away from the restrictions and prohibitions that have been imposed by tradition. And perhaps most importantly, Governors can motivate community leaders by asking them one simple
question: Your taxes paid for these buildings, why don't you use them? The range of alternative uses of facilities is as broad as one's imagination.

Our report stresses one in particular, and that is, the appropriate use of facilities for day care and afterschool programs for young children; because the demand for high quality day care typically across the country, exceeds the supply and certainly schools are uniquely designed to provide quality care.

The value of existing school facilities nationwide, we have estimated to be in the neighborhood of $250 billion, and we ask in the task force report whether the inevitable investment of a similar amount of tax dollars ought to duplicate what we have traditionally provided or should we try to produce something better in the decades ahead.

The question obviously, as indicated by Lou Harris' comments this morning, is one of great interest to the public but one that remains open. Communities and school officials will deal most directly with the answers, but Governors can certainly foster an environment that is conducive to change.

We can help develop alternative means of financing new construction or maintenance needs, needs which may already constitute a $25 billion backlog across
this country. We can urge development of new design
considerations for schools that would house alternative
uses. And most importantly of all, as government leaders,
we as Governors can strive to ensure the investment in
education that most Americans clearly still want to make,
results in a product that is the very best that we can make
it.

My appreciation to you, Mr. Chairman, for
focusing the attention of the nation's Governors and the
public on education this past year and the opportunity to
work with our task force and the vice chairman, Norm
Bangerter, in this area of better use of school facilities.
Thank you.

GOVERNOR ALEXANDER: Governor Bangerter,
anything to add to that?

GOVERNOR BANGERTER: Ted and I agreed that in
the interest of time, we would just listen to his
presentation, but I concur with everything he said. It is
a major area where we can make some change if we are
willing to do it.

GOVERNOR ALEXANDER: There probably could be no
other area more obvious than the area that you worked on.
The very idea that the most expensive buildings in most
communities are, in most cases, closed half a year at a
time when education and jobs are urgently related, is
astonishing, when you step back from it and look at it.

The other thing that just occurs to me, and I think I have to say this, as I heard Governor Riley, Governor Thornburgh, Governor Schwinden and Governor Bangerter, what is important about this is these are not reports of other people that Governors are reading; this is not one Governor's report; these are 50 Governors who come to their own conclusions and who are giving their best advice to each other, and so far as most of us know, that hasn't happened before quite this way in American public education.

Governor John Sununu led the Task Force on Technology. In a world of new technology, how well are the schools using it? Three, two, one.

(Laughter.)

GOVERNOR SUNUNU: Thank you very much, Mr. Chairman. I want to thank Governor White of Texas, who served as vice chairman, and the other members of the committee. It was, I think, one of the most challenging and interesting things I have had an opportunity to do. There's been a lot of discussion about it, the role of technology and what it can and can't do in the classroom. And I think that we tried very hard in the committee to make a distinction between the promise of technology and what it can accomplish and tried to emphasize that one of
the difficulties that will be encountered in the classroom is that there may be some overexpectations and some assumptions that technology may replace, or be an alternative to the teacher.

If there is a single message in what is included in the report that ought to be emphasized and emphasized again and again and again, it is that the role of technology is most appropriate and, in fact, best implemented in the classroom if it is used to leverage the capacity of the teachers to deal with the needs of the student as a professional, and that it is an adjunct to the teacher, it is a tool for the teacher; it is by no means an alternative or a replacement of the teacher.

The report goes on to address some of the specifics that we would recommend that states and Governors in particular focus on as they try and bring technology into a more productive role in education.

The first point -- and it is sometimes taken for granted and then not implemented -- is the fact that planning is a crucial part of this; particularly with the conflicting claims and developments that are taking place in terms of hardware and software, and the reality that that technology must be dovetailed into the curriculum, requires that planning be done not only at the state level, but at the regional and district level as well.
The second point that is to be emphasized in what was accomplished is that teacher training is crucial. It is crucial both from the point of view of the teachers being able to utilize the resource that is being provided; and, secondly, from the point of view of being comfortable and willing to utilize it. And a teacher that is not trained and comfortable with the hardware and software that the investment is being made in is not going to be a teacher that can make the best use for their own personal -- in terms of leveraging their own personal professional capacity, but in terms communicating with the students.

The role of the state as a coordinator is also crucial. The state can provide funds, it can provide resources, it can stimulate development, but it also must assist the regions and the districts within the state in coordinating their activities and, in fact, transferring productive results that are achieved in one district to others. Networking is a reality in the utilization of technology today in education, and that networking role will certainly be implemented by the professionals themselves in teaching that the state itself can become a significant facilitator in that.

And finally, at the risk of being repetitious, I want to emphasize again that it is up to the teachers to develop the mechanisms for dovetailing this technology with
the curriculum that is presented to the students. There is
no substitute for the capacity and the willingness and the
comfort factor that a teacher will have in making
technology service.

I am certain that with those caveats, technology
can add to the quality and effectiveness of our educational
revolution that I think all of the Governors hope will be a
product of this 1991 report. Thank you very much,
Mr. Chairman.

GOVERNOR ALEXANDER: Thank you, Governor Sununu,
and thanks to Governor White and the other Governors who
participated on that panel.

The seventh Governors' task force looked at
higher education and asked the irreverent question: How
much are students really learning in college, and should we
try to measure that? Governor John Ashcroft of Missouri
led that task force.

GOVERNOR ASHCROFT: Thank you very much and
thank you for having allowed us to make this inquiry. It's
a little bit unique, I guess, to say the least, that we
would be the only task force dealing with higher education.

I want to thank Governor Bob Graham of Florida
for his vice-chairmanship and Governors Deukmejian, Carlin,
Hughes, Dukakis, Anaya and Moore for their participation in
this effort. The charge of the task force was to determine
how much students are learning in our colleges and universities, and our task force chose to focus its attention on the undergraduate aspects of education. Somewhat alarmingly to me, I found out that most colleges and universities don't have any systematic method of determining how much their undergraduate students are learning. In particular, this is true when we begin investigating issues such as the availability or the ability to think critically or solve problems or communicate effectively.

There are some nationally norm tests that certain portions of our college graduate population take, and those test scores are not encouraging. One report indicated that between 1964 and 1982, in 11 of 15 categories tested on the Graduate Record Examination, test scores were in a decline.

So I think the real thing that is the first dawning revelation of a need is the need for our colleges and universities to begin assessing progress, and we took a keen interest in saying that colleges and universities should make an assessment of what is happening to individuals who are on their campus. We think this is important because we are investing substantial public resources in public higher education; it's important that we know what happens as a result of that investment. The
public has a right to know what it is getting for its expenditure of tax resources, and consumers -- the individuals have a right to know what happens on a campus when they expect to go there.

Our task force did discover that there are several colleges and universities in the country, a growing number, in fact, that are beginning to conduct regular assessments of progress at the undergraduate levels, and this happens not only in community colleges -- there is a significant we heard testimony about from Florida -- but in public colleges at the four-year level as well as private and in the research universities as well.

The recommendations included that we ask the colleges first to define their mission; colleges to do that in conjunction with a legislature and their governing boards, and to take that defined mission and to begin to make assessments of what kind of progress is being made.

We recommended that we as allocators of public resources begin to reward institutions that would make such efforts to define their missions and assess progress and reward those institutions that as a matter of fact did a good job. Multiple measures of assessment are important. Sometimes assessments can be made successfully on paper and pencil. Others may require better techniques including surveys of graduates and evaluations by trained evaluators.
in the program.

Financial incentives within regular funding programs, however, ought to reward institutions that can demonstrate that they do a good job.

We have committed ourselves to the concept which we believe is true, that quality, assessment in performance and access to education are not incompatible, that they are achievable goals contemporaneously.

Last but not least, we suggested that accrediting associations require institutions to begin assessing what happens to students at those institutions, and then that accrediting associations consider student progress in institutions as a part of the data on which they base accreditation.

My personal feeling is if you can't really demonstrate that anything good is happening to individuals while they are in the program, we ought to look very carefully at whether or not an institution continues to carry accreditation.

I am pleased to have had this opportunity to cooperate with these other Governors. I want to commend them, commend the staff, members of the offices who spent a lot of time with us on this, along with our collaboration with ECS and Governor Kean, who was running his program contemporaneously.
GOVERNOR ALEXANDER: Thank you, John. That completes the seven reports. We have just a few minutes for further discussion. Governor Orr and Governor Blanchard next. Governor Orr.

GOVERNOR ORR: Mr. Chairman, this is, indeed, an overwhelming agenda that these seven task forces have laid before us. It might also be said that it so dominates everything that our future efforts as an association may well spend most of our time if not all of our time trying to carry out these state strategies that have been laid before us to measure what we have done and what we expect to do against what is put before us here, as a result of countless hours of so many people and the involvement, really, of almost all Governors in a united effort, which I think is demonstrating the kind of leadership that is so important for the country.

I do believe that while we take pride in our own initiatives, and all of us do, because everybody has some special things, that we have far to go before we sleep, in relationship to a lot of other things that must come forward.

Indiana is proud of its prime time program and we are proud of our own technological program, which I believe may be unique, and we all are moving towards incentives of one kind or another, patterning our existence
after that which has been accomplished in Tennessee. One thing which has never been voiced, however, in all of our deliberations over these three days, has to do with time on task. It is something which in Indiana at the moment is subject to considerable debate. Our superintendent of public construction, Dean Evans, is leading that, in the belief that we need to expand on time on task. He was a part of a group that visited in Japan, and many Governors here have had the opportunity, as have I, to visit schools in Japan, where they spend 240 days a year in school, to say nothing of all of the rest of the things that they do. Our country averages something like 180 days.

I am wondering if this is something that for some reason or another we haven't mentioned on purpose, or just simply because it is assumed that with improvement, we are going to be adding to time on task the number of days in the school year, but it seems to me important to bring this up. It is a matter of debate in the State of Indiana. I wonder if it is in other states.

GOVERNOR ALEXANDER: Thank you, Governor Orr. Any Governor have a comment on that? I wonder, Governor Kean, if the Carnegie Forum discussed the question of more school days, time on task as an aspect of teaching, and if so, if you have any reaction to Governor Orr's remark. Governor Kean was the Governor who was a member of the
GOVERNOR KEAN: Yes, we talked about longer school day, longer school year. Our main emphasis, though, was to get more out of the time we now spend in school. We recognize that many of our foreign competitors do spend more time on task, simply do spend more time, more school days, more school hours. But our primary task was to try to adjust the hours we now spend to get more out of them.

GOVERNOR ORR: I think the primary task that all of us have is that, but as we move forward with innovations, is that not something that we properly should take into consideration?

GOVERNOR ALEXANDER: I think clearly it should, Governor Orr, and one of the most interesting kinds of statistics the Governors could ask for in their own states is how much time do teachers spend actually teaching, and the results seem to show that it might be anywhere from 15 to 25 percent of their time because they have so many noninstructional duties. So a lot of people come to the conclusion that until we straighten that out and do a better job with the days we've got, that maybe we shouldn't go to more days.

Let me go to Governor Blanchard who has a comment or question.

GOVERNOR BLANCHARD: Thank you, Governor
Alexander.

I would like to thank the Governors that led these task forces and also the staff, because I think these documents and findings are going to be helpful to all of us. I think it's a very worthwhile project.

I would like to mention something on a related note, and that is, earlier this year I proposed a tuition guarantee program in Michigan which would allow parents or grandparents to make a downpayment now, and therefore, and then guarantee four years of tuition free at any one of our 15 public colleges and universities. We are in the process now of hoping to enact it. My House of Representatives has passed it by a vote of 89 to 11, strong bipartisan support. It will be the first of a kind that a state has brought forth. I would like to recommend that you seriously consider it.

We in Michigan, like most of you, are very proud of our higher educational system, our public higher educational system, but the cost of tuition has indeed skyrocketed. We are looking for ways that the state government can be a catalyst in providing opportunity without creating a bureaucracy and trying to redistribute income. The way we develop, we think will work, is this what we call baccalaureate education system trust program, tuition guarantee, which allows people to make a modest
downpayment and 18 years later guarantee four years of
tuition, or installment payments. And how it works,
basically, is that people pay now, the state has a trust
managed by a financial -- private financial consultants
that invest the money. The money earned is tax exempt, and
it is used, therefore, to guarantee tuition. Obviously
this is state universities, state colleges, so we have a
great deal of influence on what tuition will be. In fact,
we have froze tuition two years in a row in Michigan as
well.

But it's, I think, it's an idea whose time has
come. We'll keep you posted on how it's working. But 35 --
representatives of 35 states have inquired, and the status
is right now, it's on the threshold of being enacted by our
Senate and we hope to put it in place by the end of the
year. It does deal with the question of providing access
to higher education.

And also, I think, if a young person realizes
that they have tuition guaranteed at a public college or
university, I think they are likely to work a lot harder,
because they will realize if they work hard, money will not
deny their admission to a college or university.

GOVERNOR ALEXANDER: Thank you, Governor
Blanchard. Before we conclude this session, I want to go
back and make certain that Governor Earl, Governor Ariyoshi
and Governor Kunin have a chance to ask a question or make a comment if they wish to. On Sunday afternoon we ran out of time and I don't want to do that again. Governor Earl.

GOVERNOR EARL: In observation of we don't have the folks here to ask the question, it seemed to me in some ways we are pulling in two different questions, and I was curious to get the reaction of the educators, particularly the principal and the school teacher we had, to this observation: Magnet schools and choice do move in the opposite direction of site management of schools.

If you want to get more parental involvement, and you want to give the teachers and the principals in the neighborhood school greater involvement, that is moving in quite a different direction from the choice notion. This has been debated here.

I was curious to get the teacher and the principal's reaction to greater on-site management with whichever agency represents the state, Department of Public Instruction, whatever, dealing directly with the school in trying to reward superior performance there, rather than going through the school district, especially in a large urban district, and whether they thought that would be more effective and represent better educational policy, than moving in a direction of magnet schools, which as attractive as they are, do create many of the problems that
were cited here. You remove many of the role models from
schools, you give some youngsters a notion that they have
not been ticketed for success because they aren't going to
the magnet schools. I was anxious to get those educators'
responses. I'd be anxious to hear from some of you
afterward, your action to this, because it seems to me that
is a very critical debate we will be facing in following
the recommendations of the task force.

GOVERNOR ALEXANDER: Thank you, Governor Earl.
Governor Kunin.

GOVERNOR KUNIN: Thank you. I'd like to -- is
Governor Riley still here or has he left?

GOVERNOR ALEXANDER: He's right here, moving
around.

GOVERNOR KUNIN: I would just like to pick up on
something. We, in Vermont, established kindergarten for
all school children in the last year, figuring that was the
best investment we could make. I think we are all in
agreement that early childhood education has the greatest
return.

You note in your report that then there is some
competition, whether you should get into full-time
kindergarten, whether you should have extended day care
programs, whether you should have supplementary headstart.
Obviously we would like to do all of those. But if you
have to make choices, where do you think we can have the
most effective program after having established
kindergarten? Where do you go next if you want to move
down from kindergarten to making an impact on in early
childhood?

GOVERNOR RILEY: I think, Governor Kunin, if we
had to say in order of preference, which is the hard part
of being governor, the half-day program for kindergarten,
quality kindergarten program, first, I think, the half-day
program for at risk four-year-olds would be second, that
then often your school districts where they want to put
their local dollars into a full-day kindergarten program or
full-day four-year-old program or whatever, of course would
have that option. But in terms of the state providing the
proper services, I would say in that category, this preschool
business, early childhood education, and development, of
course, touches on educational component, the developmental
side, the health side, the social side; but it's very, very
critical to having the increased level of education as you
point out.

GOVERNOR ALEXANDER: Governor Ariyoshi, did you
have a comment.

GOVERNOR ARIYOSHI: Yes. We have had a great
deal of talk about how we can improve the many things in
education. One of the concerns that I have is the
increasing dollars that we spend in administration. And
I'm not sure how it's happening elsewhere, but in my state,
we have been spending more and more dollars on
administration side, and Lou Harris made mention of that
this morning. With that kind of increase has come greater
restrictions on what the teachers can do. We tell the
teachers about what they can teach, how they can teach, the
kind of aids that they are to be using; we tell them every
time there is a survey anything that's done about our
schools, the teachers end up getting all of these
assignments and they have to respond to many nonteaching
assignments.

The other very important part about this also is
the collective bargaining process. In our state we have
collective bargaining for all teachers, and the unions tell
us what the teachers should be doing and what they should
not be doing, and more and more we have been placing
teachers in straitjackets, placing greater restraints on
the kinds of things that they can do. I am very concerned
about that. I wanted to especially get some reaction when
the teachers were here and principal were here, about how
they would look at freeing the teachers from -- and the
willingness of the unions also to step back from putting
some of these constraints on what the teachers can do in
the classroom.
GOVERNOR ALEXANDER: Those are very important concerns, Governor. Perhaps one way to get at that is that our report, in effect, makes an invitation to local school districts to come back to the Governors, to the federal government, and perhaps to the teachers unions, and say, let's agree on goals, and then free us from a lot of these restrictions which cause the administrative paperwork and let's see if we can produce the results. I would like to see us begin to do that in connection with the federal government and with states who would like to try it and school districts who would like to try it and that might get directly at the point you are making.

GOVERNOR ARIYOSHI: My concern is that the unions have always talked about better education, but I have never ever heard them talk about what they have to do and about pulling back in order to make it possible for teachers to get free. In my state I have talked to the union leaders, and I've said if you really care about education, then you have to also step back. And the response I get is, but we don't tell all teachers they can't do some of these things. My response to them is yes, but if the teachers want to do a little bit more, everybody else looks to them and says, how come, why are you making it more difficult, why are you doing more than you are required to do.
GOVERNOR ALEXANDER: That's a very important point, Governor. I want to thank the Governors and conclude the part of this program on the Governors' 1991 report with this observation. As I mentioned earlier, it is worth repeating over and over again that these conversations are among Governors. That is an important point. The report has a great many pluses. It embraces some fairly radical notions. It earned an A-plus from even education groups who did not agree with some of the conclusions. It looks to the long term, which too many efforts don't do. It is realistic, and it offers opportunities for new compacts with, among people who have been arguing a lot in the past; and it decentralizes: If the Governors are not saying give it all to us, we are saying, in effect, in terms of excellence, we would like to give you more of the responsibility, if you will give us better results.

My own observation, and this is only a personal one, so you can take it for what it is worth, is this: that one reason there is so much interest today in the better schools among Governors is the point that Mr. Harris' survey relied upon. America's number 1 worry is better jobs, whether we will have good salaries in the 1990s because of international competition, and most Governors have concluded, as most Americans have, that better schools
mean better jobs.

People have asked me why haven't the Governors done more before. I think it's no lack of respect for other Governors to say that for some years Governors were, first, uneducated about education matters. It is a very difficult subject. And Governors had shorter terms. A crop of Governors is retiring this year, and many of them are the first Governors in their states who have had a chance to serve two consecutive four-year terms. It takes half of that to learn the subject. As a result, even Governors in their own states were, to a large part, intimidated by the difficulty of the subject, the complexity of the solutions, and the penalty that might be paid by coming out against the powerful interests who were arrayed in terms of the status quo.

But today I think we see things changing. Mr. Harris' survey talked about some very common sense solutions that the American public overwhelmingly supports, which are exactly the same sorts of directions that the Governors have talked about looking into: paying more for teaching well, more choices for parents, using schools all year long. It's hard to imagine why we weren't doing that in the first place, and that is what the citizens will be asking of us.

So what the Governors have done in this meeting
is to do something that, in my opinion, will change the
agenda for American public education for several years to
come.

I want to especially thank Governor Clinton and
Governor Kean who because of their respective positions
with the education commission of the state and this
association for their leadership, and I want to thank all
of the Governors for focusing so much of their attention on
one issue. With all that is on your plates, that's hard to
do.

GOVERNOR ORR: Mr. Chairman, may I have a word.

GOVERNOR ALEXANDER: Governor Orr.

GOVERNOR ORR: It's my belief that your
colleagues would be remiss in not identifying the great
leadership which you have given. You have learned your
lessons well, as you put it. You have given us all
inspiration by your leadership in this education initiative.
I think it's important that we all give you a round of
applause for what you have done.

(Applause.)

GOVERNOR ALEXANDER: Thank you very much.

I may make a tape of that and take it home.

Thank you, Bob. That was unnecessary, but I appreciate it
very much.

We now will move to the variety of other issues
that have been hot on our agenda also for the last three days. We have been debating them on committees all around Hilton Head Island and in various places. We will now have discussions and votes on the new and revised committee policy positions that were sent to all of the Governors before August 8. You have before you those policy statements, stacked up like this, along with any changes in amendments that are coming from the committees. To expedite matters, we are going to vote en bloc. In other words, I am going to bring up each committee’s policies all together, except where a request is made to consider a proposal on an individual basis. We are going to proceed in alphabetical order by the committees, beginning with the Committee on Agriculture, and suspensions of the rules will be considered last. By the way, suspensions of the rules should have been in to the NGA staff by yesterday so we know what they are.

I am going to ask the standing committee chairman now to please summarize and move the adoption of their policy positions. I will ask Governor Branstad, the chairman of the Committee on Agriculture, if he will go first.

GOVERNOR BRANSTAD: Governor Alexander, thank you very much.
As you all know, American agriculture has been going through a very difficult crisis period for the last several years. I think we can be proud that the Governors and especially the Governors' committee, the National Governors' Association Committee on Agriculture has been at the forefront of pushing for national policies to help our farmers through this very difficult and stressful time, including addressing such issues as the restructuring of the agricultural debt, and the exercising of forebearance by lenders and more reasonable policies in terms of dealing with the debt crisis.

That problem is still with us, even though it is not in the headlines as much as it has been, and the agriculture committee is continuing to monitor the actions there as well as push for the interests of the farmers as we deal with the major problem in the farm credit system involving the land bank and the PCA.

This year, the agriculture committee addressed a couple of other issues that are also of great concern to agriculture and rural America, and we have two policy statements that the committee has recommended.

The first, G-2, deals with export marketing and trade policy. Among other things, we take a very strong position supporting implementation of all existing agricultural export enhancement programs to all nations,
recognizing that we must compete in a world marketplace and
need to do all we can to improve the competitive position
of the American agricultural producers.

The other policy statement which was addressed
by the agriculture committee is G-11. It's a policy on
agricultural and rural development, recognizing that our
rural communities are going through a very difficult time
of transition, and there is need for federal assistance, as
well as state initiatives, to encourage and assist the
revitalization of our rural communities and agricultural
economy.

These two initiatives, G-2 and G-11, are
approved by the agricultural committee.

The committee decided to withdraw the proposed
policy, G-12, with the understanding -- and that is a
policy that deals with clear title on agricultural products.
The withdrawal of that proposal is under the understanding
of the agriculture committee members that it will be
reviewed by the committee, and all issues involving this
critical and controversial issue of clear title to
agricultural products will be communicated to the members
with the recommendations from the agriculture committee.

Governor Kerrey, who recommended that resolution,
may want to comment on the clear title issue.

I am ready to move the proposed policy changes G-2
and G-11 and so move at this time.

GOVERNOR ALEXANDER: And 12?

GOVERNOR BRANSTAD: 12 has been withdrawn by the committee as I pointed out.

GOVERNOR ALEXANDER: G-2 and -11 have been moved and seconded. Is there any discussion?

Governor Kerrey, do you --

GOVERNOR KERREY: I only want to make a comment on the resolution that was withdrawn with my support. Not too long ago in my past, I spent a fair amount of my time sitting around and trying to calculate how much plastic explosive it would take to blow up one particular thing or another. I apologize to the committee for having apparently done that with this particular resolution.

What I intended to do and what I would like to do in a brief period of time here was identify, particularly for nonagricultural state Governors, Governors that in particular don't have an awful lot of livestock industry, identify for them a potential problem that was created when the Food Security Act of 1985 was amended with Article 1324. That problem centers on what we know in our agricultural states as an issue known as double jeopardy. Where under the Uniform Commercial Code, agricultural products are considered to be different than other types of security interests; namely, that if you sell a product to a
purchaser, and that purchaser buys the product and
discovers that there is a lien on that product, the
purchaser himself is liable for the clearance of a lien and
then finds himself faced with what is essentially double
jeopardy. And what 1324 of the Food Security Act did is
clear that up by saying that all agricultural products that
are purchased are purchased free and clear with two
exceptions, and those two exceptions are if prenotification
occurs on the part of the lender, if the lender notifies
the purchasers of liens that exist with the prenotification
effort; and, secondly, if there exists in the states a
system known in general as central filing or central
indexing.

Central indexing is not required, but I think
that most of the people on the agricultural committee that
have faced this issue recognize that central indexing is
clearly the most desirable, clearly the most desirable; and
if you have not faced this issue and do not have central
indexing in place by the deadline of December 24, 1986,
your lenders in your state will be required, if they want
to protect their security interest, they will be required
to prenotify in order to accomplish that objective. They
will be required to shorten this presentation up and do it
with certified mail. They will be required to do it in
mass mailings, and I will close by just saying a word of
caution, that if you have not prepared yourself and your
states to consider central indexing as an alternative, in
my judgment, you will face what could affectionately be
referred to as a prenotification nightmare that will, in my
judgment as well, place a burden on the very people we are
trying to help, the borrowers. Because the elimination of
the agriculture interest under Uniform Commercial Code was
designed to provide the maximum amount of leverage for the
minimum amount of security.

In taking that security interest away, we will,
without a central indexing, we will place an additional
burden upon the lender which will be translated potentially
into additional burden on the borrower.

So I, with all due respect, attempted with this
resolution to simply bring before the Governors a potential
problem for them.

GOVERNOR ALEXANDER: Thank you, Governor Kerrey.
Governor Sinner.

GOVERNOR SINNER: Everything that Governor
Kerrey has said is true, and it's a very, very serious
issue for Governors that have not started on it. There are,
what, Terry, eight states? -- I think there are eight
states that have the program in place, there has been a lot
of research done, and the committee -- Terry and I and with
the help of NGA staff -- will send you a letter and we will
try to give you an analysis of the states that have the programs in place so that you know what you have to do. We will try to get that done very quickly. It is a big issue. Bob is absolutely right. You have got to get at it. You have to get legislation passed; and if -- that you can't delay. You must get at it.

GOVERNOR ALEXANDER: Thank you, George, and Bob. That's very good practical advice for all of us. The motion has been made and seconded. If there's no other discussion, I would like to move for a vote. All in favor, please say "aye."

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed? The ayes have it.

Governor Graham, chair of the Committee on Criminal Justice and Public Protection.

GOVERNOR GRAHAM: Thank you, Mr. Chairman. We have two proposed changes, both of which are essentially in the nature of a rewrite and consolidation of existing policies. The first is B-13, which rewrites the policy on the Army and Air National Guard. It continues the emphasis on the responsibility of the Governor to oversee and direct the Guard during peacetime, and the President's responsibility if they are mobilized for national service.

Second, B-23 is a rewrite and consolidation of
several policies which relate to comprehensive emergency
management and civil defense policy. There are no
substantive changes made in either of these two policy
positions. I move them.

GOVERNOR EARL: Second.

GOVERNOR ALEXANDER: Is there any discussion?
Governor Babbitt.

GOVERNOR BABBITT: Governor Alexander, I take
this motion as an endorsement of the status quo with
respect to the issues which we all now confront in terms of
the deployment of National Guard units to Central America
and specifically Honduras.

Like many of you, I have denied the requests
coming from the Pentagon to deploy my Guardsmen in the
Honduras. I have done that because I believe that the
requests that are now coming to Governors are part and
parcel of the policy that is intended to draw American
forces into direct support of the contras and ultimately
into a widening war in Central America.

I believe that when those requests come to the
Governors, that we inevitably are required to use our
constitutional and legal judgment and to pass on the merits
of those requests, and that the Governors are therefore
inevitably required by their actions to state whether or
not they support the President's policy. I do not. I
believe it is a mistaken policy.

I would point out in support of this resolution, however, the President clearly has authority to send Guardsmen to Central America as part of the Federal Reserve. I would simply emphasize, underline, and remind all of the Governors that the President, by asking us to send them as a state reserve, is drawing us directly into the execution of what I believe is a mistaken policy. He is doing it, notwithstanding that he has clear authority under existing law, to deploy Guardsmen as part of the Federal Reserve, as a federal decision.

GOVERNOR ALEXANDER: Thank you, Governor Babbitt.

Governor Clinton.

GOVERNOR CLINTON: Mr. Chairman, as someone who did permit his Guardsmen to go to Honduras to train, I also want to speak in support of the resolution, and I also want to say that I agree with Governor Babbitt that we should not permit the training in Honduras to allow something to be done indirectly which could not be done directly and to, in effect, circumvent Congressional policy accordingly.

We had some very strict guidelines on the training which occurred, and I did send, in effect, a major portion of the Capitol Press Corps to Honduras to cover the training during the time they were there. I thought it should be done and thought it was appropriate because I
think they can be called up to fight in Central America and I thought I had an obligation to see that they received their appropriate training to do that. So I did permit it. But I agree with Governor Babbitt and with the committee on the policy.

Let me just say one other thing. If we stay with the policy and if the bill which is now moving through Congress would remove our authority to deny involvement does not pass, that is, if the President -- if the status quo is maintained, I would just urge all of our Governors to be very careful in reviewing precisely what you have and have not authorized. Because I discovered, much to my surprise, that in addition to the people who had trained in Honduras, whom I was well aware, five Guardsmen from my state were sent to Chile and war games exercises at a time when the policy of this government was opposed to giving military aid to that government.

So I support the policy. I think we should continue it. I supported training in Honduras with certain restrictions. I think if the status quo is maintained, all of us need to very carefully review what it is we are and are not authorizing, because I promise you, I had no idea we had five National Guardspeople in Chile.

GOVERNOR ALEXANDER: Governor Ashcroft, then Governor Kunin, then Governor Atiyeh. Governor Ashcroft.
GOVERNOR ASHCROFT: I support this resolution. I think the Governors of the states ought to continue to exercise their role in helping make decisions about National Guard training.

I personally went to Honduras to evaluate the training exercise which the Missouri National Guard exercised leadership in in Honduras. I think we had as many Guardsmen there for as long a time as all the rest of the states put together. It was very clear to me, from an on-site inspection, that this was not an exercise in cooperation with the contras or an exercise in interfering with military objectives of any parties in Central America. At least that's my conclusion, having visited every inch of the roadway being constructed between two very remote villages. I talked to the mayor of the one city, and her only complaint was that we were doing something out in the country to connect two villages rather than redoing the streets in her city, and she was eager to have us come down the next year to help provide assistance in the city.

I just want to make it clear, my understanding is, as someone who had an on-site visit, spoke with civilians and spoke with governmental officials and examined every inch of the roadway being constructed, that it was a training project and nothing more from anything that I could observe there. I think it was in our interest.
to be there. The reason I had my troops there is I think it's the kind of training they need to get, and I couldn't imagine a better locus for them achieving that training, and I'm sure that's why other Governors sent their troops as well.

GOVERNOR ALEXANDER: Governor Kunin.

GOVERNOR KUNIN: I am in strong support of this resolution. I believe that there is a new policy at work in how the Guard is being used as part of the total forces concept, and that it is, in fact, being used as more than a training exercise, but rather as a show of force. These words are words that were quoted from people within the military most recently. That is the terminology that is being used. I think that show of force is being used without Congressional action, without federalizing the Guard. And it is this kind of back door escalation that I don't believe the Governors wish to be a part of.

Because this is being considered by the Congress right now, and is the subject of debate at the committee of conference, I would urge that if this resolution is adopted, if this policy change is adopted, that it be brought to the attention of the appropriate committees immediately, because action is pending in this area and the Governors' position should be known.

GOVERNOR ALEXANDER: Thank you. Governor Atiyeh.
GOVERNOR ATIYEH: I don't want to prolong this much longer. I think it's very clear. The Governors who did allow their guards to go to Honduras and those that did not, both oppose -- or support the resolution and oppose the proposal in Congress. That is in regard to our autonomy and we believe our constitutional right as Governors.

In the case of Oregon, we did send our troops to Honduras. It is part of their mission in the event that anything were to take place. I felt it was in the best interests of the young men and women in my Guard that they be where they might go. But it is important, I think, to whomever who is watching or listening, that both those that did and those that did not support a resolution that say: Keep your hands off; and I hope that message is quite clear in Congress.

GOVERNOR ALEXANDER: Thank you, Governor Atiyeh. Governor Graham has made his motion, it's been seconded. Further comment, Governor Graham.

GOVERNOR GRAHAM: I would just like to close briefly. Mr. Chairman, there is a new role for the National Guard. It is much more part of our national security assets integrated into a total forces concept than has been in the past. I think that puts some new obligations on Governors in carrying out their
responsibility.

I have supported and have also visited our troops in training in Central America. I have found that it has been an effective training exercise which emphasizes innerunit cooperation particularly with typically National Guard units from several states jointly engaged in an exercise. It represents real theater of operation conditions, not only in Central America -- our troops have also been to Korea, and Europe and other potential areas in which they might be deployed -- and has the benefit of leaving behind a positive contribution to that particular community, whether it is a roadway or other capital project, that will engender positive attitudes because of a constructive outreach to the people towards the United States and the values for which we stand.

I believe that Governors should continue to have this responsibility, and I would urge them to take all those factors into consideration in discharging their responsibilities.

GOVERNOR ALEXANDER: Thank you. This has been a very helpful discussion I think for all the Governors. May we now move to a vote. All in favor, please say "aye."

(Chorus of ayes.)


Governor Dukakis, chair of the Committee on
Economic Involvement and Technological Innovation.

GOVERNOR DUKAKIS: Mr. Chairman, there are two resolutions before you, the first having to do with technological innovation; and more particularly, an amendment to an existing policy, which urges the continuation of the SBIR program. I think most of the Governors know that that's one of the most innovative and one of the most important federal programs that we have had which has been extremely helpful to young, growing entrepreneurial businesses.

So the first resolution on technological innovation urges the continuation of that program and I would move its adoption at this time.

GOVERNOR ALEXANDER: Second? Any discussion?

All in favor, please say "aye."

(Chorus of ayes.)


GOVERNOR DUKAKIS: Mr. Chairman, the second resolution has to do with liability insurance, and more particularly, the question of a federal products liability code. Before offering it for discussion and for action, I would like, with the permission of the Chair, to ask Governor DiPrete of Rhode Island who was chairing our Task Force on Liability Insurance to make a statement on the work of the task force, and more particularly, on this
resolution. Governor DiPrete.

GOVERNOR DI PRETE: Thank you, Mr. Chairman.

Specifically reporting on the work of the Insurance Task Force as respects liabilities insurance, we met several months ago and took testimony from people at various levels of government, people from the insurance industry, from the rating bureaus, from consumers. A cross section of people in one area or another involved in the problems of liability insurance as respects environmental liability, day-care liability, medical malpractice, as well as other forms of professional liabilities, liquor law liability, and this list is not intended to be all-inclusive. However, we did consider the nature of the problem and possible approaches towards a rational solution, and it was our intent to furnish the various Governors a list of options in which to address these particular forms of liability insurance.

You have a report before you, and on pages 32 through 36, are a number of proposed solutions or at least proposed approaches by the various Governors. Some may be more acceptable in your particular state than others. However, it was our intent to address these problems head on, provide the Governors with a variety of options and, obviously, there would be the person making the decisions whether or not to pursue those options further.
I might add that the task force intends to develop those recommendations further. We received several good suggestions from the Governors, both at the task force level and Economic Development Committee level.

GOVERNOR ALEXANDER: Thank you, Governor DiPrete.

Any further comment on that motion and second?

GOVERNOR DUKAKIS: Mr. Chairman. I would like to offer the motion which is before the Governors at this time and discuss it briefly and then I understand that Governor Graham has an amendment to the motion.

The issue of products liability insurance is one which I know all of us has been working on, in some cases, looking at legislatively and it's part of what has been for many of us a very serious problem of liability insurance generally in our states.

This resolution reflects the feeling on the part of the task force and the Committee on Economic Development and Technological Innovation, that it is time now for the Governors to break with what has been our traditional position and to endorse a federal product liability code. This should not be interpreted to be an endorsement of any particular piece of legislation. There are many proposals before the Congress. But it does represent a recognition on the part of the Governors, if you approve it, that the complexity of the manufacturing process and the whole
process of interstate commerce, does now argue for Governor support of a federal product liability code.

I should add, however, speaking both for myself and for the committee, that, as I think every Governor knows, it's not just the legal rules of the game that are creating the problem. All of us have received a mounting number of complaints from small businesses, small manufacturers, day-care centers and others, and that obviously goes beyond just products liability.

But particularly in the products liability field, there are small and medium-sized businesses, that the cost of their insurance policies has risen by a factor of 3, 5, or in some cases 10. In many cases, this doubling or tripling or quadrupling of the cost of the policies has been accompanied by significant limits on the coverage. And that in some cases, they can't even get insurance. An increasing number of businesses in my state, and I know in yours, are finally saying, well, we're going to be self-insurers and we don't know what's going to happen to us but if we're hit with the big judgment, we're out of business.

So the purpose of the last paragraph in this resolution is to clearly reflect the feeling on the part of the Governors, which I believe you all share, which is that in addition to reform of the legal rules of the game with
respect to products liability, that effective oversight of the industry, which deals with these astronomical increases in price, the question of availability, cancellation on policies, coverage restriction and reinsurance, are things which we must look at and must be part of a total solution.

Now, I know, Mr. Chairman, that Governor Graham has an additional problem and it's one that I think all of us care about very deeply, and that has to do with the effect of a federal products liability code on occupational and product safety.

I would defer to him for the presentation of an amendment on those issues.

GOVERNOR GRAHAM: Thank you, Governor.

I would propose to add a new paragraph, which would be on page 7 after the first paragraph and before the last paragraph, and would read as follows:

In establishing a uniform federal product liability code, Congress should assess the impact of a uniform code on public safety and consumer protection, and if deemed appropriate, enhance federal safety and consumer protection standards.

Mr. Chairman, the purpose of this is to recognize the fact that if we reduce the sanction of the tort law, and the essential thrust behind this movement is to do so by having a uniform code, that that raises the
question of what will occur in terms of standards of public
safety and consumer protection. We have seen, in areas of
medical products, industrial products, and others, where
there have been serious public safety issues. If Congress
is going to reduce the sanction of the tort law, then it
should assess whether there are other federal safety and
consumer protection standards that need to be enhanced in
order that the public not be in jeopardy as a result of
this action.

GOVERNOR DUKAKIS: Mr. Chairman, I would second
Governor Graham's amendment.

GOVERNOR ALEXANDER: Our situation is we have a
motion on the floor and we have an amendment and a second.
So we will vote first on the amendment, which I gather is
acceptable to the committee generally. If there is no
further discussion -- Governor Thompson.

GOVERNOR THOMPSON: Mr. Chairman, I just wanted
to say, as one of the sponsors of the task force resolution
which was approved yesterday by the committee on economic
development, that I think Governor Graham's amendment is
not inappropriate. The problem faced by manufacturers in
the United States, which is an extraordinary one, is one of
postmanufacture, jury judgment under the tort laws of 50
states. What Governor Graham suggests is that if we moved
in that crazy quilt pattern of postmanufacture judgment,
hindsight judgment, by adopting a uniform code of product
liability we ought to at the same time take a look at
premanufacture federal regulation, especially in the area
of consumer products like pharmaceuticals and others. That
is not inconsistent with the resolution; and, in fact,
would bring greater regularity, greater reliability, and
ought to have an equally strong result in forcing insurance
rates down because you could depend upon one uniform
standard of premanufacturing or predistribution regulation.
So I would urge support of both the amendment and the
resolution.

GOVERNOR ALEXANDER: Thank you, Governor
Thompson, Governor DiPrete.

GOVERNOR DI PRETE: Mr. Chairman, as chairman of
the Task Force on Liability Insurance, I also support the
amendment proposed by Governor Graham. I feel that it
dovetails very well with the intent of the Federal Uniform
Products Liability Code. I might just say quickly in
passing, as Governor Thompson and I worked on that policy
statement, we did not take lightly the question of federal
preemption, but after considering the interstate aspects of
machinery being made in one state, shipped to another,
distributed to another, installed in another and serviced
in another and a claim occurring in another, we feel that
while this is breaking new ground, that NGA should adopt
GOVERNOR ALEXANDER: Thank you. I am going to ask that we move to a vote now in Governor Graham's amendment. All in favor please say "aye."

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed? The ayes have it.

Now we will move to a vote on Governor Dukakis' motion that we adopt the report. All in favor, please say "aye."

(Chorus of ayes.)


Let me thank Governor Dukakis, Governors Graham and Thompson. Governor DiPrete, we thank you for your work as chairman of the task force. That was a lot of work on a very complicated area.

Governor Thornburgh has a comment as it relates to a policy position of the NGA and economic development.

GOVERNOR THORNBURGH: Before we leave the general area of economic development, Mr. Chairman, I would like to make an observation and an admonition to this association. The Wall Street Journal this morning reported that 31 states characterized their economy as being in a state of recession. Yesterday at the meeting of the
economic development committee, Governor Blanchard and I were privileged to share with our colleagues some of the strategies adopted in Michigan and Pennsylvania to deal successfully with economic downturn. The discussion included reference to the respective roles of the state and the federal government in dealing with economic problems, and obviously this morning, we have taken an important step to petition the federal government to take action in the field of product liability insurance.

But in my view, the most important step that the federal government could take remains the balancing of the federal budget, and to rid us of the scourge of $200 billion deficits as far as the eye can see. The credit card mentality that has produced this string of deficits and now a $2 trillion national debt is, in my view, the biggest single threat to economic growth and the quality of life in each of our states.

While there has been some attention given to the deficit in the Congress and by the Administration through such mechanisms as the Graham-Rudman-Hollings bill and son of Graham-Rudman-Hollings bill and other legislative steps in the right direction, they represent, in my view, something akin to a preoccupation with dining room seating arrangements on the Titanic.

This association is on record favoring a
balanced budget amendment to the United States Constitution, adopted after considerable debate and on a bipartisan basis, and adopted with good reason, because each of us in our states, with one exception -- and I think in Vermont it might be redundant to give them their Yankee frugality -- we are subject to the fiscal discipline of a balanced budget amendment in matching expenditures with revenues.

I would like to take this opportunity, in my last session as a member of this association, to urge continued pressure by the National Governors' Association to force the Congress and this Administration and successive congresses and administrations, if necessary, to adopt a similar discipline at the federal level, to provide the balanced budget that will provide the kind of stabilization in the federal fiscal picture which can only help those of us who have the real responsibility on the firing line to deal with economic problems in our state with a sound base from which to proceed.

Thank you, Mr. Chairman.

GOVERNOR ALEXANDER: Thank you, Governor Thornburgh.

We now have several more committee reports and I thank the chairmen for moving as rapidly as possible on them.

GOVERNOR RILEY: Mr. Chairman.
GOVERNOR ALEXANDER: Excuse me, Dick.

GOVERNOR RILEY: I would point out on everybody's desk you have a South Carolina educational television booklet. It will describe the new microwave telecommunications statewide system, state owned also, that we have put in effect in South Carolina under this category of technological change. We think it's going to be a very strong system of the future, very comprehensive and advanced technologically. We urge you to take a look at it and it tells you how to contact anybody if you are interested in this information.

Thank you.

GOVERNOR ALEXANDER: Thank you you, Governor Riley. Excuse me for overlooking that point.

Governor Earl, chair of the Committee on Energy and Environment.

GOVERNOR EARL: Mr. Chairman, in interests of moving this along, our committee yesterday adopted one new policy and amended another. We adopted a policy on global resources after hearing from Lester Brown and Ted Turner. Suffice it to say that as much attention as we all paid to international economy, we paid relatively little attention to the world environment, and as Mr. Brown so aptly pointed out, today's environmental deficits will be tomorrow's economic deficits, and we ought to pay equal attention to
the global environment as well as the global economy.

In energy production, we reviewed an amendment
to existing policy that was worked out by Governor White
and Governor O'Neill aided by Governor Nigh of Oklahoma.
It urges us to have a balanced energy policy, urges us to
continue to pursue energy independence, and to assure that
we fill up the national reserve a bit faster. I recommend
adoption of the new policy and the amendment to existing
policy. And so move.

GOVERNOR ALEXANDER: Is there a second?
You have the policy before you. Any discussion?
All in favor please say "aye."
(Chorus of ayes.)
GOVERNOR ALEXANDER: Any opposed? The ayes have
it. Thank you, Governor Earl.

GOVERNOR CASTLE: Thank you, Governor. The
human resources committee yesterday had an interesting
presentation by four former welfare recipients who had sort
of a different story to tell than perhaps we often hear.
It's part of the ongoing project which a number of our
committee members serve on with respect to the welfare
reform committee which we have formed. We also passed a
resolution which endorsed a report and recommendations of a
work group establishing between the human resources
committee and the agriculture committee a review of the
crisis in rural America and what perhaps could be done from
the human resources side of things. And then as far as
this plenary session is concern, the committee unanimously
passed an amendment to our health policy which is C-5.
That policy speaks to health care coverage for the uninsured,
describes the growing access problems by individuals who do
not have health care coverage, reference to state
initiatives to help meet the medical needs of the uninsured,
and articulates the Governors' position on possible federal
responses.

Mr. Chairman, I would respectfully move the
adoption of this policy by the association.

GOVERNOR ALEXANDER: Is there a second? Second.
You have it before you. Any further discussion?

All in favor please say "aye."

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed? It is adopted.

Thank you Governor Castle.

Governor Sununu, chair of the Committee on
International Trade and Foreign Relations.

GOVERNOR SUNUNU: Thank you very much,
Mr. Chairman. We considered one amendment to an existing
policy and one new policy position. The amendment to an
existing policy addressed an important area that is going
to even get more important, and that is the importance of
services in international trade. Historically goods and
commodities have been the principal concerns of
international trade. We have now reached a point where we
have significant amounts of services -- financial services,
insurance, information services -- being traded
internationally. This amendments the policy to recommend
an establishment of strong international rules on dealing
with the international trading services.

The second item we consider was a policy on
U.S.-Canadian trade. Canada and the United States are the
largest trading partners in the world, about $150 billion a
year in trade crosses our borders, and we have named a task
force to begin to work with the Canadian Premiers in trying
to establish criteria and recommendations for the bilateral
trade talks that are taking place as well as addressing
specific trade issues that are going on. This policy
endorses the bilateral negotiations. It provides a policy
basis for the continuation of the work of the NGA task
force.

I would move both the amendment dealing with
services and the new policy position dealing with U.S. and
Canadian trade.

GOVERNOR ALEXANDER: Is there a second? We have
Any further discussion? Governor Evans.

GOVERNOR EVANS: Mr. Chairman, I appreciate Governor Sununu's strong support of the effort to establish a Governors/Premiers task force on trade. I want to report to you today that 20 of you are now on that task force; that task force is in place. Governor Grant Devine of Saskatchewan is the cochair of that task force representing the Premiers. I think it opens a door of opportunity for us to cement relationships and communicate the problems of trade between our two countries and, of course, Canada is the United States's largest trading partner as we are theirs. So it will provide us a model for further trade programs and development possibly with other neighbors and possibly to the south, particularly in Mexico.

So I am very pleased to have been a part of that and it's taken a long time to put it together, but we are now on target. Thank you very much.

GOVERNOR ALEXANDER: We appreciate the work done by all the members of the committee. If there is no further discussion, we will move for a vote. All in favor, please say "aye."

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed? It carries.

Governor Orr, chairman of the Committee on
GOVERNOR ORR: Mr. Chairman, I wish that it were possible for me to be rapid in dealing with the matters having to do with the transportation, commerce and communications committee, but they are somewhat complex. In the first instance there were three matters that came before the committee in the way of policy changes F-2, F-9 and F-10. F-10, by unanimous action of the committee, has been withdrawn, but I will later ask for point of personal privilege for one of those who was present, a member, to talk on the subject of F-10 telecommunications.

As for F-2 which deals with highways, and F-9 which deals with insurance, no-fault insurance specifically, please understand that F-9 is really only a technical update with a few editorial changes to add to the existing policy which provides for state regulation of auto insurance.

F-2, having to do with highway transportation, is somewhat more complex. In the first place, it sets forth the whole matter of Congressional action that needs to be taken. Our policy, with respect to urging the Congress to move on the whole Surface Transportation Assistance Act of 1986. It urges prompt action, it urges a number of other things that all of us are interested in, and most particularly, that there will be no diversions or
use of the federal highway trust fund for purposes that
might be helpful in other ways than in maintaining and
constructing our state highway programs.

I think it important for me to point out, while
I am talking on that subject, that coming before all of the
Governors is a letter to be addressed to the members of
Congress, this was very largely drafted by Dick Thornburgh
with some additions that were considered by the committee,
in an effort to draw to the attention of Congress the
absolute necessity that they take prompt action. Otherwise
we are going to find ourselves in a continuing mess as we
have in the past, and it is important that the two houses
come to some form of agreement and move forward in the
enactment of that program.

I would hope that everybody would feel
comfortable in signing this letter which in a sense is an
add-on to the highway transportation policy. With that, I
will move for the adoption of F-2 and F-9 policies as
presented.

GOVERNOR ALEXANDER: Is there a second?

Is there any further discussion on those two
policies before we move to a vote? If not, all in favor
please say "aye."

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed? They are
adopted.

GOVERNOR ORR: Mr. Chairman, I have two other matters. One is the motor carrier procedures that our states have been involved with for, now, the last two or more years, to try to bring about a consensus among the states for the handling of those matters that have to do with motor carriers -- trucks, buses -- to simplify the paperwork, to simplify the means by which those very important elements of our states' economy can operate without being burdened with so much bureaucracy and paperwork.

We have reached a point now where this consensus agenda must be implemented by the states. This little booklet is in the process of being mailed out, I believe someplace in your material you will find this, but it describes in simple form what this effort is all about and what must be done still in order to implement a policy which can be another shining example of how the states can work together to bring about a very necessary improvement without this whole area of procedures by which we regulate and tax motor carriers being preempted by the federal government.

Without any question, this will accomplish that. I would hope that you would all go back, check with the
person that was appointed by you to be involved in this
procedure, and see what needs to be done by you as Governor
to make sure that this gets implemented at as early a date
as is possible. This little booklet, if you will glance at
it, read through it, it doesn't take very long, it will
convey the message as to what needs to be done. It is, in
my opinion, something that can easily be accomplished, but
time is of the essence, so as to make sure that we retain
control of this very necessary function of state government.

With that, I would like to move to the matter of
telecommunications which came before the committee, and we
did withdraw that policy, but in return for a willingness
to withdraw the policy, as chairman, I did agree with
Governor Kerrey, who would have the opportunity for a few
minutes to express his concerns in this telecommunications
deregulation area. Yesterday he described himself in this
way: I don't mean to be ornery, but I am ornery.

(Laughter.)

I think it might be said that he is very
pleasantly ornery. So I yield to the pleasantly ornery
Governor Kerrey.

GOVERNOR ALEXANDER: Governor Kerrey. We look
forward to hearing from you.

GOVERNOR KERREY: Thank you, Mr. Chairman. A
year ago or so I was asked if I would be the lead Governor
to evaluate telecommunications policy in the States and to
work with the CSPA in a year-long study to present to this
association. I readily agreed to it, because I have a
personal interest in telecommunications. I believe
personally that it is something that can benefit
individuals enormously.

I see, as I look at telecommunications, enormous
potential for individual people, that it has the potential
to do for individuals far more than our current environment
of regulation and expenditure will. And I have an urgency
to act that unquestionably does translate into orneriness
from time to time.

I think that it's important for the Governors to
consider that we must involve ourselves in
telecommunications policy for the very reasons that I have
heard expressed in education and in economic development
during the course of this association's meetings. We
understand what telecommunications can do. We feel the
urgency as we consider delivering technology to school
children. We feel the urgency as we consider delivering
technology to businesses. We have, I think, a much better
perspective to evaluate not just what our state
telecommunications policy should be, but also what this
nation's telecommunications policy should be.

As we debated it, and as we discussed what ought
to occur in the way of a policy resolution, you move quickly from a vision into the details, and it is at that point that things get very, very difficult and very, very murky. In that area, the Governors are pushed and pulled and tugged and shoved from a variety of directions.

There are political terms that are difficult for us to comprehend. It is difficult for us to comprehend the differential, for example, between universal service and universal access. We don't know and don't quite understand at times what it means to have price discrimination in the marketplace by the Federal Communications Commission. We don't understand pooling exactly. We don't exactly understand the implications of removing the restrictions on the regional Bell operating companies. We don't exactly understand what cost based and rate of return pricing is. All these terms tend to confuse us.

In addition to that, the technological language is not an altogether pleasant experience either. We find ourselves listening to technological explanations of what telecommunications can do. With the possible exception of John Sununu, most of us tend to doze off. It is a difficult language to comprehend, and that language itself, I think, tends to present us with a barrier that is difficult for us to get across. And what I --
John Sununu just came awake down there, I see.

(Laughter.)

And I think it's important, as this item of business is referenced back to the transportation and communications committee, for us as policymakers to begin to imagine what is possible with this telecommunications system of ours, begin to imagine that it's possible for an individual to sit in their home in the most remote of locations, at any time of the day or night, and to access data, to access sound and to access visual information. The technology is there today to make that possible. We have got to begin to imagine what that will do to our individuals. They will have the ability to be able to communicate directly with people that can teach them foreign languages. They will have the ability to communicate directly and access information that will give them greater understanding of the world and make them more, not just competitive but also make them more understanding of what other people in other parts of the world are doing. It will open up the world to our people in ways that we can't even imagine today.

I would suggest to you that we must keep that idea in mind as policymakers. Otherwise, we are apt to get bogged down and immersed in struggles and fights between the regional Bell operating companies and AT&T, between
newspaper publishers and telecommunications companies,
between people who have vested interests in VHF television
stations and cable suppliers. You find people with vested
interests that understandably are out trying to protect
their market shares they perform for share owners. We
begin to get confused by their arguments.

Part of the joy of working with this past year
is getting people all of a sudden concerned about
delivering telecommunications services to the poor. It is
very much like tax reform in many ways. We, I think,
often-times mask our concern for the poor with other
motivations and other objectives in mind.

We, in Nebraska, have an elected form of
selecting who our public service commission members are
going to be. I think it's very instructive to listen to
those people when they campaign for office. They don't
campaign on the promise to deliver universal service. You
can't campaign on a promise to deliver the lowest priced
telephone service and give you the maximum amount of dial
tone service for. I think we must consider as policymakers
that telecommunications is much bigger than that and has a
much greater potential to help our people.

I am very grateful that Governor Orr permitted
me to do this work. I am very grateful to Governor Harris
as well for discovering a graceful way out of the mess that
we found ourselves in as a result of the rules of the NGA, and I appreciate very much the advice and consent that has been given to me by a number of the Governors in this room who have themselves developed very, very innovative and exciting telecommunications policies for their states.

GOVERNOR ALEXANDER: Thank you, Bob. You have worked hard to bring this to our attention. We appreciate it. You have done a good job of educating more of us on the importance of telecommunications.

Governor Orr, did we vote on your motion yet? I think we did.

GOVERNOR ORR: You voted on the motion, but I had one word I wish to conclude with, in thanking Governor Kerrey for his work as you did, but to make the point that this is something we need to continue to work on. It was not because of lack of interest in the subject matter that we ran into a blockage; it was simply as to who's vote that counts, that of the staff or of Governors. That is one of those things that I do believe needs to be cleared up with respect to some of the rules of procedure which created a big problem here. I want to assure Governor Kerrey that having yielded my job as chairman, I have informed Governor Clinton that I will not be a candidate for continuing as chairman of the transportation, commerce and telecommunications committee, that I will attempt to assume
his ornery role to make sure that telecommunications is kept before the body.

I wish to thank those members of the committee who have work so diligently with me during my time as chairman, and most particularly members of the staff who have worked on this consensus agenda, Warren Dunham, the transportation director of the State of Iowa being the lead dog in that. With that, I conclude my report.

GOVERNOR ALEXANDER: Thank you, Governor Orr.

Now, we have the following business left. We have four suspension of the rule attempts which will be made. We have a brief comment that Governor Dukakis would like to introduce and we are already out of time and we will quickly begin to lose Governors if we don't move along. So I am simply going to respectfully urge my colleagues to be models of succinctness as they make their motions for suspension. First, Governor Graham, from the Committee on Criminal Justice and Public Protection. So you will know what we are doing, these are motions which didn't come in through the regular process, so they will require under our rules a three-fourths vote for the motion to be suspended and they will require a three-fourths vote to be adopted. It may not be controversial. We will see. Governor Graham.

GOVERNOR GRAHAM: Mr. Chairman, I do not believe this will be controversial. We were requesting a
suspension of the rules to consider an amendment to policy
B-6, which would add a new section relative to controlling
abuse and illegal traffic in narcotics with particular
emphasis on the role of the Governor in the demand side
suppression of drugs. This proposal was largely written by
Governor Dukakis. It was approved by our committee. I
would defer to Governor Dukakis for any further comments.

GOVERNOR DUKAKIS: Thank you very much, Bob. I
will observe your restriction, Mr. Chairman, and simply say,
if we are going to deal with this drug epidemic in this
country, enforcement by itself isn't going to do the job.
I think that's something all of us now recognize. The
purpose of this resolution is to get the 50 states actively
involved with the President, with the Congress, and with
our communities in this effort and I would strongly
recommended it to the Governors.

GOVERNOR ALEXANDER: If there is no further
discussion, let me just ask, is there any objection to
suspending the rules for this purpose? Any, do I hear any?

Then the rules will be suspended for the purpose
of considering Governor Graham's motion.

GOVERNOR GRAHAM: I move the amendment.

GOVERNOR ALEXANDER: Is there a second? Second.
All in favor please say "aye."

(Chorus of ayes.)

Just as a matter of record, the adoption of the liability policy is a replacement of existing policy. That question was raised, and Governor Dukakis stated that, I believe, when he went through. Governor Earl, Committee on Energy and Environment, has two motions.

GOVERNOR EARL: Thank you, Mr. Chairman. I am going to ask suspension of the rules to consider a resolution which urges reauthorization of the clean water fund, then I will turn this over to my colleague Senator Kean -- pardon me, Governor Kean. Sorry for that.

(Laughter.)

I like him, too.

-- who will ask for suspension on Superfund. Briefly stated, I asked for suspension so we can pass a resolution urging prompt attention to the Clean Water Act. Each House has passed differing versions. It has been going ahead with stopgap funding, but they haven't got around to acting on it. Tax reform has been cited as one of the reasons they haven't got it done. I would hope that we would suspend the rules, adopt the resolution. Even more important, I hope each of us when we get back to our state capitols will be in touch with our respective Congressional delegations urging them to act on this on Superfund before they adjourn. So I would ask for
suspension of the rules, Mr. Chairman, so we could consider
this resolution.

GOVERNOR ALEXANDER: On the Superfund.

GOVERNOR EARL: On clean water, and I'll ask
Governor Kean on Superfund.

GOVERNOR ALEXANDER: On clean water, of course.

There is a second on Governor Clinton. All of these are
contained in the information before you with a pink sheet
on the front. It's a nondebatable motion. All in favor of
suspending the rules for this purpose, please say "aye."

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed? It carries.

GOVERNOR EARL: I now move adoption of the
resolution.

GOVERNOR ALEXANDER: Is there is a second? Is
there further discussion? All in favor please say "aye."

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed? It carries.

Governor Castle -- or Kean, excuse me.

GOVERNOR KEAN: I am in a little bit of trouble
toward the end of this meeting. They forget very quickly.
The case is very similar here as it is with the
Clean Water Act. Superfund should have been reauthorized
two years ago. The Congress has been in committee, but
they haven't been able to do it as yet. Stopgap measures
means you can't plan, you can't hire people, you can't let out the contracts for cleanup. If Congress doesn't act shortly, there will be cleanups all over this country which simply stops. So this resolution, which I asked suspension of the rules for, simply asks the Congress to move expeditiously by the end of this September and reauthorize Superfund.

GOVERNOR ALEXANDER: All in favor of suspending the rules for the purpose of considering the Superfund motion, please say "aye."

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed?

There is a motion. Is there a second?

We had a second. Any further discussion on superfund motion?

GOVERNOR GRAHAM: Mr. Chairman, could I ask Governor Kean a question?

GOVERNOR ALEXANDER: Yes.

GOVERNOR KEAN: Yes.

GOVERNOR GRAHAM: Governor, one issue that is of particular concern to several states is that there is a judicial ruling which essentially says that Congress intended to preempt the states from having their own Superfund programming. We have been urging that in this reauthorization that Congress clarified that it did not
intend to exclude the state from also being involved in
these cleanup activities. Does your resolution speak to
that issue of preemption?

GOVERNOR KEAN: The resolution doesn't speak to it. We have instructed or asked our own Congressmen who
are on the conference committee to work very, very hard to
make sure that preemption is removed from that Superfund
legislation. I believe, as it comes toward conference,
that there will not be that preemption. We were assured
that by Senator Bradley.

GOVERNOR GRAHAM: I don't have words in front of me, but would you be amenable to accepting a sense of the
body amendment which would include in your resolution a
request to the Congress that it eliminate this ambiguity as
to whether it intended to preempt and to allow states to
have complimentary programs?

GOVERNOR KEAN: No, I have not. I think that
problem is fixed, but I would welcome that kind of a sense
of the meaning.

GOVERNOR ALEXANDER: Is there any objection to
Governor Graham's suggestion? It's agreeable with Governor
Kean. Is there any further discussion?

All in favor of the motion then on the
reauthorization of the superfund, please say "aye."

(Chorus of ayes.)

Governor Castle.

GOVERNOR CASTLE: Thank you, Mr. Chairman.

The human resources committee unanimously passed a resolution supporting the principles espoused by the Carnegie report, classroom teaching as a career. At this time I would ask for suspension for the purpose of considering this policy.

GOVERNOR ALEXANDER: Is there any objection to suspending the rules for this?

I hear none. A motion is in order. Second?

GOVERNOR GRAHAM: Second.

GOVERNOR ALEXANDER: I think before we vote, we ought to again thank Governor Kean for his participation. Former Governor Hunt also participated on the Carnegie Forum report. Further discussion?

All in favor then of Governor Castle's motion, please say "aye."

(Chorus of ayes.)


One other -- Governor Dukakis.

GOVERNOR DUKAKIS: Mr. Chairman, with your permission, I would like to ask Governor Lutali of American Samoa and Governor Ariyoshi to discuss very briefly a special problem that American Samoa has which Governor
Lutali brought to our attention at the committee meeting yesterday. We do have in our policy language which suggests that the territories ought to be treated not only sensitively, but with special awareness of the fact that they have special problems and special opportunities, but this is a particularly difficult problem for him, and I would appreciate it if the Governors would direct their attention to both Governor Lutali and Governor Ariyoshi.

GOVERNOR ALEXANDER: Governor Lutali.

GOVERNOR LUTALI: Thank you, Mr. Chairman, for giving me the opportunity to speak about the one problem I brought with me 10,000 miles. In June of this year, a committee of three came from the Labor Department of Washington and decided to increase our wages from 189 to 325. That decision has devastated our territory. Two of our biggest -- the two biggest canneries in American Samoa are moving out. They are moving to Western Samoa, an independent nation about 40 miles from us, because they have 40 cent minimum wage. Not only that, we negotiated with several companies from New Zealand, Australia, Fiji during last year, to come and establish in American Samoa. Seven companies were willing. They went so far as establishing bank accounts in the local banks and to file corporation papers. The whole idea was for American Samoa to generate our own revenues. All these years from 1900 to

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1950 we never paid one penny for our own support. It was
paid by you people, taxpayers of United States. From 1950
to 1967, when we adopted the American, the United States
tax law, in its entirety, because we were tired of being
called parasites -- we wanted to be independent, we wanted
to have our pride in ourselves. We are most grateful for
the generosity of the United States. But there comes a
time when a person must do things for himself. That is the
idea we have in our government.

Now, when this canneries move out, they employ
about 40 percent of our work force, and we are going to
layoff about one-third of our government work force, and
even in the private sector. So I am here to ask the
support of this august body to try and help us. I now know
what your ancestors felt when decisions were made in
England.

(Appause.)

GOVERNOR LUTALI: I would like to bring up
another point. American Samoa is the only piece of America
in the South Pacific. American Samoans are very
pro-American, very loyal. Right now we have more Samoan
boys and girls in the armed forces than any other community
of its size. Russia is moving around us. They have been
accepted to call into Fiji ports, which is a few hundred
miles north of us. In Western Samoa about 40 miles they
are now talking with the Western Samoa government. One country a short distance from us are having an affair with Libya. We are surrounded by all these countries, but we are the only American territory south of the equator. We don't want to be in such a decision that this decision made by the Labor Department in Washington has brought to us. I am asking for your support. We are a proud people. We want to develop our own economy. We are -- we do not want to count on Washington's generosity all the time, although we are most appreciative.

Thank you.

GOVERNOR ALEXANDER: Thank you, Governor Lutali.

GOVERNOR ARIYOSHI: Mr. Chairman, I would like to also point out the big picture, which is that we have many emerging nations in the Pacific, and they look to the American territories, and how we treat the American territories is what they consider they will be treated by the United States. To me it's so important for us in this particular instance with American Samoa is going to be so impacted that we lend a helping hand. I think what we are asking for, we cannot have a policy position adopted here, but I would like to urge every Governor in the United States to provide such support as may be necessary, in the Congress of the United States, and talking to the President,
in urging the support of American Samoa's bid to get a
waiver and exemption from the wage and hour law in this
particular instance.

GOVERNOR ALEXANDER: Thank you, Governor
Ariyoshi. Governor Clinton has a suggestion.

GOVERNOR CLINTON: Governor Lutali, I was
totally unaware of this problem until you came here to this
conference. Let me ask you, does anyone sitting around
this table object to the Executive Committee trying to help
Governor Lutali with his problem? Is there anybody who
objects to our working with him to try to then get back to
you with a request that you could contact your
Congressional delegation on this issue?

If not, I would like to take it up with the
Executive Committee as soon as we adjourn this general
session. Governor, I don't know what your time problem is,
but if you or Governor Ariyoshi could come by for a few
minutes, we might develop some mechanism by which we could
get back to the Governors and contact the United States
Congress on this issue. I really appreciate your bringing
it to our attention.

GOVERNOR ALEXANDER: That would seem to me to be
a good suggestion, Governor Lutali. Let the Executive
Committee work with you and see what could be done to make
all of us helpful.
GOVERNOR LUTALI: I just wanted to mention that we have no unions, so that is no problem.

(Laughter.)

GOVERNOR ALEXANDER: Thank you very much.
Governor Dukakis, thank you for bringing this to our attention.

One other item. There has been a lot of conversation about the tax bill percolating in Washington. Our position is clear. We have a policy which we have thrashed out on it. We generally support tax reform, have been one of the leading organizations in urging it, and having expected it to come out just like we wanted it and it didn't come out just like we wanted it. We're very disappointed by the provisions on sales taxes and on bonds. Governor Lamm will continue to work with the Executive Committee to find a way to express that feeling and make whatever adjustments can still be made between now and the time Congress comes back. But it is a point that Governors might individually want to discuss with the members of their delegations while the Congressmen are home before they go back in September.

GOVERNOR ORR: Mr. Chairman, may I voice one thing. I am terribly embarrassed by the fact that I neglected to recognize my fine vice chairman, Governor O'Neill, for his very hard work during the course of the
transportation committee's activities and his efforts in every possible way, and stupidly I just neglected to mention it. I didn't want to have the meeting close without my having said that I greatly appreciate his loyal support.

GOVERNOR ALEXANDER: Thank you, Governor Orr. Governor O'Neill, thank you. It's one of the busiest committees we have and you have made an enormous contribution.

Now, we would like to offer some thanks to two special folks. Tunky and Dick Riley. No one else could have brought us such beautiful beaches, artichoke relish and sweet potato chips all at once. We couldn't have had a better time and more wonderful hosts and we thank you very, very much for this 78th meeting.

(Applause.)

GOVERNOR ALEXANDER: I understand Dick has been signed up by Alabama to travel with them, hat and all. It says on the schedule, closing remarks of the chairman. I have had my say. I have said what I want to say. The only observation I would like to make is I am convinced that the Governors working together are more and more doing what Governors ought to be doing. This meeting shows that. Governors are setting the agenda and making things happen in their states. That's what chief executives are supposed
to do. There is a clearer line now today between what Washington does and what we are supposed to do. It's not a line done in the most pleasant of ways, but it's there. They are mostly interested in war, welfare, Social Security and debt, and we are interested more and more in everything else. It's the everything else -- better schools, roads, jobs, healthy children and clean water -- that we find ourselves of more and more responsibility for and it makes our jobs much more exciting.

We have said plenty about the school report. There is no doubt that it will change the agenda for American public education for years to come. The follow-up that is already scheduled by the new chairman, I am sure he will have more to say about that as time goes on, but Governors know what to do and are doing it.

I want to thank and congratulate the members of this association for giving me the chance to be the Chairman and to not only have the very best job in the USA, which is someone's opportunity to be the Governor of his or her home state, but to be the Chairman of the National Governors' Association. I am convinced Governors learn most from other Governors, and we have learned a lot in the last few days and I have learned the most in the last year. Thank you very much.

(Appause.)
GOVERNOR ALEXANDER: Governor John Carlin of Kansas is someone that all of us owe a lot to. He has been a steady and reliable influence in our development as an association. He is also chairman of the nominating committee for next year.

GOVERNOR CARLIN: Mr. Chairman, on behalf of five very distinguished has-beens who never met, despite the meeting I scheduled in the Indigo Club at 2:00 a.m., I do have a report. Somewhat in conflict with what we have just been all about, the nominating committee is suggesting for continual remedial action that Lamar Alexander stay on the Executive Committee; that Jim Thompson, who has always been and probably always will be on the Executive Committee continue; and that those two distinguished soon to be both past chairs be joined by Governors Orr, Kean, Schwinden, Blanchard, Kunin, Sununu and Clinton, with Governor Sununu being our new vice chair and our new chair, Governor Bill Clinton of Arkansas.

(Applause.)

GOVERNOR ALEXANDER: We will move to a vote unless there are other nominations. All in favor of the nominating committee's report, please say "aye."

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed? It's adopted. Governor Clinton, you are the Chairman.
Congratulations.

(Applause.)

GOVERNOR CLINTON: First of all, let me say I know the hour is late. I have been here so long, I am dying to go to the bathroom. So I will be brief.

One of the things I promise you is a few laughs along the way, but we will never again equal the performance put on by Governor Janklow at the agriculture committee yesterday in which he read the press releases from the extension service in South Dakota from 1981 through 1982.

I want to say first of all, I have been sitting here looking around this table thinking about all the people who are going to be leaving. I became Governor for the first time in 1979 when I was 13 years old.

(Laughter.)

My whole idea about what it is to be a Governor is wrapped up in the people that are around this table, and I say that in all sincerity. My old seat mate, Governor Graham, who first convinced me that you really could do a lot of things if you were a Governor. My friends, George Nigh, who took better care of me when I was beat than even when I was elected. So many others. I would like to go around and say something about everyone. I should say that Governor Thornburgh is not taking retirement lightly. He
has told me, Governor Lutali, that the appropriate way to
handle this problem is to appoint the 19 retiring Governors
as a special mission to American Samoa to closely study
this problem.

I just want to say, as Lamar has said, one of
the most important things about being a Governor to me in
the last several years has been the opportunity to learn
from and become friends with so many of you who are now
leaving, and we miss you all and we wish you Godspeed.

I also want to thank Governor Alexander who,
even though all of us are pretty good at what we do, may be
the very best of all the Governors at focusing his energies
and focusing the rest of our attention on one single
objective and then seeing it through to some satisfactory
conclusion.

Lamar has been a leader, along with some of you
around this table, in pushing the proposition over the last
several years that we ought to spend more time learning
from each other about how to be better Governors and how we
can do our jobs better back home. I am very grateful to
him for that in general as well as for the 1991 report in
particular.

I have to perform one ceremonial function, and I
want to give him now this plaque and hammer or gavel or
whatever it is. I hope when you look at this you will
remember how much we all thought of you and how much we
learned from you.

GOVERNOR ALEXANDER: Thank you, Bill.

(Applause.)

GOVERNOR CLINTON: If you have seen the rather
large delegation of my fellow Arkansans roaming around here
in their T-shirts proclaiming "Bill Clinton is 40," you
know I just had a birthday. This is a milestone or maybe I
should say a millstone year for me. I am one of the first
generation of baby boomers, the generation born and reared
immediately after World War II in that economically charmed
if socially turbulent period. The generation which grew up
taking the American dream for granted. Today we know
better. Today I come as the first of the over-the-hill
baby boomers, to ask you, with all my jokes aside, do you
really believe we can make America work for all Americans
again. I believe we can, but only if we can find ways for
Americans to be able to work and to have work.

After World War II, our country for the first
time in history stood alone as the dominant economic power
in the world. Our adversaries and our allies were largely
in ruins. They could not compete. Other countries with
which we compete today had very primitive economies then.
Still others like Taiwan and South Korea did not even exist
as nations in 1945. And so we enjoyed three decades of
unparalleled and largely unbroken prosperity.

In 1964, in the middle of that period, when I finished high school, we had about 3 percent unemployment in this country, about 3 percent inflation and 3 percent real economic growth. The nuclear family was alive and well. Poverty was under attack and receding. I literally did not know a person in my little town in Arkansas, old or young, rich or poor, black or white, with or without an education, who wanted a job who didn't have one. Not a single soul. My grandfather, who raised me until I was four, had barely more than a grade school education. He was never out of work. My stepfather, who then raised me, did not have a high school diploma, but he was never out of work. In my part of the country, the South, which had for so long been so much poorer than the rest of the country, we were living proof then of John F. Kennedy's famous slogan, "a rising tide lifts all boats." From 1945 to 1978, the South's per capita income rose from 65 percent of the nation's average to 85 percent of the national average.

But all that has changed now.

Over the last decade, we have been pulled into a world economy which we no longer dominate and for which, frankly, we are still largely unprepared.

While the percentage of our GNP tied directly to trade has risen from about 3 percent before World War II to
about 13 percent today, the reconstructed economies of Japan and Europe have had higher productivity growth rates than have we. Newly emerging economies have captured markets which formerly were ours by providing quality products at labor costs we can't hope to compete with.

The long-term consequences are alarming. From 1978 to 1985, the per capita income of the South has actually declined as a percentage of the national average, notwithstanding the enormous success of Nashville and Kentucky in attracting foreign plants and the urban areas of the South like Atlanta, and Little Rock and others.

From 1981 to 1986, most disturbing of all, four in 10 Americans, four in 10 Americans actually had a decline in their incomes. 40 percent of our people got richer, 20 percent held on and 40 percent got poorer.

Productivity growth rates are still too low. The trade deficit remains astronomical notwithstanding the dollar's fall against the yen and some other major currencies.

In May and June for the first time in 27 years, we actually had an agricultural trade deficit, and about 20 states are suffering in what Business Week calls the "Deflation Belt of America," because of the precipitous drop in farm and other primary product prices.

Paralleling these disruptions have been deep and
troubling changes in the social fabric of our country. A
 dramatic rise in single-parent households and latchkey
 children. Huge numbers of young women and their children
 in poverty. Millions of adults so illiterate they are
 literally unemployed. Higher rates of welfare dependancy,
 teenage pregnancy, school dropouts and drug and alcohol
 abuse. Now the news obviously is not all bad. The
 bi-coastal economy, as the Joint Economic Committee calls
 it, is doing very well. The urban heartland is doing very
 well. Some of our most prosperous states like
 Massachusetts are even contemplating how they are going to
 deal with labor shortages.

 But we seem to be in a state of flux. We are
 also more serious than ever before, and I am really proud
 of this, for all of us as a people, more serious than ever
 before in dealing with the social ills that affect only
 some of us, but which undermine the quality of life for all
 of us.

 The hard fact remains that unless we can do more
 with these economic and social problems, which limit the
 ability of our people to work and to be productive, we
 cannot preserve the American dream as we know it.

 All of you deal with numbers and charts.
 Visualize the chart from 1981 to 1986 -- 40 percent doing
 better, 20 percent holding on, 40 percent losing income --
and run that chart out another 20 years and ask yourself if the America you know is still here.

For the past few years, we have focused on education as the key with which Governors could unlock a better economic future for their people. Under the leadership of Governor Alexander we have produced this fine 1991 report, and with it a commitment to continued education reform. I am pleased that Governor Kean, my predecessor as the chairman of the education commission of the states, has agreed to continue to serve as our lead Governor on education, and to work with us through both NGA and ECS to keep the flame burning in following up the 1991 report.

But this year I think our Governor's must do more. We must face squarely our responsibility to make Americans more competitive from the ground up, and to reverse the tide of lost human potential in those who have fallen through the cracks in what I like to call America's leaky bucket.

I have asked the Chairman of the committees on economic development, trade and agriculture, Governors Dukakis, Baliles and Branstad, to cochair an effort to develop solid strategies for local and regional economic reforms; to recognize the very different, very real differences among the regions of this country; and to take
special account of the terrible crisis in rural America. Let me be clear about this. The last thing we need is another study. We have got a lot of good studies to start with. We have a wealth of excellent material. What I want are action plans and programs, like the Jobs for the Future program developed first by Governor O'Neill in Connecticut which we have shamelessly copied and which I hope will be implemented in every state in this country, or the Buy America program which we are implementing in our state with the cooperation of all employers, foreign and domestic, who are willing to put our people to work.

Most Governors spend lots of time on economic development, and we are all a lot more sophisticated about what it takes to generate new jobs than we used to be. But we still have much to do to develop the kind of local and regional strategies which are really adequate to the competitive challenge we face.

Of course, there must be debate too about what our national policy should be, what kinds of policies we need to be effectively, but I would urge that we focus on what we need nationally that would enable us to do a better job for our own people.

Finally, and most importantly, we need to come up with action plans that involve all the states in bringing down the barriers to productive lives. We all say
we want to promote work and not welfare. We are for
independence, not dependence. Most of us have done some
things towards that end but now is the time for all of us
to do more.

I will set up five task forces to deal with the
major barriers to work and productive lives in this country.
The strategic plan for welfare prevention
developed by the Welfare Prevention Task Force, which
Governor Castle and I have been cochairing, outlines these
barriers for the welfare population.

Governor Castle will chair the Welfare Reform
Task Force, which is off to a great start thanks to the
groundwork which has already been laid by the task force
and the human resources committee hearing yesterday
featuring Ken Aletta and those four fine women who worked
their way off welfare.

I will also appoint four other task forces
concentrating on barriers which were outlined in the
welfare prevention plan, but which affect a larger
population.

Governor Ashcroft will lead our Adult to
Literacy Task Force with a special emphasis on getting all
of us to vigorously participate over the next year in the
PBS/ABC attack on adult illiteracy. This is a massive
problem that has an affordable price tag and that can have
a beginning, a middle and an end. A problem which permits
us to remove the disability from millions of Americans from
returning to productive lives. I would urge you all to
participate.

Governor Thompson will lead the Task Force on
Teen Pregnancy, building on the fine work he has done in
Illinois and on the excellent guidance provided by the
Children's Defense Fund documents published a few months
ago. I know we all recognize the sensitivity of this issue.
Some of us enjoyed seeing Governor Riley have a few of the
placards here in South Carolina we sometimes see at home.
But now is the time for every Governor in this country to
step up to the bar on this issue. We don't have to violate
traditional values to preserve the lifestyle of people and
a traditional American way.

Governor Earl will head the Task Force on School
Dropouts. Wisconsin has an important initiative in this
area. It is absolutely unconscionable that in this country,
among the states, the dropout rates vary from a little over
5 percent to a little over 35 percent. Governor Earl will
work with Governor Kean, our lead Governor on education, on
this project.

Finally, perhaps most important of all, Governor
Collins, the vice chair of the human resources committee,
will head the Task Force on Drug and Alcohol Abuse
Prevention. I want to compliment Governor Dukakis and the committee which Governor Graham chairs in adopting a much stronger position for the NGA, in playing our role in drug abuse prevention. It's time that we responded aggressively to the challenge that the President has laid down for us to the demand that the folks back home have placed on us. I think that Governor Collins will be an especially effective national spokesperson for us as we face up to the problem together that we have sidestepped for too long.

Again, let me be clear. I don't want studies, I want action. I want us to help each other to act.

These task forces will be charged with outlining action plans for the states to implement. Next August, when we meet in Michigan, we will publish a report on what we have done as well as what we still need to do.

I really believe -- I may be wrong about this, but I really believe the American people are coming together on the issues of welfare prevention and economic competitiveness in much the same way that they came together on education just a few years ago.

Like education, they are issues of human renewal as well as economic necessity. Like education, they are issues of common sense; and like education, they are issues which bring us together as a community and not merely as a swarm of isolated individuals.
America won't work if Americans can't work.
There can be no American dream without the dreamers.
The Governors have always believed we could make
America work and once again, it's up to us to do our part.
Thank you very much.

(Applause.)
GOVERNOR CLINTON: Thank you.
If there is no further business to come before
the National Governors' Association, I adjourn the meeting.
(Whereupon, at 12:40 p.m., the meeting was
adjourned.)

(The document follows:)
August 20, 1986

Honorable Lamar Alexander
Governor of Tennessee
Chairman, National Governors' Association
Hall of the States
444 North Capitol Street
Washington, D.C. 20001-1572

Dear Lamar:

As you may know, I had planned to attend the National Governors' Association annual meeting this month and had requested an opportunity to present a proposed policy statement concerning the matter of illegal drugs. Now it appears I will not be able to attend as we are in the process of calling a special session of the legislature to deal with revenue shortfalls, as most states are experiencing.

I am sorry that my health will not allow me to jump on an airplane and make even a brief appearance at the conference and ask consideration of the enclosed policy statement. As a matter of personal privilege, I would ask that my fellow governors allow the statement to be read at the proper time, even though I will not be present to ask for suspension of the rules for the statement's full consideration. This is a matter of great concern to me, and I am sure of many other of my colleagues. I do not even ask that anyone make a motion to suspend the rules unless someone desires to do so. I would be satisfied if granted only the right to have the resolution read and placed in the records.
As a senior member of this exclusive club, I want to say how much I have enjoyed the many experiences and friendships that have developed during the sixteen years of my membership, and the sixteen months that my late wife, Governor Lurleen Wallace, was a member. I hope that I will have the opportunity of meeting you and each of our fellow governors as our paths cross in the future years.

May God continue to bless you, and each of our states in the years to come.

With kind personal regards to you and our fellow governors, I am

Sincerely yours,

George C. Wallace

GCW:slg

Attachment
Proposed Policy Position Regarding
IMPOSITION OF DEATH PENALTY FOR
"KINGPIN" DRUG TRAFFICKERS

Submitted by Governor George C. Wallace
Alabama

For Consideration by the
National Governors' Association
August 26, 1986

During the past three years the National Governors' Association has developed and adopted policies and resolutions to curb drug trafficking in the United States. Recently the President has implemented an intensified initiative, and Congress has enacted legislation allowing for increased military involvement in the war against illicit drug trafficking.

Despite continued efforts of federal, state and local law enforcement agencies drug trafficking has mushroomed into a multi-billion dollar industry resulting in thousands of deaths and countless robberies and crimes of all types committed daily in our country. The importation and sale of illegal drugs is carried out and fostered by large organized crime figures who operate with total disregard for human life and the laws of our society. The President has publicly recognized the need of the death penalty in curbing this insidious evil that continues to debauch our youth and the entire population.

RECOMMENDATION:

The National Governors' Association strongly urges the President of the United States and the Congress to cause the death penalty to be imposed for those "kingpin" operators who continue to import drugs into this country with total disregard for destruction of human lives. We recommend swift passage and implementation of this needed penalty since fear of death is the only effective deterrent to the "kingpins" of the drug trade.
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NATIONAL GOVERNORS ASSOCIATION

PLENARY SESSION

Hyatt Regency Washington
Yorktown Room
400 New Jersey Avenue, N.W.
Washington, D. C.

Sunday, February 23, 1986

The plenary session of the meeting of the National Governors Association convened at 3:00 p.m., Lamar Alexander, Governor of the State of Tennessee, presiding.
PROCEEDINGS.

GOVERNOR ALEXANDER: Welcome ladies and gentlemen, fellow governors, to the 1986 winter meeting of the National Governors' Association. I will now call this meeting to order. I would recommend that if you don't listen you are going to miss something spectacular, information. May I have a motion for the adoption of the rules of procedure.

GOVERNOR ORR: So move. Louisiana.

GOVERNOR ALEXANDER: Governor Orr so moves. Is there a second?

GOVERNOR CELESTE: Second.

GOVERNOR ALEXANDER: All those in favor please say "aye."

(Chorus of ayes.)

GOVERNOR ALEXANDER: All opposed? The ayes have it. The rules of procedure are adopted. I would like to welcome a new governor to our midst, not a new governor to government, but Jerry Baliles is here, new Governor of Virginia.

(Applause.)

GOVERNOR ALEXANDER: Governor Baliles, will you please stand up. He has been at all the meetings right in, joined right in. Chuck Robb was a good and valued friend to this association, and you will step right in to his
shoes, I will say.

I should say to Tom Kean, who has survived a
reelection since our last meeting, in the only other
governor's race last year, and one with a great big vote in
New Jersey; if he's here, I'd like to acknowledge his
victory and welcome him back, Governor Kean.

(Appause.)

GOVERNOR ALEXANDER: One of the legal wonders of
the world is the United States Constitution. We are in the
process of celebrating the 200th anniversary of this great
document of justice and liberty. The Chairman of this
great commemoration is none other than the Chief Justice of
the United States Supreme Court. He is the Chairman of the
Commission on the Bicentennial of the U.S. Constitution.
He has consented to join us for a few minutes today to tell
us what he is doing and to say a few words to us about the
important role the governors and the states can play in
this celebration.

Ladies and gentlemen, the Chief Justice of the
United States.

(Appause.)

CHIEF JUSTICE BURGER: Thank you, Governor
Alexander, ladies and gentlemen. I hate to begin by -- in
a way that undermines what the governor's chairman said.
Rather than tell you about the plans, which would take a
bit too long, I would rather tell you a story, and I was
moved in part to tell that story by some of the signs that
were hanging on the ceiling of the hall as I came in,
Valley Forge, Yorktown and some others.

The function of our commission -- and I hope
that will have the full support, I know we will have the
full support of all the state commissions -- will be to
stir up some memories and what I want to say to you now in
this little tale, there will be nothing new to you, but I
hope it will stir some memories of things we haven't had
occasion to think about for a long time.

The story could begin when the New Jersey troops
reported to George Washington at Valley Forge, and this
story is documented. In the routine process of having them
take the oath to the Continental Congress, to the armies,
they refused, and one of them spoke up and said, "Our
country is New Jersey, our country is New Jersey."

There is another story that appears in the books,
and not so well-documented, that a young officer, affluent
enough so that he could have a uniform tailor-made, before
he left New Hampshire, came down and a senior officer
stopped him and said, "Lieutenant, you are not in uniform."
And then he pointed out what was wrong with the uniform,
and the young lieutenant said, "Sir, with respect, in the
New Hampshire Army, we wear what we damn please."
Now, why is this important? It suggests something that we have forgotten for a long time -- I know I had forgotten much of it -- that putting that Constitution and our system of government together was no easy task. We almost didn't put it over. By the time the revolution was over, and it was a marvel that we had won it, because none of the states had any obligation, any binding obligation to send troops or to send clothing or guns, and hundreds of men starved and froze to death at Valley Forge and other places because of the lack of that kind of equipment, and that taught the men who were involved in it something about the need for a strong central government under a written constitution.

Of course by that time, the end of the revolution, George Washington, Hamilton, Madison and some others, were all thoroughly convinced that that's what we needed. But when a resolution was introduced to the Continental Congress meeting in New York to have a constitutional convention, the best they could get, all they could settle for was a resolution to send delegates to Philadelphia for the sole and express purpose -- that was the language of the resolution -- for the sole and express purpose of reviewing and revising the Articles of Confederation.

But they went to Philadelphia and completed the
task and over the next two, three, four years, we will be hearing a lot about it, I hope, with your help.

But when that Constitution was reported back to the Continental Congress in New York, there were resolutions introduced to censure the delegates for having done something they hadn't been sent to do. And these stories about the two soldiers that I mentioned were borne out by an event in my adopted State of Virginia.

Patrick Henry was one of the 72 delegates from all over the country to go to Philadelphia. He wouldn't have any part of it. He said he smelled a rat and the rat that he thought he smelled was that they were going to try to write a Constitution and create a strong central government, so he didn't go.

And of the 72 delegates that were allocated by all the states, only 55 of them ever showed up, and about 40 or 45 of them carried the main load.

At one time, the conflict between the rights of these 13 sovereign states -- and they were sovereign, each state put up tariff barriers against the other; each state as we remembered issued currency, each state, except they surrendered some rights under the Articles of Confederation theoretically could have negotiated for peace with an enemy. That's the kind of a problem these folks were confronted with in Philadelphia.
It's a marvel that they managed to reach an agreement. Do you remember what Franklin said at the end of the convention, that he didn't think he agreed with all of it, but that he was willing to give it a try. And then it had to go the rounds of the states, and nine states had to approve it. Most of the states were waiting to see what Virginia would do.

It was the most colorful, the largest state in the Union -- and I am misspeaking myself, it was not a union -- in the Confederation, a very mild union, and they debated for eight years with Patrick Henry the great patriot violently opposed to the Constitution, and even all the prestige of George Washington and Madison and John Marshall carrying the debate on the floor against Patrick Henry. And the vote, if you have forgotten it from your school days, was 89 for the Constitution and 79 against it and it went up to New York and passed by a margin of 3 votes. Went on to New Hampshire and passed by a margin of I think 10. When it got to Rhode Island they rejected it.

How did it work that we managed to put this system together under the divided powers of the Federal system is a marvel of all the ages. The philosophers had dreamed about that kind of a government, of checks and balances, but none of them ever really believed it would work.
Of course we remember what Churchill said, democracy is a terrible form of government, but all the others are worse.

As you Governors now meet and confront the kinds of problems that you have to meet, and that they are trying to meet here in Washington, that brings back what Churchill had to say about it, but we functioned longer under this Constitution as we know it than any other written constitution in all of history.

Now, that's the story we are going to try to remind people about over these next few years, and we very much need your help.

If you do not have your commission organized, we hope you will, and as soon as we get fully organized and staffed in the national commission, we will have at least one person designated to be the contact with your state commissions.

And as the time goes on, there will be, we hope, more of them than one person.

This is a great opportunity we have got to remind ourselves of how this great system of ours came about and how difficult it was to come by and remind ourselves also that if we don't work at it, we won't keep it.

Thank you for letting me come in, and I will be
in touch with you and your commissions regularly, if you
will get the commissions created. Thank you very much.

(Applause.)

GOVERNOR ALEXANDER: Thank you, Mr. Chief
Justice. All of the governors will pay attention to your
request to be a part of the celebration of our 200th
birthday of the Constitution.

Can all of the governors hear all right from
here? Thank you.

This morning we had a two hour working session
have only been just the Chairman of the seven task forces
which have been organized. Most of the vice chairmen came
and so did most of the other governors who were here. They
all had something to say and something of interest, an
indication of where the governors' priorities are. We
haven't abandoned our interest in taxes, and tax reform and
New Federalism traditionally interest the governors when
they come to Washington and we showed that during the
meeting of the Executive Committee.

But we have focused our attention on the things
that we are in charge of or leaders of, as chief executives
of our own states, and number one on the list in most
states is education.

In fact, some educators who once complained that
governors were not interested enough in education have now
been heard to say that we are too interested in education.
They think they found something worse.

Perhaps that is because governors have been
asking some uncomfortable questions, uncomfortable because
commonsense answers to questions require climbing out of
some deep ruts that public education has found itself in.
The questions we are asking were the questions we reviewed
this morning. Aren't there better ways to help poor
children with weak preparation to learn and succeed in
school? Why not let parents choose the public schools
their children attend? Why not pay more for teaching well?
Why are some of the most expensive public institutions, our
school buildings, closed half the year in many states when
the children are undereducated and some of them are cramme\(^3\)
into oversized classrooms? Are students on college
campuses learning anything? Why shouldn't schools also use
the newest technology. What can we do to encourage and
reward outstanding leaders in our schools?

For those who are disturbed by these questions, these
issues that we are discussing represent an effort by the
governors, that is, a very direct effort to get involved
and to help set the agenda for public education in our own
states for the future. It is not an issue that is
dwindling in our interest; it is the very beginning of a
long-term interest of ours.

I hope that the education community continues to welcome the governors' interest as it has so far as our task forces have developed, because no one is in a better position to rally public support for public education than is the Governor in his or her own state, and broad-based support community by community is what most public schools need more of.

Public education is the largest item in the budgets of most of our states. It is half the budget, for example, in our state, and in many other states.

And the governors are in the best position, we believe, to represent the interests of the people as a whole; and the goals in the long run will be met if the people as a whole and not just the education interests establish quality for the standards of public schools.

I think it would be appropriate to ask why Governors have so recently become so interested in public education. First, the reason is that the people who elected us want us to. Americans have suddenly become much more worried about whether we can keep our high standard of living and have understood that better schools are the quickest way for better jobs. The greatest issue facing our country, our nation's leaders in Washington, is how will we be ready to compete in the world market of the
1990s? It will be harder and harder for us to keep the large share of the world's dollars that we have today. Basic skills, computer skills, the new job skills are absolutely essential if our states are to survive the economic transitions that they are in.

Bluntly speaking, unless we have better schools we will have lower incomes and the Governors and the people who elect us know that. This is especially true for the southern states, states like my own Tennessee. We may have been doing more in the South to get ahead in public education, but we were further behind, and we have recognized that, we have been willing to compare our results with the results in other states, and we are moving on.

The second reason we have not been as interested as we might have been in the past is that we have not been as well informed as we might have been. Education is, very frankly, an intimidating, complicated subject, and many Governors, and I would count myself as one of them, when we were elected and even in the first year or two of our terms, simply didn't understand the whole issues well enough to ask the right questions. And when we asked the right commonsense questions such as why not pay teachers more for teaching well, we were greeted with such a response that it made us a little bit reluctant to ask any other questions
in public education. There would be bound to be something else that would be easier for us to get into.

But now we are not so intimidated by the issues. We understand them, we talk to each other about them. We understand that we need to listen well as Governor Kean pointed out in our meeting this morning and we are on our way. The education reform movements which have been, according to Ross Perot in Texas, for example, the meanest, toughest, bloodiest, most frustrating enterprise he has ever been in and he has been in a lot of enterprises, are now assuming a little different personality and it has involved the cooperation of most of the education groups with the governor.

This morning, I think the people who were there saw, not just a routine report, but brief, brief suggestions by governors who are deeply involved in issues. Governor Clinton talked about the hearing in Little Rock where there were 600 people talking about leadership and where one person suggested that principles simply needed to be good leaders and didn't need any paper credentials or academic training in education. Or Governor Kean listening to teachers. He is chairman of task force on good teaching. He suggested that a teacher's salary should be $20,000 to $60,000 a year but that might never happen unless teachers' groups are willing to help us find a way to pay some
teachers more than others. Or Governor Schwinden, about
the efforts his task force is making, a concern of looking
at our school facilities and whether we are using them
enough. Governor Riley, expressing the concern we all have,
to make sure that children are ready for school and that
higher standards don't rule out poorly prepared students.
Higher standards should actually help those students
especially.

Governor Ashcroft reviewing the discussions and
the hearings that his group of governors had about higher
education and the questions that we lay governors and
legislators have. Should we put another $50 or $60 million
into institutions that can't tell us whether or not anyone
there is learning much and are offended if we ask a
question. Governor Sununu, talking about his experience of
16 years in the classroom as a teacher and then saying that
teaching was the last profession to adopt the newest
technologies and ought to be one of the first.

Governor Lamm really questioning the whole
series of issues that are before us about choice and
wondering to just what extent we could prescribe a general
attitude or if we should at all about giving parents more
of a choice about the public or perhaps even the private
schools their children attend.

Those are tough issues, challenging issues.
What we propose to do is carry those into a report that would be ready at our South Carolina meeting this summer and then keep up with how we are doing, how each state addresses those issues over the next five years.

Governor Clinton, who is the vice chairman of this association and the vice chairman of the education commission of the states, is very much involved in this with me as is Governor Kean who this year is the chairman of the education commission of the states, and we mean for this to be a serious long-term effort that will put Governors with their big spotlights in their states focusing on the quality of public education and results we are getting for the next several years.

We believe it is the most important thing we have to do and that as the nation looks at how it prepares to compete with the rest of the world, it will see that we will not even be able to address that as a nation unless the states and local governments do a better job in setting the agenda and the standards of quality for public education community by community.

Today we have three distinguished citizens of this country: one, a business leader; one, the Federal Government's chief spokesman for education; one, an innovative person who has not only written a book but tried to put what he wrote into effect in education in this
country. They are going to help us get what we are doing in better perspective, so that as we develop our report and our thinking, we will be able to do it more usefully, that we will do what governors ought to be doing and avoid what governors ought not to be doing.

The first of those is Ted Sizer, a professor and chairman of the department of education, of Brown University in Providence. He is widely respected as a practitioner and a researcher. He has participated in education at about every level. He is a graduate of Yale with a master's degree from Harvard, headmaster of Philips and Andover, one of the outstanding secondary schools in America. He has been chairman of task forces, he has written his own book, "Arts and Compromise: The Dilemma of the American High School." As I mentioned, he has not been content to write about reform, he has formed a network to try to put his ideas into practice. Dr. Sizer, we thank you for giving up part of your Sunday afternoon and welcome you and Mrs. Sizer to the meeting of the National Governors' Association.

(Applause.)

DR. SIZER: Thank you very much for the welcome. Thank you for the honor of being able to join the conversation with the governors. Leadership for this wave of reform of elementary and secondary education in the
United States has come from the state houses. For those of us who are in the middle of it, in the thick of things, to have the opportunity to join with you is a great pleasure.

My message today will be very simple and very straightforward. I will speak solely on high school, which is the area I know something about, having had some considerable experience. In my message to you is the assertion that the high school, as it currently is designed, is inefficient and fundamentally flawed, and that any serious effort to achieve improved learning by young people at this level absolutely requires honest rethinking and redesign of this institution. Everything follows from it.

My recommendation, which I will repeat at the end, to the governors, is to urge state support of the ablest and most imaginative school people who have the courage to try some new things, ambitious new things to try to rearrange the way teachers and students spend their time in school.

I can't say this urgently enough. It is not just my voice. Commission after commission, research study after research study, has pointed out the need for fundamental restructuring of the institutions of education, and yet by and large it has not happened; and, indeed, some state policies may, in fact, push the other direction by closer regulation, stiffen the way the schools are...
organized and thus making the effort to restructure them all the more difficult.

Let me give you some specifics very, very briefly. Virtually every high school in this country is organized in the same way, by the chronological ages of the youngsters, 9th, 10th, 11th, 12th grade and by the almost completely separated departments of English, mathematics, social studies, science, language, art, music, physical education, business education and the rest.

It is astonishing that in a nation which has no central Secretary of Education, is indeed broken into 17,000 separate public authorities, that the high schools, in fact, are so alike in the public and private sector as well.

This structure, with which we and our parents would be completely familiar, is a product of the 1890s and would be fine if it did not rest on some profoundly false assumptions.

Again, let me just give you a few examples to make the point. We organize youngsters, as I reminded you, by chronological age, and yet you and I know that our youngsters, and we ourselves, did not develop at the same rate at the same time in the same way, physiologically or socially or intellectually. Thus, to say that all 13-year-olds or that all 15-year-olds should have the same
thing, the same textbooks, the same approaches, the same
norms, flies in the face of common sense about how you and
I grew up and about how our children grow up; and so a
school system that starts as its basic organizing principle
with a chronological age of children simply is wrongheaded.
It is bureaucratically inefficient. It is educational
nonsense and it hurts kids.

Most high school teachers in this country are
faced each day with between 100 and 180 different
youngsters. The assumption is that we can teach that many
at once in groups of 18 to 35. Typical contract load in a
big city in this country as you know is five classes a day
each with 35 youngsters, that's 175.

Let us say that you agree with a commonsense
truism that each of us learns in a different way; the way
that you and I learn is to be engaged one by one and the
way we have been best taught is when our teachers knew us;
and ask: Is that kind of individual attention possible
with those kinds of numbers?

Let's say that you wish to spend 10 minutes a
week on the particular work of each youngster in your
classes, and you have 175 youngsters, that's 29 hours. If
you have 120 youngsters only, that's 20 hours, which means
that high school students by and large pass through
anonymously, in spite of the best efforts of those of us
who work in schools. There are too many of them for too few of us.

A third assumption is that the best way of proceeding with school is to convey information or, to use the jargon, to deliver instructional services. You and I know that the way we learn involves our engagement with ideas, not in being preached at. Being talked to, like I am doing now, is one of the most inefficient ways of anybody learning anything; and yet the research shows that high school teachers talk at the kids over 70 percent of the time, and only 5 percent of the time in schools are the youngsters absolutely required to respond to the task at hand, with the result that the yield of learning is very low.

I could give other examples, suffice with these to give you a sense. When we say that we have to take youngsters one by one, that they develop and learn at different rates in different ways, this is not a romantic notion, it is a commonsense notion.

When we say that the high school is trying to do too much in too short a time with too many youngsters, this is not a radical notion, this is a commonsense notion.

And the trick that we have is now to take existing resources and redesign a way that young people and adults in schools spend their time so that the most
essential things in schooling, which are the ability to use one's mind, are achieved.

It means giving things up. It means that most difficult of all politics, the politics of subtraction, in order, for example, to get those ratios down from 175 to 1 to 80 to 1, one way to do it is to simplify the program, to say there aren't this range of electives, good though they may be, there are a few things, the most important things. We will do those and we will do those well and we will have few enough youngsters in our class so we will know each one well enough to move her or him forward.

It is painful for a person in my position, who has spent his life in schooling, to admit that many of the assumptions under which we run our schools simply do not stand up to common sense or to research.

This plea to you to support and to back significant reform is the plea of an educator who is deeply concerned and pained since what we have been trying to do doesn't work.

The first step is to accept the reality that the school design of the 1890s, which we live with now, is flawed. To accept it without embarrassment, without being defensive, as I say to my friends in the schools, everybody who designed that system has been dead for at least 40 years, stop being so upset about it, move ahead, and to try
something new. And the second thing we must do is to recognize that the alternative is not self-evident, that you can't put together a commission and say, aha, this is the better high school and plug it in. That's not the way it works. High school is a very complicated place; and what is absolutely required is ambitious, long-term politically protected efforts at systematic school redesign.

So my plea to you, ladies and gentlemen, is to find those school people and citizens in your states who have the courage to admit that the direction we are going, the way to run our schools is wrong, and to have the further courage to try in a responsible long-term way to rearrange within the existing finance, the way that teachers and pupils spend their time. They need your political support, they need your financial support, and they need your protection, because only by rethinking and redesigning the high school is the kind of excellence which we have talked about these last four years for the schools of this country likely to emerge.

We must go beyond the short-term, the limited new regulation, we must go beyond that to profound thinking, to some ambitious systematic efforts at improving.

I say, again, my pleasure at being among you, as no group in this country is better positioned to take the lead in vigorous school redesign. The profession is behind
you, if you were to take this lead. The two great teachers
associations are on the record. Many of the other groups
are similarly on the record. What is needed is your
leadership.

Thank you very much.

(Applause.)

GOVERNOR ALEXANDER: Thank you, Dr. Sizer. The
way we plan to proceed is to have a couple of comments
after each of the speakers and then the speakers have
agreed to stay for further questions and comments from the
governors after that. Governor Kean, chairman of the
education commission of the states and chair of our task
force on teaching.

GOVERNOR KEAN: I would just like to ask one
question of Dr. Sizer. You have been privileged to spend a
lot of time with schools and teachers who have been given
the leeway to do things differently. That must have been
exciting and exhilarating in many ways.

But as you you pointed out, I hate to use this
term, but schools are intensely bureaucratic and there is
not a lot of things that we have been able to do as
governors to make them less bureaucratic. I wonder what we
can do as governors to make schools less bureaucratic, to
make more schools and teachers have the freedom to excel,
to get around the bureaucracy, to do things differently.
In other words, what can we do to roll back the kinds of obstacles that you pointed out and which we all know are there, but are very difficult to get at, to give people more freedom?

DR. SIZER: One particular idea within the general framework is, give us the end and leave the means to us. The specific idea, if every state were to have a competitive -- what we call a graduation exhibition, an opportunity for young people in your state -- not a requirement, voluntary opportunity, not to just take one type paper and pencil test, but to take a serious range of tests, an opportunity to show off what they know -- if they met a certain significant standard, to receive full support or tuition and fees and other costs at the universities in their states. You would, at a fraction of the cost of regulation, get every community in the state saying to its school principles and superintendent, hey, can kids in our school achieve this? Which is to say, please, set up magnets. Don't set up caterpillar tractors pushing. Don't tell us how to do our work, because you don't know our kids. My kids are different than your kids and I have to deal with them differently. Give us a common goal and let us figure out how to get there.

A good way would be to make a very clear financial advantage with very clear status given by the
GOVERNOR ALEXANDER: Governor Clinton.

GOVERNOR CLINTON: First of all, let me say, I am very persuaded by what you say, but I have some questions, and I would like to ask two briefly. One is if we cannot batch children by chronological age, and we begin to undo that, what would be the social and political and emotional consequences of that for the children and their families involved. And, secondly, maybe more importantly, as all of us consider the impact of what we did in requiring the schools to provide more courses and lower class size and we regulated them more from the state level; if it is not true that the best way to teach is to convey information; if it is true that education gets worse if you overload teachers, that it's not necessarily better for children to spend more time on their seats listening to people and to process information, can we conclude from that that the Japanese system of education is a failure where the kids spend more time on their seats in bigger classes, basically listening to people impart information to them than, they do in the United States?

DR. SIZER: We are working with a school in Texas, in Fort Worth, where a so-called 9th grade has within it the range of youngsters reading at the 4th-grade level and three youngsters who as 12-year-olds received
such high grades on the preliminary scholastic aptitude
test they are flown to North Carolina every summer for a
special program in humanities. These are all kids the same
age. It's very difficult to respect where each youngster
is, because the 4th-grade reading level kids are already
demoralized and defeated.

First of all, you can't lie to them. You can't
pretend. The second thing is, you have to engage in large
dollops of ambiguity. You have to arrange things they do
very imaginatively in that school in Fort Worth, so that
the kids are grouped together for all kinds of social
activities and other activities, where the ones who happen
to be fast readers and very adroit thinkers in an academic
sense are not always the big cheezers.

I have been the principal of a school which
mixed youngsters across five or six years. It has been
done and the youngsters fundamentally respect the honesty.

It's when you pretend a kid can do something
that he or she knows she he or she can't do you get in
trouble. My answer to your first question is it is
extremely difficult, but it can be done. It was done
routinely in the 18th and 19th century. It's only in the
20th century we have locked ourselves in. I think we can
learn a lot from the 18th century academies.

The second reference is your reference to
Japanese. I have not visited Japanese schools. My knowledge of Japanese schools is secondhand. I am interested that the Ministry of Education in Japan has set up a commission to review its perception of the serious inadequacies in secondary education. I'm not for a moment going to suggest that telling people things is necessarily bad. It's just that if you do nothing else but that, if you don't ask the youngster to use it, for example, I can lecture to youngsters about how to write. I can tell them to read Strunk & White's "Elements of Style," but until they pick up a pencil or turn on the word processor and get involved, they don't know that. They don't learn how to write. The way to learn how to write is to write and the way that one accelerates that process is to criticize that youngster's writing back and forth: Billy do it again, Billy do it again, Billy do it again. That's the way you learn how to write. The same in mathematics. I can lecture on the binomial theorem, but until the youngster uses it and uses it in real examples several times, different angles, the usefulness of that doesn't come out.

I am not persuaded -- and I have seen many in my career of youngsters who have all the vocabulary words memorized, who can give me the name of every vice-president in the United States, who can list things in the right order. Those are not educated. They are just drunk in
trivial pursuit. What we need is a nation who are resourceful, imaginative, who can take a new problem and twist it and turn it and answer it in that way, is the same way of giving those people new problems and saying Billy, go do it.

(Applause.)

GOVERNOR ALEXANDER: Dr. Sizer, thank you. We will get back to you in a moment. Governor Celeste will introduce our next speaker.

GOVERNOR CELESTE: Thank you Mr. Chairman.

Bradford Butler became chairman of Procter & Gamble in January 1981, but he had been with Procter & Gamble since 1945, and became its vice chairman back in 1974.

He is a member of the board of directors of Armco, the Hospital Corporation of America, Northern Telecom, Limited, a member of the board of overseers of the Amos Tuck School of Business Administration at his alma mater Sawyer College. And he serves as vice chairman of the board of trustees of the Committee for Economic Development and there he has also acted as chair of the committee's subcommittee on business in the public schools and was senior author of their report, "Investing in Our Children's Business in the Public Schools," which appeared last September.

That report has far-reaching implications for
the future of public education. It outlines strategies for improving public education by involving the business community, and Brad Butler is a man who practices what he preaches in his corporate leadership. I can say that Procter & Gamble has always been deeply involved in public education in Cincinnati and in Ohio. It has been generous with its employee's time and a variety of community involvements. And so by his corporate leadership and his community leadership, he brings a very special perspective to this matter we are discussing which is of great interest to us and to all of our citizens. Brad Butler.

(Applause.)

MR. BUTLER: Thank you. Thank you very much, Governor Celeste.

Trying to sum up three years of study and a million dollars worth of research in 12 minutes is somewhat limiting. I am going to skip around, of course, in order to accomplish that objective.

But there are certain things you really need to understand about this report. First, the Committee for Economic Development got itself involved in the question of public education for one of the reasons that Governor Alexander mentioned in his opening remarks, and that is a conviction on the part of the 250 business executives who make up the board of trustees of the Committee for Economic
Development, that America's world competitiveness depends
more on the quality of public education than on any other
single factor. We think that is important. We don't think
it's as important as what Chief Justice Burger said this
morning, when he said, liberty and democracy, if we don't
work at it, we won't keep it.

I would submit to you that public education is
as critical to the protection of liberty and democracy as
it is to the protection of our world competitiveness.

I hope some of you will at least have some of
your staff read the committee's policy statement, because
it's a recipe. It's a list of things that can be done now,
many of them at no cost, to improve the quality of public
education in your state. But as you think about our report,
I would like you to understand what it isn't, as well as
what it is. It is not a comprehensive comment on public
education.

In order to develop this report, the first thing
our subcommittee did was decide which areas of public
education it addressed and which you couldn't, because
education is sort of like automobiles. Everybody in the
United States has had one and therefore everybody is an
expert, and what we didn't want to produce was the opinions
of 20 or 30 chief executives about what public education
ought to be.
We decided we would focus entirely on these areas: One, we would focus only on kindergarten through 12th grade public schools. They are not the only part of education that is important, but we had the pulse.

Secondly, we agreed we would focus only on those areas of public education in which business ought to be able to bring some unique expertise. That means we didn't tackle the question of arts and poetry which all of us agree are terribly important, but we also agree that we don't bring any expertise to that field.

Third, we agreed that every recommendation in our report would be based on research, not opinion; and, fourth, that the research would be done by people at the firing line. The research on employability, for example, was not done among chief executives. It was done among the first line supervisors in our companies who hire and deal with incoming high school graduates.

Those set of restrictions, that set of restrictions, led us to concentrate on only four issues.

The first is employment, everybody in this country talked about employment, nobody has defined it.

The second was investment. Can we do education as an investment, a moneymaking profitable investment? If so, what does that tell us about our present level of spending and about the ways we are spending our money?
Third, can we learn from all that industry has learned in the last 10 years about better management and motivation of people, something that can be applied to better management of the teacher workforce. That is, can we do a better job of recruiting, educating, training, motivating, compensating teachers; and, fourth, what have we learned about business/public school partnerships that can be applied.

As I said, there are a number of specific recommendations, 67 to be exact. Most of them are free. But, there is one overriding conclusion, and that conclusion is that there is room in this country for a higher level of productive investment in education. We can do a lot to improve schools without spending more money, but we also should be investing more money in education.

Now, in these days of tax revolts, talk about lower taxes, that doesn't scare me a bit as a taxpayer and I hope it won't scare you as governors. Because I would remind you that I started school, public school, in 1929, and I graduated in 1940, and those who are my age will remember those were not the rosier economic days this country ever had. My parents and their peers were genuinely struggling to put food on the table, to put clothes on our backs, to put a roof over our head.

Neither I, my parents nor my neighbors owned
automobiles, took vacations at all, or had anything that — any of the luxuries that are practically necessities in today's life. And yet, struggling to stay alive economically, they were still willing, in that generation, to spend the money to provide me and my generation with a public education that was unparalleled anywhere in the world. That's one place they didn't skimp and for anybody to suggest that this nation today, with its wealth, with its luxury, cannot afford that same quality of education for the next generation of children, simply doesn't have his or her priorities in the right place.

A little bit about what we learned. Unemployment; we learned, very simply, that there are two essentials for employment and no others.

The essentials are part attitude and behavior problem and part school. The attitude and behavior portion is in a sense self-discipline, the ability to work well with others, the ability to accept responsibilities for work assigned, a willingness where one is supposed to be when one is supposed to be there, that set of attitude and behavior patterns. The other essential is literacy, real literacy in the English language, written and spoken, and those are the only essentials.

Young people who come out of school with those two characteristics can expect to find and retain
employment, and those children who come out of school
without those characteristics cannot expect to find and
retain employment.

Now, that doesn't mean, for heaven's sake, that
all the other things we need in schools are no good.
Mathematics is wonderful, computer skills are wonderful,
geography and an understanding of the world in which we
live. All of these things are extras, and they can and
should lead to even more rewarding employment.

But the difference is between quality of
employment and career progress, rather than the difference
in employment or nonemployment, and so one of the cost-free
things that you can do to improve the economy of your
states is to insist that your schools educate young people
in work habits.

Now, that's a positive term. That's part of
education. That is not a lot different from some of the
things you call discipline or deportment, but discipline
and deportment don't explain to either the parent or the
child what it is you are trying to do. I think that's one
of the reasons we have so much resistance to it. But if
you understand that those things are educating young people
in good work habits, I think it's positive.

The other thing you can do is make literacy in
English an absolute must for every student who graduates
from your schools, to every student who enters a vocational
training program. It is an absolute waste to teach young
people job skills if you haven't taught them work habits
and literacy.

Let me try to illustrate the literacy issue,
because it's probably also the greatest single investment
opportunity we have.

Out of the 16 to 24-year-olds in the country, 60
percent or 4.9 million are dropouts from school. 60
percent of those dropouts are illiterate, which means
2,940,000 16 to 24-year-olds not now in school are
illiterate and 13 percent of the 17-year-olds who are in
school are illiterate. If you add those two numbers
together you get 3,330,000.

Would anyone care to guess what the number of
unemployed 16 to 24-year-olds in this country is? It has
to be a statistical fluke, but it's 3,330,000.

Now, I am sure they are not identically the same,
but fundamentally, those people are an economic burden on
your state and our country for the next 50 years. Worse
than that, they are a moral outrage. We should be ashamed
of ourselves.

Those illiterates, as they go through life, will
make up 40 percent of the adults who earn less than $5000
per year, 70 percent of the prison population and 35
percent of the welfare parents.

There is a solution available and the solution is called free school, and for an expenditure of about $5000 per child for those children at the age of three or four, we can save half of them, and that's probably the best single investment that this country could make in education. Certainly not the only one.

For teachers -- my time is about out -- we need higher salaries and we need, like Dr. Sizer said, we need to free teachers from regulation, whether it's by government or by corporate management, and we are just as guilty as governments are, when governments and managements tend to regulate and when they regulate, they impose method instead of results. They tell people what they must do instead of what they must accomplish, and that's what we do to our school system, and that's what industry under the pressure of international competition is finally learning to quit doing. And we are beginning to learn to tell our people what we want them to achieve rather than what we want them to do.

Unfortunately, there is no such clear economic pressure on education, but you have it in your power to begin the deregulation of the school and to begin to free the teacher to be a teacher, and that's just as important as salary. We need higher standards for people entering
the teaching profession; and in one state where 60 of the
school districts now test all incoming teachers with the
standard Princeton tests, they find that fewer than half of
the teachers that were certificated to teach in that state
can pass the Princeton test for professional competence.
We need standards for teachers and we need standards for
students. We need standardized testing, because there is
no other way you can impose results instead of means as
your method for managing a school.

We need incentive compensation, but, again, you
can't have incentive compensation unless you have a method
for measuring results, so these things come in order. You
need to be able to measure results. Given the ability to
measure results, then you must begin to reward those who
are good and free those who achieve adequate results.

I am going to close with that, say again that I
owe to a generation who were adult during this country's
Great Depression an education, a public education which has
enabled me to accomplish everything I have been able to do
in this life. For that I am eternally grateful, and for
that I feel an obligation to try to stir our country to do
the same for the next generation of young people. Thank
you.

(Appplause.)

GOVERNOR ALEXANDER: Thank you, Mr. Butler. I
believe Governor Riley has a comment or a question.

    GOVERNOR RILEY: Mr. Chairman; Mr. Butler, I thank you and your company for your interest and your support for quality public education. It's very important. You mentioned the partnership with education and government, and I thank you for your leadership and your statement. I was interested, of course, in your strong statement on preschool which I support fully.

    The fact is that higher standards, though, while they apply in a very good way to the student in the middle, if not carefully designed, may, instead of being a challenge to a student on the bottom, might be a barrier. And the same can happen to a student at the top who is a gifted and talented student. It's not, unless designed properly, a challenge to that student, either, for the opposite reason.

    I wonder if you would comment to that point, that is, it's so important as we lift standards -- I know in your report, you are strong on higher standards, and I agree with that, and I think your report is very good and I am happy to say that our program in South Carolina is very similar to the program that you recommend.

    But I wonder if you will speak to that point, that special strategies for children within the system, how we might reach those high-risk children at the bottom and
gifted and talented at the top within the same system of raising standards.

MR. BUTLER: Yes, sir, Governor. I think there are several proven techniques. First, the most intellectually disadvantaged children -- and this is generally the economically disadvantaged children, those who come from illiterate households -- clearly have to start with expensive preschool training at the age of three or four. That is clearly a necessity. If those children don't have that, they have failed when they reach first grade. The teacher is virtually helpless. Those children are defeated in kindergarten or first grade and they give up for the rest of their school lives. The evidence of preschool testing is that somewhere around half of those children can be saved with really good preschool training, and I think that's what we have to start with those children.

Now that still leaves you with half with whom you have to deal with, and we recommend in the standard setting that in addition to the regular standard settings, that we have higher standard settings for the awarding of honors diplomas. Now that takes care of the group you talked about. How do you challenge the most capable youngsters, and that is by having achievement -- and I think the kind of examinations Dr. Sizer is talking
about, again, that are extensive enough to recognize the
competent graduate but also to recognize the outstanding
graduate, are one of the ways to achieve that and to form a
basis for awarding honors diplomas.

The third area of how do you keep from
discouraging the less talented youngster is, I think you
have to give him a less demanding curriculum, but I think
you have to decide what the essentials are that every child
must get, and I call that an understanding of how to behave
in society and literacy. I think you have to add a
reasonable amount of numerical literacy to language
literacy and say we must teach those, and for some children
we may not be able to go very far beyond what we teach, but
I think we have to be willing to tailor to individual
children, but we need measurements of our results so that
we can free the schools to do that in a way that works out.

GOVERNOR ALEXANDER: Governor Sununu.

GOVERNOR SUNUNU: Mr. Butler, one of the
interesting pieces of arithmetic involved in education
today is the investment, if you will, per classroom full of
students. If you look at a classroom of 20 students, not
even the 35 that Mr. Sizer referred to might be the norm in
some school systems; we are spending about $3500 to $4500 a
student to educate them. That means a classroom full of
students represents a community and state investment of
between $70- to $90,000 a year. We give about $22,000 to the teacher at the front of the room, and that difference of $70- to $90,000 to $22,000 represents administrative costs, overhead, and other.

I would like a businessman's view as to whether or not maybe we as a society have lost track of what the school systems were all about in light of that educational arithmetic.

MR. BUTLER: I think many of us have. The cost of the nonteaching portion of education rose from 52 percent of the budget in 1970 to 62 percent of the budget in 1980. In just 10 years, we took another 10 percent of the total spending, that's about $13 billion, for increased nonteaching costs in our public education system, and that came at a time when the number of children in the system were shrinking.

I think, again, that business has been guilty of some of the same problems. I think what we are seeing in these great drives for productivity in business today is a determination to get rid of unnecessary overhead, and the way to get rid of unnecessary overhead is to deregulate, which means to establish goals for achievement rather than to establish a means of working, and there have to be ways -- any comparison of public schools with parochial schools -- any comparison of public schools today with 10 years ago
will suggest that there is substantial administrative costs in our public education systems in the United States which can be eliminated, thereby generating money to hire better teachers.

I think the application of business principles will do that, and this is -- I have not talked today about what business can do to assist, because I taught that subject to business audiences.

But one of the things we are asking business people all over the country to do is get involved with the management of the schools at every level, principals, school districts, county districts, state organizations, and offer to help find more efficient ways to manage the business of educating, which includes a lot of business functions, like buying, building, maintaining structures, mass feeding, mass transportation, et cetera. I think that's an area where the business community can and will be happy to help. Thank you.

(Applause.)

GOVERNOR ALEXANDER: Thank you, Mr. Butler. A copy of the CED report, "Investing in our Children" was sent to each governor a month ago. I wanted to make sure that each of you saw what it looks like.

We have now heard from one of the nation's leading educators, an expert on high schools, one of the
nation's most prominent businessmen, chairman of a study of education, and now we will hear from a writer/philosopher, who happens to be the Secretary of Education and in the news a great deal. William J. Bennett is the third Secretary of Education. He took office in February of '85. He was chairman of the National Endowment for the Humanities. Before that he was director of the National Humanities Center in Raleigh, North Carolina.

He has attended a lot of schools, taught at a lot of schools, consulted at a lot of schools and frequently comments on what we are doing and what we are not doing. We are delighted that he has jointed us today. The honorable William J. Bennett, Secretary of Education.

(Applause.)

SECRETARY BENNETT: Thank you, governors. Thank you ladies and gentlemen. I think what the governors are doing is just great. I must say I have to change my tone a little bit. In the midst of some of the claims of the system being seriously flawed and us being ashamed of ourselves, I am going to rain on some of this a little bit with some good news. We have to, as Professor Martin Diamond once said, tell the truth about America, even if at times it is pleasant. So I would like to do that. I do have to say something directly to Mr. Sizer. My good friend Mr. Sizer, a Yale man should never say what I think
he said, that people who designed the high school system have been dead for 40 years. That's not a good argument. The people who designed the Constitution and Declaration have been dead 160 years. Just because someone is dead doesn't mean they are dumb. Just because someone is alive doesn't mean they are smart.

I wanted to talk about facts. I think facts are important to learn. Maybe you regard it as trivial pursuits, but I have heard endless arguments by well-educated people who are in important positions of responsibilities who were educated on facts, and now want to save the next generation from that ordeal. Half of our high school students do not know the difference between Stalin and Churchill. That's not good. I don't care about your critical thinking, but you have got to know the difference between Stalin and Churchill and I am sure Ted agrees, there is a proper mix of both.

But there is a kind of fashion, I think, an intellectual fashion brought in the land that is antifact. I think I am very qualified to speak to it. I got a PhD in philosophy, so I am an expert in factlessness. I spent five years graduate study without ever confronting a fact, without ever being bothered by a fact.

It has its strengths and it has its limitations. There are people with fine minds who don't know anything,
and it's important to know things.

I do want to say some good news and congratulate the governors. We released the wall chart, state by state comparison, a national report chart, if you will. I want to congratulate you for your efforts. 35 states have improved the scores of our seniors and in 39 states we have seen the dropout rate lowered. This is very, very good news. The three states with the highest scores in the SAT or ACT are Iowa and New Hampshire and Wisconsin, but I would like to pay particular attention to two other sets of states for other reasons. Congratulations to those three for being at the top.

But South Carolina, Utah, Alabama and Kentucky showed the biggest gains over the last three years; and I think it is obvious that the kinds of efforts that have gone in from leadership for those states have paid off.

Also, Virginia, Illinois, Delaware, South Dakota, California and Maine bear out a very interesting and I think centrally important fact, if you will.

These are states with higher than average concentrations of poor students, and these are states with higher than average achievements by the SAT and ACT index. Achievement does to some extent correlate with poverty, but poverty is not a trap from which one cannot escape through the educational system. It is possible to have a state in
which a large number of people are poor and yet to have a
state in which a large number of people achieve very well,
as those states showed us on this wall chart. So there are
some grounds for encouragement, and I congratulate the
governors for that. I think American education is on the
mend. I think things are looking better.

We still have a ways to go, but I encourage you
and congratulate you for the good news.

If I may, if there is something we want to be
distressed about, just to insert one comment, because it's
not an item on your agenda, I think, I may be wrong, but I
think in the context of education, two statistics which are
troubling, having to do with the use of drugs. A lot of
drug use is down, but we have found out that this year 17
percent of our seniors say that they have used cocaine.
That's the uptown drug, usually used by the wealthy because
it's expensive.

The downtown drug in many of our cities, PCP
phencyclidine, which attacks the neocortex, destroys the
neocortex. The neocortex is that part of the brain which
inhibits irrational impulses and functions. Some million
young people a week use PCP. There is no recovery once PCP
has taken its toll, because it burns out the brain. If I
were a governor, I wouldn't hesitate, within constitutional
boundaries, of course, to enlist all law enforcement
personnel methods to rid the schools once and for all of drugs. I don't care whether it's the police, highway patrol, sheriff, private security forces, special personnel or the Marines and I don't care whether people are in uniform, trenchcoat or blue jeans. If there's a drug problem in the schools, there should be people there whose sole responsibility is to eliminate it right away, then and there. No ifs, ands or buts about it. You will be hearing more from us in the Department about this, but I don't have it in schools. You do. We can talk about what we find out and we will try to tell you what we find out about effective programs for drug prevention and drug elimination as we find out about it.

Let me comment just very briefly on three areas of concern to your task forces.

One, on teachers, again, I think there's some good news, just some facts, if you will allow them. 22 percent increase in three years in teachers' salaries around the country. This is very good, 22 percent increase. This year college freshmen told us -- more college freshmen told us they were interested in going into teaching than told us they were interested in going into computers. This is the first time this has occurred in a long time. I think it has to do with the conversation about education that is going on around the country, and the scores of
freshmen who declare an interest in teaching are rising faster than the national average in the SAT scores. They are not up where they should be by any means, but they are going up. We have got to keep this conversation going, I think, and we will get more people interested in teaching.

I think that one of the most encouraging signs in education is the presence of things such as alternative certification schemes, career ladders and the like. What Lamar Alexander has done in Tennessee, what Tom Kean has done in New Jersey, what Governor Graham has done in Florida, with service personnel, their reenlistment, if you will, in the teaching force, getting people into teaching who come from backgrounds that are not the typical backgrounds. I think this is all very much to the good and suggests a more interesting, diverse teaching force in the next few years, and suggests a teaching life or career that is more interesting and diverse. Many experiments in the states, and this is all also encouraging.

The second matter, teachers' area of choice, very briefly, a number of states experimenting with different choice plans, Minnesota had great success with allowing its 11th and 12th graders to take some courses in college and universities. Colorado, Governor Lamm's program to allow transfer of student to public or private schools or special students with special needs or special
problems. South Dakota, Governor Janklow allowing interdistrict transfers.

More, I think, generally, one can talk about the success of magnet schools in the United States. I had dinner with the associate superintendent of the Houston public schools on Friday. There are 80 magnet schools in Houston. Magnet schools work, and in her words, they work because, as she said, when students choose the school that they are attending, they work harder and their parents have to work harder, and the professional staff believes that it can ask for those students. I think Ted and I would agree on that absolutely that this kind of meeting of the minds that comes about through a magnet school can be a very promising thing.

I was interested to see how much use there is of the magnets in Massachusetts, in Cambridge, and very interested to see a new program in New York City that is drawing students out of some private schools into some public schools, students traveling across town to New York to go to magnet schools in Harlem. This is a very good thing. Some people think, I believe, that those who favor choice -- some of those who favor choice really only favor choice from the public to the private. Absolutely not.

I think that choice is its own justification, and I think it's great what has happened in New York where
some students have left expensive parochial private schools
to go to public schools because they were set up with
programs that attracted them.

Same thing happened here in Washington, D.C.,
with Banneker High School, which now has an increasing
number of private school 8th graders applying to this D.C.
public school which has a very strong academic program.

I think choice, magnet schools and other notions
that fall under choice is part of the future.

A final comment on higher education, just to
throw that into the mix this afternoon. Governor Ashcroft,
Northeast Missouri State, a lot of efforts in Missouri that
I think are very notable, and worth commenting on.

Encouragement of institutions of higher education to assess
themselves, to engage in self-assessment, but with some
press, some push, from the state house, I think, is a good
thing. We have been through a long and sustained period
now -- three years is a long time in America -- of
secondary and elementary education. I think it's time to
look at higher education. It's expensive. It's a big item
in your budget; it's a big item on a family's budget, and
we need to have better indicators of what students are
learning in colleges and universities.

Coming out of it as I do, I am still distressed
about the fact that 75 percent of American college and
university students have been graduating without taking a course in American history or European history, classics, philosophy and literature.

I think institutions need to decide what they are there for, what their purpose is, and I think governors can help them in that task of self-scrutiny and in the resolution of that identity crisis.

It is, I think, only sensible to extend the inquiry that we have made about high schools in both directions, both to the elementary school -- we have a task force on the elementary school with the department, with Governor Orr as a member -- and upward to higher education to see what we are getting for our dollar there.

There is some movement among people in higher education to take a serious look at assessment, but it wouldn't hurt at all, I think, for Governors to be prodded in that direction. Thank you very much.

(Appplause.)

GOVERNOR ALEXANDER: Thank you, Secretary Bennett. A couple of questions, since you mentioned Governor Ashcroft, he is chairman of our task force examining college equality, and he may have a comment or a question. John.

GOVERNOR ASHCROFT: We are grateful for your recognition of the fact that we need to be assessing the
quality of the job that institutions are doing. In higher education, we find a bit of resistance among them, but I think that resistance really is well-intentioned, and when the benefits of assessment are really seen, I think we will have enthusiastic participation.

SECRETARY BENNETT: I think people in higher education have to get used to the idea of assessment. And I think particularly in public institutions they need to get more used than many of them are to the idea of public accountability. I wouldn't characterize it as the response heard from most, but people many in higher education, when I talked about assessment, a couple just said, why don't you go beat up on the secondary schools some more. That's not good enough. We talked about hospital cost containment in this country. I think we need to talk a little bit about university cost containment, if possible.

I think that one interesting area of assessment is assessment of quality among both public and private institutions in a state, and I noticed that some governors are looking at that -- I think that's part of the future too -- what institutions in my state, be they public or private, are doing the best job of educating their students.

Thank you very much.

GOVERNOR ALEXANDER: Governor Lamm is a chairman of our task force on parent involvement and choice. He may
have a comment or reaction.

GOVERNOR LAMM: Mr. Secretary, in Colorado, our second chance program is only to another public school. But I was willing -- in a dropout situation, I don't care, whoever can solve that dropout problem, I would say Godspeed, we would be willing to give him what we call our ARB.

However I, like I think most of the other governors, are desperately concerned about opening up choice to public or private school and the choice of a voucher or any similar thing, with cannibalizing the existing public school system, about taking resources that are already really too limited. I know you have strong feelings on this. I would like you to state again what your position is on the question of how do you take funds that are already inadequate and divide them that many more ways and still make sense out of public education?

SECRETARY BENNETT: Fair enough. First of all, the funds are there, at least in theory and many times in practice, the funds are there to educate students for the purpose of educating children. And if the child leaves the system, it should in theory and often in practice -- some number of children leave -- cost somewhat less for the system, if the money follows the child. I think we need a number of experiments in this area.

I was taken with your proposal of your second
chance proposal, because in some ways it follows the spirit of our proposal to turn our Chapter 1 program, into a voucher. No one can argue in our chapter 1 program to turn that into a voucher is to try to cream the best students out of the public schools into other public schools or into the private schools, because the very students affected are those who are by definition at the bottom, those who are educationally disadvantaged, who are a year or two behind in reading.

I feel, I guess, like you do, that the schools are there to educate children, and children are not getting educated. And if parents consciously believe that they can get a better education at another school, then they should have the opportunity to do so.

It's been argued, I think, too much, and inaccurately, that our particular proposal, our chapter 1 proposal, is anti-public school. It isn't anti-public school. There are some wonderful Chapter 1 programs, a lot of them in public school programs around the country. No parent is going to lead or pull their son or daughter out of a school that is doing well. It's not an anti-public school proposal. It's an anti-bad school proposal. A parent may pull a child out of a school that isn't doing its job. I think to have that element of competition, for a school to know that if it doesn't deliver by the children,
it may lose a few and, yes, it may lose some resources; but
that wouldn't be the worst incentive in the world for the
school.

But again, choice is the point, not public and
private or public to public. As I said earlier, I was
delighted to hear about New York City setting up a system
of public magnet schools that are now drawing students from
private schools. They are therefore saving those parents
that additional burden of tuition.

I think experiments of the sort you established,
the sort that is being established in Minnesota and other
things, will be the best way for us to test this
proposition. Thank you, Governor.

GOVERNOR ALEXANDER: Mr. Secretary, while you
are on that, if choice is the point, as a tactical matter
at least, why don't you concentrate on choice within the
public schools and avoid the controversy with public school
advocates, because it's such a sweeping notion for many
people that they can't digest it anyway; when you throw in
private, independent education with your initial barrage it
makes it a virtually impossible task. Why don't you do it
in stages and start with those education groups including
some of the teacher organizations who have agreed that
choice among public schools is okay?

SECRETARY BENNETT: Well, they have -- I might
comment, to the degree they have said that's okay, they
have come to that fairly recently. That is, this may be
one good function of making the argument in the way that we
have made it, that choice within the public system now
becomes more acceptable to some parts of the education
establishment. That's progress. They also now believe
teachers should be tested, and that's progress, and even in
some states, they even believe in career ladders or at
least are willing to give it a try. So I think there are
some virtues to making the argument this way.

The reason we can't limit, the purpose of our
Chapter 1 proposal is Congress has said, every child who is
eligible shall receive these services whether that child is
in public school or private school. For 20 years, as many
of you know, students in both public and private schools
were receiving those services. Now we have got the
opposite little problem created by the Supreme Court
decision in the Felton case, which, as many of you know,
has made it very difficult and has become a testy issue as
to how to provide those services to private school students.
We can't distinguish in Chapter 1 between public and
private. We are talking about providing services to
children and if you will, are blind, as to -- institution
blind, in that program. Thank you.

GOVERNOR ALEXANDER: Thank you, Mr. Secretary.
We have about 10 or 15 minutes remaining for questions that could be directed to any of the three distinguished visitors. A couple of governors have already indicated an interest in that. Let me start with them. Governor Schwinden chairs the task force on school facilities. I wonder if he might have a question and after that I will go to Governor O'Neill and then Celeste.

GOVERNOR SCHWINDEN: Yes. In our discussions about the utilization of school facilities, one of the things that was pointed out was that the application of choice can have some dramatic impacts on the ability of districts to make decisions about the funding or construction of school facilities. How do you make long, three, four, five or 10-year plans about the kinds of school facilities that you are going to build and utilize if you allow the dynamics of choice to apply, Mr. Secretary?

SECRETARY BENNETT: I think what you do is you obviously have to build in some degree of flexibility. If you have a pretty good fix on the number of students, at least as good a fix as you can get on the number of students your district will be serving, and of course those things are always difficult to assess; you don't know about general in-migration out-migration in the community. But to the degree that you can fix on that number, I think to set up the institutional facilities to serve that number,
and a number of different buildings around the community, and then be prepared for -- if you will allow me a phrase -- flexible redeployment. One of the things I noticed in Shreveport -- the success of their magnet schools there -- was that they, every -- in setting up their magnet schools -- are refurbished buildings; put some buildings out of existence and brought them back into existence again three or four years later, depending on what was occurring.

There is no doubt that having this kind of choice creates certain degrees of uncertainty, but I don't think the problems are insurmountable.

We have seen this occur in higher education, where college students have the same kind of choice. In fact the Federal Government supports it in grants and guaranteed students loans and the like. It makes it hard for admissions offices to predict with certainty, but trends do develop over time and with good management, good leadership, I think, again, a flexible redeployment of a district's resources can be managed.

GOVERNOR ALEXANDER: Governor O'Neill.

GOVERNOR O'NEILL: Yes, thank you, Mr. Chairman. Mr. Secretary, in Connecticut we have what we call this year is going to be the year of excellence in education. In front of my general assembly, I have proposed a minimum starting salary for teachers of $19,300 which, if passed,
would be the highest in the nation, with bumping provisions in it with those that are already in the profession. I was very interested to hear in your statement today that more people are becoming interested in education, more college students.

I believe, really, if we are going to have excellence in education, we have to have excellence in instruction to begin with, and I am very encouraged to hear that people are turning in that direction, Mr. Secretary.

I might also add that in Connecticut two years ago, I put together a task force of private sector people, business people, to come up with this document that all the governors have on their desks and it's "Jobs for Connecticut's Future." It's a detailed report of what our state is going to need as far as educated people in the future on into the '90s. And for those of us that are politicians, that's a long way down the road. It's a long way to look because many times you only look from one election to the next. There is a three-year period that you talked about. I know Governor Bill Clinton is going to undertake the same project in Arkansas. I think these are the kinds of ways we have to go if we are going to educate excellence.

SECRETARY BENNETT: If I could comment briefly, education and excellence has to be broadened in definition
for teachers. I think we should allow again and encourage people into teaching whether they have gone to a school of education or not. In my view there ought to be three initial qualifications to be in the classroom. You should be able to demonstrate that you are competent in the subject matter, second that you are a good character and third that you have some interest and ability in communicating with young people. If you can demonstrate all three, I think you should be allowed in the classroom at least on a provisional basis, even if you are a history major or math major or chemistry major and not an education major.

GOVERNOR ALEXANDER: Governor Brennan.

GOVERNOR BRENNAN: Thank you, I would like to direct a question to Mr. Sizer. You said the high schools are asked to be too much, that less would be more, that we have got to get into the politics of subtraction. Would you give some examples of some of the programs that high schools ought to get out of, that you absolutely recommend that we eliminate from high schools?

DR. SIZER: Yes. I think that in some cases, some of the vocational and technical subjects take too much time, are too expensive. It always struck me as odd in several high schools that I visited where you found general science teachers facing 175 kids and teachers in
cosmetology facing 50. To me, that's an absolute confusion of priorities.

The heart of the basic intellectual powers that every citizen has got to have, and if it takes sharply focusing the program and eliminating, for instance, some of the offerings -- the specific offerings in vocational technical education -- if it means simplifying the administration so there are fewer assistant principals, if it means cutting back some of the time lost in very extensive interscholastic athletics -- the sacred cow of them all -- then we are going to have to get on with it. Hard, hard decision, particularly the athletics one.

GOVERNOR ALEXANDER: Governor Anaya.

GOVERNOR ANAYA: Mr. Secretary, I have a quick comment and then a question. The quick comment, I have become a strong believer of choice in recent months, particularly as it relates to choice within a public school system. The comments that have been made about higher education was just getting ready to undertake a very extensive review in New Mexico of our higher education system. One of the problems we have in New Mexico with our inefficient expensive higher education system is we have too much choice. We have too many institutions, and because of Pell grants and state grants and so on it makes it too easy to have the choice, the duplication and so on.
I would just make the comment for my colleagues to kind of crank into their thinking as we go through the choice question.

My comment, however, or my question, however, is with respect to the comments you have made on drug enforcement. I want to thank you for the strong statement you just made. We are also turning our attention to that area. We just finished a review in our largest public school system in New Mexico -- the Albuquerque public school system has approximately one-third of all of our public students in that one system -- a study and analysis of the extent of the drug problem, and the results were staggering, not only in the high school level, junior high, but reaching down into some of the very, very low grades, including down into the second, third grade levels.

We don't really know how to deal with it, but we are attempting to try to come up with a solution. Obviously law enforcement, as you have enumerated it, should be part of it, and you have indicated that you will be releasing some other comments in the near future. From my perspective it can't just be send in the Marines or send in the National Guard or send in the state police.

Can you give us a preview, without necessarily tipping your hand before you are ready to, as to how we might be able to leave this conference with some thoughts
as to how we can go back home and address that crucial, crucial problem of drugs in our schools?

SECRETARY BENNETT: Thank you, Governor, yes, very briefly. I do think that -- I agree with you, we just can't be sending in the National Guard, but I don't think that ought to be diminished either. That is, we sometimes tend to react in the area of education, when we have problems, we say, well, let's have a course on it and we will educate people about it. Our track record in educating people about a particular catastrophe in our society, or continuing source of catastrophe, is mixed, at best. And sometimes, I think, we just need to grab the problem by the back of the neck. I think this is one that deserves to be grabbed by the back of the neck.

Senator Moynihan's latest book was just very interesting; part of the book where he talks about being in Paris and the French minister talking about the drug problem in the United States and the French minister turning to Senator Moynihan and saying, what is wrong with you people anyway? I mean, this is an attack on the very soul of your country.

Well, whatever the right response is, I don't think we focused enough on just how fundamentally serious this problem is.

What we will do, Governor, is to try to identify
the best programs that we have seen in the schools. One of
the things that we think we ought to be doing a better job
at frankly is providing governors with examples of what
works, what is effective. We will provide you with the
best examples we know of drug education programs, as well
as the use of local authorities to prevent drugs and drug
abuse in the school.

Everything we know, in terms of where it has
been successfully dealt with, we will be giving to you in
as short order as we possibly can.

It's that kind of approach that we want to
propose.

GOVERNOR ALEXANDER: We are out of time, so the
last three questions will come from Governor Celeste,
Governor Thornburgh and Governor Evans. Governor Celeste.

GOVERNOR CELESTE: Thank you, Governor Alexander.
I am going to try to squeeze two in if I may. Secretary
Bennett and Dr. Sizer: How long is the payoff in terms of
education reform. One of the things you mentioned in your
wall charts is that we see real product today. When does
the investment have to be made; as we talk to our
constituencies and as we set achievement goals for our
educational leadership, what kind of a turnaround can we
look at. Is it two or three years? The people who
graduate from high school today are the product of
something that has been going on a long time.

The second question, really to all, is the parents' role has been cited as critical. What about where there is no parent? Who is doing the best thinking about what we do where there is no parent?

GOVERNOR ALEXANDER: Let me try to -- let me send that second question to Dr. Sizer and then back to -- or Mr. Butler and then Mr. Secretary.

DR. SIZER: The question is what turnaround time; do you want me to deal with that one or which one?

GOVERNOR ALEXANDER: I think the second question involved parents.

GOVERNOR CELESTE: Where there is no parent.

DR. SIZER: Where there is no parent, the school has to be surrogate. This means that the load on the teachers has got to be rolled in. The parentless child is loose, and the one institution that can deal with that. That is part of the original argument behind Chapter 1, Title 1, and it's as sound today as it was in 1965.

GOVERNOR ALEXANDER: Mr. Butler.

MR. BUTLER: I would like to point out that the preschool program, which is one that has been evaluated over a period of more than 20 years, deals specifically with that issue, because in that preschool program the teacher has five students. He or she spends the morning in
classroom environment with those five children and spends each afternoon in one of the homes, so that that preschool program includes one day each week of the teacher and the child in the child's residence so that the teacher can try to teach whoever the guardian might be.

GOVERNOR ALEXANDER: Mr. Secretary.

SECRETARY BENNETT: Very briefly, where there is no parent, there is a problem. Michael Novak said the family is the original Department of Health, Education and Welfare. That's right. There is a reason we have families. They are remarkably efficient at nurturing character and intellect.

But other institutions then must take up the slack, as Ted Sizer said. The school plus other institutions, the neighborhood, the church, the community. On where do you see the payoff, I think we will see the real payoff in terms of productivity, college scores and the like, about 1990. But I think, judging from talking to my wife's relatives from South Carolina, there is already a payoff there with a tremendous degree of state pride and enthusiasm at the tremendous efforts; New Hampshire, same thing.

People feel good about their students doing better. It's one of those things that's good in itself, whether it translates to economic growth or not.
GOVERNOR ALEXANDER: Governor Thornburgh.

GOVERNOR THORNBURGH: We spend a considerable amount of federal and state dollars on vocational education programs or what are styled vocational education programs, and I would like to blend three observations into a question. The first and most obvious is that there is a shortage of resources for most of the programs that we carry out in education. Secondly, what Dr. Sizer has observed, that we now ask high schools to do too much. And, thirdly, we are told by Mr. Butler that the employability essentials are attitude and behavioral patterns and literacy. Doesn't this lead very close to a recommendation that what we now style as vocational educational programs be removed from the public school arena and confined to post-high school, community college or other specialized training areas, for both maximum use of resources and insuring maximum opportunity of employment among those who are now involved in vocational educational programs.

SECRETARY BENNETT: Brad Butler is the world's expert.

GOVERNOR ALEXANDER: Mr. Butler.

MR. BUTLER: Our recommendation is that vocational education be totally redefined in this country and I think that's the same that you are suggesting, Governor Thornburgh. There are some excellent educational
vocation schools which start by teaching young people good
work habits, literacy, numeracy and job skills that are
relevant in today's market.

Unfortunately there are also, under the same
general name of vocational education, so-called programs or
curricula at general purpose high schools whose student
body is primarily made up of young people who never did
become literate and never did become good workers, and they
use something called vocational education as an inducement
to get them to keep coming to school in order to accomplish
what Dr. Sizer has called the complete years. We think
that needs to be sorted out. Certainly there are some good
vocational schools at the high school level. There are
clearly some good technical college postgraduate vocational
training. There are some good private vocational schools
for post high school training.

What we do need to do is get out from under the
banner of vocational education, all those programs that are
simply holding tanks to keep young people in the schools
who really have either failed the school system or been
failed by it.

GOVERNOR ALEXANDER: Secretary? Before we go to
the last question from Governor Evans, let me make 30
seconds of announcements. The White House dinner with
President and Mrs. Reagan tonight is at 7 p.m. sharp, and
you are on your own in terms of transportation. The White House business meeting with the President tomorrow will begin at 10:15 sharp and all the Governors will travel by escorted bus from the hotel and we will leave here at 9:45.

Our rules of procedure require that the governors who have any new proposals, that have not already been received, have them to us in writing by tomorrow by about 5:00.

If you have a -- in order for them to be brought up the next day, there will need to be a 3/4 vote of approval just to bring them up and a 3/4 vote of approval to pass it.

Finally, the special governors' work session with corporate executives is scheduled for tomorrow morning at 7:45. Some very top corporate executives are joining us. I think you will very much enjoy this focus on how we do our jobs as chief executives. We have tried to match the assignments as closely as possible with your preferences and an assignment sheet is being passed around so you will know about it.

Now, Governor Evans.

GOVERNOR EVANS: Thank you, very much,

Mr. Chairman.

Dr. Sizer, you were talking about the high school system that we have got in this country today, the
flawed system. But you didn't describe or define a single model program that is in existence through the experimentation process and proving effective.

Do we have any in the country at all that we can draw from their experience?

DR. SIZER: There are a number of programs. I am associated with 12 high schools around the country, some of which are still planning, some of which are under way. What characterizes them is a very simple program, universal for all the youngsters, focused primarily on the basic intellectual and academic work, but organized in such a way that it takes the youngsters where they are, such as the program I mentioned in Texas.

The watch word is simplicity and focus in very clear aims and the award of a diploma only when it is earned. These schools have joined with us and have accepted the notion that there will a an exhibition of mastery and the youngsters will not get a diploma until they deserve to get it. It's very complicated work. The schools are just beginning, but I find it very promising and the signals I got from, again, a recent trip to Texas, from the superintendents, are very exciting.

GOVERNOR ALEXANDER: There will be a 9:00 meeting here of which I hope every Governor will send a representative to so you will know what your
responsibilities are between now and August between all of the task forces. This has been an exciting discussion and really a very interesting day for all of us.

We look forward to our work in August and I thank the Chairman of the various task forces for working so hard since August. We especially thank Dr. Sizer, Mr. Butler and Secretary Bennett for sharing this meeting with us. The meeting is adjourned.

(Whereupon, at 4:47 p.m., the meeting was adjourned.)
NATIONAL GOVERNORS ASSOCIATION

SECOND PLENARY SESSION

Hyatt Regency Washington
Yorktown Room
400 New Jersey Avenue, N.W.
Washington, D. C.

Tuesday, February 25, 1986

The second plenary session of the meeting of the National Governors Association convened at 9:40 a.m., Lamar Alexander, Governor of the State of Tennessee, presiding.
GOVERNOR ALEXANDER: The second plenary session of the National Governors' Association will come to order. Good morning, ladies and gentlemen, governors and their guests. This has been a good meeting for us and we have a busy agenda this morning so we would like to go ahead with it.

We have a very full agenda: A presentation by the Ambassador of France to the United States, visits by the Honorable Dan Rostenkowski, chairman of the House Ways and Means Committee, and Majority Leader of the Senate Bob Dole. We'll also have a discussion by three of our governors concerning the future of federalism and we'll have time hopefully to consider the resolutions that have been working their way up through our committee.

It is my privilege first to present to you the Ambassador of France to the United States. If I could have the attention of the governors, please. The United States and France became good friends a long time ago, during the Revolutionary War and before. The French helped us when we needed it most. Relations between the American people and the French people have always been deep and strong and we share a very special love of our liberty. It is my privilege to present to the governors of the United States and their guests the Honorable Emmanuel de Margerie, Ambassador of France to the United States.
Mr. Ambassador, it is a pleasure to have you and your wife and your associates with us today.

MR. DE MARGERIE: Mr. Chairman, Mr. Vice-chairman, governors, it is certainly uncommon for an ambassador to find himself at this table with representatives of the 50 states of a union gathered together. This is an extraordinary event and I thank you for so honoring the representative of France, which stems from the fact that this year would see the celebration of the centennial of the Statue of Liberty.

On July the 4th of this year, the President of the United States will unveil the restored Statue of Liberty in New York harbor, 100 years after it was given to the American people by the people of France. President Reagan has invited the President of the French Republic to join him on this great occasion. The two heads of state will unite in saluting the symbol of an ideal so dear to both our peoples that throughout the history they have fought side by side to defend it.

Although the Statue of Liberty itself stands in the harbor of New York, the gift of the French people is intended for Americans everywhere. This is why we wish to evoke the symbol by giving to each of the states of the union a replica of the statue crafted from the original model made by the French sculptor Auguste Bartholdi. On February 6, I personally brought to the President the statuette intended
for him. The United States Senate and House of Representatives will also receive one.

Today, I have come to this meeting with Ambassador François de Laboulaye, chairman of the official Franco-American Committee for the Celebration of the Centennial of the Statue of Liberty and great grandson of that Frenchman Edouard de Laboulaye who conceived the idea of the Statue of Liberty more than 100 years ago.

We would like to present these replicas to each of the governors representing all the states of the union. You, Governor Lamar Alexander, Governor of Tennessee, chairman of the National Governors' Association, will receive the statuette bearing the inscription "From the people of France to the people of Tennessee." These statuettes, which you will soon be receiving individually, governors, are each made from a single block of crystal and more than 1200 hours of patient labor went into that creation.

Mr. Chairman, permit me to thank you once again for having welcomed me here today and to express the intense pleasure we feel in sharing with the American people a common ideal, a common value, that of liberty. Mr. Chairman, perhaps you will allow Monsieur de Laboulaye to say a few words in the name of the French committee.

MR. DE LABOULAYE: Mr. Chairman,

Mr. Vice-chairman, honorable governors, in entrusting to each
of you a crystal replica of the Statue of Liberty, the people
of France is inspired by the very same intention as that of
the authors of the primitive gift. We owe these replicas to
the Saint-Gobain Company, to its experience, to its
technological skill. Saint-Gobain grants all this that today
one of the world's most important glass manufacturers, has
been in the business ever since the 17th century and during
the reign of Louis XIV, Saint-Gobain produced the glass at
the magnificent Hall of Mirrors of Versailles. It has been
associated with the American company Certainteed since 1976.
Many of you, I am sure, are familiar with this company that
has more than a hundred installations in the United States
employing 7500 people. Its president, Monsieur Michel
Besson, is with us this morning.

Today, the French people wish that from coast to
cost it be known that they share with the people of the
United States an identical devotion to that great principle
of liberty on which our social structures have been built and
our civilization has blossomed. Liberty has to be alive if
it is to be implemented.

Conditions change and so do circumstances. For
instance, one may say that some of the remarkable progresses
of science and technology are of such a nature as to
constitute a danger for individual liberty. The laws and
regulations that protect that liberty must therefore be
adapted. We must not take liberty for granted. It has always been protected; it might need to be defended.

In a few words, this is the meaning of our gift. It also is the expression of the wish and the will always to share with the United States that friendship which in war, as in peace, has been and will remain the best guarantee of our liberty. Thank you.

GOVERNOR ALEXANDER: Governor Clinton, the vice-chairman of the association and I, on behalf of all the governors and all the states, want to thank Ambassador de Margerie and Mr. De Laboulaye for the generous gesture on behalf of the people of France to the people of the United States. We share your devotion for liberty and we believe that the strength of our states is one of our guarantees for our ability to preserve that liberty. Thank you very much.

The governors are chief executives of states and so for a big part of this meeting we have focused on our jobs as chief executives on issues such as schools, and meeting with chief executive officers of some of the largest corporations in America to compare our jobs as chief executives with theirs. How are they similar? How are they different? But it has been traditional at this meeting in Washington for us to focus our attention also on issues of the national government because they are important to us. They are especially important to us because about 20 percent
of our budgets are dollars that come from the national government which we help to spend and administer, and through our resolutions and actions in the past we have recognized that the importance of the need to balance the federal budget or at least to bring it closer in line between spending and revenues is important to the economies of our state.

In addition to that, we're interested in what will our jobs be and what will the jobs of the national government be, federalism, and the new federalism that is today being, in the words of some, a forced federalism. So this morning's plenary session is devoted to federal and state issues: Taxes, federalism, tax reform, budgets. It includes discussions by the governors who have helped us frame our leadership positions on those issues and some of the representatives from Congress who have leadership positions there.

Now first on the agenda, we will have a discussion of the federal budget, the national budget and its impact on state government. One of the figures that always interests me the most and I think astounds people who haven't heard it before is that the increase in the national debt last year, the increase about equaled the amount that all the states collected in taxes last year. So it is a remarkable situation that we find ourselves discussing.

Governor John Carlin, immediate past president of
the National Governors' Association, took the lead when he was chairman and helped us over a two-year period of time to develop a comprehensive budget policy. It was a little bit ahead of its time. It helped pave the way for some of the things being done today, and it wasn't easy for us to adopt. We want to make it easier for the United States Congress and the President to do their job, not harder.

Governor Carlin will therefore moderate a discussion on three of the areas that make the most difference to us as we look at the federal budget: Transportation, energy and environment, and economic development. And the discussion will be led by the governors who are chairmen of our committees.

I want to personally thank Governor Carlin for his leadership in the budget area and his willingness to continue to represent the National Governors' Association as our lead governor in interpreting our views to Congress and to the world on the deliberations involving the federal budget.

GOVERNOR CARLIN: Thank you very much, Lamar, and at this time, with that very appropriate introduction from our chairman, I won't add anything to it other than to assure you that I along with your support intend to continue very actively involved to pursue the implementation of the resolution that we did adopt last year.
To get a little more detail and explanation on how the federal budget and its impact exists on the states, as the chairman has indicated and we'll hear from three of our chairmen, and I'll first call on Governor Bob Orr, who is chairman of the Committee on Transportation, Commerce and Communication, for a brief presentation on the impact on the states as it relates to this area. Governor Orr.

GOVERNOR ORR: Thank you, Governor Carlin. I do appreciate the opportunity to include transportation in this discussion on infrastructure and its importance in a new federalism concept. Our committee vice-chairman, Bill O'Neill of Connecticut, has been the lead governor on infrastructure and I think it important that I recognize his contribution to the understanding of all of these issues.

Without any question, the investment that all of us have in infrastructure in the way of transportation -- highways, bridges, airports, so on, transit systems -- means that we must keep this uppermost in our minds in terms of the maintenance of that system because of the investment and because of the unbelievable impact that all of that transportation infrastructure has upon our states' economies.

Indeed, I think as all of us now move to attempt to bring international investment into our states, it is one of those things that comes up in the discussions that we have
with the visitors of coming to bring -- to find out about our potentials, they are one of the things they bring up very first is the transportation infrastructure.

Connecticut does have a 10-year program which is important and I want to identify. Governor O'Neill has been in the forefront, obviously, both in this association as well as at home. In Illinois, Governor Thompson has legislative approval for a five-year program. Governor Branstad in Iowa has a new program known as RISE: Revitalizing Iowa's Sound Economy. Pennsylvania has implemented a program that enables local governments to create transportation improvement partnership districts. Indiana created something called Indiana infrastructure, the private sector coming together with the public sector to look ahead and see what we need to do. It's my opinion that the states are properly in the forefront in working on all of these matters.

It is essential, in my opinion, that we also look to the financing of our infrastructure and endeavor in every way possible to bring that within the control of state government so as to be able to assure our people that the projects and the programs and the planning that we do can be carried out adequately by the state government.

Where is Governor Carlin? He is -- with that, I urge all of you to keep in mind the importance of the transportation infrastructure. Thank you very much, Governor
Carlin.

GOVERNOR CARLIN: Thank you, Governor. I apologize. You did listen when we said to be brief and I didn't -- I guess I didn't expect my advice to go that well heeded. At this time, I'll call on Governor Earl, chairman of the Energy Committee.

GOVERNOR EARL: Thank you, Mr. Chairman. With all of the discussion of federalism and the appropriate roles for state and federal governments, few areas lend themselves more to a partnership than the areas of energy and the environment. My task today is to describe to you the impact of the proposed federal budget on environmental protection and on energy policy.

Our committee met yesterday with EPA administrator Lee Thomas and with secretary -- the deputy secretary of the Department of Energy, Danny Boggs. The conversations were, in the lexicon of Washington, D.C., frank and productive, but it is clear that the partnership which exists and ought to exist between the states and the federal government is in for some difficult times in the years ahead because of budget problems.

There is clearly a national consensus that we have to get a handle on and resolve the federal deficit. It is understood that the policies of the last several years have put an unconscionable debt on our people and worse, on future
generations. But at the same time there's a consensus that
the emphasis that has developed over the last several years
on protection of our environment ought not be diminished.
There's a battle ahead as these two consensus points of view
conflict with one another. Let me use some examples to make
those conflicts clear.

Consider the construction grants program.
According to EPA's most recent estimate, $110 billion would
be necessary between now and the turn of the century to meet
the clean water goals of the 1972 Clean Water Act. But the
proposed federal budget for fiscal year '87 requests no money
for new project starts and sharply reduces funding for
in-project construction and establishes a complete phase-out
of the program by 1991. All of this despite the fact that
every state and local government are still going to be
required to meet the clean water mandates of the act. I
don't think there should be any doubt about the proposition
that the consensus behind clean water is as strong as it ever
was, but events are now beginning to take shape which will
place very severe pressure on the ability of the states to
meet the clean water goals.

Now many states have pulled their own weight in
this regard and have not relied upon federal grants to move
ahead. In my state we have spent on our own clean water
program more dollars than we get from the federal government,
and I know many other states have similar efforts. But in virtually every state, the availability of federal funds to complement the clean water goals of the 1972 act have made it politically possible to make progress toward making our lakes and streams fishable and swimmable.

We now face a situation in which many of our states are under severe fiscal pressure. Certainly that's true for those of us who live in the Great Lakes area. It's true for those of you in which agriculture is a large part of your economy and more recently those of you for whom oil and gas is important find yourselves in difficult fiscal straits. That makes even more difficult advancing your other budgetary concerns including environmental matters.

As the carrot to federal aid disappears in the next few years, as it is scheduled to do so, the pressure is going to build to cut back on the stick of federal regulation. There will be more incentives for states to go their own way in environmental protection, thereby increasing the likelihood that in addition to all the other ways states compete with one another in the area of economic development, we will be seeing industries shopping for states where environmental protection laws are weaker or their enforcement is less effective with the notion that cost can be kept down.

Rather than having a uniform situation which keeps
this kind of shopping to a minimum, we could have a situation which places consistent pressure on individual states to settle for contaminated water or polluted air as a tradeoff for industrial expansion. If it comes to that, it will be a tragedy for all of us. We'll be asked to choose between a vital economy and a wholesome environment, when I think most of us know that the two not only can exist side by side but must coexist.

The federal budget and regulatory policy of the last few years placed that delicate balance between a vital economy and a wholesome environment in jeopardy. If we return to the law of the jungle in environmental protection, we can all expect to be casualties in the long run. Pollution is no respecter of political boundaries.

The same general trend can be seen in the Superfund hazardous waste cleanup program. If there's one matter on which all of us, regardless of our political persuasion, agree, it is that the Superfund program needs to be expanded, but the tax revenues which nourish that program have expired and Congress and the administration cannot yet come to an agreement on a new revenue source. As Lee Thomas told us yesterday, the result is that before very many more days EPA will issue stop-work orders on all cleanup sites.

This inaction takes place against the backdrop of greater than ever public concern about the health and safety
risks that are posed by hazardous wastes. Inaction and
confusion at the federal level has left the states to fend
for themselves in these matters, and in general we're coping,
but the fact is that effective management is impossible and
costs are unnecessarily large when federal-level action is so
consistently unpredictable and slow. It is simply not
possible to do the job right at the state level so long as
the budget in these areas remains on a roller coaster, with
uncertain funding, muddled policy direction, and the lack of
timely action on basic regulatory legislation with cycles of
deobligation and start-up.

There are other examples of federal nondecision
which hurt. Let me just touch on one in the energy area
which certainly affects a good many of us if not all of us.
The department is now conducting a very far-reaching siting
investigation under the direction of the Nuclear Waste Policy
Act for locating a high-level radioactive waste repository.
All the states that have been a part of that process have
complaints about it, and I've talked to several of you about
it, but at least there is a process. But ironically enough,
there is no process at all for making the transportation
decisions which will be crucial to any final repository
siting decision. Whatever site or sites are finally chosen,
millions of tons of radioactive waste are going to be
traveling our highways and rails en route to those ultimate
destinations. But so far as we are aware, there is no planning taking place that reflects the need to address this problem.

The states are doing their best, it seems to me, but the lack of federal action makes it difficult for us to go as far as we should.

Let me conclude by making one thing clear. It is not my intention to simply complain about funding cuts and environmental protection programs. We all understand that in order to cut the deficit it is necessary to reduce funding in virtually every category, but those funding cuts should be made in a way that are consistent with sensible and effective administration. EPA's own operational budgets should concentrate on those research and analysis efforts which can be utilized by all the states in their programs and make cuts in those EPA activities which are redundant with what is going on at the state level.

My greatest fear is that the current federal deficit crisis is being used by some as a protective cover for a radical deregulation philosophy which is at odds with the national consensus which has been developing over the years in favor of protection of the environment. Those of us who have a strong commitment to protection of the environment have a responsibility to guard federal and state institutions which have been set up to protect the environment against
those whose distaste for government, and sometimes amounting to an anti-government ideology, blinds them to the need for firm, consistent federal action in support of clean air, clean water and cleaning up nuclear waste sites.

It is possible to deal with the budget without turning back the clock on environmental protection. But at a minimum there must be effective federal-state partnership based on a national consensus in favor of aggressive environmental protection. I'm not convinced that that partnership exists today. It seems to me the goal of each of us as governors and the goal of this association ought to be to make sure that that partnership becomes a reality.

Thank you, Mr. Chairman.

GOVERNOR CARLIN: Thank you, Governor Earl. I want to call on Governor Sununu for a very brief introduction.

GOVERNOR SUNUNU: Thank you very much. There is a copy of a book at all of your chairs that is entitled "The Wealth of States." I think it is an excellent piece of work done by Roger Vaughan, Robert Pollard and Barbara Dyer describing what I think is the modern perception of the best way that states can become attractive to industry and investment. I think it probably does reflect what virtually all of the successful states are doing and I think that number one, I appreciated working with them in putting it
together but number two, I think that they deserve the
benefit of you taking a little time perusing it and if you've
got some nice comments about it, get it back to them. Thank
you very much.

GOVERNOR CARLIN: Thank you, and now I'll call on
Governor Dukakis, chairman of the Committee on Economic
Development and Technological Innovation.

GOVERNOR DUKAKIS: Thank you, John, very much.

Tony used the phrase "federal-state partnership,"
and in a few brief minutes I would like to pick up from that
and apply it to the issue of economic and community
development, not by being particularly specific about UDAGs
and CDBGs and EDA and revenue bonds and the nuts and bolts of
what all of us these days are doing in our states, but to
talk for just a few brief minutes in more broadly
philosophical terms about what this partnership means to the
economic future of this country.

I'm the governor of a state which 10 years ago was
flat on its back. It had a 12 percent unemployment rate, the
biggest state deficit in the country, and most of our
businesses were looking northward to John Sununu's state as a
place to expand. Today, our unemployment rate as of January
was 3 percent. We have the fastest rate of growth and
personal income of any state in the country and most people
cite Massachusetts as an example of the kind of strong,
diverse and healthy economy that every state in this nation would like to have.

How did it happen? How was it that in 10 years a state in the kind of shape mine was in 10 years ago was able to turn things around? Well, to some extent it had to do with the initiative and energy of people who refused to quit, refused to admit defeat and were willing to go to work and turn things around. I can say unequivocally to you that we couldn't possibly have achieved the kind of economic success we've achieved in the past 10 years in my state had it not been for a combination of federal, state and local resources which helped us to do it.

The city of Lowell, Massachusetts, which today is cited as one of the great urban success stories, couldn't possibly have done what it did and couldn't possibly have served as the model for urban and community revitalization nationally without that federal-state partnership. And in making judgments, as we all must, about national priorities, about the national budget process, about where we invest public resources, I believe it is very important that the governors of this nation, all of whom are deeply involved in economic development and in strategies for economic growth, help to convey that sense that healthy state economies are a major contribution to national economic success; and that whatever we do together, and whatever policies we advocate to
the President and the Congress, we do so not because we're supplicants at the federal table or because it is simply a matter of taking cuts.

The real issue, the real issue before this nation is whether Washington and the states and business and labor and the educational community and all of us move forward together. It is that sense of a shared partnership in our economic future which both Bob and Tony have talked about which is so fundamental.

I hope, John, that as we work together and work with the administration and the Congress through what is unquestionably going to be a difficult fiscal period, that we bear in mind that there are certain overarching national goals which all of us believe in and which this concept of shared resources, shared leadership and a shared partnership speak to very directly.

That's one of the reasons why we have been talking and I have been talking so much these past few days about the issue of federal revenue and of resources owed that are not being collected. Because if we believe in these programs, if we believe as I think most of us do that they have played a major role, not just in the revitalization of my state's economy -- we've heard eloquent testimony from Joe Riley, the mayor of Charleston, South Carolina, yesterday before our committee, no relation to our friend Governor Dick Riley but
he pointed out that he had never met a Riley that he didn't like yesterday -- but we had eloquent testimony from Mayor Joe Riley as to what this combination of federal, state and local resources had meant to the rebirth of Charleston, today one of the most successful communities in America. So it isn't limited to my state or two or three other states; it's something which is pervasive, it's fundamental and it seems to me that as governors, that's the message that we've got to deliver to our friends here in Washington and to our partners in what I think all of us believe and hope will be a very bright economic future for this country of ours.

GOVERNOR CARLIN: Thank you very much, Governor. Governor Ashcroft, do you have a question or comment?

GOVERNOR ASHCROFT: It's ultimately important that we take the reins in our own hands whenever possible to promote economic development. Four years ago the Missouri General Assembly decided to use enterprise zones as a way of stimulating growth. It's a zone where new or expanding businesses can qualify for a variety of special tax incentives including an abatement of real estate tax, tax credits on income tax, and additional credits for job creation. Obviously a law like that is designed to promote growth and stimulate entrepreneurship and create jobs where there aren't any. We have 24 such zones in Missouri. Some are bigger than others. The smallest zone, according to the
National Journal, which recently wrote on the topic, is a one-square mile zone; we have a 450-square mile zone in one of the rural parts of the state. In just 2-1/2 years this active posture by the state of creating enterprise zones has resulted in $88 million in new investment, 4600 net new jobs in the zones, and it looks like industrial development in the enterprise zones is increasing rapidly and will continue to do so.

One particular example is exciting to us. The enterprise zone in the city of Cuba, a small town in Missouri of 2100 residents, was particularly important. In 1984 Cuba had an unemployment rate of 13 percent. It was losing jobs rapidly. After the designation of the enterprise zone and several significant efforts following that, Cuba's economy since 1984 has added 500 new jobs. Those new jobs are equivalent to 24 percent of the town's population. It is that kind of effort that I believe we as states can engage in which is important to doing what we can to get the ball rolling for development.

Congress has been considering enterprise zone designation for federal zones for several years but such legislation has been stalled. I think it's clear that the Congress has an opportunity to move ahead and I would urge them to do so with a valuable economic development tool.

I'm always reluctant to give away secret
advantages that a state might have in economic development, but when the Missouri city of Macon reported that 475 new jobs have been developed since 1983 and another small town of Salem reports that they had over 400 and Mark Twain's old home town of Hannibal has been revived by more than $3 million in new investment and 300 new jobs in just one year, I think enterprise zones are a story that ought to be told and I think it's a concept that the federal government would do well to join in.

GOVERNOR CARLIN: Thank you, Governor Ashcroft. Not seeing anyone else asking for recognition, Mr. Chairman, may I just summarize in closing by saying that I think from our presenters this morning we've heard in essence what we can do by ourselves and what we feel we should be doing in partnership with the federal government and that many of those partnerships should continue.

As it relates to the deficit, our resolution is a sound one. We have shown that the numbers can be put together. But I think the message we want Washington to understand is that it is not just numbers, that it's the proper sorting out of responsibility that's important; that national priorities must be set; that areas where we need to invest, we must make those investments; that in all of these decisions timing is very important and that if the proper timing can be packaged with a lessening of strings and red
tape, we the governors of this country are willing not only
to lead our states but to continue to work with the Congress
and the administration to resolve the budget issue that's
before this country at this time.

With that, Mr. Chairman, I'll yield the floor back
to you and thank you for your time. I think you have two
minutes plus.

GOVERNOR ALEXANDER: Thank you, Governor Carlin,
and governors. Governor Carlin will continue to be the lead
governor on budget matters. There will be testimony today
in the House by four of our governors on the federal budget:
Governor Carlin, Governor Sununu, Governor Janklow and
Governor Clinton, the vice-chairman. Governor Lamm will
continue to be the governors' lead governor and spokesman on
tax reform.

The President asked us yesterday to be involved
with his proposal to consider how to restructure welfare in
the country and we intend to take that seriously. Governor
Castle is chairman of the Human Resources Committee, will
lead our efforts there although we expect the Executive
Committee to be deeply involved in that. We strongly believe
that income maintenance ought to be a national
responsibility.

Governor Sununu will be a lead governor in the
area of strings, regulatory reform. The President also asked
us to help with that. Governor Janklow and others have
spoken to that point and Governor Sununu will be working on
that.

We now move to the consideration of proposed
policy positions. These have been thrashed out in the
committees by and large. The way we will proceed is I will
ask each of you to turn your attention to the package that
you have received. All of you have all of the changes and
you only need to look at the new package which you received
yesterday. We will move committee by committee. There are
no proposals which came up for special consideration. In
that respect, I would like to thank the chairman of the
Republican and Democratic governors' groups for following the
schedule and adjourning on time today. That's helped us a
lot in staying on schedule.

I will ask each of the committee chairmen to -- we
will consider each of the committee resolutions in block
unless the committee chairmen request differently. We will
be voting aye and no on each of the blocks unless someone
asks differently. We will begin, Governor Branstad, the
chairman of the Committee on Agriculture.

GOVERNOR BRANSTAD: Governor Alexander, thank you
very much. I'm very pleased to report that the Agriculture
Committee of the nation's governors' association is keeping
us at the forefront of assisting and protecting America's
farmers as we go through this serious agricultural crisis in America.

Yesterday, at the urging of the governors, the USDA announced intentions to file interest buy-down rules to help our farmers plant a crop this spring. We also received commitments at the committee meeting by Don Wilkinson to move forward on the rules for the new Capital Credit Corporation and, as you know, I asked the President about the appointment of the board to oversee the new Farm Credit Administration, which was signed into law before the end of the year. We're hopeful that we're going to see action on that in the very near future and the Agriculture Committee amendments address that very critical issue of agricultural finance, and I think in a very positive and comprehensive way, recognizing the critical need for our farmers to get the financing they need to plant a crop this spring.

We also have an amendment to our policy position on agriculture finance that recognizes the importance of the cooperation of the FDIC and the other bank regulators in working with the farm credit problems being faced by our lending institutions. There is an amendment to the agriculture research, technology and innovation section. There's also a change in agricultural policy-making recognizing the need for longer range agricultural policy to return this, the important productive industry, to
profitability. And there is new policy positions in the area of agricultural tax reform. I'm very pleased to report that the committee is recommending in the area of agriculture tax reform that we restrict tax loss farming and correct the rules that can cause farmers that have been foreclosed or sold out to be faced with a major tax liability of the federal government.

There's also a somewhat complex policy change in the area of FIFRA policy. Again, I would like to reiterate the fact that the nation's governors have been at the forefront of recognizing the farm crisis, of offering and recommending and pushing for constructive ways to help farmers through this very difficult transitional time, and this policy will continue at the forefront and in fact continue to prod the federal government to treat agriculture in a more reasonable way.

GOVERNOR ALEXANDER: Thank you, Governor. Is there a second?

GOVERNOR SINNER: Mr. Chairman, I second the motion and remind the committee that -- the plenary session here that the work of the Trade Committee is of fundamental importance also to agriculture. Unless we level out the international playing field, agriculture, which has been the leading exporter of products from the United States for years and years and years, will not have a chance to prosper. What
the Agriculture Committee has worked with and Governor Branstad just reported to you are the temporary problems that keep us alive while we get the other corrections made, and I can't emphasize that enough. I second the motion.

GOVERNOR ALEXANDER: Thank you, Governor Sinner. Any other comment? I would urge the governors, we've now used half our time for seven reports on one committee, so the time will come at the expense of our visitors although I don't want to restrict any governor unnecessarily. Governor Clinton.

GOVERNOR CLINTON: Mr. Chairman, I just want to commend Governor Branstad and say that the finance section in particular represents an innovative bipartisan response to the crisis of agriculture, relatively low cost and no cost, and we got some encouragement yesterday from the chairman of the FDIC who was there who urged us to recommend these changes and seemed to imply that he would try to help us if we did. So this is a very important thing that could be very beneficial to our farmers.

GOVERNOR ALEXANDER: Can we move to consider the motion of Governor Branstad?

GOVERNOR CLINTON: So move.

GOVERNOR ALEXANDER: All in favor, please say aye.

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed? Motion passes.
GOVERNOR THOMPSON: Thank you, Mr. Chairman. I intend to vote, and did vote for the resolution as it turned out, though I had my hand up for recognition rather than to vote. But I just wanted to ask one clarification of Governor Branstad who I think has done some of the best committee work I have ever seen in 10 years with the NGA on this issue at this time.

I had one small concern that was raised by the farm bureau in my state and that is the effect of new policy position G.-9, agricultural tax reform on land values. Declining land values is something of enormous concern to the farmers in my state, his state and everybody's state. And I wanted the opinion of the chairman on whether the adoption of this resolution, which I think in the long run is good, would have any more than minimal effects on land prices now.

GOVERNOR BRANSTAD: As you know, land prices have been dropping precipitously and I don't think this resolution is really going to have that much of an impact on land prices. It will make quite a difference for that farmer, however, that is sold out, and right now, all the assets may go to pay off debts and yet be hit with a major tax liability to the federal government. That's certainly not fair, plus it's really not fair for our family farm producers to be competing with people who are in agriculture merely to lose
money to offset other income. And this is designed to place some restrictions on that and encourage people to invest in agriculture because they want to be family farmers or involved in agricultural production.

I think Governor Kunin, who headed up this subcommittee, did an excellent job and I'm very pleased that the governors have endorsed it.

GOVERNOR ALEXANDER: Governor Bob Graham, chairman of the Committee on Criminal Justice and Public Protection.

GOVERNOR GRAHAM: Mr. Chairman, the focus of our meeting was on the issue of drug trafficking. We had the Attorney General, we had Congressman Charles Rangel and Congressman Bill Hughes discuss this subject from the administration and the congressional perspective. A constant theme was the emphasis on the need to have a dual strategy of both law enforcement to suppress the supply and effective education programs to reduce the demand, with particular attention to our youth. We received reports on other subjects, one of which was on missing children and Governor Martha Layne Collins would like to supplement that report with some remarks. Governor Collins.

GOVERNOR COLLINS: Thank you, Governor Graham and fellow governors. I want to take this opportunity to speak once more about our role in addressing the growing national problem of missing and exploited children. We have come a
long way in a short time, and I want to commend the men and
women of the National Center for Missing and Exploited
Children for all the work that they have done in the past two
years. Their hotline, their work on actual cases, the
materials that they have developed on prevention and
education are moving examples of what can be done in this
area.

In Kentucky we have taken a number of steps to
deal with this issue as well as related problems. One, we've
developed and put into use in our classrooms a comprehensive
curriculum on preventing family violence, including the
problem of missing and exploited children. Two, we've
enacted child and adult protection laws requiring mandatory
reporting and setting out the proper procedures for doing
so. Three, we have developed training programs to help local
police, social workers and other professionals deal more
effectively with abusive families. Four, we have developed
treatment programs for sex offenders. Five, we have created
a child victim trust fund to help local task forces identify
local problems and to work towards solving them. And six, we
have established within the Kentucky State Police a missing
child information center to serve as a clearinghouse for data
on missing children. And I have established a special staff
liaison in my office to review and coordinate all of these
efforts.
I'm very pleased with what we have been able to do. But there's an initiative that would enable us to do a great deal more. Not just in Kentucky but in every state. What I'm talking about is a more effective coordination between and among the states. Much progress has been made toward implementing resolution B.-20. As a result, America's children are safer. We need to hasten progress in three areas by, one, initiating legislation that reinforces our commitment to protect children from sexual abuse and exploitation; two, providing America's mothers and fathers with accurate information about how parents can insure their children's safety; and three, integrating information on child safety in the public school curriculum in all grades.

To focus attention in these areas, Governor Thompson and I have agreed to co-chair the national campaign to protect our children. Working with the National Center for Missing and Exploited Children, we'll be in touch with each of you. Governor Thompson and I want to ask you to lead the efforts in your state, not to follow and not just to approve or accept, but to lead the efforts in your state. Our plans are to expand the network started by the Southern Governors' Association and the interstate enforcement agencies to recover children. We must send a message that we're willing to share the knowledge, the information and resources in our commitment to this new generation of
America's youth.

Therefore, Governor Graham, with your permission, I would encourage the Criminal Justice Committee and its partner, the National Criminal Justice Association, to aggressively pursue the implementation of the current policy and to recommend to us strong measures that we can all take to protect our youth. Thank you.

GOVERNOR ALEXANDER: Thank you. Thank you, Governor Graham. I'm going to call one more committee chairman. Governor Dukakis, do you have a motion in block to accept your committee's report?

GOVERNOR DUKAKIS: I do, Mr. Chairman. These resolutions are very straightforward and I would move their adoption.

GOVERNOR ALEXANDER: Is there a second?

GOVERNOR DI PRETE: Second.

GOVERNOR ALEXANDER: All in favor please say aye.

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed? They're adopted.

We'll now move to our discussion of changing federal-state relations. We have four more committee reports which we don't have time for now so we'll move them to 11:45. To introduce our next speaker, it is my privilege to call on the Governor of Illinois, Jim Thompson.
GOVERNOR THOMPSON: Mr. Chairman, thank you. We have been joined by a distinguished guest, a distinguished son of the Prairie State and its principal metro center, Chicago, on the shores of beautiful Lake Michigan, one of the world's greatest natural resources, as is our guest. Dan Rostenkowski is a legend in our city and a legend in the Congress. He represents us not only as a congressman and as a stabilizing force in our congressional delegation, but as the distinguished chairman of the House Ways and Means Committee he has been the principal architect of tax reform in the United States. That doesn't mean that we all agree with him either in Illinois or in the NGA, and I'm sure the Senate will have something to say about it. But but for this man's efforts there would be no national debate on tax reform, there would be no bill moving. The President has never had a better partner in this issue. It is my pleasure to introduce the distinguished congressman from Illinois, Dan Rostenkowski.

GOVERNOR ALEXANDER: Let me ask those who are our guests in the room to please keep your voices down, please, and give attention to the congressman the rest of the debate. Some of the governors are having a hard time hearing and we don't want to miss a word. Congressman.

REP. ROSTENKOWSKI: Thank you, Jim. It is nice to be here in this bipartisan atmosphere. I feel a little bit,
and I can feel that you will certainly understand it, a
little bit like Patton after VE Day, knowing the rest of the
war as far as tax reform will be fought in another theater.
The combat as I knew it, in tax reform, has moved over to the
other body, and for the moment at least, I see our troops
covering the guns, plugging up, filling in the trenches until
such time as we get to conference. I'm certainly in hopes
that we will see in a very short time, for all the confusion
and jockeying over legislative schedules and the sequence of
economic targets, that I still think that we will send to the
President a tax reform bill this year by the year's end. I
wish, my colleagues and government, I were as confident on
the budget.

We recently did a match-up between your position
on tax reform a year ago and what the House has passed in
December. Fairly enough, it turns out as a near eclipse.
Revenue neutrality, massive rate cuts, base broadening,
greater fairness, better balance between personal and
corporate taxes are all there. We protected state and local
tax deduction, what I interpreted as a significant threat in
the Reagan proposal. We all but spared charitable giving and
fringe benefits. Limitations on tax-free bonds were applied
with care, allowing for liberal growth of the government
obligations. Any distortions, I might add, in that area can
certainly be fixed in conference.
And perhaps most significant of all, we lifted more than 6 million poor and near poor off the tax rolls, which translates into a direct $2.7 billion pay-out in 1987. That's $2.7 billion that states could never wrestle out of Washington through appropriations. People will have money in their pockets and so you won't have to be coming to Washington with your hands palm up.

There were days when I thought we'd lost the bill, when it seemed we would never find the revenue to pay for the cuts and still protect state and local deductions and carve out what is necessary transition rules. Sometimes you couldn't find your friends through the fog of special interests, and when you found them, their handshake was less firm than the day before. But such is the political process.

We spent months on a high wire gently shifting the balance of the President's package without -- without, mind you, losing his backing. He maintained his oath of silence as we fought for state and local deductions, stretched out depreciation rates and added a few points to his tax cut. And his final commitment turned out to be as strong as his original promise. He deserves, in my opinion, a solid measure of tribute for keeping up the political pressure and his visibility and commitment.

But if his last-minute blitz won the day, I'd say
the Democrats won the issue, when the President challenged us with the most massive reform proposal in history. We really didn't have much choice in my opinion but to accept, and pay with some of the toughest economic votes cast by legislators in years. And I want to thank most of you for stiffening our hand. Our alliances proved victorious and our differences are all but forgotten.

Now the war for economic control moves us all to a second front: Deficit reduction. And Gramm-Rudman. The President can have his way on taxes, the President can have his way on deficit reduction, but he can't have his way on both.

I have long been a strong proponent for tax increases as a means to shrink the deficit. On the heels of the great 1981 Reagan windfall, we came back with significant tax increases in 1982 and in 1984. The deficit spiral was tempered -- not turned back, but tempered. We found that paying more taxes doesn't have to halt the country's expansion. It doesn't have to undo the reforms that tax cuts contained in the House-passed bill. We can have tax reform and tax increases, but the President has declared his administration against revenue increases. He wants an even balance between tax cuts and tax gains, and having suffered the terrible discipline of revenue neutrality, I would hope it remains one of the dominant forces in shaping the Senate
To attempt to achieve tax reform and deficit reduction in the same bill is to risk losing both. It would be the great Washington paradox that one noble cause could wreck another. Budgeteering has been an erratic crusade for years. The pursuit of the balanced budget becomes more and more cynical, more and more guided by unreliable forecasts and more and more weakened by regional and philosophical difference. We're about to put aside the 1986 budget, which proved more than we could handle, only to begin on a much tougher 1987 budget.

This year we begin the ritual with the guillotine of Gramm-Rudman suspended overhead. The President has opened the bidding with a budget that increases defense spending without additional taxes. Congress has answered with reports that the Reagan budget is dead on arrival, DOA.

The President is a man unencumbered with the nagging little details and contradictions of deficit reduction. He knows how popular it is to talk about massive cutbacks in spending and how painful it is to fill in the names of the victims. Talk about welfare queens is cheap. Welfare reform is enormously complex. Balancing the needs of America's poor, sick and abandoned can't be done with slogans and one-liners, or with proposals that couldn't muster a hundred votes on the House floor on an easy afternoon.
The notion that we will cut $54 billion more out of Medicare over the next five years is pure hyperbole. It gets the President to his budget target but nothing more. We've driven the elderly far enough since 1981. We have cut Medicare programs by $45 million over the last five years, against an almost $125 billion increase in the defense budget.

Medicare is regressive to begin with. Higher premiums hit the poor harder than the rest. Age, sadly, knows no income barriers. The more the President asks for broader funding, the more he hurts the least able to pay. He can't cut both providers and beneficiaries and expect congressional tolerance. His Medicare cuts will certainly get a good hearing in the Ways and Means Committee, but in my opinion stand little chance of passage.

I'm a Democrat. My father and my grandfather were Democrats from the north side of the city of Chicago. I am as sensitive as any politician to the punishment of Reaganomics and what it has in the administration to urban families. For an administration that has found the American family a convenient political theme, one wonders whether this president has ever set foot on the tarmac of a hot August city street. His vision of America has great blanks.

If the President's national vision is hazy, the fact remains that he has caught a rising spirit for reform:
The native sense that government has strayed from the public mean. He has found the center of our frustrations and raised some powerful forces for change. If Congress followed his early lead, we have since become increasingly doubtful and weary. What was obedience five years ago turned to reluctance and now to belligerence. It isn't just Congress that has balked at Reagan-style federalism, it's the American people, who don't want to trade veterans' benefits for more armor.

Clearly, the Reagan era has seen a great perceptual change in the role of the federal government. He has provoked a debate that has left us unsure about its legitimate reach of government, which has ultimately led to the reluctant adoption of Gramm-Rudman. It was a sense that we could threaten ourselves to make choices that we have avoided for decades, that we could set out our own paper tiger that looks fearsome from a distance but would never bite.

We harbor this hope that Gramm-Rudman will force us to make free choices before the axe of sequestering falls. Maybe it's just what we've been looking for, a blunt tool for reform that with a bit of sharpening and deftness might work. But for the moment, my colleagues, the divisions in Congress and the White House seem almost irreconcilable.

The struggle is not over dollars and cents but
over the very gut questions of federalism. You are asked to sort out your own state budgets with little more than a guess at what Washington's bottom line is, knowing only that the trend toward greater cutbacks in federal aid continues. Most Democrats have tried to spare the most popular and proven programs for the poor and the near poor. That was certainly clear in the final Gramm-Rudman document, but given the size of the deficit and the entrenched orthodoxy at the White House, the traditional federal role of provider and protector is being redefined into a kind of rough frontiersman high on self-reliance. What concerns me most as a congressman and an institutionalist is the slow but steady dawning that we can no longer govern.

The consequences of stalemate and gridlock are not just the grist for columnists and Wall Street newsletters, but are becoming the nagging truths for all Americans, and with reason. For what they hear from Washington these days is what can't be done, not what can. The President is already countering predictions in Congress that his budget is dead on arrival with his own threat that any tampering with the balance will be vetoed on arrival. Congress talks of tax hikes to reduce the deficit; the President and his men are vehemently against the idea. Add to that the recurring inability to hold to fiscal targets, never mind produce an annual budget, and the nay-saying becomes even louder on
specific spending issues like military procurement, aid to the contras, and the proposed elimination of revenue-sharing.

After awhile, skepticism dominates and economic decisions become distorted. The public doesn't elect politicians just to go off and debate the great issues of our time. They elect us to go off and debate and then do something. They don't want to spend their time trying to follow the action along Pennsylvania Avenue. Their concern is Main Street. The public cares less about the subsection of a bill than they do about the mere decision to act. They want to know that their institutions work, that someone is in charge, that the nation's business is getting done. And all it comes down to is leadership: Telling the country what can be done instead of what can't, and then doing it.

I'm not suggesting that Washington become a hallelujah choir or that traditional tensions between the White House and Congress or between houses disappear. I just think we ought to give this country a better showing. Remember, as I do, Washington under Eisenhower, Rayburn, Johnson -- no one asked that they be fast friends, just to reach conclusions. And to do that, they had to cross over their own partisan and philosophic thresholds. They identified national leads and dealt with them before they became national crises. Boring years? Perhaps. Peaceful
negotiation is often boring. But things get done, even with a bit of time for golf, because our leaders understood the obligations of their office.

The chances for deficit reduction and tax reform come down to the measure of the President's commitment and Congress' willingness to negotiate a balanced agreement and seal it before campaign politics seize the capital. The cynics don't believe it can be done. They said the same about prospects for tax reform last year. For the moment, we have the luxury of a relatively strong economy. If the decision is to cut spending right down the line and raise taxes, the economy is durable enough to absorb part of the shock. If we all give some ground now, we all gain some ground in the end.

It's a matter of leadership. If we move with optimism and move now, we can reach a bipartisan accord that will reflect well down to the smallest village in the nation. If we move to the negotiating table to gain political advantage, we risk another year's delay at an enormous cost in public confidence. Thank you very much.

GOVERNOR ALEXANDER: Thank you, Mr. Chairman. If you could stay here, I'm sure that the governors would have a few questions. Governor Lamm is our lead governor on tax reform and may be before your committee at some time. Dick.

GOVERNOR LAMM: Mr. Chairman, three points.
Number one is thank you for the objectivity that you had to this organization. You gave us due process, you gave us an access to your whole committee. We're very appreciative.

Point number two, we have a substantial problem with the whole question of municipal bonds. It is a problem that I know has been brought to your attention that you are fairly familiar with, but we live with the results of the -- it doesn't make any sense to us, and I don't think to the country, to open up the door on the industrial revenue bonds at the same time you are closing down and putting in the, particularly the nonessential categories, the other various restrictions -- would urge you to look at that when it comes back to committee.

Third point, unbeknownst to any of us at the time when we were meeting with you and your committee and apparently at the very last of it, there were some very onerous reporting requirements that were put in, and it falls on state and local governments. When we send property tax statements, we're going to have to do a 1099-type form. The more that I look into that whole new area of the fact of what seems to be unnecessary or at least excessive reporting requirements inherent.

So those are the three things: Thank you, you were really more than fair; two, the municipal bond and three, the report.
REP. ROSTENKOWSKI: Well, thank you, Governor. I remember your testifying before my committee and I appreciate it.

I think what you gentlemen who have had the privilege of being in the legislature before achieving this executive office must remember that I am negotiating. The executive in every instance can draw the line of purity, but I have to negotiate up to it. So what I have done -- and I am the first to admit that we'll go back to a conference that is going to negotiate, I hope, in the final analysis, a good bill. I'm not saying that the bill that we've reported is the best bill that Congress can conceive, and I recognize that there are some areas that have since been observed as being unfair.

I will, in my capacity as a member representing the House, naturally try to protect the House position, but I don't think I'm committed to it in cement nor do my colleagues expect that. As a matter of fact, in more instances than not people voted for it, the bill, only to suggest that maybe changes could be made. But we're, as far as I'm concerned, committed to trying to reduce the abuses that take place, and I think that members of the Senate as well as the House will try to commit themselves to that.

GOVERNOR ALEXANDER: Governor Sununu?

GOVERNOR SUNUNU: Thank you, Mr. Chairman. Thank
you for coming to visit with us, Congressman. I must say, I'm a little bit disturbed, however, at what I have perceived is a rather significant thread of inconsistency in some of what you have said and some of what has been done in Congress over the years. I do appreciate the fact that there is a perception and perhaps a reality that there has been at least a checking of expansionism of government, but I am concerned that a great deal of the rhetoric I hear in Congress about what is going to happen now, even though they are willing to get down and deal with issues, is still the price tag mentality of programs. And every time I hear a congressman talk to me about the budget, frankly they are unwilling in my opinion to address the reality that merely increasing price tag does not increase effectiveness. We still have to deal with crazy inconsistencies and inflexibilities in what is there, and I think that the recommendation that there are programs that have funds in them that can be cut ought to be addressed in that light.

When governors can spend money more effectively for the elderly in a home care setting, and Congress constrains us to do it only by institutionalizing the elderly and saying we must increase spending without addressing our ability to be more effective, I think is a congressional failure. And to suggest that the President in recommending that you cut funds from programs means that you cannot make
those programs more efficient is a congressional failure.

I think what has happened in the past 20 years in terms of Congress seeking to take the route by default of increasing budgets has perhaps been checked a bit by Gramm-Rudman, which I consider an effort by Congress, and I would hope a successful effort by Congress, to legislate itself a backbone, is something that I think ought to happen and in terms of perhaps redressing the failure of Congress over the last 20 years, I think is constructive.

In terms of the fact that we as governors see programs in which funding has been increased constantly only to end up with increasing dependency on our constituencies rather than giving them an opportunity to gain in the stature and in the self-esteem that comes where we see those funds might have been spent in programs to create opportunities for them I think is reflective of what the governors feel is an appropriate philosophy; reflective, I think, of some of the message that the President sent to Congress and in fact inconsistent with what you feel, I believe, is merely an appropriate mandate to increase spending.

You may doubt that the President has a sense of the heartland of America because you may not feel he has set foot on a hot city street. I suggest to you, Congressman, that America is made up much more of just than your district which may be consisting of hot city streets. The state of
New Hampshire and other states across the country have a variety of needs that must be addressed more than just by adding to the price tag but having some constructive creativity in congressional action. And I urge you to go back and take from these governors -- and I hope it's a bipartisan mandate, I think it has been in the past a bipartisan mandate -- a plea for flexibility, a plea for constructive legislation, a plea for legislation that doesn't constrain us and require us to spend money the way you folks who have the beltway mentality think it ought to be spent, but in a way where we might deal with the needs that truly exist back in our state.

I have said this before in a less forceful tone; I am now going to say it as clearly as I can: I am tired of congressmen and senators coming to us as governors and telling us we don't understand the political pressures you face from the constituency groups that are here in Washington. We live with them day in and day out. We face them in the headlines and must present ourselves to them day in and day out back in the real world.

I suggest to you, Congressman, that the real world extends beyond Potomac, that the reality of what the American public wants is not an expansionist government, a government that seeks to intrude in their lives, but a government that truly passes legislation that deals with their needs. It
comes not from the price tag mentality; it can be achieved
with constructive legislation. And I would hope that with
the pressures of the deficit before us, that Congress,
instead of telling us that you must respond to the alphabet
lobbyists that occur down here, would respond to the
constituencies that are real back home.

We need your help. We need constructive
legislation, and the economic strength of this country needs
Congress to deal with the deficit. I think that there is a
balance between the points you have raised and the points
raised by the budget that the President sent down. And
somewhere in between there, I assure you that the governors
on a bipartisan basis, in terms of the budget statements we
have passed for the past three years, are ready, willing and
able to stand up for the policies that make some sense. But
please stop coming down to us and telling us we don't
understand political pressures. It is getting to the point
where I think that you have become captives of yourselves and
we really do need your help. Thank you very much.

REP. ROSTENKOWSKI: Thank you, Governor. Let me
just make one or two observations. When I point out that
Reagan has a problem with walking on a tarmac of a hot city
street, Illinois is also a state that contributes greatly in
the farm area, and I don't know, unless I'm being misled, I
don't know that the farmers of this country are as enamored
with this administration's program as we are as a result of
having problems in cities.

I don't recommend to governors or lecture to
governors. All I know is that I've been here, Governor, for
27 years now, and I was in the legislature. And I remember
on the local level how reluctant we were to invoke any tax
increases on our constituencies. I saw the change and the
circumventing of state capitals because cities were dying and
the revenue-sharing proposals of Richard Nixon were adopted.

I just think that we're all going to have to
tighten our belts, but I receive quite frequently memorials
from the general assemblies that we continue to try to
strengthen our hands in deficit reduction, at the same token
suggest that we share more revenues with them. That's a
problem, but I think that we're all going to have to increase
the velocity of our chemistry in our tummies and stand up to
what we think waste is and how we can best get people or get
government off people's back.

GOVERNOR SUNUNU: Congressman, I'm glad you
brought up the farm issue, and I don't want to create
constituency versus constituency here, but I can't think of a
better example of the failing of congressional policies over
the past two decades than the farm issue. You have had to
pump in an additional $60-plus billion in the last four years
to deal with a constituency that by virtue of your, quote,
"generosity," unquote, for the last two decades, you created such a dependency on government and a dependency on programs that merely were designed to increase price tags that you created a monstrosity there that even $88 billion that you have given over the next few years is not going to be able to solve its problem. But I don't want to go into them one by one.

GOVERNOR ALEXANDER: We have time for two more questions. Governor Clinton and Governor Janklow, and our next guest is here after that.

GOVERNOR CLINTON: Congressman Rostenkowski, you certainly don't need help from me defending yourself, but I would like to ask a constructive question but make two prefatory remarks.

First of all, that expensive farm program was a program recommended by the administration and the cost of it was made inevitable by the high dollar in the destruction of American markets. Secondly, Gramm-Rudman-Hollings was an attempt for Congress to legislate itself a backbone or a framework. That usually comes from an executive budget recommendation which Congress has not gotten for five years, so they did it and I would have voted for it, too, but I think we need to avoid all this fingerpointing.

What I'd like to ask you, Mr. Chairman, is -- as Governor Lamm said, you were kind enough to hear from us on
tax reform. What can the governors do in a constructive, 
nonrhetorical, practical way to help you in the Senate and 
the administration resolve this impasse? What can we do to 
help to meet the deficit reduction targets without 
disinvesting critical investments in America?

REP. ROSTENKOWSKI: Well, Governor, I think 
meetings such as this and counseling with your legislators is 
probably the most important and most effective area in which 
we in Washington feel the effectiveness of the home 
constituents. My -- the same people that complain to me 
about government waste are the same people that complain to 
me when we cut programs. I think what we've got to do is 
educate our constituencies into understanding that when they 
demand that government get off their back, that they're going 
to have to start doing some things for themselves.

As far as what posture will be taken with respect 
to reform in the Senate, I was fortunate enough to have 
gotten a commitment from the President and from Bob Packwood 
that no comments would be made as long as I felt the 
President was sincere about trying to write true reform. He 
kept his word and I applaud him for that. I'm not, nor do I 
intend to say anything to or about what Packwood is doing in 
the Senate until such time as he creates the atmosphere in 
the Senate to pass the bill and we go to conference. I 
think, as far as I'm concerned, silence on my part until such
time as I see a product is probably the biggest contribution I could make.

But there are diverse views here as to just where we can go with respect to some what is in the bill. And I know that as a negotiator, I ran up against a steel wall until I talked to many of my colleagues about state and local taxes. I notice some and I don’t know, as I understand it, the state deductibility of taxes in Illinois doesn’t affect us one bit. But as I said earlier, to Governor Lamm, I’m a negotiator. My commitment was as long as a Republican president talked about reform -- it has often been the largest plank in the Democratic platform -- that I was going to pick up that plank and run with it, and I honestly think that we did a great job.

My problem is that we squeezed that turnip until we actually got blood. How they’re going to move in the Senate, transferring funds around without having an adverse effect in areas that have very forceful lobbies, is going to be very difficult. I wish them well. I hope that truly the President will recognize that his resistance to revenue increases is going to cause a great dilemma in negotiating in both the Senate and the House on a deficit reduction package.

I don’t say this as a Democrat. I think my Republican colleagues in the Senate and in the House have
recognized that the President cannot continue to stand fast in this area because, ladies and gentlemen, there is no way any legislative body can pass a bill without the support of the President of the United States. If we haven't got Ronald Reagan endorsing a program, the bill is not going to pass with respect to revenue.

GOVERNOR ALEXANDER: Governor Janklow is next and then Governor White and then we'll stop, if we may.

GOVERNOR JANKLOW: Mr. Chairman, when we were discussing this in the Executive Committee the other day, to pick up on the point that a couple of the governors have made, an example of the kinds of constraints that we have to deal with is the alcohol, drug and mental health block grant, which as you know is called a block grant, where funding has been reduced over the last several years. But at the present time, the item which is called a block grant requires that 35 percent has to be spent in drug and alcohol curative action, 30 percent has to be spent on community mental health-type treatment, 20 percent must be spent in early detection and prevention, 15 percent must be spent in administration, and yet at the same time 5 percent of the whole grant must be spent for exclusively in the area of women's services, which will equal 18 percent of three of the categories. And they call it a block grant.

Now no one is quarreling, or at least in my state
we're not quarreling with the fact that we'll have to take the reduced funding. But with that has to come a removal of the types of barriers that prevent us from having the flexibility to make an intelligent decision. For example, some other area of the country may have a greater problem in terms of dealing with the curative aspect of drugs. And we may be more inclined to deal with the early prevention, interdiction or detection of those types of things so we don't have to get to a problem where we have to deal with the curative aspect. But given the constraints of the law, we have no flexibility and it's absolutely a maddening type of thing to have to try and deal with.

The secondary is in the federal highway funding, for example. There are 11 different ways that a state can have its federal highway funding taken away from it, none of which really pertain to highways. Or the building and the construction of the interstate or primary/secondary systems. Everything from 21-year-old drinking requirements, which is the new mandate that was recently passed by Congress, to billboards, to minority contracting, to things such as those types of activities. And again, none of them have to really do with the building or the maintenance, construction or administration of highway systems. It's just that type of thing that's so difficult for any governor or any state to deal with.
But the question that I have is really in a different area. It's in the area of House Bill 1212, which deals with taxation. Because of the dates that were put in the bill that deal with January of 1986, I think, as you clearly know, for all practical purposes tax freeze have been eliminated, or knocked right in the head in the IDB area. And we're having a tremendously difficult time finding anyone who will buy a bond or work with you to get one issued because of the date time that's been put into House Bill 1212. Recognizing that it will probably be much later this year, if at all this year, that a tax bill will pass, what's the possibility that that particular proviso could be agreed that it would be removed to some future date and transactions grandfathered in so we could continue about our business, because for all practical purposes, that portion of the bill is more than passed. It's absolutely killed the tax-free area which so many of us really truly depend upon at this particular time of high real interest rates, sir.

REP. ROSTENKOWSKI: Governor, I understand your problem, and I'll be glad to look into it. I just want to say one or two things with respect to effective dates or extenders.

We have had a meeting with Bob Packwood and John Duncan, Russell Long and myself, and we are talking about giving extensions or negotiating extensions so that we can
bring some certainty into the area. In this particular problem I'm not as familiar with as I should be, but I'm sure that in the very near future you're going to see us sign a document giving some certainty in the extensions, provisions and in the extended provisions.

I want to say again that I think we're going to be quite selective, just in the conversation that I've had with my colleagues. What our main goal was in the elimination or the reform was to eliminate the abuses, and I think, I'm hoping that in the next several days if not the next week we can come to some favorable conclusion.

GOVERNOR ALEXANDER: One more question. Governor White.

GOVERNOR WHITE: Congressman, that was essentially the question that has been on the tip of my tongue. We have 76 percent of the people of Texas voted for the issuance of $200 million in bonds to help our agriculture sector. The effective date of the bill kills $200 million in bonds. If we can just change the effective date, we would be able to save water in Texas. You can imagine how good that issue is for our farmers.

REP. ROSTENKOWSKI: Well, Governor, let me be very candid with you. I -- in negotiations, you like to keep pressure on members of the negotiating team so that we do see some effect or conclusion to legislation. I'm sure that you
are going to see an extension as provided for by the Bob Michel resolution which we adopted in the closing hours of the session last year.

GOVERNOR WHITE: I'll surrender. No more pressure.

REP. ROSTENKOWSKI: I do want you to understand that the extensions aren't going to go to 1986, at least I'm not going to approve anything like that, but I think a reasonable date at which time we could maintain the pressure on the Senate for them to get a tax bill will be taken into consideration.

GOVERNOR ALEXANDER: Mr. Chairman, let me say on behalf of all the governors, you have a lot of people coming to your doors who have had an open door to us and have listened to what we've had to say, and we have strong opinions among us just as you have strong opinions. Thank you for that open door. Thank you for coming.

I'll call on Governor Carlin to introduce our next distinguished guest.

GOVERNOR CARLIN: Mr. Chairman, it's my pleasure to present to you a man who needs no introduction, but certainly deserves a very positive comment. In reference to our previous discussion on leadership, I would say in a town where leadership is short and leaders are few, we have one of those few with us today. It's my pleasure to introduce to
you the Senate Majority Leader and fellow Kansan, Senator Bob Dole. Senator Dole.

SENATOR DOLE: Thank you very much, Governor Carlin. The last thing I'm going to do is bore you with a long speech. I'll just take about five minutes and if there are questions, I would be happy to respond.

In case you haven't had your TV on, Marcos is now at Clarke Air Force Base in the Philippines with about 30 of his friends, including General Ver. I'm not certain when they're going or where they're going, but we're now in the post-Marcos era and now we'll start looking over what the other candidate had to say in the election. And how much she wants from our government and all these things. So we're looking at, now we'll go back -- but in any event, I think perhaps that solution would occur in any event.

I know you've heard about all the speeches. I don't know how you want to do it. I want to congratulate all the governors who are here, and perhaps the ones who are not here, for your tolerance. You deal with these problems on a daily basis just as we do and it must be a little bit boring to have all of us come over here and tell you how to do it. We don't know any more how to do it sometimes than you do, but we're willing to work at it and you're willing to work at it, and we're willing to do it on a bipartisan basis just as you are. And I've had a chance to sort of look over, at
least get some briefing on the general reaction of governors, Republicans and Democrats alike, and I'm very pleased that you are still with us in the very general sense, as you were last year under Governor Carlin's leadership, on the budget issue.

I don't think it's gone away. I don't believe it will go away. I believe we need to work with the governors and I believe that we need to pay some attention to some of the areas you're looking at, investment in the future, looking at problems today, maybe a reordering of priorities, but overall sticking with it on the budget. And I would hope with very few exceptions.

I don't believe we can overlook entitlement programs unless we want to take a big, big chunk of the total federal budget off, and every time we take something off, it puts more pressure on those who are still in the pot. And coming from a farm state, I can tell you that the first round of Gramm-Rudman has increased the misery in farm states because we exempted certain programs and limited other programs and therefore those that were left took a greater cut than they would have had we been pretty much across the board. So I'm here to suggest, as Pete Domenici did on Sunday, that obviously the budget is the number 1 issue before the Congress.

The second issue, you just had the chairman of the
Ways and Means Committee, an outstanding member of the House, an outstanding chairman, who did a good job in putting together a tax bill. And he sent that to the Republican Senate and Danny and I are good friends, and now people want tax reform, I have them call Bob Dole or Bob Packwood. We're very happy that not too many people have called.

There doesn't seem to be any growing enthusiasm for the bill. The President indicates he would veto that bill if it came to him, and I would say in the quiet of this room -- I know nothing ever would leave here -- that there isn't a great deal of enthusiasm among Republicans or Democrats to face up to that until we've looked at the deficit. And that doesn't mean we can't do both. I believe there will be a tax reform bill this year but it may not be totally alike the one that passed the House. So that's the second biggest issue.

The third issue is the one I had an opportunity to visit briefly with the southern governors on Sunday evening and that's trade, and I would start with a general disclaimer that we'd all do if we were standing here: We're not protectionists, we don't believe in protectionism; we believe in access, we believe in open markets, but we also believe -- and again, this is a bipartisan group of us, about 38 of us led by Senators Bentsen from Texas and Danforth from Missouri -- we believe in this new concept that, yes, open markets,
yes, access, but fair trade. And we believe the administration should be more aggressive when it comes to unfair trade practices, and we're going to help them become more aggressive.

I believe you're going to see legislation -- I don't know whether Chairman Rostenkowski talked about it, but we do have a deindustrialization going on in this country and we should be concerned about it. Many of us believe that where there's an unfair trade practice, that we should meet it and meet it very promptly. We certainly have no hostile feelings toward any country whether it's Japan or Canada, wherever it may be. But if you have lost your farm or lost your job in any state because of closed markets or because of increased imports into this country of goods that were once made here, then I think it's a problem we should try to address. So trade will be the third important issue.

The deficit, tax reform, trade. That with the '86 elections ought to be enough to keep most of us occupied. Then of course we have the normal appropriation bills and probably a number of other things that many in this audience have an interest in. Having said that, I would hope that the chairman of the Ways and Means Committee and the chairman of the Finance Committee and Congressman John Duncan from Tennessee and Congressman Russell Long from Louisiana would get together on the effective dates. I think Governor
Janklow just asked a question; many of us believe the effective date ought to be 1/1/87, except in some cases. We don't believe that there's that much leverage. We're going to work on tax reform whether the date is 1/1/86 or 1/1/87.

The President of the United States wants tax reform, and he's the one who got elected. And this is his number 1 issue, and we feel a responsibility to try to put it together. But we don't see any great leverage in telling the American people that you can't issue bonds, or that you can't build this or we're going to change the depreciation rate, you can't buy equipment and use the investment tax credit. So if it slips one year, let it slip a year. Many of us don't see the leverage in saying, well, we got to keep the leverage on.

We're going to work at it and I know the chairman, having been chairman of the Finance Committee, they see a little bit differently. I sympathize with both Rostenkowski and Packwood but I also sympathize with many people in my state who would like to buy some equipment, who would like to build something, who would like to issue some bonds, who would like to put people to work, and I don't really think they care about the leverage that somebody has in the Congress of the United States, whether it be in our bailiwick or yours. They're out there trying to make a living and that's where the focus should come, and I hope we settle the
effective date matter very quickly.

I don't want to get into the revenue game on what
the President will do and what he should do, but I think many
in this audience have demonstrated we might be overlooking
the possibility, and that's tax amnesty at a federal level.
Some of you have tried it in your states, it's been very
effective. I know I've listened to Governor Dukakis on the
television talk about it in his state, and so we believe it
deserves a look. And I know that there are studies going on
right now in Treasury to see how much we might anticipate in
revenue and obviously that won't be enough probably to take
care of all our problems but it's a factor I think that
deserves looking.

And again, I congratulate the governors for
providing the initiative, for testing it in a number of
states rather successfully, and I believe it has been the
efforts by governors which has sort of underscored maybe a
need to take a look at it at a national level. Having said
that, I'll just touch on one other problem and I'll be happy
to submit to questions.

I think many in this audience -- well, most
everyone in this audience, I look around, you have farmers in
your states. There's a lot of focus on the American farmer.
This week CBS is spending a week on it. CNN is spending a
week just on looking at the farm problem: Whose fault is it,
what should we do about it, where do we go from here. I would just suggest that I believe generally we have been responsive in the Congress. Maybe some don't think we spend enough money. We passed a bill last December that the price tag said 52 billion. We were only kidding -- it is probably going to be much greater than 52 billion over a three-year period. We've looked at the farm credit system, we think we've shored up the federal system, and we wish that we would get some appointments up to the Congress so we could confirm the officers so they could start to work.

We're now looking at how we might be of some assistance in energy areas and ag areas as far as banks are concerned, because if you don't help the bank, you can't help the producer. And I know Governor White and others have had suggestions along that line. As Governor Carlin knows, we've been working with his office and the Kansas bankers and bankers in other states to see what kind of a program we can put together to help farmers in the next two- or three-year period. We don't have all the answers. We're willing to work out to most anything. Interest buy-down is very attractive to some but it costs money, and some would require the states to buy down interest, some would require the federal government, some would require the banks. You would have in effect maybe a 5 percent buy-down on interest rates. I guess the question is where do we find the money. But
again, we're willing to work with the governors because you are out there every day, you're on the firing line, and you know the problem probably better than we do.

So I would just suggest that this is a great organization, I'm honored to be here. We view the governors as the spokesmen for their states, or the spokespersons for their states -- Governor Collins and Governor Kunin -- so we're very happy to work on a bipartisan basis with this association, and we know and appreciate your willingness to help us in this rather difficult time. If you have any extra money just send her on in. We'll be glad to help you with it.

GOVERNOR THORNBURGH: Senator, many of my colleagues have expressed their gratitude for the House of Representatives' full retention of deductibility of state and local taxes. I would just like to strike a blow for truth in advertising this morning as you undertake consideration in the Senate of tax reform proposals and look for equity and fairness along the lines that the governors have supported.

Much of the support for retention of full deductibility is expressed as a concern for lower and middle income taxpayers. Few of these taxpayers itemize and only one-third of all taxpayers claim a deductibility of state and local taxes. In fact, of the $36 billion in deductions that are claimed, 83 percent of the amount goes to the richest 20
percent of the taxpayers, and I think the hue and cry across the nation, if you and the Congress were to enact a $36 billion benefit program that were to put 83 percent of those benefits in the pockets of the 20 percent richest taxpayers, would be substantial indeed. And as you consider the tax reform measures, I think it's well to reconsider what the benefits might be from providing a rate reduction and an increase in the personal exemption for all taxpayers rather than acceding to the argument expressed by some that this is a benefit that is directed toward low and middle income taxpayers.

As a governor of a low tax state, I must admit to some self-interest in this, but I urge it upon you on the grounds of equity more than anything else.

SENATOR DOLE: I certainly understand the question, and I don't understand the answer. But I would just say -- again, I'm no longer the chairman of the Finance Committee so I can be a little more flexible -- I assume we'll start in the Senate Finance Committee just as they start in the House, with everything on the table. We're not starting out with a House-passed bill, and I think, I would say that, you know, there aren't any hidden agendas that I know of. We're told that if we want to go back and restore some of the pro-business elements in the tax bill and do some other things on personal exemption, we need to find $115-
$130 billion, and to do that we've got to go back and take a
look at the entire thing. But I certainly understand the
concerns of most every state. It is a matter of some
interest. Now there have been all kinds of options proposed
that maybe we go to sales tax, maybe a percentage, maybe a
cap or a floor. So I would just say, Governor, I think we're
certainly sensitive to the concern. I think you are in
pretty good shape on the Senate side. I don't believe
there's going to be any repeal of that deduction. There
could be some little thing happen but --

GOVERNOR ALEXANDER: Senator Dole, as much as I
hate to do this, the position that Governor Thornburgh just
expressed is affectionately called within the Association the
Thornburgh-Alexander position because almost no one else
supports it. And he's exactly right, but you should know
that our position is different from that since you are likely
to be on that and Governor Lamm will, or others would speak
to that point. Our position also strongly urges that
whatever you do in that area, should you do anything, that
the differences among the states and their different tax
structures be taken into account. We've had a big debate on
that and Dick would want me to also say that, too.

SENATOR DOLE: Well, some have income tax, some
have sales tax, some don't have one of those. And I think we
have to take a look at each state if we're going to make
changes and try to find some fair position, but --

GOVERNOR ALEXANDER: Governor Kunin.

GOVERNOR SUNUNU: And one has neither.

GOVERNOR ALEXANDER: And one has neither, that's right.

SENATOR DOLE: I have been to New Hampshire. I may be going back there but -- after it warms up.

GOVERNOR KUNIN: Thank you. Thank you, Senator Dole. We appreciate your presentation here, and the governors at this conference have heard a lot of flattering compliments about what a great job we are doing with our own economies and with getting people off of welfare, and sometimes I fear that we may be being flattered into benign compliance with some of the side effects of Gramm-Rudman.

I just would like to point out that some of the successes that we've had, as I'm sure you recognize, are in fact because we have had a partnership with the federal government in some very key areas: In the welfare reform that occurred in Massachusetts; Vermont is going to emulate the Job Training Partnership Act monies; we're going to continue to need UDAG grants in order to revitalize our declining areas of our states. Do you believe that as the Congress deals with Gramm-Rudman, that they can make the distinctions amongst programs that truly do revitalize the states, that do create equity in equal opportunity, that get
people independent, and not simply use the across-the-board cuts; and will you try to find another way to get back to the automatic cutting machine if -- whatever happens, or will you make individual prioritized decisions?

SENATOR DOLE: I think it's a very good question. The answer would be the last words you spoke: It should be individual prioritized decisions. Because it seems to me that Gramm-Rudman is probably a good discipline but we don't want it to be applied a second time. Across-the-board cuts, in my view, are not good policy. It might be good politics -- everybody says, oh, everybody is going to take the same cut. But programs are different. Some are more sensitive, some are more directed to low income Americans. In most of those cases we've tried to avoid in even Gramm-Rudman any reduction. But my answer is that wherever I have any authority to control the events and what course we take, will be to go back and take a look at where we are spending money and try to do, as I'm certain you must have done with cuts as you've indicated in federal programs, go back and take a look at the priorities and spend some time in that area.

But it's not easy, let's face it. You heard Pete Domenici as recently as Sunday. We still have to find sufficient -- a lot of money. I think many people say, well, just take it out of defense. But I must say, I think when we're spending more in '86 than we're spending in '85 -- or
spending less in '86 than we spend in '85 for defense, we've given defense a pretty good whack. And while many of us recognize it's easy to go after defense, I think we have to be a bit careful in that area.

But I certainly will -- I'm chairman -- the only chairmanship I kept when I became majority leader was the chairmanship of the Nutrition Committee, so I have in that committee jurisdiction over food stamps, the WIC program and school lunch. And we've been very sensitive in these areas to take a look at the administrative costs, but not take a look at cutting benefits. They are pretty well cut now. So we would like to work with the Governors' Association. We don't flatter you to lull you into that trap of saying, well, you're doing so good, why not have you take on another load. I hadn't thought of that until you mentioned it, but we'll keep that under advisement.

GOVERNOR ALEXANDER: Governor Martin? I'm sorry.

GOVERNOR CELESTE: Senator, you said that we've given defense a good whack. Jim Miller indicated the other day that there's $299 billion of unexpended defense authority that was committed in previous years; he described it as a pipeline and said some of that money has been available for reprogramming, for example, maybe where they look for the hundred million dollars for aid to contras, as an example.
Is it fair for us to ask you and your colleagues to subject that 300 billion to some kind of pretty tough scrutiny that says, perhaps during its time in the pipeline some of that expenditure just isn't needed? A 5 percent savings there would be $15 billion.

SENATOR DOLE: I think it certainly is. I think we must look at them. I believe at least in the last two years we've really scrutinized defense spending, and I think early on there was sort of the blank check approach that if a billion is good, 2 billion must be better. And that was, I think early on may have been -- I don't say necessary but desirable. But now we're feeling the crunch and I think with Gramm-Rudman, whatever the Supreme Court does, the pressure is still there. It's on the White House, too, because without some resolution, about half the spending cuts are going to come from defense. So we're going to try to be very sensitive. It's much like, I assume when you're dealing with your legislature, we're the legislative body. The executive generally has a bit of a different view and we don't quarrel with that, but we have a mix, as you all know, in the House and Senate, who controls which body and by how much, so we need to compromise, and we are certainly going to take a look at defense.

The point I would make is that while we're looking at defense and scrutinizing defense and probably reducing
what Jim Miller talked about, we do need to keep in mind there is still an obligation there that we have to fulfill. We're even looking at agriculture, and someone would say, oh, don't look at agriculture. But I think we have to be, in fairness, we have to look right down the alphabet.

GOVERNOR ALEXANDER: Governor Evans?

GOVERNOR EVANS: Thank you very much, Mr. Chairman. Senator Dole, we struggled, as governors coming from great farm states like yours, with the 1985 farm bill, and we weren't all happy with exactly what came out but we recognize it was a compromise and we accepted that compromise. Now the President's budget is recommending severe cuts in that particular program at a time when our farmers just can't afford to accept those kinds of cuts. My first question is, do you think the Senate will accept the President's recommendation in relation to the severe cutbacks in the 1985 farm bill?

My second question is a technical question because under the farm bill it provides that under the set-aside proposal, part of the set-aside could then be planted in nonsupported crops and nonbilled crops, and the concern that my farmers in Idaho have is that that allows those farmers who have never produced potatoes and beans and onions and on and on and on will flood the market, kill our crop, kill the productive base of those nonsupportive crops. Don't you
think that Congress is going to be able to address that issue -- because it has complicated the whole process -- and hopefully correct it?

SENATOR DOLE: Let me address the last one first, because I agree with you, even though it would benefit my state. We're a weak state, we're a price-supported state. We don't have to plant all the acres now to receive the benefits, and we're told in the new law that on that acreage we're not using we could plant potatoes, dry edible beans, whatever. But I'm not certain -- that isn't very fair. We get our full benefit and then we go out and compete with somebody who's not in the farm program. So from the standpoint of fairness it ought to be changed. We hope to change it this week.

There are five provisions in the '85 farm bill that we hope to change, and I would say, not defensively because it was a 13-pound bill with thousands of provisions, it's like any bill that passes a legislative body that large, you've got to go back and correct some things. We need to correct the dairy program so that there's not a 50-cent cut in price supports. We're going to do that by increasing the assessment. There is a yield problem which is particularly troublesome in the wheat and feed grains that we hope to correct by using some commodities to pay for it so there's no budgetary impact. We do need to correct the underplanning
provision you mentioned, and there are one or two other areas that we need to address.

I must say there is some opposition to changing the underplanning position. My view is it should be discretionary as it has always been in the past. Or at least we should say, well, these are the committed crops on those acres so they are not competing with your potatoes. We've heard from not only Idaho but we've heard from Maine and we've heard from Michigan, where they raise a lot of dry edible beans, so we know there's not equity in that provision and we hope to change it.

Will we support the President's cuts? No. And I think those of us from farm states are responsible, but we also understand the need to maintain the farm community where we can. Some cases it's not possible. We want to work with the President. There may be some areas in the USDA budget where we can make some savings but not in the income protection area. And I think that is one concern that farmers have with reference to the yields. While we froze the target price, we in effect lowered it by changing the yield formula. That's why we want to change that back.

GOVERNOR ALEXANDER: Last question from Governor Sinner.

GOVERNOR SINNER: Senator, it seems obvious to me that the exchange rate problem is going to continue because
it is more and more obvious that the countries are completely capable of manipulating their evaluations of their currencies. Is that clearly understood in Congress and is there a will to find some automatic adjuster to this exchange rate problem, because if we don't, we will continue to be blown out of our world markets that we've lost.

SENATOR DOLE: The question, is there an understanding of that? I would say this: I think there's more of an understanding now than there was, say, a year ago, and more, you know, as we come down to it.

I just happened to visit last night with the Treasury secretary; we were going to New York in the same airplane -- commercial -- and he mentioned that this is something he really had to focus on and I agree with him. Now whether we tie it to commodities or something else, I don't know, but we have to have some regularity and some way to rely on the exchange rate so that we know when we make some bargain what it's going to be. So I think it's an area that we need to focus on. We believe it's an area the Fed needs to focus on. We've even gone so far with the help of the governor to have a Kansas farmer now on the Fed, Wayne Angel, who's a real life farmer, was sworn in as a member of the Fed just two, three weeks ago. We hope he will make that point time and time again at the Fed.

I appreciate very much the chance to visit with
the Governors' Association. We do and we will be working with your Executive Committee. We hope to have meetings as we did last year from time to time on a bipartisan basis, with Democrat and Republican senators, not just the leadership but others, where we can try to hammer out some agreements because if you are not supportive of what we do, it makes it very, very difficult. We're going to work with you and we hope if you have any problems, you'll let us know. Thank you very much.

GOVERNOR ALEXANDER: Senator Dole, thank you. Bob, Let me say to you on behalf of all of us, we know how busy you are and how many people try to get to you. You've had an open door to us and we would like to continue that. John Carlin's going to continue to represent our views on the budget, Dick Lamm on tax reform. We're going to accept the President's invitation to get busy with his thoughts about welfare reform this year, and we have some very strong opinions about that. Mike Castle, Governor Castle, will be our lead governor on that and Governor Sununu is going to work with several who want to continue to work on taking the strings off block grants. So we thank you for that openness and thank you for coming.

We will now resume our schedule of considering policies. We have several more to do in a short period of time. Governor Earl, chairman of the Committee on Energy and
Environment.

GOVERNOR EARL: Mr. Chairman, the Committee on Energy and Environment approved nine policy positions, the most significant of which was one relating to groundwater protection. I move adoption of the policy positions en banc.

GOVERNOR ALEXANDER: Is there a second? You have it before you. Is there any discussion? All in favor please say aye.

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any noes? The ayes have it.

Governor Castle, chairman of the Committee on Human Resources.

GOVERNOR CASTLE: Thank, Mr. Chairman. The Human Resources Committee was active in considering a number of things, particularly a focus on the needs of children. Before I get into that, there is something I would like to announce. You all received -- I don't know if you received it here at this conference but you received in your offices something entitled "The Robert Wood Johnson Foundation." It's a program for the chronically mentally ill. I hope you will take a look at it. Some of you will be able to take advantage of it. Some of you will not be able to, such as Delaware, because it pertains to some of our biggest cities. But basically it is a major new initiative cosponsored by the Robert Wood Johnson Foundation and the NGA aimed at forging a
solution to the tragedy of the chronically mentally ill homeless, and Robert Wood Johnson and the Department of Housing and Urban Development have created a public-private partnership to help large cities develop a coordinated package of help, social services and housing to assist the mentally ill homeless, and the Foundation and HUD -- and this is important -- are making $100 million available to eight of the nation's 60 largest cities for grants, low interest loans and rent subsidies, and the cities will compete for these funds. Plans will have to be submitted, and you should give careful consideration to all this in the brochure. And if you think I have any conflict of interest, I do not, because no city in Delaware is big enough to qualify for this particular program, and I wish you well in your competition for that.

We, as the other committees, adopted certain policy changes yesterday. They are in a pale green set of papers which you have before you, and one pertains to the Medicaid law and some preventive prenatal programs and other matters of great concern to the poor, to poor women and to others to give them an equal opportunity in life. Another is a children's policy which calls for a sustained national commitment to an investment in our children through good policies in that area. And the third is a policy which urges continued federal funding of an employment and training
program for welfare recipients with of course the appropriate flexibility the states would like to have.

On the first of these, Governor Riley has worked extremely hard on this policy for some time arising from his natural interests and his interests in infant mortality in South Carolina, and did an outstanding job of shepherding this through the committee with some of the concerns that were there. I at this time, Mr. Chairman, will move these policies as a block and encourage their adoption, but I would hope that after the second takes place, that Governor Riley would have an opportunity to speak to his policy position which he worked so hard on.

GOVERNOR ALEXANDER: Is there a second?

Governor Riley.

GOVERNOR RILEY: Mr. Chairman, and I thank you, and Governor Castle, the policy position on amending the policy on Medicaid here gives the state several additional options to extend Medicaid coverage to poor pregnant women, poor infants and poor children with incomes above the AFDC eligibility standard. The proposed amendment which has been approved is a great statement, I think, for governors to make. It came out of our infant mortality task force study in the south. It allows states and the federal government to spend less to fund health care for these targeted groups. It is pro-family. It's preventive. It's cost effective. It's
fiscally conservative. It's humane common sense. I feel it's pro-work incentive. It helps really to balance the federal budget over the even short run. It is consistent with our opposition to a cap. And I want to thank Governor Alexander for expressing that position when we were at the White House yesterday.

The cap on Medicaid is a decisionless approach. We cannot let Gramm-Rudman-Hollings constrain our capacity to think and to innovate, to try to find better ways to do things. We must not stop being governors who are trying to improve people's lives and do it in a more cost effective way. I'm very pleased that we are making this statement today. It gives us more flexibility, more options, better targeting opportunities. Thank you very much.

GOVERNOR ALEXANDER: Can we move to a vote? Thank you, Governor Riley. All in favor say aye.

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed? Ayes have it.

Governor Sununu, chairman of the Committee on International Trade and Foreign Relations.

GOVERNOR SUNUNU: Mr. Chairman, we have one policy change for adoption by the body. It is a policy on tourism. The current policy focuses on promoting tourism into the United States from outside of the country by foreign visitors. It was recommended and adopted that we also
encourage our own citizens to tour within the United States.

There's also one minor amendment designed to support regional cooperation. I move the adoption of the amendment. It is policy H.-6. I think you have a copy of it before you.

GOVERNOR ALEXANDER: Is there a second? You have it before you, and we move to a vote. All in favor please say aye.

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed? The ayes have it. Governor Orr, chairman of the Committee on Transportation. I'd like to direct the attention of the group to Governor Orr and ask for those in the back to please be quiet.

GOVERNOR ORR: Thank you, Mr. Chairman. First, may I seek your approval to separate the two issues that are contained in F.-2, one of them having to do with finance, the other having to do with a regulatory matter on signs.

GOVERNOR ALEXANDER: So done.

GOVERNOR ORR: Let me therefore move first to the part that relates to the regulatory function and dispose of that. At the last meeting, Governor Janklow of South Dakota and Governor O'Neill of Connecticut suggested that designated parking spaces reserved for the disabled -- we have many laws and ordinances that make for those provisions but they are not all the same. This policy affirms the governors' belief
that vehicles bearing international symbols of access be issued by the authorized agency in the state of registration and should be accorded all special parking privileges afforded a handicapped person without regard to the state of residence of the handicapped person utilizing such privilege. Answering this challenge is something that states under our leadership should be able to handle very easily and the committee unanimously recommends adoption of this policy.

GOVERNOR ALEXANDER: Is there any discussion? All in favor please say aye.

(Chorus of ayes.)

GOVERNOR ALEXANDER: It carries. Second part, Governor Orr? I would like to direct the governors' attention to this. This is an important issue.

GOVERNOR ORR: Thank you, Mr. Chairman. This is important. We talk a great deal about federalism and about the opportunity for us to operate on the basis of having control of our programs and in particular, having both the funding as well as the opportunity to manage and operate those programs. What our committee yesterday acted upon is very much in that domain because we have here a change in our policy which calls for the turnback of the 9 cents now collected by the federal government which goes to the highway trust fund which is then sent back to us in sometimes
complicated formulas, but which under many circumstances
during the last several years for one reason or another has
been seriously delayed in getting to us.

You will all remember the battle that we engaged
in on the interstate cost estimate and it took us some two
years to get the full measure of monies coming to us. There
are examples that I don't need to bring to your attention
where this has happened, that has happened. But in any
event, what it has meant is that we've had great difficulty
in planning our programs and then in carrying out those plans
because obviously highways are long range and must be planned
well ahead, and it takes a long time to build a road and
indeed, even maintenance and the reconstruction of bridges is
sometimes delayed as a result of the nonaction that sometimes
takes place in Congress.

Let me put a bit of history behind this proposal.
When, prior to the advent of the interstate program, states
raised almost all of the money to put together our network of
highways and those that were connected one state to another.
Only very limited amounts of federal money went to the states
to do anything, in some instances where in the far west I
believe there was more federal assistance, for obvious
reasons, than in the rest of the country. But beginning with
the interstate program in 1957, there was a federal tax put
in place, concept being to build this new system, and it was
added to a year or so after the first penny went into place, and again in 1982 we all participated in the addition of 5 cents in the Service Transportation Assistance Act of 1982, one penny of that 5 cents at that time being devoted to mass transit. First time that this had been something which was handled by a user tax. Most of the states have user taxes of one kind or another in place, funding that portion of the highway programs where there is a share of responsibility.

I think I should add that after the initial effort to get the interstate program under way, some of those federal funds now go to all manner of things, even county bridges as an example, when there is a request for those funds to be employed in that way by the states.

It is my considered judgment that with those monies that come to us from the 9-cent federal tax also comes a huge amount of baggage in the form of regulations of one kind or another which cause us to take as much as two years or more additional in any highway construction project. Also there have been a number of sanctions that were brought forth. Governor Janklow mentioned those this morning and I would only correct his comment that there are 11 of these in the highway program to say that there are actually 13, my count. Whatever it is, it seems to me unfortunate that that kind of baggage is contained.

Yes, there is a program of a block grant that is
being considered by the administration. It has been introduced and is in Congress being heard at this time. But the $3.3 billion which would come to us as a block grant that we could do with as we wish still carries that baggage of rule and regulation of potential sanction that limits our ability to be able to do as we might wish. It is timely that we now act, as I hope that we will act this morning. The highway construction program that is the interstate program is drawing to a conclusion. Many states have all but completed that program and within the next five years at least, that will be finished.

Also this is the year where Congress reauthorizes the highway programs that are contained within the 9-cent proposal. It is my opinion that therefore, if we could make the change at this stage of the game, inasmuch as present law continues the collection through the fiscal year 1988, we would be able to make sure that we could finish the interstate program. There is diesel tax and some permit fees, things of that kind, that could continue to fund the completion of the interstate program and a few other federal programs that would have to continue such as safety and things of that nature. But that the rest of it could very promptly come to us as an opportunity for our legislatures to pick up that 9 cents.

Indeed, I understand that there are some states
that have a conditional piece of legislation in place already, an act in place I should say, where it says that automatically we in this state will pick up the 9 cents when the federal government drops it or any portion thereof.

It is an opportunity for us to put federalism up front and by action and not just by rhetoric, make the point that the Governors' Association believes that it can operate our highway programs once again.

Now that the interstate program is completed, it seems the appropriate time to bring this matter before you. The committee voted yesterday responsibly on this, and I would hope that this body would see fit to support this program so that we can move ahead on a federalism program with great strength and purpose.

GOVERNOR ALEXANDER: Thank you. Is there a second? There is a second.

Let me ask the governors' indulgence on this. This is an important proposal. It has been fully debated by the Transportation Committee where there was a split vote; it has been discussed at most of our meetings and you've had the information before you. Governor O'Neill, who is the vice-chairman, I will call on next, and he will, just as Governor Orr has summarized eloquently the reasons in support of the idea, Governor O'Neill will summarize the reasons against it. I would like to ask the governors to consider
whether it will be necessary for everyone to make a speech
about the roads in their state or whether it will be possible
for us to listen to both sides, have only the most urgent
speeches, and then vote, and then the press from your state
will be willing to hear your position at a later time.
Otherwise plane schedules will be missed. I'm not going to
restrict people who just feel the need to express themselves,
but this would be an orderly way to go about it.

I would remind you that it takes two-thirds of
those present and voting to change a policy of the National
Governors' Association. So I will now call on Governor
O'Neill and then I will see who feels an urgent need to add
points to either side.

GOVERNOR O'NEILL: Mr. Chairman, let me tell you
about the roads in Connecticut. I shan't do that.

We had a good open debate yesterday in the
Committee on Transportation, and it's very seldom that the
chairman and I disagree on a particular issue but I do have
to take exception today. I'm concerned as a governor, I'm
concerned about a federal policy on transportation or a lack
thereof, if you will, because I really believe that if we
take this money back and try to bring it to our own
legislatures and try to enact it into law to get the same 9
cents we're now getting from the money going to Washington
and coming back to us, I think it's going to be a lack of
support on the federal level. And I am for federalism as you
are here in this room today, but there is a place for the
federal government. And indeed, governor of the great state
of Pennsylvania back in 1916, Governor Pinchot, at that time
said let's get the farmer out of the mud, and that's where it
all began. That's where the first policy began as far as
building roads in the United States of America. And it's
been going on ever since. And prior to that, the towns built
to the town line and the county built to the county line and
eventually the state to the state line.

Well, I think we're past that in the United
States. I think there's got to be an overall policy, and I
really believe if this 9 cents becomes ours to enact at a
local basis back home, suddenly that national policy, what
little there is of it, will totally disappear.

I'm also concerned, and there's an East Coast
governor on rapid transit and mass transit which is part of
the overall federal program, and I believe it should be
because it's all part of a national policy. I think we as
governors would be making a mistake here today to recommend
to Congress turning this back to us so we can act
individually. Because we may not -- we're not going to
always be the individual governors, and I think it would be a
mistake for the 48 contiguous states particularly to go their
own way. I think there's a need for the federal government's
involvement in this kind of a situation and therefore I think we leave well enough alone. It works. We pay 9 cents in, we get 9 cents back, and there is federal involvement. Thank you, Mr. Chairman.

GOVERNOR ALEXANDER: Thank you, Governor O'Neill. Governor Thompson feels the need to be heard and I will then call on Governor Carlin and then we'll see what other necessary speeches are needed. Governor Thompson.

GOVERNOR THOMPSON: One, I don't want to talk about the roads in Illinois. The roads are great and we're putting a lot of our own state Illinois money back into it. Number two, it grieves me more than anything else in my 10 years with this Association to have to disassociate myself from both my neighbor and my chairman of the Transportation Committee, but I think his proposal is too radical, at the wrong time, for the real world.

Governor O'Neill is quite right. Adoption of this proposal will leave those states with mass transit concerns without an anchor. Now it may well be that in an abstract world, the federal government should not be paying for mass transit which is a local regional piece of infrastructure as opposed to interstate highways. But we've got to have a decent transportation from one period to the next. This takes away the guaranteed penny and threatens the stability of the mass transit systems in all of our states which rely
upon them as a balanced component of their systems.

Number two, I think we run a grave risk of sending a message to Congress that we in the states are capable of enacting a 9 cents gasoline tax increase and the answer we get back is we'll keep our 9 cents. If you want increases, you go do them in your own legislature and I have a grave fear even if they turn back the money, they wouldn't let go of their fearsome regulations. We ought to go after the regulations and the red tape rather than the money, in the real world. I think we're too late in the congressional process to do this. I think we ought to put the whole matter over until the summer meeting.

GOVERNOR ALEXANDER: Governor Carlin.

GOVERNOR CARLIN: Mr. Chairman, I am pleased to join Governor Orr in strong support of this resolution. Quite frankly, I think the time is right for bold leadership and bold ideas and particularly given the situation where reauthorization is now. Waiting until the summer is simply stalling and missing the opportunity to participate in the debate and succeed. Now is the time.

I think we've talked a lot about federalism and sorting out. This is a very logical, appropriate move and I certainly strongly support Governor Orr. I compliment him for his strong leadership in bringing this innovative idea, and with your support we can move to the Hill and be
successful.

GOVERNOR ALEXANDER: May I ask the consent of the group that we move to a vote? We've had two excellent speeches on both sides of a thoroughly discussed issue over the last three days.

Governor Evans would still like to speak.

GOVERNOR EVANS: Yes, Mr. Chairman. I want to talk about roads in the west because we have huge areas out there, huge states with little resources available to us. There's a number of reasons why we should not pass this kind of radical legislation this time and I support Governor O'Neill and Governor Thompson in their efforts to oppose it here today. A number of our legislatures are now considering gasoline tax increases and obviously this would send a mixed signal to those legislatures and it's critically important that we don't do that.

A number of states have constitutional or statutory limitations on being able to increase the taxes this much, so some states may be eliminated from increasing and accepting the 9 cents, and whether my own legislature would accept the 9 cents is seriously doubtful. Our western leaders in the departments of transportation, their association studied it very carefully, came out and solidly, unanimously opposes this move in a radical direction. We need to reauthorize our highway legislation and transit
legislation and not get this into that kind of circumstance. Lastly, in our western states, seven of the nine states that would not have sufficient revenues to continue the programs would be left in the lurch even though there's a whole harmless clause in the proposal here. As we see the reductions in the budget for transportation, it would mean that we would be severely hurt by the legislation. So I'm calling upon this session to oppose this legislation. Let's study it carefully, make sure it's properly formulated. It's a little too radical at this time. Thank you very much.

GOVERNOR ALEXANDER: Thank you. Governor Martin, and then I'll entertain a call for the question unless there's a serious objection.

GOVERNOR MARTIN: Thank you, Mr. Chairman. I will support the resolution offered by Governor Orr. In North Carolina it's a very simple proposition: We don't get back what we pay into the federal gasoline tax. It might be hard to imagine, but North Carolina, with one of the lowest -- I believe the sixth lowest per capita income, is a donor state. We are subsidizing the rest of you richer states when it comes to highway fund monies. We put in 9 cents, we get back 6 cents. So I say vote for Orr, or else.

GOVERNOR ALEXANDER: Call for the question. We'll now move to a vote on Governor or Orr's motion. We've had three eloquent statements on each side of it including his
own. It will take a vote of two-thirds to change the policy of the National Governors' Association and I will ask for the vote to be taken by raising of the hands, and I'll ask the staff to then count.

GOVERNOR EVANS: Mr. Chairman, may I ask for a roll call vote?

GOVERNOR ALEXANDER: It will take the votes of 10 governors as required under the rules, Governor Evans. So if you want to round up 10 governors. We'll raise our hands good so everyone can see our votes if that would be suitable. Otherwise you'd have to get nine other governors to agree.

GOVERNOR EVANS: Do I have 10 governors to agree on a roll call vote? Raise their hands.

(Counting of hands.)

GOVERNOR ALEXANDER: So we will have a roll call vote on the issue. An "aye" is in favor of Governor Orr's motion, a "nay" is against.

MR. MARTIN: Governor Thornburgh?

GOVERNOR THORNBURGH: No.

MR. MARTIN: Governor Dukakis?

GOVERNOR DUKAKIS: No.

MR. MARTIN: Governor Riley?

GOVERNOR RILEY: Aye.

MR. MARTIN: Governor Baliles?
GOVERNOR BALILES: Aye.

MR. MARTIN: Governor Martin?

GOVERNOR MARTIN: Yes.

MR. MARTIN: Governor Kunin?

GOVERNOR KUNIN: No.

MR. MARTIN: Governor Ashcroft? Governor Blanchard?

GOVERNOR BLANCHARD: No.

MR. MARTIN: Governor Earl?

GOVERNOR EARL: Aye.

MR. MARTIN: Governor Carlin?

GOVERNOR CARLIN: Aye.

MR. MARTIN: Governor Lamm?

GOVERNOR LAMM: No.

MR. MARTIN: Governor Janklow?

GOVERNOR JANKLOW: No.

MR. MARTIN: Governor Nigh? Governor Babbitt? Governor Tenario?

GOVERNOR TENARIO: No.

MR. MARTIN: Governor Lutali?

GOVERNOR LUTALI: No.

MR. MARTIN: Governor Bordallo?

GOVERNOR BORDALLO: No.

MR. MARTIN: Governor Anaya?

GOVERNOR ANAYA: No.
MR. MARTIN: Governor Bangerter?
GOVERNOR WHITE: White's no.
MR. MARTIN: Governor Bangerter? Governor Evans?
GOVERNOR EVANS: No.
MR. MARTIN: Governor Schwinden? Governor Sinner?
GOVERNOR SINNER: No.
MR. MARTIN: Governor Moore?
GOVERNOR MOORE: Aye.
MR. MARTIN: Governor Atiyeh?
GOVERNOR ATIYEH: No.
MR. MARTIN: Governor Branstad?
GOVERNOR BRANSTAD: Aye.
MR. MARTIN: Governor Graham?
GOVERNOR GRAHAM: Aye.
MR. MARTIN: Governor Brennan? Governor Thompson?
GOVERNOR THOMPSON: No.
MR. MARTIN: Governor Orr?
GOVERNOR ORR: Aye.
MR. MARTIN: Governor Celeste?
GOVERNOR CELESTE: Yes.
MR. MARTIN: Governor Collins?
GOVERNOR COLLINS: No.
MR. MARTIN: Governor DiPrete.
GOVERNOR DI PRETE: Aye.
MR. MARTIN: Governor Sununu?
GOVERNOR SUNUNU: Yes.

MR. MARTIN: Governor Hughes? Governor O'Neill?

GOVERNOR O'NEILL: No.

MR. MARTIN: Governor Kean?

GOVERNOR KEAN: Aye.

MR. MARTIN: Governor Castle?

GOVERNOR CASTLE: Yes.

MR. MARTIN: Mr. Chairman?

GOVERNOR ALEXANDER: Aye.

MR. MARTIN: The vote is 15 ayes and 17 noes. The amendment fails.

GOVERNOR ALEXANDER: Governor Orr's amendment fails and the policy of the National Governors' Association stays the same. I want to thank Governor Orr, Governor O'Neill and the others on the committee and the others who spoke. It's a bold presentation, fully debated, and I'm sure will attract the attention of a great many policymakers in Washington for its consideration. We have a few --

GOVERNOR ORR: Mr. Chairman, there's another policy statement that I need to --

GOVERNOR ALEXANDER: Would you like to move it in block? We'll be glad to adopt it.

GOVERNOR ORR: What it is is the efforts that have been made by Governor Branstad and Warren Dunham, his -- director of the Department of Transportation, to bring about
uniformity in the way by which we obtain -- we tax and regulate interstate motor carriers.

GOVERNOR ALEXANDER: There's no controversy to that, is there?

GOVERNOR ORR: I think there is no controversy to this. It is a means by which we can make things greatly easier for the motor carrier business, provide them with an opportunity for deregulation or lower cost of operation and therefore for better deals for the consumer.

GOVERNOR ALEXANDER: Is there a second? All in favor please say aye.

(Chorus of ayes.)

GOVERNOR ALEXANDER: Any opposed?

GOVERNOR KEAN: No.

GOVERNOR ALEXANDER: Excuse me, Governor Kean, should I --

GOVERNOR KEAN: We've got some litigation on this. I don't oppose it in principle but we've got some litigation, so I can be recorded in opposition.

GOVERNOR ALEXANDER: Anyone else who wishes to say something on that? I would like to ask the governors to give us about four more minutes of attention and then we'll conclude nearly on time. Governor Riley.

GOVERNOR RILEY: Mr. Chairman, I want to say a word about our next meeting. A poet described South Carolina
as a place beneath so kind a sky. I think that's an accurate
description. The people at Hilton Head are playing golf this
afternoon in shirtsleeves and I want to say that we look
forward so much to having the governors be with us August 24
through 26 at Hilton Head. We had distributed the book
"Images," which is about the island and some of the beautiful
scenes that you will see there. Kentucky and I want to
personally again invite and welcome everyone here to come to
South Carolina in August. We're very proud -- all the people
in South Carolina are proud to be having the conference
there. You will have a grand time in addition, I am sure, to
reaching some sound decisions beneath so kind a sky. Thank
you.

GOVERNOR ALEXANDER: Thank you, Governor Riley.
We look forward to coming to South Carolina. We have two
other comments by governors and then we will conclude. Let
me express my appreciation to the governors for their
courtesy to each other that has permitted us to move in an
orderly fashion all during this conference. This conference
has signalled I think a significant shift in the way the
governors look at their own jobs and in the way the country
looks at governors and a trend that will continue to
establish itself. We'll continue to be interested in the
issues in Washington that affect us and affect our people.
But at the same time we will continue to be even more
interested in our job as chief executives and will seek to do a better job in that respect.

My thanks especially to the education commission task force chairman who worked so hard. We look forward to their report in August. My thanks to the NGA staff for its work, especially on the federalism report from which the Orr resolution emerged. We'll be hearing more from that report.

Governor Martin.

GOVERNOR MARTIN: Thank you, Mr. Chairman. North Carolina has accepted the challenge from all the rest of you-all to play basketball in the NCAA tournament, so now I want to extend a challenge to you to come to North Carolina and play golf in the Bing Crosby Celebrity Golf Tournament which will be conducted in the North Carolina Bermuda Run Golf Course June 6, 7 and 8. That's a Friday, Saturday and Sunday; three days, 54 holes, a golf tournament which of course has been very famous for raising money for charity.

This year the Crosby will feature competition among the 50 states with two-member celebrity teams, including yourselves, men and women playing at your own handicap for one million dollars in prize money for the charity of your choice. Not for you, not for your political campaign, but for the charity of your choice. Every team will win at least $5000 for that selected charity. The first prize will be $500,000, again, not for you but for the...
charity selected by you. You will be the team captain whether you play golf or not, but we would hope that you would be able to play all three days. If not, you can play any two days or any one day with another celebrity, and a bona fide celebrity being your designated hitter to substitute for you. We'll negotiate that if you'll get in touch with me and my office. But again, your state will have two players playing at a time; a partner and if necessary a substitute who would be celebrities approved by the Crosby officials. But I would hope that the governors, as many of you as possible, will choose to play so that we can have this offer renewed at subsequent Crosby tournaments. Look forward to seeing you there at the clambake.

GOVERNOR ALEXANDER: Thank you, Governor Martin. The Executive Committee of the National Governors' Association will meet in the spring; the task force will meet between now and July. I ask the governors all to fully participate in that. Thank you for your attendance. The meeting is adjourned.

(Whereupon, at 12:20 p.m., the meeting was adjourned.)
charity selected by you. You will be the team captain whether you play golf or not, but we would hope that you would be able to play all three days. If not, you can play any two days or any one day with another celebrity, and a bona fide celebrity being your designated hitter to substitute for you. We'll negotiate that if you'll get in touch with me and my office. But again, your state will have two players playing at a time; a partner and if necessary a substitute who would be celebrities approved by the Crosby officials. But I would hope that the governors, as many of you as possible, will choose to play so that we can have this offer renewed at subsequent Crosby tournaments. Look forward to seeing you there at the clambake.

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