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NATIONAL GOVERNORS' ASSOCIATION

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NATIONAL GOVERNORS' ASSOCIATION

2001 WINTER MEETING

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PLENARY SESSION/EXECUTIVE COMMITTEE

J.W. Marriott Hotel  
1331 Pennsylvania Avenue, N.W.  
Grand Ballroom  
Washington, D. C.  
Sunday, February 25, 2001  
9:45 a.m.

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

2 (9:45 a.m.)

3 GOV. GLENDENING (Chairman) (Presiding):

4 Ladies and gentlemen, if we can take our seats.

5 (Pause.)

6 Good morning and welcome to everyone.

7 Someone says, "Shucks, it's raining outside."

8 The rain outside keeps everyone inside

9 here, so that is fine.

10 By the way, before we start, I just want

11 to recognize Ronnie Musgrove. Where is Governor

12 Musgrove?

13 As some of you may have seen in the news,

14 there were rather severe tornados in Mississippi last

15 night.

16 Governor Musgrove is going to be slipping

17 out and going back to give some help.

18 Unfortunately, there are eight confirmed

19 dead already and severe property damage.

20 He hopes to go back and try to make sure

21 everything is in order. Perhaps he can join us later

22 in the week for the rest of the meeting.

23

1           We just want to tell you, on behalf of our  
2   colleagues as well, we wish you well, and our  
3   thoughts and prayers are with you and the people of  
4   Mississippi. Thank you.

5           Let me welcome all of our distinguished  
6   colleagues here today, and guests.

7           I would note, Governor Keating, just in  
8   case you did not see the score last night, the  
9   University of Maryland won over Oklahoma.

10           (Laughter.)

11           GOV. KEATING: That's in basketball.

12           (Laughter.)

13           GOV. GLENDENING: Also, if everyone wants  
14   to know, the Capitols won last night as well, which  
15   we still consider a Maryland team.

16           Isn't there a major sports event we are  
17   supposed to do here this morning?

18           On a serious note, by the way, let me also  
19   welcome and ask if you would welcome very  
20   enthusiastically our new members.

21           We have--I don't know if it is a record--  
22   but a significant number of new Governors joining us

23

1 here this morning.

2 If I could ask them to stand so that  
3 everyone can see them as we introduce them, first,  
4 Governor Ruth Ann Minner of Delaware.

5 (Applause.)

6 GOV. GLENDENING: Governor Bob Holden from  
7 Missouri.

8 (Applause.)

9 GOV. GLENDENING: Governor Judy Martz from  
10 Montana.

11 (Applause.)

12 GOV. GLENDENING: Acting Governor Don Di  
13 Francesco from New Jersey.

14 (Applause.)

15 GOV. GLENDENING: Governor Mike Easley  
16 from North Carolina.

17 (Applause.)

18 GOV. GLENDENING: Governor John Hoeven  
19 from North Dakota.

20 (Applause.)

21 GOV. GLENDENING: Governor Silo Calderon  
22 from Puerto Rico.

23

1 (Applause.)

2 GOV. GLENDENING: Governor Rick Perry from  
3 Texas.

4 (Applause.)

5 GOV. GLENDENING: Governor Bob Wise from  
6 West Virginia, my neighboring state.

7 (Applause.)

8 GOV. GLENDENING: Governor Scott McCallum  
9 from Wisconsin.

10 (Applause.)

11 GOV. GLENDENING: And, on behalf of all of  
12 our associates in the National Governors'  
13 Association, I offer congratulations to everyone, and  
14 collectively a very warm welcome.

15 We are so very pleased. We know how  
16 trying the first year is for some who have joined as  
17 a result of the change in the administration, the  
18 first weeks or so. And so for all of you,  
19 congratulations and welcome.

20 (Applause.)

21 GOV. GLENDENING: It is my privilege now  
22 to call to order the 2001 winter meeting of the

23

1 National Governors' Association.

2 First, if I may have a motion for the  
3 adoption of rules of procedure for this meeting.

4 GOV. ENGLER: Mr. Chairman, I move that  
5 the rules of procedure be adopted as we have used  
6 them in the past.

7 GOV. GLENDENING: Is there a second?

8 VOICES: Second.

9 GOV. GLENDENING: All those in favor?

10 (Chorus of Ayes.)

11 GOV. GLENDENING: Let me note that the  
12 rules have been adopted.

13 Part of the rules require that any  
14 Governor who wants to submit a new policy or  
15 resolution for adoption at this meeting will need a  
16 three-fourths vote to suspend the rules.

17 If you have such a proposal, please submit  
18 the rules in writing by 5:00 o'clock tomorrow to the  
19 NGA staff.

20 Let me also at this time take a moment to  
21 introduce the White House Director of  
22 Intergovernmental Affairs, Ruben Virales, who is with

23

1 us here. Ruben?

2 (Applause.)

3 GOV. GLENDENING: We worked closely,  
4 individually and collectively, with your predecessor  
5 and look forward to working with you as well.

6 In fact, Ruben assured us that if there's  
7 the slightest problem that any state has with any  
8 governmental policy whatsoever, please contact him  
9 and he will give you his home number and be ready to  
10 go with us.

11 (Laughter.)

12 GOV. GLENDENING: I am really pleased with  
13 the outstanding turnout this morning.

14 We have 51 of our 55 Governors here. For  
15 those in the audience that think that the Chair does  
16 not know how many states we have, we have territories  
17 who are very active participants as well in the  
18 Association.

19 A few of our Governors, unfortunately,  
20 cannot be with us because of illness or injury.

21 I would note that Rhode Island Governor  
22 Lincoln Almand is recovering from surgery, and we

23

1 certainly wish him well.

2 New Mexico Governor Gary Johnson has  
3 cracked vertebrae.

4 A tough battle is going on with the  
5 legislature, but--

6 (Laughter.)

7 GOV. KEATING: On a serious note, our  
8 prayers and best wishes are with our colleagues and  
9 with their families.

10 In many ways, we began to lay the  
11 foundation for this meeting last November when Mike  
12 Leavitt hosted the Executive Committee of the new  
13 Governors in Utah.

14 Where is Mike, by the way? Mike, I just  
15 want to, as an aside, congratulate you on that  
16 tremendous meeting.

17 A number of us were there to meet our new  
18 colleagues for the first time.

19 The hospitality and professionalism that  
20 you and your staff showed and the warmth that the  
21 people Utah showed was just tremendous.

22 I want to thank you and ask if we could

23



1 recognize that.

2 (Applause.)

3 GOV. GLENDENING: To show the difference  
4 in perspective, we had, I guess, over a 36-hour or  
5 48-hour period of time, 16 inches of snow.

6 My staff immediately started to call the  
7 airport to see whether the airport was still going to  
8 be open for the next day for the leave-taking.

9 They just sort of laughed at her. Jesse,  
10 you know some of these things, but, anyway, thank you  
11 for everything.

12 At that meeting, though, we began the  
13 discussion of our current-year priorities and  
14 particularly with working with the new  
15 Administration.

16 In doing so, we did not really know that  
17 many of our first stringers on some of these policy  
18 issues would be in the new Administration.

19 But, knowing that the elections made for a  
20 dramatic increase in the number of former Governors  
21 who are in the U.S. Senate, the ranks of former  
22 Governors has now achieved such a pivotal level that

23

1 they, in fact, have become a powerful force in the  
2 ability to help shape the Federal agenda, which is  
3 good for all of us.

4 After each election, it seems like we are  
5 ending up with even more allies, not just  
6 philosophical allies but people who have shared the  
7 experience of being Governor, more allies in  
8 Congress.

9 To date, there are now 15 members of the  
10 United States Senate and one member of the United  
11 States House of Representatives who are former  
12 Governors.

13 We also have three Cabinet officials who  
14 are former Governors and, of course, the President,  
15 once, again, a former Governor.

16 So, our view--our voice, I believe, will  
17 be heard by very sympathetic individuals who  
18 understand what our unique positions demand of us.

19 As Governors, it is our job to work with  
20 Congress and with the President on major priorities  
21 for the state and for our people.

22 This year, education and health care have  
23

1 risen to the top of that agenda as it has been for so  
2 many years in the past.

3           Governors are encouraged. A bipartisan  
4 consensus seems to be developing in Washington based  
5 on the Governors' principles of flexibility and  
6 accountability.

7           The President's proposal and many of the  
8 proposals that are being discussed on Capitol Hill  
9 are, for the most part, in keeping with the position  
10 that NGA has adopted and advocated over the last year  
11 and prior years.

12           At this meeting, we are going to continue  
13 to work on the education policy in more detail, and  
14 especially given some of the proposals that are  
15 advancing from both Branches of government.

16           A small group of Governors, both  
17 Republicans and Democrats, met with the President and  
18 Vice President a few weeks ago solely on the topic of  
19 education.

20           We thank the President for that  
21 opportunity to work with him.

22           We also meet with leaders on Capitol Hill  
23

1 and will do so again on Tuesday at the conclusion of  
2 this meeting.

3 There is great opportunity in the next few  
4 months to pass a Bill that reflects the needs of the  
5 states as we try to deliver quality education for  
6 every child in our states.

7 The other major issue we intend to address  
8 at this meeting is health care, and specifically  
9 Medicaid reform--the Human Resources Committee of the  
10 NGA with the strong leadership provided through  
11 Governor Dean and Governor Sundquist, both of them  
12 working very, very actively on this.

13 But, that committee has been working for  
14 the past several months on crafting a proposal for  
15 all of the Governors to review here this week.

16 It was clear to me at the seminar for new  
17 Governors last November that all Governors from the  
18 big states and from the small--Democrats,  
19 Republicans, Independents--east and west, all  
20 Governors share a very common goal in this area.

21 We want cost-effective health coverage  
22 provided to more of our children and their parents.

23

1           We need to craft a responsible program  
2 under Medicaid that enables the states to do this.

3           One of the issues we have always discussed  
4 at the winter meeting as well is the state of the  
5 economy.

6           The economic policies enacted here in  
7 Washington have enormous ripple effects on our state  
8 budgets and revenues back home.

9           Many of us are fortunate to continue to  
10 experience strong economic growth in our states.

11           I consider myself and the citizens of  
12 Maryland very fortunate that our economy continues to  
13 grow and to produce surpluses and to be extraordinary  
14 strong.

15           I am aware, however, that other states are  
16 starting to experience a slowdown.

17           John Engler and I were talking about this  
18 just the other day.

19           From the assessment yesterday of several  
20 different states across the country, we know, in that  
21 context, that the health-care costs are rising at the  
22 same time the tax revenues in some states are

23

1 declining.

2 This will be one of the points of  
3 discussion.

4 Finally, although it will not be a major  
5 point of discussion for this meeting, we will also  
6 spend some time discussing the issue of smart growth  
7 and quality of life.

8 These are issues of great importance, not  
9 only to me, but to so many of you.

10 I note with interest that 38 Governors,  
11 either as part of their state-of-the-state or  
12 legislative package now, are pushing the issue of how  
13 to deal with growth and sprawl and quality-of-life  
14 issues in your respective states.

15 So, there is much to do, and I look  
16 forward to working along with the Vice Chair here,  
17 John Engler, who is doing such a tremendous job.  
18 Really a team in terms of working together.

19 I look forward to working with the Vice  
20 Chair of the Executive Committee and with all my  
21 colleagues in the next few days on these important  
22 issues.

23

1           We all know the personal and professional  
2           responsibilities that this job entails.

3           We also know the tremendous excitement and  
4           rewards that go with the position of being Governor.

5           We do have two departing Governors whom I  
6           want to recognize and honor today, and note that they  
7           have had some very satisfying moments and leave  
8           behind records of achievement.

9           They have been both leaders in their own  
10          states as well as national leaders on many of the  
11          topics and issues.

12          Many of us feel a special attachment to  
13          these two Governors, in part because of their  
14          respective contributions to the National Governors'  
15          Association.

16          Each of them were very active in the  
17          Association in addition to ruling themselves from our  
18          ranks.

19          The President exercised what I guess we  
20          can call first-round draft choices for two other  
21          members of the starting team who are now members of  
22          the President's Cabinet, Christy Todd Whitman of New  
23

1 Jersey and Tommy Thompson of Wisconsin.

2 Fortunately, this is a case where our loss  
3 is more than compensated by our gain.

4 While our organization loses friends and  
5 colleagues, Governors gain extraordinary advocates in  
6 Washington, DC and in the Administration.

7 Let me begin, if I might, with now  
8 Administrator Whitman and ask Christy if she will  
9 join us here at the podium.

10 (Applause.)

11 GOV. GLENDENING: Christy Todd Whitman has  
12 brought a special type of leadership to New Jersey  
13 and to the Association.

14 She has a style and level of commitment  
15 that we all respect.

16 She has not just been a colleague, but for  
17 Maryland, in many ways, a good neighbor. We have  
18 worked on projects together, including rail, for  
19 example, up and down our corridor.

20 She was elected Governor in 1993, becoming  
21 the first woman to hold that office in New Jersey.

22 During her time in office, Governor  
23



1 Whitman signed into law 36 tax cuts, including a 30-  
2 percent income-tax cut.

3 Governor Whitman also enacted new state  
4 funding for public schools that was tied to higher  
5 academic standards.

6 She signed several tough anti-crime  
7 measures, including one of the earliest Megan laws  
8 to protect our children.

9 I must say to you, personally in terms of  
10 areas of my interest, I was really impressed with her  
11 proposal to permanently preserve one million acres of  
12 open space and farmland in New Jersey by 2010.

13 In fact, several other states have picked  
14 up that same approach now.

15 I know Governor Taft in Ohio just got a  
16 significant approval as well. In many cases, they  
17 were able to point to New Jersey as a leader in this  
18 area.

19 I am proud that she was willing to serve  
20 here in the Governors' Association on my Smart Growth  
21 and Quality of Life Task Force. Her contribution to  
22 that task force has been very, very valuable.

23

1           Christy, we are going to miss you in terms  
2 of the Association.

3           But, we also know that we will have a very  
4 special friend at the Environmental Protection  
5 Agency.

6           Her commitment to me was that the laws  
7 were going to be aggressively enforced and not a  
8 single environmental problem in the entire country,  
9 and, at the same time, no state would be bogged by  
10 either regulatory or financial problems.

11           (Laughter.)

12           GOV. GLENDENING: With that, we are so  
13 proud to wish Christy well.

14           (Applause.)

15           ADM. WHITMAN: Thank you very much for  
16 that.

17           I am not a miracle worker, Parris, but I  
18 promise I am going to try to make sure that we can  
19 move forward with our commitment and this  
20 Administration's commitment to preserve and protect  
21 the environment, while making that same commitment to  
22 ensuring that we work closely with the states

23

1 understanding the leadership and initiative that the  
2 states have already provided and understanding that  
3 you know how to solve your problems better than many  
4 bureaucrats in Washington do.

5 So, I look forward to striking that  
6 balance.

7 I did want to just say a word, though, of  
8 personal thanks.

9 I haven't had the opportunity to do that.  
10 This is an extraordinary organization.

11 For all those new members who find  
12 themselves at this table for the first time trying to  
13 feel your way through what exactly your participation  
14 is going to be and what you are expected to do, let  
15 me just tell you that you have colleagues.

16 Every single one of the others sitting  
17 here are your colleagues, irrespective of party, here  
18 to help, here to give you ideas, here to work with  
19 you as you try to solve problems that every Governor  
20 faces.

21 What makes this such an extraordinary and  
22 special organization is precisely that.

23

1           You really don't know who is a Republican,  
2           who is a Democrat.

3           It doesn't make any difference when you  
4           are solving welfare problems, when you are trying to  
5           educate your children, when you are preserving open  
6           space.

7           You are not doing that for one particular  
8           partisan group. You are doing it for everyone.

9           The Governors here understand that. They  
10          want to see other Governors succeed.

11          This is an extraordinary place to learn to  
12          get new ideas, to meet people who can help you as you  
13          come to critical decisionmaking points.

14          Having said that, I want to say thank you,  
15          because the ability that I have had to do good things  
16          in New Jersey, a lot of it has come from ideas that I  
17          have stolen from other Governors--happily stolen--  
18          things that I picked up here listening to the  
19          speakers and participating in the National Governors'  
20          Association.

21          It is an extraordinary, worthwhile body.  
22          It is worth your time.

23

1           It is worth that little extra money that  
2    you spend.

3           Your states benefit enormously from your  
4    participation.

5           So, I encourage you all to be sure to take  
6    the time to support this organization--support it  
7    with your presence, support it with your staff,  
8    support it with your ideas, because it really will  
9    benefit you many times over when you do that.

10          Thank you all very much for the  
11    extraordinary pleasure and opportunity and privilege  
12    that I had to serve with all of you and for being  
13    such very good friends to me.

14          I look forward to continuing that  
15    relationship, because we are going to work together  
16    to solve these problems.

17          There's enough brain-power in this room  
18    and in all of our states to get it done right. Thank  
19    you very, very much.

20          (Applause.)

21          GOV. GLENDENING: Christy, thank you very  
22    much and good luck. We look forward to working with

23

1     you.

2                   I am also now very pleased to ask  
3     Secretary Tommy Thompson if he would come forward and  
4     join me at the podium here.

5                   (Appause.)

6                   GOV. GLENDENING: In bidding farewell, I  
7     welcome at the same time, to Tommy Thompson, we  
8     recognize his achievements for the citizens of  
9     Wisconsin who elected him to statewide office a  
10    record number of times, as well as his contribution  
11    to all of us in his past service as NGA Chair.

12                   Tommy is a former Army Captain, but, to  
13    those of us who have been honored to serve with him,  
14    I am not sure that there should be much emphasis on  
15    the former.

16                   He is still very much a Captain. I think  
17    there are a lot of troops in the Department of Health  
18    and Human Services that are going to find that to be  
19    true.

20                   As we listened to him yesterday, we were  
21    very much aware of some of the changes that will be  
22    made there.

23

1 Tommy served in state government for over  
2 30 years, during which time he received many national  
3 awards and recognition.

4 We all know the very dynamic role that he  
5 took on behalf of the states and the NGA on welfare  
6 reform and health-care issues.

7 I know this is true for so many, but, with  
8 your leadership, not only were we able to get the  
9 national law changed, but most of the states were  
10 able then to make significant changes.

11 In the case of Maryland, we are down 67  
12 percent just in the last four years.

13 It is because of your leadership in  
14 changing the rules that we were able to do that and  
15 similar success stories from my colleagues all around  
16 the table here.

17 Mr. Secretary, we were honored by your  
18 presence yesterday.

19 We were enriched by the services you have  
20 given us for Governor.

21 You have, in fact, made this organization  
22 better.

1           The fact that so early in your  
2           administration as Secretary you would take time out  
3           to come and talk with us at lunch and be very candid  
4           in your comments reflects the fact that we do,  
5           indeed, have a partner, and perhaps a department that  
6           has given many of us more headaches and heartaches  
7           than any single department in the entire National  
8           Governors'.

9           Knowing that will no longer have these  
10          difficulties at all, I would ask you to give a  
11          welcome to Tommy.

12                    (Appause.)

13           SECRETARY THOMPSON: Thank you so very  
14          much, Governor Glendening.

15                    It is an honor for me to receive that  
16          wonderful picture.

17                    I want you to know that meeting from  
18          Madison and Elroy, Wisconsin to Washington, DC and  
19          the fact that what you paid for an apartment or  
20          condominium out here you could buy the whole city of  
21          Elroy--

22                    (Laughter.)

23



1                   SECRETARY THOMPSON:  But, after paying my  
2 first month's rent, I have no furniture.

3                   (Laughter.)

4                   SECRETARY THOMPSON:  And that picture is  
5 going to be very appreciated.

6                   It will be the only thing on my wall, and  
7 I will always remember the great times that we had  
8 together as an organization, as a wonderful group of  
9 individuals who are dedicated to the public.

10                   As far as being a Captain in the Army,  
11 that is true.  As a Captain, they teach you how to  
12 lead.

13                   Coming to Washington, DC, I found out that  
14 the General, you would think, would be the President  
15 of the United States, which is doing an outstanding  
16 job, as we all know, so far.

17                   But, the General that I am referring to is  
18 OMB--

19                   (Laughter.)

20                   SECRETARY THOMPSON:  --where all power  
21 comes from and where all authority lies.

22                   But, I wanted to thank you for your fine

23

1 introduction, the love gift.

2 I wanted to thank all of you, my  
3 colleagues, for giving me and Christy this  
4 opportunity to come back to the National Governors'  
5 Association one more time.

6 It feels, after 14 years and two months,  
7 that I never left. In my heart, I never will.

8 I look around this room here and see so  
9 many friends, so many memories from my 14 years as  
10 Governor of Wisconsin and a member of this great  
11 organization.

12 We traveled this nation together attending  
13 these conferences and, as Christy says, stealing from  
14 one another and taking credit for it in our own  
15 states.

16 But, that is what makes us great, because  
17 we are able to take the best ideas, develop them in  
18 our states for the benefit of our people.

19 Many of your predecessors, personally, we  
20 have built lifelong friends that I personally will  
21 always cherish.

22 I had the privilege to welcome you to my  
23

1 state in 1998 for an annual NGA conference.

2 Today, I am pleased to welcome you along  
3 with my colleagues, Secretary Paige, Administrator  
4 Christy Whitman, and Andy Card, who, of course, is  
5 going to do an outstanding job. We are just  
6 delighted that you are here.

7 I am here to tell you today that President  
8 Bush and the rest of his Administration are here to  
9 change the way Washington works with you and for you.

10 In 1995, when I became Chairman of this  
11 great organization, I said Governors right now are  
12 facing a once-in-a-lifetime opportunity to completely  
13 refocus the relationship between the states and the  
14 federal government.

15 My goal, as Chairman, was to make sure  
16 that it happens.

17 My friends, thanks to your leadership and  
18 innovative thinking of our nation's Governors, we  
19 have made significant strides toward that goal.

20 There's been a shift in the way Washington  
21 works with Sacramento, Lansing, and, of course,  
22 Madison and Baltimore.

23

1           Throughout the '90's, states led the way  
2           in setting the national agenda, all of you finding  
3           creative solutions to society's most vexing problems  
4           from welfare to education reform.

5           Yes, welfare reform was a state invention,  
6           though some at the federal level have been eager to  
7           claim credit for it.

8           But, the ground-breaking reforms were born  
9           in states across this country.

10          Every one of you had something to do with  
11          that, pushing the federal government to join our  
12          cause.

13          Once it did, look what we were able to  
14          accomplish. Together we have created a work culture  
15          breaking the cycle of dependency.

16          Welfare rolls have been cut by more than  
17          half across this nation.

18          That is quite a record, Probably the  
19          biggest change in social policy in over 60 years in  
20          our country.

21          But, the building of the partnership  
22          between the federal, state, and local governments is

23

1 not complete.

2           We must continue to build bridges from  
3 Washington to our states' capitols and to the biggest  
4 cities and smallest communities throughout our  
5 nation.

6           We in Washington must learn from you at  
7 the state level, work with you on a daily basis, and  
8 we must strive to give you the flexibility you need  
9 to solve problems in your states, cities, towns, and  
10 villages.

11           The federal government must be more  
12 responsive to individual needs.

13           As you know, what works in New York is not  
14 necessarily the answer in California, Texas, Florida,  
15 Maryland, or Michigan.

16           As William Safire wrote when the nation  
17 was trying to select a national flower, no one flower  
18 can symbolize this great nation.

19           America is a bouquet. America truly is a  
20 bouquet of opportunity, creativity, and, yes, complex  
21 problems that must not be addressed in a top-down,  
22 one-size-fits-all manner.

23

1           When I pledged six years ago to change the  
2 relationship between the states and Washington,  
3 President Bush and I were just mere Governors.

4           Actually, we were until just a few weeks  
5 ago.

6           Today, we suddenly find ourselves on the  
7 other side of the state/federal fence in a position  
8 to help tear down that fence and make the pledge  
9 finally come true.

10           I know so many of you in this room so  
11 well, and you all know how much I loved being  
12 Governor of Wisconsin.

13           Let me tell you one thing. I would never  
14 have left the best job in this country if I did not  
15 think that President Bush and his Administration  
16 could not come to Washington and truly make a  
17 difference.

18           President Bush has brought a new tone--a  
19 vibrant new feeling to our Nation's Capitol.

20           So much of what he has vowed to accomplish  
21 will be funneled through the Department of Health and  
22 Human Services.

23

1           President Bush has brought the lessons  
2           that we learned as Governors to Washington, and he  
3           recognizes that the federal government must hold up  
4           its end of the bargain on our state/federal  
5           partnership.

6           I believe we will be able to do that. We  
7           will strengthen the health-care safety net by  
8           increasing funding for community health centers.

9           We are going to make available more money  
10          for block grants and other programs to increase the  
11          availability of substance-abuse treatment services.

12          We will increase the funding to help  
13          states keep children with their biological families  
14          if it is safe and appropriate.

15          We will also work to place children with  
16          adopted families.

17          President Bush and his Administration will  
18          work with Congress and with you to ensure that we do  
19          not miss the opportunity for fundamental Medicare  
20          reform.

21          We will modernize Medicare so it is  
22          responsive, effective, and financially sound for

23

1 today and tomorrow's seniors.

2 As part of the effort, we will find a way  
3 to provide the neediest seniors and the disabled  
4 affordable access to prescription drugs.

5 We are working to develop a Patients' Bill  
6 of Rights that recognizes that many states already  
7 have these protections already on the books, and not  
8 to punish you for being out in front of the federal  
9 government.

10 You see, we recognize that our partnership  
11 with you, the Governors, is absolutely crucial.

12 Today I am making some announcements to  
13 begin the process of changing the way the Department  
14 of Health and Human Services interacts with the  
15 states, changes that I am sure you will find create a  
16 better working environment between your offices and  
17 the Department.

18 First of all, many of you have had some  
19 concerns and have already contacted me about a number  
20 of regulations that were issued in the final days of  
21 the previous Administration, most notably those on  
22 Medicaid managed care and the states' Children's

23



1 Health Insurance Program, commonly referred to SCHIP.

2 We have heard your concerns, and today I  
3 am announcing here that we are delaying the effective  
4 dates for both regulations for 60 days.

5 During that time, we will consult with  
6 you, advocacy groups, and health plans.

7 If changes need to be made, we will make  
8 them.

9 Also today I would like to announce the  
10 Health Care Finance Administration is in the process  
11 of issuing grant opportunities to support our seniors  
12 and people with disabilities to live and participate  
13 in the community.

14 The largest grant opportunity is a \$50-  
15 million program to support people of any age who have  
16 a disability or long-term illness to live in the  
17 community, a goal that is part of the President's new  
18 freedom initiative.

19 This is another excellent example of the  
20 President using a state model, Wisconsin's Pathways  
21 to Independence and other ones, and developing it  
22 into a national program.

23

1           Public and private participation is  
2 important in this effort.

3           Congress has required that each state  
4 grant applications be developed in collaboration with  
5 the task force.

6           To help launch the task force and to work  
7 and help in your initial planning efforts, we will  
8 immediately make available \$50,000 per state.

9           No state match is required. All you have  
10 to do is fill out a one-page form.

11           That is the new simple Health and Human  
12 Services. One page.

13           (Appause.)

14           SECRETARY THOMPSON: Finally, I promise  
15 you this. You will no longer have to wait months, a  
16 year, or even longer to get action on a waiver  
17 request.

18           No more frustrating delays waiting to  
19 implement your innovative ideas.

20           (Appause.)

21           SECRETARY THOMPSON: No need to badger the  
22 Department. It simply won't happen.

23

1           Well, I can't promise that all of your  
2 requests will be approved, because we still have to  
3 meet budget requirements in OMB, the general.

4           I can guarantee you that you will receive  
5 timely responses.

6           We will streamline the waiver process,  
7 and, if I determine that the process is taking too  
8 long, I will take it upon myself to review the  
9 waiver.

10           Don't be surprised if you hear from me  
11 personally when we approve your waiver or we are  
12 having a problem with it.

13           You can see we are working to make changes  
14 to the system, most notably to all of the attitudes  
15 and operations of the Department.

16           I thank you so very much. We will work  
17 with each of you to ensure that we meet these  
18 challenges and others that face us at the federal and  
19 state level.

20           I have learned many things in 14 years as  
21 Governor.

22           One of them was always, always listen to  
23

1 those closest to the situation.

2 Please call me anytime you have a question  
3 or concern.

4 If you have any idea on how to make the  
5 Department better and more efficient, please let me  
6 know about it.

7 This is the new HHS, and I promise you  
8 this, it will be a more responsive one.

9 When I see you next at the summer meeting,  
10 the changes that I have mentioned will have been  
11 made.

12 These changes are just the first steps in  
13 making the Department of Health and Human Services  
14 more accountable to you and the millions of Americans  
15 that we serve.

16 I thank you so very much for being part of  
17 the organization. I wish you well.

18 (Applause.)

19 GOV. GLENDENING: Mr. Secretary, Madam  
20 Administrator, thank you very much for your service  
21 here and for your pledge of continuing to work  
22 together with us.

23

1           All of us around this room are very  
2 excited about the prospect of streamlining the waiver  
3 process, for example.

4           So, we wish both of our colleagues well.  
5 Many of us have had the pleasure of working closely  
6 with our first guest here this morning.

7           I count myself among this group. We have  
8 worked closely with Andy Card in Maryland in terms of  
9 bringing General Motors' Allison transmission plant  
10 to Maryland.

11           Andy, if you keep in touch with your  
12 friends at General Motors, we do have a great  
13 workforce ready for the new General Motors plant that  
14 could be built at Bruning Highway in Baltimore.

15           That was, ladies and gentlemen, an  
16 absolutely shameless promotion of Maryland, as, I  
17 think, some of you have recognized. I know Andy has  
18 as well.

19           On a serious note, though, it is an honor  
20 to welcome Andy Card back here today.

21           Andy has an impressive record of public  
22 service, currently serving as Chief of Staff to

23

1 President Bush.

2 He previously served as U.S. Secretary of  
3 Transportation, as Deputy Chief of Staff under the  
4 first President Bush.

5 Prior to those appointments, he worked for  
6 President Reagan as Director of Intergovernmental  
7 Relations.

8 He is quite familiar with the Governors  
9 and working with the Governors.

10 I am so very pleased that he has been able  
11 to join us today. Andy.

12 (Applause.)

13 MR. CARD: Thank you very much, Governor  
14 Glendening.

15 It is a tremendous privilege for me to be  
16 here.

17 I have been coming to National Governors'  
18 Association meetings for a very long time.

19 Ray Scheppach and I go back longer than  
20 we'll both admit.

21 Looking around the room, I see one  
22 Governor who was here when I entered the

23

1 Intergovernmental Affairs Office and dealing with the  
2 Governors way back in 1983.

3 That is Governor Tenorio from the Northern  
4 Mariana Islands.

5 I don't see Governor Janklow here, but he  
6 was around then, too, and you can't forget Governor  
7 Janklow.

8 (Laughter.)

9 MR. CARD: America is very, very fortunate  
10 to have an occupant of the Oval Office who  
11 understands America and is working hard to bring  
12 meaningful reform.

13 But, the Governors are blessed to have a  
14 President in the Oval Office who understands your  
15 concerns.

16 He has real empathy for the challenges  
17 that you have to face, and he is bringing that  
18 empathy to work every single day as President of the  
19 United States.

20 There isn't a day that goes by where I  
21 don't hear him commenting about some challenge that a  
22 Governor has to face and how he wants to make sure

23

1 that the federal government assists you meeting those  
2 challenges rather than gets in the way of you meeting  
3 those challenges.

4 The process has started already. He has  
5 assembled a staff in the White House that will be  
6 sensitive to the challenges that Governors have.

7 You know two of the members of his  
8 Cabinet, whom you just heard from, who are Governors.

9 But, he also has a White House staff that  
10 is very sensitive to it.

11 We are going to have great support from  
12 the Domestic Policy Advisor to the President,  
13 Margaret Lamontaine, because she worked with Governor  
14 Bush and now helps put together the domestic policy  
15 for the President.

16 Reuben Virales will head the Office of  
17 Intergovernmental Affairs.

18 He has a grassroots understanding of  
19 intergovernmental affairs challenges, having been an  
20 elected official in California in the Silicon Valley.

21 You'll find that the Intergovernmental  
22 Affairs staff will be very, very sensitive to the

23



1 concerns that you have.

2 But, more than talking about what the  
3 President will do and his empathy, I want to talk  
4 about what he is going to do for America.

5 You have to put together a budget every  
6 single year and meet the challenges of a legislature  
7 and trying to get your budget passed.

8 President Bush brought the discipline of a  
9 Governor to the White House as he put together a  
10 budget for America.

11 On Tuesday night, President Bush will  
12 address the nation, and he will lay out a blueprint  
13 for America with his budget strategy.

14 It is a strategy that I hope you will pay  
15 attention to, because he brings to the federal  
16 government a discipline that it sorely needs.

17 The budget for America grew over eight  
18 percent last year.

19 If you average out over the last several  
20 years, it grew at a rate of about six percent,  
21 considerably larger than the rate of inflation.

22 That allowed us to have an expanding  
23

1 government, but it didn't always address America's  
2 needs.

3 At the same time, we have been blessed to  
4 have had economic prosperity.

5 That economic prosperity has resulted in a  
6 surplus--a very large surplus.

7 It is projected that the surplus will be  
8 some \$5.6 trillion over the next ten years, and that  
9 is a very conservative estimate.

10 Now, you know, when there are surpluses,  
11 appropriators in Congress or in legislatures are  
12 tempted to spend.

13 They are tempted to spend whether they are  
14 Republicans or Democrats. Appropriators like to  
15 appropriate.

16 The President will put forward a budget  
17 that reduces the rate of growth in our federal budget  
18 from an average of six percent to something around  
19 four percent.

20 There will still be a larger budget for  
21 the Fiscal Year 2002, but that budget will grow at a  
22 slower rate than the budget of 2001 or 2000.

23

1           That discipline is very, very important.

2    A little-known fact is that we are now finding in  
3    America that the highest percentage of our Gross  
4    Domestic Product is going to federal taxes.

5           Since World War II, over 20 percent of the  
6    GDP in America is going to federal taxes.

7           In order for us to be able to reduce the  
8    burden on the American taxpayer, we have to bring  
9    budget discipline to the federal government.

10          We also have to address America's needs,  
11   and America does have needs.

12          You'll hear how the President is going to  
13   address his top-priority need for America, education,  
14   from Secretary Paige.

15          But, the budget will reflect that  
16   education is the President's top priority for  
17   America.

18          That budget increase in the Department of  
19   Education will be the largest of any of the  
20   Departments.

21          But, it will not just be putting money  
22   into the Department of Education just to put money

23

1 into the Department of Education.

2 It will be putting money into the  
3 Department of Education to meet the challenges of  
4 educating children, specifically improved reading.

5 You are going to find that the reading  
6 budget for America will grow dramatically as America  
7 establishes its top priority, which is leaving no  
8 child behind.

9 Secretary Paige will have a lot to say  
10 about the Department of Education and the President's  
11 priorities.

12 The next great priority for America is  
13 really paying down its debt.

14 Governors in almost every state are forced  
15 to have balanced budgets.

16 The federal government has not been forced  
17 to have a balanced budget, and they struggled with  
18 deficit spending for a long time.

19 Because of the strong economy and  
20 Americans contributing to their government through  
21 taxes, sometimes excessively, we now have a surplus.

22 With that surplus, we think it is

23

1 important that we also pay down America's debt, so  
2 that the budget the President puts forward will also  
3 pay down America's debt in a very, very fast way.

4 In fact, we'll pay down America's debt  
5 about as much as you can possibly pay down that debt.

6 You'll also find that this budget is  
7 responsible and that it doesn't just throw money  
8 after political promises.

9 The President made a commitment to  
10 revitalize our military.

11 He is going to take care of meeting the  
12 housing and salary needs of our military, but he is  
13 not throwing a pile of money at the Defense  
14 Department without first having a strategic review of  
15 the Defense Department.

16 We are meeting the priority of every other  
17 campaign commitment that the President made.

18 We have money left over. In fact, out of  
19 that \$5.6 trillion surplus, \$2.6 trillion will be set  
20 aside for Social Security.

21 We won't touch it. Set aside for Social  
22 Security.

23

1           Social Security debt really needs about  
2 two trillion of that \$2.6 trillion.

3           Then, there is some \$1.4 trillion that is  
4 set aside to meet America's contingencies and the  
5 priorities that might be there in our domestic or  
6 discretionary budgets.

7           Then, there is \$1.6 trillion that is  
8 available for tax relief.

9           That \$1.6 trillion in tax relief  
10 represents an important commitment by the President  
11 to return part of the surplus to the people who  
12 helped build the surplus, the taxpayers.

13           That \$1.6 trillion tax relief package is  
14 designed to bring tax relief to everyone who pays  
15 taxes.

16           So we called for marginal rate reductions  
17 in our income-tax code.

18           We called for those rate reductions to the  
19 point that the government will actually get out of  
20 the way of people trying to move into the middle  
21 class.

22           You probably know that people who get the  
23

1 earned income-tax credit and struggle to get into the  
2 middle class bump into a wall with the marginal rate  
3 of 15 percent.

4 So, they actually lose money when they  
5 give up that earned income-tax credit and trying to  
6 get into the middle class because of the 15 percent  
7 lowest rate.

8 The President is going to lower the lowest  
9 rate to ten percent.

10 That means that more people will be able  
11 to get into the middle class and grow.

12 But, this budget is a very, very important  
13 budget for you, because it also recognizes the  
14 responsibilities that you have as Governors.

15 We are going to make sure the flexibility  
16 is there in the federal budget so that Secretary  
17 Thompson can address your needs in HCFA, so that  
18 Secretary Paige can provide more flexibility when you  
19 are trying to meet the challenges of IDEA.

20 So, we are also taking, I am going to say,  
21 the straps that hold the federal government together  
22 but prevent you from working together off.

23

1           We are going to need partnerships. The  
2 partnerships aren't going to be with just the states.

3           They are going to be with the communities  
4 and with faith-based institutions.

5           In the White House, there is a brand-new  
6 office of faith-based and community initiatives.

7           This is a very, very important office.  
8 You know more than a lot of people in Washington do,  
9 that some of the best solutions to societal problems  
10 are coming in the community from faith-based  
11 institutions.

12           But, the government has been sometimes an  
13 impediment to faith-based institutions meeting the  
14 societal needs in their community.

15           We are going to work to make sure the  
16 barriers that prevent faith-based institutions from  
17 addressing problems in the community are going down.

18           But, we are not going to do that in a way  
19 that picks one religion over another.

20           We are going to make sure that there are  
21 secular alternatives to the needs of communities.

22           But, where secular alternatives are not  
23



1 meeting needs, parents should be able to say this is  
2 where we can go to get help.

3 So, our Office of Faith-Based and  
4 Community Initiatives will also be a partner with you  
5 as you try to solve problems.

6 Finally, I want to talk about the  
7 challenges of governing.

8 President Bush has called for a new  
9 civility in Washington, DC, a civility that requires  
10 us to listen.

11 No one has been better at listening over  
12 the last month than President Bush.

13 He has called on people of all different  
14 philosophical and political persuasions to come to  
15 the White House and to offer suggestions.

16 The President has reached out to members  
17 of Congress--both sides of the aisle--both Branches,  
18 leadership, and not leadership, to understand their  
19 commitments to America.

20 At the same time, he talks about his  
21 commitments to America.

22 This civility of governance is very  
23

1 important, and you as Governors can help set the tone  
2 so that Congress responds with civility as well.

3 We do have challenges in America that go  
4 beyond the solutions that government can offer--  
5 challenges that I call challenges of civility.

6 Partisan politics is something that I have  
7 practiced all my life.

8 Paul Cellucci was the Chairman of my  
9 forgettable campaign for Governor in 1982.

10 But, I know that there are times when  
11 partisan politics has to step back so America's  
12 interests can be met.

13 When the President addresses the country  
14 on Tuesday night, he will be addressing the country  
15 not just to talk about the budget and those thousands  
16 of line items that exist in that federal budget  
17 document that will end up being about the size of a  
18 large city's telephone book.

19 And, yes, there will be people that will  
20 be able to find programs that they think are  
21 underfunded or overfunded.

22 But, the budget does reflect the  
23

1 priorities of America.

2           When you find that line item that you  
3 don't like, step back and take a look at the budget  
4 that you do like.

5           When you find that line item that you  
6 like, step back and take a look at the whole budget  
7 that you do like as well.

8           This is a budget that will reflect the  
9 need for America rather than the partisan needs of a  
10 party or a campaign.

11           This is a budget that brings discipline  
12 and invites civility, and I would invite you to be  
13 part of that process in a civil way.

14           Be objective as you analyze that budget.  
15 Don't be parochial.

16           Don't look at what it does just for you or  
17 your state, but look at what it does for America.

18           We have asked all of the members of the  
19 Cabinet to take a look at the budget in the same  
20 context.

21           One of the most impressive meetings that  
22 we have had at the White House since President Bush

23

1 arrived was the first Cabinet meeting.

2           The first Cabinet meeting, the President  
3 opened with a prayer, but he also counseled all of us  
4 to recognize the responsibilities that we have go far  
5 beyond those of the opportunity to be working at the  
6 White House or in the Cabinet.

7           They go to the American people, and he  
8 challenged the Cabinet members at that very first  
9 meeting to work together on a budget that was not  
10 parochial, that was not bound in the old  
11 bureaucracies, that wasn't just a situation where you  
12 took the budget of the past and changed the numbers.

13           But, you took a look at America's needs  
14 and planted a budget number in the budget that  
15 addressed America's needs rather than government's  
16 wants.

17           This budget does that. It brings  
18 discipline.

19           It brings responsibility, and the tax cut  
20 brings relief.

21           We would ask you to join with us to make  
22 sure that that burden of federal taxes is reduced, so

23

1 that you have more flexibility to address the burdens  
2 that you find important in your states.

3 With that, I would be glad to answer any  
4 questions.

5 Remember, you have a friend in the White  
6 House. You have a friend in the White House who  
7 shares your concerns.

8 He also shares your love. He respects  
9 you, and he wants America to be respected in the  
10 process of governing.

11 That is what he will invite Congress to  
12 do, exactly what you do every single day as  
13 Governors.

14 If you have any questions, I would be glad  
15 to answer them.

16 (No response.)

17 MR. CARD: Thank you very much.

18 (Applause.)

19 GOV. GLENDENING: Thanks very much for  
20 your time to be here and also for helping to  
21 facilitate the events this evening, and tomorrow the  
22 meeting with the President.

23

1           We appreciate your leadership as well. I  
2 might note, by the way, Governor Calderon has joined  
3 us.

4           We recognized and welcomed you before.  
5 You had stepped out for a moment.

6           So, if we could give one of our newest  
7 Governors a hand as well.

8           (Appause.)

9           GOV. GLENDENING: Our next guest is  
10 Secretary of Education, Rob Paige.

11           The ex-Secretary has earned his spurs, so  
12 to speak, in education as the Superintendent of  
13 Schools for the Houston Independent School District  
14 starting in 1994.

15           In Houston, Secretary Paige created a  
16 program that he called Peer Examination, Evaluation,  
17 and Redesign, which it was his recommendations from  
18 businesses and community professionals for  
19 strengthening schools and school-support services and  
20 programs.

21           He also launched a system of charter  
22 schools that have brought authority into the system

23

1 regarding staffing, textbooks, and materials.

2 He made his the first public-school  
3 district in the state to institute performance  
4 contracts following on those in the private sector.

5 He also introduced teacher incentive pay  
6 which rewards teachers for outstanding performance  
7 and created solutions to educational problems.

8 Mr. Secretary, we appreciate very much  
9 your time in joining us here today, and I ask you to  
10 give a warm welcome.

11 (Applause.)

12 SECRETARY PAIGE: Thank you, Governor.  
13 Thank you and good morning to everyone.

14 I expect that many of you expect me to  
15 talk about the latest strategies in school reform.

16 I need to disappoint you a little bit, but  
17 I have grown a little weary with the term school  
18 reform.

19 School reform as it is presently practiced  
20 nibbles away at the corners of our problems without  
21 addressing the larger systemwide issues.

22 School reform fails, in my mind, to take  
23

1     into consideration coherent organization-wide impact  
2     needed to change the culture in our public education  
3     enterprise.

4             Our current educational awakening, you  
5     see, began about 20 years ago when our predecessor,  
6     Secretary Bell, formed a commission to examine the  
7     state of our schools.

8             This final report, A Nation At Risk, told  
9     us the shocking news that our schools were failing to  
10    meet our needs tolerating failure, tolerating  
11    mediocrity.

12            Twenty (20) years later, where are we?  
13    Nearly 70 percent of our inner-city fourth-graders  
14    are unable to read even a basic sentence at basic  
15    level.

16            Our high-school seniors trail nearly every  
17    industrial nation in international math tests.

18            Now, a third of our college freshmen take  
19    remedial courses before they are able to enter our  
20    universities and deal with the courses there.

21            This is after 20 years in education  
22    reform.

23



1                   Now, we know there are pockets of  
2                   excellence in our system. We applaud those, but it  
3                   is unarguable that we are still leaving too many  
4                   children behind.

5                   We are still asking the same questions.  
6                   We are still tolerating the same failure, and we are  
7                   still a nation at risk.

8                   So, you can understand why I don't want to  
9                   talk about education reform.

10                  What I want to talk about is change. The  
11                  time for reform is over. The time for bold change  
12                  has arrived.

13                  We must change the culture of the  
14                  enterprise. We must create a performance culture  
15                  that leaves no child behind.

16                  With this no-child-left-behind plan the  
17                  President has put before us, the notice that  
18                  education is a national priority, and that the  
19                  federal government can no longer tolerate failing  
20                  schools--schools that fail children--he has made it  
21                  clear that we owe each and every child in this  
22                  country a quality education.

23

1           Although the President's plan is a  
2 national plan in scope, it is local in implementation  
3 as it relies on state and local governments to bring  
4 about meaningful change.

5           We know that the federal government's role  
6 in public education is a limited one.

7           But, I am here today to ask for your help  
8 in making it a more effective one.

9           We can only do that by making a change, a  
10 change from our heavy reliance on categorical  
11 strategies that target limited aspects of our system,  
12 change to the example of sound, fundamental holistic  
13 systemwide strategies that impact the organizations'  
14 culture, back to the fundamentals of effective  
15 systems, back to the fundamentals of system  
16 effectiveness, fundamentals like high expectations  
17 for all, fundamentals like annual assessment of  
18 results, fundamentals like accountability for  
19 results, fundamentals like flexibility and local  
20 control and expanded parental choice.

21           You see, we have not even won yet the  
22 argument about who is accountable.

23

1           In too many cases, we, as educators, have  
2 not accepted the fact that we are accountable.

3           Class size is an important factor, but how  
4 important is it, really, if the educator in the class  
5 does not accept responsibility?

6           The President's plan is built upon these  
7 sound pillars of system effectiveness.

8           Notice the shift from categorical  
9 strategies. The President's plan is ultimately a  
10 simple one, because it seeks to build this cultural  
11 change through the strengths of your states'  
12 initiatives already in place and being built upon  
13 now.

14           This is an approach that works. We know  
15 that from the history of other organizations how  
16 other organizations change.

17           We don't have to leave this room to find  
18 people who know that first-hand.

19           The programs that many of you have  
20 instituted in your home states are already resulting  
21 in improved student performance and improved public  
22 confidence in our public education system.

23

1                   We in the federal government have no  
2 interest in federalizing the system.

3                   But, we want to provide resources and  
4 assistance, and, in return, we want to ask for  
5 results.

6                   The President has proposed a staggering  
7 44.5 billion for the Education Department in his new  
8 budget.

9                   He has also proposed consolidating  
10 programs and expanding flexibility so that your  
11 states can make better use of the money that we have  
12 and make it closer to the classroom.

13                   But, accountability is impotent without  
14 standards. When we expect more from our children, we  
15 get more.

16                   Our children know when they're being sold  
17 short. The President has rightly called low  
18 expectations the soft bigotry of low expectations.

19                   We can't help our children by asking less  
20 of them, but we can help them by asking more.

21                   For example, in Colorado, you ask more,  
22 because you set standards for making every child in  
23

1 the state a proficient reader by the end of third  
2 grade.

3 In Kentucky, you have asked more. You  
4 required school districts to develop plans to improve  
5 their schools by effectively using assessment data to  
6 determine where there are potential problems and  
7 effective remedies.

8 Others of you have done the same. Setting  
9 high standards is important.

10 But, it does no good to set high standards  
11 if we don't know if our young people are meeting  
12 those standards.

13 So, to ensure that the students are  
14 meeting standards, we must measure every child every  
15 year with good tests, tests that are aligned with  
16 standards and with teaching objectives, and with  
17 curriculum, and at their very best also with the  
18 teacher training programs.

19 These are our best tools for identifying  
20 where students and schools are succeeding and where  
21 they are failing.

22 They are also our best tools for  
23

1 understanding where we are failing and why, so we can  
2 intervene.

3 Many of you have already undertaken this  
4 process.

5 Massachusetts, for example, has made great  
6 strides. Likewise in North Carolina and other states  
7 across our nation.

8 Good tests help states identify the  
9 districts and schools that are failing to meet the  
10 minimum standards.

11 Good tests can also be used as empowering  
12 tools for students and teaching strategies.

13 When we build tests that measure learning,  
14 we can then disaggregate that data and we can take it  
15 all the way down, not only to the district and not  
16 only to the schools, not only to the classroom, but  
17 to the individual teacher.

18 We can arrive at a situation where we are  
19 teaching children in our classes, because we've got  
20 the individual data so that each child has an  
21 individual education plan.

22 We have to do this in order to fulfill our  
23

1     promise that no child is left behind.

2                   In order to do that, we must know where  
3     each child is, so we have to measure each child.

4                   The power to help each child succeed is in  
5     our hands, no matter what his or her background is.

6                   Testing is an aspect of the President's  
7     plan that evokes fear in some quarters, but we should  
8     not fear, for those who fear that NAPES to become a  
9     national test do not fear.

10                  NAPES is simply the sample of fourth-and  
11     eighth-grade students in reading and math to bring  
12     back a yardstick to bring balance across states.

13                  For those who fear that starting over in  
14     their states is a problem, do not fear.

15                  We want to reinforce what you are doing.  
16     We know the good work that you are doing, and we want  
17     to help build on that at the very least.

18                  I know that we all can see how tests are  
19     critical to identifying failing schools and failing  
20     students.

21                  The federal government has done an  
22     outstanding job in supporting education with  
23

1 resources across the last decade and across the last  
2 three decades, in fact.

3 But, we must confess we have done less  
4 well in demanding results from that investment.

5 Setting high standards, measuring results,  
6 holding schools accountable will bring about  
7 meaningful change in school culture.

8 I have cited examples of states that we  
9 know are doing good work, but we know that all states  
10 are.

11 So, we want you to know that we want to  
12 build on what is happening in your own state.

13 The states and the federal government can  
14 share responsibility for our children, and we can  
15 achieve results together.

16 Our education system, though it has  
17 pockets of excellence, we don't seek pockets of  
18 excellence.

19 We seek systemic change, broad change  
20 across the entire spectrum such that no child is left  
21 behind.

22 This is the meaning of leave no child  
23



1 behind. It is a worthy goal and worthy of our best  
2 efforts.

3 Our children deserve no less, so, in  
4 closing, I return to the simple requests that you, as  
5 leaders of your great, diverse states:

6 Partner with us to leave no child behind  
7 and that you be assertive in doing this;

8 That you talk about the President's plan  
9 with your members of Congress;

10 That you talk about the President's plan  
11 with your home-state legislators; and

12 That you talk about this plan with your  
13 superintendents and with your parents and with the  
14 children.

15 We will be partners together in this  
16 effort.

17 In this effort, we can achieve the results  
18 we seek. Thank you very much.

19 (Applause.)

20 GOV. GLENDENING: Thank you very much. I  
21 know we are running a few moments behind.

22 The Secretary has agreed, if there is a  
23

1 question or two, to entertain those questions of  
2 those-- Yes, Governor Ventura.

3 GOV. VENTURA: Mr. Secretary, Governor  
4 Ventura of Minnesota.

5 Just a reminder, if I may, that the  
6 federal government mandated special education, and at  
7 one point agreed to pay 40 percent of it.

8 They haven't come close to doing that, and  
9 I would like to remind the federal government that we  
10 really, all of our states, could benefit greatly if  
11 the federal government could see fit to help pick up  
12 the mandated tab that they have given to all of us  
13 states.

14 Thank you, sir.

15 (Applause.)

16 SECRETARY PAIGE: We share your concern.  
17 The facts are leave no child behind means also  
18 special-education children.

19 We are fully aware of the fact that this  
20 idea has not been fully funded.

21 There has been some progress but not  
22 nearly enough, and we look forward to doing what we

23

1 can to move forward towards the full funding that you  
2 seek.

3 GOV. RIDGE: Just a quick observation if I  
4 might, Mr. Secretary.

5 I think we all believe that embracing  
6 change so that the culture of education is  
7 performance-based requires testing.

8 I just want to speak on behalf of  
9 colleagues, I think, on both sides of the aisle and  
10 the sensitivity that the Administration has shown to  
11 date.

12 Some of the states have very centralized  
13 departments of education and centralized delivery  
14 systems.

15 Others of us have very decentralized  
16 systems.

17 Pennsylvania has 500 school districts,  
18 obviously not county-wide.

19 Some states have county-wide school  
20 districts. We all want to work with you to get the  
21 testing done and a way that gives us the opportunity  
22 to evaluate each child each year.

23

1           We appreciate the sensitivity that the  
2 Administration and your Department has shown early on  
3 in this process.

4           It is a complex task, but I believe we are  
5 all committed to getting it done because we all share  
6 the same goal.

7           I just want to thank you for the access,  
8 the sensitivity to the difference in delivery systems  
9 among the states. We appreciate it.

10           SECRETARY PAIGE: Thank you, Governor.

11           GOV. GLENDENING: Is there a last  
12 question?

13           GOV. KEMPTHORNE: Mr. Secretary, would you  
14 address the aspect--

15           The Administration is requiring each year  
16 there will be tests.

17           Would you address the aspect that this is  
18 not an unfunded federal mandate?

19           SECRETARY PAIGE: The testing the plan  
20 calls for would be grades three through eight each  
21 year.

22           We understand that quite a bit of  
23

1 development has to take place in order to reach that  
2 goal.

3 The federal government is going to share  
4 in that expense, and we are going to be partners with  
5 the states in accomplishing that goal.

6 We won't leave that burden on the states  
7 completely.

8 GOV. GUTIERREZ: Secretary Paige, Governor  
9 Gutierrez from Guam.

10 In listening to you today and looking at  
11 the proposed education policies by President Bush, it  
12 seems like the whole concept of leave no child  
13 behind, take a closer look at it, because I believe  
14 that the many thousands of our U.S. citizens in the  
15 territories may have been left behind.

16 Look at those policies very closely and  
17 make sure you include the territories when you make  
18 those policies.

19 SECRETARY PAIGE: Thank you, Governor. We  
20 will.

21 GOV. GLENDENING: Thank you very much, Mr.  
22 Secretary.

23

1 (Applause.)

2 GOV. GLENDENING: Let me at this time call  
3 upon Governor Engler for an announcement about a  
4 grant awarded to the NGA Center for Best Practices.  
5 John?

6 GOV. ENGLER: Good morning. I think we  
7 can do this quite quickly.

8 You have at your seats and RFP--Request  
9 For Proposal--the State Action for Education for  
10 Leadership Project.

11 This is something I am pleased as the  
12 Chair for the Center for Best Practices to be able to  
13 announce.

14 It is made possible by a grant from the  
15 Wallace Readers' Digest Funds Foundation.

16 What this is going to do is offer the  
17 states an opportunity to do a little capacity-  
18 building, to sort of picking up on what Secretary  
19 Paige has been discussing, education and leadership  
20 targeted at principals and superintendents.

21 It sort of rewards and follows a little  
22 bit what many states have done with their teaching

23

1 faculties already.

2 The Wallace Readers' Digest Fund has  
3 launched an overall initiative.

4 It is known overall as Leaders Count. The  
5 whole idea is how do we strengthen the leadership and  
6 education.

7 There is a lot of collaboration which is  
8 explained right in this RFP.

9 This is an opportunity for 15 states. It  
10 is open to all 50 to apply.

11 I guess we are handing out \$50,000 amounts  
12 this morning.

13 Fifteen (15) states will be selected to  
14 get a \$50,000 planning grant.

15 Then, there's another quarter of a million  
16 dollars available.

17 As you work through this, you've got until  
18 late August to get this in.

19 Then, the selected states will be allowed  
20 to go forward. I think what you are going to find  
21 with this is an opportunity to maybe bring some  
22 people together.

23

1           In fact, it is required if you apply. I  
2 would just urge you to take a look at it.

3           It is of interest. I think some of you  
4 may well have ongoing efforts that you could boot-  
5 strap onto this and just build.

6           But, I know in our state, in looking at  
7 principals, we can't find anybody who is frankly more  
8 important in the functioning of a school building  
9 than a quality principal.

10           This is the way to sort of relook at that,  
11 and hopefully some of the state ideas will change the  
12 landscape in America.

13           Maybe we can attract a whole lot of people  
14 to become principals after they leave their current  
15 positions and we could have non-traditional  
16 principals right alongside some of those who come  
17 through the educational models.

18           So, it says break the mold. That is what  
19 we want, so your opportunity. Thank you.

20           (Applause.)

21           GOV. GLENDENING: John, thank you very  
22 much, and we also thank you for your leadership in  
23



1 working with the Center for Best Practices, which is  
2 having a significant positive influence across this  
3 country.

4 We will now convene as the NGA Executive  
5 Committee.

6 All Governors are welcome to participate,  
7 but, as our rules indicate, only members of the  
8 Executive Committee may vote.

9 First, I would like to ask if we could  
10 have a motion and a second to approve the minutes of  
11 the November 13th, 2000 Executive Committee meeting.

12 GOV. ENGLER: I would so move.

13 VOICES: Second.

14 GOV. GLENDENING: Discussion? All in  
15 favor?

16 (Chorus of Ayes.)

17 GOV. GLENDENING: We now move approval of  
18 the Executive Committee policy positions.

19 Unless someone has a particular issue to  
20 discuss, we will move four policy issues forward as a  
21 block.

22 The issues are:

23

1                   Amendments to the proposed Tobacco  
2   Settlement Funds;  
3                   Political status for Guam;  
4                   Streamlining state tax sales systems; and  
5                   Equal rights.

6                   These are all simply the reaffirmation of  
7   existing policies.

8                   Do I hear a motion and second for all  
9   four?

10                  GOV. ENGLER:  So moved.

11                  VOICES:  Second.

12                  GOV. GLENDENING:  It has been moved and  
13   seconded.  Discussion?

14                  (No response.)

15                  GOV. GLENDENING:  Hearing no nays, the  
16   ayes have it.  Let me also call upon Governor Engler  
17   to give a quick year-to-date financial statement.

18                  GOV. ENGLER:  I'll just do it right from  
19   here.

20                  Through December, 2000--  This is  
21   important.  I heard Christy Whitman talking about the  
22   support that we needed to show--

23

1           GOV. GLENDENING: May I ask those who are  
2 leaving if you could do so as quietly as possible so  
3 that we can hear the financial report. John?

4           GOV. ENGLER: One of the other ways that  
5 we support the organization was with a little bit of  
6 cash.

7           The operating fund revenue through  
8 December, 2000 is on target.

9           Actually, expenses are under budget, which  
10 is good news.

11           We are showing some of that fiscal  
12 restraint, and we have also had some fortuitous staff  
13 vacancies, and sort of end-of-the-year timing  
14 differences.

15           Now, like everybody else, the NGA and our  
16 endowments have experienced some declines.

17           The market value of our endowments is down  
18 a little bit over the past six months, but they are  
19 still doing pretty well against the benchmark indexes  
20 that we looked at.

21           We think we will be at break-even, by the  
22 way, at the end of the fiscal year in June.

23

1           There looks to be a pretty good situation  
2 about the dues being paid.

3           There are a couple of states that we'll  
4 counsel with, but, other than that, everybody is in  
5 good shape.

6           I congratulate you on your attentiveness  
7 to this.

8           This is a small, modest investment for  
9 substantial return. Thank you.

10           GOV. GLENDENING: Thank you very much,  
11 John, for the work that you have put into this  
12 financial report.

13           The report will be accepted. Let me just  
14 make a couple of very quick announcements, or  
15 reminders really.

16           The Governors-only luncheon/work session  
17 will be held immediately after this session, if you  
18 could proceed almost immediately to Salon 1 at this  
19 level.

20           The committee sessions will then follow at  
21 2:30 in other rooms, as you are all aware from your  
22 schedule.

23

1           I would also note that, for this evening,  
2           Governors must provide their own transportation to  
3           the White House.

4           Tomorrow at the White House meeting, buses  
5           for the White House will leave on Monday at 9:00 a.m.  
6           sharp at the Pennsylvania Avenue entrance.

7           Lastly, a reminder that the deadline for  
8           submission in writing of new policies under the  
9           suspension of the rules procedure is Monday at 5:00  
10          o'clock.

11          We will adjourn this session and reconvene  
12          at the Governors-only luncheon. Thank you very much,  
13          ladies and gentlemen.

14          (Whereupon, at 11:00 a.m., Sunday,  
15          February 25, 2001, the meeting was adjourned.)

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NATIONAL GOVERNORS ASSOCIATION

2001 WINTER MEETING

CLOSING PLENARY SESSION

- - -

Tuesday, February 27, 2001

- - -

J.W. Marriott Hotel

National Place

1331 Pennsylvania Ave., N.W.

Washington, D.C.

Grand Ballroom

9:55 a.m.

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

2

3 CHAIRMAN GLENDENING: I'd ask everyone to  
4 take their seats.

5 (Pause.)

6 I haven't heard everyone get that quiet  
7 since I was teaching my class there. Great. Great.

8 (Laughter.)

9 CHAIRMAN GLENDENING: Ladies and gentlemen,  
10 we can go ahead and start.

11 First of all, this is the Closing Plenary  
12 session for the 2001 National Governors Association  
13 Winter Meeting.

14 It has been a very productive conference  
15 and I just want to thank all of my colleagues and our  
16 staff for the tremendous work that has been done.  
17 We've had an opportunity to meet with the President,  
18 both socially at his dinner, and I thank him for his  
19 hospitality and his graciousness, as well as working  
20 with the President in a business session the very  
21 next day.

22 We have also been joined by a number of

23

1 Cabinet members in our work sessions as well as our  
2 plenary sessions and in fact, a record nine Cabinet  
3 members, several of which are our former colleagues.

4 We have also reached agreement on a couple  
5 of very important broad issues.

6 Our education policy recognizes the Federal  
7 Government's obligation to fund new education  
8 mandates. It recognizes our support, our continuing  
9 support, as we have always done as governors, for  
10 establishing quality standards and for testing and  
11 holding accountability on those standards. As well  
12 as a renewed emphasis on our commitment to special  
13 education and the Federal Government's obligation to  
14 fund its fair share of that special education  
15 formula.

16 Our proposed Medicaid policy calls for a  
17 new federal/state relationship in terms of  
18 administering the program so that bold changes can be  
19 made to make it more flexible and dynamic. And I want  
20 to thank Gov. Sundquist and Gov. Dean for their  
21 leadership in that as well.

22 And it provides an opportunity to make sure

23



1 that we are protecting the needs of citizens who are  
2 most in need for continued health coverage under  
3 Medicaid.

4 And one that I enjoyed particularly was our  
5 work session on growth and quality of life task  
6 force. We'll be commenting more on that later when we  
7 turn to our guest speaker on this.

8 To accommodate some governors with time  
9 constraints, and particularly Gov. Hodges, who is  
10 lead governor on a couple of very important issues  
11 here, I must leave a little bit early for a plane,  
12 but we're going to move directly to the business  
13 portion of our meeting first and then go into the  
14 speaker.

15 If we could move first to the consideration  
16 of the proposed policy positions.

17 Policies were originally sent to the  
18 governors on February the 9th. The packet in front of  
19 you reflects those policies with amendments that were  
20 made by the Executive Committee and the standing  
21 committees at this meeting.

22 They require a two-thirds vote of those

23

1 present and voting.

2 To expedite matters, if we could, as we've  
3 done in the past, as appropriate, the committee chair  
4 can move the adoption of their committee policies en  
5 bloc all at once.

6 Let me begin with Gov. Geringer from the  
7 Committee of Economic Development and Commerce.

8 Where is Jim?

9 GOVERNOR GERINGER: Mr. Chairman, I'm right  
10 here.

11 I know it's brilliant over here in this  
12 corner.

13 (Laughter.)

14 The Committee on Economic Development and  
15 Commerce met on Sunday afternoon. We had remarks from  
16 our chairman, Gov. Johanns, and vice-chair, Gov.  
17 Siegelman.

18 We heard from three individuals on rural  
19 economic development, particularly on how the rural  
20 economy is two rural economies -- those who have  
21 benefited from economic recovery and those who have  
22 not, some strategies that the states can take to

23

1 bring that gap closer together and some alternatives  
2 for rural housing investment and community economic  
3 development were discussed.

4 The committee unanimously approved  
5 amendments to six policy statements on highways,  
6 railroads, clean air, housing, economic development,  
7 and international trade.

8 Mr. Chairman, we also approved a  
9 reaffirmation to renew the policy statement on  
10 bankruptcy.

11 So I move that this session approve the six  
12 policy statements and the reaffirmation of the  
13 seventh policy statement en bloc.

14 CHAIRMAN GLENDENING: Do I hear a second  
15 for that motion?

16 GOVERNOR VILSACK: Second, Mr. Chairman.

17 CHAIRMAN GLENDENING: It's been moved and  
18 seconded.

19 All those in favor?

20 (A chorus of ayes.)

21 CHAIRMAN GLENDENING: Opposed?

22 (No response.)

23

1                   CHAIRMAN GLENDENING: The ayes have it.

2 Thank you, Jim. Great job.

3                   Now Gov. Vilsack with the Committee On  
4 Natural Resources.

5                   GOVERNOR VILSACK: Thank you, Mr. Chair.

6                   The Natural Resources Committee met on  
7 Sunday and heard a set of interesting and informative  
8 presentations, including one from the new Secretary  
9 of Agriculture, Ann Veneman. We also heard from a  
10 panel of agricultural organizations and  
11 representatives who are engaged in discussion about  
12 agricultural policy and the farm bill which will be  
13 coming up for discussion next year.

14                  Mr. Chair, the Committee is recommending  
15 amendments to five existing policy positions, two  
16 reaffirmations of existing policies, and two new  
17 policy positions.

18                  Specifically, one of the new policy  
19 initiatives, NR-26, on natural gas, received a small,  
20 friendly amendment that was unanimously adopted.

21                  That policy, along with the other  
22 recommendations, are being forwarded for

23

1 consideration today.

2           These were accepted unanimously by the  
3 Committee and I move their adoption en bloc.

4           CHAIRMAN GLENDENING: Second?

5           GOVERNOR HODGES: Second.

6           CHAIRMAN GLENDENING: Discussion?

7           (No response.)

8           CHAIRMAN GLENDENING: All those in favor --

9

10           (A chorus of ayes.)

11           CHAIRMAN GLENDENING: All those opposed?

12           (No response.)

13           CHAIRMAN GLENDENING: The ayes have it. I

14 know my colleagues join in this as well. My  
15 legislative session is in and we were just  
16 coordinating some votes on the Senate floor this  
17 morning.

18           I just wish things were this easy back  
19 home.

20           Next, Gov. Hodges and the Committee on  
21 Human Resources.

22           GOVERNOR HODGES: Thank you, Mr. Chairman.

23

1           The Committee on Human Resources met on  
2           Sunday afternoon and had an excellent discussion  
3           about turning around low-performing schools.

4           Gov. Taft brought two speakers from the  
5           Cincinnati school system. Also, Gov. Davis from  
6           California brought in an excellent speaker and I  
7           brought two from South Carolina.

8           In addition to that, we had the group from  
9           VH-1 and the Save The Music Foundation come in and  
10          make a presentation regarding music education in our  
11          schools.

12          We found it very exciting and I think a  
13          number of the governors have taken from that an  
14          opportunity to focus on music education.

15          Gov. Huckabee made a presentation regarding  
16          a music education program that he has in place in  
17          Arkansas.

18          The committee also passed a number of  
19          policies that you have before you, including two new  
20          policies, one new resolution, amendments to  
21          nonexisting policy positions, and the reaffirmation  
22          of one existing policy position.

23

1           And I would move that the policy proposals,  
2           the resolution, and the amendments be approved en  
3           bloc.

4           CHAIRMAN GLENDENING: Do I hear a second?

5           GOVERNOR VILSACK: Second.

6           CHAIRMAN GLENDENING: It's been moved and  
7           seconded.

8           Discussion on the motion.

9           (No response.)

10          CHAIRMAN GLENDENING: All those in favor?

11          (A chorus of ayes.)

12          CHAIRMAN GLENDENING: Opposed?

13          (No response.)

14          CHAIRMAN GLENDENING: The ayes have it.

15          The Committee report is adopted.

16                 We have a motion from Gov. Engler with  
17                 regard to the Executive Committee policies.

18                 VICE CHAIRMAN ENGLER: Mr. Chairman, the  
19                 Executive Committee policies are, one with some  
20                 changes, a tobacco settlement funds policy which I  
21                 think is pretty straightforward.

22                 The amendments -- first of all, the policy  
23

1 reaffirms -- what is the policy? -- reaffirms the  
2 governors' commitment to devoting portions of the  
3 tobacco settlement funds to health care programs.  
4 But more importantly, emphasizing the decisions are  
5 made at the state and local level.

6           And so, we think that these are just  
7 clarifying amendments to this policy that are very  
8 important for us to have when we're talking up on the  
9 Hill.

10           Michigan is, interesting, one of these  
11 states where there's been some suggestion that our  
12 use of tobacco funds for education somehow undermines  
13 the purpose that some people had in mind that we have  
14 to fund all health care programs with these dollars.

15           We believe we have a lot of flexibility.  
16 But this sort of gets us on record, I think, in the  
17 right way on the issue.

18           The other policies that are up deal with  
19 political status for Guam, streamlining the state  
20 sales tax systems, and an equal rights policy.

21           So those are long-standing policies, and we  
22 just renewed those.

23



1           The streamlining for state sales tax  
2 systems, I do know that that has been an issue of  
3 some debate in the past and I have been requested --  
4 Governors Owens and Cellucci -- Paul has another  
5 commitment and Gov. Gilmore wished to be recorded as  
6 no votes on that particular policy, and that  
7 certainly would be consistent with the debate that  
8 we've had.

9           But I would remind all of the governors  
10 that the policy itself allows for the states to opt  
11 in. This is not a mandatory policy, but allows those  
12 of us who -- it does not provide for Internet  
13 taxation, which I think it's pretty clear that we're  
14 against. It's clearly dealing only with the limited  
15 issue of sales tax collection of the use tax of goods  
16 sold over the Net.

17           But it reaffirms our opposition to taxation  
18 of the Internet, but does deal with the collection  
19 process, which has been complicated and it's been an  
20 issue subject to our policy going all the way back to  
21 the catalogue debates that we've had here, where,  
22 after the Quill decision by the United States Supreme

23

1 Court, collection difficulties abounded.

2 And so, I'm very strongly in support of  
3 maintaining the policy and of the individual states'  
4 efforts to come together collaboratively.

5 It does not preclude any state from  
6 dropping its use tax collection or it doesn't impose  
7 a burden on the five states that have no sales or use  
8 taxes at all.

9 So I would move the adoption of the report.

10 GOVERNOR VILSACK: Second.

11 CHAIRMAN GLENDENING: It has been moved and  
12 seconded for adoption of the Executive Committee  
13 policies.

14 Discussion? Governor?

15 GOVERNOR OWENS: Mr. Chairman, Gov. Engler,  
16 thank you very much for that outline.

17 I don't see where it does reiterate our  
18 opposition to Internet taxation. I actually had  
19 believed that NGA was on record fairly consistently  
20 supporting the concept of moving ahead with taxation  
21 of the Internet.

22 I've briefly reviewed it and just didn't

23

1 see the language that reaffirms our opposition to  
2 Internet taxation.

3 CHAIRMAN GLENDENING: Gov. Engler, of  
4 course, is the lead on the discussion here. But let  
5 me also just emphasize in terms of clarification of  
6 existing policy, NGA is opposed to tax on the  
7 Internet, the process, the Internet, anything of this  
8 type.

9 The only thing that the policy tries to do  
10 is to say that when there is a tax on a sales product  
11 in an existing state, that a mechanism would be in  
12 place to permit that state to continue to collect  
13 that tax if it wishes to do so.

14 GOVERNOR OWENS: Mr. Chairman, do we have a  
15 resolution that puts us on record against Internet  
16 taxation?

17 Is that part of our current policy?

18 CHAIRMAN GLENDENING: It has always been  
19 part of the debate and discussion. We don't normally  
20 have policies in the negative, if you will.

21 VICE CHAIRMAN ENGLER: Well, excuse me.  
22 I've been signing lots of letters talking about the

23

1 opposition to taxing the Internet.

2 It doesn't say that in the policy. The  
3 policy does only deal with the sales tax collection  
4 portion.

5 But that has been our consistent policy on  
6 the Hill.

7 We did deviate only in this sense. There  
8 were, I think, four or five or six states maybe that  
9 had some type of pre-existing taxation. And even the  
10 moratorium that was passed -- and I thought there was  
11 something in the moratorium policy that we had.

12 We had a specific policy in the moratorium  
13 on taxing the Internet that was up, and at that time,  
14 we had quite a vigorous debate. And we came out with  
15 a position which eventually prevailed in Congress  
16 that Congress wouldn't pass a law to try to pre-empt  
17 existing taxes that were in place, but they would  
18 preclude the levying of further taxes.

19 And that is the law today. That is the  
20 moratorium.

21 This issue that is before us deals with tax  
22 collection of use taxes. Use taxes in 45 states --

23

1 and I think in Colorado -- are required by state law.  
2 The question is how do you collect use tax on remote  
3 sales?

4 We've had problems going back to catalogue  
5 sales. We anticipate that those can multiply when the  
6 Internet becomes the device and they could multiply  
7 in unforeseen ways if retailers begin to divide their  
8 companies and, in effect, have one company and then a  
9 second Internet company that handles the sale of  
10 products.

11 It actually could erode not only the use  
12 tax, but it could erode the basic sales tax in some  
13 states. And where states have no income taxes,  
14 obviously, that would be a big revenue impact.

15 CHAIRMAN GLENDENING: I saw both Gov. Ridge  
16 and Gov. Geringer.

17 Gov. Ridge, you had a comment?

18 GOVERNOR RIDGE: Thank you. Gov. Engler  
19 covered it for us.

20 I think, historically, we've been  
21 universally opposed to taxes on access to the  
22 Internet. But there is some division among the

23

1     governors who, particularly of those states who rely  
2     so heavily on the sales and use tax, that we ought to  
3     look for a government/private sector-led, consistent  
4     uniform tax identifying goods and services across the  
5     board, so we don't put a disadvantage to the folks  
6     who are paying taxes on Main Street, supporting the  
7     fire department and supporting the schools.

8             So I think there is a difference of opinion  
9     within the NGA on that.

10            Access to the Internet, I think we're  
11     universally opposed to taxing access. And I think  
12     John mentioned that.

13            CHAIRMAN GLENDENING: Gov. Geringer, and  
14     then Gov. Gilmore.

15            GOVERNOR GERINGER: What I hope we don't  
16     lose track of is the purpose for this resolution or  
17     this policy statement.

18            This is a reaffirmation of an existing  
19     policy statement that deals with simplifying and  
20     streamlining state sales tax systems.

21            Even more fundamental than that is whether  
22     or not we are asking to have Congress not pre-empt

23

1 the states' alternatives.

2           If you consider, for instance, that  
3 Virginia and Maryland is close in proximity as they  
4 are and have different approaches to this resolution,  
5 as well as their own state sales taxes, Colorado and  
6 Wyoming the same way, we should each be given our own  
7 prerogative and not have it precluded or pre-empted.

8           If you vote against this resolution, you're  
9 in essence saying that you favor pre-emption by  
10 Congress. And I would urge you not to do that.

11           Favoring this resolution is a way to say  
12 that, for those states who would opt in to working  
13 with the Congress and opt into an interstate compact  
14 that would standardize definitions, provide for  
15 standardizes audits, the mechanism whereby we could  
16 collect sales taxes, if that were our choice, that  
17 enables us who would do that, to do that, to say to  
18 Congress -- we don't want any kind of policy. We do  
19 not want to encourage compacts, then pre-empts us  
20 from doing that.

21           I would hope that as governors, you would  
22 not pre-empt those of us who wish to go one  
23

1 direction, while protecting your right to choose your  
2 own direction would still be maintained.

3 As Gov. Engler pointed out, and others have  
4 talked, we are going to see a dramatic shift in how  
5 retailers conduct business, even with those who have  
6 brick and mortar stores.

7 Today, you can collect sales and use tax  
8 from anyone who has a nexus or a presence in your  
9 state.

10 If the moratorium were to be extended, or a  
11 prohibition on taxing any goods sold on the Internet  
12 were extended, any store who sells any product, any  
13 goods, can exempt itself from taxes simply by  
14 allowing you to order that electronically through a  
15 subsidiary set up on-line in the same store,  
16 physically making your purchase after you try it on  
17 or look at it in that same store.

18 There will be a loophole so big that you  
19 will not collect a single sales tax.

20 Let's not guarantee that. Let's guarantee  
21 us some options. Supporting this resolution and  
22 supporting an approach with the Congress that would  
23



1 give us the choice of whether or not we would opt in,  
2  
3 is far better than to say, let's pre-empt those  
4 states who, if you calculate nationwide, 40 percent  
5 of all state revenues come from sales and use taxes.

6 Let's not automatically set that aside and  
7 say, no state will have a choice. Let's encourage us  
8 to have our own choices.

9 CHAIRMAN GLENDENING: Thank you, Governor.  
10 Gov. Gilmore?

11 GOV. GILMORE: Mr. Chairman, I think that  
12 everybody here is aware that I chaired the Advisory  
13 Commission on Electronic Commerce for one year. Gov.  
14 Locke was also on that commission, as well as Gov.  
15 Levitt. And we had one full year of very heated  
16 debate on this issue, and I think we probably don't  
17 want to reawaken all that this morning here at NGA.

18 However, there are several points that I  
19 feel like that I would like to make this morning to  
20 certainly state clearly that I want my vote recorded  
21 no on this policy.

22 It is true that NGA has not been in favor  
23

1 of taxation of the access to the Internet and those  
2 kinds of specialized taxes. But the NGA has been  
3 following a consistent policy to support taxation on  
4 commerce over the Internet.

5 Certainly, my position individually and the  
6 position of the majority of the commission that  
7 studied this for a year was that we should not be  
8 supporting taxation of commerce over the Internet.

9 There was also certainly a factual  
10 discussion at the time in which people were talking  
11 about the fact that e-commerce was going to take over  
12 everything in retail everywhere all the time.

13 I think history has now demonstrated that  
14 that so far is not the case, that the concern about  
15 retail being destroyed was a panicky response, maybe  
16 even deliberately generated.

17 The current status that we have is that we  
18 have a moratorium that continues to grandfather. As a  
19 matter of fact, even access taxes, even the access  
20 taxes are grandfathered in under the current  
21 moratorium.

22 Let me be very clear about this.

23

1           The purpose of this resolution is an effort  
2           to streamline sales tax in the states for the purpose  
3           of overcoming the Quill decision, so that commerce  
4           can be taxed on the Internet.

5           That's what this proposal and resolution is  
6           here this morning.

7           It's an ongoing issue. We're very well  
8           aware of that. Gov. Geringer raised a very legitimate  
9           issue about how technically you could put terminals  
10          in stores and thereby avoid taxes over the Internet.  
11          But my proposal has always been that we simply do not  
12          tax remote sales over the Internet.

13          And that of course would eliminate that  
14          concern and that was thoroughly discussed in the  
15          year's debate.

16          I certainly want to be recorded as no on  
17          this and would suggest, Mr. Chairman, that we may  
18          wish to leave the vote open for a limited period of  
19          time so that other governors not present can have an  
20          opportunity to record their votes.

21          I know that in the past, anyway, one or  
22          more of the governors who are not here, the governor

23

1 of California being one, has voted no in this type of  
2 position. He's not able to be here this morning, but  
3 others may want an opportunity to record at a later  
4 time.

5 I would vote no and would ask that the roll  
6 be kept open for at least several days.

7 (A chorus of ayes.)

8 VICE CHAIRMAN ENGLER: My sense would be  
9 that we just go ahead and take the voice vote. We  
10 don't normally record noes, but I think in this case,  
11 given the deference of some of the members that have  
12 such strong feelings, rather than get into a recorded  
13 vote with the attendance that we have, renew the  
14 policy.

15 But if there are some -- as I said, there  
16 are some members who wish to be recorded no -- let's  
17 do that.

18 So, again, I think we've already moved the  
19 policy.

20 CHAIRMAN GLENDENING: The motion on the  
21 floor is actually for all of the policies for the  
22 Executive Committee.

23

1           Mr. Vice Chair, if it's okay with you, I'll  
2 interpret that motion as being all the policies  
3 except for this one. We'll have a separate voice vote  
4 on this policy.

5           Is that all right?

6           VICE CHAIRMAN ENGLER: That's fine.

7           CHAIRMAN GLENDENING: All those in favor of  
8 the other Executive Committee policy recommendations,  
9 with the exception of the e-commerce one, all those  
10 in favor?

11           (A chorus of ayes.)

12           CHAIRMAN GLENDENING: If we have then a  
13 separate motion on the e-commerce -- is there a  
14 second for it?

15           VICE CHAIRMAN ENGLER: Second.

16           CHAIRMAN GLENDENING: Moved and seconded.

17           All those in favor?

18           (A chorus of ayes.)

19           CHAIRMAN GLENDENING: Those wishing to be  
20 recorded as a no?

21           Gov. Gilmore?

22           VICE CHAIRMAN ENGLER: And just checking on  
23

1 the Chair, Vice Chair on that -- and Gov. Cellucci  
2 left a vote with me on that.

3 CHAIRMAN GLENDENING: Yes, Gov. Cellucci  
4 and Gov. Owens. Great. Thank you.

5 If we could turn at this time to suspension  
6 of the rules.

7 Gov. O'Bannon?

8 GOVERNOR O'BANNON: Mr. Chairman, I move to  
9 suspend the rules on the education policy.

10 CHAIRMAN GLENDENING: Second? This is for  
11 purpose of consideration of the Committee on Human  
12 Resources amendments to H.R.-4, the education reform  
13 package.

14 Do I hear a second for that?

15 GOVERNOR SUNIA: Second.

16 CHAIRMAN GLENDENING: All those in favor?

17 (A chorus of ayes.)

18 CHAIRMAN GLENDENING: Three-fourths having  
19 said aye, the rules are suspended.

20 The proposal is outlined in the pink packet  
21 before you and the committee is recommending  
22 amendments to this policy.

23

1 GOVERNOR O'BANNON: Mr. Chairman?

2 CHAIRMAN GLENDENING: Yes?

3 GOVERNOR O'BANNON: I move the policy, H.R.-  
4 4, as amended.

5 CHAIRMAN GLENDENING: We've had discussion  
6 of this in the governors-only luncheon as well, as  
7 the committee discussions and all.

8 I would remind you that it requires a  
9 three-fourths vote.

10 All those in favor, please say aye.

11 (A chorus of ayes.)

12 CHAIRMAN GLENDENING: Opposed?

13 GOVERNOR KING: Mr. Chairman, I'd like to  
14 just comment for a moment.

15 I'm in support of this amendment. I have  
16 talked to my commissioner of education. Again, the  
17 only little caveat that I want to put up is that we  
18 are supporting annual assessments of students in  
19 reading and math.

20 I just want to be sure that the ultimate  
21 legislation that emerges, number one, assures that  
22 states and localities will design those assessments.

23

1 Number two, that the Federal Government, if they're  
2 going to require the assessments, provide funding for  
3 same.

4 And number three, that there be flexibility  
5 in terms of the design of the assessments because if  
6 we're going to have a national test imposed on us  
7 from Washington, it's going to be logistically  
8 difficult for the states.

9 So I think that the language here is  
10 sufficient for that, but I just wanted to note for  
11 the record that if you look at this resolution  
12 overall, there is a definite quid pro quo, and the  
13 governors are accepting additional assessment and  
14 additional accountability.

15 But without the funding, certainly, our  
16 willingness to accept those mandates should be  
17 contingent upon the additional funding that will be  
18 part of this package.

19 CHAIRMAN GLENDENING: Gov. King, you're  
20 exactly right, and that was our discussion both with  
21 the governors and a sense of the resolution.

22 There was also a discussion with the  
23



1 Secretary of Education, Secretary Paige, as well as  
2 with the President. And when we meet later with  
3 legislative leaders, we will try to reinforce that  
4 very important point as well.

5 Gov. Hodges had to leave. He was one of the  
6 lead governors on this.

7 We have a motion and a second. Any other  
8 discussion?

9 Governor?

10 GOVERNOR KEMPTHORNE: Mr. Chairman, I would  
11 just reiterate what Gov. King pointed out, but we  
12 have added a new section, which is Funding Federal  
13 Mandates, and I will read the first line:

14 The Federal Government has an obligation to  
15 fully fund education mandates on the states. And also  
16 the last portion of this where we do reiterate our  
17 position that there should be full funding for IDEA.

18 CHAIRMAN GLENDENING: Yes.

19 GOVERNOR KEMPTHORNE: Thank you.

20 CHAIRMAN GLENDENING: Thank you. With those  
21 clarifications and points of emphasis, we have the  
22 motion and second before us.

23

1 All those in favor?

2 (A chorus of ayes.)

3 CHAIRMAN GLENDENING: Opposed?

4 (No response.)

5 CHAIRMAN GLENDENING: The motion is  
6 adopted.

7 Now we can move to today's guest. I was  
8 very pleased that yesterday, our new Cabinet members,  
9 Secretaries Whitman and Mineta and Martinez, attended  
10 our Smart Growth and Quality of Life Task Force  
11 meeting and making it clear in the discussion that  
12 this moving more from just a nationwide discussion of  
13 sprawl and quality of life issues, and instead, much  
14 more to a discussion of what is the national  
15 government's role in this as well, and can we have an  
16 active partner in the national government.

17 I do want to thank several of the governors  
18 who participated in that meeting and who made  
19 significant contributions in their own right.

20 Gov. Ventura was there and hosted a regional  
21 policy conference on smart growth just recently and  
22 in fact, has proposed several initiatives for

23

1 Minnesota, and particularly dealing with the issue of  
2 transportation and sprawl.

3 Gov. Hull will be hosting a meeting in  
4 April in Arizona addressing the issue of smart growth  
5 and land use policies.

6 Gov. Barnes was at the task force and has  
7 taken very significant actions with a new regional  
8 authority that has the ability to override both on  
9 transportation and planning decisions when they  
10 contribute to sprawl.

11 I do think, by the way, that it was  
12 interesting that the main effort, as I understand it,  
13 Roy, for your initiative, came as much from the  
14 Greater Atlanta Chamber of Commerce as it did from  
15 the traditional environmental groups, reflecting the  
16 fact that sprawl is considered increasingly to be a  
17 drag on economic development.

18 And Roy, I thank you for your leadership as  
19 well.

20 There is clearly a genuine sense of urgency  
21 on this issue. When I say a sense of urgency, it's  
22 not just rhetoric, but I just ask people and I ask

23

1 our citizens every so often to stop and think about  
2 it, how many times you've gone by a place just in  
3 your routine travels to and from work that, a month  
4 ago, might have been a forest or a tree stand and is  
5 now a strip mall or if you think about the farm that  
6 was there for years and years and all of a sudden, is  
7 a subdivision.

8           And what we're seeing, an accelerated pace  
9 all across this country, is the loss of those open  
10 space and those trees and forests and agricultural  
11 land.

12           Smart growth and the quality of life issue  
13 speaks directly to the concern of many of our  
14 citizens on this. It is about people's desire to  
15 spend evenings at home with their family instead of  
16 sitting in traffic congestion. And it's about  
17 creating safe, walk-able communities. And it's about  
18 people wanting to enjoy open space and parks and  
19 playgrounds.

20           But I would also emphasize, it is about  
21 better use of our tax dollars.

22           Sprawl, in fact, is fiscally irresponsible.

23

1 In Maryland, without exaggeration, we will be  
2 spending tens of billions of dollars to accommodate  
3 sprawl in terms of water and sewer lines and roads  
4 and new schools and new parks and so on.

5 And across the country, again, minimally,  
6 hundreds of billions of dollars to accommodate  
7 sprawl.

8 And I just want to stress that sprawl is  
9 not just an issue here. It's not just an east coast  
10 or southern or west coast issue. There's just  
11 unplanned and poorly planned development in just  
12 about all of our states.

13 And I note with great interest that 25  
14 governors currently have major initiatives, either  
15 legislatively or in budget in terms of dealing with  
16 this issue, and in fact, 34 governors used the  
17 discussion of sprawl or quality of life relating to  
18 that as part of the state of the state message.

19 On this topic, I'm very pleased to present  
20 our guest here today. We are joined here this morning  
21 by Thomas Hylton, our guest speaker.

22 Mr. Hylton is a Pulitzer Price-winning  
23

1     journalist from Pennsylvania and is the author of the  
2     book, "Save Our Lands, Save Our Towns."

3             There is a copy of this at your desk, in  
4     front of you there, and we present this with the  
5     compliments. And we're very, very pleased that the  
6     author is here to work with us.

7             I would also note that Mr. Hylton is host  
8     of a public television documentary of the same name.  
9     The program was broadcast on the Pennsylvania public  
10    broadcast system in the summer of 2000, and will air  
11    nationwide this year.

12            Since publication of this book in 1995, he  
13    has given over 250 presentations in 25 states on land  
14    use, planning, and community-building. And in  
15    Pennsylvania, his book has been distributed to every  
16    legislator and 500 other state and local officials by  
17    the Pennsylvania secretary of environmental  
18    protection.

19            He's a three-time winner of the American  
20    Planners Association annual journalism award. Thomas  
21    Hylton received a fellowship from the Society of  
22    Professional Journalists in 1993, to study state

23

1 planning issues. And his book is based on that  
2 research.

3 For 22 years, he wrote for the Pottstown  
4 daily newspaper, The Mercury. His editorials  
5 advocating the preservation of farm land and open  
6 space in southeastern Pennsylvania won a Pulitzer  
7 Prize in 1990. And he has served on the town planning  
8 commission.

9 Let us give a very warm welcome to our  
10 guest speaker here today.

11 (Applause.)

12 MR. HYLTON: Thank you very much. Thank  
13 you.

14 Abraham Lincoln said that a nation consists  
15 of its territory, its people, and its laws. But we  
16 might also add it consists of the things that people  
17 build on their territory.

18 We build houses. We build stores. We build  
19 offices.

20 And the question I ask you to consider this  
21 morning is, does it make a difference how we arrange  
22 the things we build?

23

1           Does it make a difference if we put the  
2 houses over here and the factories over there and the  
3 offices over there?

4           Well, there's a growing recognition across  
5 this country that it does make a difference. It make  
6 a huge difference, because if we arrange things the  
7 right way, we can build real communities, places that  
8 bring out the best in people and help them thrive.

9           If we build things right, we can protect  
10 the environment, the farm land and the forests we  
11 love.

12           If we build things right, we can save  
13 people a lot of time and a lot of money.

14           We can even promote social justice, make it  
15 more likely that every child in this country will  
16 have a fair chance in life, just by the way we  
17 arrange the things we build.

18           And some people call this smart growth. I  
19 like to think of it as building real communities. And  
20 I have some slides I'd like to show you, if we can  
21 hit the lights.

22           One of my most enjoyable experiences is  
23



1 reporting for field trip duty with my wife's second  
2 graders at the Lincoln School in Pottstown,  
3 Pennsylvania, a small town.

4 In this particular trip, the kids were  
5 studying local heroes, so we went to visit the  
6 Pottstown police department and the fire department.

7 Here the kids are shown walking eight  
8 blocks to Pottstown Borough Hall, where they were  
9 given a tour by our community services officer,  
10 Charlie Wagg, also known as Officer Friendly. And  
11 he's explaining to the kids here that the policeman  
12 is your friend.

13 Then he took them in the basement and  
14 showed them the jail.

15 (Laughter.)

16 Then we talked up to the Phillies Fire  
17 Company, where firefighter Bill Kraus explained a  
18 little bit about fire safety in the home. And before  
19 we were done, he blew the siren on the hook and  
20 ladder truck, and the kids liked that.

21 Then we began walking back towards Lincoln  
22 School. But we stopped off on the way at the Hylton

23

1 house. All the kids trooped into the backyard, where  
2 they ran around a little bit, had a healthy snack of  
3 an apple.

4 I was in the kitchen at the time sneaking a  
5 candy bar. And getting our dog Rugby, so all the  
6 kids had a chance to pet the dog before walking on  
7 back to school.

8 Now this kind of pleasant experience is  
9 made possible because my town of Pottstown is a  
10 pedestrian community, the kind that's been considered  
11 obsolete for about 50 years.

12 And so, we have literally millions of  
13 children growing up all across America who have no  
14 idea what a neighborhood looks like.

15 And so, we have to teach them with  
16 textbooks. This is actually a textbook. And you can  
17 see that they have a drawing there of closely spaced  
18 houses just a block or two away from Main Street,  
19 with the library and the five-and-dime, and the park  
20 where they can have a pick-up game of baseball.

21 But what we don't explain to our children  
22 is that, thanks to modern planning and zoning dogma,

23

1 things like single-use zoning, minimum lot size,  
2 side-yard set-back requirements, and the vast  
3 majority of municipalities in this country with  
4 zoning, a neighborhood like this is expressly  
5 forbidden by law.

6 Now I had the good fortune to be born and  
7 spend the first few years of my life in one of the  
8 loveliest neighborhoods of Pennsylvania, the little  
9 town of Wyomissing.

10 Wyomissing was founded around the turn of  
11 the century by two German immigrants who built up a  
12 big business called the Berkshire Knitting Mills.

13 In the 1930s and '40s, the Berkshire was  
14 the largest manufacturer of women's hosiery in the  
15 entire world. Back in 1912, these industrialists  
16 hired a town planner. He drew in the streets and  
17 where the parks and the schools were going to be, and  
18 he designed Wyomissing to have all the elements of  
19 society in less than one square mile.

20 So my family's little row house, shown  
21 here, was just three blocks from the mansions of the  
22 men who founded Wyomissing. It was just two blocks  
23

1 from the Berkshire knitting mills, where my father  
2 helped develop the world's first nylon stockings back  
3 in 1940.

4 His office was so close to home, he not  
5 only walked to work. He could even walk home for  
6 lunch.

7 And rather than detracting from nearby  
8 residential areas, the Berkshire actually enhanced  
9 them. It was a beautiful factory complex. My father  
10 took this photo in 1944.

11 Well, my father died at a young age and my  
12 family moved into an apartment in the nearby city of  
13 Reading, at that time a city of 100,000 people.

14 Reading was already declining, but still, a  
15 great place to grow up. I could walk to all my  
16 friend's houses. I could walk to school, where I had  
17 a wide range of friends, from the son of a janitor to  
18 the daughter of a neurosurgeon.

19 After school, I could walk everywhere I  
20 needed to go. I could walk to choir practice at  
21 Christ Church, the Reading YMCA, my favorite place,  
22 the Reading Public Library.

23

1           At least once a week, I would walk up to my  
2 grandmother's apartment, as a present-day second-  
3 grader in Reading can still do. My grandmother was  
4 always home. She was always ready to give lots of  
5 love and attention and I could be useful to her. I  
6 could run errands for her at the corner store.

7           My sister had the use of the family's only  
8 car to commute to nearby Albright College, but she  
9 could take a city bus if she had to.

10           Now right up to the 1950s, all over  
11 America, our cities and towns had thousands of homes  
12 in every price range and they were all pretty close  
13 to each other. And they had thousands of jobs and  
14 offices and manufacturing plants and they were also  
15 close by.

16           So poor and working-class people could  
17 patronize the same stores, the same schools, the same  
18 public places as the middle class and the affluent,  
19 which fostered upward mobility and which gave  
20 everyone in society a personal stake in maintaining  
21 public order.

22           Now I'm dwelling on all of this because,  
23

1       unfortunately, there's a whole generation of  
2       Americans who have no idea what a wonderful place a  
3       city or town can be, especially for a child growing  
4       up.

5                 In fact, most suburbanites think cities and  
6       towns are terrible places to live. And the reason  
7       they think they're so awful, even though people have  
8       been living there for thousands of years, is because  
9       they've witnessed the results of 50 years of  
10      senseless public and private policies that have given  
11      every incentive for our middle class and affluent  
12      residents to abandon our traditional cities and towns  
13      instead of improving them, and which have legally  
14      mandated an ugly, inefficient, environmentally  
15      damaging and socially-divisive way of life we've come  
16      to known as suburban sprawl.

17                In 1948, the year I was born, the City of  
18      Philadelphia was a prosperous, stimulating, even a  
19      fashionable, place to live. It had an outstanding  
20      public school system.

21                Center city Philadelphia is still thriving,  
22      doing better than ever.

23

1           But surrounding center city, many of the  
2 neighborhoods lie in ruins, while the city abandoned  
3 by the middle class, abandoned by industry, struggles  
4 just to survive.

5           Meanwhile, the countryside surrounding  
6 Philadelphia, which once boasted some of the most  
7 scenic landscapes and fertile farm land in America,  
8 has been nearly obliterated by sprawling development.

9           In the last 30 years, the four suburban  
10 countries outside of Philadelphia have lost better  
11 than a third of their farmland, even as the region's  
12 total population has actually decreased by 160,000  
13 people.

14           And throughout America, the story is  
15 exactly the same.

16           Hundreds of our traditional cities and  
17 towns have lost population since the '50s, always  
18 accompanied by eroding neighborhoods. And then  
19 outside those cities, our states have lost millions  
20 and millions of acres of farmland to low-density,  
21 random, sprawling development.

22           But perhaps worst of all, we've lost that  
23

1 sense of community that we used to enjoy when we had  
2 people of all ages and all income and all walks of  
3 life living together in the same physical towns.

4 Thanks to a fellowship, I had a chance to  
5 look at several states, such as Vermont, shown here,  
6 that started programs to save their cities, towns and  
7 countryside.

8 State planning is a pretty simple idea. It  
9 usually starts off by asking people, what kind of  
10 society would you like to shape for your children and  
11 your grandchildren?

12 And once you've thought about it, write  
13 down some goals. And then once you have some goals in  
14 mind, you come up with a strategy to reach your  
15 goals.

16 And when you have a state strategy, then  
17 you want every agency of the state government to  
18 follow your plan. And you want your local governments  
19 to follow your strategy.

20 And citizen task forces from the State of  
21 Vermont to the State of Washington have reached  
22 pretty similar conclusions about what they'd like to  
23



1 see.

2           They'd like their cities and towns to be  
3 safe and attractive places for people to live. They  
4 want to protect their farms and forests. They want  
5 good government services at the least possible cost.

6           They want decent housing everybody can  
7 afford. They want equal opportunities for all our  
8 children.

9           They want to foster a sense of community.

10           And most of these states, after  
11 considerable research and debate and public  
12 discussion, have reached similar conclusions about  
13 what they ought to do.

14           They ought to build communities, not  
15 sprawl.

16           Now we all know what communities look like.  
17 That's what we put on Christmas catalogues because  
18 they make us feel so warm and cozy.

19           We just don't build them.

20           Now a real community, by my definition,  
21 first of all, it's got a sense of place. You can tell  
22 where it starts and you can tell where it stops.

23

1           A real community is a place where at least  
2           some people live close to where they work and where  
3           children can walk to school.

4           There's a little town in Pennsylvania  
5           called Tawanda. You see the north branch of the  
6           Susquehanna and then right off the river is Main  
7           Street, with closely spaced stores and offices and a  
8           big civic building, the county courthouse. And then  
9           right off Main Street you see a very nice residential  
10          area.

11          So maybe if some people work on Main  
12          Street, they can walk to work. Kids can walk to  
13          school.

14          A real community has a mixture of people of  
15          all ages and all incomes. It's got a mixture of white  
16          people and black people and whatever other ethnic  
17          groups live in the region.

18          A real community is built to a human scale  
19          rather than a car scale, with a wide variety of  
20          housing types, such as apartment buildings and  
21          single-family townhouses, and single-family detached  
22          houses that are placed close enough together so

23

1 people can walk some of the places they need to go if  
2 they want to, and they can enjoy some informal  
3 meetings and greetings on the street.

4 A real community has a lot of great big  
5 shade trees that are close to the street and close to  
6 the sidewalk, and flowers, because nature is so  
7 important to us.

8 After better than 20 years of newspapering,  
9 I came to the conclusion that most of the problems we  
10 have -- crime, chronic poverty and welfare  
11 dependency, the degradation of our cities, the loss  
12 of farm land and open space, even the stress in  
13 people's lives -- could be greatly alleviated by  
14 building real communities.

15 In 1992, New Jersey passed its first  
16 comprehensive plan. New Jersey has identified about  
17 600 of what they call Communities of Place, where  
18 they're trying to get the state agencies to focus  
19 their energies towards rebuilding their traditional  
20 cities, their older suburbs.

21 Before adopting this plan, the New Jersey  
22 legislature wanted an independent assessment of its

23

1 likely impact.

2           The year-long study directed by Rutgers  
3 University concluded that implementing this plan  
4 would save New Jersey over 20 years, \$1.3 billion in  
5 infrastructure costs and about \$400 million annually  
6 in operating costs.

7           As you know, Maryland has smart growth  
8 legislation. Every traditional municipality in  
9 Maryland, Baltimore, Cumberland, Hagerstown, is  
10 designated as a priority funding area.

11           Then the counties are asked to define areas  
12 surrounding them where it makes sense to have growth  
13 at a density that's reasonable and their priority  
14 funding areas, and then those are the only places  
15 where Maryland is going to put infrastructure  
16 dollars.

17           Washington and Oregon require formal urban  
18 growth boundaries around their cities and towns.  
19 Development is given the red carpet treatment inside  
20 the growth boundaries, except for agriculture and  
21 forestry.

22           It's heavily restricted outside the growth  
23

1 boundaries.

2 But even there, there's a problem because  
3 inside those growth boundaries, you see the same kind  
4 of hodge-podge you see everywhere else.

5 To build real logical, coherent  
6 neighborhoods, we need to rediscover something called  
7 the official map.

8 This is the first official map in  
9 Pennsylvania. It was done by William Penn in 1682 of  
10 the City of Philadelphia. He drew in the streets and  
11 the park system.

12 As Philadelphia grew out of the Delaware  
13 River, it grew according to his official map. And as  
14 Philadelphia grew to the north and to the south and  
15 to the west, the city engineers extended out the  
16 street system. And development happened in logical,  
17 contiguous pieces moving out from the center.

18 And that's how every American city and town  
19 grew right up through the early 1900s.

20 Then we got into zoning blobs.

21 But now, there are a few municipalities  
22 that are rediscovering the official map. This is an

23

1 official map of Cornelius, North Carolina, north of  
2 Charlotte. Cornelius saw all this sprawl coming  
3 their way. They wanted it to be a real town. So they  
4 drew out an official map showing where the streets  
5 are going to be, and where the parks and where the  
6 schools and where the open space is going to be.

7           And so, this becomes like the picture on  
8 the outside of the jigsaw puzzle box. When everybody  
9 has built everything they're allowed to build, this  
10 is what you're going to look like.

11           Very few people have any idea how compact a  
12 quality community can be. Let me give you this  
13 example.

14           This is a map of Cranberry, the fastest-  
15 growing township in Western Pennsylvania. This is  
16 what it looks like. It's got 18,000 people sprawled  
17 out over 23 square miles of its territory.

18           Now let's suppose that we were to rearrange  
19 the 18,000 residents of Cranberry into two villages.  
20 We'll take 6000 people and put them into a village of  
21 1.2 square miles, which I'm going to call Swarthmore.

22

1 We'll take the other 12,000 people and put them in a  
2 village of 1.8 square miles, which I'm going to call  
3 Princeton.

4 Now everybody in Cranberry Township is  
5 living in two villages that take up just 15 percent  
6 of the land area. So you're saving your farm land and  
7 open space.

8 And you're also saving a ton of money  
9 because you're not putting infrastructure all over  
10 creation. You're keeping it in compact areas.

11 And because people are living closer to  
12 things they might want to do, they could actually  
13 walk. You could have schools in your villages, public  
14 schools, where kids can walk to school or ride a  
15 bike.

16 We even have room in our villages, as small  
17 as they are, for higher education. And Swarthmore --  
18 we'll put Swarthmore College, because Princeton is  
19 twice as big. We'll give those folks a university.  
20 We'll call it Princeton University.

21 And because people are living in a compact  
22 area, you can have public transportation.

23

1           Of course, I'm talking about real places.

2       The combined population of Swarthmore, Pennsylvania  
3       and Princeton, New Jersey, is equal to that of  
4       Cranberry. But they take up just 15 percent of the  
5       land area, even including most of the college  
6       campuses.

7           And although Princeton, New Jersey is one  
8       of the most fashionable addresses in the United  
9       States, it's amazingly diverse.

10           78 percent of the residents of Princeton,  
11       New Jersey are nonHispanic white. 8-1/2 percent are  
12       black. 7 percent are Asian. And 5 percent are  
13       Hispanic.

14           9-1/2 percent of the residents of Princeton  
15       are poor, almost identical to the state-wide average  
16       for New Jersey.

17           So here you have one of the loveliest  
18       places in the United States to live, to work, to  
19       bring up children. And yet, it's got room for people  
20       of all ages, all incomes, all races, and all walks of  
21       life.

22           And there's been an incredible movement in  
23



1 just the last five or six years towards building  
2 communities that are like traditional towns. And the  
3 famous one is Celebration, Florida, being built by  
4 Disney.

5           Disney development sent architects all  
6 throughout the Southeast to look at the finest small  
7 towns, which they tried to recreate in Florida. This  
8 is the downtown of Celebration. It's got closely  
9 spaced stores and offices, apartments on the upper  
10 floors. The parking is hidden behind the buildings.

11           Celebration's got great big houses and  
12 little houses and in-between houses and apartment  
13 houses, all in the same neighborhood.

14           The biggest lot size in Celebration is a  
15 quarter of an acre.

16           And Celebration has a public school, with  
17 all grade levels, K through 12, in one building, and  
18 all the kids walk to school.

19           Of course, in many of our states, we don't  
20 need to build new towns. What we need to do is to  
21 rediscover and rebuilt and expand the wonderful towns  
22 we already have.

23

1           And Brownfields reclamation is an  
2     outstanding way to do that. This is a former  
3     scrapyard in Pittsburgh, Pennsylvania, that's been  
4     reclaimed and transformed into a lovely residential  
5     and office development.

6           If I could wish anything for our children  
7     growing up in America, it would be for them to live  
8     in a real town, like my town of Pottstown.

9           Within our 4-1/2 square miles in Pottstown,  
10    we've got 22,000 residents and 14,000 jobs, an  
11    excellent balance that allows a third of us to live  
12    and work in the same small area.

13          Yes, suburban sprawl seems like a natural  
14    way of life to us. But in the whole sweep of  
15    civilization, it's only a couple of ticks on the  
16    clock.

17          It's an experiment that seemed to work well  
18    in the short-run, but does not work at all in the  
19    long-run.

20          Going back thousands of years from the days  
21    of the ancients, the Egyptians, the Greeks, the  
22    Romans, the Medieval era, Colonial times, right up to

23

1 the 1800s and the 1900s in America, the vast majority  
2 of nonfarming people have lived in villages. They've  
3 lived in towns. They've lived in the neighborhoods of  
4 cities because they make so much sense as a way of  
5 life.

6           Standing on the back patio of my house in a  
7 cool winter evening, looking over moonlit rooftops to  
8 the clock tower of Transfiguration Lutheran Church,  
9 which has been standing since the days of Abraham  
10 Lincoln, I feel a sense of kinship with my neighbors  
11 and the generations before me that have lived under  
12 its glow.

13           If we want to encourage caring in America,  
14 I've come to believe we need places to care about.

15           Thank you very much.

16           (Applause.)

17           CHAIRMAN GLENDENING: Tom, thank you very  
18 much. He's agreed to take some questions here as well  
19 from our colleagues.

20           Let me ask Gov. Ridge, first, since much of  
21 this is part of what's going on in Pennsylvania and,  
22 of course, you have been a leader in some of the land

23

1 preservation efforts and particularly, I want to tell  
2 you as a governor of a state that borders on the  
3 Chesapeake Bay, your actions have helped us  
4 considerably. And the fact that you're not a Bay  
5 state, you could have, I guess, somewhat washed your  
6 hands and said, well, it's not our responsibility.  
7 And you've really stepped up.

8 So I'm so pleased to see much of this going  
9 on in reference to your state.

10 So let's start with you, if that's all  
11 right.

12 GOVERNOR RIDGE: First of all, Tom, thank  
13 you for your wonderful presentation. I appreciate the  
14 fact that you recognize the diversity of the  
15 challenges that governors have. It's very complex  
16 when it comes to land use and sprawl.

17 I would note that since your initial  
18 assessment of Pennsylvania's challenges, and in part,  
19 because of that assessment, we're doing things a  
20 little bit different, we think a lot better, in  
21 Pennsylvania than we've ever done before.

22 I just want to thank you for your  
23

1 presentation.

2           Having grown up in a smaller community  
3 myself, we didn't necessarily walk to school, but we  
4 could walk to shop and we could walk to the ballfield  
5 and we could walk and visit neighbors and relatives.

6           I appreciate that notion.

7           And I would just alert my colleagues that  
8 we've invested in a program called Growing Greener,  
9 Growing Smarter.

10           We actually followed Tom's model to the  
11 extent that we had 60 or 70 meetings around the state  
12 to come up with some plans to encourage local  
13 communities on a county-wide basis to start thinking  
14 about intelligent growth and planning.

15           We've invested \$650 million in -- we didn't  
16 borrow it. When times were good, we just put it out  
17 there in a plan to deal with acid mine drainage, to  
18 deal with farm land preservation.

19           We now rank number one in the country in  
20 farm land preservation. We rank number one in the  
21 country in rails-to-trails.

22           We still have a lot of work to do. And I

23

1 just want to tell you, Tom, that I appreciate your  
2 reference to both the achievements that we've  
3 accomplished in Pennsylvania, but also the continuing  
4 notion of the challenges we have in Pennsylvania as  
5 well.

6           You showed Pottstown and a few other  
7 places. We literally have hundreds of those  
8 communities in Pennsylvania.

9           I want to thank you also for featuring  
10 Brownfields legislation.

11           One of the most important things we can do  
12 in this country, and I think every governor agrees,  
13 if you want to -- not necessarily prevent -- but if  
14 you want to slow down the migration of your jobs in  
15 your community to the suburbs or to the farm lands,  
16 then we need very aggressive support from the Federal  
17 Government so that we can re-utilize those old  
18 abandoned industrial sites from gas stations to steel  
19 mills.

20           We've done it in 700 sites in Pennsylvania.  
21 And with just a little tinkering of the few  
22 regulations here in Washington, D.C., we could do a

23

1       heck of a lot more.

2                   To your point, Tom, and finally, I'll  
3       conclude, in order to grow those communities, you  
4       need good schools and you have to have jobs.

5                   If you have good schools in the  
6       neighborhood, if you've got jobs in the neighborhood,  
7       people stay in the neighborhood.

8                   If you don't have jobs in the neighborhood,  
9       if you don't have good schools in the neighborhood,  
10      people are going to leave.

11                  So one of the other challenges we're  
12      dealing with suburban sprawl is improving the quality  
13      of public education in our urban communities.

14                  And I thank you, Tom, for your great  
15      presentation.

16                  MR. HYLTON: Thank you.

17                  CHAIRMAN GLENDENING: Gov. Ridge, thank you  
18      very much.

19                  Let me also, by the way, also note quickly  
20      one last point.

21                  Historically, there's been a great  
22      reluctance for the national government to be involved

23

1 in some of these issues.

2 In recent years, we have recognized, I  
3 think, that the national policy can either reinforce  
4 reinvestment in existing communities or can  
5 contribute to sprawl.

6 And I was very pleased not only with the  
7 secretaries in the Bush Administration that were part  
8 of our work group and indicated their strong support  
9 to try to find ways to help just state policy -- not  
10 anything doing with the federal, but just to  
11 reinforce state policy.

12 But there was a leadership conference up in  
13 Pennsylvania which Gov. Bush attended as well. And  
14 that was one of the issues that members of Congress  
15 had asked as well.

16 Let me turn to Gov. Vilsack here.

17 GOVERNOR VILSACK: Thank you, Mr. Chair.

18 I come from a state that has quite a bit of  
19 open space. But we have very few zoning laws. In  
20 fact, two-thirds of our counties are not zoned.

21 I'm interested in knowing, given that  
22 dynamic, how you would begin the dialogue in a state

23



1 where there has been a resistance to any kind of  
2 direction about land use, the attitude being that  
3 it's my land and I should be able to use it how I see  
4 fit.

5 MR. HYLTON: If people in Iowa like the way  
6 it looks -- and I had an opportunity to drive through  
7 Iowa in 1993 when it was looking greener probably  
8 than it's ever looked in its history, and it was just  
9 delightful.

10 And you can drive through the farm fields  
11 and in the distance you can see what it looks like --  
12 woods -- but it's really a town when you get closer.

13 And if people like that kind of community  
14 that you have in Iowa, you have to make sure that you  
15 support it and that you don't undermine it by putting  
16 infrastructure outside of your traditional towns.

17 And frankly, I think one of the things you  
18 can do is bring people in from the east or from the  
19 west that have seen their towns undermined by  
20 policies where you have encouraged infrastructure out  
21 in the suburban areas and seen their towns destroyed.

22 Because you have not reached that point.

23

1 Your towns and cities are still relatively healthy. I  
2 mean your towns are all healthy. Your capital could  
3 use some people downtown, in the downtown areas.

4 But I think if they like that way that it's  
5 been, you have to point out to them, if you don't cut  
6 off the infrastructure money, if you don't start  
7 thinking about the future of your community, what you  
8 have right now is not going to stay that way.

9 It's definitely going to change.

10 And you have so many examples across the  
11 country of how it can be changed in a bad way.

12 CHAIRMAN GLENDENING: Let me also, by the  
13 way, compliment Gov. Vilsack, who is, in March, the  
14 conference on agricultural preservation, leading an  
15 effort through the National Governors Association  
16 Agricultural Preservation.

17 I would recall a statement that I heard one  
18 time a number of years ago which I think is just  
19 absolutely great. And that is, the greatest form of  
20 smart growth and revitalization is to preserve  
21 working farms.

22 And that's exactly right.

23

1           You start with people wanting to stay  
2     viable in the agricultural community. You reduce  
3     significantly that pressure just to go outwards.

4           So I commend you, Governor, in terms of  
5     your leadership in that as well.

6           Gov. Minner?

7           GOVERNOR MINNER: We have some unique  
8     problems in Delaware.

9           If you think of a state where we have local  
10    zoning, home rule for municipalities. The local  
11    zoning is by counties. The state does not do any  
12    zoning at all.

13           We all think of that wonderful American  
14    dream where we want to own our own home on an acre  
15    lot, with lots of grass to cut, until we have to cut  
16    it.

17           (Laughter.)

18           But then we go back to that idea of saying  
19    sprawl, where 72 percent of our population live in  
20    those areas. It's very hard to change the mindset,  
21    not only of the people who own those homes, but of  
22    the municipalities and the counties who do that

23

1 zoning.

2 Any suggestions? And did you have those  
3 kinds of problems to deal with?

4 MR. HYLTON: Well, in Delaware, you've got  
5 it easy compared to Pennsylvania because we have the  
6 most fragmented local government in America.

7 We've got 2500 individual, little  
8 municipalities.

9 The first thing that you can be optimistic  
10 about is that the demographics are all in your favor.

11 First of all, the Baby Boomer generation,  
12 we're getting into our 50s and we don't want to have  
13 a big house to take care of, and a big lot. We want  
14 to be closer to activities and things we want to do.

15 The household size, the family household of  
16 the 1950s, where you had mom, dad, and the two kids,  
17 that's just 25 percent of our households.

18 The growing households now are single  
19 people living alone. The growing households are  
20 single-parent families. They want to be closer to  
21 things that they want to do.

22 Immigration has a huge impact on our

23

1 country, getting more than a million immigrants. And  
2 they traditionally start off in traditional cities  
3 and towns.

4 And as you know, cities and towns are  
5 getting safer, much safer than we thought they could  
6 be ten years ago.

7 And then, you see more middle-class people  
8 moving into the cities.

9 Wilmington is seeing an increase in its  
10 population. Well, that's not by accident. People are  
11 finding it more convenient.

12 And you know that there have started some  
13 traditional developments that are being built across  
14 the country. There's one they're trying to build in  
15 Delaware, Whitehall. And as more of these things get  
16 built and people see them and see how nice they are,  
17 it's going to be a lot easier to sell them.

18 We are a nation of salesman. And what you  
19 have to do is sell people on a better idea. That's  
20 what we're doing all the time in private industry.

21 And why on earth would you drive everywhere  
22 for everything? You have all the disadvantages. You

23

1 can't walk out in the countryside. It's too  
2 dangerous. In a town, at least you can walk. You can  
3 save yourself a ton of money by not having to drive  
4 everywhere. You can have that sense of place and  
5 community.

6 And I think you need to create the vision  
7 and make it a really clear, compelling vision and get  
8 your state agencies, everybody to understand what  
9 that vision is, which I know isn't easy.

10 But you have to get them to understand the  
11 vision and get the rules and regulations fitting in  
12 with the vision of what you're going to do, and you  
13 can make powerful differences.

14 GOVERNOR MINNER: That sounds easy. However,  
15 in Delaware, we find that our largest-growing  
16 population are those retirees who are moving to our  
17 state from the large cities. And they're the ones  
18 looking for that acre and home.

19 And it makes it very difficult. They are  
20 not our own Delawareans.

21 We've passed strong legislation for ag land  
22 preservation and are doing very well with that. We

23

1 have our open space and greenways legislation passed  
2 and doing well.

3 But our largest-growing population in  
4 Delaware happens to be retirees.

5 MR. HYLTON: Well, I think there's an  
6 excellent opportunity for you to get them to start  
7 shepherding them into Wilmington and Dover and Newark  
8 and your other traditional towns because they're  
9 going to find out, as they're getting a little bit  
10 older, that driving everywhere is not a convenient  
11 way to live. They'd like to be a lot closer to their  
12 services.

13 And you've got an excellent population to  
14 work on.

15 GOVERNOR MINNER: Well, I think they'd like  
16 to be closer to our seashores.

17 (Laughter.)

18 And that makes a difference as well because  
19 that's where the majority of them are retiring for  
20 their retirement homes.

21 CHAIRMAN GLENDENING: Let me turn to Gov.  
22 Engler and then Gov. Barnes.

23

1                   VICE CHAIRMAN ENGLER: Thank you for the  
2 presentation this morning. I think it's been  
3 excellent.

4                   I'm curious if, walking out today, we  
5 pointed to the Mayor of the City of Detroit and you  
6 arrived there to find that there's a city the size of  
7 Detroit -- there are no movie theaters that are  
8 currently operating in the city. There's great  
9 question about the quality of the schools. And so,  
10 many parents feel it's an imperative, as soon as  
11 their children reach school age, to be moving outside  
12 the city.

13                   Crime is down, though, the lowest rate in  
14 some 30 years.

15                   But this is a very challenging situation.  
16 What do you think the big cities have to do to tackle  
17 this first because it seems to me that the smaller  
18 towns have some scale advantages. By being smaller,  
19 they can change a couple of things and it will be  
20 more impactful.

21                   One of the problems in a large city, it  
22 seems, is that an attempt to do something, often, the  
23



1 cities do a little bit here and a little bit there,  
2 and you don't get the critical mass.

3 I'm just curious as to what you'd advise  
4 say a city government in one of the large urban  
5 centers. It wouldn't have to be Detroit, but that's  
6 an interesting example, since I'm from Michigan.

7 MR. HYLTON: Well, I was in Detroit for the  
8 first time in my life about five years ago and I was  
9 absolutely astonished because I expected it to be a  
10 total dump, from what I had heard.

11 And frankly, I was amazed at how Detroit in  
12 the '50s must have been incredibly beautiful.

13 VICE CHAIRMAN ENGLER: It was.

14 MR. HYLTON: It is not a city of high  
15 dense, packed houses. It's a city of beautiful  
16 single-family houses, wonderful neighborhoods,  
17 terrific views. The finest downtown architecture you  
18 could find anywhere in the country.

19 I was just literally blown away.

20 And I think you need to start with the  
21 people who are not going to be as afraid of the  
22 schools. You need to start with those kinds of people

23

1 that you can attract into Detroit.

2 And I think aiming things like Brownfields  
3 reclamation, which has done wonders for Pittsburgh  
4 and which can do wonders for Philadelphia, you really  
5 need to put money into reclaiming those brownfields.  
6 You really have to cut off the infrastructure dollars  
7 out into the suburban areas.

8 And I think that you will find, as I said,  
9 the demographics are in the favor of people wanting  
10 to move back into cities and towns. Once they get  
11 there, they find that they're a lot more attractive  
12 than they thought.

13 And I think that we're seeing a trend  
14 towards people moving back into cities.

15 But once again, every state policy you look  
16 at, you have to look at it as, is this going to  
17 encourage the redevelopment of a city or is it going  
18 to undermine it?

19 Take schools, for example.

20 In Maryland, Gov. Glendening, when he came  
21 in, you were spending something like 34 percent of  
22 your money on rehabbing schools.

23

1           And now, it's 80 percent because now,  
2   Maryland has changed the funding formula to say, the  
3   older the school is, the more money we're going to  
4   give you to subsidize to rehab it, because we want to  
5   keep the schools right where they are. We want to  
6   rehab the schools. We don't want you to consolidate  
7   schools out into a cornfield somewhere.

8           And then after that, we in Pennsylvania  
9   went to the secretary of education in Pennsylvania  
10   and said, you're giving a subsidy to build new  
11   schools. If rehabbing a school costs 60 percent or  
12   more of the cost of a new school, we want you to  
13   build a new school.

14           We'll give you a subsidy for that.

15           And now, we've changed that formula so that  
16   whether you rehab or you build new, you get the same  
17   exact subsidy from the state.

18           And it's a matter I think of looking at  
19   every policy you have and saying, is it going to  
20   encourage redevelopment of our cities and towns or is  
21   it going to discourage it?

22           And the same thing with transit and

23

1 highways.

2 Highways certainly encourage people to move  
3 out of cities and towns, transit makes towns  
4 healthier.

5 CHAIRMAN GLENDENING: I would note, by the  
6 way, in the Brownfields, that there's several pieces  
7 of federal legislation that are talking about  
8 strengthening the Brownfields considerably, which we  
9 have used successfully and I know a number of my  
10 colleagues here have as well.

11 Let me turn next to Gov. Barnes, and then  
12 trying to keep order, as I see them here, Gov. Holden  
13 after that, and then Gov. O'Bannon and Gov. Geringer.

14 Senator Daschle is running just a few  
15 minutes late, so I think we'll have time for these  
16 questions as well.

17 Roy?

18 GOVERNOR BARNES: I want to follow up on  
19 something that Gov. Minner said.

20 When you ask people about, just as you  
21 pointed out, when you ask people, what is idyllic?  
22 What is ideal about where they want to live? They

23

1 want to live in these neighborhoods and everything  
2 else.

3 But when it turns to density, if you ask  
4 them about that, then they go berserk on the density.

5 The first question is, how do you ever  
6 reconcile that, because that becomes a big problem.  
7 In any of these efforts, when you say, we want to  
8 build neighborhoods. So, therefore, we have to  
9 increase density.

10 It's used as a political weapon. You know  
11 these folks are trying to build more per unit.

12 The second thing is, I'm a big believer  
13 that private business is what moves development  
14 patterns. What kind of incentives have you seen that  
15 work with private business to create this type of  
16 development?

17 And lastly, what do you do about the sprawl  
18 developments that you've already shown here? What do  
19 you do with them, that's already built?

20 MR. HYLTON: Okay. I'll be happy to answer  
21 those.

22 But first, I want to mention, I feel bad  
23

1 that I didn't mention -- I know that Michigan is a  
2 leader in Brownfields reclamation and I didn't mean  
3 to -- I recognize the fact that Michigan has been out  
4 in the forefront of that.

5 As far as density, Americans have no  
6 conception of density. And density is just a word you  
7 stay away from.

8 I'll give you an idea about how Americans  
9 have no idea of density.

10 Most people would agree that Paris is one  
11 of the most beautiful cities in the world. Well, let  
12 me say, when they think density, they think of  
13 European cities.

14 We're not looking for density that's even  
15 close to that.

16 Most people think that Paris is one of the  
17 most beautiful cities in the world. It's got the same  
18 population about as Chicago, about 2 million people.  
19 But in land area, it takes up the same size as  
20 Peoria, Illinois.

21 So if you took all the people in Chicago  
22 and moved them to Peoria, Illinois, that would be the

23

1 density that you're talking about, European density.

2 That's 50,000 people per square mile.

3 We don't need anything close to that to  
4 make walking possible. All we need is 5000 per square  
5 mile. That's Swarthmore, Pennsylvania.

6 If you want to make it really easy to walk,  
7 really easy to get around, then 10,000 people. That's  
8 Charleston, South Carolina, one of the most beautiful  
9 cities anywhere in the world. Or that's Oak Park,  
10 Illinois, a lovely, green, leafy, suburban, 1920s  
11 suburb of Chicago.

12 So when you're talking about densities, you  
13 have to be careful to say, we just want to put things  
14 close enough together so that people can walk. And we  
15 know what that formula is, how many people you need.  
16 About 5000 to 10,000 per square mile. And you need to  
17 show them what you're talking about.

18 It's so important. Once they see what  
19 you're talking about, they say, yes, I really like  
20 that.

21 Then the second question was private  
22 developers. And of course, you're very fortunate. The

23

1 chamber of commerce is taking a lead in this issue.

2 And you have John Williams, who is going to do more  
3 to covert builders towards building traditional  
4 communities, probably, than an awful lot of  
5 government efforts could ever do.

6 And I think what you need is things like,  
7 for example, last year, Maryland passed a rehab code  
8 based on New Jersey. New Jersey passed a rehab code  
9 in 1997 to make it much easier to rehab an older  
10 structure.

11 And when they did that, within a year,  
12 three of their largest cities increased their rehab  
13 60 percent.

14 And then, Maryland, as I said, passed it  
15 last year. And I think a lot of other cities are  
16 looking at rehab codes.

17 And then Brownfields. I mean, not only to  
18 me. To me, you subsidize things that you want people  
19 to do.

20 I get a tax break for giving to the Red  
21 Cross because that's something that we want people to  
22 do.

23



1           Well, if you want to have people building  
2           downtown, then you've got to give them some kind of a  
3           subsidy to get the ball rolling.

4           And I think you as a governor can really do  
5           a lot by praising the companies that are doing the  
6           right thing and, if you have the courage, to go after  
7           the companies that are doing the wrong thing.

8           The fact that Bell South is locating in a  
9           transit-oriented development in the City of Atlanta  
10          is going to be a tremendous boost to this whole idea  
11          of revitalizing our cities, and I think they're to be  
12          highly commended.

13          And I think when a company wants to do that  
14          corporate campus out there in a greenfield, that  
15          everybody is going to have to drive to, that is going  
16          to chew up farmland and open space, that the poor and  
17          working class can't possibly get to, you shouldn't be  
18          giving them a subsidy to do that.

19          You should be criticizing them for it.

20          Now what was your third question?

21          GOVERNOR BARNES: What do you do about the  
22          sprawl neighborhoods you already have?

23

1                   MR. HYLTON: That's not too hard to  
2    redevelop. That's not too hard to get those densities  
3    back up.

4                   When you look at traditional suburban  
5    sprawl, there's an incredible amount of vacant land  
6    that's already sitting out there. And you can start  
7    rebuilding that.

8                   For example, in Mashby, Massachusetts,  
9    there was an old mall that died. And a builder came  
10   in and decided that he was going to make a village.  
11   He used the mall to start a little downtown.

12                   The same thing has been done in Boca Raton,  
13   Florida, where there was a dead mall and they came in  
14   and they built a little town center, with stores and  
15   offices on the first floor and apartments on an upper  
16   floor, some parking garages that are tastefully  
17   hidden behind townhouses, a little Main Street.

18                   Reston, Virginia, a landmark suburb, put a  
19   new downtown in Reston about six or seven years ago  
20   and it's been amazingly popular.

21                   So you look around at those vacant lands  
22   and you start building town centers from there. And

23

1 then you can start getting in more in-fill  
2 development there and making it more pedestrian-  
3 friendly.

4 I think, Maryland, you've put in 50 miles  
5 of sidewalks.

6 CHAIRMAN GLENDENING: Right.

7 MR. HYLTON: 50 miles of sidewalks in the  
8 last year or two.

9 Just starting to put in sidewalks. There  
10 are a lot of people who are physically only ten  
11 minutes away from something. But there's no sidewalk  
12 to get there. You have to get in your car to drive  
13 there.

14 Just retrofitting sidewalks can make an  
15 enormous difference.

16 MR. HYLTON: Tom, thank you.

17 I might note real quickly, Gov. Barnes has  
18 been one of the leaders in terms of an extraordinary  
19 use of both brownfields and re-use in the steel  
20 facility. Atlanta Steel, which is a couple of  
21 billion dollar investment, a whole new city being  
22 constructed right in downtown Atlanta, which is kind

23

1 of fascinating.

2 We went over to look at it and I want to  
3 commend you again for your leadership on that as  
4 well.

5 Gov. Holden?

6 GOVERNOR HOLDEN: Thank you. One comment  
7 and then a question.

8 Congressman Gephardt from the City of St.  
9 Louis is very interested in this issue. We've had  
10 some early discussions.

11 He was active in the '70s and '80s on  
12 historical preservation. He's looking to want to do  
13 something with historical preservation in the future.  
14 That might be something that we follow up on.

15 Have you seen any particular strategies in  
16 these communities that fail and those strategies that  
17 succeed as communities try to turn themselves around?

18 What are the first steps in this process?  
19 What do you need to have in the way of buy-ins early  
20 on to make it a success?

21 What kind of process have you seen that  
22 communities go through to be successful?

23

1           MR. HYLTON: I'd have to say, you have to  
2 look at it at a state-wide basis because it's very  
3 difficult for communities to bring themselves back  
4 when all the incentives are the other way.

5           If a builder is going to have no problem at  
6 all building out on a greenfield, then why is he  
7 going to build in St. Louis? Why is he going to take  
8 a risk?

9           So you really have to provide incentives  
10 for them to be in cities.

11           When you talked about historic  
12 preservation, when we had a full historic  
13 preservation tax credit in the 1980s, there was a  
14 tremendous amount of development in our cities and  
15 towns. And then they changed the law and it really  
16 dried up.

17           There are amazing things that the Federal  
18 Government could do just by saying, we're going to  
19 give you a federal tax credit. If you go in and buy a  
20 house in the city and you can get a tax credit for  
21 fixing up that house, that would be an enormous  
22 boost.

23

1           And getting the federal agencies thinking  
2 along the same lines.

3           It's such a simple idea.

4           Cities and towns are places where people  
5 can walk, places they need to go.

6           Now we look at every agency, whether it's  
7 the Federal Government or the state government, and  
8 saying, are we encouraging it or are we discouraging  
9 it?

10           If the post office is putting a new  
11 building outside in the countryside that seems very  
12 efficient to them -- and it is efficient. But it's  
13 killing the town.

14           So, in the long run, you say, what do you  
15 want to do? Do you want to have really efficient  
16 movement of the mail, or do you want a town that's  
17 alive?

18           So just getting the postal department to  
19 put post offices and keep them downtown can be a big  
20 help.

21           CHAIRMAN GLENDENING: Gov. O'Bannon, I  
22 guess in a moment of political astuteness, said,

23

1 well, we've got the Majority -- I can't say Majority  
2 there.

3 (Laughter.)

4 That was totally inadvertent. It was not  
5 predictive, Freudian or anything else. But we've got  
6 Senator Daschle here. So he's passed in his question  
7 just a little bit.

8 Gov. Geringer, would you like to real  
9 quickly because you're an atypical state somewhat in  
10 the sense of the discussion of this.

11 GOVERNOR GERINGER: Well, it probably is  
12 worth at least acknowledging the wide open spaces of  
13 Wyoming. But we still have open space challenges  
14 that we have to try to plan for.

15 When you mentioned the Disneyland concept  
16 and Main Street Disneyland, I think that was  
17 patterned after Fort Collins, Colorado, the old town  
18 of Fort Collins.

19 So there are some places that exist in the  
20 West that become ideal.

21 When you talked about 5000 per square mile  
22 as a beginning optimum density, Wyoming is five

23

1 people per square mile.

2 (Laughter.)

3 We do cluster from here and there, but --

4 (Laughter.)

5 GOVERNOR MINNER: Ten.

6 (Laughter.)

7 GOVERNOR GERINGER: We don't have rush  
8 hour. We have rush minute.

9 (Laughter.)

10 But there are still issues such as Gov.  
11 Vilsack and Gov. Minner both talked about, where  
12 people do want to move out and have more space  
13 between the places.

14 We end up with 40-acre wedets. But we also  
15 notice that there's quite a bit of affluence that's  
16 driving the people who spread out in those areas.  
17 That affluence, I think, is affecting as much as  
18 anything.

19 And as you described being able to walk to  
20 and from work, to and from school, to and from  
21 cultural events, a lot of that depends on the  
22 diversity of people and diversity of employment. And

23



1 what's missing as far as making all this come  
2 together is the diversity of employment.

3 Not every town is going to have Berkshire  
4 Mills, where everybody wants to work in one place, or  
5 has the opportunity.

6 The diversity that enhances the quality of  
7 community means a broad diversity of employment. And  
8 that's not necessarily being encouraged in many of  
9 these clustering concepts.

10 It could be.

11 And I guess the key question for any of us  
12 as governors is how much should be directed by  
13 either -- well, let's just limit it to the state.  
14 How much should be mandated by the state as far as  
15 either fostering or mandating -- I don't like the  
16 idea of mandates because it just doesn't sell in  
17 Wyoming. But creating the sense of voluntary  
18 development of community where things, as you've  
19 described, would cluster.

20 I've been to Paris. I've been on the Champs  
21 D'Elysee. I've stayed in the flat where the front  
22 yard was 50 square feet, let alone a square acre. The

23

1 flat was in the most pleasant part of downtown  
2 France. You could see the Eiffel Tower from where we  
3 stayed and walked around. But you had to shutter the  
4 windows every night with steel shutters to prevent  
5 intruders from coming in.

6 And this was a safer part of Paris.

7 So it's not necessarily that density that  
8 matters. It matters as to sense of how people live in  
9 trust with each other. And it depends on employment,  
10 extended family. And with the mobility that we have,  
11 that's difficult to attain.

12 MR. HYLTON: Was there a question there?

13 GOVERNOR GERINGER: No. Mine was to offer an  
14 observation about how difficult it's going to be.

15 MR. HYLTON: Okay.

16 GOVERNOR GERINGER: And within Wyoming, as  
17 it is with many rural states, people have that sense  
18 of property ownership that they do not want to yield.

19 And I would suggest to you that in your  
20 model, if it were to be translated to other states,  
21 there has to be greater attention paid to diversity  
22 of employment and a wider variety because you will

23

1 not have diversity of people if you don't have  
2 diversity of employment.

3 MR. HYLTON: Well, that's absolutely right.  
4 And of course, in the days when you had the big steel  
5 mill that employed everybody in town, those are over.  
6 And you have lots of little offices and so forth.

7 But they are perfect for traditional towns.

8 The kinds of things that people are doing  
9 now is much better for traditional towns than the day  
10 of the steel mill because nobody wanted to live near  
11 the steel mill.

12 But now, even light manufacturing is so  
13 clean and pleasant, that you can mix it in with  
14 residential areas. You can mix in all kinds of  
15 manufacturing and office uses and make for a very,  
16 very lovely, walk-able, functioning towns that are  
17 working all the time.

18 And that can be done in Wyoming and small  
19 towns as well as it can be done anywhere else.

20 CHAIRMAN GLENDENING: Tom, thank you very  
21 much.

22 Let's give our speaker a hand here as well.

23

1                   (Applause.)

2                   CHAIRMAN GLENDENING: Jim, I appreciate  
3 your wonderful, although somewhat shameless,  
4 promotion of Wyoming in terms of description of life.

5

6                   (Laughter.)

7                   Good job. And I notice Senator Daschle  
8 looking with approval of the description of the  
9 lifestyle as well, similar, of course, to South  
10 Dakota.

11                   We have two last items of business.

12                   First, Senator, with your approval, we're  
13 going to move real quickly to your colleague, Senator  
14 Jack Reed, to comment briefly on the invitation to  
15 the summer meeting in Providence, Rhode Island.

16                   By the way, that site was selected in large  
17 part because it stands out as a tremendous success  
18 model in terms of what can be done in an older  
19 industrial town with revitalization, smart growth,  
20 and things of this type.

21                   And it's become a poster child almost in  
22 terms of success.

23

1           As we know, our colleague, Lincoln Almond,  
2           could not be with us today. He is recuperating from  
3           surgery. I am sure he's doing very well, having had  
4           that surgery at Johns Hopkins in Maryland -- another  
5           commercial as well.

6           (Laughter.)

7           But he cannot be with us today. But United  
8           States Senator Jack Reed has joined us, along with  
9           some local officials as well. And I'd ask Senator  
10          Reed if he would come and make some comments on this  
11          as well.

12          SENATOR REED: Thank you very much. Thank  
13          you, Governor.

14          And I understand, with my leader standing  
15          by, that I should be brief, as well as short.

16          (Laughter.)

17          I feel sort of awkward. It's like the young  
18          curate who shows up to give his first sermon and  
19          discovers the Pope in the audience.

20          (Laughter.)

21          So I will be brief.

22          I am delighted to be here to represent Gov.

23

1 Almond and also be joined by my colleague in local  
2 government, Mayor Scott Avedisian, who I'll call up  
3 shortly.

4 The Governor and Mrs. Almond are looking  
5 forward to hosting the summer meeting of the  
6 Governors Conference, the 93rd annual meeting, in  
7 Rhode Island.

8 The whole state is truly excited about the  
9 opportunity to show off Rhode Island.

10 Rhode Island has been accurately described  
11 as America's first vacation land. And you will enjoy  
12 every aspect of our lifestyle and the meetings that  
13 you'll have there.

14 There's an old sort of saying in life --  
15 "Follow the money."

16 Well, back in the 1880s and 1890s, the  
17 people with more money than they could even think  
18 about, decided that Rhode Island was the place to be.  
19 They settled in Newport. They built huge mansions  
20 which you'll see. And since that time, we've enjoyed  
21 generation after generation, the beauty of  
22 Narragansett Bay, the history of Rhode Island, our

23

1 ethnic diversity, and all those things will be  
2 evident when you join us this summer.

3 We have quite a few events planned for you.

4 The opening event on Saturday, August 4th,  
5 will be at Rhode Island's McCoy Baseball Stadium, the  
6 home of the Pawtucket Red Sox.

7 We've got the Army band and chorus and the  
8 Rhode Island colonial militia there to do a pre-game  
9 show. It will be great fun. It will be particularly  
10 fun for the children because they'll be able to see  
11 some very good baseball as well.

12 On Sunday night, the centerpiece of our  
13 celebrations in Providence, we'll be at the state  
14 house, where you'll see one of the most imposing  
15 capitals in this United States. And you'll also be  
16 able to sample some of our ethnic cuisine.

17 You've already had the chowder. And we can  
18 do just as well with Italian food and Greek food and  
19 any other kind of food you can think of.

20 Then you'll be able to watch a uniquely  
21 Rhode Island event -- water fires. We literally,  
22 throughout the rivers of downtown Providence, put

23

1 burning cauldrons of aromatic wood. Music is piped  
2 through the city.

3 20,000 people, on average, will come down,  
4 walk around, enjoy the sites of Providence. It's a  
5 unique urban experience, and water fires will be  
6 presented for you.

7 And then the concluding event, on Monday  
8 evening, will be an opportunity to visit some of the  
9 cottages in Newport.

10 We're going to the Breakers. It was built  
11 by Cornelius Vanderbilt II. It contains 70 rooms. No  
12 one has calculated the number of bathrooms yet. But  
13 it's a substantial piece of real estate.

14 You'll enjoy it. And you'll for a moment  
15 think back and look back in time to the Gilded Age of  
16 America.

17 We welcome you. You're going to have an  
18 exciting time. Everyone in Rhode Island is poised and  
19 ready to make your visit a memorable one and one that  
20 will be, I think, something that you will recall for  
21 years and years and years.

22 And now let me call forward Mayor Scott

23



1 Avedisian of Warwick, Rhode Island, who will talk  
2 about one of the special programs that's available  
3 for you during the Governors Conference.

4 Thank you very much.

5 Scott?

6 (Applause.)

7 MAYOR AVEDISIAN: Thank you, Senator Reed.

8 Again, on behalf of Governor and Mrs.

9 Almond, it's a pleasure to be here today to give you  
10 a preview of a special service that is ready and  
11 willing to serve all of you as you make your plans  
12 for Newport and Providence in August.

13 As the Mayor of the City of Warwick, you'll  
14 all be flying into our airport. You will hear it  
15 repeatedly while you're there. And I apologize in  
16 advance for all the photos that are in there that  
17 remind you that you actually have landed in Warwick.

18 We have a little battle usually going on  
19 with the capital city to remind you that we are the  
20 second largest city. But it's where the airport is.

21 But starting on April 1st, the planning  
22 committee and Governor and Mrs. Almond have put

23

1 together a service called Les Concierge, that will be  
2 looking for you to fill your pre-meeting and post-  
3 meeting time with 400 miles of coastline and 65  
4 beaches, world-renowned restaurants and a renaissance  
5 city and the capital.

6 We're hoping that you will come early and  
7 stay late, take advantage of our beautiful beaches,  
8 our historic preservation efforts, and be able to  
9 call in starting April 1st, so that we can help book  
10 your extra time, whether you want to sail, golf, look  
11 at some of our historic sites or take in some of our  
12 theater and museums.

13 We are all looking forward to having you  
14 and we're all looking forward to being able to fill  
15 your pre- and post-meeting time as well.

16 We have a booth outside if you want to stop  
17 and get some information. Or starting April 1st, you  
18 can start calling our number.

19 And we look forward to seeing you this  
20 summer.

21 (Applause.)

22 CHAIRMAN GLENDENING: Senator, Mayor, thank  
23

1     you very much for your being here and for your  
2     support in making this a summer conference that will  
3     be very, very successful and extraordinarily  
4     interesting. And again, we appreciate the hospitality  
5     of Lincoln Almond and regret that he couldn't be with  
6     us here today.

7             It is my pleasure at this time to introduce  
8     our next guest, Senator Tom Daschle, who, Senator, we  
9     really appreciate your time, knowing how busy  
10    everything is right now as the new Administration  
11    comes together and as Capitol Hill works with the  
12    Administration in formulating policy.

13            Many of you know Senator Daschle. He was  
14    born and raised in Aberdeen, which, I guess to put  
15    things into perspective here, is the third largest  
16    city in South Dakota, with a population of 25,000  
17    people.

18            He became the first person in his family to  
19    earn a college degree. He graduated from South Dakota  
20    State University in 1969, with a degree in political  
21    science, I'm proud to say.

22            He began his career in public service as an  
23

1 intern in the U.S. Senate and then was elected to the  
2 U.S. House of Representatives in 1978 and won his  
3 first Senate seat in 1986. And in 1992, he was re-  
4 elected to the Senate by a margin of 2 to 1.

5 And in 1994, he was chosen Democratic  
6 leader, succeeding Senator George Mitchell, who had  
7 retired.

8 I would note, in the history of the Senate,  
9 only one other person, Lyndon Johnson, had served  
10 fewer years before being elected to lead his party.

11 Senator Daschle has had a very inclusive  
12 style of leadership. Time magazine described him as,  
13 quote, inexhaustible, having an inexhaustible  
14 patience for finding consensus.

15 His efforts have paid off repeatedly over  
16 the years, in things such as defeating one proposal,  
17 which was originally the largest education cut  
18 proposed in the history of the country and, instead,  
19 working with his colleagues on both sides of the  
20 aisle and ended up passing the largest education  
21 increase in history.

22 And he's helped things such as making

23

1 insurance more affordable, as well as working on the  
2 bipartisan balanced budget agreement.

3 We are very pleased, Senator, that you're  
4 joining us this morning. We look forward to your  
5 remarks and discussion.

6 Ladies and gentlemen, Democratic leader of  
7 the United States Senate, Tom Daschle.

8 SENATOR DASCHLE: Gov. Glendening, thank  
9 you very much for that kind introduction.

10 I couldn't help but totally empathize with  
11 Gov. Geringer as he was talking about Wyoming life  
12 and culture.

13 Gov. Glendening noted one of my earlier  
14 elections. I was elected to the House in 1978 by 14  
15 votes, which in our state is 60 percent.

16 (Laughter.)

17 But we have miles and miles of miles and  
18 miles as we do in the West, and it's great to see not  
19 only some of the colleagues that I have admired  
20 greatly and served with -- Bob and Dirk, especially --  
21 --but other governors whom I have come to know and  
22 appreciate as well.

23

1           So it's an honor for me to be here.

2           I started running 20 years ago. That is,  
3 running physically, out there on the streets. I had  
4 an interest in running in that sense of the word for  
5 a long period of time.

6           I read an interesting article a while back  
7 about another runner whose name you may recognize --  
8 Roger Bannister.

9           He ran, as you know, the four-minute mile  
10 in 1954, for the first time.

11          Recently, as I was rereading some of his  
12 earlier work and some of the comments he made about  
13 that moment in his life when he broke the four-minute  
14 mile, he was asked what was going through his head  
15 when he actually broke that records.

16          Doctors and scientists apparently had  
17 warned that anybody who would even attempt to break  
18 the four-minute mile would threaten their own  
19 physical health, and that it was virtually  
20 impossible. And that the stress would be so great,  
21 that you'd actually die if you ever accomplished  
22 something like that.

23

1           He was asked, what happened, what was his  
2 original thought when he got up after having  
3 accomplished that four-minute mile?

4           And he said, I got up and, having collapsed  
5 at the finish line, I figured I actually was dead.

6           (Laughter.)

7           For a split second, that's kind of the  
8 feeling I had last month when the Senate agreed to a  
9 plan that divided the Senate in the first ever 50-50  
10 composition.

11           People said that you couldn't really do  
12 that, either, that you couldn't work through all of  
13 the extraordinary problems that would be associated  
14 with coming up with a power-sharing arrangement.

15           And as I look back at the reasons why we  
16 were able to do what we did, I have to say it was  
17 people in this room, the leadership represented at  
18 these tables, that gave us the kind of encouragement  
19 and gave us the incentive to do what we were able to  
20 do over that period of weeks following the election.

21           There was no precedent for a 50-50 Senate.

22           So when it became clear that we were going

23

1 to have to figure out how we address the challenges  
2 we face in this new make-up, we looked to the states  
3 for leadership and for guidance.

4 And we discovered that in the last 30  
5 years, 31 states have actually had state legislatures  
6 that have dealt creatively with the challenge of  
7 evenly-divided chambers.

8 In a number of those cases, in fact, in  
9 most of those cases, it was the governors who helped  
10 find the solution.

11 The plan I especially liked was the 1992  
12 Florida senate solution. They agreed to have a  
13 Republican state president the first year and a  
14 Democratic president the second year.

15 For some reason, Senator Lott wasn't as  
16 enthusiastic about that plan as I was.

17 (Laughter.)

18 So we kept looking and talking. And over  
19 about seven weeks, we finally came up with a plan  
20 that both parties thought was fair and balanced. And  
21 so far, I think it's working pretty well.

22 In addition to providing us with good  
23



1 examples of how bipartisanship can work, states have  
2 given us a lot of good ideas in recent years about  
3 how together you can do a better job of delivering  
4 the sort of essential services, from health care for  
5 children to job training for parents.

6           And I think we've got to develop a new kind  
7 of partnership with the states at the federal level,  
8 a partnership that is based on mutual respect. We  
9 need to work with you to set goals, give you the  
10 flexibility and resources to meet those goals, and  
11 then get out of your way.

12           We also need to hear from you about how you  
13 think we should use the federal budget surplus. And I  
14 know that's been a big part of your discussions over  
15 the last several days.

16           And I know that the President was here  
17 recently to talk with you about a number of his  
18 plans, including those for tax cuts and education.

19           And tonight, he will talk with America.

20           I know it doesn't surprise you to find that  
21 on many issues, Democrats in Congress agree with the  
22 President. We support a major federal tax cut for all

23

1 Americans and we'd like to see it happen this year.

2 But that's not our only priority.

3 We also have to continue to pay down the  
4 national debt. And Washington must uphold its end of  
5 the critical federal-state partnership that I know is  
6 so important to each of you.

7 Problems like over-crowded schools, lack of  
8 affordable prescription drug coverage, growing  
9 numbers of working families without health insurance,  
10 aren't just state problems. They're national  
11 problems. And solving them ought to be a national  
12 priority.

13 We all campaigned on a set of ideas and  
14 we're impressed with several of the ideas that  
15 President Bush has proposed, ideas which are clearly  
16 rooted in the experience of being governor.

17 We're also encouraged by his apparent  
18 willingness to listen to the ideas of others, as he  
19 has done to me personally and to others within our  
20 caucus.

21 Where the President's ideas and ours meet,  
22 we're ready to work with him to turn those ideas into

23

1 accomplishments.

2           Where ideas differ, I hope we can work  
3 together to find common ground, and compromise  
4 necessary as well, to move our country forward.

5           But as you know, it will take more than  
6 good ideas and goodwill to keep America moving  
7 forward. And that's why the debate that we're having  
8 right now about the federal budget is so critical.

9           It's not just a debate about next year's  
10 budget. It's a debate about next year and the year  
11 after and the year after that.

12           In other words, about our future.

13           The choices that Congress and the President  
14 must make over the next few months will likely have  
15 profound effect on every state and every person in  
16 this country for decades to come.

17           Some of you may remember what the NGA  
18 meetings were like nine or ten years ago. I do. It  
19 didn't matter if the speakers were Democratic or  
20 Republican, if they were from Congress or the  
21 Administration. They all seemed to give pretty much  
22 the same speech -- why Washington can't live up to

23

1 its end of important federal-state partnerships.

2 That's not what you hear today, by and  
3 large.

4 Today, instead of talking about what  
5 Washington can't do because of the deficits, we're  
6 now talking about what we can and should do with the  
7 surplus.

8 Instead of talking about why we have to  
9 abandon successful partnerships like the S-chip, we  
10 have the opportunity to talk about how we can build  
11 on those successes.

12 We need to make sure that we don't squander  
13 those opportunities by making foolish or reckless  
14 choices in the weeks ahead. And I know you're  
15 familiar with all the numbers because we're having as  
16 a country to grapple with them as we look to the  
17 debate about which we are about to enter.

18 According to the latest projections in the  
19 Congressional Budget Office, over the next ten years,  
20 the federal surplus is anticipated to be \$5.6  
21 trillion.

22 Of that \$5.6 trillion, more than half,  
23

1     \$2.9, belongs to Social Security and Medicare. It's  
2     already spoken for and that is not the subject of any  
3     debate.

4             When you take Social Security and Medicare  
5     off the table, you get the real surplus -- \$2.7  
6     trillion. That's the total amount available over the  
7     next ten years -- for additional debt reduction, for  
8     tax cuts, for new initiatives, for emergencies. \$2.7  
9     trillion, with a very important qualifier. And that  
10    qualifier is that the projections have to be right.

11            Now President Bush says his tax cut will  
12    cost \$1.6 of that \$2.7 trillion.

13            But when you add the increased interest on  
14    the national debt, which is \$400 billion, the AMT  
15    fix, the alternative minimum tax fix that must be  
16    initiated so that people can take full advantage of  
17    the tax cut, which is \$200 billion, the extenders,  
18    which are authorized every year, but expire every  
19    year, but for which there is 100 percent support,  
20    that's \$100 billion.

21            You add up all of that and you find that  
22    the tax cut is actually not \$1.6, but almost \$2.6

23

1 trillion. \$2.6, I might emphasize again, out of the  
2 \$2.7.

3 That would leave \$100 billion over the next  
4 ten years for debt reduction, prescription drug  
5 coverage, education, defense, and other critical  
6 priorities, plus all the unexpected emergencies and  
7 disasters that we know will come.

8 Now \$100 billion over ten years sounds like  
9 a whole lot of money to somebody from South Dakota,  
10 and I'm sure it does to you. And it is.

11 But think about this. Over the last ten  
12 years, the Federal Government has spent \$106 billion  
13 on emergencies alone.

14 The way it's written now, I believe the  
15 President's tax cut is just too big. It crowds out  
16 too many other very critical priorities. And it  
17 assumes unrealistic cuts in spending.

18 We're told that, to pay for his tax cut,  
19 the President's plan to freeze total discretionary  
20 spending at zero real growth, that is, the last  
21 year's dollar amounts plus inflation for the next ten  
22 years, would leave no new money for demographic

23

1 changes, which over the course of ten years could be  
2 very consequential.

3 Like the fact that public enrollments are  
4 expected to keep increasing every year for the next  
5 ten years.

6 In addition, the President has promised to  
7 increase defense spending faster than the rate of  
8 inflation, something else which I believe ought to be  
9 supported.

10 When you factor in demographic changes,  
11 plus the President's promises for zero real growth in  
12 the overall federal budget, what that means is real  
13 cuts in nearly every single area except for defense.

14 In addition to being too big, in my view,  
15 the President's tax cut relies far too heavily on  
16 ten-year budget projections.

17 The choices many of you are facing right  
18 now back home demonstrate how risky it is to rely on  
19 one- or even two-year budget projections.

20 Just last June, I'm told states reported  
21 their biggest budget surpluses in 20 years. And  
22 everyone expected the surpluses would keep building  
23

1 for years to come.

2 Even the Congressional Budget Office made  
3 that prediction.

4 But as recently as two months ago, the  
5 future still looked rosy. Only six states thought  
6 they might have budget problems this year.

7 Then came the surprises, the lower-than-  
8 expected tax sales receipts, the higher-than-expected  
9 increases in Medicaid costs, the skyrocketing energy  
10 costs. And suddenly, everything changed.

11 Today, I'm told governors in at least 15  
12 states are now struggling with their first  
13 significant budget shortfall in several years.

14 As you know, it takes more than just easy  
15 choices to make a balanced budget. It takes smart  
16 choices.

17 And if the President's tax cut passes the  
18 way it is written now, you're going to have to make  
19 some very painful choices.

20 We have a different plan. Instead of  
21 risking America's future by committing to pay for a  
22 huge tax cut with surpluses that might never

23



1 materialize, we're proposing a plan that is  
2 responsible, that's realistic, and that's fair.

3           We start by taking the Social Security and  
4 Medicare surpluses off the table. Then we take the  
5 real projected surplus, \$2.7 trillion, and divide it  
6 into thirds.

7           We use one-third, \$900 billion, for tax  
8 cuts. We invest one-third in education, prescription  
9 drugs, defense, and other critical priorities that  
10 states themselves must grapple with each and every  
11 day when they put their budgets together. And the  
12 final third we set aside to pay down the national  
13 debt so that we can continue to keep the interest  
14 rates low, to create a rainy-day fund for the  
15 emergencies we can't predict, but know will come, to  
16 reform Social Security and Medicare the right way,  
17 with a new Medicare prescription drug benefit, and  
18 without cutting benefits or subjecting Social  
19 Security to volatile stock market changes.

20           We're willing to compromise with the  
21 President on details, as long as whatever tax cut  
22 plan we ultimately agree on meets two fundamental  
23

1 principles.

2 First, it must be part of a responsible  
3 balanced budget. That means a budget that enables us  
4 to keep paying down the public debt, that protects  
5 Social Security and Medicare, and invests in  
6 education and other critical priorities.

7 That's number one.

8 Second, it must be fair to all Americans.

9 The way it is written now, the President's  
10 plan fails on both tests. 43 percent of the benefits  
11 in the President's tax cut go to the wealthiest one  
12 percent. The wealthiest one percent of the people in  
13 this country pay 22 percent of the tax at the federal  
14 level.

15 We know what happened in 1981 the last time  
16 we gambled our future on a plan like the one that is  
17 being proposed.

18 In 12 years, we quadrupled the national  
19 debt. Washington reneged on many of its promises to  
20 the states.

21 Between 1980 and 1999, following that  
22 decision, federal aid as a share of state and local  
23

1 outlays fell from 26 to 17 percent.

2 As one governor put it, Washington passed  
3 the buck without the bucks.

4 Well, we can't make that same mistake  
5 again. We're encouraged by the President's concern  
6 about education. He's obviously given education a  
7 great deal of thought and he has a number of good  
8 ideas, especially for improving literacy and giving  
9 states more flexibility in exchange for results.

10 We want to work with him to turn those  
11 ideas into a reality. But we can't do those things  
12 and pay for the President's tax cut.

13 Who will pay to develop and administer  
14 tests to every student every year? Secretary Paige  
15 has said some things that are suggested by the  
16 Administration might require that the costs of the  
17 President's testing plan be passed on to the states  
18 themselves.

19 But we think there's a better way.

20 Let's use part of the surplus to develop  
21 new and better ways to measure whether students are  
22 learning and make other needed investments in our

23

1 public schools.

2           And while we're at it, let's fulfill the  
3 commitment Washington has already made to states to  
4 pay its fair share of the costs of educating children  
5 with special needs.

6           (Applause.)

7           On health care, I know that many of you are  
8 working aggressively to provide health insurance to  
9 children in low-income families through the S-Chip  
10 program and Medicaid. And nearly 20 states have taken  
11 the initiative to open your programs to parents of  
12 eligible children, and you're getting results. And  
13 Washington needs to support your efforts by making  
14 sure that S-Chip funds are used for S-Chip, not to  
15 plug budget holes or pay for tax cuts.

16           Another thing we need to do is to work  
17 together to address the problem of the uninsured.

18           If states agree to take the responsibility  
19 of expanding Medicaid or S-Chip programs to cover  
20 parents with low-income children, 19- or 20-year-olds  
21 or legal immigrant pregnant women or children, we  
22 need to make sure you have the resources to meet

23

1 those responsibilities.

2           You've got some good ideas on how  
3 Washington can increase the flexibility for states.  
4 We need to work together to do that in ways that do  
5 not jeopardize protections for low-income, disabled  
6 children and other vulnerable people who rely on  
7 Medicaid today.

8           We want to work with the President and you  
9 to find the right ideas for expanding health  
10 coverage.

11           Finally, we know that the prescription drug  
12 costs are overwhelming too many states as well. Your  
13 Medicaid budgets are facing the same pressures that  
14 our Medicaid and Medicare budgets are.

15           They're forcing too many seniors to do  
16 without critical necessities and that's wrong. Lack  
17 of affordable prescription drug coverage isn't a  
18 state problem alone. It's a Medicare problem. And the  
19 solution is to add Medicare prescription drug  
20 benefits to the program itself.

21           I think President Bush deserves credit for  
22 offering a prescription drug plan so early in his

23

1 tenure.

2           Unfortunately, in my view, his helping hand  
3 isn't really much help. It pushes the problem of  
4 prescription coverage off to the states. It leaves  
5 out at least half of all Medicare beneficiaries who  
6 lack prescription drug coverage and need it. And  
7 there's nothing really immediate about it.

8           It could take some states a year or two to  
9 get their programs up and running. And it ends after  
10 four years.

11           The President says that he will reform  
12 Medicare by then and add a Medicare prescription drug  
13 benefit. But what if we haven't? We'll be right back  
14 where we are today.

15           Instead of settling for a plan that many  
16 have said won't work, we should use part of the  
17 surplus to add a voluntary affordable Medicare  
18 prescription drug benefit now for all seniors, not  
19 just the poorest.

20           There are some who say that we won't be  
21 able to resolve the differences in all of the  
22 approaches that I've just outlined, that we won't be

23

1 able to come up with a balanced, responsible plan  
2 that allows us to cut taxes and pay our debts and  
3 prepare for the future.

4 They're like the doctors who said no one  
5 could ever run a four-minute mile. And the pessimists  
6 who said the Senate would never agree to divide the  
7 power 50-50.

8 Over and over again, the pessimists have  
9 been wrong about what we can achieve when we put our  
10 minds to it.

11 With your continued good advice, we will  
12 prove them wrong again. We can make prosperity work  
13 for every state, for every person in our nation.

14 Thank you for giving me the chance to be  
15 with you. I'm very grateful for that.

16 (Applause.)

17 CHAIRMAN GLENDENING: Senator, thank you  
18 again and we certainly appreciate your time, given  
19 the pressure on your schedule.

20 The Senator has agreed, he has a few  
21 moments, if there is a question or two from our  
22 colleagues here as well.

23

1 Tom?

2 GOVERNOR VILSACK: Senator, several of us  
3 clapped when you talked about fully funding special  
4 ed funding.

5 Can you give us a feel for how that might  
6 look, or what we can do to help you help us?

7 SENATOR DASCHLE: Well, Governor, we're  
8 going to be taking the ESEA program up within the  
9 next month. And I'm very hopeful in that context we  
10 can address this very question.

11 But, again, it goes to the budget. We'll  
12 have an opportunity to address the budgetary  
13 framework before then, hopefully. And one of the very  
14 critical questions will be, to what extent do we  
15 dedicate the surplus to education and to the  
16 responsibilities within education, especially Title I  
17 and the programs for the disabled.

18 I think that there is a better chance this  
19 year than we've had in a long time to more completely  
20 fulfill our obligation.

21 But, again, it goes back to this  
22 fundamental question of a tax cut of the magnitude

23



1 that is being proposed or dedicating some of the  
2 surplus to priorities outside of that tax cut.

3 If we have the money, I think there is a  
4 greater will than I've seen in some time to own up to  
5 our responsibility and to deal with it far more  
6 appropriately.

7 CHAIRMAN GLENDENING: Gov. Minner and then  
8 Governor Wise.

9 GOVERNOR MINNER: Senator, one of the  
10 problems that we have is involved with our adult  
11 education training, retraining, work force training.

12 We look at the funding that we get and it  
13 comes from any number of sources. In a small state  
14 like Delaware, it's small pots of money. We can't  
15 accomplish as much as we would like.

16 Is there a way to commingle those funds,  
17 rather than saying, this is for displaced homemakers,  
18 this is for veterans, this is for job placement, so  
19 that we could use our money and your money more  
20 effectively in our small states?

21 SENATOR DASCHLE: You ask a good question.  
22 I think that there is also a growing realization that

23

1 we ought to try to give you as great a level of  
2 flexibility in addressing the educational challenges  
3 that each of you faces in your states, as we possibly  
4 can.

5 Flexibility with accountability is  
6 something that appears to be supported by both  
7 Republicans and Democrats in overwhelming margins.

8 So by giving you more flexibility, you can  
9 address those issues far more effectively.

10 Obviously, resources are going to be the  
11 key factor and the degree, again, to which we can  
12 address the resource challenge will be resolved in  
13 large measure by how we resolve the questions in the  
14 budget having to do with the allocation of that  
15 surplus.

16 But the answer should be yes, you ought to  
17 have the resources. You ought to have the  
18 flexibility. And then all we ought to expect is real  
19 accountability.

20 GOVERNOR MINNER: With work force investment  
21 boards that have just been established under the last  
22 legislation, the opportunity for waivers would allow

23

1 us to do that.

2           However, we find that we spend the majority  
3 of our state money trying to get the waivers, rather  
4 than trying to educate people.

5           Is there a way of streamlining that waiver  
6 process as well?

7           SENATOR DASCHLE: Well, I hope so. You're  
8 not the first one that I've heard complain about the  
9 waiver process and the lengthy bureaucratic and  
10 paperwork requirements that are required.

11           So we'll be taking a look at it.

12           In fact, as we speak, I know that there is a  
13 task force and an effort underway, a bipartisan  
14 effort, to try to find ways in which to address that  
15 very issue.

16           CHAIRMAN GLENDENING: Gov. Wise of West  
17 Virginia and then Gov. Kempthorne of Idaho.

18           GOVERNOR WISE: Mr. Leader, one of the  
19 issues that has been talked about a great deal here  
20 is Medicaid, and obviously, the need for more  
21 flexibility. You've been very active in the past in  
22 that.

23

1           One of the great accomplishments of the  
2 Congress, I thought, on a bipartisan basis was the  
3 passage of the S-Chip program and the ability to  
4 extend coverage to children.

5           I guess mine is a two-part question in the  
6 sense that, first of all, many of us think that,  
7 given some more flexibility, not having to fight HCFA  
8 all the time, I've found out since I've been in this  
9 position, Tom, that I always thought the IRS was the  
10 most formidable agency to go up against.

11           I found HCFA rivals anything I've ever seen  
12 through any administration.

13           (Laughter.)

14           But at any rate, the first is more  
15 flexibility. But is there a likelihood that the  
16 Congress this year will take up anything dealing with  
17 Medicaid beyond prescription drugs?

18           I assume that that is going to be an item  
19 on a bipartisan agenda. But do you see the Congress  
20 going any further than that?

21           SENATOR DASCHLE: Bob, there's a great deal  
22 of interest in going beyond prescription drugs.

23

1                   Clearly, we've seen what S-Chip can do.  
2                   We've seen what success has already been realized by  
3                   providing the kind of opportunities through S-Chip  
4                   that we really, I don't think most of us, expected  
5                   we'd see this quickly.

6                   So I think that there's a real motivation  
7                   to try to find ways in which to do it.

8                   But, again, and I think I may be sounding a  
9                   little bit like a broken record. I do believe that  
10                  this is first a budget question, and then it's a  
11                  health question.

12                  If we can find the resources, if we can  
13                  find ways in which to allocate that surplus and  
14                  address the budgetary priorities in a meaningful way,  
15                  in my view, there is absolutely no reason why we  
16                  can't find ways in which to work with the states to  
17                  expand and to improve upon the accomplishments so far  
18                  through S-Chip and Medicaid.

19                  CHAIRMAN GLENDENING: Dirk, and then we'll  
20                  go to Governor Sunia.

21                  GOVERNOR KEMPTHORNE: Mr. Leader, it's a  
22                  delight to see you again. And I know, Tom, that in

23

1 South Dakota, you experienced the forest fires as  
2 well.

3 It looks as though we may be in the same  
4 situation this coming summer, where the fuel load is  
5 still oversupply.

6 In Idaho, Boise Cascade just recently  
7 announced the closure of really their last two mills.  
8 So we have a number of workers who are out of work.

9 We have a Sunshine Mine that is closed.

10 Last year, in the interior appropriations  
11 bill, which has now been signed into law, was  
12 language that, with regard to long-range planning,  
13 and with regard to reforestation and restoration of  
14 forest health, that the states will be full partners.

15 Do you see that that will move forward in a  
16 meaningful manner with funding as well, so that  
17 states can become the stewards of much of this land,  
18 including federal land, dealing with the fuel load,  
19 so that we don't lose these major tracts of forests,  
20 because I would just add, Tom, as you know, once the  
21 forests go up in smoke, it doesn't mean that they  
22 will ultimately come back because noxious weeds may

23

1     come in and you have a monoculture, and we lose the  
2     great tracts of forests.

3             So your comments on that?

4             SENATOR DASCHLE: Well, Dirk, you raise I  
5     think one of the most important questions we're  
6     facing with regard to land management in the West.

7             South Dakota, as you said, experienced a  
8     devastating forest fire as well last year. I fully  
9     believe that unless we take more concerted action,  
10    we're going to see greater devastation due to fire in  
11    the coming years.

12            One of the ways to address that is to  
13    create a more effective partnership that is called  
14    for in the new interior appropriations bill.

15            And as you say, that is only as good as the  
16    paper it's written on, unless there are the resources  
17    and the will to implement that new legislative  
18    approach in a far more aggressive way.

19            As I talk to western senators, especially,  
20    Republicans and Democrats, there is a real desire to  
21    see movement and to see a commitment to the spirit of  
22    that legislation as it was articulated.

23

1           And again, as you say, whether or not we do  
2   it depends in large measure on whether we have the  
3   resources to do it.

4           That will be the key.

5           I've talked to Senator Byrd about it. There  
6   are many others who have already begun weighing in.  
7   So I think our prospects this year are actually quite  
8   good for building upon what we did last year.

9           Time will tell. But I think it would be  
10  very helpful for our western state governors, and  
11  especially somebody as respected in the Senate as you  
12  are, Dirk, to weigh in, to express yourself, and to  
13  continue to keep the pressure on.

14          I think we can do it if that were to  
15  happen.

16          GOVERNOR KEMPTHORNE: Thank you, Tom, very  
17  much.

18          CHAIRMAN GLENDENING: The Governor from  
19  American Samoa?

20          GOVERNOR SUNIA: Senator, as a former school  
21  superintendent, I am fully aware of the necessity of  
22  tests and measurements in creating good curriculum

23



1 and eventually, accountability.

2 As a Democrat, I am very supportive of  
3 President Bush's plan for escalating the measurement  
4 element in our schools.

5 And I'm very glad to hear that you support  
6 that, too.

7 However, in many states, I'm sure, as was  
8 voiced in the last few days, and especially for us in  
9 the territories, poorer than most states, even if we  
10 were to begin right away to start setting up for the  
11 tests and escalating that effort in our schools, what  
12 kind of assurance, if you may give some, that we  
13 won't be scrambling for money from the meager  
14 resources we already have?

15 In other words, when this horse comes, will  
16 it be before the cart, or another unfunded mandate  
17 that we have to cough up?

18 Thank you.

19 SENATOR DASCHLE: Well, that's a very good  
20 question and I guess I can't give you the answer.

21 I can say this. That the degree to which  
22 you are going to be forced to address further

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1 unfunded mandates is directly related once again  
2 first to the budget, and two, to the aggressive way  
3 with which you may weigh in on this debate.

4 I think the jury is still out and I'm not  
5 sure where the horse and the cart may be in position  
6 to the other.

7 But I do believe that, as we weigh all the  
8 different possibilities, I go back to a point I made  
9 earlier. I don't think there's any doubt people want  
10 to see greater flexibility.

11 I don't think they want to force greater  
12 mandates on -- I say people in the Senate and the  
13 House -- on the states.

14 I do believe that there is a strong desire,  
15 however, to see greater accountability.

16 So I think that, to the extent that you're  
17 concerned about these unfunded mandates, as I think  
18 you should be, the more you can help us address how  
19 we address accountability in a meaningful way, and  
20 yet, provide you with greater resources and greater  
21 flexibility, is something that would be very welcome.  
22 We'd want to see your involvement and obviously, we'd

23

1 love to have you come up to the Hill to share your  
2 thoughts with us any time you have the occasion to do  
3 so.

4 CHAIRMAN GLENDENING: With deference to the  
5 Senator's schedule, why don't we take the last  
6 question from Governor Owens.

7 GOVERNOR OWENS: Well, thank you. It's more  
8 of a comment.

9 But Senator Daschle, thank you for joining  
10 us this morning and I appreciate hearing your views.

11 This is a very bipartisan and many times  
12 congenial group here. And sometimes we don't put on  
13 record our concerns with, and we don't really debate  
14 here in this forum very often.

15 Let me just say that while I respect your  
16 view very much, there's a lot of disagreement within  
17 the National Governors Association, within my  
18 colleagues, to your outline in terms of the fiscal  
19 state that we're in.

20 I would just make the comment that out of a  
21 \$5.6 trillion surplus that we expect to see over the  
22 next ten years, that \$1.6 trillion back to the

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1 taxpayer is very reasonable and that if we'll simply  
2 slow the rate of growth of federal spending, we'll  
3 have money to give back to the taxpayer. We'll have  
4 those dollars to protect Social Security. And we'll  
5 have those dollars to also pay down the debt.

6 I understand that reasonable people can  
7 differ on this, but I heard Gov. Glendening at the  
8 White House, both in our meeting and after our  
9 meeting, express opposition to what President Bush is  
10 proposing. I heard the same thing from you today.

11 Many, many governors support what President  
12 Bush is proposing and think that with a little bit of  
13 fiscal conservatism at the congressional level, we'll  
14 have the opportunity to give back to the taxpayers  
15 some of the dollars that they've earned.

16 Thank you very much again for joining us.

17 SENATOR DASCHLE: Absolutely. Well, that's  
18 what the debate about the budget will entail. I  
19 appreciate having your thoughts as well, Governor.

20 Thank you again for giving me the chance to  
21 be with you. I've enjoyed.

22 (Applause.)

23

1           CHAIRMAN GLENDENING:  Senator, again, thank  
2    you so very much.  We wish both sides of this debate  
3    well and I think what's going to come out of it is a  
4    reasonable, bipartisan solution, as is often the  
5    case.

6           Let me ask first my Vice Chair, John  
7    Engler, if he has anything he would like to add at  
8    this time.

9           VICE CHAIRMAN ENGLER:  Not at all.

10          CHAIRMAN GLENDENING:  Thank you for your  
11    tremendous help on this as well.  And our thanks to  
12    the staff, Ray and the entire staff, that has done a  
13    tremendous job.

14          Thanks also to my personal staff of the  
15    Washington office, Elizabeth Pike and her colleagues,  
16    who have done a great job.

17          Let me thank our colleagues.  This  
18    concludes the Winter Session, with the one exception.  
19    We are meeting on an informal basis with many of our  
20    congressional colleagues later this afternoon,  
21    including starting about 2:15 in the Russell Office  
22    Building, where we'll have a number of senators,

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1 including former governors who are joining at the  
2 Senate with us as well.

3 Thank you very much, and good job.

4 (Applause.)

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6 (Whereupon, at 11:55 a.m., the Closing  
7 Plenary Session was concluded.)

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