

NATIONAL GOVERNORS ASSOCIATION

2005 ANNUAL MEETING

July 16, 2005

Des Moines, Iowa

Mary H. Kluender, CSR, RMR
Launspach, Lewis, Burns & Kluender
1100 Midland Building
Des Moines, Iowa 50309

SATURDAY, JULY 16, 2005

Attendees

NGA Executive Committee

Governor Mark R. Warner, Virginia, Chairman
Governor Mike Huckabee, Arkansas, Vice Chairman
Governor Sonny Perdue, Georgia
Governor Dirk Kempthorne, Idaho
Governor Thomas J. Vilsack, Iowa
Governor Mitt Romney, Massachusetts
Governor Edward G. Rendell, Pennsylvania
Governor M. Michael Rounds, South Dakota
Governor Jim Doyle, Wisconsin

Governor Attendees

Governor Ruth Ann Minner, Delaware
Governor John Lynch, New Hampshire
Governor George Pataki, New York
Governor John Baldacci, Maine
Governor Joe Manchin, III, West Virginia
Governor Dave Heineman, Nebraska
Governor Hoeven, North Dakota
Governor Brian Schweitzer, Montana
Governor Jon Huntsman, Jr., Idaho
Governor Bill Richardson, New Mexico
Governor Felix Camacho, Guam
Governor Charles W. Turnbull, Virgin Islands
Governor Anibal Acevedo, Puerto Rico
Governor Kathleen Sebelius, Kansas
Governor Tim Pawlenty, Minnesota
Governor Jennifer Granholm, Michigan
Governor Haley Barbour, Mississippi
Governor Kathleen Babineaux, Louisiana
Governor Phil Bredesen, Tennessee
Governor Jim Douglas, Vermont
Governor Mark Sanford, South Carolina

2:30 p.m. - 4:30 p.m.

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GOVERNOR WARNER: Good afternoon. I am now calling to order the 97th Annual Meeting of the National Governors Association. My name is Mark Warner. I am the governor of the Commonwealth of Virginia. It is my honor to serve as Chair of NGA.

Just so we can get it out of the way on the front end, this (indicating) was not the result of a fight with a fellow governor. It was a biking accident, and if it had not taken place, I would be with Lance Armstrong right now on the Tour.

It is a great honor for me to be here in the great state of Iowa with our wonderful host, Governor Tom Vilsack. I am going to call on Tom in a few moments. At this opening plenary session, we will discuss my Chairman's Initiative on Redesigning American High Schools, and we will hear from two distinguished international guests, as well as from a Pulitzer-Prize-winning journalist.

We will also recognize our Distinguished Service Award winners and our 15-year Corporate Fellows. Afterwards we will convene a very brief meeting of the NGA Executive Committee.

May I now have a motion for adoption of the rules of procedure for the meeting.

GOVERNOR HUCKABEE: Mr. Chairman, so

moved.

GOVERNOR WARNER: It has been moved and seconded. All those in favor say "aye."

GOVERNOR ATTENDEES: Aye.

GOVERNOR WARNER: Meaning the rules have been adopted.

Part of the rules require that any governor who wants to submit a new policy or resolution for adoption at this meeting will need a three-fourths vote to suspend the rules. Please submit any proposal to David Quam, Director of Federal Relations for NGA, by 5 p.m. on Sunday, July 17.

I would now like to announce the appointment of the following governors to the Nominating Committee for the 2005-2006 NGA Executive Committee. Actually, this is the Nominating Committee. My hope is the Chair will be Jim Douglas; and on the committee will be Ruth Ann Minner, John Lynch, John Huntsman, and John Hoeven.

Do we need a motion on that? Right? No, we just announced it. They have all been officially now made the Nominating Committee.

For those of us who got in yesterday, we have all, I think, been overwhelmed the last two

days with the incredible hospitality we have been shown by Tom and Christie Vilsack and the literally hundreds and hundreds of Iowans who have welcomed the nation's governors.

Putting on an NGA meeting is a real challenge, especially putting on an NGA meeting in the middle of the summer, and Tom and Christie have done a remarkable job. I think that is going to be evidenced -- while a few of our governors will still be trickling in in the next few minutes -- this meeting has in excess of 30 governors coming to Iowa for this summer meeting, which is extraordinarily high

I would ask all of my fellow governors and, actually, everyone here in the audience to join me in thanking Tom and Christie for their wonderful hospitality.

(Applause)

GOVERNOR WARNER: I would now like to call on our host governor, Tom Vilsack, to make a couple of opening comments officially welcoming us here to Des Moines.

GOVERNOR VILSACK: Mark, thanks very much for those kind comments.

First of all, I want to thank the

governors for spending their precious time in the city of Des Moines. We are really excited and thrilled to have this first-for-Iowa experience of hosting the governors.

While you are here, we hope that you get acquainted with the "new" Iowa. It is an Iowa that is innovative and creative. Many of the young people who are family members of governors are having an experience today, as we speak, on the Iowa State campus, a learning experience. And at some point in time in their day, they will have access to our six-sided virtual reality chamber so they will begin to see a bit of the future.

We are excited about the governors having an opportunity to share a little time with us later tonight at Terrace Hill, the Governor's Mansion, which has been one of America's treasures. We are also very interested and excited to showcase our state fair, which is considered to be one of the top tourist opportunities in the country, and we are going to put a mini-state fair on for all attendees.

Mark, I appreciate your comments about the people of Iowa. Literally hundreds of Iowans have volunteered their time, and my hope is that

they are meeting all of the governors' needs. We are extraordinarily proud, particularly, of our young people who have been performing at various times during the course of this three-day conference. Tonight governors will have an opportunity to hear from one of our top high school bands at Terrace Hill.

I want to take this opportunity to thank Mark Warner, as the Chair of this organization, for his focus on high school redesign. I know that it has already impacted my state, and we have adopted curriculum standards that are tougher and more rigorous than we had before, and we are going to begin to challenge our young people so that they understand fully and completely the competitive world that they live in.

I also want to thank the Vice Chair, Mike Huckabee, for his focus on health issues. It is certainly something that our state is very interested in becoming involved in.

So to all who are assembled, welcome; and to those who have helped us sponsor this, thank you; and to the people of Iowa, this is a great opportunity for us to showcase our state and we are very proud that you are all here.

Thank you.

(Applause)

GOVERNOR VILSACK: I want to just take this opportunity Mark has afforded me to also identify the fact that with us today is our Lieutenant Governor, Sally Pederson.

(Applause)

GOVERNOR VILSACK: The Lieutenant Governor was one of the principal reasons why we were able to raise the resources to allow us to have this function, so we are glad that she is with us.

Thank you.

GOVERNOR WARNER: Thank you, Tom. Let me again thank you and Christie and all of the Iowans for their hospitality.

You mentioned about the number of young people. Those governors who were not here last night, you missed a real treat, not only a chance to see one of the most extraordinary state capitols that I have ever been in -- I will not make the normal comments about my gubernatorial office envy of Tom's office; or having been at Terrace Hill, my gubernatorial mansion envy for the home that he and Christie have -- but Tom mentioned about the number

of young people, and we saw last night the Iowa Youth Orchestra. What was it, Tom? Almost 180-some-odd strong. Young people from all across Iowa's high schools came and performed and they were extraordinary. As we talk about making sure that we get this redesign of the American high school right, our hope would be we could have every student fulfill the kind of potential that those young people we saw perform last night are fulfilling.

I have been looking around, and I recognize some of our friends from the White House who are here. I know at some point Ruben Lawless and Maggie Grant will be here from the White House and we thank them. We thank you very much. Is Maggie here too? Thank you for being here. Ruben and Maggie are the governor liaisons from the White House and we work very, very closely with them on a host of issues that affect federal-state relations.

I am moving along, and again apologies to some of the governors who are coming in at this point because the substance of our program this afternoon is very, very strong, and I want to make sure we get to that and have plenty of time for governors to ask questions of our speakers. So we

are going to get right back to our focus on redesigning the American high school.

At our winter meeting, we put together a National Summit on the American High School where we laid out strategies and brought about leaders from across the country on how we can make the American high school --

(The DVD started to play prematurely.)

GOVERNOR WARNER: That is called a little precursor of what is to come. That got you excited. I'm going to still go through these comments, even if you do want to queue the film.

Before the summit, before this past year, this issue was really not on a lot of governor's radar screen. We did a little bit of checking back on State of the State addresses, and three or four years ago I think there were two or three governors in the whole country that even bothered to mention "high school reform" in their State of the State addresses. This past year over 30 governors have talked about "high school reform" in their State of the State addresses; and more importantly than talking about it, governors all across America are acting.

We heard from Tom Vilsack already about

what he has done in terms of increased curriculum standards. Governor Baldacci is doing some very exciting things on career and technical education, vocational education, trying to make sure that students in Maine have the right kind of training if they are going directly into the workforce.

Governor Huckabee in Arkansas has led his state forward in efforts to, again, increase the rigor and define kind of a "Smart" curriculum for high schools. Actually, there is a display area somewhere in the hall here where some of the states are actually laying out displays of what they have done to move this agenda item forward.

Tomorrow we are going to be able to make what will be one of the real take-aways from this meeting. There will be an announcement about a common "graduation rate" definition that the overwhelming majority of states and territories will be adopting almost unanimously. And I think the few states who have not, there is just some bureaucratic oversight that we need to overcome. We have got to end up with at least common definitions if we are going to be able to really assess how we are doing in improving the educational quality and competitiveness of our high

school students.

One of the things that struck me in the past year and a half, I saw three different studies on Virginia that listed three different graduation rates for our state. By coming up with a common national definition and one that will be adopted from our teacher organizations to the White House and business round table and in excess of 45 governors, tomorrow we take another significant step forward on keeping this issue on the front burner.

In addition, earlier this year we launched a survey of high school students. We said, It is great when governors and state superintendents and legislators come together thinking about redesigning high school, but let's also make sure that we ask our consumers, high school students across America.

More than 12,000 high school students responded to our RateYourOwnFuture.org survey, and what was the biggest take-away from that survey was not what you might expect as a parent, what I might have expected as a parent of three teenage daughters -- or two teenage daughters and one soon-to-be teenage daughter.

It wasn't, "Oh, my gosh, don't make high school tougher. It's tough enough. Don't give us any more homework."

Instead, when high school students themselves responded, over two-thirds of the high school students that we surveyed actually indicated that they knew that high school could and should be more rigorous, and they would be willing to stretch if there was tougher and more rigorous curriculum offered.

A more detailed summary of these findings -- and there is a series of others that I will not go through at this point -- have been placed at your seat, and I would recommend each of you to look at those results and hopefully take them back as the school year restarts in the fall and talk to students in your respective states.

In addition to the survey, we held a series of town-hall meetings around the country where governors visited with students and educators and business leaders on this subject. And I want to again personally thank Governor Taft, Governor Baldacci, Governor Huckabee who have convened those meetings, and I know we also convened them in Iowa and Louisiana -- Governor Vilsack, Governor

Blanco -- and we convened a meeting like this in Virginia as well.

What we heard from the students was interesting.

Now, in a moment we will queue the video. But before I do this, I have omitted recognizing one of our very, very distinguished guests who joined us here in Des Moines, and that is the Honorable Kimitaka Kuze. Mr. Kuze -- who is a former member of the Japanese House of Councillors -- sir, thank you for being with us today.

(Applause)

GOVERNOR WARNER: Mr. Kuzi and his wife were with us last year in Seattle as well, and we are again grateful for your presence here again this year.

With that I will now ask that we lower the lights and queue the video as we hear back from the students across the country who attended some of our town-hall meetings.

(Video of town hall meetings played.)

GOVERNOR WARNER: I think you will see in that video -- I will get with the makers of the videos a little bit later, but why do all the other

governors look a lot better and more articulate than me?

I think you saw the interest, not only from high school students, but from a number of governors. And, honestly, we could have filmed most everyone around this table because virtually every state has stepped up on this issue.

When you are 17th in the world in terms of graduation rates -- and that is where we stand at this point, even with not a very good definition of "graduation rate" -- I got to tell you, where I come from 17th does not even make the playoffs, let alone try to make the finals. In our country we want to be in the finals. We want to be the country that leads. High school reform to, I think, many of our minds, has been the part of education reform that has not received major attention not for decades, but literally close to 100 years.

I want to personally thank all of the governors, both here and around the country, who have picked up on this call to arms that was in many ways best articulated by Bill Gates at our National Summit earlier this year. If we are going to truly reform the American high school, one of

the things is it cannot just be done by governors and government alone.

We have enlisted the very, very generous support of our foundation community around the country. The Bill and Melinda Gates Foundation has been extraordinarily generous in helping provide funds for initially ten states to help implement the reform plans that we have laid out. There were 30 states that applied for grants. There was an independent review chaired by Brenda Welburn of the National Association of State Boards of Education; and Louisiana, Minnesota, Virginia, Arkansas, Maine, Delaware, Indiana, Rhode Island, Massachusetts, and Michigan received the first set of awards to start working with their respective governors in implementing their high school reform plans.

But we are not stopping there. A number of other national foundations -- including the Michael and Susan Dell Foundation, Prudential Foundation, State Farm Foundation, Lumina Foundation, BellSouth Foundation, Kauffman Foundation, and GE Fund -- are providing additional resources, and I want to publicly thank them as well.

As a matter of fact, I saw Stephanie and some of the folks from the Gates Foundation. Is anybody here from any of the foundations who I have just listed off? If you could rise and let us give you a little bit of applause, please.

(Applause)

GOVERNOR WARNER: Thank you, Stephanie.
Thank you.

There is going to be a new request for proposals that is again in the packages in front of each of the governors, and all states are eligible to apply and I encourage all governors to take advantage of this new application process.

In addition, in your folders you should see a piece we put out a little bit earlier which is called, "Getting it Done: Ten Steps Towards a State Action Agenda." One of the things that, I think, frustrates us all as governors has been oftentimes in education reform it takes forever. What we tried to put forward -- and this came from some of the ideas from around the country -- were ten tangible, identifiable, and accomplishable steps that can be done relatively quickly and, in most cases, relatively cheaply to move forward on your respective high school reform package.

I will give you two quick examples of what we have done in Virginia:

One, we have launched an initiative where in every high school in Virginia, regardless of how small or rural or urban it may be, we are offering the chance for students to earn a minimum of a semester's worth of college credit in high school and have that college credit actually transfer towards all of our public and private institutions and count towards a degree requirement.

Not only does that give students a chance to get a jump-start on college, it prepares them for college-level work, it avoids a little bit of the classic "senior slump," and ends up saving five to eight thousand dollars on average off the cost of a college education for the family.

For noncollege-bound students, we are offering the chance for students to earn not only a high school degree, but an industry-recognized certification -- auto mechanic, computer technician, nurse's aide -- to go along with their high school degree. And if that requires a few courses at the community college beyond high school, we are picking up the cost of those courses at the community college; moving us not quite to

the European K-13 system, but to a bit of a K-12 1/2; again, empowering people who otherwise might be out flipping burgers at a minimum wage into a career path for a meaningful, meaningful life experience.

We heard from a number of the governors who spoke and one of the comments that came out, and that has undergirded a lot of the high school reform efforts in each of our states, is a recognition that our students are no longer simply Virginians competing against Iowans, but it is our students competing against young people all across the world.

To put this global challenge in context, we have a series of distinguished speakers this afternoon who will help us understand this challenge. I am now going to present our first guest, and that is Doctor Yang Jin.

Doctor Yang is the Vice Minister of the Ministry of Education for the People's Republic of China. Doctor Yang obtained his PhD from the University of Education in Manchester, England. Among his many duties, he is responsible for high schools in the People's Republic of China. We look forward to hearing from him on how China is

preparing high school students for their demands in the 21st Century.

Doctor Yang.

(Applause)

DOCTOR YANG: Good afternoon, dear governors; good afternoon, ladies and gentlemen. Thank you very much, Governor Warner, but I am not the Deputy Minister. I am the Deputy Director-General of the Basic Education Department of the Ministry of Education.

In China we have a saying. We have two very exciting, very extremely happy moments in one's life. The first is the first day of your honeymoon; second, you pass the official entrance examination. I have to add one to the list. For me the third would be to make a presentation at the National Governors Association meeting.

(Applause)

DOCTOR YANG: Thank you very much, Governor Warner and Governor Huckabee, for having me here. My topic will be "High School Education in China, Challenges and Priorities."

So, first of all, I want to give you some sort of general social and economic policies in China. Now, we need to understand that China now

is building awareness in society and improving the socialist economic system; developing a new type of industrialization; which includes higher scientific and technological intensity, better economic benefit, less environmental pollution, better use of the advantage of human resources.

In China there are 1.3 billion people. If we cannot transform the population into some sort of human resources, it is a very huge population burden.

Fourthly, adhering to people-centered, well-rounded, coordinated, and a sustainable concept of development.

Fifthly, making great efforts to build a socialist, harmonious society. That is the central government's policy.

Major challenges we are facing now: Clear trend of globalization of production and of work; major multinational manufacturing and trade companies, such as IBM, Microsoft, Coca-Cola, you name it, all these companies now have there production and services in China.

There is very fierce international economic and technological competition. The Chinese enterprises are facing heavy pressure for

technological innovation. Millions and millions of Chinese workers are working many days to produce millions upon millions of pairs of shoes or jackets to generate enough income for China to buy a jet plane, a Boeing 747. That is the current situation. The innovation of enterprises and the improvement of the efficiency lack strong qualified human-resources support, I have to acknowledge that.

On average in 2004, an average population of 15-year-olds and above had received about eight years of education, which is similar to the education level of the United States population 100 years ago. Those are the challenges we are facing now.

The average school years of urban and rural inhabitants in Chinese society currently is some sort of dichotomy. So, on the one hand, we have well-developed urban areas. I am sure many of you have already visited many Chinese cities and there is a large, large portion of rural inhabitants. There is still a tremendous gap between the educational levels of the people in the urban areas and the educational level of the people in the rural areas. In that picture I will show

you the differences that still remain in the last three years, in another 20 years also.

This is the education system in China. We have principal education and six years of compulsory education, a primary education; and three years of general junior middle-level education and then three years of high school education. So the first is nine years -- six years of primary and three years of general middle/secondary education, which we class them together: nine years universalized, nine years compulsory education. This gives you the figure, astronomical figure, of China.

Now, at the primary-education level, we have got about 112 million students. The gross enrollment rate currently is 100 to 6.6 percent -- the gross one -- because there is some repetition. I repeated my first year twice before I could count numbers from one to ten.

Now you see the figure here. For middle-school education the gross enrollment rate is 94 percent, so you can see the figure. We have already nearly universalized our nine-year compulsory education. It is 94 percent already.

But this figure is very significant: At

a high school level, only 47.6 percent of the young age have the opportunity to receive a high school education, less than half. So for university higher education, the gross enrollment rate is only 19 percent; in the States it is about 70 percent or something like that. That gives you some idea of general information about education development in China.

At the level of high school education, we divide it into two types: One is the general academic education, the blue column; and then the vocational sector of education. Almost 60 percent of our students actually are in the general track and 40 percent in the vocational track.

Qualitative targets for the future: Universalizing 15 years of education is one of the major targets in the year 2020, which includes three years of preschool education and nine years of compulsory education and three years of high-school level of education. This is the target for the year 2020.

Then we need to make great efforts to enhance equity and equality of education; not only quantitative expansion, but also improve equity and equality of education.

Five policies or major considerations:

First, improving education provisions in the rural and western areas; and, second, making great efforts to carry out curriculum reforms; thirdly, strengthening and reforming moral education; fourthly, making changes of teaching and learning pedagogy; and then, fifthly, strengthening of preservice and inservice training of teachers.

For improving the education provision in the rural and western areas, we need to know that 800 million, "800 million," of the 1.3 billion people of China live in the rural areas at the county level or lower. Of the students receiving compulsory education, 80 percent is in the rural areas. The Chinese central government has been earmarking special funds for building boarding schools, providing living expenses for students from the poor families, and promoting modern distance education in the rural and western areas; that is, improving the rural and western areas.

Second, make great efforts to carry out curriculum reforms. From September 2005 this year, new curriculum is going to be implemented for all new enrollment in primary and middle education for nine years of compulsory education.

This is the plan for curriculum reform for high school education. We start our testing of the new curriculum in 2004, and up to 2007 all new enrollment in high school education will use the new curriculum.

The need for the strategy of strengthening of reforming moral education; there is an urgent need for improving moral education and psychological guidance to students for developing healthy ideology, moral integrity and personal character. Last year all over China we had 8 million couples get married but 1 million have divorced. A high percentage in the cities, in the urban areas, about 20 percent, 30 percent of a divorce rate. That is not a thing that happens in Chinese culture, but now we have to face the single-parent family.

Education in China has important roles to play in educating and advocating the 5,000 years of Chinese culture and then for building a modern harmonious society.

Making changes of teaching and learning pedagogy, we have adopted five policies. First of all, from a teacher-centered approach to a student-centered approach; second, from the delivery of

knowledge to foster the students' creative competence. Creativity is really what matters for the future.

Thirdly, from paying attention to the commonality of the students to paying attention to the individuality of the students.

Fourthly, from paying great attention to the good learners to paying greater attention to students with learning difficulties. That is a Chinese version of the "No Child Left Behind" philosophy.

This one is very important: Fifthly, from a rigid and examination-oriented type of assessment to a formative and a value-added assessment system. Chinese education is examination-driven, so the change of assessment is very, very important.

Then strengthening of preservice and in-service teacher development, improving the system of teacher training and lifelong learning of teachers. In China we have about 100 normal universities, colleges. We call them "normal" universities. They are designed for teacher training, providing inservice and preservice teacher training.

Then we need to deepen the system of teacher management and the ranking system so as to enhance the professional development of teachers in China. From primary schools to universities, we have designed a teacher ranking system. For high schools we have third-level teachers, first-level teachers, senior teachers and various teachers, something like that. So give the teacher some sort of a professional-development ladder where they can promote from one level to a higher level. That is what we are doing in China.

I have some general remarks also. In the last 20 years or so, China has made tremendous progress in social and economic development, but, dear governors, after all, China is still a developing country. We need to bear that in mind.

China is running the biggest education system which enrolls 20 percent of the world's students with only 2 percent of the world's educational funding, so we need to do things in a cost-effective way. We have to do it.

This is the International Education Development Indices developed by the World Bank. If the United States of America scores 9 out of 10 here (indicating), China lags behind somewhere here

(indicating), only about 4 points out of 10. So there is still a very huge gap between China and the United States in the field of educational development.

We have learned that the United States education system has some very outstanding features. I will list a few:

Great flexibility, very open, flexible, very flexible; second, offering more choices and opportunities for students. If you once fail, it does not matter, you will succeed again next time. Very, very important. Third, developing students' critical thinking ability and creativity. You have group work and project-based work. You give students more chances for development.

And the social sector's and communities' strong involvement in education, that is what we need to learn. Just imagine, Governor Warner, your foundations, your science organizations, are strongly involved in the educational process. It is not the case in China. The "No Child Left Behind" philosophy and action is a wonderful, wonderful idea. And making great use of modern technologies for instruction -- SAT, information and communication technology -- is widely used in

education.

I have some considerations for future cooperation. I would like to urge the governors to start some sort of cooperation with China. We can learn from each other.

First of all, we would like to facilitate U.S. states and the Chinese provinces to team up for educational cooperation of various types and levels. The federal systems, your governors, have more responsibility and authority for educational cooperation with other countries, so we would like to see our 31 provinces, the governors, work with you together to do innovation of the education system.

Second of all, I would like to suggest joint empirical comparative research to identify, generate, and promote good practices in the field of curriculum standards, in the field of textbooks, in the field of assessment, in the field of models, preservice and inservice teacher training. We can share ideas and improve our system.

I am sure that some of the governors have visited China so far. Those who haven't, raise your hand, please. We have some ladies and gentlemen here, would you like to visit China?

Then learn the Chinese word for "How are you?" or, "How do you do?" I will do it first and then you follow: Nihao.

THE AUDIENCE: Nihao.

DOCTOR YANG: Not loud enough. Thank you very much, ladies and gentlemen.

(Applause)

GOVERNOR WARNER: Excellent presentation, and I am going to have our other first speaker and then we will have a chance for some questions. Thank you very much for your presentation, Doctor Yang.

Now I want to introduce our next speaker, Mr. Dilip Thakore. Mr. Thakore obtained his law degree from the Inns Court School of Law in London. He has served on the Bombay High Court. In addition, he is the founding editor of Business India and Businessworld magazines. In 1999 he founded EducationWorld, India's first education news magazine aimed at making education a national priority in his country.

Now, I recently visited China a year ago. Just this past spring I had the occasion to visit India, and both China and India are truly poised to take advantage of the flattening of the world that

Tom Friedman is going to talk about in a few moments, but I would now like to ask Mr. Thakore to please come forward and give his presentation.

Please join us in welcoming him.

MR. THAKORE: Governor Vilsack, the people of Iowa, Governor Warner, and members of the NGA, I am very happy to be here, and I must thank you for your warm hospitality and elaborate arrangements that you have made since I have arrived here two days ago after a very long journey and I am seeing the environment that has been created for this great occasion. I am really pleased to have made this long journey and taken the time off from work.

It is truly a privilege and a pleasure for me to address the duly elected governors of the United States of America. This is an important distinction because the governors in our country are not elected. They are appointed by the central government, so I do not think I would get as much pleasure addressing them as I would get addressing you.

Ladies and gentlemen, no matter what politicians in the Third World countries or anywhere around the world and the pundits say, the

United States of America is the world's most admired nation. Especially in my country, India. The Pew Global Attitudes Project, which recently announced in June its findings of a global survey, indicates that 71 percent of India's population entertains a positive attitude towards America. That is the highest of any nation in the whole world.

Of course, if you listen to our politicians, they will not agree with that survey, but I do. Your democratic institutions of governance -- the presidency, congress, independent judiciary and media -- and also America's marvelously high productivity industry, are an inspiration and a benchmark for national governments; particularly, to lovers of freedom and the rule of law such as myself.

The governments of your great nation, ladies and gentlemen, which guarantees liberty, equality, fraternity, and, uniquely, the right of every citizen to the pursuit of happiness, could not have been possible without a great education system. Though many of you are too close to your own system of education to appreciate and you want to reform it -- which is the right way to go --

nevertheless, America's egalitarian and well-funded and generously funded public school system and great universities, which are citadels of learning and powerhouses of cutting-edge research, are wonders of the contemporary world.

And for me it is truly educative and indicative of your great nation's commitment to continuous learning and improvement that an apex-level organization such as the National Governors Association is so intimately involved with the process of improving your perceived slipping standards in the school system.

In India school education, alas, is a low-priority item, and it is difficult for me to highlight its positive features as I have been asked to do. However, every system has some positive features, and I will attempt to highlight them. For my presentation to make any sense to you, I must first give you some idea of India's school system.

Currently, as in China and in India, there are a large number of schools. We have 900,000 primary schools in India and 133,000 secondary schools. Which might seem a lot to you, but they are not nearly enough. Moreover,

90 percent of our schools are managed by the central, state, and local governments. Except for a few central-government schools, I regret to say that most government schools are in a sorry condition and provide an education which is outdated, obsolete, and out of sync with the needs of the 21st Century.

However, mercifully, there are some private-sector schools, and these are the places where the parents in India's fast-expanding middle class send their children, often at great financial sacrifices to themselves. These private schools can provide some useful lessons, perhaps, to America's schools and to the governors, yourselves, who want to reform your own schools.

The salient features, the outstanding or distinguishing characteristics, of India's private schools are: One, the language or medium of instruction is English -- or "English" with an "i," as we prefer to refer to it. English familiarity gives us access to the best textbooks of humanities and the sciences and has enabled a small percentage of the population to get a good education; which translates into a large number of engineers, doctors, lawyers, and businessmen, which prompted

Mr. Bill Gates to address this very forum to remark that India produces one million more graduates than the United States of America.

English as a medium of education apart, one distinguishing feature of India's private-school education system is that science and mathematics education is compulsory for all students for ten years. That is up to grade ten. I think that is the major reason why we are able to turn out a large number of engineers every year.

In the United States -- correct me if I am wrong -- children are allowed to begin to stream out of science or out of mathematics before standard grade ten. I think perhaps that is not such a good policy and maybe an examination of the Indian school system might enable you to derive some advantage as you engineer reform of the education system, high school education system, in your own country.

Another distinguishing characteristic of India's private-school system is that we have a low, low dropout percentage. I was quite astonished by the statistics I saw here today that 30 percent of America's children do not complete high school education. That came as a surprise to

me.

However, if you want to know a horrific statistic, 53 percent of all children who enroll, the 200 million children who enroll in primary education in India, 53 percent, over half, do not make it to secondary schools. That, ladies and gentlemen, in my opinion is the greatest loss of human resources in the contemporary world.

The prime objective of EducationWorld the magazine, India's first education magazine, is to migrate the best practices of private-school education into public-school systems.

Another last salient feature of India's private-school education system is the emergence of what we call "five star" schools. These are internationally benchmarked schools which are for the examinations of the International Baccalaureate, the Cambridge International Examination, and also the Middle States Association of Schools and Colleges in the United States.

These five-star international schools, with the low teacher salaries, low staff costs, and affiliations with the world's best examination boards, offer world-class private-school education at affordable prices of between 3,000 and 10,000

dollars a year. These schools are attracting students from all around the world, including the United States.

So the lessons that India's private schools can provide for America's schools, which I have been asked to speak about, is that we have compulsory science and math education up to class ten; and, more importantly from my point of view, is that India's private schools have autonomy from the deadly hand of government.

Unfortunately, this is not true of our higher education system. The higher education system is rigidly and strictly controlled by the central and state governments. Consequently, very few offer internationally benchmarked higher education. Some of you may have heard of the Indian Institutes of Technology and the Indian Institutes of Management, which are globally renowned; and, miraculously, though government-owned, they have managed to retain their academic standards, which are of global order.

However, there are just too few of them to cater to the number of people looking for quality higher education; therefore, the competition to enter the best 100 of India's 315

universities and 15,600 colleges is intense.

Moreover, since the capacity of higher education accommodates only -- "only," this is an important figure -- only 7 percent of the college-going age group people, as opposed to over 60 percent in the United States, the consequence of this is there is a mass migration of the next-best students overseas, and particularly into the great universities of America, universities and colleges of America.

In the academic year 2003-2004, 79,000 students from India registered or enrolled in American universities. This makes up the largest contingent of foreign students in the United States for the third year in a row. Given that U.S. collegiate education is a thousand-fold more intensive than in India, this huge annual exodus into America's universities from India indicates the great respect that we have for America's great institutions of higher education. We can learn many lessons from the U.S. about establishing, maintaining, and managing the institutions of higher education.

EducationWorld, the magazine I represent, if not the government of India, is wholeheartedly

in favor the partnerships between America's great institutions of learning and Indian colleges and universities. Indeed, I believe there is a moral obligation for our two great democracies, the world's most populous democracies, to cooperate in this field.

Now, ladies and gentlemen, I do not want to exceed the time that I have been allotted, but I think I have another three or four minutes to go. The central purpose of my visit here, for which I have traveled two continents and several oceans to make this 15-minute presentation -- the central purpose of my visit here is to ask the NGA, this great organization which has no parallel in my country, needs to take this commendable mission of upgrading school education in the United States of America -- it has to take it around the world.

We can learn from you. We would like to learn from you in this matter of how to improve our education systems, and we would request some cooperation in this particular sphere. Ladies and gentlemen, the dawn of a new millennium has ushered in a new age in human history. Following the second Iraq war -- in my opinion, the right war, perhaps for the wrong reason -- the U.S.A. is

committed to the war against terrorism, the spread of real democracy around the world, and this coincides with the global youth movement to make poverty history.

The best methodology for obtaining all these three aims, all these three goals -- namely, eliminating terrorism, spreading real democracy, and making poverty history -- is massive investment in education worldwide. Especially in the developing nations of Africa, developing nations of the Third World, and Africa in particular.

In EducationWorld our mission statement is, quote, "To build the pressure of public opinion to make education the number-one item on the national agenda." We believe that we must utilize the irresistible force of public opinion to force governments to make education the number-one item on the national agenda.

We intend to force our own government in our own country to raise the spending on education from 3 percent to 6 percent, which they have not done for the last 50 years despite a promise made 50 years ago.

However, let me admit, ladies and gentlemen, that EducationWorld is only a magazine.

We are not a government and we have limited success. Unlike the U.S., where the National Governors Association, American industry, and establishment organizations, as pointed out by Doctor Yang, are actively engaged with schools and universities, in the Third World countries there is a limited awareness of the vital linkage between education and organizations and shop-floor productivity.

This myopic mind-set needs to be changed. The republics of the Third World need to be transformed into high-pressure champions of education to move education to the top of their national agendas. In the new flat world of the 21st Century, engineered by the wonderful inventions of American industry and science so cogently described by Tom Friedman in his new book, there is a growing awareness that education is the best antidote to poverty.

There is an emerging global consensus for the United Nations Millenium Development Goal of primary education for all by the year 2015. Ladies and gentlemen, this is vital if you are to make poverty history.

In this connection to make poverty

history, we have proposed -- that is, EducationWorld -- a public-private partnership with the British government which is spearheading a movement for debt relief in Africa, of which I am sure all of you have read. We have requested a loan -- please note, a "loan," not a "grant" -- of \$400,000 from the British government to start an African edition of EducationWorld.

Alas, we have not received much of a response, but we would be delighted if the National Governors Association would consider partnering with us to bring out an African edition of EducationWorld to make education the number-one item on the agenda of Africa's many nations.

Ladies and gentlemen, as a pioneer and practitioner of development journalism in my country, I am fully persuaded that education for all is a prerequisite of a just, equitable, and stable global order. At the Gleneagles Summit, which was held only last week, \$50 billion was committed for debt relief, food, aid, and infrastructure development in Africa. This is a necessary but not sufficient condition to make poverty history. For sustainable growth and development of poor countries, as I said earlier,

massive investment in education is required and mandatory.

In the final analysis, the best aid is aid that helps people to help themselves, and the high quality of education as practiced in the United States and in Europe is the best insurance for the world's 3 billion poor to become self-supporting, dignified citizens of a new, just global order. Education, ladies and gentlemen, is the magic elixir, the silver chalice to build a new, just world.

In conclusion, therefore, I hope, governors, other influential people here, that you will use your considerable influence in the highest councils of government to ensure that the U.S. shares and exports its greatest resource -- that is, your tried and tested systems and process of education -- to the people of the Third World and to ensure education for all, quality education for all.

This is the only surefire antidote to spreading terrorism, dictatorial misuse, and obstinate global poverty. Quality education for all, ladies and gentlemen, is a magic formula for a just, peaceful, and democratic new-world order.

I thank you for your patient hearing.

GOVERNOR WARNER: Thank you, Mr. Thakore.

Two provocative speakers. I take away two quick comments: One, that while we sometimes look at our education system and see the flaws, we have heard from both of our speakers some of the good points that perhaps at times we do not put enough emphasis on.

Specifically towards high schools, one of our concerns about that 30 percent of students not finishing high school, we really do not know in America because we do not have that common "graduation rate" definition or "dropout rate" definition. But clearly in both of the countries that we have spent an enormous amount of time focusing on recently -- China and India -- from both of our speakers, we are hearing that less than 50 percent of their primary-age population actually complete high school, so we are in a sense comparing apples and oranges.

I would add one other comment about India. When we think about the fact that 79,000 Indian students are being educated in our country, and, I know, enormous numbers from China as well are being educated in our country, we have started

a number of programs where we were sending American students to China -- Tom and I were talking, briefly -- there are very, very few programs where we are sending American students to study in India.

And I do say while we must keep focus on China, I think we sometimes ignore India at our peril in this country, and the notion of having more American students study abroad in both countries would be something we ought to examine as well.

I am going to reserve the time for questions so that we can get our next speaker in, Tom Friedman, who I think will provide a very, very provocative view as well. And to introduce our main speaker, I am going to call upon our colleague, Jennifer Granholm. Jennifer.

GOVERNOR GRANHOLM: Thank you, Mark.

I have been asked to introduce Tom Friedman. Actually, I asked, I begged, to introduce Tom Friedman because for us in Michigan -- whether you agree or disagree with his analysis -- this book is a wake-up call. I have been taking this book on the road with me to every chamber of commerce and hamlet in Michigan because the global economy has affected our state, I would

say, almost more than any other state in the country because of our large percentage of our state product tied to manufacturing and the large number of job losses that we have seen.

This book, for all of you governors, if you have not had a chance to read it yet and if you have a state that has seen job losses due to a global economy, this is, as we say, a third-party validation for a call to change. "To change." In my state I have been telling our citizens a hard message, which is that we must evolve, adapt. We must change. We must eat or we will be eaten, and this book provides the resonance for that.

This is all about competition; right? And in Michigan we know competition. We thrive on it. We love it. We think we are the sports capital of the world, whether it is the Pistons or the Red Wings -- thank God, the NHL is back. We are working on the Tigers and the Lions -- but we have the All Star Game and the Super Bowl and the Rider Cup and the Final Four and the Frozen Four. We are not used to being last or in bottom place at anything in our state.

But in a flat world -- as Tom Friedman will say -- in a world where technology has leveled

the playing field, what happens in Mongolia affects us in Michigan, what happens in India affects us in Iowa. There is an inextricable link; and in a flat world, the lines on the map just float off of the page and we are left with a competition like we have never known. The decisions that we make about our education systems equally are hugely impacted by this global economy, and that is what Tom Friedman is here to discuss with us today.

There is no one better than a multi-Pulitzer Prize winner and one of the best-selling authors in America. Mr. Friedman has spent a career traveling the globe and investigating the forces that are creating these new challenges. I always say Michigan is a crucible for these new challenges, and we are proud to be a manufacturing state, and we are proud to be the auto capital of the world. And, even so, this book prods us to look in new directions as we support our great domestic auto makers.

We are not just in a cycle, folks. We are not just in a cycle that is going to rebound like, perhaps, it has in the past. And that is the message that is so hard to hear, that the jobs that have left perhaps are not coming back. But what is

it that we can do as a state, as a nation, to compete? How do we as a state take advantage of a global economy and take advantage of creating a skilled workforce?

It is a privilege to introduce to you Tom Friedman.

MR. FRIEDMAN: I was just hoping to let that introduction go on and on.

Thank you very much, Governor Granholm. I really appreciate it. Governor Warner, thank you for having me here. Governor Vilsack, thank you for bringing me back to my wife's home state, Tom, and it is a treat for us to be here.

I was thinking, though, when I heard Mr. Thakore refer to the Pew poll that 71 percent of Indians hold us in high regard, it reminded me of the joke Lebanese used to tell about the former Syrian president, Hafez al-Assad, won an election. He won 99.7 percent of the vote.

His aides came to him afterward and said, "Mr. President, you won 99.7 percent of the vote. That means only three-tenths of one percent of Syrians didn't vote for you. What more could you ask for?"

He said, "Their names." So I would like

the names of those 29 percent in India.

I am going to take the next half-hour or so to talk to you about the argument of The World is Flat, to try to give a framework of what I have been talking about. And then we can open it up for questions, I know, to all the panelists.

This book came about completely accidentally and it is important, I think, to understand how it emerged. I became The Times foreign-affairs columnist in 1995 and my columns really oscillated from January 1995 until September 11, 2001 between "Lexus" issues and "Olive Tree" issues. I focused on issues of technology and finance and trade and issues of traditional geopolitics and ethnic conflicts right up until September 11.

When September 11 happened, I dropped the "Lexus" like a stone and went off to cover the "Olive Tree" wars in Afghanistan and Iraq and really spent the next three years almost exclusively in the Arab-Muslim world. I made one trip back to the Silicone Valley, my old haunt, during those three years to visit a start-up company some friends of mine were involved in called "Google." I did one column on Google and

basically went back to Kabul.

That is really where my head was right up until January of 2004, when I started doing documentaries for the Discovery Times channel. In partnership with the Discovery channel, we did one on the roots of 9/11 and one on the wall that Israel had built on the West Bank. And in January of 2004, we were sitting around with our team from Discovery Times trying to figure out what we should do our next documentary on.

And at the time the issue of America's standing in the world, why they all hate us, was a big issue and so I had this idea: Why don't we do a documentary. Why don't we go around the world and interview young people, foreigners, who spend their days imitating Americans at call centers.

Why don't we go to call centers all over the world and interview young people who spend their days imitating Americans on what they think of America. We thought that would be kind of a fun double mirror, basically.

Well, we were literally budgeting that out when a certain Democratic presidential-hopeful named John Kerry came out with his blast against "Benedict Arnold" CEOs who outsource, and suddenly

the issue of outsourcing exploded into the campaign -- on the cover of Fortune and Forbes' and BusinessWeek and The New York Times, The Washington Post, The Wall Street Journal.

So I just said, Time out. Why don't we just go to Bangalore. Why don't we go to the Silicone Valley of India, the center of outsourcing, and do a documentary called "The Other Side of Outsourcing," where we would explore this phenomenon from the ground up and try to explain to Americans what it was all about.

Well, Discovery and The Times agreed and so off we went on February 15 of 2004 with our Discovery crew to Bangalore. We did about 60 hours of interviews over the next ten days. And over the course of those interviews, I got progressively sicker and sicker -- and it wasn't the food, Mr. Thakore.

It was somewhere between the Indian entrepreneur who wanted to do my taxes from Bangalore, and the one who wanted to write my new software from Bangalore, and the one who wanted to read my x-rays from Bangalore, and the one who wanted to trace my lost luggage on Delta Airlines from Bangalore, that I began to realize that while

I had been sleeping, while I had been off covering the 9/11 wars, something really big had happened in this "globalization" story that I had followed so closely before, and I had completely missed it.

It all really came together with the last interview we did, which was with Nandan Nilekani, the CEO of Infosys, one of the crown jewels of the Indian high-tech realm. Nandan and I were sitting outside his office -- he is an old friend -- on the couch and preparing, really, for the interview. I had my laptop on my lap and was just kind of sharing with him what I had learned during my two weeks or so in Bangalore.

And Nandan said, "I've got to tell you something, Tom. The global economic playing field is being leveled. The global economic playing field is being leveled, and you Americans are not ready."

Oh, I wrote that down on my little laptop: "The global economic playing field is being leveled."

Well, after the interview I got back into my Jeep, rode back to the hotel I was staying in, and along the way I kept rolling around in my head what Nandan was telling me: "The global economic

playing field is being leveled." What Nandan was telling me, I eventually realized, was that the global economic playing field was being "flattened."

And then it hit me: What Nandan is telling me is that the world is flat. Oh, my God, he is telling me the world is flat, and he is citing this as a great achievement in human and economic development that we have made our world flat.

Well, I went up to my room, got on the phone, called my wife, said, "Honey, I'm going to write a book called The World is Flat." She thought I was stark raving mad.

But I came home, immediately contacted my editor and publisher at The New York Times and basically explained to them, "Gail, Arthur, I've got to go on leave. I have got to go on leave immediately because my framework for looking at the world" -- which I laid out in my previous book, The Lexus and the Olive Tree -- "is out-of-date. My framework is out-of-date."

And I basically told them, "I'm going to leave immediately. I'm going to write something really stupid in The New York Times." It's a great

way to get a leave, I have to tell you.

Well, basically, they gave me my leave. And I went off and in the next nine months, basically in a fit of obsession and passion and blew out my arms, wrote this book.

Now, the book opens with me noting that Christopher Columbus set sail in 1492 looking for a shorter route to India. That is where Columbus was going in 1492. That was the source of great riches in his day. The Muslim powers then had bought the overland routes. Columbus didn't want to go around the Horn of Africa, so he had a hunch. There were people who thought at the time, "The world just might be round," and Columbus sailed west. He had the Nina, the Pinta, the Santa Maria.

He never did find India, but he came home and told his wife, "Honey, I've accidentally discovered the world is round."

I actually set off for India myself 512 years later. I knew just which direction I was going. I sailed east. I had Lufthansa business class and a GPS satellite that popped up in my seat and told me exactly where I was every step of the way.

And I came home and told my wife after

what I saw, "Honey, I've accidentally discovered the world is flat."

The first chapter of this book really goes through the encounters I had in Bangalore that suggested to me the leveling of the economic playing field. But, unlike Columbus, I kept going east.

My next stop was Dalian, China. Dalian, as some of you may know, is actually the Bangalore of Japan. That is, it is a major Chinese city where thousands, thousands of young Japanese-speaking Chinese are running the backrooms and doing the business-processing and writing the software for major Japanese multinationals and major American multinationals formerly based in Japan.

Let me repeat that for you in case you think you did not hear me right in light of the recent news between China and Japan: Thousands of Japanese-speaking Chinese are running the backrooms and doing the business-processing for major Japanese multinationals. Japanese is required now at many schools in Dalian. There are karaoke bars and Japanese language schools on every other street.

Then I kept going east. I went to Colorado for vacation and one day called JetBlue. I was actually doing a little research to see if I could get a reservation on JetBlue, if they flew from Washington to Atlanta. I was going down to visit UPS. I got a rather lovely but matronly-sounding woman on the phone from JetBlue. She told me they did not fly there.

After we chit-chatted a bit, I said, "Ma'am, could I ask you your name?"

She said, "My name is Dolly."

I said, "Dolly, could I ask where you are right now?"

She said, "Honey, I'm up in my bedroom in my slippers looking out at the most beautiful scene of Salt Lake City, Utah." Because, as some of you may know, JetBlue was founded by a devout Mormon, David Neeleman, who believes that families would be kept together best if mothers can work at home, and JetBlue's entire reservation system is built around retirees and housewives and a few househusbands in the Salt Lake City area.

So if you call JetBlue for a reservation, you may get Dolly in her bedroom, you may get Bob in his basement, you may get Sue in her hot tub

making your reservation for you on their home computer or laptop.

Then I kept going east. I got back to my hometown, Washington, DC; picked up The Washington Post one day and there was a remarkable story about a pilot project that McDonald's has begun in some areas where if you drive up to a drive-in at certain McDonald's and you order six milkshakes and six fries and six burgers for the kids, you are not speaking to that McDonald's. You are speaking to a call center in Colorado Springs that is taking down your order, and in some cases also taking your picture, and zapping your order and your picture electronically back to that McDonald's to a food preparer who prepares your order, and when you drive up to the window, it matches your order and your picture with you.

McDonald's discovered that they saved maybe 30 seconds in preparing each order and drove down their error rate by a significant degree, so the world is being flattened around us in many ways in which we really are not fully aware.

Now, the kind of argument I am making in this book is that there have been three great era of globalization. The first era of globalization I

call "Globalization 1.0." It lasted from around 1492 to the early 1800s. It shrunk the world from a size large to a size median.

That era of globalization was really built around countries globalizing. You went global in that era through your country. So it was Spain exploring the New World; Britain colonizing India, Portugal, East Asia. The dynamic agent of globalization in that era was the country.

Globalization 2.0 was from about 1800 to 2000. Yes, it just ended. That era shrunk the world from size median to size small and that era of globalization was built around companies globalizing, companies globalizing for markets and for labor.

While you were sleeping -- at least while I was sleeping -- I would argue that we entered Globalization 3.0 from 2000 to the present, and it is shrinking the world from size small to size tiny and leveling the global economic playing field at the same time. Only what is really new about this era of globalization is that it is not built around countries and it is not exclusively built around companies. What is really new, exciting, and a little terrifying about this era of globalization

is that it is built around individuals.

In this era of globalization, individuals can, and in some cases increasingly must, globalize themselves or think of themselves -- as Governor Grandholm alluded to -- competing as individuals globally with other individuals globally. So we have gone from a globalization built around countries to a globalization built around companies to a globalization that is increasingly about you, the individual, the challenge you have and the power you have.

Now, the second chapter of the book is really the longest chapter, and it really -- I am just going to go through the early thesis here -- explains how the world got flat. It is called "The Ten Days and Forces That Flattened the World." This really took me the longest to do and to figure out and I had the most fun doing it. I basically argue that there were ten forces, events, and technologies that came together to create this level playing field, and let me go through them quickly.

I build most of them around a date. So the first date, the first flattener, is 11/9. Not "9/11," "11/9." In a wonderful cabalistic accident

of dates, the Berlin Wall fell on 11/9, November 9, 1989. The fall of the Berlin Wall was a hugely important flattener because it allowed us, for the first time since the start of the Cold War, to think of and conceive of the world as a single flat plane.

I dare say if we look back at the records of the NGA from the 1970s or '80s, we would discover you may have talked about Eastern policy or Western policy, but you were never using the word "globalization." Nobody was. Who could have a global policy when there was a wall right in the middle?

The fall of the Wall, therefore, is hugely important for us to perceptually think of the world as a single flat plane. I actually call this first flattener, "When the Walls came down and the Windows came up," because by another wonderful accident, Microsoft shipped the Windows 3.0 operating system, its breakthrough system, five months after the fall of the Berlin Wall. So basically two things happened at the same time: the Wall came down and the Windows came up.

Suddenly, we had a single, universal graphical user interface to all look at the world

through. Actually, I had the chance a couple months ago to interview Tim Berners-Lee, the founder of the World Wide Web who is at MIT, and I asked him just on a hunch. I said, "Tim, what were you doing in November 1989?"

He said, "That was when I began writing the paper designing the World Wide Web."

So basically in the same year the Walls came down, the Windows came up, and the Web started to go around and the net result was to give us perceptually a much flatter view of the world.

The second date, the second flattener, is 8/9/95. I consider 8/9/95 one of the most important days in Western Civilization. 8/9/95, August 9, 1995, is the day a small start-up company in Mountain View, California called "Netscape" went public and the world and our country, for sure, have never been the same since. Netscape's IPO, Netscape going public, was a huge flattener for three reasons:

First of all, that is what gave us the Internet. Netscape, what was Netscape? Netscape gave us the first commercial Internet browser, and it was the browser which rendered onto computer screens all that stuff locked away in Web sites.

And it was because of the Netscape browser, the Internet went from this device used only by scientists and computer geeks to something used by grandpa and grandma, granddaughter and grandson with equal facility. It was the Netscape browser that brought the Internet to life as a tool connecting people with people.

The second thing Netscape did -- a little more technical -- it actually commercialized a set of open standards to ensure that the Internet would not be owned by any company. It would be no one's walled garden.

But, thirdly, and most importantly, what Netscape did was trigger the dot-com boom and that triggered the dot-com bubble; and that triggered the accidental, absurd, ridiculous, outrageous, insane, utterly crazy overinvestment of something near a trillion dollars into fiber-optic cable in five years. And that overinvestment in fiber-optic cable accidentally, with nobody planning it, connected Beijing and Bangalore and Bethesda, where I live, as though we were all next-door neighbors.

Do you remember how it happened? Netscape's stock was priced on the morning of 8/9/95 at \$28. Jim Barksdale told me he wanted it

at 28. He didn't want it to be a 30-dollar stock. In case it flopped, he didn't want people to think of it as a "30-dollar stock."

It opened that morning at 71, it closed that day at 56, and we all looked at that and said, "Whoa, there is gold over them-there hills."

And what did we do? We went out and bought Nortel, Global Crossing, JDS Uniphase, Lucent. Come on, admit it, it is in your 401(k). And when we did, we accidentally funded the wiring of the whole world. And that was a huge flattener because we drove down the cost of transmitting words and music and data and photos from Beijing to Bangalore to Des Moines down to almost free.

Now, the third flattener is something I simply call "work flow." "Work flow" is all the software standards and software that basically connected all that bandwidth with all those PCs. Work flow is everything from Microsoft Word to Microsoft NetMeeting to proprietary software that you use in your statehouses.

There was a quiet revolution in work flow during the late 1990s. Because you all remember when you first got computers, that was great. Boy, your personnel department was so much more

efficient when you got computers and your bookkeeping department was so much more efficient. There was just one problem: The computers in personnel could not interface with the computers in bookkeeping.

Well, there was a quiet revolution, as I say, during the late 1990s -- I am not going to go into the details -- but that basically made virtually everyone's software interoperable. Now, when my software is interoperable with your software, what that means is we can now work together on more stuff than ever before. This was a huge and important, but very quiet, revolution.

These first three flatteners basically constitute what I call the "genesis" moment of the flat world, because when you suddenly take that Netscape revolution, people able to connect with people more cheaply and easily than ever before anywhere on the planet, and then you add my software able to connect with your software virtually and seamlessly, what that meant, what we created, was a platform for multiple forms of collaboration.

That was the "genesis" moment of the flat world. Suddenly, we had this whole new platform

for more people to collaborate on more stuff from more places in more ways than ever before. What the next six flatteners are, are the new forms of collaboration that suddenly sprung from this platform, and it flattened the world even more.

Well, the first of these, of course, is "outsourcing." Now you can take your state's finance department, if you want, and outsource it to North Bangalore, North Dakota, North Miami Beach, wherever you want. On this new platform, either one would be equally easy.

Second new form of collaboration is "offshoring." Offshoring is when I take my whole plant from Canton, Ohio and move it to Canton, China and integrate it into my global production system. New form of collaboration, much easier on this platform.

The third new form of collaboration I call "open-sourcing." Open-sourcing is a bunch of geeks sitting at home writing the next great operating system, Linux; or writing the Web server that runs all your computers called "Apache," a bunch of geeks sitting around in what are effectively chat rooms collaborating in open-source to write software. It is a hugely important new

form of collaboration.

Why do they do that? Why would anyone work for free to design the next great operating system called Linux to compete with Microsoft? Well, some do it because they hate Microsoft. In fact, there is a question whether there would be any open-source movement if there were not Microsoft. But others do it because they love the pure peer-reviewed science of it.

"Look at this new algorithm I came up with." "Look at this great new computer patch. You got to see this."

For whatever reason, open-source as a source of innovation, whether it is the Wikipedia encyclopedia or the people who are now doing the open-source formula for Coca-Cola or the people who are competing with Microsoft on Linux, this is a hugely important new form of innovation.

How would you like to be Microsoft? I mean, all these years if anybody challenged you, you could use your cash, basically, just to hold them back, to undercut them on price if you needed to. It's hard to beat "free." It's hard to beat "free." Now Brazil has moved its whole government to Linux. I would not be surprised if China is not

far behind. These things have a lot of problems. they are not as free as they look, in truth, but it is going to be a very new, important form of innovation.

You are all a bunch of old fuddy-duddies, but you go onto your state college campuses and ask kids about "Firefox," oh, they will know what you are talking about and they are not talking about an animal. They are talking about the newest Web browser, Firefox, produced in open-source by a 19-year-old at Stanford collaborating with a 24-year-old in New Zealand. I do not know if they have ever met to this day. But they put up the Firefox browser last year and it was downloaded, I believe, 10 million times the first month. So this is going to be a hugely important new form of innovation and collaboration, open-source.

The fourth new form of collaboration I call "supply-chaining." Supply-chaining is what Wal-Mart does. But we are talking about supply-chaining down to the last atom of efficiency, where you take an item off a shelf at a Wal-Mart in Ames, Iowa and another copy of that item is immediately replicated and produced in Zhenjiang, China.

If Wal-Mart were a country today, it would be China's eighth largest trading partner, ahead of Canada and Australia. We are talking about supply-chaining at a level of efficiency that could only come off this platform. I have a friend, Yossi Sheffi, who teaches Supply Chain Logistics at MIT. He has a nice saying: "Making stuff? Making stuff, that's easy. Supply-Chaining? Now, that's really hard."

Think about it: Wal-Mart. Wal-Mart is the biggest company in America today and it does not make a thing. It makes a supply chain. This is, in a flat world, on this platform, a hugely important new form of collaboration.

Fifth new form of collaboration I call "insourcing." Insourcing is what UPS does. You know those people in the funny brown trucks wearing the funny brown shorts. If you think all they are doing is delivering packages, think again. UPS does insourcing. They come right into your company, right up to your headquarters and now take over your whole internal logistics.

Say you have a Toshiba laptop. It breaks one day and you go to the warranty. It says, "Call 1-800-HELP." You call 1-800-HELP, and they tell

you, "Take your Toshiba laptop to the UPS store. They will send it to us, we will have it repaired and back to you in 72 hours."

Here is what you don't know: Your Toshiba laptop goes from the UPS store to the UPS hub in Louisville, Kentucky at the Louisville Airport where in an airplane hangar at Louisville Airport a UPS employee wearing a white smock in a clean room repairs your Toshiba laptop. It never touches Toshiba. They have insourced all of that to UPS.

Want to get your kids some sneakers on Nike.com? Guess who is on the other side of the screen? Someone in the funny brown shorts. UPS answers your e-mail, UPS picks and packs your shoes, UPS ships, and UPS bills them.

See the Papa John's Pizza truck go by? Guess who is driving it? Say it with me now: "Someone in funny brown shorts." Okay? Because Papa John's has insourced the delivery of their dough from their bakeries to their outlets, just so they will rise at the right time, to UPS. This is a whole new form of collaboration. It is done by DHL, FedEx, and UPS, and it is a huge flattener because it requires all kinds of standards and

collaboration.

The sixth and last new form of collaboration I simply call "in-forming."

"In-forming" is my name for "Google," its search. And in-forming is a whole new form of collaboration because I can now collaborate and mine my own data. I can in-form myself. TiVo is a form of in-forming for entertainment; Google, Yahoo, Microsoft, search for information.

Let me just recap: The first three created this platform for multiple forms of collaboration; they produced six new forms of collaboration, which I call "outsourcing," "offshoring," "open-sourcing," "supply-chaining," "insourcing," and, "in-forming." That is nine. What is the tenth? I said there were ten flatteners.

The tenth I simply call "the steroids." "The steroids," and the steroids are wireless technology, voice over the Internet and the amazing, amazing advances in graphical design and user interface that are being driven actually by game companies but today are now being used by businesses to actually enhance collaboration.

Now, what these steroids are doing is

turbocharging all six of these new forms of collaboration, so now I can do any one from anywhere with any device totally mobile.

These are the ten forces I argue that flattened the world.

Now, the last chapter I am going to deal with, which kind of ties it together, is called "The Triple Convergence." Basically, what I argue in this book is right around the year 2000 there were three huge convergences that really created this flat world.

The first convergence was that all ten of these flatteners started to converge, and the complementarities between them all suddenly started to work together. So the in-forming helped the outsourcing, the outsourcing helped the offshoring, the open-sourcing helped the insourcing. All ten of these flatteners started to work together.

And right around the year 2000, right around the Millennium, they all converged. And when they did, they flattened the world because what they created when they converged was a global, Web-enabled platform for multiple forms of sharing knowledge, work, education, and entertainment; irrespective of time, distance, geography; and

increasingly, even language.

And that is my definition, that is what I mean when I say, "The world is flat." I mean we have created this platform for multiple forms of sharing, knowledge, work, education, and entertainment; irrespective of time, distance, and geography. And it is the argument of this book that wealth in the future will go to those countries, those states, those cities, those companies, and those individuals who understand this platform and both educate their people to take advantage of it and connect them to it through infrastructure; particularly, broadband.

That is what I mean when I say, "The world is flat." We have created, through the convergence of these ten flatteners, this platform. That was the first convergence.

The second convergence, which we are just in the middle of, is that we all have to adapt our habits now to this new platform -- management habits, management for our state, management for our business, management for individuals -- because we are moving from a world where value is created in vertical silos of command and control to a world now where value will be created by who you connect

and collaborate with on this platform. That is a big shift.

Well, the economist Paul David did a study several years ago asking a very interesting question. He said, "Why was it when electricity first came out, we didn't get a productivity boost?" Interesting question.

When he looked into it, he discovered, well, the reason was first we had to completely redesign buildings. First we had to redesign factories that were built around big steam engines with tall pulleys into low-slung, long-slung facilities that could operate with small electric engines.

Then we had to redesign the shop floor, then managers and management practices had to change and consultants had to change. And only when we did all those changes in our habits and practices, could we take advantage of electrification and get the productivity boost. We are now in a huge transition to adapt our habits to this new flat platform.

Now, the best way I can illustrate this to you is with a personal example that happened while I was writing my book. Our oldest daughter

goes to university in New Haven, Connecticut. We live, as I said, in Bethesda, Maryland. To get from Bethesda, Maryland to New Haven, Connecticut, is a complete pain in the behind. You have to drive 40 minutes to BWI Airport in Baltimore, then take Southwest Airlines from Baltimore to Hartford and then drive an hour from Hartford to New Haven.

No problem. Last March I was going to visit my daughter, taking her a couple bags of spring clothes. I am a big Southwest fan and I made the trek. I do not know how many of you have flown Southwest, but, as you know, on Southwest there are no reserved seats. You just get a ticket that says "A," "B," or "C." "A's" board first, "B's" board second, "C's" board last. You do not want to be a "C" on Southwest Airlines, especially if you are taking two carry-on bags and you want room in the bin above the seat and not get stuck in the middle.

No problem. I like to think of myself as a tech-savvy guy. I did an e-ticket reservation ahead of time. But just in case, I got to BWI Airport in Baltimore 95 minutes before my flight because I was going to be an "A." I took out my Visa card, stuck it into the Southwest Airline

e-ticket machine and out came my ticket, and it said "B."

I said, "This thing is fixed, this is rigged, this is worse than Las Vegas. I'm here 95 minutes before this flight. There is no way I'm a 'B.'" I went and got my Cinnabon and stood in back of the "B" line, stewing.

Well, 45 minutes went by and then they called the flight. And then I saw it. Most of the "A's" seemed to be getting on carrying what looked to me like just white, crumpled home-printer paper, as though they had gone online at 12:01 the night before and downloaded their own boarding passes and printed them out at home.

Of course, what I didn't know is Southwest had just started a new program -- it was taking advantage of this triple convergence of technologies -- to say, Anybody who wants can now download and print out your own boarding pass at home at 12:01 the night before.

I looked at that, my friends, and I said to myself, "Friedman, you are so 20th Century. You are so Globalization 2.0." I mean, think about it.

In Globalization 1.0 there was a ticket agent and we would get in line, we would pull a

number and we would get in line and we would get our ticket from him or her.

In Globalization 2.0 there was an e-ticket machine. We thought that was cool. And while you were sleeping, you became -- you, the individual -- became your own ticket agent.

Excuse me, though. Let me also point out: You, the individual, became an employee of Southwest Airlines. And excuse me one more time, because if you value your own time, staying up at 12:01 the night before, you are paying Southwest Airlines to be their employee.

But what is all that about? See, next time I will go online at 12:01 a.m. the night before. I will download my own boarding pass, print it out, and I will show up at Baltimore Airport 30 minutes before my flight, and I will capture 60 minutes of productivity. I will flatten myself. I will horizontalize myself, and that is what I mean by "changing our habits."

The third convergence, the one we have alluded to here today with our wonderful guests from China and India, is that just when the world got flat, just when we created this flattened platform, guess what happened? Three billion

people who were out of the game -- called "India" and "China" and the "Former Soviet Empire" -- opened up and walked onto the field.

And when did they arrive? Just when the could compete, connect, plug, and play, with your kids in mind, more equally than ever before in the history of the world.

Oh, yes, yes, I know, and I respect what our visitors have cautioned us about: Of those 3 billion maybe only 10 percent can really plug and play. Let's see, 10 percent of 3 billion, zero, carry the 3 -- that is 300 million new players. That is exactly twice the size of the U.S. labor force.

It is the simple argument of this book, friends, that this triple convergence of these ten technologies and these new business practices and these 3 billion new players is going to shape the brief history of the 21st Century.

Let me simply say one last thing before I close. There was another convergence that happened at the same time as this triple convergence, kind of a political "perfect storm" that completely disguised what was going on, and it was called "9/11," "Enron," and the "dot-com bust."

9/11 distracted us. From the president down to the columnists, we were looking the other way. Enron made every CEO guilty until proven innocent, so who wanted to talk to them? And the dot-com bust really made people silly. It made them think that globalization was over because a lot of silly people equated the dot-com bubble and boom with globalization. So when the bust came along, they thought it was over. When, in fact, it was just entering a whole new realm.

So as a result, right when we have reached what I consider to be the mother of all inflexion points, friends, we are going from vertical-value creation to horizontal. This is going to change, I believe, everything. This is going to be as big as Gutenberg and the printing press. Not tomorrow, not next week, but over time this is going to change everything. And just when we reached this incredibly important inflexion point, no one, no one is telling the kids.

Writing this book was like being in a science-fiction movie. I would go around and interview all these CEOs and CIOs and CTOs. They know what is going on, but they are like pod people. They are like pod people in science

fiction. They all know the secret, and thank God for our country, they are doing it like crazy. But nobody has told the kids.

We just had an election in this country where the Democrats were debating whether NAFTA is a good idea, and the Republicans put duct tape over the mouth of Chief White House Economist Greg Mankiw when he said, "Outsourcing makes total economic sense," and they stashed him in Dick Cheney's basement never to be heard from again. Has anybody seen Greg Mankiw?

Well, I wrote this book for one simple reason: That at least two kids, Orly and Natalie Friedman, will know what world they are growing up in. And it is a world in which I have said many times -- when I grew up in the fine state of Minnesota as a young boy in the '50s, my parents use to say to me, "Tom, finish your dinner. People in China and India are starving."

And I tell my girls, "Girls, finish your homework because people in China and India are starving for your jobs." And in a flat world, trust me, they can have them. There is no such thing as an "American" job.

As Bill Gates pointed out to me in the

book, 30 years ago if you had a choice of being born a B-student in Des Moines or a genius in Beijing or Bangalore, there was no question you wanted to be a B-student in Des Moines. Your life chances were so much greater as a B-student in Des Moines than a genius born in the middle of a chinese cultural revolution or stultified Indian economy. When the world is flat, you don't want to be a B-student in Des Moines. Not when every genius, not to mention every B-plus student in Beijing and Bangalore, can plug and play, compete, connect, and collaborate more directly and efficiently than ever before.

So let me leave you with the words of my friend Carly Fiorina, formerly of HP, who pointed out something to me I think is dead-on. She said, "Tom, everything we called the 'IT Revolution' in these last 20 years, everything we called the 'Information Technology Revolution' in these last 20 years, sorry to tell you, just the warm-up act. That's just been about the forging and distribution of the tools of collaboration into this platform. We are now, I believe, just at the end of the beginning. What you are now about to see is the real IT Revolution."

So, ladies and gentlemen, I urge you to fasten your seat belts, put your seat-backs and tray tables into a fixed-and-upright position, because the world is flat.

Thank you very much.

(Applause)

GOVERNOR WARNER: Wow, we had three extraordinary presentations, and we come away with a sense of two countries that have burst upon the world scene with rich, long histories; where two education experts from those countries indicate, "Gosh, we think you guys in America are doing pretty well. We have less than 50 percent of our high school students graduating, but we are going to work like heck and double that over the next few years."

Then Tom Friedman comes up and says, "You think you have started to see anything yet from the so-called IT revolution, and we are just beginning, and what are we going to do when China and India and the dozens and dozens of other countries that are a half-step behind get their high school graduation rates up to 30, 40, 60, 70, 80 percent?"

Who has got a question?

GOVERNOR PATAKI: Tom, if I might, in

your book you also talk about the "nonflattening" part of the world and how it not only is nonflattening, but it has the potential to actually disrupt the flattening that you referred to; and sadly, a lot of that is the Islamic or Arab world.

From your experience have you seen or do you believe there are governmental policies both to change the political climate and to integrate more globally that nonflattening part of the world that will take away what you refer to as the cause of terrorists, which is not so much poverty as despair?

MR. FRIEDMAN: Thank you, Governor Pataki. That is an important question. I do write a chapter in the book called "The Unflat World," as you alluded, about those forces.

Let me try to answer it in a kind of roundabout way. I believe that we have treated the Arab world, we have viewed the Arab world -- over the last 50 years the Arab-Muslim world, but particularly the "Arab" part of it -- kind of as a collection of big gas stations, really. And all we cared about, really, were three things -- this is bipartisan, Democrats, Republicans, young and old. We cared that the pump was open, the price was low;

and in recent years, that they be nice to Israel.

Basically the bargain we had with them pre-9/11 was that, "Guys, just keep the pump open, the price low, be nice to Israel, and you can do whatever you want out back. You can treat your women however you want. You can preach whatever intolerance that you want. You can write whatever bad things about America or infidels in your textbooks and educate your kids on that however you want. You can write whatever conspiracy theories in your newspapers, whatever you want. Just keep the pump open and the price low and be nice to Israel."

Well, I believe on 9/11 we got hit with the distilled essence of everything going on out back. That is really what bin Laden represented. And so the reason I found myself as one of those crazy liberal hawks supporting the war in Iraq -- for my own reasons, which was about democracy reasons -- was my belief -- and this is really the answer to your really important question, Governor -- which is that unless you change the context within which young people live their lives and have a chance to realize their aspirations, we are never going to get at this problem, because the

only way to have a reform in Islam is to actually have a political context where people are free.

Now, the best evidence I have for that is Mr. Thakore's country. I would say to people, "What is the biggest Muslim country in the world? What is the second biggest Muslim country?" The biggest is Indonesia. The second biggest is a country called India -- not Saudi Arabia, not Iran, not Pakistan.

Well, here is an interesting statistic from 9/11: There are no Indian Muslims in Guantanamo Bay, and there are no Indian Muslims that we know of -- probably are somewhere -- in Al Qaeda.

Now, wait a minute. That is a statistical anomaly. How could it be that the second largest Muslim country in the world is not represented in these terrorist groups? Could it be because the richest man in India today is a Muslim software entrepreneur, Azim Premji, the chairman of Wipro, one of the biggest outsourcing companies in the world?

Could it be because there are Indian Muslim women on the Indian Supreme Court? Could it be because when I was in India, actually, after we

invaded Afghanistan and there was a debate on Indian national TV between the country's leading Muslim cleric -- and the country's leading female movie star happens to be a Muslim woman, and this Muslim cleric called on all Indian Muslims to rise up and go to Afghanistan and join the jihad against America, and this Indian woman movie star told him basically to "shove it" live on Indian national TV because she lived in a context that empowered and protected her to do so.

So at the end of the day, Governor, my feeling is real simple: This ain't rocket science. Give young people a context where if they have an entrepreneurial idea, they can become the richest person in their country; if they have a grievance, they can run for office or write an op-ed piece; if they have a legal dispute, they can get it adjudicated in a court of law without bribing the judge with a goat, and guess what? They don't want to blow up the world. They want to be part of it.

So unless we find a way -- and, Lord knows, we've messed it up ten ways to Sunday in Iraq -- but unless we find a way to collaborate with people in that part of the world to begin to change the context, we have a real problem.

Because in a flat world, when you do not visit a bad neighborhood, it will visit you.

GOVERNOR WARNER: Thank you.

The one thing we have not been able to do in this flattening of the world -- and I will take one more question, if it is going to be a brief one -- is we have not been able to flatten time quite yet. I am going to take one question but then turn it back to Tom Vilsack, where I believe we are going to have a demonstration of some of this flattening-world technology.

Are we still actually going to see the kids? We actually have some of our children, the governors' children, at a remote location. We are going to try to tell those kids.

But if I can get one other governor, one very quick question. Jennifer.

GOVERNOR GRANHOLM: One of the reasons why, of course, this is a provocative book is basically what you have said related to NAFTA is a provocative thing to say, for those of us who have citizens and seen the real faces of pain of people who have lost jobs.

What advice do you have in this flattened world for us as governors in how we deal with the

velocity of change that does not allow us to prepare as rapidly our citizens for the change as the change has come upon them?

How do we deal with that.

MR. FRIEDMAN: I really have to thank Governor Grandholm because she has been such a wonderful evangelist for my book, and I keep writing columns. I give her so much grief at home. Bless your heart.

There are so many things, and let me just sort of toss out a couple that are on my mind, because I know from Governor Warner that time is short.

One is, I really think it is so important for political leaders, thought leaders, intellectuals, that we describe to people the world they are living in. It begins there.

I think Americans are so much smarter, are so much more willing -- if you say, "Let's start from a baseline. This is the world we're in. You didn't create it. I didn't create it, but this is the world we're in. This is the world we've got to work with," I think that is so important from our political leaders and thought leaders. Not to demonize it, not to butter it up, but to describe

the world we are in.

But I guess what happens when the world gets flat is kind of two things: One is the global economy gets bigger, more people to sell stuff to. That is good, but it also gets more specialized. The example I always give is we now have Google. Great, but now Google has spun off a whole new industry. Google did not exist seven years ago. Now there is a whole industry built around Google called "search engine optimizing."

Well, why is that important? It means that the global economy just is not getting bigger. It is getting more specialized, more complex. There will always be a job, I believe, for knowledge workers -- Americans, Indians, or Chinese -- if they get their knowledge up, to grab one of those specialties.

That is why to me two things are really critical: One is making tertiary education. If horses could vote, we never would have had cars; if oxen could vote, we never would have had mechanized agriculture. So there is always someone being hurt. We know that.

We got from the Agricultural Revolution to the Industrial Revolution thanks to the "high

school" movement, and we are going to have to get from the round world to the flat world by making college or post-high school education of some level available to every American. That is one thing.

And, very quickly, the last thing is I think the greatest skill that you can have in a flat world is the ability to learn how to learn. I have been on book tour. Several parents came up to me and said, "My daughter is studying Chinese. She's going to be okay; right?"

Not exactly. The greatest skill you can have in a flat world is the ability to learn how to learn because this world is going to spin off so many new jobs and specialties faster and faster than ever.

While I was out in my home state of Minnesota speaking about this book at the Fitzgerald Theater in St. Paul where Garrison Keillor does *Prairie Home Companion*, a ninth-grader stood up and asked this question, and I will leave you with this:

He said, "Mr. Friedman, that's really interesting, but how do you learn how to learn?"

This was truly standing on one leg, but I think the way you learn how to learn is you have to

love how to learn; and the way you learn how to love how to learn is by having great teachers.

So what I said to him was, "Son, go ask your friends who are their favorite teachers and whatever they are teaching, take their courses. I don't care whether it is Greek mythology, calculus, or computer mechanics. Whatever it is, take their courses, because the way you love how to learn is by having great teachers."

I remember my great teachers, believe me. I have written about them in my book. I do not remember to this day much of what they taught me anymore, but I sure remember loving to learn it. It seems to me if we get the teachers right -- and that is a whole challenge -- and we let people know what world we are living in, we have half a chance.

But we are in a crisis. We are in a quiet crisis. As my friend Paul Romer from Stanford says, "A crisis is a terrible thing to waste."

(Applause)

GOVERNOR WARNER: Thank you. Let me thank all of our speakers. Our speakers from Bethesda, Bangalore, and Beijing, if they would be willing to stay around and let us interact with you

individually after a couple of other presentations.

We have two other orders of business that we must do today. The Executive Committee things we can put off, but the two orders of business -- I am going to call on Tom Vilsack in terms of something very exciting that is going on at Iowa State University: virtual reality.

After that I would ask you to stay around because one of the things that we are going to do to close out this afternoon's program is present some of the NGA's Distinguished Service Awards. And in many ways, Tom, the people that we are going to be honoring this afternoon are teachers and lovers of learning in their own way in state government, so I would ask everyone to stay around for this very, very important recognition.

With that, I will turn it over to Tom Vilsack.

GOVERNOR VILSACK: Thanks, Mark.

Very quickly, we wanted this NGA conference to be a learning experience for the young people who accompanied their parents and so at Iowa State today they have had an opportunity to learn, and, hopefully, with technology they are now in a six-sided virtual reality chamber and will

share their experiences with us.

So if we can queue it up, hopefully, we will see the young people. There they are.

(Videoteleconference with governors' youth from Iowa State University.)

MR. OLIVER: Jim Oliver here. There I am. Hi. Can you hear me now?

GOVERNOR VILSACK: Yes.

MR. OLIVER: Welcome to Iowa State and the Virtual Reality Application Center. My name is Jim Oliver. I am a professor of mechanical engineering and director of VRAC, as we call it up here. We have had a great time this afternoon having fun with all your kids.

Can we pan out and get a big shot of what we are looking at here, Paul? There we go. Can you kids give the wave that we have been practicing? There you go. Why don't we start over there. They were practicing that while we were waiting for Thomas Friedman and his very interesting talk. I enjoyed that book too.

We have had a great time today learning about virtual reality and the things we do up here, some of the equipment we have and the projects underway. It is a really exciting time for us here

at Iowa State, and we have really enjoyed having your children up here. We took them into the Fire Cave, which is in the C6, and nobody threw up so we consider that a success.

What I have done for a little payback -- because I've got them all to help me tell you about VRAC and what we do up here -- and we are going to use a mechanism fine-tuned by David Letterman, the so-called "Top Ten List." So I have developed a VRAC "Top Ten," and we are going to enlist your kids to help me tell you about Iowa State and VRAC.

Are we ready? Everybody ready?

Starting with No. 10:

JACK BALDACCI: Hi, I'm Jack Baldacci from Maine.

The Virtual Reality Application Center at Iowa State University is home of the C6, an immersed VR room in which all realtime stereographics are projected on to four walls, the ceiling and floor.

MR. OLIVER: No. 9:

JACK MULHERN: Hi, I'm Jack Mulhern from Michigan. Hi, Mom; hi, Dad.

ISU is only the second university in the country to offer master's and doctoral degrees in

Human-Computer Interaction, and the first university to graduate a PhD student in the subject.

MR. OLIVER: Wonderful. No. 8:

KATE MULHERN: Hi, I'm Kate Mulhern from Michigan.

An ISU psychology researcher is studying the effect of violent media on people's tendency toward aggressive behavior. The research hopes to find out what happens to individuals as interactive games get even more realistic.

MR. OLIVER: Great. No. 7:

KATRINA SCHWEITZER: Hi, I'm Trina Schweitzer from Montana.

To help ensure farm animals stay happy and content, VRAC researchers are developing commercial virtual engineering techniques to help optimize the livestock environment.

MR. OLIVER: Wonderful. No. 6:

HAYDEN LYNCH: Hi, I'm Hayden Lynch from New Hampshire.

Large companies, like John Deere and Proctor & Gamble, are working with VRAC researchers to develop VR tools that will enable them to make better products and develop them faster.

MR. OLIVER: Wonderful. No. 5:

GABRIELLA VILA: Hi, I'm Gabriella Vila from Puerto Rico.

Virtual reality technology is helping an ISU architecture professor at VRAC model the ancient capital city of Beijing to help city leaders to plan responsible growth.

MR. OLIVER: Wonderful. No. 4:

MARSHALL SANFORD: Hi, I'm Marshall Sanford from South Carolina.

An ISU botany professor is working at VRAC to develop immersive tools to explore genetic and metabolic data structures.

MR. OLIVER: Great. No. 3:

LANDON SANFORD: Hi, I'm Landon Sanford from South Carolina.

To help preserve ancient religious and cultural artifacts and traditions, VRAC's team worked to reproduce an ancient Hindu temple and ritual ceremonies.

MR. OLIVER: Great job. No. 2:

GILLIAN WARNER: Hi, I am Gillian Warner from Virginia.

VRAC scientists are exploring the use of immersive 3-D interfaces that will allow drug

designers to interactively explore promising molecular binding sites and processes.

MR. OLIVER: Great. And, finally,

No. 1:

ELIZA WARNER: Hi, I'm Eliza Warner from Virginia. ISU -- (Uncontrollable laughter).

MR. OLIVER: Take two, Eliza. Ready?

Okay.

ELIZA WARNER: Hi, I'm Eliza Warner -- (Uncontrollable laughter).

MR. OLIVER: Eliza, good job. As you can see, we have had a great time here.

Eliza was going to mention our work with the Air Force on using VR for unmanned aerial vehicles. It is one of the hardest ones to say, or you could say "UADs," if you wanted to say it that way.

I would like to thank you for giving us this opportunity, Governor Vilsack, and in particular, thank Cyndi Pederson of Governor Vilsack's office and Marcia Lim of the NGA for setting this all up. It was a huge logistical challenge to get this thing going.

We also would encourage you all, all the governors and your families, to put us on your list

for universities as you go out shopping for these bright kids for universities because they are all very, very bright and have bright futures ahead of them.

So with that, I would like to thank you, turn it back over to Des Moines or open it up to questions, however you want to work it. Say hi, kids.

(Applause, videoteleconference program concluded)

GOVERNOR WARNER: Thank you.

We will be back tomorrow morning with the number-one reason. You all thought it was pretty boring, but the rest of us around the table thought that part was the coolest part of the afternoon. It is an example, though, of some flattening going on right there. I am moving it along, hopefully, at a faster pace here.

The next order of business is to present the National Governors Association Awards For Distinguished Service to State Government and the Arts. Now, this is an award that goes back to 1976. It is the result of a long process where governors submit applicants. The awards focus attention on the commitment of state administrators

and important contributions of private citizens to the state government and the arts.

I am honored that these extraordinary individuals have come in. I apologize to them in the forefront when we see some of our audience leaving beforehand, but it will be all captured on film for required, mandatory viewing, at least for all our Corporate Fellows, at some future date.

I want to thank all of the governors who submitted nominations. I want to thank Carolyn Moss of Virginia, who chaired the Selection Committee; and my wife, Lisa, who chaired the Arts Review Panel. I will note just on the up-and-up, Virginia did not win anything, even with both of our two chairs from Virginia going through the process.

As I announce each winner, I would ask you to come forward along with your governor and we will make the presentations.

The first is actually Barry Maram, Director of Illinois Department of Public Aid. Barry, come on up.

(Applause)

GOVERNOR WARNER: Governor Blagojevich cannot be here today, so I am going to read Barry's

attributes.

Barry's three-decade career has included service in both the public and private sector. As a former Associate Director of the Illinois Department of Public Health and Director of Illinois Health Finance Authority, Health Facilities Authority, Mr. Maram was able to hone the administrative skills and leadership abilities that mark his current tenure as the director of the Illinois Department of Public Aid.

Known for his innovation and vision, Mr. Maram, appointed in 2003, has cut the red tape, eliminated bureaucratic barriers to enrollment for those agencies responsible for providing healthcare to those eligible for Medicaid, ensuring that children receive the child support that is owed to them, and helping low-income families meet their home-energy needs.

Under Governor Blagojevich's leadership, he has expanded the healthcare coverage to more than 315,000 working parents and children, all without cutting benefits.

Governor Blagojevich wanted me to emphasize that Mr. Maram has consistently provided tremendous leadership and has worked tirelessly on

behalf of countless Illinoisans who received assistance but who were often unable to advocate for themselves, and he has played an impeccable role in Governor Blagojevich's administration.

Barry, come on over here and let's do the photo op.

(Applause and photographs taken)

GOVERNOR WARNER: The next winner is Allen C. Harris from the Iowa Department for the Blind, and I will ask Governor Vilsack to make this presentation.

GOVERNOR VILSACK: Governor, thanks very much.

Allen Harris is an individual that does not understand the word "No." When he was told that he would not be able to attend college, despite being the valedictorian of his high school, he decided not to accept that fate and, in fact, did indeed attend college and ultimately obtained a master's degree in education.

When he was told that he would not be able to student-teach, he essentially again confounded the naysayers and had an opportunity to spend two semesters as a student-teacher and ultimately successfully taught and coached

wrestling.

We are fortunate here in Iowa that he decided to become a member of our Department of the Blind and that he is the head of that department and has been very instrumental in expanding opportunity for those who are visually challenged.

Indeed, as a result of Allen's work, those in our state have received better employment opportunities and, in fact, are earning a wage level far in excess of the national average for those who are blind or visually challenged.

It is Allen's dedication that has led to this acknowledgment, and I want to thank the National Governors Association for acknowledging a very, very great public servant, Allen Harris.

(Applause and photos taken)

GOVERNOR WARNER: Our next state official winner is Doctor Antonia C. Novello, New York State Health Commissioner. At this time I will turn the podium over to Governor Pataki.

GOVERNOR PATAKI: Come up here, Doctor. Thank you, Governor Warner.

A great New York governor once said a quote that I think all governors can identify with, quote: "The best executive is the one who has

sense enough to pick good people to do what he wants done and self-restraint enough to keep from meddling with them while they do it."

That has been exactly the approach to healthcare that I have been able to use since Doctor Antonia Novello became my Health Commissioner back in 1999. As Governor Acevedo knows, she started out as his constituent in Fejardo, Puerto Rico; became an excellent doctor, became Surgeon General of the United States and after serving our country, decided she was willing to come serve the adopted state that she loves as Commissioner of Health in New York State.

She did an incredible job, and is still doing an incredible job, expanding healthcare opportunities for children and seniors and the uninsured; and in particular, making sure that the immigrant community and every New Yorker has access to quality healthcare.

But perhaps where she shone the brightest was in the hours and days and weeks after September 11 when our healthcare system was under enormous strain, and she personally visited all of the hospitals and clinics in the New York City area; made sure they had the support, the supplies,

the knowledge that they needed. And when the New York City Anthrax Testing Lab could not work at the height of the anthrax crisis, our state agency seven days a week, 24 hours a day processed all the samples that were suspected to provide reassurance to the people of New York.

She is an outstanding commissioner and a great friend and we are just very, very proud of her and pleased with the job she has done in New York. Felicidades, mi amiga.

(Applause and photos taken)

GOVERNOR WARNER: Next we will recognize the award winners in the "Private Citizen" category.

First from Minnesota is Bob Fisher, and I would like Governor Pawlenty to come up and make that recognition. Governor Pawlenty.

GOVERNOR PAWLENTY: Thank you, Governor Warner.

Martin Luther King said that "Everybody can be great because everybody can serve." Bob Fisher is a shoe repairman. He owns a shoe repair shop in Wayzata, Minnesota. In 1996 he had the idea and the heart for trying to help people who needed some help with Thanksgiving meals and who

were not having access to appropriate nutrition, so he decided to sleep out in a tent until he raised enough money to feed 100 of those families. He successfully met his goal of raising \$7,000, more than his goal, and was able to feed the families on that particular occasion.

He took that concept and grew it to tackle the issue of homelessness more broadly. He did a lot of interaction with people in Social Services and, of course, came to the conclusion that without stable housing, many other issues were the next level of challenge beyond. He wanted to start in a triage basis with having the housing need addressed.

So he has started an annual Sleep-Out Campaign where he personally sleeps out for many, many nights in a row and over the years has joined more and more people to join the Sleep-Out, to the point now where he has hundreds of people sleeping out with him for extended periods of time, and just since he has started this initiative focusing on housing, he has raised \$4 million by sleeping outside.

And it has a tremendous effect. It has turned into a community festival where people come,

even if they are not sleeping out, to be part of the experience and to be of help and to give encouragement and financial support.

We are really proud in Minnesota to have a citizen-servant like Bob Fisher making such a big difference on behalf of people in our state.

Thank you, Bob.

(Applause and photos taken)

GOVERNOR WARNER: Our next award winner in the "Private Citizen" category, unfortunately, could not be with us today. He is John C. Whitehead, Chairman of the Board of Directors of the Lower Manhattan Development Project.

Again, I would ask Governor Pataki to come up and make a few comments.

GOVERNOR PATAKI: Thank you, Governor.

On September 10 of 2001, John Whitehead thought he was retired. He had been in the first wave of the invasion of Normandy. He had an incredible private-sector career where he became chairman of Goldman Sachs, one of the great global giants. He had gone and served our country as Deputy Secretary of State, where he had a tremendous impact on global policy, and in 2001 he was 81 years old.

On September 12 I heard call after call from major companies in Lower Manhattan -- and as you just heard from Tom, they do not have to be in New York, they do not have to be in America -- wondering whether they could stay there and whether we could assure them they were going to be safe. We told them they could, that we were going to create a new authority, the Lower Manhattan Development Corporation, to make sure that everything from redevelopment to security was done right.

They said to me to a person, "Can you get someone who is a venerated figure who will restore confidence immediately, instantaneously in the business community?"

I said, "There is one person: John Whitehead."

I called him. He had some reluctance. It took him probably five minutes to decide that at the age of 80 he would come back and serve the people of America and New York again.

He has served incredibly well restoring that public confidence. Lower Manhattan is coming back stronger than ever. He is the Chairman of the Lower Manhattan Development Corporation. Almost

four years later, now at the age of 84, he is still there every single day helping us rebuild Lower Manhattan. He not only is the chairman of the LMDC, he just took on the new task of being the chair of the foundation to raise the funds to construct the memorial that will be the centerpiece of the redevelopment of Lower Manhattan.

He is an extraordinary individual. I am sorry he could not be with us here today, but all I can say is, "John, thank you for the tremendous service you have provided and continue to provide to the people of America."

Thank you, NGA.

(Applause)

GOVERNOR WARNER: The next winner is Pat Halpin-Murphy, founder of the Pennsylvania Breast Cancer Coalition. I would like to call on my friend, Governor Ed Rendell.

GOVERNOR RENDELL: Pat Halpin-Murphy is the type of citizen-soldier that every state should have and that we are all fortunate that we do. Pat has had a distinguished career of fighting for the things she believes in.

Pat is a breast-cancer survivor herself, and in 1993 she founded the Pennsylvania Breast

Cancer Coalition which was devoted to increasing public awareness about how to help prevent breast cancer and how to treat it, its symptoms and the illness itself. She also founded the coalition to encourage increased funding for treatment, for diagnosis, and for all of the things that we need to battle the dreaded disease.

In 1995 Pat convinced a bipartisan coalition of Pennsylvania legislators -- and she should be getting an award for that alone. Pat convinced a bipartisan coalition of Pennsylvania legislators to establish the Breast Cancer Research Fund. And what the fund is, is it receives money in a checkoff from our state income tax. Citizens check off money to go into this fund, and since 1997 we have accumulated \$1.5 million in that fund and that fund has helped to pay for reconstructive surgery for breast-cancer victims and to cover the costs associated with postsurgery hospital stays as well.

Pat has also successfully brought forth legislation that required insurance companies in Pennsylvania to pay for the costs of that reconstructive surgery and for those posthospital stays.

The best news about Pat, though, is this 11-year, almost 12-year career of fighting for the improvement of all of the things we need to do against breast cancer is just beginning. Her energy level has not flattened out one bit, and she is ready for new challenges.

And, again, Pennsylvania is very fortunate to have this great citizen-soldier, Pat Halpin-Murphy.

(Applause and photos taken)

GOVERNOR WARNER: Next we will recognize the winners in the "Arts" categories.

From Michigan the winner in the "Artistic Production" category is Aaron Dworkin and the Sphinx Organization.

Jennifer, will you make the presentation.

GOVERNOR GRANHOLM: I have the pleasure of introducing not only a fascinating Michiganiaan, but introducing you to his extraordinary work as well.

Aaron Dworkin is a professional violinist, highly accomplished and recognized and has received numerous awards, but the accolade that he is being presented with today is less about his instrument than it is about the instrument of his

advocacy.

In 1996 he founded something known as the "Sphinx Organization." In the recognition that many of our professional orchestras do not have a high enough level of African-American, Latino musicians, the Sphinx Organization is dedicated to inspiring young people, particularly in urban areas, to recruit and train young musicians in classical music.

This organization, the Sphinx Organization, is now in 100 urban schools, teaching 20,000 kids about love of classical music. It is an inspiration to them, it is an inspiration to us. He has got the Sphinx Competition, which is a showcase of top young minority talent in the country and has created minority musicians around the nation, and now we are pleased that he is working on improving the statistics of the less than 3 percent of minorities that are in orchestras and professional orchestras, particularly the larger ones.

For his success at home and around the country, we in Michigan are truly proud that he is receiving this National Governors Association Award. Thank you for making us so proud, Aaron.

(Applause and photos taken)

GOVERNOR WARNER: Finally, we are recognizing five companies that have been Corporate Fellows for 15 years. Cutting to the chase, the Corporate Fellows -- not "finally" yet.

Finally, we have two more important award-winners, which are Iowa's own Pamela Bass-Bookey and Harry Bookey, folks who I have had a chance to meet a couple times, and I am again going to ask Governor Vilsack to make the presentation.

GOVERNOR VILSACK: The Bookeys are friends of mine and they are certainly friends of the arts in Iowa. In a number of different ways, they have improved the life of those of us who live in the state of Iowa.

They have sponsored a history series that has brought world-famous historians to the Des Moines area to lecture and to visit with young people so that they have a sense of history.

They have responded to the concerns of those of us who want historic preservation of notable buildings and have allowed us to preserve and restore the Masonic Temple here, and it has become really a key to the renaissance of downtown

Des Moines. They have supported our Public Library by establishing the Poetry Park and Chess Park that will be located near the new library. Pam, as a result of her leadership two years serving in the Arts Festival, the Des Moines Arts Festival has now become one of the nation's best.

They have been truly supportive of the arts, so they have given of their time, their resources, and their vision, and they are truly deserving of this recognition.

(Applause and photos taken)

GOVERNOR WARNER: Those stalwart governors who are still here, not only do you get kudos, we are going to maybe let you off from one other session along the way. We are not going to put you through the Executive Meeting, but we do want to do one other thing; which is, recognize those Corporate Fellows who have been Corporate Fellows for 15 years.

Let me assure you, the dues alone that the states and territories pay do not meet all of the obligations of the NGA, and it really is the Corporate Fellows Program which was started in 1998 that allows us to do so many things. We limit to 100 the number of Corporate Fellows, and we are

very, very appreciative of all of the Corporate Fellows who continue to participate in this program.

I would like representatives from each of the companies to come up. First of all, General Electric, and accepting on behalf of General Electric will be Mr. Edward Faulstick and Mr. Steve Maddocks.

Governor Vilsack, if you would join me.

(Applause and photos taken)

GOVERNOR WARNER: I know some of you are thinking, "Fifteen years of being Corporate Fellows and all we get is a rushed photo op?"

The next is Pfizer. Accepting on behalf of Pfizer is Kristine Coryell.

(Applause and photos taken)

GOVERNOR WARNER: Prudential Financial, and accepting on behalf of Prudential Financial is Miss Lee Wood. Governor Rendell, why don't you join me on this one.

(Applause and photos taken)

GOVERNOR WARNER: Two of our honorees were unable to send representatives to be with us today, but I would like to recognize Dow Chemical Company and the Eastman Kodak Company for their

support over the last 15 years, and we can applaud them as well.

(Applause)

GOVERNOR WARNER: Those of you stalwart finalists, I am grateful for your presence. I want to recognize one other individual who has come in, Tom Miller, Iowa's attorney general. Tom, thank you for being here this afternoon.

(Applause)

GOVERNOR WARNER: While we will re-recognize her tonight at the governor's reception, being a spouse of a governor is a challenge.

My great spouse, Lisa Collis, is here. Lisa, thank you for being here. But in particular who I want to recognize in showing the kind of dedication to be a governor's spouse, is she was willing to give up her 29th birthday celebration to come here today to be part of her husband's chance to become NGA chair, if everything works out, on Monday.

I would like to say a special "happy birthday" greeting to my dear, dear friend and the number-one NASCAR fan in the Huckabee family, Janet Huckabee.

Before I put any more of my feet in my mouth any further, I am going to call this meeting to adjournment.

Thank you all very much.

(The July 16, 2005 plenary session of the 97th Annual Meeting of the National Governors Conference was adjourned.)

CERTIFICATE

I, Mary H. Kluender, Certified Shorthand Reporter and Notary Public of the State of Iowa, do hereby certify that I acted as the official court reporter in the foregoing matter at the time and place indicated herein; that I took in shorthand the proceedings had at said time and place; that said shorthand notes were reduced to typewriting under my direction and supervision; that the foregoing pages are a full and correct transcript of the shorthand notes so taken.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this day of , 2005.

Mary H. Kluender, CSR, RMR

NATIONAL GOVERNORS ASSOCIATION

2005 ANNUAL MEETING

July 15 - 18, 2005

DES MOINES, IOWA

Melissa A. Burns, CSR, RMR, CRR
Launspach, Lewis, Burns & Kluender
1100 Midland Building
Des Moines, Iowa 50309

MONDAY, JULY 18, 2005

Attendees

NGA Executive Committee

Governor Mark R. Warner, Virginia, Chairman
Governor Mike Huckabee, Arkansas, Vice Chairman
Governor Sonny Perdue, Georgia
Governor Dirk Kempthorne, Idaho
Governor Thomas J. Vilsack, Iowa
Governor Edward G. Rendell, Pennsylvania
Governor M. Michael Rounds, South Dakota

Governor Attendees

Governor Ruth Ann Minner, Delaware
Governor John Lynch, New Hampshire
Governor John Baldacci, Maine
Governor Dave Heineman, Nebraska
Governor John Hoeven, North Dakota
Governor Brian Schweitzer, Montana
Governor Jon Huntsman, Utah
Governor Charles Turnbull, Virgin Islands
Governor Jennifer Granholm, Michigan
Governor Haley Barbour, Mississippi
Governor Phil Bredesen, Tennessee
Governor James H. Douglas, Vermont
Governor Mark Sanford, South Carolina

11:00 a.m. - 12:30 p.m.

PLENARY SESSION

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GOVERNOR WARNER: Good morning. I would like to call to order the closing plenary session of this meeting of the National Governors Association.

Tom, I was going to go ahead and recognize another elected official here from the state of Iowa, the Secretary of State, Chet Culver.

Chet, nice to see you here.

(Applause.)

GOVERNOR WARNER: And I have been remiss because one of our former colleagues who has perhaps been involved in gubernatorial and NGA activities more than any other former colleague, at least in my tenure as governor, is once again with us. Someone who I had the pleasure of serving with when I first came in as governor.

One of the governors who, as I remarked to him yesterday in Tom Friedman parlance, gets it on so many levels and that is the former great governor of Wyoming, my friend, Governor Jim Geringer.

(Applause.)

GOVERNOR WARNER: I would also like to recognize two other individuals who are here, and I have not had a chance to meet them so I apologize

on the front end, but we have two distinguished guests from America's closest ally, friend and our neighbor to the north, Canada, joining us for this session. From the Parliament of Canada, Mr. Greg Thompson. Mr. Thompson is both a member of Parliament and cochair of the Canadian section of the Canada-US Interparliamentary Group.

Mr. Thompson, thank you, sir.

(Applause.)

GOVERNOR WARNER: And Mr. Paul Crete who is also a member of parliament.

Thank you as well.

Where are you both from, gentlemen?

MR. THOMPSON: I am from the province of New Brunswick tucked in next to the state of Maine for those that are not familiar with that small province. My colleague is from the province of Quebec. It is nice to be with you.

GOVERNOR WARNER: Gentlemen, thank you very much.

Now, to our governors: I am going to offer you a deal. Here is the deal I will offer you, but I am going to look around and make sure that we all agree to this deal.

I know we have been packing lots of

things in. I am ready and willing if you all agree to go ahead and move to the committee reports first before our two speakers and even allow Governor Barbour to make his, I know, great presentation about the wonderful meeting that will be taking place next year in Mississippi, and I would be willing to move that now if you all will agree that nobody is going to skip out on our closing two speakers on the question of high school reform.

GOVERNOR VILSACK: Mark, I will stay.

(Laughter.)

GOVERNOR WARNER: I have a second from Governor Vilsack on the agreement that we are all going to stay.

If I see any of you leave during our speakers, I will stop the speakers and point you out so the cameras can catch you as you walk out.

GOVERNOR MINNER: Mark, are you going to hold our planes?

GOVERNOR WARNER: That is right. I can't agree to hold your planes, but let me try to move through this part of the agenda quickly.

We will move to the adoption of proposed policy positions alphabetically by committee.

Policies were originally sent to the

governors on July 1. The packet in front of you, which I know you have all read studiously, were the policies adopted by the committees yesterday. They require a two-thirds vote of those present and voting, although in the case of economic development Mike Rounds is going to have to ask us to suspend the rules.

To expedite matters, I will ask each committee to move their committee policies en bloc.

We will start with Governor Rounds who will be subbing in for Governor Sanford, and he explained what he wants to do on the fly and I did not catch it completely so explain it to the whole group, Mike.

GOVERNOR ROUNDS: Thank you,
Mr. Chairman.

There are two separate parts. They are broken into two. I would offer the report from the committee first and then at the end, it is a separate vote, I would ask if you would recognize me again at that time and I will explain the second part at that time, sir.

GOVERNOR WARNER: Yes, sir.

GOVERNOR ROUNDS: Thank you,
Mr. Chairman.

The Economic Development and Commerce Committee met yesterday and heard from a range of policy experts on efforts to improve broadband deployment.

Our panelists included Doctor John Rutledge of the Rutledge Institute; Doctor Jorge Schement, codirector of the Institute on Information Policy, Pennsylvania State University; Brian Mefford, president and CEO of ConnectKentucky; and Mr. Joseph Bast, president of the Heartland Institute as well as Mr. Paul Morris, executive director of UTOPIA.

We had an engaging and thoughtful discussion. The committee adopted four existing policies all without changes.

The Economic Development and Commerce Committee recommends the consideration of amendments to four existing policy positions:

EDC-4, National Research, Development and Technology; EDC-5, Travel and Tourism; EDC-7, Economic Development and the Evolving Financial Services Industry; EDC-8, State Priorities in Communications.

These recommendations were adopted by the committee by voice vote. On behalf of the

committee, I move the adoption of our policy recommendations.

GOVERNOR WARNER: I will take that as a motion. Is there a second?

GOVERNOR RENDELL: Second.

GOVERNOR WARNER: Any discussion?

All those in favor say aye.

(Response from voting governors.)

GOVERNOR WARNER: Opposed?

The ayes have it.

Mike, if you would take the second issue.

GOVERNOR ROUNDS: Mr. Chairman, there is a separate item and I would simply explain it this way: At yesterday's Economic Development and Commerce Committee meeting, I raised concerns regarding the proposed amendment in the nature of a substitute to EDC-6 which details NGA's policy position on the role of states, the federal government and the Indian tribal governments with respect to Indian gaming and taxation issues.

The EDC committee deferred final consideration of the policy as a whole while working through the issue.

My concerns have been addressed and the proposed policy is contained in the suspension

packet.

I would like to thank Governors Sanford and Napolitano for their consideration and support. Our staffs have worked through this issue and we recommend its adoption as well as the entire amended EDC-6 policy for consideration. In a nutshell, we allowed for all the changes with the exception of one section which we retain from the existing policy format.

And with that I would ask for your consideration to suspend the rules and the adoption with the changes.

GOVERNOR WARNER: There has been a motion to suspend the rules that requires three-quarters of all the members voting. Is there a second?

GOVERNOR VILSACK: Second.

GOVERNOR WARNER: Motion has been made and seconded.

Any discussion?

All those in favor of suspending the rules to consider this motion say aye.

(Response from voting governors.)

GOVERNOR WARNER: Opposed?

The rules are suspended and now we will move forward.

GOVERNOR ROUNDS: I would move the adoption of EDC-6 as amended.

GOVERNOR WARNER: It has been moved.

Is there a second?

GOVERNOR GRANHOLM: Second.

GOVERNOR WARNER: Moved and seconded.

Any discussion?

All those in favor say aye.

(Response from voting governors.)

GOVERNOR WARNER: Opposed?

Motion carries.

Thank you, Governor Rounds.

We will now move to the next committee.

Governor Blanco. The Education, Early Childhood and Workforce Committee.

GOVERNOR BLANCO: Thank you, Mr. Chairman.

The NGA Education, Early Childhood and Workforce Committee met Sunday to discuss federal and state strategies to recruit, reward and retain teachers.

Governors heard from the Deputy Secretary of the U.S. Department of Education, Mr. Ray Simon; Lowell Milken, chairman of the Milken Family Foundation; Brett Potts, the Kansas teacher of the

year; and Tom Keating, the Minnesota teacher of the year.

We too, sir, had an engaging, thoughtful and inspiring discussion.

The committee recommends to the NGA membership for adoption amendments to two existing policies: ECW-8, Individuals with Disabilities Education Act and ECW-9, National and Community Service. And the reaffirmation of two existing policies: ECW-2, Education Reform and ECW-6, Targeted Employment Tax Credits: The Work Opportunity Tax Credit and the Welfare-to-Work Tax Credit.

These recommendations were adopted by the NGA ECW committee by a unanimous vote, and on behalf of the committee, I move the adoption of our policy recommendations.

Thank you, Mr. Chairman.

GOVERNOR WARNER: Thank you, Governor Blanco.

The motion has been made. Is there a second.

GOVERNOR VILSACK: Second.

GOVERNOR WARNER: Any discussion?

All those in favor say aye.

(Response from voting governors.)

GOVERNOR WARNER: Opposed?

The motion is carried.

I will now call on Governor Granholm, the Health and Human Services Committee

GOVERNOR GRANHOLM: Thank you, Mr. Chairman.

The Health and Human Services Committee met with my Cochairman Haley Barbour yesterday. We had a very engaging meeting that, in fact, one of the attendees described as the best NGA meeting he had ever attended.

So with that we have, in fact, discussed yesterday providing a restructuring of the entire healthcare system trying to find a uniquely American solution to the healthcare crisis in the United States and I encourage anyone to get a transcript or watch that.

But we did have six policies that we moved. Two were new policies, two were amended policies and two were renewals. We moved them en bloc, and Mr. Chairman, I would do the same with this group.

GOVERNOR RENDELL: Second.

GOVERNOR WARNER: The motion has been

made and seconded.

Any discussion?

All those in favor say aye.

(Reponse from voting governors.)

GOVERNOR WARNER: Opposed?

The motion carries.

Now Governor Heineman on the Natural Resources Committee.

GOVERNOR HEINEMAN: Thank you,
Mr. Chairman.

I do want to make a commitment similar to Governor Vilsack. Being the spouse of an elementary school principal, I assure you I will stay for high school reform.

The Natural Resources Committee met yesterday and heard a set of interesting and informative presentations on the role of the National Environmental Policy Act on energy production in the country.

The committee also adopted amendments to seven existing policies. The policies recommended to the NGA membership for amendment are NR-2, Solid Waste; NR-7, Clean Air Act; NR-12, the Endangered Species Act; NR-13, Principles For Better Land Use; NR-14, Recreation Resources; NR-18, Comprehensive

National Energy and Electricity Policy; and NR-27, Drought.

These recommendations were adopted by the committee on a voice vote unanimously, and on behalf of the committee, I move the adoption of our policy recommendations.

GOVERNOR WARNER: Thank you, Governor.

GOVERNOR MINNER: Second.

GOVERNOR WARNER: It has been moved and seconded.

Any discussion?

All those in favor say aye.

(Response from voting governors.)

GOVERNOR WARNER: Opposed.

The motion carries.

We now have a motion for the Executive Committee policies.

GOVERNOR HUCKABEE: Mr. Chairman, I would move the proposed changes as outlined in our packet for the Executive Committee policies on Federal-State Relations, Homeland Security, Asbestos Litigation, State Communication Tax Modernization and Medicaid Reform.

GOVERNOR WARNER: A motion has been made.

GOVERNOR VILSACK: Second.

GOVERNOR WARNER: A second.

Any discussion?

All those in favor say aye.

(Response from voting governors.)

GOVERNOR WARNER: The motion carries.

Let me again thank all of the governors, particularly as we discussed Saturday, in terms of the next level of ratcheting down on our Medicaid policy.

It is truly a tribute to all of you that the governors have hung together in a unanimous fashion on this question of putting forward a Medicaid reform package. And on behalf of all the governors from the Executive Committee who have been working a lot on this, I want to personally thank you all for hanging in on this. We're going to see some good things happen.

I now would like to -- again, I think it's appropriate because I know there will be some people that will be leaving later, but I just want to take a moment and thank Tom and Christie Vilsack.

(Applause.)

GOVERNOR WARNER: No, no, I will tell you when. They're so anxious to thank you.

We have thanked and recognized Tom a number of times in this meeting. And we have had the occasion to be with Christie obviously at some of the other meetings, but Governor Sebelius perhaps said it best.

I hope you don't mind me repeating what she said, Tom, but Governor Sebelius and I were together at a session on Friday and Governor Sebelius' son had spent some time doing some political work in Iowa, and her son had called Kathleen and said, "Here is your advice when you go to Iowa: Tom Vilsack is a great governor and you need to be really supportive of Governor Vilsack, but when you go to Iowa the person that everybody in Iowa loves is Christie Vilsack."

And we have not formally recognized Christie Vilsack for all the great work that she has done on this conference, and I want to say, first of all, let us thank Christie Vilsack for her great work.

(Applause.)

GOVERNOR WARNER: One of the things that everybody has remarked to me, and I know they have said it to Tom and Christie along the way too, is how extraordinarily smooth everything has run and

how much thought went into all of these events from the ball game to the incredible state capitol event to the video reality, even a daughter that could not give us the number one reason why the VRAC facility was absolutely super and I still don't know what the number one reason was, to a beautiful setting at Terrace Hill to the Science Center event to reluctantly being able to drag Mike Huckabee out to play one more time with his band to the mini Iowa State Fair. All superb, superb events.

And you combine that with the volunteers who uniformly have met everyone's expectations of just plain niceness of the folks of Iowa and you have put together an absolutely first-class NGA meeting.

I have had a lot of governors say this is the best NGA meeting they have ever been to, and on behalf of all of my colleagues and all of the corporate sponsors, all of our visitors and I would even go so far as to say even the folks from the press corps, we would like to personally thank Tom and Christie and the whole Iowa team for a first-class conference. Thank you very much.

(Applause and standing ovation.)

GOVERNOR WARNER: Well, the bar has been

raised pretty high. The only thing I would say is this may be a little bit of a preface to what we are going to be experiencing next year. I don't want anybody to complain about, well, gosh, going to Mississippi in July is going to be hot.

(Laughter.)

GOVERNOR WARNER: I think there will be another great, great meeting next summer. The bar has been set very, very high by the folks in Iowa and Tom and Christie Vilsack, but one thing we all know about Governor Barbour is he likes big challenges.

So with that I would like to call upon my friend, Governor Haley Barbour, who will talk about next year's NGA Conference in Mississippi.

Governor Barbour.

GOVERNOR BARBOUR: Thank you, Mark.

Well, it was interesting that you would choose to say the bar has been raised high. "Bar" is a term with which I am familiar.

(Laughter.)

GOVERNOR BARBOUR: I do know, Tom, this has been a great conference, and I will emulate you in other ways but we already shared that we both married over our heads. So Marsha and I are going

to try to follow in your footsteps.

We are going to be on the Mississippi Gulf Coast in Biloxi July 21 through 24. I will tell you that it will be cooler than it was in Des Moines yesterday. And there will be a breeze.

Let me just say about the Mississippi Gulf Coast, as Governor Blanco will tell you, the Mississippi Gulf Coast is where people from New Orleans go on vacation. It is a pretty fun place.

(Laughter.)

GOVERNOR BARBOUR: This is the first time in 70 years our state has hosted the National Governors Conference. We are excited about it, and since we will not get a chance for another 70 years, we are going to do our best to make it every bit as good or better than this one.

The Mississippi Gulf Coast has miles and miles of beaches, world-class restaurants, Las Vegas-style casinos, great golf. Bring your family. Bring your family, come early and stay late because your kids will have a great time.

We are going to start Friday night with a Mardi Gras-style parade. I remind people that the French settled the Mississippi Gulf Coast before

they founded New Orleans. They came to the coast in 1699, and after they wasted themselves after six years, they stumbled over to New Orleans to try to recover in 1705. There will be great entertainment all weekend. It is a fun place.

As I say, we will be through Monday following the shorter format that was instituted here in Des Moines. We will get you out of there by the middle of the day Monday except we know a lot of you will want to stay and that is why we say bring your families and it will be worth it.

I do want to say thank you to the NGA corporate fellows who are here and the others who are helping us put this on next year and finally to Mike Huckabee who will be the head honcho of NGA with whom we look forward to working very closely.

We're going to give you a conference that will be very informative and worthwhile but I promise you it will also be a lot of fun. Thank you for letting us have a chance to do this.

(Applause.)

GOVERNOR WARNER: Governor Rendell.

GOVERNOR RENDELL: I, of course, echo everything that has been said about Tom and Christie but I also wanted to congratulate NGA

staff.

This is my fifth or sixth NGA meeting and this was by far the best array of speakers that we have ever had, both at the policy conferences and at the plenary sessions. Just an incredible group of speakers.

Our health conference yesterday had three speakers, and I thought they were so good I am going to try to bring them to Pennsylvania and have the legislature hear them too. And that was true of the transportation forum which we did not mention was terrific and the plenary session. It has just been a great job by the staff in assembling that caliber of speaker.

GOVERNOR WARNER: Hear! Hear!

(Applause.)

GOVERNOR WARNER: Governor Rendell is trying to be the front-runner on that because I was going to make some of those comments a little bit later.

(Laughter.)

GOVERNOR WARNER: There are a couple other pieces of business which we will do immediately after our speaker and our discussion where we will go through an election of the next

chairman.

I recall times where there had been some governors that had asked me to be chair of NGA and at first I kind of turned them down, and now I would like another six months at the job. But we are going to come back to that after our next speaker.

We have one other speaker that has actually been delayed so we are going to move to our closing speaker. And we are going to close with the subject we opened with. The American high school. Redesign of that high school.

I think we really have touched a chord with this issue. I think we saw it when we had the summit this winter. I think we have seen it with the tremendous support from governors across the country, the number of governors who stepped up to the plate on American high school redesign.

I think we have seen it with 45-plus states who have signed up to the common graduation rate and then obviously the speakers, our colleagues from India and China and Tom Friedman on Saturday, that mesmerizing session of why this has to be an economic and I would even argue a national security imperative that we get it right.

What we thought we would close with is one and potentially two speakers who have been on the front lines of redesigning the American high school in communities where it is often tough to see educational reform and progress take place.

Our speaker is Mike Feinberg. Mike is the cofounder of the Knowledge Is Power Program also known as KIPP. Since 1994 KIPP has grown into a network of 38 high-performing public schools serving 6,000 students in 14 states and the District of Columbia.

Mr. Feinberg has been nationally recognized by a number of organizations around the country for his achievements in educational reform.

So I would now like to ask Mike Feinberg to come forward and talk to us.

Mike.

MR. FEINBERG: Thank you, Governor Warner.

As a teacher who is six foot four and bald, it is easy to make sure that attendance stays here too. And I enforce that. I also do incentives. So if everyone sticks around, I will make sure you get your popsicles or snow cones at the end too like I do my kids.

I would like to thank you and thank Dane Linn for inviting me here today and also some of the governors who already are friends in KIPP.

Governor Huckabee, it was great getting a chance to work with the state legislature and improve the law so more public schools can start and we are really proud of the KIPP-Delta College Prep in Helena. That is one of the leaders in the state which is proving all is possible.

Governor Rendell, I know you came out and visited the school in North Philadelphia last year that we started a couple years ago.

Go Quakers by the way. Go Penn.

Governor Blanco, it was very helpful to be on the Blue Ribbon ed reform with you and help to contribute to the movement to improve schools, and we have a new school starting in a week in Louisiana and we are excited about that.

And I should mention Louisiana is actually part of the story of how KIPP began because when I was a senior at the University of Pennsylvania back in '91 I really never thought I was going into education.

I thought I was going to take the LSAT, go to law school and have a distinguished career as

a lawyer somewhere.

But when I looked at the dates of when the LSAT fell, I saw it was on the same weekend as Mardi Gras. And everyone has their priorities.

(Laughter.)

MR. FEINBERG: I am here, I am talking to you as a fifth grade bilingual teacher, I am a principal, I am a superintendent, I am a founder of a national foundation to start more schools around the country. But most important and the title I like the best is fifth grade bilingual teacher. So if you will indulge me, that's what I am going to speak as today.

I am going to explain kind of the story about KIPP because I think there are a lot of lessons learned at that level, at just the classroom or school level, which can really be applied across the board in all of your states. So I am looking forward to explaining the story and talking to you about how this helps not just high school but all the school levels.

If we define high school as the place where we prepare kids for success in college and the competitive world and beyond, as far as I am concerned kindergarten equals high school, fifth

grade equals high school, ninth grade equals high school, twelfth grade equals high school.

Actually, preK equals high school, and I guess if we want to really go nuts prenatal would equal high school too. But we will talk about that later.

As I talk more about KIPP, there is one major side effect you should be aware of. Creating KIPP means you have severe hair loss. So I just want to warn you about that right now.

There is a story about a tribe in Africa known as the Maasai. They have an interesting ritual when two warriors meet when they're traveling on the road. The first warrior comes up to the second warrior and asks, "How are the children?" The second warrior traditionally replies back, "All the children are well."

Love that. It has the right focus and the right expectation. It is a focus on the well-being of the children of the society and the expectation of the well-being of all the children of society. And I applaud you for what you are doing here to make sure that happens in each of your states.

Now, to the governors where we do not have any KIPP schools in your states yet, know that

you have friends in us KIPPsters and we are willing to contribute however we can to improve education so that global Teach for America mission can be recognized and one day all children in this nation can get an excellent education.

So on to the story of KIPP where there are lots of lessons learned. I went through Teach for America in 1992 along with KIPP's cofounder Dave Levin. They placed me in a fifth grade bilingual classroom. Why bilingual I am not sure other than I had a pulse.

Dave and I really struggled as first-year teachers do but we latched on to great teachers who took us under their wing and taught us how to teach and one lesson learned there is great teaching is not learned in ed schools. Ed schools play an important role in teaching pedagogy and all that, but great teaching is an apprenticeship that you learn from master teachers who have been doing it for decades.

We found the master teachers in our classrooms. I was in an underserved community on the north side of Houston. Dave was in an underserved community on the south side of Houston. There were some great teachers in that building.

We ate lunch in the back of the rooms, we took our planning period and graded papers in the back of the rooms, and like all teachers who learn how to teach real well we just begged, borrowed and stole all the great ideas until we became great teachers ourselves.

By the end of that first year, we thought we were doing a great job with our fifth grade students. They loved learning, they loved talking about what career they wanted to have, what college they wanted to go to so we naively thought, We've done it.

Our kids had a great fifth grade year. Off they go on to sixth grade in the K to 12 assembly line and they are set up for success.

That naive bubble burst about the second week into our second year of teaching when our former kids who then were in middle school would call us up and those phone calls would go like this:

"Mr. Feinberg, could you give me some homework.

"Well, why do you need me to give you homework?

"Well, we don't get any homework.

"Well, how come you're not getting any homework?"

"They won't let us take the books home."

"How come they won't let you take the books home?"

"They said we will ruin the books."

That went on for a few months until by Christmastime my well-behaved, intelligent, enthusiastic students were skipping just as many classes and doing just as many drugs and joining just as many gangs and becoming just as pregnant and having just as many kids as all the other kids in that middle school and high school feeder pattern.

Unfortunately nothing new but for Dave and myself the problem had now lots of names, lots of faces which made it unacceptable.

It was unacceptable and when it first started happening we fell into the trap. I guess here is another lesson learned. It was very easy to start finger-pointing, it was very easy to start blaming the teachers at that middle school, blame the principal at that middle school, blame the district itself, blame the kids, blame their parents, blame the community, blame society. It

was easy to point the finger and blame everyone.

Until one night we realized we had to do one more very important finger point. We had to look in the mirror and that is where we pointed the finger. Because we had the kids for a whole year. We could not say we did everything possible not just to set them up to survive in high school but thrive.

We could not say we gave our kids all the academic, all the intellectual and all the character skills they would need to go off and succeed in middle school and be set up for success to succeed in high school and then have the momentum to continue to be able to go to college or do whatever they wanted to do in this world. We didn't even come close to doing that. And I think, as I mentioned earlier, that's probably another important lesson learned here.

In Texas back then we had the TAAS test, now we have the TAKS test. We certainly were accountable to doing well on that test, but we felt that we were also accountable for our students' future performance. And I think what the National Governors Association is doing by making sure you are going to measure high school graduation is

terrific. It is a very important first step to get that right.

That we are not just looking at the output of just the seniors in high school but starting from the ninth grade. I think it is a big step in the right direction.

I think that that is one step in the right direction, but I think if we really, really want to push this and get a little nutty, and sometimes it is okay to be nutty, why stop there, why shouldn't kindergarten teachers also be held just as accountable for what happens later.

The kindergarten teachers this year in all of your states are teaching the class of 2018. And I think they should be thinking about that just as much as the current twelfth grade teachers that are teaching the class of 2006.

And I think as much as we want to hold them accountable, I think it is important to hold them accountable, and I think there should be incentives on the end as well and not just for high school but for middle school and elementary as well thinking, What are we going to do to make sure that all the kids will succeed in school.

We definitely have a high school problem

in this country. And the high schools need to get better. At the same time, we do not have a situation in any of your states where in the high schools that are not doing so hot it is because they are taking kids that are reading, writing, doing math and thinking on grade level and somehow those high schools are screwing them up.

The high schools do need to improve but those middle schools and elementary schools also need to be held accountable for why they are sending the kids up to the high school level already behind and making high school play catch-up.

So back to the story. We realized we had to look at ourselves in the mirror and say we weren't doing enough. So we sat at our computer all night long back in 1993, put on U2, Ach Tung, Baby, repeat play. And by the end of the night, by five o'clock in the morning, we had KIPP, the Knowledge Is Power Program, on our computer screen.

And the premise of KIPP back then as it is today is there are no shortcuts. There is no quick, easy, magical solution. We learned that from one of our mentor teachers, Ray Vasquez, that there are no shortcuts.

There is no magic reading program, there's no magic curriculum, there is no magic teacher training effort, there is no magic software that is going to get the kids from where they are to where we want them to be.

Those are all important tools to have in the tool kit but none of those by itself are going to make or break it. What is going to make or break it is by rolling up your sleeves and looking very hard at it.

And so we designed KIPP to be a fifth grade program where the kids would come to school at 7:30 in the morning and stay until 5:00 in the afternoon, they would come for four hours on Saturdays, they would come for an extra month in the summer, and we would give them two or three hours of homework every single night. We figured that should do it.

It worked in terms of test scores. That first year our kids went from 40 percent passing the state test to 98 percent passing the state test. More important, the fact that two-thirds came in with a bilingual label. At the end of the year, two-thirds had acquired a gifted and talented label so they could go to the Magnet middle schools

around Houston.

We were really happy about that, but even in those Magnet programs we realized that no one was going to push them as hard as we pushed. So we went back and asked the district if we could change our program into its own school.

So starting with fifth grade now we wanted to keep the kids through those turbulent years of high school and bridge the gap between elementary and high school.

A quick story about that because there is another lesson learned as we tried to start this new school. When we originally talked to the district in Houston and we were talking to some midlevel administrators, they did not get it. We were getting grilled on this KIPP idea of starting a new school and this was before there were charters or any mechanisms to start new schools.

Back then if you were going to start a new school, that means a \$15 million bond must be passed. Our thinking was just give us a wing of a building, an empty floor, a school within a school, off we go.

We were getting grilled, they asked questions like, "So this KIPP thing, is this ed

reform?"

The answer is, "Well, sure, it's ed reform."

They asked, "What's the new curriculum?"

Our answer was, "Well, there's no new curriculum. We figured lots of very smart people here in the district and the state had written a really good curriculum. Let's make sure the kids learn it."

And that confused them.

And they asked, "Well, if there's no new curriculum, how is this ed reform?"

And we answered, "Well, the kids will come to school at 7:30 in the morning."

So they wrote down, "Okay, now we know what you're doing, you're doing a before-school program."

"No, we're not. Because it's all the way till 5:00 in the afternoon."

"Oh, you're doing an after-school program."

We just could not get them to understand it. We are just lengthening the school day. More time for reading, more time for writing, more time for math without sacrificing science, history and

physical education. It is not a pressure cooker, it is a pressure release. More time to get everything done.

We pushed and pushed and eventually got a chance to do that I think partly because we also had an opportunity to start a school within a school in the South Bronx where Dave started a school.

When we had an opportunity to do that, Houston gave us an offer to do it there as well, and in '95 Dave and I being young and dumb took both offers. Dave started a KIPP academy in The Bronx and I started a KIPP academy in Houston.

Here is where I get a chance to brag a little about my babies and the results. In Houston we have been an exemplary school or a recognized school every year we have opened. We have actually some of the top -- a few years we have had the top public middle school math scores in the entire state of Texas. That is with a population that is 99 percent minority, 90 percent free breakfast, free lunch.

What Dave and the teachers have done in New York is absolutely phenomenal. We got a chance to go in and recruit kids out of the lowest

performing school in all of New York City. Today KIPP is the highest performing school in The Bronx, the fifth highest in all of New York City and they are closing the gap very fast.

And certainly those test scores are important. And it is important for a fifth-grader and an eighth-grader to be a smart fifth-grader and eighth-grader, but we are not fully celebrating there.

We keep tracking our kids and we got them into great high schools. Our first group of kids going off to college, 85 percent were collegebound. This year we are up to 90 percent collegebound. That is in the neighborhood of about 10 to 15 percent are going to school. I think that is great but I am still not happy. I want body temperature. I want 98.6. We cannot be perfect but we can be close. But we are certainly getting there.

After we had a chance to start those schools and they were very successful, 60 Minutes actually featured our schools in 1999. The day after it aired I got a phone call from a district in California. I remember I was running late for school and that morning I pick up the phone and I

hear, "Mike, we saw the program on TV last night, we'd like to order 15 KIPPs for next year, please."

I remember stopping and looking at the phone and thinking, Did you watch? Let me go check inventory and I will ship them right out to you.

(Laughter.)

MR. FEINBERG: They unfortunately were not getting it. People were still looking for the flavor of the month, the flavor of the year, which is another important lesson learned. That in public education we keep going after the shortcut where we think it is the quick answer, and again, there are no shortcuts.

However, there was an opportunity that people were thinking that KIPP was a shortcut, that you could magically put a KIPP shirt on students and poof, they are a KIPPster and off they go with great results.

We thought how could we leverage this success to do more things. We wound up partnering with Don and Doris Fisher, the founder of The Gap, to create a new foundation together, for lack of a better name, called KIPP Foundation. I wanted to call it No Shortcuts Foundation but Don Fisher, he knows more about brand names than I do. He said,

"Call it KIPP."

I said, "Yes, sir."

And that foundation is now out there trying to start more KIPP-like schools around the country. And the key word there is "KIPP-like." The answer for all of you in your states is not creating cookie-cutter models. That is not going to get at it. Even Houston and New York are two examples of how they are not cookie cutter.

The schools in Houston and New York are two distinct schools. You can tell they are out of the same family but they are not twins, they are cousins.

We took a long, hard look of what is in the genetic code of our two schools in Houston and New York after ten years of evolution to see how they still come from the same base and the same family. And what we realized is that they all have the same five pillars and this is what we are trying to replicate around the country.

I will say them quickly and then I am going to talk a little bit about them.

All our schools have more time on task every day, every week and every year.

All our schools have choice and

commitment. The fact that they are public schools but there is choice in that the parents, the students, the teachers all choose to be at that school and choose to make commitments to each other.

All our schools have power to lead where there is an effective school leader in place who has control over staff and budget.

All of our schools have high expectations which are clearly defined and observable. Not just talking the talk but walking the walk.

And all of our schools have great results which are measurable. Having a very important bottom line.

And I should mention we are now going to be up to 47 schools this summer. Mostly they are in urban areas. We also have them in rural areas. In the Mississippi Delta in Arkansas, in Gaston, North Carolina.

Some of our schools are set up as new public schools however they can. A lot of them are set up through whatever charter legislation is in the states but we also contract with districts to do schools within schools as well.

We have schools in places where the

teachers are part of the union. We have schools in places where it is a right-to-work state and they are not part of the union.

Most all of our schools are set up the same way, middle school starting with fifth grade and going through eighth grade, but now we are going into high school as well. Which we have to be. It is a great problem to have. We have so many successful KIPPsters in middle school there are not enough seats in the existing high schools for them to go to so we are starting our own high schools.

And as a fifth grade teacher, I am sick and tired of starting every year by teaching the kids their times tables and short "a" goes "ah," so we also started an early childhood program this year as well, Baby KIPP. And we are growing from preK all the way up as well. So eventually we are going to be a preK-12 model to start more schools around the country.

I should also mention that all of our schools operate even with extra hours on the same or less funding than the traditional public schools in their areas as well. The way we do that is we are very lean on administrative costs.

When the school opened up in Houston, you are looking not just at the school founder and principal, you are also looking at the fifth grade math teacher, you are looking at the custodian, the lunch lady, bus driver and a few other things as well. There is also no assistant superintendent or assistant principal of left-brain instruction in our schools.

So all that savings makes us very lean, all the savings get pumped into the classroom mainly to pay the teachers extra pay for the extra hours during the day, the week and the year.

So we are doing this on the same per pupil that all of you are doing in the other schools as well.

I am going to go back and look at the lessons learned from those pillars and talk a little bit more about them.

More time on task. Extremely important. If you break down KIPP into why it succeeds in its more simplest form, it is because there are great teachers and those teachers have more time on the clock to get everything done.

At KIPP the clock is not the enemy, the clock is our friend. We can talk about high school

certainly too, but for me my knowledge of fifth grade is the two-minute warning, we are down by a touchdown. That is the analogy.

We can still win the game but we have to get after it. There is no more margin for error, every second counts and there is a heightened sense of urgency. And that is when you're in your no-huddle drill.

Beyond fifth grade if you are talking about starting from scratch, you are talking about throwing some Hail Marys into the end zone. I hate to say it but that is the truth.

Below fifth grade going all the way down to preK, I have learned we're still down by a touchdown but now it is halfway through the first quarter so you can do more, stick to your game plan. There is still a sense of urgency but it is not as crazy frenetic.

It is very important to get them before they learn how to eye roll and suck their teeth and all of that back at you. To create the culture, create the high expectations, get them thinking about the fact they can achieve, get them caught up before the adolescence kicks in at the same time that they wind up being four or five grade levels

behind. Very important.

As you all heard from Tom Friedman and talking about global competition and the earth is flat and all that, I think that that absolutely meets with that as well. If we are really competing across the globe now, you look at the traditional schoolday that we have our kids going to. It is an 8:00 to 3:00 day for 180 days, less than half the year.

In that 8:00 to 3:00 day, take out lunch, take out recess, take out bathroom breaks, take out the fluffy ancillary period that is in most of our schools, you are talking about probably somewhere around four hours of instruction a day for less than half the year.

We need great teachers but we cannot expect those great teachers to be miracle workers. And giving teachers four hours of instruction a day less than half a year and expecting them to get kids caught up because they are way behind grade level and also address the current year's curriculum and expect us to keep pace with not just the rest of the state or the rest of the country but the world is setting the great teachers up for failure.

We need to set them up for success, and one way we can do that is by giving them enough time on the clock. 7:30 to 5:00. In the bubble of public education, those are mind-blowing, earth-shattering hours, but of course if you go to most other careers and industries that everyone in your states are working and you go into any other industry and say that you come to work from 7:30 to 5:00, no mouths drop. Those are regular hours that most people are working.

Of course 7:30 to 5:00 with children all day long, it is certainly a little bit of an extra burden, but for people who love it, it is great. It is a matter of keeping the pay up. Like I said, we found a way to increase teachers' salaries by about 20 percent for all the extra time. I still don't think it is as much as it needs to be but it is a step in the right direction.

Choice and commitment is the second pillar. We talk about accountability and it is so important. I am glad in all of your states you are really focusing on accountability by measuring test scores.

There is another form of accountability too that is just as important and that is if you

put a little healthy dose of competition in there. Right now in most places where there is only one public school down the block for the kids to go to that is a monopoly. And monopoly we all know means high cost, low quality.

What can we do to keep everything in the venue of public education but open it up somehow, some way, either through choice in the district, through charter schools, whatever the mechanism is. Choice and commitment is extremely important and I have learned very powerful.

In Houston I recruit most of my kids from two elementary schools because we are starting in the fifth grade and the elementary schools in Houston go through fifth grade. They don't want to lose their kids.

One elementary school started a fifth grade gifted and talented program. Their pitch to the community was you don't have to send your kids to KIPP anymore to get the high-level learning, keep them here.

The other elementary school started a middle school on their campus, and their pitch to the community was don't send your kids to KIPP to avoid that local middle school, keep them here.

I was throwing up my hands going this is great, keep running with me. It is a shame that my picture is on the wall in those schools saying "Shoot this man on site" but that is okay. If that is what it takes to kind of raise the bar for everybody, that is what we want to do.

The third pillar, power to lead. I said if you break down KIPP into its simplest form, it is great people with more time on the clock, and great people are extremely important.

You all know the importance of having great people in your administrations and of course in every industry in your state. That certainly applies in the classroom and in schools as well.

We need to have great school leaders, and those great school leaders need to have the shackles off and be free to go off and hire the great teachers they want. They need to have the freedom to control the budget they want.

If they choose to spend resources to have a computer lab or they want to use that money to hire another teacher, that should be their choice. It should not be dictated from the top down to them.

When you talk about what it means to hire

great teachers, no child left behind, highly qualified, I know all the states are dealing with that. I think it is a step in the right direction but we are not quite there yet.

We are still defining highly qualified by a piece of paper that says you are certified. And sometimes that is good but certified also in some cases is certifiable. And I think we need to be careful of that as well.

I define great teaching by three things: Teachers that are very knowledgeable and very passionate about what they teach. They can bring a wealth of outside resources into the classroom so they are not just teaching out of the teacher's edition of the textbook.

They are also very passionate about what they teach. If a teacher loves history, the kids are going to love history, that is a no-brainer.

The teachers that know how to teach very well, they know how to take all that passion and knowledge from their brain and heart and transfer it to the brain and heart of a five-year-old, ten-year-old, a 15-year-old. For some people that's a gift. For most of us mortals, it is a skill. It has to be acquired and refined and

learned over time which is where that apprenticeship comes in.

And lastly, teachers need to have the heart to do whatever it takes to help their kids learn. I think more often than not you find that accompanied by a teacher who is also certified but not always.

I think it is important to give great principals and great school leaders the latitude to be able to find those great teachers as I just described them and put them in front of our children. Because they are the ones who are going to make sure our kids learn.

Great people, more time. It is not rocket science. I realize it is a little bit more complicated to implement it than that but the answer is not that difficult.

Our fourth pillar, focus on results, I think is what you are talking about now and it is terrific. It is about the output, it is not about the input. There is more than one way to skin this cat, there is more than one way to set up a school, there is more than one way to implement technology, there is more than one way to teach history, there is more than one way to teach kids how to read.

I remember when I was a very young teacher in the early '90s and the whole language versus phonics debate was raging. I would go to phonics workshops and they would say phonics is how you teach the children and here's the data to prove this works, and I am thinking, This is great, I am going to teach phonics.

Then I would go to the whole language workshops, and they were saying this is how you teach the children and here's the data to prove this works, and I am thinking, This is great too but now I have a quandary. Both ways seem to work well but I have a 15-minute reading period so I have to choose one. Or I guess I could do both but now I am not going to get to history that day.

So that ties back into the more time we have on the clock to let innovation flourish, to be able to let schools and let teachers have different ways of teaching.

And that also goes back to the deal freedom versus accountability. I believe we should give school leaders the power to lead. I think those school leaders in turn should give teachers the power to teach. We should let the stallions run but it is definitely a deal.

As the governor was saying, there is definitely a deal in education as well and that deal is freedom for accountability. We should give the school leaders the freedom, we should give the districts the freedom, and in exchange we should hold them accountable for the results.

It is rather simple. Implement the schools and teach the kids however you want, but at the end of the day, we are going to hold you accountable for getting great results.

The last pillar is high expectations. For that last one, there is a challenge for all of us that I am going to talk about and that is that there is an expression in most of our districts and schools and that is all of us can learn or all children can learn. I think that's a really nice starting point.

If people do not believe that, they need to get out of our schools, but that is not enough. I think we all have to be challenged to change "can" to "will." It's not all children "can" learn, it's all children "will" learn. I think if we adopt that challenge in our schools and districts and our states, then we will be much closer to the Maasai so that some day we can also

say that all our children are well.

Thank you for having me here today. I appreciate it.

(Applause.)

GOVERNOR WARNER: Very powerful, Mike. I know there are probably some questions around the table but since I am chairman I get to ask first.

The schools that you recruited from, implied in that was the fact that they went ahead and stepped up. When they stepped up did they step up with their existing teaching force or did they go ahead and bring in new teachers? How do you make sure that teacher that has been teaching in the same rut for some time gets charged up?

MR. FEINBERG: Governor, I admit it is very hard for the teachers to compete with us because we were set up as a charter school. We had more freedom than the traditional schools who had to figure out a way to step up with existing staff which I think set them up for failure.

So the first step is to get people in the mind-set of yes, we need to step up. They need to look in the mirror and point to themselves, we can do better. But now you as the policymakers need to make sure that you set them up for success by

giving them the freedom so when they finally have that mind-set that yes, they can do more, they now have the ability to do more too.

GOVERNOR WARNER: One quick follow-up. I would be curious if you sent two, three, five, ten KIPP-generated teachers into a struggling school, could that turn around the existing teaching force in that school? Is there a certain point where the critical mass changes the culture of the school and everybody kind of steps up on the teacher level?

MR. FEINBERG: I think it is probably very hard to do at the teacher level without support from the administration. I think it starts with the school leader.

The reason why we wound up not just doing KIPP as a program is because we had some interesting times with the principal who would not give us the power to teach the way we would like to teach. We would be locked out on Saturdays and we would have to teach outside. The teachers need be set up for success and that starts with the principal.

If the school leader has the mind-set that they want to do better, then they are going to empower the teachers to do better too. You cannot

do it without the teachers, you are absolutely right, but I think you cannot do it without the start of that leadership and that comes from the principal in every building.

GOVERNOR WARNER: Governor Rendell, then Governor Granholm, then Governor Blanco.

GOVERNOR RENDELL: Can you tell us what the class size was in KIPP and how important do you think class size is to learning?

MR. FEINBERG: Class size, our schools are usually in the high twenties. Our average school is probably somewhere around 28, 29 kids per class.

Class size can sure make a difference but I think at a level that we cannot achieve. As far as I am concerned, if a teacher can teach 22 kids effectively and manage them, they can manage 28. And I think there is actually data from the Department of Education that proves that.

It starts to get a lot harder for a teacher when you go above 30 and it gets a lot better for a teacher when you go below 20. But below 20 is not very economically realistic. So we found our sweet spot to be in the high twenties for what great teachers can handle.

GOVERNOR WARNER: Great question.

Governor Granholm.

GOVERNOR GRANHOLM: You continue to be outstanding. What a great thing that you came to speak to us.

I just have to ask about how KIPP relates to parents and that important influence on a child's life.

MR. FEINBERG: Absolutely. Parents are a very important part. I should mention we do not select kids, they select us. What happens is we go and do home visits and we knock on doors like vacuum cleaner salesmen telling the neighbors we are starting a school. We sit down with the kids and the parents and we talk about KIPP.

We have a Commitment to Excellence form that the parents sign, the kids sign and the teachers sign all agreeing to the hours and the behavior expectations and that is all it takes. We do not look at test scores or report cards or things like that. They are in at that point.

What we expect from the parents is we flip a common phrase a little bit. We do not look for parental involvement, we look for parental support, and I differentiate between the two.

Parental involvement connotes the notion that all the parents need to be at the school. And if they are not at the school, they are not involved.

Most of our parents that I have come in contact with, most of them are working two or three jobs to put food on the table and pay rent. I could expect them to come up five, ten hours a week or a month to come be there at school, but that would probably mean the kids would have holes in their shoes for an extra couple months before the parents could afford to buy them new shoes.

So realistically and pragmatically while we cannot expect involvement of all the parents at the school, we still can expect support. What we expect is that the parents find a quiet place with a light for the kids to get their homework done. That is sometimes a challenge when there are five or six brothers or sisters in a one-bedroom apartment or two-bedroom apartment. We expect them to figure out a way to do that.

We expect the parents to do the homework with their kids. If they cannot do that because they are out working or there is a language barrier or there is an education barrier, all the kids have the teachers' phone numbers. We expect the parents

to make sure the kids get to a phone and call us and we will help. We will do it on the back end but the parents have to get the kids to a phone.

If there is no phone in the apartment, we have 1-800 numbers, they can go to the local Stop-N-Go or 7-Eleven and there they can call us from a pay phone if the parents take them.

We do not expect the parents to come regularly to school, but when there is an issue or a problem, we expect them to be there. We also expect them to be there at family occasions which is why we have 99 percent participation in open houses and report card conferences.

So it sets them up for success, that is what we expect, and I think also by starting the experience with KIPP in their homes and not sitting back in the teacher lounge wondering how we can get the parents to come up to the school, that also bridges that gap and makes it much more likely that we are going to get that support from the parents.

GOVERNOR WARNER: We are going to go to Governor Blanco, Governor Turnbull, Governor Kempthorne, Governor Vilsack.

GOVERNOR BLANCO: What is the process of recruiting teachers in this new longer day and this

new schematic? How challenging is that or is that pretty simple with the 20 percent increase in pay?

MR. FEINBERG: Governor, it is certainly a challenge. It is not finding a needle in a haystack though. There are hardworking, great teachers in every single school in all of your states. KIPP does not have the monopoly on hardworking, great teachers. Every school in all your states have a teacher car in the parking lot at seven in the morning and a teacher car in the parking lot at five in the afternoon.

What is different with KIPP is all of the cars are there at seven and all of the cars are there at five. So the teachers are out there.

And in fact, if they were put in a more positive environment where they were teaching with colleagues that were working just as hard as them, there are more teachers out there that would be willing to do this than are doing it right now.

Teach for America is a big source of teachers for us, those core members that are staying on after their two-year commitment. The New Teacher project which is active in a lot of your states, they work with us as well and help us recruit teachers.

And lastly, any great executive knows one of the most important things they do is go recruit great people for their teams. And one of the big sources of the training that we do as we train for a year all our new school leaders is we teach them how to recruit great people onto their teams.

They learn from a local, regional and national level and now a global level in a few cases. They go out there and find the great people and put them in place in front of the kids.

GOVERNOR BLANCO: Now, the kids and the families have to sign on to this program so you are literally recruiting students into the schools?

MR. FEINBERG: Yes, because it is a choice school that starts in the neighborhoods. We said choice and commitment. It starts either as a charter school or as a school within a school. We need to make sure that the kids and families know about the choice.

So our school leaders know how to go around the neighborhood, they knock on doors, they make presentations at the community centers, at the churches, find out who is interested, go in the homes and explain KIPP to the parents and kids.

And if they are interested, they sign the

Commitment to Excellence form, they are in the school. If they choose not to, more power to them, that is their choice.

GOVERNOR BLANCO: In any given neighborhood, what kind of percentage of acceptance do you realize?

MR. FEINBERG: I have been on a lot of home visits over the last decade. Pretty much if we get in the home and talk to the kids and parents, we are pretty much signing up 90 percent of the kids and families who want this.

One of the easiest things about KIPP has actually been recruiting the kids when we actually talk to them. Our biggest competition to keep the kids till 5:00 in the afternoon and on Saturdays during the summer are reruns of sitcoms on TV and Nintendo. That is what we are competing against.

We can win that competition very easily. It is not that difficult to put together a positive educational program for children in the afternoon.

In a lot of your states, there are all kinds of after-school initiatives which is wonderful, but why does it have to be disconnected, why does there have to be some before-school program that one organization is implementing and

then you have the school doing their thing and then after school doing something completely different.

If it is under one roof by one dedicated staff that is not disjointed, that is all the better for the kids and the families and the school.

GOVERNOR WARNER: We are going to go to Governor Turnbull, Governor Kempthorne, Governor Vilsack. Then I saw Governor Rounds, Governor Heineman. I would ask all the governors to try to keep the questions short.

MR. FEINBERG: I will try to keep my answers short. I talk a lot.

GOVERNOR WARNER: Mike, I wouldn't ask you to talk any faster though.

(Laughter.)

GOVERNOR WARNER: One quick comment as well. We have had some great sessions, echoing what Ed Rendell said, but we are closing out strong here too.

GOVERNOR TURNBULL: If I heard you correctly, you feel longer school days are important to student achievement?

MR. FEINBERG: Absolutely.

GOVERNOR TURNBULL: How do you go about

having people buy into this?

MR. FEINBERG: How do we get who to buy into it?

GOVERNOR TURNBULL: Parents, teachers, the community, to have a longer school day.

MR. FEINBERG: Initially, as I said, it has not been all that difficult if a teacher gets in front of the kids and parents to do this.

When we started recruiting back in '95 in the South Bronx, we certainly met a lot of cynicism. When we first showed up at the door, the first question was, "What church are you from?" We explained we were teachers.

We got into the home, explained KIPP. We were talking not to parents, mostly to grandmothers and great grandmothers, and their question was, "We've seen every promise and program come and go in this community over the last 40 years. What makes you any different?"

The response is, "How many teachers in the past have come to your home, sat on your couch and begged for an opportunity to teach your child." And that usually was the leap of faith they put into it.

I have learned over the years it is not

if you build it they will come, but if you build it and kick apple, they will come. And today in Houston I have a 998-family waiting list. I stopped recruiting seven years ago because I realized it was just basically a tease.

I was getting way too many kids wanting to come to KIPP and that is coming from 65 different zip codes all throughout Houston which has an open enrollment charter. We have kids who live an hour and a half away whose parents are in line trying to come to the school. I need to start more schools to serve them in Houston.

Parents want what is best for their children. If they see that a school is working, they are going to want it. It is not that hard to get the kids if you start in fifth grade before adolescence starts. The kids want to be in a positive environment.

We put a program in place that push the kids hard but we also are very cognizant of the culture. We call it the "J" factor, the joy factor. We view the kids as our customers, the parents are our customers. So they should be smiling coming in in the morning and we need to make sure they are smiling when they leave in the

afternoon. If you do that, you get success and that flywheel starts to turn from good to great in a positive direction.

GOVERNOR WARNER: Governor Kempthorne.

GOVERNOR KEMPTHORNE: Mr. Chairman, first I want to congratulate you on your initiative because you are going to benefit millions of students and the country.

I will just point out too how interrelated they are because when we talk about redesigning high school we also had a great session on healthcare. Well, if part of redesigning is to make sure the kids know about nutrition, know about physical education, we are going to help society down the road.

My question, Michael, is this: I have been in a roomful of teachers, math teachers and history teachers. I say, "Do you love to teach?"

"Absolutely.

"Why do you teach math?"

"I love math.

"Why do you teach history?"

"I love history.

"How about if you trade?"

"No, no, no."

Because the math teacher doesn't necessarily like history, et cetera. You tend to teach the discipline you have been genetically wired to enjoy.

The key is how do you teach something that you may not enjoy? Because many of your students may not have the same acumen for the topic you've chosen. I had some chemistry teachers that were so in love with chemistry they did not care if the students understood chemistry.

So how do you take and have someone realize what it is to teach something that they may not fully understand and therefore become a little more empathetic to the student that is sitting out there and may be bored?

MR. FEINBERG: You are absolutely right. I think part of great teaching certainly is empathy. The reason why I am very good at teaching long division to children is I remember how hard it was for me in third grade to sit there in class and learn long division when the teacher first put it on the board. And that stayed with me.

If there is a need to have cross-teaching going on, I think it comes back to the culture we create. One thing we learned about KIPP is like in

any organization the importance of organizational culture is very important, and at KIPP we work very much at creating strong culture and that is part of what is a strong school.

Principals are not learning that in their education leadership classes. Unfortunately, I am not sure why that hasn't gotten there yet. Certainly the business schools are teaching that to all the business executives in all their classes, the importance of creating a strong culture.

We make that a cornerstone of our training program to teach principals on how to create very strong cultures and make sure that the values are implemented. And if values are about results and about team and about focusing on the mission above all else, if that is the kind of culture that is in the building, that supersedes someone's relatively selfish desire about what class they are going to teach.

If it is better for the mission for the math teacher to also teach chemistry and if that is what is going to help the kids learn and if that is the culture that has been created, they are going to want to do that.

GOVERNOR WARNER: Governor Vilsack.

GOVERNOR VILSACK: I have two questions, Mike. First of all, do you have first-year teachers in this program and in your school, and secondly, what is the pay differential? You mentioned that you pay your teachers more because of time. What is the pay differential between your teachers and, say, a comparable teacher teaching in some other school?

MR. FEINBERG: Most of our schools on average are paying the teachers between 20 and 25 percent higher salary. We use the local base scale in the local district as the base and then we pay for the extra time.

We are doing that at the same per pupil or less per pupil in some cases because, once again, we are very lean on the administrative costs and those are the savings that we are pumping into the classroom to pay the teachers that extra time.

Most of our new schools do not have first-year teachers. For a great teacher who is already very good at managing kids, the first thing they need to learn how to do is manage adults. And for someone who went through it several years ago, it is easier said than done.

Once they get good at that, the next step

in their ability to lead is also to become a mentor for brand-new teachers and put systems in place where brand-new teachers can learn in the school as well.

That is a little bit hard to do where a school is in start-up years when there is only a total of four or five teachers on staff. That is the other lesson learned, start very small. We start schools with one grade, 90, 100 kids per grade level, and we grow it one year at a time.

I know that all of us are impatient and want results today. That is a little bit hard. But if you start right and build a great foundation, that is how you have all the schools we have around the country that are the top-performing schools in their respective cities and states.

We are seeing that as the older schools in Houston and New York are entering their second decade, they are starting now to bring on staff first-year teachers because now they are at a place where they can afford to do that. Afford not just with money but with time to mentor those teachers and teach them in the proper apprenticeship way as well.

GOVERNOR WARNER: So we can keep on

schedule, we are going to end up with Governor Rounds and Governor Heineman.

GOVERNOR ROUNDS: Very briefly, a simple question. What do you do about extracurricular activities? Football, basketball, band and so forth. How does that fit into the extended schoolday and what kind of a challenge was it?

MR. FEINBERG: If you have those longer hours, it is not a challenge. In an 8:00 to 3:00 day, the math teachers and the football coaches are going to be fighting over time. 7:30 to 5:00, and actually in our case we go 7:30 to six in Houston, we are able to have plenty of time for all the academic courses and we have a football team, volleyball team, basketball, softball, band. Our kids think our band squeaks but it is still a band.

In New York they spend all their time on music. They are now considered the best junior high orchestra in the country. They just played Carnegie Hall and The Apollo in the last couple years. They are the poster children of VH1 Save The Music.

Once again, there is no secret sauce in that. It is finding a great teacher and giving them plenty of time to work with the kids and great

results happen.

GOVERNOR WARNER: Governor Heineman.

GOVERNOR HEINEMAN: This is a more complex question for you. Is it possible to infuse the KIPP program and your attitude and your values into the current public school system?

MR. FEINBERG: Yes. How you do it is an interesting question though. I think the analogy is similar to we look at the aspen grove out in the Rocky Mountain states which is the largest living organism because it has an interconnected root system. Something very powerful.

But there is an Achilles heel in that. If a tree gets sick, the entire aspen grove can get sick too. Because it goes throughout the root system.

Today in a lot of places public education is a sick aspen grove. So you think about what you are going to do to improve it. You can start thinking about what is the medicine to give those trees, but you have such a huge problem out there, how you are going to give the medicine to all those trees at once is a rather daunting task.

I think the way you do it is you start planting healthy trees and let the nutrients go

into that root system and by starting as many new schools as possible whether it is through chartered legislation, whether it is starting a school within a school and providing choice, create that competition.

Also let the schools that are flourishing do well, other schools will go visit them. We have had thousands of visitors every year come and see our schools, take away all the great ideas. They implement them back in their schools and I think that is how we make a major step in the right direction.

GOVERNOR WARNER: Let me say thank you, first of all, and say I hope you will be able to stay around a little bit afterwards. If you think the 60 Minutes program generated a lot of additional KIPP school orders, from the level of questions from the governors around the table you may get a few more orders at the end of the session.

MR. FEINBERG: Can I just say one more thing? This is really important. There are a lot of people that come visit our schools that first they come very cynical. They think that we must recruit really smart poor kids or they think we are

more in touch with discipline or they think we are a Thursday school and we have fooled everybody. A Thursday school is a school that says, "Please come on Thursdays. That is the only day you can come to our school to see the school."

But they come, they see that we are for real, they get excited, but when they get to the door all their excitement stops. And I hear what I call the "yes, but's." I hear them say, "This is great but where I'm from it can't work." And they have all the political, financial, legal, socioeconomic reasons why their place is the most screwed-up place on the planet.

And after ten years of having visitors, I can tell you there are probably about a couple hundred communities around this country all in the running for the most screwed-up place on the planet and they all think they are going to win.

We cannot win that debate at the door. I cannot convince them at the door how they can do it. So I do not want to hear people say this is great but it cannot work in Nebraska, it cannot work in New Mexico, it cannot work in Michigan, it cannot work in Vermont. When I hear that, I now write down "All right, we have to start a school in

Nebraska and Michigan and New Mexico and Vermont."

The actual proves it possible. Planting more trees out there. That is a big, big part of the answer. It is not just a KIPP thing. We are part of a greater solution but whatever we can be doing to just prove that it can be happening is the important first step because the day the excuses end, the day solutions are going to start.

We have to get to that day because the excuses unfortunately are still alive and well out there and we have to get rid of those "yes, but's."

GOVERNOR WARNER: Thank you, your energy and enthusiasm are infectious.

(Applause.)

GOVERNOR WARNER: I know we are running out of time and Ruth Ann said I cannot hold her airplane so I will again cut down my closing comments.

I simply want to echo what Ed Rendell has already said and thank the NGA staff from Ray on down. I would actually ask all the NGA staff that are here to stand, please, and let us recognize you.

(Applause.)

GOVERNOR WARNER: Let me personally thank

you not only for this meeting but let me thank you for all that you have done during the year of my chairmanship. I know at times you felt that I pushed a little hard, but I am very, very proud of the work that we have been able to do together.

I think we have touched a chord with the high school reform, and I think Michael Feinberg's comments today indicate that if we are redesigning high schools we have to think earlier than high school.

We talked earlier about the fact of the Medicaid package. It is extraordinary that we are still hanging together and we will be part of this Medicaid debate and put in place a more effective reform not only for the system that will save money but will extend healthcare.

The questions we dealt with from tax reform to the National Guard to homeland security, it has been an extraordinary opportunity to work with all of you.

I want to pay particular thanks to my colleague. This really has been a team effort. We started the team approach when I had the opportunity to serve as vice chair with Dirk last year, but Mike and Janet Huckabee have become not

only Lisa and my partner through this effort but they have become great, great friends, and I know they are going to serve this organization and serve all of you well on Mike's very, very exciting chairman's initiative he is going to move forward with.

It has been a real honor for me to serve with all of you. It struck me earlier today when Eileen said to me this is actually my last National Governors Association meeting. But to quote our colleague from California, "I'll be back" in one form or another, and with that I just want to say thank you.

(Applause and standing ovation.)

GOVERNOR WARNER: I would now like to call on Governor Jim Douglas who is the chairman of the Nominating Committee to make his report.

GOVERNOR DOUGLAS: Mr. Chairman, thank you and thanks for your outstanding leadership. It has been a great year for our association.

I want to start by thanking the other members of the committee, Governor Minner, Governor Lynch, Governor Huntsman, Governor Hoeven, for their service.

We are proud to recommend the following

governors to serve on the NGA Executive Committee for the coming year: Governor Kempthorne, Governor Vilsack, Governor Romney, Governor Rendell, Governor Rounds, Governor Doyle. And although this may be your last annual meeting, it is traditional to have our retiring chairman serve on the Executive Committee and we recommend that Governor Warner serve.

In the event that he is unable to complete his year, we will deal with it. But who knows, you might decide to suspend the Constitution and stay on for another six months or so, Mark. So we look forward to your continued involvement as long as we possibly can.

For vice chairman of the association for the coming year, the committee recommends Governor Napolitano of Arizona. Janet should have some concern about this because two years ago I presented the Nominating Committee report and the vice chairman I recommended was promptly defeated for reelection in his own state, but we will hope that Janet fares well.

For chairman of the association, the committee conducted a nationwide search.

(Laughter.)

GOVERNOR DOUGLAS: It had a number of components. We had the talent competition, for example, and that had several elements. Not only musical skill but pork chop flipping prowess and a few other things, and I am pleased to report that the committee on the 192nd ballot was able to recommend our good friend and colleague, Governor Mike Huckabee, to serve as chairman of NGA.

(Applause.)

GOVERNOR WARNER: The Nominating Committee has made their report. Is there a second?

GOVERNOR VILSACK: Second.

GOVERNOR WARNER: Any discussion?

All those in favor signify by saying aye.

(Response from voting governors.)

GOVERNOR WARNER: Mr. Chairman, I will now turn over the gavel to you as the new incoming chair of the NGA.

(Applause.)

GOVERNOR HUCKABEE: First of all, note that he handed it to me with his left hand. We always knew where he was.

You know, I want to note that Mark may

have made some serious political news here today. He stood here and he said in Iowa, "I will be back."

(Laughter.)

GOVERNOR HUCKABEE: Take note reporters.

I want to say thanks to Mark Warner for an incredible job as chairman. We have all said this to him personally but he has done a tremendous job as our chairman. He has been a great leader, a great partner and a great friend.

This time of year, and this being my ninth summer meeting of the NGA, it is the time we recognize when some of our colleagues will be leaving us.

And even though we will be together next February as the governors association, I want to say that we will be missing one of our most esteemed colleagues and that is Governor Warner whose state Constitution in the Commonwealth of Virginia prohibits him from running for reelection. But I want to make a few comments just by way of thanks to him.

After his graduation from George Washington University and Harvard Law School, he made a name for himself in the telecommunications

field by helping to be one of the venture capitalists to help set up the cell phone industry and really see it go forth in a very dramatic and prosperous way.

That is why you never heard Governor Warner complain when a cell phone went off in a meeting because that is money in his pocket jingling every time.

(Laughter.)

GOVERNOR HUCKABEE: In fact, he loves to hear the sound of a cell phone going off.

When he became governor of the Commonwealth of Virginia, he took on the same kind of leadership and management styles that made him successful in business and he became one of the most successful governors in America being named this year by Governing Magazine as the leader of the best managed state in the country receiving straight As in fiscal management.

The experts particularly noted Governor Warner's leadership to implement long-term planning and other businesslike reforms that he enacted through state government.

Through a bipartisan effort he helped eliminate a \$6 billion revenue shortfall, without

writing a personal check by the way, and securing true comprehensive state government reform for Virginia.

I think perhaps close to my heart, his efforts in the Healthier Virginians program helped state employees to put a new focus on their personal health. But without a doubt the thing for which he will be most remembered will be his innovations in education. And not just in Virginia but particularly across the nation.

I think it was Governor Kempthorne who just a moment ago noted that millions of children across America may never live in the Commonwealth of Virginia but they will benefit from Mark Warner having been governor of Virginia but most notably having been chairman of the National Governors Association and bringing the initiative before us for reforming the American high school, the first such effort in a hundred years.

If you were at our summit last February when we met in Washington and then subsequently were able to see the ten specific steps that we need to take as states and the steps that we have taken as states including the historic signing of the document yesterday where 46 states now have

signed on to come up with a common graduation rate reporting process.

He has also given us leadership in the area of Medicaid reform. Truly without a doubt Mark Warner's tenure as chairman of this organization is going to be remembered very fondly and very, very wonderfully.

And thank you, Mark, most of all for giving us the kind of leadership that made us all forget whether we were Democrats or Republicans and made us remember that we are governors out there to solve problems for the people of our states who frankly do not care whether we are Democrats or Republicans.

They want their kids to go to good schools, they want to drive on good roads, they want access to good healthcare, and they are far more interested in what their solutions are than what our problems are. And you have given us that kind of leadership, and on behalf of all of your colleagues in the governor ranks, I want to say thank you and congratulations for a job well done.

(Applause.)

GOVERNOR HUCKABEE: We have all had some interest in why it was you were wearing that

strange thing about your right hand. Was it true that it was the result of maybe your parade wave that got bent out of shape? But we have heard reliable sources tell us that it was the result of being thrown from a bicycle. We will trust that that is, in fact, the real reason. We also trust that it will heal quickly.

We are going to present you today with a ceremonial gavel to commemorate your tenure with the National Governors Association. A fitting tribute, of course.

"Presented to Mark R. Warner, Governor of Virginia, for his outstanding leadership as Chairman of the National Governors Association 2004-2005 on the occasion of the 97th NGA Annual Meeting, July 18, 2005."

But in addition to that, we thought it appropriate beyond this gavel -- because you might hurt yourself with this. But we also wanted to give you something that perhaps is most appropriate in light of your recent biking. Your new nickname, of course, is Lance Warnerstrong. But the one thing you have truly earned is the yellow jersey of a winner and a champion.

So Mr. Warnerstrong, let me now present

to you from the Tour de France, the Tour de NGA, your yellow jersey because you surely are a real winner and a champion.

(Applause.)

GOVERNOR HUCKABEE: I want to thank all of you for the confidence you have bestowed in me in giving me the opportunity to serve. I am going to forgo a significant speech for two reasons. Number one is because we are already past our time, and number two, you would not tolerate it and probably would not come back to the next meeting if I did.

I would be remiss if I did not say thanks for the confidence of giving me the opportunity to serve you, for the nomination that Jim has made. I also want to note that I was not aware that there was a talent competition involved. I am glad I was able to pass the test. Thank God there was not a swimsuit competition. I am not sure I would have made it through that.

(Laughter.)

GOVERNOR HUCKABEE: Over the next year, we are going to be focused as a national governors organization on an issue that touches every one of us and touches every one of the citizens of our

states.

Being distributed to you over the next few minutes is a brochure that will describe what Healthy America is going to involve as we try to focus on changing the culture of health in this country from one of looking at diseases and how we can treat them to looking at what could prevent them in the first place.

Every one of us in the meetings we have, we sit and talk with each other about how Medicaid is not sustainable, how the cost of providing health insurance for our state employees is exploding beyond our capacity to keep up with it, how the private sector employers in our state are struggling with paying benefits for healthcare for their workers and how many of them just simply give up and quit, forcing them to the rolls of the state system or to nothing at all with now over 51 million Americans not covered by insurance of any kind.

I would suggest that over the past few years since 9/11 we have spent billions of dollars in this country understandably and rightfully on preventing terror, on trying to protect our citizens from what might happen to them, from the

fears of one day their children being at a school or a shopping mall or at a bus stop and being the victim of some act of violence that would take their lives or that would permanently injure them.

But statistically the likelihood that you or the children of your state are going to be subjected to a terrorist act is statistically small. But the likelihood that the children of your state or you will be subjected to a health crisis is almost guaranteed.

I would suggest the greatest terror that many of the families of our states face is not the terror of an IED but it is the terror of a heart attack for their husband at age 52 that would disable him and make it impossible for him to continue working. For a 33-year-old mother with two children, having breast cancer, detecting it late and not living to see her children grow up.

I would suggest terror is a single mom doing the very best she can to provide for her kids and her son breaking his arm on the playground and her knowing that paying for the arm being properly fixed means she is not going to have rent money next month or grocery money at the end of the week. That is terror. And there is not a family in

America that does not look at it as a real likelihood.

Three basic behaviors drive what is now an epidemic of chronic disease: Smoking, obesity and inactivity. And the fact is we now are plagued not so much with the infectious diseases that killed Americans in the early part of the 19th century and 20th century but the chronic diseases that are caused by our own lifestyle choices.

In the early 1900s, people died because they got malaria and smallpox and yellow fever and the complications of influenza and we came together as a culture and decided that was unacceptable.

We did things to clean up our water supply and to make things cleaner. We put sewer systems in place so raw sewage did not flow that would breed insects, mosquitos and other type of bacteria-borne diseases that killed most of the people who died young.

We extended the life expectancy of America. But over the course of time we got so comfortable that we made a lot of lifestyle choices that started hurting us and now those lifestyle choices are killing us.

Fifteen years ago the pediatric hospitals

of America had never diagnosed a case of preteen Type II diabetes. In fact, we called it adult onset because it only happened to adults.

Over the past 15 years, something has happened. We no longer can call it adult onset because now the pediatric hospitals are diagnosing Type II diabetes in children as young as seven or eight years old. And they are seeing those cases regularly every week.

And a child diagnosed with Type II diabetes before he is an adolescent is a child who by the time he is in his twenties will have lasers shot into his eyes to try to salvage what vision he or she may have left. That child will have a heart attack before he or she is 30. That child will be on full kidney dialysis because of renal failure by the age of 40, and by the age of 50 that child will be dead.

And as amazing as it sounds, for the first time in American history we are raising this generation of children who are expected to have a shorter lifespan than their parents or their grandparents and we actually can change that. And we can turn that course.

Over the course of the next year, I hope

the National Governors Association will join together in taking on the crisis of our culture of health in this country just as we have taken on the crisis of a high school that needed desperate reform.

It took us a hundred years to get to the place where we decided we would revisit the high school. Well, a hundred years ago the nation decided it would deal with infectious diseases. A year from now I hope we will have significantly started the course to change America on its disastrous course with chronic and deadly disease. I ask you to join me in that effort. I have every confidence that you will.

I am looking forward to serving with you and I know we are going to have a great year. We have a lot to be grateful for and a lot to work for.

On behalf of all of us, thanks again to Tom and Christie and the people of Iowa for an absolutely remarkable and memorable meeting and some of the greatest people we have ever had a chance to meet.

And to all of you: Safe trip, safe travel, Godspeed, see you in February.

We're adjourned.

(Meeting adjourned at 12:46 p.m.,
July 18, 2005.)