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1999 Annual Meeting

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Proposed Changes in Policy

New language is typed double-spaced and in ALL CAPS, with deleted material lined through.

STUDENTS ACROSS THE STATE AND CALL FOR SPECIFIC ACTIONS TO BE TAKEN IF A SCHOOL OR SCHOOL DISTRICT IS NOT ABLE TO HELP ITS STUDENTS DO THEIR BEST. EACH STATE'S ACCOUNTABILITY SYSTEM IS DIFFERENT BECAUSE IT AIMS TO REFLECT THE APPROPRIATE ROLE THAT THE STATE PLAYS IN EDUCATION REFORM AT THE LOCAL LEVEL.

THE GOVERNORS SUPPORT AN EDUCATION SYSTEM THAT FOCUSES ON PERFORMANCE, IS ALIGNED WITH THE STATE'S STANDARDS, AND INCORPORATES STRONG ACCOUNTABILITY MECHANISMS. TO THIS END, FEDERAL EDUCATION RESOURCES MUST BE ACCOMPANIED BY BROAD FLEXIBILITY TO ENSURE THAT THOSE WHO WORK WITHIN THE EDUCATION SYSTEM CAN BE HELD ACCOUNTABLE FOR THE RESULTS THEY ACHIEVE. THE GOVERNORS STRONGLY SUPPORT THE USE OF ACCOUNTABILITY MEASURES, BUT THESE MEASURES MUST BE DETERMINED AT THE STATE LEVEL, NOT THE FEDERAL LEVEL. MAXIMUM FLEXIBILITY IN DESIGNING STATE ACCOUNTABILITY SYSTEMS IS CRITICAL TO PRESERVE THE UNIQUE BALANCE INVOLVING FEDERAL FUNDING, LOCAL CONTROL OF EDUCATION, AND STATE RESPONSIBILITY FOR SYSTEMWIDE REFORM.

STATES ARE ENGAGED IN EFFORTS TO IMPROVE THE EDUCATION SYSTEM BUT ALSO RESPECT THE NEED FOR LOCAL INVOLVEMENT AND, ESPECIALLY, PARENT INVOLVEMENT IN DESIGNING AND IMPLEMENTING REFORM EFFORTS.

THE GOVERNORS BELIEVE THAT EXISTING EDUCATION SYSTEMS MUST BE CONSTANTLY REEXAMINED TO ENSURE THAT AMERICA'S CHILDREN ARE PROVIDED WITH THE BEST POSSIBLE EDUCATION. EDUCATION SYSTEMS SHOULD BE RESPONSIVE AND "CUSTOMER-DRIVEN," PROVIDING CHOICES TO MEET THE DIVERSE NEEDS OF CHILDREN AND PARENTS.

THE GOVERNORS RECOGNIZE THE FINANCIAL AND SUPPORTING ROLE THAT THE FEDERAL GOVERNMENT PLAYS IN EDUCATION, PRIMARILY IN PROVIDING EXTRA AND ESSENTIAL HELP FOR THOSE STUDENTS MOST IN NEED; SUPPORTING STATE AND LOCAL SYSTEMIC EDUCATION REFORM AS WELL AS IMPROVED LEARNING THROUGH

HR-4. ELEMENTARY AND SECONDARY EDUCATION

4.1 PREAMBLE

DURING THE PAST DECADE, THE NATION'S GOVERNORS HAVE BEEN EFFECTIVE LEADERS IN THE EDUCATION REFORM MOVEMENT. WITH GUBERNATORIAL LEADERSHIP, STATES HAVE SET HIGHER STANDARDS FOR STUDENTS AND SUBSTANTIALLY INCREASED FUNDING TO HELP STUDENTS REACH THOSE STANDARDS. GOVERNORS HAVE MODIFIED GOVERNANCE STRUCTURES AT THE STATE LEVEL AND ENCOURAGED SCHOOL DISTRICTS TO DO THE SAME. THEY HAVE DEVELOPED AND ADOPTED FRAMEWORKS TO BUILD CONSENSUS ON THE ISSUE OF STUDENT PERFORMANCE. THEY HAVE DEVELOPED NEW ASSESSMENT SYSTEMS TO DIAGNOSE AREAS OF WEAKNESS TO BETTER TARGET REMEDIATION EFFORTS. THEY HAVE ESTABLISHED NEW REPORTING PROCEDURES TO INFORM PARENTS AND TEACHERS ABOUT HOW WELL STUDENTS AND/OR SCHOOL SYSTEMS ARE DOING. GOVERNORS CONTINUE TO MONITOR THE PERFORMANCE OF SCHOOL DISTRICTS AND PROVIDE TECHNICAL ASSISTANCE, WHERE NEEDED. THEY ARE WORKING TO CREATE SAFE SCHOOL ENVIRONMENTS WHERE STUDENTS ARE NURTURED AND ENABLED TO SUCCEED. WITH THE EMPHASIS ON IMPROVING STUDENT ACHIEVEMENT, STATES ARE ENCOURAGED BY THE SUCCESS OF MANY OF THE COMPREHENSIVE REFORMS THAT HAVE BEEN IMPLEMENTED. HOWEVER, THEY RECOGNIZE THAT MUCH WORK STILL REMAINS TO ACHIEVE AMERICA'S EDUCATION GOALS AS DESCRIBED IN EXISTING NGA POLICY HR-11.2.

KEY TO STATES' SUCCESS IS THE USE OF ACCOUNTABILITY SYSTEMS TO CHANGE THE BEHAVIOR OF BOTH CHILDREN AND ADULTS IN SCHOOL SYSTEMS. VIRTUALLY EVERY STATE HAS DEVELOPED OR IS DEVELOPING NEW ACADEMIC STANDARDS AND ASSESSMENTS THAT MEASURE PROGRESS AGAINST THOSE STANDARDS. STATES ARE USING STANDARDS AND ASSESSMENTS AS THE FOUNDATION TO BUILD ACCOUNTABILITY SYSTEMS THAT INFORM THE PUBLIC ABOUT THE PERFORMANCE OF

RESEARCH, DEMONSTRATION PROGRAMS, AND DISSEMINATION OF INFORMATION ON BEST PRACTICES; AND SUPPORTING PROFESSIONAL DEVELOPMENT FOR EDUCATORS AND EDUCATION PARAPROFESSIONALS. THE GOVERNORS BELIEVE THAT THESE AND FUTURE FEDERAL EFFORTS SHOULD SUPPORT AND ENCOURAGE SIMILAR ACTIVITIES AT THE STATE AND LOCAL LEVELS TO MAXIMIZE STATE AND LOCAL USE OF FEDERAL DOLLARS.

CONGRESS SHOULD MAINTAIN THE INTEGRITY OF STATE SOVEREIGNTY TO PROVIDE THE NATION'S CITIZENS WITH A QUALITY EDUCATION. THE FEDERAL GOVERNMENT SHOULD NOT IMPOSE "ONE-SIZE-FITS-ALL" PROCESSES OR POLICIES ON STATES OR SCHOOL DISTRICTS. IN ADDITION, THE FEDERAL GOVERNMENT SHOULD REWARD SUCCESS.

THE GOVERNORS CALL FOR A RENEWED NATIONAL COMMITMENT TO CONTINUOUS IMPROVEMENT IN EDUCATIONAL ACHIEVEMENT AND CALL ON CONGRESS AND THE ADMINISTRATION TO WORK WITH US TO FULFILL THE PROMISE OF HELPING ALL STUDENTS ACHIEVE THEIR GREATEST POTENTIAL.

4.2 PRINCIPLES TO GUIDE FEDERAL INVOLVEMENT IN EDUCATION

THE GOVERNORS CALL FOR A FULL REAUTHORIZATION OF THE ELEMENTARY AND SECONDARY EDUCATION ACT. BASED ON STATE AND LOCAL EDUCATION REFORM EXPERIENCES, THE GOVERNORS URGE CONGRESS TO USE THE FOLLOWING PRINCIPLES TO GUIDE FEDERAL INVOLVEMENT IN THE AMERICAN SYSTEM OF ELEMENTARY AND SECONDARY EDUCATION.

4.2.1 RECOGNIZE THE FEDERAL ROLE IN MEETING ITS FUNDING COMMITMENTS. THE GOVERNORS CALL ON CONGRESS AND THE ADMINISTRATION TO MEET CURRENT FUNDING REQUIREMENTS TO STATES. TO UPHOLD THESE COMMITMENTS, FUNDING FOR EXISTING PROGRAMS SHOULD BE MAINTAINED.

4.2.2 SUPPORT STATE EFFORTS TO MEET THE UNIQUE NEEDS OF SCHOOLS AND SCHOOL DISTRICTS IN THE STATE. EXPERIENCE AND RESEARCH JUSTIFY THE STATE FOCUS ON

SCHOOL-LEVEL AND SCHOOLWIDE IMPROVEMENTS. FEDERAL EDUCATION PROGRAMS SHOULD BE DESIGNED TO LEVERAGE STATE REFORMS. CHILDREN ARE BEST SERVED WHEN FEDERAL PROGRAMS AND FUNDS ARE USED TO COMPLEMENT AND INTEGRATE WITH STATE REFORMS TO IMPROVE TEACHING AND LEARNING. STATES SHOULD BE ALLOWED TO USE FEDERAL FUNDS FOR SCHOOL AND SCHOOL DISTRICT INNOVATION AND EXPERIMENTATION. GOVERNORS SUPPORT THE INNOVATIVE EDUCATION PROGRAM STRATEGIES PROGRAM AS UNDER CURRENT LAW.

THE GOVERNORS RECOGNIZE THAT SOME OF THE CATEGORICAL EDUCATION PROGRAMS, BOTH FUNDED AND UNFUNDED, HAVE BEEN REPEALED OR CONSOLIDATED INTO LARGER PROGRAMS. HOWEVER, THE CATEGORICAL NATURE OF FEDERAL EDUCATION PROGRAMS DOES NOT SUPPORT THE MORE COHERENT, SYSTEMIC, AND SCHOOLWIDE REFORM STRATEGIES THAT MANY STATES HAVE ADOPTED. THE GOVERNORS BELIEVE THAT STATES SHOULD BE GIVEN THE OPTION TO NEGOTIATE A PERFORMANCE PARTNERSHIP WITH THE U.S. SECRETARY OF EDUCATION THAT WOULD ALLOW STATES TO CONSOLIDATE ONE OR MORE FEDERAL PROGRAMS AND FEDERAL FUNDS INTO A SINGLE PERFORMANCE PLAN IN EXCHANGE FOR BEING HELD TO HIGHER LEVELS OF ACCOUNTABILITY FOR IMPROVING STUDENT PERFORMANCE. IF TITLE ONE FUNDS ARE INCLUDED IN THE PARTNERSHIP AGREEMENT, STATES WOULD HAVE TO CONTINUE THE TARGETING REQUIREMENTS UNDER CURRENT LAW FOR TITLE ONE.

4.2.3 **HELP STATES FOCUS ON THE STUDENTS WITH THE GREATEST NEED.** THE GOVERNORS ARE IN A UNIQUE POSITION TO RECOGNIZE THE LINK BETWEEN THE CONCENTRATION OF POVERTY AND LOW EDUCATIONAL ACHIEVEMENT. IN SCHOOLS WITH THE HIGHEST PROPORTIONS OF DISADVANTAGED CHILDREN, STUDENTS ARE LESS LIKELY TO ACHIEVE AT HIGHER LEVELS. WORKING IN CONJUNCTION AND COOPERATION WITH THE STATES, THE FEDERAL GOVERNMENT SHOULD CONCENTRATE FEDERAL FUNDS ON THESE SCHOOLS. SUCH SUPPORT IS ESSENTIAL IF THE NATION IS TRULY COMMITTED TO THE BELIEF THAT ALL STUDENTS CAN ACHIEVE AT HIGHER

LEVELS. STATES SHOULD ALSO BE ALLOWED TO USE FEDERAL FUNDS FOR EARLY INTERVENTION INITIATIVES AS PART OF THEIR EFFORTS TO IMPROVE STUDENT ACHIEVEMENT AMONG DISADVANTAGED CHILDREN.

4.2.4 **IMPLEMENT ACCOUNTABILITY MECHANISMS IN CURRENT LAW BEFORE ADDING NEW REQUIREMENTS.** THE GOVERNORS BELIEVE THAT A STRONG ACCOUNTABILITY SYSTEM IS ESSENTIAL TO DRIVING REFORM AT THE STATE AND LOCAL LEVELS, AND EACH STATE HAS USED DIFFERENT ACCOUNTABILITY MECHANISMS IN DIFFERENT WAYS TO GUIDE THE IMPLEMENTATION OF REFORMS. THE LAST REAUTHORIZATION OF THE ELEMENTARY AND SECONDARY EDUCATION ACT SET FORTH REQUIREMENTS TO HOLD STATES ACCOUNTABLE FOR THE PERFORMANCE OF STUDENTS UNDER THE TITLE ONE PROGRAM. THESE REQUIREMENTS REFLECT ACTIVITIES THAT STATES ARE UNDERTAKING FOR ALL STUDENTS, NOT JUST TITLE ONE STUDENTS. THE GOVERNORS BELIEVE THAT THE REQUIREMENTS PRESENTLY INCLUDED IN THE ELEMENTARY AND SECONDARY EDUCATION ACT SHOULD BE FULLY IMPLEMENTED BEFORE CONGRESS IMPOSES ADDITIONAL ACCOUNTABILITY REQUIREMENTS ON THE STATES.

4.2.5 **SUPPORT STATE EFFORTS TO CREATE A HIGH-QUALITY TEACHER WORKFORCE.** THE GOVERNORS BELIEVE THAT HIGH STANDARDS FOR THE TEACHING PROFESSION ARE CENTRAL TO IMPROVING STUDENT PERFORMANCE. STATES ARE ADOPTING DIFFERENT STRATEGIES TO IMPROVE TEACHER PERFORMANCE. SOME SUCCESSFUL STRATEGIES INCLUDE HIGH-QUALITY AND RELEVANT PROFESSIONAL DEVELOPMENT ACTIVITIES FOR TEACHERS; TEACHER TESTING AND CERTIFICATION AGAINST HIGH STANDARDS, SUCH AS THOSE DEVELOPED BY THE NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS; AND MERIT OR PERFORMANCE PAY, TEACHER ACADEMIES, ALTERNATIVE ROUTES TO CERTIFICATION, AND OTHER METHODS TO ENSURE THAT TEACHERS IN ALL CLASSROOMS HAVE KNOWLEDGE OF BOTH SUBJECT MATTER AND TEACHING METHODS. PROFESSIONAL DEVELOPMENT ACTIVITIES

SHOULD BE ALIGNED WITH THE STATE'S CONTENT AND STUDENT PERFORMANCE STANDARDS AND SHOULD BE TIED TO IMPROVING STUDENT ACHIEVEMENT.

SYSTEMIC REFORM REQUIRES TEACHERS, ADMINISTRATORS, PARAPROFESSIONALS, AND STUDENTS TO TAKE ON NEW ROLES AND RESPONSIBILITIES. EDUCATORS NEED TIME TO LEARN NEW WAYS OF TEACHING THAT IMPROVE STUDENT PERFORMANCE, INCLUDING GREATER USE OF EDUCATION TECHNOLOGIES. ADMINISTRATORS NEED A NEW VISION OF LEADERSHIP THAT INCLUDES EFFECTIVE TEAMWORK. STATES ARE RETHINKING HOW POSTSECONDARY INSTITUTIONS SHOULD PREPARE AND PROVIDE ONGOING SUPPORT FOR SCHOOL PROFESSIONALS. FEDERAL PROGRAMS SHOULD SUPPORT AND COMPLEMENT SUCH EFFORTS.

STATES SHOULD HAVE THE OPTION TO COMBINE ONE OR MORE FEDERAL PROFESSIONAL DEVELOPMENT FUNDS, INCLUDING FEDERAL CLASS-SIZE REDUCTION FUNDS, INTO A HIGHLY FLEXIBLE PROFESSIONAL DEVELOPMENT PROGRAM THAT ENABLES THEM TO USE THE FUNDS IN A MANNER THAT HELPS TEACHERS AND STUDENTS THE MOST. STATES THAT EXERCISE THIS OPTION SHALL REPORT ON HOW THEY ARE USING THE FUNDS TO IMPROVE THE CONTENT KNOWLEDGE AND TEACHING METHODS OF TEACHERS. STATES SHOULD HAVE THE OPTION TO USE THEIR FEDERAL PROFESSIONAL DEVELOPMENT FUNDS TO ASSIST TEACHERS IN BECOMING CERTIFIED BY THE NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS.

IF THE STATE CHOOSES TO CONSOLIDATE THE FEDERAL CLASS-SIZE REDUCTION FUNDS INTO THIS HIGHLY FLEXIBLE PROGRAM, THE STATE SHALL PROVIDE THE U.S. SECRETARY OF EDUCATION WITH THE STATE'S STRATEGY TO INCREASE STUDENT PERFORMANCE AND AGREE TO SET MEASURABLE EDUCATION GOALS FOR HIGH-POVERTY STUDENTS IN THE EARLY GRADES. THESE MEASURABLE GOALS SHALL REFLECT THE SAME PERFORMANCE GOALS SET BY THE STATE FOR ALL STUDENTS. THE FEDERAL CLASS-SIZE REDUCTION FUNDS THAT ARE INCLUDED IN THIS FLEXIBLE PROFESSIONAL DEVELOPMENT PROGRAM MUST CONTINUE TO BE TARGETED TO THE HIGHEST POVERTY STUDENTS IN THE EARLY GRADES. TWO YEARS AFTER THE PLAN IS

VIOLENCE. FOCUSING ON VIOLENCE PREVENTION WITHOUT ADDRESSING SUBSTANCE ABUSE PREVENTION WOULD IGNORE A KEY FACTOR IN SCHOOL-RELATED VIOLENCE.

4.2.7 **RECOGNIZE THE STATE ROLE IN ANY FEDERAL AID PROGRAM.** ELEMENTARY AND SECONDARY EDUCATION POLICY IS BROADLY DEFINED IN STATE CONSTITUTIONS, SPECIFIED IN STATE STATUTES, AND IMPLEMENTED BY SCHOOL DISTRICTS. CURRENT FEDERAL EDUCATION PROGRAMS BYPASS THE AUTHORITY OF THE STATE TO DETERMINE EDUCATION POLICY FOR THESE PROGRAMS BY SENDING THE FUNDS DIRECTLY TO STATE EDUCATION AGENCIES. THE GOVERNORS STRONGLY BELIEVE THAT FEDERAL EDUCATION FUNDS SHOULD BE SENT DIRECTLY TO THE STATE TO ENABLE THE STATE TO SET PRIORITIES, PROVIDE GREATER ACCOUNTABILITY, AND COORDINATE FEDERALLY FUNDED ACTIVITIES WITH STATE-FUNDED ACTIVITIES ACROSS STATE GOVERNMENT. THE GOVERNORS RECOGNIZE THE IMPORTANT ROLE THAT THE FEDERAL GOVERNMENT PLAYS IN PROVIDING DIRECT ASSISTANCE TO NEEDY STUDENTS. HOWEVER, THEY BELIEVE THAT THE ONLY WAY TO FULLY LEVERAGE FEDERAL FUNDS IS TO ENSURE THE COORDINATION OF THESE FUNDS WITH STATE EFFORTS. THEREFORE, THE GOVERNORS CALL ON CONGRESS TO RESPECT THE ROLE OF THE STATE IN SETTING AND IMPLEMENTING EDUCATION POLICY. FUNDING FOR ALL FEDERAL EDUCATION PROGRAMS SHOULD BE DIRECTED TO THE STATE, RATHER THAN A STATE AGENCY SELECTED BY THE FEDERAL GOVERNMENT.

THE GOVERNORS ALSO BELIEVE THAT STATES PLAY AN IMPORTANT ROLE IN PROVIDING TECHNICAL ASSISTANCE TO HELP SCHOOLS AND SCHOOL DISTRICTS IMPLEMENT BOTH STATE AND FEDERAL EDUCATION PROGRAMS. IN ADDITION, STATES ALSO INCUR COSTS IN ADMINISTERING FEDERAL EDUCATION PROGRAMS. EVEN IF THE FUNDS ARE DIRECTED PRIMARILY TO LOCAL EDUCATION AGENCIES, THESE PROGRAMS NEED TO INCLUDE SUFFICIENT FUNDS TO ENABLE STATES TO EFFECTIVELY ADMINISTER FEDERAL EDUCATION PROGRAMS. FUNDING IS NOT NEEDED SOLELY TO SUPPORT ADDITIONAL STATE EMPLOYEES; RATHER, FUNDING IS NEEDED TO ENSURE

SUBMITTED, THE STATE WOULD THEN BE REQUIRED TO PUBLICLY REPORT ON AN ANNUAL BASIS THE ACADEMIC PERFORMANCE OF HIGH-POVERTY STUDENTS IN THE EARLY GRADES. STATES THAT SHOW CONTINUED PROGRESS TOWARD MEETING THE MEASURABLE EDUCATIONAL GOALS OUTLINED IN THE PLAN SHALL CONTINUE TO HAVE THE AUTHORITY TO COMBINE THESE FUNDS.

STATES ARE IN THE BEST POSITION TO COORDINATE CLASS-SIZE REDUCTION INITIATIVES. CONSEQUENTLY, THEY SHOULD BE THE RECIPIENTS OF FEDERAL CLASS-SIZE REDUCTION FUNDS IN ORDER TO COORDINATE THESE FUNDS WITH EXISTING STATE REQUIREMENTS FOR REDUCING CLASS SIZES. IN ADDITION, THE FEDERAL CLASS-SIZE REDUCTION PROGRAM SHOULD BE MODIFIED TO ALLOW STATES TO USE THESE FUNDS TO REDUCE CLASS SIZES IN PRESCHOOL AND KINDERGARTEN PROGRAMS AS WELL AS IN THE EARLY GRADES.

4.2.6 **ASSIST STATES IN ADDRESSING VIOLENCE AND DRUG ABUSE IN SCHOOLS.** THE GOVERNORS CONTINUE TO PLACE A HIGH PRIORITY ON MAKING SCHOOLS SAFE AND NURTURING ENVIRONMENTS FOR STUDENTS. STATES HAVE USED FEDERAL DRUG-FREE SCHOOLS AND COMMUNITIES ACT (DFSCA) FUNDS FOR DIVERSE PREVENTION EFFORTS, AND THEY BELIEVE THAT THIS PROGRAM SHOULD BE CONTINUED WITH SOME MODIFICATIONS. AS WITH ALL FEDERAL EDUCATION PROGRAMS, FUNDS UNDER DFSCA SHOULD BE GIVEN TO THE STATE DIRECTLY FOR DISTRIBUTION TO SCHOOL DISTRICTS TO ENSURE THAT THE FUNDS ARE WELL COORDINATED WITH STATE AND LOCAL PREVENTION AND INTERVENTION EFFORTS RELATED TO DRUG ABUSE AND SCHOOL VIOLENCE. AS UNDER CURRENT LAW, THE PROGRAM SHOULD CONTINUE TO INCLUDE A SPECIFIC SET-ASIDE TO ASSIST GOVERNORS IN IMPLEMENTING SCHOOL SAFETY AND DRUG ABUSE PREVENTION EFFORTS. STATES SHOULD BE ALLOWED TO COORDINATE RELATED FEDERAL FUNDS ACROSS STATE AGENCIES TO SUPPORT STATE AND LOCAL EFFORTS TO CREATE A SAFE LEARNING ENVIRONMENT FOR ALL CHILDREN. THE FOCUS OF THE FUNDING SHOULD CONTINUE TO BE THE PREVENTION OF DRUG ABUSE AND

THAT THE STATE HAS THE CAPACITY TO PROVIDE SCHOOL DISTRICTS WITH THE TOOLS TO MEET FEDERAL PROGRAM REQUIREMENTS MOST EFFICIENTLY AND EFFECTIVELY.

4.2.8 **LET PARENTS BE TEACHERS.** PARENTS HAVE THE PRIMARY RESPONSIBILITY AND RIGHT TO MAKE DECISIONS ABOUT THEIR CHILDREN'S EDUCATION AND MUST BE INCLUDED IN ANY DECISIONS MADE ON BEHALF OF STUDENTS. THE GOVERNORS RECOGNIZE THAT THERE ARE ACTIONS PARENTS CAN AND SHOULD TAKE SO THEIR CHILDREN CAN REACH THEIR FULL POTENTIAL. STATES MUST BE ALLOWED TO USE FEDERAL FUNDS TO ENCOURAGE AND ENABLE PARENTS TO SUPPORT THE WORK OF SCHOOLS THROUGH PROGRAMS DESIGNED TO FURTHER THEIR PARTICIPATION IN THEIR CHILDREN'S EDUCATION AND TO PROMOTE COLLABORATION WITH OTHER PROGRAMS AND AGENCIES THAT SUPPORT PARENT INVOLVEMENT. PARENT INVOLVEMENT WILL ENHANCE SCHOOL REFORM AND HELP ALL STUDENTS MEET HIGHER STANDARDS.

4.2.9 **ENHANCE THE USE OF NEW TECHNOLOGIES IN THE CLASSROOM.** THE EFFORTS OF FEDERAL AGENCIES SHOULD BE COORDINATED TO SUPPORT MORE RESEARCH AND DEMONSTRATION ON THE USE OF EDUCATION TECHNOLOGIES, AND THE FEDERAL GOVERNMENT SHOULD SHARE THE FINDINGS WITH STATES. STATES, IN TURN, SHOULD HELP SCHOOL DISTRICTS PROVIDE TRAINING TO EDUCATORS ON THE USE OF TECHNOLOGIES AND CREATE CLASSROOM OPPORTUNITIES TO USE NEW TECHNOLOGIES. EFFORTS SHOULD BE MADE TO INTEGRATE TECHNOLOGY INTO THE CURRICULUM AS A TOOL FOR INFORMATION PROCESSING AND PROBLEMSOLVING AND AS A MEANS TO HELP ALL STUDENTS ACHIEVE HIGH STANDARDS. FEDERAL TECHNOLOGY PROGRAMS—BOTH THOSE WITHIN THE U.S. DEPARTMENT OF EDUCATION AND THOSE SUPPORTED BY OTHER AGENCIES—SHOULD BE BETTER COORDINATED AND DESIGNED TO SUPPORT STATE SYSTEMIC EDUCATION REFORM EFFORTS.

4.2.10 **ENCOURAGE THE EXAMINATION OF CHARTER, CHOICE, AND MAGNET SCHOOLS.** THE U.S. DEPARTMENT OF EDUCATION SHOULD SUPPORT STATE AND LOCAL

EXAMINATION OF CHARTER, CHOICE, AND MAGNET SCHOOLS. THESE EFFORTS HAVE SHOWN PROMISE IN INCREASING EDUCATIONAL PERFORMANCE, STUDENT ACHIEVEMENT, AND FAMILY EMPOWERMENT. AS UNDER CURRENT LAW, STATES SHOULD BE ABLE TO USE CHARTER, CHOICE, AND MAGNET SCHOOL PROGRAMS TO IMPROVE CONSISTENTLY POOR-PERFORMING SCHOOLS.

4.2.11 **SUPPORT STATE EFFORTS TO PROVIDE STUDENTS AND THEIR FAMILIES WITH COORDINATED HUMAN SERVICES.** POOR HEALTH AND LIMITED ACCESS TO SOCIAL SERVICES MAY PREVENT DISADVANTAGED STUDENTS FROM LEARNING TO THEIR FULL POTENTIAL. MANY STATES HAVE REALIGNED THEIR HUMAN SERVICES DELIVERY SYSTEMS TO ENSURE THAT YOUNG CHILDREN COME TO SCHOOL READY TO LEARN AND THAT THESE CHILDREN'S HEALTH AND EMOTIONAL NEEDS ARE BEING MET SO THEY CAN FOCUS ON LEARNING. FEDERAL EDUCATION PROGRAMS, INCLUDING OPPORTUNITIES FOR WAIVERS FROM EXISTING REGULATIONS, SHOULD GIVE STATES THE OPTION TO COORDINATE HUMAN SERVICES DELIVERY SYSTEMS.

4.2.12 **FOCUS ON STUDENT ACHIEVEMENT AND HELP STATES REWARD PERFORMANCE.** THE GOVERNORS BELIEVE THAT ALL STUDENTS HAVE THE POTENTIAL TO ACHIEVE AT HIGHER LEVELS. GREATER FLEXIBILITY MUST BE AFFORDED STATES AND LOCALITIES TO ENSURE THAT EDUCATION OFFICIALS HAVE SUBSTANTIAL DISCRETION TO DESIGN PROGRAMS TO HELP ALL STUDENTS. BY ENSURING THAT LOCAL, STATE, AND FEDERAL EFFORTS FOCUS ON IMPROVING STUDENT PERFORMANCE, ALL PARTS OF THE EDUCATION SYSTEM CAN BE ENCOURAGED TO SUPPORT HIGHER STUDENT ACHIEVEMENT FOR ALL.

THE GOVERNORS ALSO WANT TO REWARD SCHOOLS AND SCHOOL DISTRICTS THAT INCREASE STUDENT ACHIEVEMENT. THEY BELIEVE THAT FEDERAL FUNDS SHOULD BE AVAILABLE TO STATES FOR SUCH REWARDS, BUT SCHOOLS THAT IMPROVE SHOULD NOT BE PENALIZED BY THE WITHDRAWAL OF SUCH INCENTIVES SUPPORT AT THE FIRST SIGN OF INCREASED ACHIEVEMENT.

4.2.13 **IMPROVE FEDERAL RESEARCH AND INFORMATION COLLECTION AND DISSEMINATION.** THE FEDERAL GOVERNMENT IS UNIQUELY POSITIONED TO COLLECT AND DISSEMINATE EDUCATION STATISTICS, INFORMATION ON BEST PRACTICES, AND INDICATORS OF STUDENT ACHIEVEMENT, ESPECIALLY COMPARATIVE STATE AND INTERNATIONAL DATA. THE FEDERAL GOVERNMENT AND THE STATES MUST WORK TOGETHER TO MAKE CERTAIN THAT FEDERAL RESEARCH INITIATIVES SERVE AS AN AID TO HELP STATES PROVIDE A BETTER QUALITY EDUCATION.

THE GOVERNORS SUPPORT THE EXPANSION OF THE NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS (NAEP) TO PROVIDE STATES WITH MORE COMPARABLE STATE AND INTERNATIONAL DATA AND BELIEVE THAT NAEP RESULTS SHOULD ALSO BE PROVIDED ON A MORE TIMELY BASIS TO PROVIDE POLICYMAKERS WITH MORE CURRENT DATA. REPORTING OF NAEP RESULTS SHOULD BE CAREFULLY MANAGED TO ENSURE PUBLIC CONFIDENCE IN THE INFORMATION PROVIDED.

4.2.14 **SUPPORT CONTINUED FEDERAL FUNDING FOR IMPACT AID.** THE FEDERAL GOVERNMENT HAS A UNIQUE AND HISTORICAL RESPONSIBILITY TO HELP FINANCE THE EDUCATION OF CHILDREN CONNECTED TO FEDERAL PROPERTY ON WHICH NO LOCAL PROPERTY TAXES ARE PAID TO SUPPORT EDUCATION. ANY REDUCTION IN THE FEDERAL GOVERNMENT'S COMMITMENT TO IMPACT AID WOULD RESULT IN AN UNFUNDED MANDATE ON STATES AND LOCAL SCHOOL DISTRICTS.

~~*Interim policy adopted by the Committee on Human Resources, July 13, 1999.*~~

~~**4.1 Preamble**~~

~~The states continue to lead America's effort to strengthen its schools. The Governors have developed and begun to implement comprehensive education initiatives that are designed to reform the entire education system and the other entities supporting it. We have focused reform efforts on local schools and communities. With the emphasis on improving student achievement, states are pressing for results. The Governors are assuming this leadership role to improve the knowledge and skills of all citizens. Throughout the previous decade, the context in which the education system is viewed became more international in scope. It is clear that the ability of this nation to compete in a global economy is closely tied to its ability to perform in a global marketplace. The achievement of the National Education Goals will ensure that U.S. citizens are as knowledgeable, competent, well trained, and inventive as citizens of any nation, and will ensure that the U.S. education system is world class. The Governors remain committed to the achievement of these goals. We also are committed to the bold, new consensus~~

~~that these goals represent by laying out coherent national expectations for the improvement of the education system at all levels—from preschool through lifelong learning—for all students.~~

~~For many years, states have been involved in the work of school improvement. At the 1996 National Education Summit, the Governors committed to the development and implementation of high-quality academic standards, assessments, and accountability systems. This commitment builds on past reform efforts in the states. During the past decade, the Governors have set graduation standards for students and increased funding to help students reach those standards. We have modified their governance structures and encouraged school districts to do the same. We have developed and adopted curriculum frameworks to build consensus around the issue of student performance. We have developed new assessment systems to inform parents and teachers on how well a student and/or a school system is doing. We continue to monitor the performance of school districts and provide technical assistance where needed. In addition, some states have begun to redesign their human resource development systems to provide support for students and their families, or have put more focus on instruction through a system of rewards and sanctions for school districts that is designed to bring more dollars into the classroom. Under the leadership of the Governors, colleges and universities, businesses, and health and social service agencies have forged new partnerships with the public school systems in many states.~~

~~States bear the major responsibility for achieving the National Education Goals. Elementary, secondary, and postsecondary education constitute the largest single item in state budgets. States establish the framework within which local districts and schools function. States are engaged in efforts to improve the education system, but they also respect the need for local and, especially, parental involvement. Each state also is challenged to help educators and citizens understand the need for higher standards, the meaning of such standards, and the ways that teaching and learning must change to enable students to meet the standards.~~

~~The Governors believe that existing educational delivery systems must be constantly reexamined to ensure that America's children are provided the best possible education. Education systems should be responsive and "customer driven," providing choices to meet the diverse needs of children and parents.~~

~~The Governors believe that parents have a special role in helping all students meet the high standards that will ensure the achievement of the National Education Goals. Parents have the primary responsibility to make decisions about their children's education and must be included in any decisions relating to student educational plans. As a child's first teachers, parents set the expectations and provide the support essential to student achievement. Such efforts will support overall school reform initiatives within a community.~~

~~The Governors believe that high standards for the teaching profession are central to improving the performance of students. Improving teacher performance can be achieved by supporting programs in teacher education and professional development and by testing to ensure competent knowledge of both subject matter and teaching methods.~~

~~The Governors believe that the policy direction for the National Assessment of Educational Progress (NAEP) should be overseen by the National Assessment Governing Board (NAGB). NAGB is broadly representative of state and local interests, ensures public accountability, and maintains the appropriate federal-state partnership in education decisionmaking, including the establishment of national, not federal, performance goals for reporting national assessment results. The national assessment's achievement levels and examinations should continue to be evaluated and validated to ensure the integrity of the national assessment. The Governors support the expansion of NAEP to provide more state data that are comparable among states and that afford international comparisons. We also believe that NAEP results need to be provided on a more timely basis to provide policymakers with more current data.~~

~~The Governors recognize the financial and supporting role that the federal government has played in education, primarily in providing extra and essential help for those students most in need; stimulating systemic education reform and improved learning through research, demonstration programs, and dissemination of information on "best practices"; and supporting professional development of educators and paraprofessionals. The Governors believe that these and future federal efforts should support and~~ [illegible]

~~encourage similar activities at the state and local levels and should be provided in as flexible a way as is possible to maximize state and local use of these dollars.~~

~~4.2 **Principles for the Federal Role**~~

~~Based on the experiences for reform at the state and local levels, the Governors urge Congress to use the following principles to guide federal involvement in the American system of elementary and secondary education.~~

~~4.2.1 **Begin with the premise that expectations must be raised for all students.** All students can learn at higher levels. Greater flexibility must be afforded states and localities to ensure that education officials have substantial discretion to design programs to help all students achieve at higher levels. By ensuring that local, state, and federal efforts focus on improving student performance and system outcomes, all parts of the education system can be encouraged to support higher student achievement for all.~~

~~4.2.2 **Support the state focus on schools.** Experience and research justify the state concentration on school-level and schoolwide improvements. Federal education programs should be designed to encourage states, districts, and schools to coordinate and integrate federal funds in order to support schoolwide efforts to improve teaching and learning. States should be allowed to use federal funds to support reasonable experimentation on the part of schools and districts. Moreover, states should have the responsibility for enforcing accountability, including establishing clear penalties in cases of sustained failure to improve student performance.~~

~~4.2.3 **Help states focus on the schools with the greatest need.** The Governors recognize the link between the concentration of poverty and low educational achievement. In schools with the highest proportions of students from poor families, everyone is likely to achieve less. Federal funds should be concentrated on these schools. Such support is essential if the nation is truly committed to the belief that all students can achieve at higher levels.~~

~~4.2.4 **Help states reward performance.** The Governors want to provide incentives to schools and districts that increase student achievement. Federal funds should be available for this purpose, but schools that improve performance should not be penalized by the withdrawal of support at the first sign of achievement.~~

~~4.2.5 **Let parents be teachers.** The Governors recognize that there are things that parents can and should do for children so they reach their full potential. Federal funds should be used to encourage and enable parents to support the work of schools through programs designed to further their participation in their child's education. Federal funds should be used to promote collaboration with other programs and agencies that support parental involvement activities.~~

~~4.2.6 **Support state efforts to build the capacity to implement systemic reform.** Although some states believe in more traditional teaching methods, others believe that systemic reform requires teachers, administrators, and students to take on new roles and responsibilities. Teachers need time to learn new ways of teaching that improve student performance, including greater use of technologies. Administrators need a new vision of leadership that includes effective teamwork. At the postsecondary level, states are rethinking how institutions should prepare and provide ongoing support for school professionals. Federal programs should support and complement such efforts.~~

~~4.2.7 **Provide states with the flexibility to experiment and build on reform efforts.** As states work to restructure their agencies and governance systems, federal education programs need to be modified to ensure a consistent message from top to bottom in the education system. These programs should include opportunities for state waivers in exchange for greater accountability for results. Given that states are still learning about systemic reform, they should be given the means to make mid-course corrections based on their implementation experiences.~~

~~4.2.8 **Strengthen the federal commitment to research and to information collection and dissemination.** The federal government is uniquely positioned to collect and disseminate education statistics, information on best practices, and indicators of student achievement, especially comparative state and international data. The federal government and the states must work together to more carefully coordinate such data collection, analysis, and dissemination.~~

~~4.2.9 **Enhance the use of new technologies in the classroom.** The efforts of federal agencies should be coordinated to support more research and demonstrations on the use of technologies, and the federal government should share the findings with states. States, in turn, should help school districts provide training in the use of technologies to all teachers and help create classroom opportunities to use new technologies. Every effort should be made to integrate technology into the curriculum as a tool for information processing and problemsolving and as a means to help all students achieve high standards.~~

~~4.2.10 **Encourage examination of charter, choice, and magnet schools.** The Department of Education should support state and local examination of charter, choice, and magnet schools, consistent with state desegregation goals, if applicable, and the state's education policy. The Governors believe that, in some localities, these efforts have shown promise in increasing educational performance, student achievement, and family empowerment. The Department of Education should provide appropriate technical assistance, evaluation, and information services.~~

~~4.2.11 **Support state efforts to provide students and their families with coordinated human services.** Poor health and limited access to social services often prevent disadvantaged students from learning to their fullest potential. Many states have realigned their human services delivery systems to ensure that young children come to school ready to learn and that the health and emotional needs of these children are being met so that they can focus on learning. Federal education programs, including opportunities for waivers from existing regulations, should give states the option to engage in such efforts.~~

~~4.2.12 **Support drug free schools and communities.** States have used federal Drug Free Schools and Communities Act (DFSCA) funds for diverse prevention efforts, and it is essential that both the Governor's portion and the state educational agency's (SEA) portion of funds be maintained. Governors and SEAs must be provided continued flexibility to determine for themselves how best to administer and coordinate all DFSCA funding in their states. To foster cooperation and coordination of drug education and prevention efforts, states must be allowed to enter into cooperative agreements in which the SEA and the Governor may designate the administrative agency of their choice to administer the Governor's portion, the SEA portion, or both portions, while the SEA and the Governor maintain ultimate responsibility for their fund allocation. States should be permitted to combine federal funds across agencies to support state and local efforts to create a safe learning environment for all children.~~

~~4.2.13 **Support continued federal funding for impact aid.** The federal government has a unique and historical responsibility to help finance the education of children connected to federal property on which no local property taxes are paid to support education. The Governors strongly support the retention of adequate funding for the impact aid program. Any reduction in the federal government's commitment to impact aid would result in an unfunded mandate on states and local school districts.~~

Time limited (effective ANNUAL MEETING 1999–ANNUAL MEETING 2001 ~~Annual Meeting 1998–Annual Meeting 2000~~).

Adopted Annual Meeting 1993; revised Winter Meeting 1994; reaffirmed Winter Meeting 1996; revised Annual Meeting 1996 and Annual Meeting 1998.

HR-15. ~~EC-3.~~ CHILDREN'S HEALTH

15.1 PREAMBLE

THE GOVERNORS SHARE THE COMMITMENT OF CONGRESS AND THE ADMINISTRATION TO MAKING HEALTH INSURANCE AVAILABLE TO CHILDREN IN NEED. STATES HAVE LONG BEEN LEADERS IN EXPANDING HEALTH CARE ACCESS FOR CHILDREN.

STATES HAVE BEEN INCREASING ELIGIBILITY LEVELS FOR PREGNANT WOMEN AND CHILDREN FOR MANY YEARS THROUGH MEDICAID EXPANSIONS AND OTHER STATE-DESIGNED PROGRAMS. HOWEVER, THE BALANCED BUDGET ACT OF 1997 AUTHORIZED UNPRECEDENTED INCREASES IN HEALTH CARE COVERAGE FOR UNINSURED CHILDREN NOT ELIGIBLE FOR MEDICAID. UNDER THE CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP), STATES ARE USING STATE-DESIGNED PROGRAMS, MEDICAID EXPANSIONS, OR A COMBINATION OF BOTH APPROACHES TO MAKE MORE CHILDREN ELIGIBLE FOR HEALTH CARE COVERAGE. OF THE FIFTY-TWO STATES AND TERRITORIES THAT HAVE APPROVED CHIP PLANS, 25 ARE EXPANDING MEDICAID, 12 ARE USING A SEPARATE STATE INSURANCE PROGRAM, AND 15 ARE USING A COMBINED APPROACH.

TODAY, ALMOST 20 MILLION CHILDREN RECEIVE HEALTH CARE SERVICES THROUGH MEDICAID AND CHIP. THROUGH THESE TWO PROGRAMS, FIFTY-FOUR STATES AND TERRITORIES HAVE EXPANDED COVERAGE WELL BEYOND FEDERALLY MANDATED LEVELS.

GIVEN THEIR COMMITMENT TO CHILDREN'S HEALTH AND EXTENSIVE EXPERIENCE IN OPERATING PROGRAMS THAT PROVIDE HEALTH CARE TO TENS OF MILLIONS OF CHILDREN, THE GOVERNORS STAND READY TO WORK WITH CONGRESS AND THE ADMINISTRATION TO CONTINUE IMPROVING OPPORTUNITIES FOR STATES TO EXPAND HEALTH CARE ACCESS FOR UNINSURED CHILDREN.

STRATEGIES TO EXTEND COVERAGE TO CURRENTLY UNINSURED CHILDREN CLASSIFY THIS POPULATION INTO TWO SUBSETS: CHILDREN WHO LACK ANY CONNECTION TO THE INSURANCE MARKETPLACE AND CHILDREN WHO ARE ELIGIBLE FOR MEDICAID OR CHIP BUT ARE NOT ENROLLED IN THESE PROGRAMS. CONSEQUENTLY, THE GOVERNORS' POLICY RECOMMENDATIONS FOCUS FIRST ON AREAS FOR IMPROVEMENT IN CHIP AND THEN ON OUTREACH.

15.2 MEDICAID AND CHIP ELIGIBILITY

DESPITE INITIAL GUIDANCE TO STATES THAT A MAJORITY OF UNINSURED CHILDREN WOULD BE ELIGIBLE FOR CHIP, SOME STATES ARE DISCOVERING THAT A SUBSTANTIAL NUMBER OF UNINSURED CHILDREN ARE NOT THOSE IN THE CHIP INCOME ELIGIBILITY RANGE. INSTEAD, THESE CHILDREN ARE ELIGIBLE FOR, BUT NOT ENROLLED IN, MEDICAID. IN FACT, IN SOME STATES, CHIP OUTREACH HAS BROUGHT IN NINE MEDICAID-ELIGIBLE CHILDREN FOR EVERY CHIP-ELIGIBLE CHILD. THIS PHENOMENON IS LARGELY ATTRIBUTABLE TO FAMILIES THAT DO NOT WANT TO BE ENROLLED IN THE WELFARE-ASSOCIATED MEDICAID PROGRAM. MANY FAMILIES HAVE ASKED TO PARTICIPATE IN THE STATE-DESIGNED PROGRAMS, EVEN VOLUNTEERING TO PAY PREMIUMS AND COPAYMENTS. HOWEVER, FEDERAL LAW PROHIBITS STATES FROM ENROLLING MEDICAID-ELIGIBLE CHILDREN IN CHIP. STATES SHOULD NOT HAVE TO FORCE BENEFICIARIES INTO MEDICAID WHEN IT IS CLEAR THEY WANT TO BE ENROLLED IN A SEPARATE PROGRAM. SUCH A POLICY MAY LEAD FAMILIES NOT TO ENROLL IN ANY PROGRAM, LEAVING CHILDREN UNINSURED. THE GOVERNORS CALL ON CONGRESS TO MAKE TECHNICAL CHANGES TO THE PROGRAM TO GIVE STATES THE OPTION OF ALLOWING BENEFICIARIES TO VOLUNTARILY TURN DOWN MEDICAID IN FAVOR OF A SEPARATE CHIP PROGRAM.

15.3 STATE FLEXIBILITY

FOR STATES TO FULLY IMPLEMENT THIS PROGRAM AND COVER THE MAXIMUM NUMBER OF CHILDREN POSSIBLE, THEY MUST BE PROVIDED ADDITIONAL FLEXIBILITY

TO EXPAND ACCESS TO EMPLOYER-BASED INSURANCE AND FAMILY COVERAGE, LIMIT "CROWD-OUT," AND DESIGN INNOVATIVE PROGRAMS WITH REGARD TO COST SHARING AND OTHER ISSUES.

STATES HAVE EMBRACED MANY DIFFERENT APPROACHES TO EXPANDING HEALTH INSURANCE COVERAGE FOR CHILDREN THROUGH CHIP. AS ENVISIONED BY THE AUTHORS OF THE PROGRAM, THIS FLEXIBILITY HAS EXPANDED COVERAGE AND FOSTERED INNOVATIONS IN PROGRAM DESIGN AND DEVELOPMENT. STATE POLICYMAKERS ARE DEDICATED TO DESIGNING THE MOST EFFECTIVE PROGRAMS POSSIBLE TO MEET THE NEEDS OF CITIZENS IN THEIR STATES. THE GOVERNORS CALL ON CONGRESS AND THE ADMINISTRATION TO WORK WITH STATES TO ENSURE GREATER FLEXIBILITY IN REACHING THE COMMON GOAL OF EXPANDING MEANINGFUL HEALTH INSURANCE TO CHILDREN.

15.4 GUARANTEED FUNDING

THE DESIGN, DEVELOPMENT, AND IMPLEMENTATION OF A HEALTH INSURANCE PROGRAM SUCH AS CHIP TAKES TIME. FOR STATES TO ENROLL CHILDREN, EDUCATE FAMILIES ABOUT THE BENEFITS OF A MANAGED CARE DELIVERY SYSTEM, ENSURE THAT NECESSARY SERVICES ARE RECEIVED, AND ENSURE THAT CLAIMS ARE SUBMITTED AND SUBSEQUENTLY PAID, GOVERNORS MUST BE CONFIDENT THAT A STABLE FUNDING STREAM WILL BE AVAILABLE TO PROVIDE HEALTH CARE SERVICES TO BENEFICIARIES. ANY ATTEMPT TO DECREASE FUNDING WILL JEOPARDIZE STATES' ABILITY TO SERVE CURRENT POPULATIONS, MUCH LESS INCREASE THE NUMBER OF CHILDREN COVERED.

THE AUTHORS OF THE CHIP LEGISLATION ALLOCATED $24 BILLION TO THIS PROGRAM OVER FIVE YEARS AND A TOTAL OF $48 BILLION OVER TEN YEARS. AS STATES AND TERRITORIES DEVELOP THEIR LONG-TERM GOALS FOR COVERAGE AND STATE SPENDING, IT IS VITAL THAT CONGRESS MAINTAINS ITS COMMITMENT TO FULLY FUNDING THE FEDERAL SHARE OF CHIP. BY LAW, THIS PROGRAM IS AN

ENTITLEMENT TO STATES AND TERRITORIES, WHICH HAVE UP TO THREE YEARS TO SPEND THEIR ANNUAL ALLOTMENTS. IF THOSE FUNDS ARE NOT SPENT IN THAT PERIOD, THEY REVERT TO A GENERAL POOL THAT BECOMES AVAILABLE TO OTHER STATES THAT HAVE EXPENDED THEIR ENTIRE ALLOTMENTS. THE TERRITORIES SHOULD BE ALLOWED TO SHARE IN THIS GENERAL POOL. CURRENT LAW PROVIDES ONE-FOURTH OF 1 PERCENT OF THE ENTIRE CHIP ALLOTMENT FOR ALL THE TERRITORIES.

IN ADDITION, STATES THAT HAVE ALREADY SIGNIFICANTLY EXPANDED COVERAGE TO THE MAJORITY OF THEIR UNINSURED CHILDREN SHOULD BE PERMITTED TO USE NEW PROGRAM FUNDS TO OFFSET EXISTING STATE EXPENDITURES FOR EXPANDED CHILDREN'S HEALTH INSURANCE COVERAGE.

15.5 ADMINISTRATIVE EXPENSES

THE EFFORT REQUIRED TO START UP ANY PROGRAM IS SUBSTANTIAL. INITIAL CAPITALIZATION AND ONE-TIME FUNDING IS EXTREMELY LIMITED WHEN TIED TO A PERCENTAGE OF MEDICAL PREMIUMS. UNDER CHIP, STATES CAN ONLY SPEND UP TO 10 PERCENT OF THE COST OF MEDICAL COVERAGE FOR ALL ADMINISTRATION AND OUTREACH. CONSIDERATION SHOULD BE GIVEN TO ALLOW A LARGER PERCENTAGE OF FUNDS TO SUPPORT ADMINISTRATIVE BURDENS FOR THE FIRST TWO OR THREE YEARS, OR UNTIL A PROGRAM REACHES MATURITY. AFTER MATURITY, ADMINISTRATION COULD BE REDUCED.

AT A MINIMUM, OUTREACH SHOULD BE REMOVED FROM THE 10 PERCENT CAP AND ADDRESSED SEPARATELY. OUTREACH IS VITALLY IMPORTANT TO ALL STAKEHOLDERS, BUT THE HEALTH CARE FINANCING ADMINISTRATION (HCFA) HAS BASED THE 10 PERCENT CAP ON EXPENDITURES, WHICH ARE BASED ON ENROLLMENT. ENROLLMENT ULTIMATELY DEPENDS ON EFFECTIVE OUTREACH. THE CURRENT SYSTEM FAILS TO RECOGNIZE THE IMPORTANCE OF BUILDING OUTREACH INTO THE FRONT END OF CHIP.

15.6 **BENEFITS**

IF A STATE CHOOSES TO DEVELOP A SEPARATE CHIP PROGRAM, THAT PROGRAM MUST HAVE A BENEFITS PACKAGE THAT IS ACTUARIALLY EQUIVALENT TO A BENCHMARK PACKAGE. IF, HOWEVER, STATES WANT TO PURSUE THE OPTION OF SUBSIDIZING EMPLOYER COVERAGE, IT IS PROHIBITIVE TO MONITOR ALL POTENTIAL EMPLOYER BENEFITS TO DETERMINE WHETHER SUCH COVERAGE IS ACTUARIALLY EQUIVALENT. THE GOVERNORS CALL ON CONGRESS AND THE ADMINISTRATION TO DEVELOP AN ALTERNATIVE THAT IS MORE EFFICIENT AND EFFECTIVE, SUCH AS WAIVING THE ACTUARIAL EQUIVALENCE TEST FOR EMPLOYER BUY-IN COVERAGE.

15.7 **OUTREACH**

THE GOVERNORS BELIEVE THAT CHILDREN ENTITLED TO MEDICAID OR CHIP BENEFITS SHOULD RECEIVE THOSE BENEFITS. ACCORDINGLY, STATES HAVE IMPLEMENTED STRATEGIES DESIGNED TO INCREASE PARTICIPATION IN THESE PROGRAMS. EFFORTS INCLUDE DROPPING THE ASSETS TEST, ADOPTING PRESUMPTIVE ELIGIBILITY, SHORTENING APPLICATION FORMS, EXPEDITING ELIGIBILITY DETERMINATIONS, ALLOWING APPLICATION BY MAIL, GUARANTEEING TWELVE MONTHS OF COVERAGE PER ELIGIBILITY PERIOD, AND PROVIDING CONTINUOUS ELIGIBILITY FOR NEWBORNS. IN ADDITION, SINCE THE EARLY 1990S, STATES HAVE DEVELOPED OUTREACH CAMPAIGNS DESIGNED TO PROMOTE ENROLLMENT WHILE EDUCATING THE PUBLIC ABOUT THE IMPORTANCE OF PRENATAL AND PRIMARY HEALTH CARE SERVICES. THESE OUTREACH ACTIVITIES INCLUDE COMMUNITY ENROLLMENT CENTERS AND "ONE-STOP SHOPS." ADDITIONAL OUTREACH STRATEGIES ARE DESCRIBED IN THE FEBRUARY 1999 NATIONAL GOVERNORS' ASSOCIATION REPORT, THE 1998 STATE CHILDREN'S HEALTH INSURANCE PROGRAM ANNUAL REPORT.

DESPITE EFFORTS TO INCREASE PARTICIPATION, SOME ELIGIBLE CHILDREN STILL HAVE NOT BEEN ENROLLED. THE GOVERNORS NOTE THAT THESE CHILDREN WOULD BE INSTANTLY ENROLLED SHOULD A NEED PROMPT THEM TO SEEK HEALTH CARE

SERVICES. LACK OF ENROLLMENT COULD INAPPROPRIATELY DISCOURAGE FAMILIES FROM SEEKING PREVENTIVE HEALTH CARE SERVICES FOR THEIR CHILDREN.

EXACT ESTIMATES OF THE NUMBER OF CHILDREN WHO ARE ELIGIBLE BUT NOT ENROLLED ARE DIFFICULT TO DEVELOP. THE GOVERNORS CALL ON THE U.S. GENERAL ACCOUNTING OFFICE AND THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) TO PROVIDE STATES WITH A MORE DETAILED AND ACCURATE EXPLANATION OF THE GROUP OF CHILDREN WHO THEY BELIEVE ARE ELIGIBLE BUT NOT CURRENTLY ENROLLED. THIS DETAIL SHOULD INCLUDE THE NUMBER AND CHARACTERISTICS OF UNINSURED CHILDREN AND MAY REQUIRE A NATIONAL SURVEY THAT IS STATE-SPECIFIC.

UNCOORDINATED FEDERAL OUTREACH EFFORTS WOULD BE ADMINISTRATIVELY CUMBERSOME AND WOULD FAIL TO ACHIEVE THE DESIRED RESULTS. FOR EXAMPLE, ALTHOUGH THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC) SERVES A LARGE NUMBER OF CHILDREN WHO ARE IN NEED OF HEALTH CARE COVERAGE, THE U.S. DEPARTMENT OF AGRICULTURE HAS DETERMINED THAT WIC ADMINISTRATIVE FUNDS CAN BE USED ONLY TO PROVIDE INFORMATION ABOUT CHIP AND ENROLL CHILDREN UNDER VERY LIMITED CIRCUMSTANCES. CHANGING THIS POLICY AND ENCOURAGING COOPERATION BETWEEN THE STATES AND HHS WILL HELP STATES MAXIMIZE THEIR OUTREACH AND ENROLLMENT EFFORTS.

15.8 WAIVER AUTHORITY

STATES MUST HAVE THE FLEXIBILITY TO DESIGN AND IMPLEMENT PROGRAMS THAT REDUCE THE NUMBER OF UNINSURED CHILDREN IN EACH STATE. TO REACH THIS GOAL, THE CHIP STATUTE PROVIDES A NUMBER OF OPTIONS FOR STATES, INCLUDING THE OPTION TO PURSUE RESEARCH AND DEMONSTRATION PROJECTS THROUGH THE SECTION 1115 WAIVER PROCESS. TO MAXIMIZE OUTREACH AND EXTEND COVERAGE TO MORE CHILDREN, STATES MUST BE PERMITTED TO USE THIS WAIVER AUTHORITY WITHOUT ARTIFICIAL RESTRICTIONS.

15.9 FAMILY COVERAGE

MANY STATES WOULD LIKE TO EXPAND THEIR CHIP PROGRAMS TO ALLOW THE PARENTS OF CHIP-ELIGIBLE CHILDREN TO ENROLL IN THE STATE PROGRAM. EVEN IF A STATE IS WILLING TO EXPEND ITS OWN FUNDS TO DO THIS, IT STILL HAS TO PURSUE A FEDERAL WAIVER AND DEMONSTRATE COST-NEUTRALITY, WHICH IS NOT FEASIBLE IN MOST CASES. CHIP IS A PROMISING VEHICLE TO PROMOTE THE GOAL SHARED BY THE GOVERNORS, CONGRESS, AND THE ADMINISTRATION—DECREASING THE NUMBER OF AMERICANS WITHOUT HEALTH INSURANCE. THE GOVERNORS ENCOURAGE CONGRESS AND THE ADMINISTRATION TO PROVIDE OPPORTUNITIES OUTSIDE THE WAIVER PROCESS TO ENABLE STATES TO ENROLL ENTIRE FAMILIES IN CHIP.

~~**3.1 Preamble**~~

~~The Governors share the commitment of Congress and the administration to making health insurance available to children in need. States have long been leaders in expanding health care access for children.~~

~~Today, more than 23 million children receive health care services through the Medicaid program. Forty states and territories have expanded Medicaid coverage beyond federally mandated levels. As of August 1996, thirty-four states exceed the federal mandate for eligibility for pregnant women and infants, eleven states exceed the minimum income eligibility thresholds for children between the ages of one and five, and twenty-four states exceed the minimum requirements for children ages six and older.~~

~~In addition, several states have initiated programs to provide children with health insurance funded entirely with state dollars or through innovative public-private partnerships. Typically, these programs set age and income eligibility criteria that begin where the state's Medicaid eligibility criteria end.~~

~~Building on this history of providing health insurance to children, at least twenty-two Governors have introduced or are supporting new initiatives to provide insurance coverage to more than 817,000 additional children this year. These new expansions demonstrate that states continue to create opportunities for families to access high-quality, affordable health care for their children.~~

~~Given their commitment to children's health and extensive experience in operating programs that provide health care to tens of millions of children, the Governors are anxious to work with Congress and the administration to design a federal children's health expansion proposal that will serve the maximum number of children possible in a way that effectively complements existing state efforts.~~

~~Strategies to extend coverage to currently uninsured children typically classify this population into two subsets: children who lack any connection to the insurance marketplace and children who are eligible for Medicaid but are not currently enrolled in the program. Similarly, the Governors' policy recommendations will focus first on principles that should be incorporated in any new children's health program and then on Medicaid outreach.~~

~~**3.2 General Program Structure**~~

~~Because states already administer Medicaid—the largest single source of health insurance coverage for children—and because they regulate insurance markets, they are in an ideal position to coordinate the investment of new funding for children's health programs in ways that build on the progress that has already been made in increasing health care access. States must be given the flexibility to design programs to significantly reduce the number of children who are without health insurance, specifically targeting children whose families do not qualify for Medicaid but cannot afford to purchase a private~~

~~sector insurance policy or lack access to employer-based coverage. States must also have the flexibility to design their own delivery systems.~~

~~States can use this flexibility to design new programs to fill gaps in existing systems of care. Or, funds could be used to expand existing programs to reach new populations. Either way, states would be able to call on the expertise of the health policy professionals who are most familiar with the health care programs already available in communities across the state. The March 4, 1997, NGA Issue Brief, "State Strategies for Increasing Health Care Coverage for Children," provides examples of the ways that states already have expanded coverage, giving a sense of models that may be replicated or expanded in a new program.~~

~~In exchange for programmatic flexibility, states would guarantee that any new funds received by a state through a new children's expansion program would have to be used solely to provide health insurance or other similar coverage to currently uninsured children.~~

~~3.3 Private Sector Crowd-Out~~

~~The Governors believe it is critical that any new program include safeguards to prevent employers from reducing or eliminating existing insurance coverage for children. Those safeguards could include basic federal guidelines for areas exempted from state insurance regulation (e.g., Employee Retirement Income Security Act [ERISA] reporting requirements to help track insurance access for the children of individuals employed by self-insured firms). Additional state safeguards could be developed, as needed. The availability of new federal funds to provide health care to children should not create an opportunity for employers to pass on their health insurance costs to the government.~~

~~3.4 Guaranteed Funding~~

~~Nothing in the language creating a new federal program to provide health care to children should be construed as creating a new individual entitlement to benefits. Similarly, no provider should be considered entitled to participate in the new program.~~

~~Instead, the new program should be designed as a capped entitlement to the states. This structure would provide the budgetary certainty needed to encourage state participation in the new program. The Governors must be confident that a sufficient, reliable, and stable funding stream will be available to provide health care services to individuals deemed eligible. Every state, regardless of previous expansion efforts, should be eligible for at least a minimum level of funding should it choose to participate in the new federal program. Any state that already offers insurance coverage to 100 percent of its children would be permitted to use new program funds to offset existing state expenditures.~~

~~3.5 Federal Funding~~

~~Federal funding must be sufficient, reliable, and stable to meet program goals. A new federal program must not create new financial pressures on states to supplement inadequate federal funds in order to fulfill the objectives of the program.~~

~~State participation in the new program must be voluntary. If any state matching requirement is included in a new children's program, it must be minimal in order to encourage participation. States could use a combination of public and private funds and in-kind services to meet any required match.~~

~~The Governors would strongly oppose any mandated expansion in Medicaid eligibility. There should be no minimum threshold that states would have to meet to access new funds.~~

~~3.6 Eligibility~~

~~States would define eligibility criteria to determine who would receive coverage under a new program, giving priority to children from families with the greatest need.~~

~~This flexibility to define eligibility reflects the reality that state insurance coverage patterns vary significantly. With flexibility, a state that has not expanded Medicaid eligibility significantly could use new funds to provide health care coverage to more of the children of the working poor, while states that have more expansive Medicaid eligibility standards could fill in remaining gaps in insurance access. States that already have exercised options to expand eligibility should not be precluded from participating in the new federal program.~~

~~3.7 Benefits~~

~~If states are required to use their own funds to draw down federal contributions to the new program, states must be free to design their own benefits package to best meet the health needs of~~

~~children. A state-designed benefits package should meet state insurance coverage thresholds and ensure that children with special health care needs are served successfully. States would have the option to provide a more comprehensive package of benefits.~~

~~States must also be free to establish appropriate cost-sharing requirements. These requirements should take into consideration families' ability to pay.~~

~~3.8 Medicaid Outreach~~

~~The Governors believe that children entitled to Medicaid benefits should receive those benefits. Accordingly, states have implemented strategies designed to increase participation in the Medicaid program, including dropping the assets test, adopting presumptive eligibility, shortening application forms, expediting eligibility determinations, allowing application by mail, guaranteeing twelve months of coverage per eligibility period, and providing continuous eligibility for newborns. In addition, since the early 1990s, states have developed outreach campaigns designed to promote Medicaid enrollment while educating the public about the importance of prenatal and primary health care services. These outreach activities include enrollment centers located in communities and "one-stop shops." Additional examples are set forth in the March 4, 1997, NGA *Issue Brief*, "State Strategies for Increasing Health Care Coverage for Children."~~

~~Despite efforts to increase Medicaid participation, some portion of Medicaid-eligible children still have not been enrolled in the program. The Governors note that these children would be instantly enrolled in the program should a need prompt them to seek health care services. Lack of enrollment could inappropriately discourage families from seeking preventive health care services for their children.~~

~~Exact estimates of the number of children who are Medicaid-eligible but are not enrolled are difficult to develop. The Governors call on the General Accounting Office and the U.S. Department of Health and Human Services (HHS) to provide states with a more detailed explanation of who they believe comprise the group of eligible children not currently enrolled in the program. This explanation should include information on the age and residence of these children. Information on the reason that this group has not yet enrolled in the program would also be helpful.~~

~~All of this information would help states develop more targeted, and hopefully more effective, Medicaid outreach efforts. For example, strategies designed to reach older children would be significantly different than those targeted to infants and toddlers. In addition, although some of the Medicaid-eligible but not enrolled children are not covered by any program, others receive private sector insurance, often through noncustodial parents. Outreach efforts should be designed so that they support this connection to the employer-based insurance market.~~

~~Should the federal government consider additional strategies to reach families of these Medicaid-eligible children, those strategies must be developed in conjunction with the states. Uncoordinated efforts would be administratively cumbersome and would fail to achieve the desired results. The Governors look forward to working closely with HHS to explore ways to more effectively target outreach opportunities.~~

~~Because the group of children currently eligible for Medicaid but not enrolled has proved difficult to accurately quantify and has been resistant to previous outreach efforts, the Governors strongly oppose tying the receipt of Medicaid funds to achieving increased enrollment targets.~~

~~3.9 The Health Insurance Portability and Accountability Act~~

~~Provisions included in this important new statute, such as portability, premium deductibility, and limitations on preexisting condition exclusions, should expand insurance coverage for children. The Governors are committed to implementing the new law successfully, and they look forward to working with Congress and the administration to study carefully the impact of the new provisions on insurance access for children.~~

Time limited (effective ANNUAL MEETING 1999–ANNUAL MEETING 2001 ~~Annual Meeting 1997–Annual Meeting 1999~~).
Adopted Annual Meeting 1997.

HR-18. WORK OPPORTUNITY TAX CREDIT

18.1 PREAMBLE

THE WORK OPPORTUNITY TAX CREDIT (WOTC) PROVIDES INCENTIVES TO EMPLOYERS TO HIRE, TRAIN, AND RETAIN SPECIFIC DISADVANTAGED POPULATIONS, NAMELY FAMILIES ELIGIBLE FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF). SINCE ITS CREATION IN 1996, MORE THAN 600,000 INDIVIDUALS HAVE BEEN HIRED UNDER THE WOTC PROGRAM, 86 PERCENT OF WHOM HAVE RECEIVED PUBLIC ASSISTANCE.

THE NATION'S GOVERNORS BELIEVE THAT WOTC IS AN INTEGRAL COMPONENT OF STATES' EFFORTS TO MOVE FAMILIES FROM WELFARE TO WORK AND IS CONSISTENT WITH THE POLICIES OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996 (PRWORA). PRWORA REALLOCATES RESPONSIBILITIES BETWEEN THE FEDERAL GOVERNMENT AND THE STATES, PROVIDING STATES WITH THE OPPORTUNITY TO RESTRUCTURE WELFARE TO ENABLE RECIPIENTS TO BECOME PRODUCTIVE, SELF-SUFFICIENT, WORKING MEMBERS OF SOCIETY THROUGH THE TANF PROGRAM. THE GOVERNORS ARE COMMITTED TO A "WORK FIRST" APPROACH TO WELFARE REFORM THAT WILL QUICKLY MOVE RECIPIENTS INTO EMPLOYMENT WHILE PROVIDING THEM WITH OPPORTUNITIES TO DEVELOP THE SKILLS THAT WILL LEAD TO BETTER-PAYING JOBS. THE WORK REQUIREMENTS, TIME LIMITS ON BENEFITS, AND OTHER REQUIREMENTS IMPOSED ON WELFARE RECIPIENTS THROUGH PRWORA MAKE IT CRITICAL THAT THESE INDIVIDUALS RECEIVE THE BASIC JOB SKILLS TRAINING NECESSARY TO OBTAIN AND RETAIN EMPLOYMENT. WOTC CAN ASSIST IN THESE EFFORTS BY ENCOURAGING EMPLOYERS TO HIRE WELFARE RECIPIENTS AND OTHER LOW-INCOME OR DISADVANTAGED INDIVIDUALS.

18.2 RECOMMENDATION

THE NATION'S GOVERNORS RECOMMEND THAT CONGRESS APPROVE A MULTIYEAR RENEWAL OF WOTC. CURRENTLY, WOTC IS AUTHORIZED ON AN ANNUAL

BASIS. ALLOWING IT TO EXPIRE BEFORE RENEWAL CREATES UNCERTAINTY AMONG EMPLOYERS AND PREVENTS FULL UTILIZATION OF THE PROGRAM. A MULTIYEAR RENEWAL OF WOTC WILL AFFORD BOTH SMALL AND LARGE EMPLOYERS THE LONG-TERM ASSURANCES OF THE PROGRAM'S BENEFITS, ENCOURAGE EMPLOYERS TO DEVELOP COMMUNITY OUTREACH PROGRAMS TO IDENTIFY AND HIRE WELFARE RECIPIENTS, AND RESULT IN MORE EFFECTIVE ADMINISTRATION BY STATE EMPLOYMENT AGENCIES.

Time limited (effective Annual Meeting 1999–Annual Meeting 2001).

HR-23. INDIVIDUALS WITH DISABILITIES EDUCATION ACT

23.1 Preamble

The last two decades have witnessed a revolution in promoting, protecting, and advancing the education rights of people with disabilities. Key in this overall effort has been the Individuals with Disabilities Education Act (IDEA). Enacted in 1990 as amendments to the Education for All Handicapped Children Act, this law provides states with funding as well as mandates to provide a free and appropriate education and procedural safeguards for all children with disabilities without regard to costs incurred by states and localities. In addition to IDEA, children with disabilities are guaranteed as a civil right the entitlement to an education under Section 504 of the Rehabilitation Act of 1973. Finally, additional protections are provided for children with disabilities under the Americans with Disabilities Act.

States have enacted their own statutes and regulations to comply with the federal laws and, in many cases, have gone beyond what is mandated by the federal government in providing services. State and federal laws and regulations combined with the extensive and increasingly complex case law that has developed around this act have made the practice of delivering services to students with disabilities complex and costly for states and communities.

The nation's Governors support equal opportunity for all citizens and support the purposes and the spirit of IDEA. In addition, the Governors have expressed their strong commitment to improving the academic performance of all students, including students with disabilities.

The 105th Congress completed the reauthorization of IDEA and the bill was signed into law. Although some of the concerns of states were addressed in the final bill, many were not. The Governors urge Congress to amend this legislation to completely address all of the following recommendations.

23.2 Recommendations

23.2.1 **Federal Funding Commitment.** IDEA currently includes a provision that authorizes the federal government to fund up to 40 percent of Part B of the services to be provided under the act (P.L. 105-17). Since its enactment, the federal government has appropriated funds for only 10 percent of Part B services. The Governors urge the 106th Congress to honor the original commitment and fully fund 40 percent of Part B services as authorized by the act so that the principles under the act can be achieved. In the event that the federal government fails to fully fund this act, the Governors believe that the statute should be amended to release states from prescriptive and costly administrative mandates that are not related to providing students with disabilities with a "free and appropriate public education."

23.2.2 **Additional Federal Mandates.** Congress should amend IDEA to minimize the number of unfunded federal mandates included in the act. States should be provided with sufficient funds to administer the programs under the act. In addition, the federal government should not dictate the policies by which states determine the distribution of state special education dollars.

23.2.3 **Education Reform.** States and school districts around the nation are actively engaged in school reform efforts. In addition to activities in virtually every state, the federal government also has enacted new legislation to support improved student performance through the Goals 2000: Educate America Act, the School-to-Work Opportunities Act, and the amendments to the Elementary and Secondary Education Act. We are pleased that IDEA has been reauthorized in the same spirit to ensure that all students, including those with disabilities, have access to a high-quality education. Specifically, the act has been amended to permit state and local school districts to coordinate and directly link IDEA funds with other federal education programs. For example, states should be given the option to combine IDEA funds with other federal funds that support state and local systemic education reform activities under the following conditions: if the state is willing to include a substantial number of students with disabilities in the state's assessment system, and if the state is willing to demonstrate that these students are making progress toward predetermined goals through the disaggregation and public reporting of data on the performance of students eligible under IDEA.

23.2.4 **Regulation.** To ensure that states have an opportunity to comment on proposed regulations, the Governors are pleased that the new law requires the U.S. Department of Education, specifically the Office of Special Education and Rehabilitative Services and the Office of Civil Rights, to issue all existing and subsequent federal policy statements as required under the Federal Administrative Procedures Act, which provides for public notice in the Federal Register and for public input. The use of the Federal Administrative Procedures Act will also substantially improve the ability of states to implement the act, as states would be fully aware of all of the rules and regulations. The Governors do not intend that the department be prohibited from providing direct guidance in response to specific requests from the field about individual cases. Such timely guidance is essential to the successful implementation of such a complex program. However, we do not believe that a response to an individual request for guidance should carry the weight of a federal ruling or regulation because these responses should provide guidance based on the law.

23.2.5 **State Flexibility.** Under the new law, local education agencies are permitted to combine IDEA funds with other funding streams to provide noncategorical support for children with disabilities. This law provides local education agencies with additional flexibility to meet the unique needs of students within their programs. The Governors are pleased that the act has been amended to allow all local education agencies to use a percentage of IDEA funds with funds from other federal or state categorical programs on an intra-agency, interagency basis, as well as within and among individual school districts, to provide noncategorical supports and services for children and youth with disabilities. The use of these funds must be consistent with federal IDEA requirements and be directed to services that benefit students with disabilities. States should also have the option of combining preschool grant funds with the basic state grant funds into a single state award with a single accountability system.

23.2.6 **Mediation.** The resolution of disputes under the act has become litigious and adversarial and every effort should be made to reduce this atmosphere and refocus the program on serving students. The Governors urge Congress to support the provisions of the new act that strongly encourage the use of mediation in resolving disputes. Settlements should be binding, and only those issues that cannot be settled will be appealed in an administrative hearing. States should encourage the use of professional mediators and have the option to prohibit the direct participation of attorneys in the mediation. The Governors believe that the use of mediation will reduce the adversarial tone of negotiations, foster better communication between the parties, and lead to better cooperation in the future. The use of mediation should not preclude or delay either party from requesting a due process hearing as provided for under the current act. To ensure the highest quality independent and impartial mediation, mediation guidelines should be developed.

23.2.7 **Simplified Application Process.** When IDEA was first enacted, a detailed local application procedure was necessary to help states develop programs that met the overall goals of the act. Now that such state plans have been developed and are being implemented, such complex local applications are now unnecessary, and the Governors believe that they should be replaced with a simplified application process to be developed by the state. We support the provisions of the act to give states the authority to develop a simplified application for local education agencies that would include a list of assurances that services would be provided to eligible students. At the end of the year, local education agencies would be required to provide a full accounting of how federal funds were utilized. Such an application should be developed by each state with the support of the Governor.

23.2.8 **Discipline.** The Governors believe that, to the extent practical, determination of disciplinary policies for all students should conform with state law but should actually be determined by the local education agency in consultation with parents and community representatives. If the federal statutes must contain provisions with respect to disciplinary policies, such provisions should not preempt state law nor should such provisions create separate and unequal disciplinary policies for different categories of students. All federal statutes, including IDEA, should be consistent to ensure that students with disabilities are treated the same as all other students unless there is clear and convincing evidence that the offending conduct is a result or manifestation of a student's disability. When the behavior of the pupil with a disability presents a clear danger to the safety of other students, the district must be able to move the pupil to an alternative placement while parents and the school system come to agreement on a permanent placement. States should also be able to resolve differences with parents through administrative hearings, rather than through the courts.

23.2.9 **Assistive Technology.** Current law broadly defines assistive technology devices in a manner that has caused some confusion for school districts in making determinations. Further, there are no clear guidelines to assist schools in determining which devices are appropriate to meet educational needs. The

Governors believe that "assistive technology" should be more clearly defined, and urge the U.S. Secretary of Education to develop and issue guidelines to assist school districts in making determinations with respect to assistive devices. Such guidelines should not require a school to purchase assistive technology if such a device is needed by the student whether or not he or she attends school.

23.2.10 **ENSURE THAT ALL SPECIAL NEEDS STUDENTS HAVE EQUAL ACCESS TO MEDICAID FUNDS TO PAY FOR IDEA HEALTH AND RELATED SERVICES.** HISTORICALLY, MEDICAL SERVICES PROVIDED BY SCHOOLS DID NOT QUALIFY FOR MEDICAID FUNDING, DESPITE THE FACT THAT THE SAME SERVICES FOR THE SAME CHILDREN WOULD QUALIFY IN A HEALTH CLINIC OR OTHER SETTING. HOWEVER, IDEA ESTABLISHED MEDICAID NOT ONLY AS A LEGITIMATE FUNDING SOURCE, BUT ALSO AS THE PAYER OF FIRST RESORT FOR HEALTH AND RELATED SERVICES PROVIDED TO DISABLED STUDENTS UNDER THEIR INDIVIDUAL EDUCATION PLAN (IEP). IN ADDITION, THE SUPREME COURT CASE, CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT V. GARRETT F. REESTABLISHED THE PRECEDENT THAT SCHOOL DISTRICTS ARE REQUIRED TO FURNISH ALL IEP SERVICES, REGARDLESS OF COST. TO PROVIDE THESE MANDATED SERVICES, SCHOOL DISTRICTS LEGITIMATELY CLAIM REIMBURSEMENT FROM MEDICAID.

SCHOOL DISTRICTS HAVE DIFFERENT LEVELS OF CAPACITY TO SEEK REIMBURSEMENT FOR THESE SERVICES FROM MEDICAID. THE GOVERNORS ARE CONCERNED THAT TRADITIONAL FEE-FOR-SERVICE BILLING SYSTEMS MAY NOT MEET THE NEEDS OF SOME SCHOOL DISTRICTS. FAILURE TO CREATE SYSTEMS THAT ALLOW ALL SCHOOLS TO PARTICIPATE FULLY AND REIMBURSE SCHOOL DISTRICTS AT A REASONABLE RATE WITHOUT FLEXIBILITY ON A REIMBURSEMENT METHODOLOGY CONTRIBUTES TO THE HUGE SHORTFALL IN IDEA FUNDS. THE GOVERNORS URGE THE HEALTH CARE FINANCING ADMINISTRATION TO WORK WITH THE STATES TO ENSURE THAT ALL SCHOOL DISTRICTS HAVE ACCESS TO MEDICAID FUNDS TO COVER THE COSTS OF PROVIDING IDEA HEALTH AND RELATED SERVICES BY PERMITTING SCHOOL DISTRICTS TO USE BILLING METHODS THAT ARE HIGHLY ACCOUNTABLE, COST EFFICIENT, AND MEET THE NEEDS OF CHILDREN AND SCHOOL DISTRICTS. THE

GOVERNORS BELIEVE THAT FISCAL INTEGRITY CAN BE MAINTAINED THROUGH CURRENT, APPROVED STATE PLANS OR PRACTICES.

23.2.11 **Regulation of IDEA.** As the U.S. Department of Education moves forward to IMPLEMENT THE NEW ~~develop regulation and policy letters to guide the implementation of~~ IDEA STATUTE AND REGULATIONS, the Governors urge the U.S. Secretary of Education to KEEP THE LINES OF COMMUNICATION OPEN AMONG THE DEPARTMENT, STATES, SCHOOL DISTRICTS, AND PARENTS TO ENSURE A SMOOTH TRANSITION. ~~use a true consensus process in developing such regulations. Although it is important that guidance be provided in a timely manner,~~ It is critical that THE IMPLEMENTATION BE DONE ~~such regulations be developed~~ in a manner that incorporates the concerns of the states, especially because the act, as amended, reduces the resources made available to states for implementation and technical assistance efforts at the state and local levels.

Time limited (effective ANNUAL MEETING 1999–ANNUAL MEETING 2001 ~~Annual Meeting 1997–Annual Meeting 1999~~).
Adopted Annual Meeting 1995; revised Annual Meeting 1997 and Winter Meeting 1999.

HR-28. PATERNAL INVOLVEMENT IN CHILD REARING

28.1 Preamble

The deterioration of child well-being during the past three decades is an urgent domestic concern. In all major categories of child well-being—violent crime, neglect and abuse, suicide rates, test scores, and poverty—there is evidence that children are worse off now than they were just thirty years ago.

The Governors recognize that too many children are in trouble and that strong families and communities are essential elements for providing a secure future for our children. Within that context, there is growing evidence that suggests that in families in which fathers do not contribute their time and support, children are far more likely to endure myriad risk factors.

Children with absent fathers are more likely to drop out of school, to become teenage parents, or to become involved in violent criminal behavior. When both mother and father are POSITIVELY AND actively engaged in a child's life—providing not only financial support but also love, guidance, and discipline ~~as well~~—that child has a better chance of success.

The Governors also recognize that under certain circumstances, ~~such as to protect the personal safety of the mother and children,~~ fathers ARE NOT ~~cannot be~~ involved in the lives of their children. In such instances, efforts can be undertaken to provide SUPPORTS, AS NEEDED, ~~surrogate father figures~~ to assist single mothers in meeting parental obligations and to provide fatherhood role models for children.

28.2 Recommendations

The nation's Governors recognize that government alone cannot reverse the growing trend of father absence. What is needed is a fundamental change in our society to provide greater emphasis on the role of fathers in child rearing. However, governments at all levels can and should take immediate action to help reduce the number of out-of-wedlock pregnancies and encourage active participation by fathers of all ages in raising their children. Such action includes:

- providing additional education and information to the courts, all levels of government, and the public at large about the importance of fathers participating in raising their children;
- developing strategies, such as parent education programs, to educate youth and young adults about the responsibilities and lifelong obligations of fatherhood;
- expanding efforts to prevent unintended and out-of-wedlock teen pregnancies, particularly in cases involving adult males;
- providing children with appropriate adult male role models, such as mentors, in the absence of a caring father;
- ENSURING THAT YOUNG MEN ARE GIVEN OPPORTUNITIES TO FEEL SUCCESSFUL AND VALUED, WHICH WILL LEAD TO THE DEVELOPMENT OF SELF-CONFIDENCE AND PREPARATION FOR FATHERHOOD;
- encouraging the involvement of the community, including the religious community, civic community, and business community, in addressing the desirability of father involvement;

- developing strategies that include both parents in activities focused on children, such as training service providers and educators to include both parents in their service delivery;
- working with private employers and the education community to provide education and job training opportunities to unemployed, underemployed, and low-skilled fathers; and
- strengthening paternity establishment and child support enforcement efforts.

The nation's Governors have played a leadership role at both the national and state levels in developing and implementing comprehensive strategies to strengthen the American family. Further efforts in this area should include special emphasis on encouraging fathers to play a role in raising their children.

Time limited (effective ANNUAL MEETING 1999–ANNUAL MEETING 2001 ~~Annual Meeting 1997–Annual Meeting 1999~~).
Adopted Annual Meeting 1995; revised Annual Meeting 1997.

HR-29. PUBLIC SAFETY, CRIME CONTROL, AND PREVENTION

~~CRIME CONTROL AND PUBLIC SAFETY~~

29.1 Preamble

Each level of government—federal, state, and local—plays a role in fighting criminal activities. PREVENTING ~~Controlling~~ crime, particularly violent crime, requires strong and effective action and cooperation by law enforcement officials at all levels of government. Each level of government is responsible for working with communities to promote public safety, because every citizen has a right not to be victimized by crime and to live in a safe environment without fear of violent crime. Government must also recognize the needs of crime victims, witnesses, and their families. The Governors believe that federal, state, and local governments must work together to control crime and eliminate violence BASED ON ~~against women and others because of~~ race, gender, religion, nationality, disability, age, sexual orientation, or other inappropriate bias. Support for the incapacitation of violent criminals does not mean abandoning the goals of rehabilitation, deterrence, and prevention.

The Governors also believe that citizen involvement in crime prevention is a key element in the fight against crime and endorse the National Citizens' Crime Prevention Campaign, which is a coalition of citizens, law enforcement agencies, and private organizations designed to support crime prevention programs.

29.2 Principles for the Federal Role in Controlling Crime

29.2.1 **Avoid federalizing the criminal justice system.** In recent years, the federal government has created or has considered creating penalties for a wide range of crimes and activities that are typically prosecuted at the state level. The nation's Governors are concerned that some attempts to expand federal criminal law into traditional state functions would have little effect in eliminating crime but could undermine state and local anticrime efforts. Further, the Governors are concerned that federal concurrent jurisdiction in criminal justice efforts can be used by the federal government as a means to impose undue mandates on state and local governments that work to disrupt state and local crime-fighting efforts.

29.2.2 **Provide research, statistics, and evaluations of alternative methods of criminal justice policy.** The nation's Governors recognize and welcome the federal government's unique capabilities and resources in the fight against crime and recognize that federal assistance is important in achieving success. For example, the federal government has the resources to undertake both basic and applied research. Therefore, it should continue to provide adequate support for research on criminal justice issues identified by state and local crime control and law enforcement officials.

29.2.3 **Increase intergovernmental coordination and information sharing.** The Governors recognize that the federal government has invested in the establishment of a number of national automated criminal justice information networks, including the Federal Bureau of Investigation's National Fingerprint File and Information Identification Index and the National Crime Information Center 2000. These networks add to law enforcement's potential to more efficiently and effectively fulfill their duties.

THE GOVERNORS ALSO BELIEVE THAT THERE NEEDS TO BE A GREATER LEVEL OF INTERGOVERNMENTAL COORDINATION AND INFORMATION SHARING BETWEEN STATES AND THE FEDERAL GOVERNMENT TO HELP STATE AND LOCAL LAW ENFORCEMENT OFFICIALS CONTAIN AND REDUCE CRIMINAL GANG ACTIVITY AND ENHANCE PREVENTION AND EARLY INTERVENTION ACTIVITIES.

The nation's Governors encourage the continued development of information networks at the federal level. However, national information network planning, and state participation in such networks, should take the following factors into account:

- states' resource constraints and resource demands;
- states' policies and procedures for information access and dissemination; and
- states' primary role in the allocation of federal resources for technology and information systems development to ensure effective statewide integration and interoperability.

29.2.4 **Continue federal resource assistance to states for the implementation of criminal justice policies.** Because of its extensive resources and national scope, the federal government is best positioned to provide the resource assistance necessary for states to implement effective policies locally. However, the Governors oppose new requirements that place unreasonable additional costs on states to secure federal assistance. Although certain federal programs, such as crime control, provide local governments with resources for priority needs, the nation's Governors oppose the federal government providing direct assistance to local units of government without the approval of a state coordinating agent and/or agency designated by the Governor. Any aid, whether financial or in kind, must be flexible and be coordinated with the state to ensure state and local cooperation. Finally, a corollary issue with regard to federal funding of criminal justice programs relates to the source of funds. In seeking funding for new federal programs or initiatives, careful attention should be paid to ensure that funds are not diverted from existing state and local programs that have proven effective.

29.2.5 **GANG ACTIVITIES.** GANGS AND THE VIOLENCE AND DRUG TRAFFICKING THEY FOSTER HAVE BECOME A MAJOR PROBLEM THROUGHOUT THE NATION. GANGS ARE INCREASING AND EXPANDING ACROSS STATE LINES AT AN ALARMING RATE. ELABORATE NETWORKS OF GANG ACTIVITY, PARTICULARLY INVOLVING THE DISTRIBUTION AND SALE OF ILLEGAL DRUGS, ARE ACTIVE IN EVERY STATE, IN SOCIETY AT LARGE, AND WITHIN CORRECTIONAL FACILITIES. GANGS CONTROL LARGE TERRITORIES WHERE THEY TERRORIZE MANY COMMUNITIES.

RAPIDLY EXPANDING CRIMINAL GANG ACTIVITY AND THE GROWING INTERSTATE MAKE-UP OF GANGS OVERBURDEN AND OUTPACE THE ABILITIES OF STATE AND LOCAL LAW ENFORCEMENT AGENCIES IN SOME LOCALITIES TO COPE WITH THESE CRIMES. CONSEQUENTLY, THERE IS AN URGENT NEED FOR SPECIALIZED ASSISTANCE, ESPECIALLY TECHNICAL ASSISTANCE, FROM THE FEDERAL GOVERNMENT. YET THIS

ASSISTANCE MUST BE COORDINATED WITH STATE AND LOCAL LAW ENFORCEMENT EFFORTS.

THE GOVERNORS OPPOSE THE FEDERALIZATION OF CRIMINAL LAWS THAT ARE TRADITIONALLY SUBJECT TO STATE JURISDICTION. HOWEVER, THE GOVERNORS ALSO BELIEVE THAT U.S. ATTORNEYS SHOULD INCREASE THEIR EFFORTS TO PROSECUTE GANG MEMBERS FOR VIOLATING FEDERAL LAWS.

EFFORTS DESIGNED TO EFFECTIVELY IMPACT CRIMINAL GANG ACTIVITY MUST BE HIGHLY COORDINATED AND COOPERATIVE, UTILIZING:

- INTRASTATE AND INTERSTATE TASK FORCES AND WORKING GROUPS;
- FEDERAL LAW ENFORCEMENT AND INTELLIGENCE RESOURCES, INCLUDING EXPANDED COORDINATION BETWEEN FEDERAL LAW ENFORCEMENT AGENCIES INVOLVED IN COMBATING CRIMINAL ACTIVITIES; AND
- INFORMATION-SHARING TECHNOLOGIES.

GOVERNORS ARE THE OFFICIALS BEST POSITIONED TO COORDINATE SUCH ACTIVITIES, INCLUDING THE DISTRIBUTION AND USE OF FEDERAL RESOURCES.

Time limited (effective ANNUAL MEETING 1999–ANNUAL MEETING 2001 ~~Annual Meeting 1998–Annual Meeting 2000~~).
Adopted Annual Meeting 1998.

HR-41. HIGH PERFORMANCE BONUSES AND OUTCOMES

41.1 Preamble

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193, provides $1 billion over five years for bonuses to reward high-performing states. The law REQUIRED ~~requires~~ the U.S. Department of Health and Human Services, in consultation with the National Governors' Association (NGA) and the American Public Human Services Association (APHSA), to develop a formula by August 22, 1997, for measuring state performance in achieving the goals of the Temporary Assistance for Needy Families (TANF) program. The amount awarded to each high-performing state shall not exceed 5 percent of the state's TANF grant.

41.2 Legislative Goals

The Governors generally support the broad goals stated in the federal welfare reform law. Federal law states that the purpose of TANF is to increase the flexibility of states in operating a program designed to:

- provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- encourage the formation and maintenance of two-parent families.

41.3 Principles for a High Performance Bonus System

The Governors believe that states should continue to play a leading role in providing input on this critical issue and support the following principles developed by a joint NGA/APHSA workgroup of states. The high performance bonus system should:

- be simple, credible, quantifiable, understandable to the public, and consistent with the goals of the law;
- focus on outcomes rather than process;
- take varying state economic circumstances and policies into account and not impede the flexibility provided to states under P.L. 104-193;
- minimize double jeopardy or reward (for example, the law already provides bonuses for reducing out-of-wedlock births, a caseload reduction credit, and penalties and incentives related to child support enforcement and paternity establishment);
- avoid additional data collection requirements and costs and build on existing systems;
- avoid unintended consequences;
- focus on positive rather than negative measures; and
- reflect the strong emphasis on employment and self-sufficiency in the federal law and in the Governors' implementation of the law. This emphasis should influence the measures included in the system and the distribution of bonus funds.

41.4 Measures

The high performance bonus system should reward two important types of performance: achievement and progress. Achievement measures compare states' performance to one another during a given year, while progress measures compare a state's performance over time to its past performance to measure improvement. In some cases, data on achievement must be adjusted to recognize different state circumstances, such as economic factors, that are beyond the control of the program. These two types of measures will enable all states to have a fair opportunity to compete, while at the same time encouraging and rewarding excellence.

The performance system should include two groups of measures: core national measures and state-selected measures.

41.4.1 **Core National Measures.** The core measures should include a small number of measures consistent with the broad goals of the federal law and state programs. These measures should use data that are consistently available in all states AND SHOULD NOT REQUIRE STATES TO SUBMIT DATA UNTIL THREE MONTHS AFTER IT BECOMES AVAILABLE.

The majority of core measures, and of bonus funds, should be employment-related. Measures should recognize the extent to which parents are making the transition from welfare to paid employment and moving toward self-sufficiency. To promote balance between these two objectives and avoid unintended consequences, the Governors recommend two composite work measures combining both employment-related objectives. Given that states are in different stages of implementation and face diverse circumstances, there should be one composite work measure for achievement and one for progress.

In addition, it is appropriate to measure and reward reductions in births to teenagers. There is extensive evidence that teenage mothers are more likely to become dependent on public assistance for long periods, and their children are disadvantaged in a variety of ways.

41.4.2 **State-Selected Measures.** The system should also include a "menu" of optional state-selected measures related to the status of families and children. States could choose to compete from among these measures according to their policy priorities and their ability to provide needed data. State-selected measures would supplement core measures in several important ways. They would highlight the importance of working toward the accomplishment of these policy goals for all states, while providing some information on the performance of selected states on these goals in the interim. They would also serve a developmental function by allowing a select group of states to focus on refining data collection and measurement. Areas for optional measures might include, but not be limited to: diversion from cash assistance, school attendance, long-term self-sufficiency, child support collections, household income, and reductions in dependency.

41.5 **Formula and Distribution Issues**

The Governors believe the $1 billion provided for high performance bonuses should be allocated evenly across the five-year period referenced in federal law. The formula used to award high performance bonuses should allocate the majority of funds to core measures. Within the core measures, primary weight should be given to measures related to employment and self-sufficiency. In order to promote high performance, awards within the core measures should be available both to states with the greatest achievement and to states demonstrating the greatest progress in improving performance.

The number of states receiving awards in each core and optional category should be small enough to promote excellence and to maintain awards of significant size. For the core measures, the Governors prefer determining the number of states eligible for awards rather than the size of each award. The number of states receiving awards on each state-selected measure, and the size of those awards, should take into account the number of states competing on each measure. The size of the bonus provided to each high-performing state should account for the size of the state's TANF block grant. In light of these considerations, prorated adjustments may be necessary to accommodate the fixed funding level provided for bonuses and the 5-percent statutory cap on each state's award.

41.6 **Other Considerations**

The federal performance bonus system is only one of the available accountability tools. ~~and therefore~~ IT does not have to address all policy issues MENTIONED IN ~~addressed by~~ the federal legislation. Many states have extensive performance management, evaluation, or benchmarking systems in place or under development. In addition, there are extensive reporting requirements and mechanisms throughout the federal law.

The high performance bonus system must be flexible and allow evolution in order to incorporate lessons learned over time about measures, data sources, and distribution issues. The system should also promote and support continual improvement and sharing of best practices among states. It may be appropriate to implement interim measures for the first several years, which could be further developed with substantial state input over time.

Time limited (effective ANNUAL MEETING 1999–ANNUAL MEETING 2001 ~~Annual Meeting 1997–Annual Meeting 1999~~).
Adopted Annual Meeting 1997.

Provisions Consistent with our Proposal:

- ✓ Calls for an education system with strong accountability measures---linking student achievement with a system of rewards.
- ✓ Supports school level reform.
- ✓ Calls for maintaining funding for existing programs—this includes the Class Size Reduction Program.
- ✓ Calls for targeting funds to high poverty schools.
- ✓ Supports the National Board for Professional Teaching Standards.
- ✓ Supports efforts to increase parental involvement.
- ✓ Supports federal technology efforts and seeks better coordination among federal agencies in supporting state education reform.

The National Governors' Association's (NGA) Elementary and Secondary Education Policy

BACKGROUND: Throughout the debate on the policy, Democratic governors pushed for language supporting increased accountability and the endorsement of the National Board for Professional Teaching Standards, while Republican governors sought flexibility in the use of the Class Size Reduction Program dollars.

Both Governor Carper (NGA Chair) and Governor Leavitt (NGA Vice Chair and incoming Chair) sought strong policy with bipartisan support. An education task force was appointed to devise the policy. Task force members include:

Governor Hunt, (NC) Co-chair	Governor Ridge, (PA) Co-chair
Governor Barnes (GA)	Governor Huckabee (AK)
Governor Carnahan (MO)	Governor Thompson (WI)
Governor Patton (KY)	Governor Whitman (NJ)

The proposed policy---recently approved by the Human Resources SAC---includes strong accountability language, some support for the Board and calls for expanded use of Class Size Reduction Program funds. Final approval takes place during the NGA's annual conference. Selected policy provisions are highlighted.

Provisions Contrary to our Proposal:

1. Calls for **expanded use of class size reduction funds** by giving states the flexibility to use the funds for professional development. States would lose this flexibility if they failed to demonstrate improved student achievement of poor students--in the early grades--within two years. **Although the policy calls for maintaining funding for existing programs---this expansion would undermine the Class Size Reduction program--- eliminating the program's dedicated funding stream.**

2. Endorses **Performance Partnership Agreements.** States would have the option to negotiate a performance partnership with the Secretary of Education consolidating categorical funds into a single performance plan. These plans would require higher accountability levels for student performance and retain Title I targeting requirements.

3. Calls for full implementation of current ESEA requirements before implementing new accountability measures. **While our proposal would impose additional accountability measures, they are phased in over a period of time. Additionally, current law requires state standards and state assessments be aligned by the 2000 - 01 school year.**

3. Children's Health (Amendment in the form of a substitute to HR-15)

The Children's Health policy has been moved from the Executive Committee to the Committee on Human Resources. It has been updated to reflect the passage of the Children's Health Insurance Program (CHIP) in the Balanced Budget Act of 1997 and stresses continued and increased state flexibility in program design and implementation. It also urges a federal commitment to full funding of the program.

CHIP represents a federal commitment to the states of $24 billion over five years. The programmatic changes that this policy advocates would improve states' ability to provide health insurance for children within that overall budgetary context. Therefore, this policy has no federal fiscal impacts.

4. Work Opportunity Tax Credit (New Policy Position, HR-18)

This new policy calls for the multiyear renewal of the Work Opportunity Tax Credit (WOTC). WOTC provides incentives to employers for hiring, training, and retaining specific disadvantaged populations, namely welfare recipients. WOTC is an integral part of the nation's welfare reform efforts and assists states in meeting the work participation requirements agreed to in the 1996 welfare reform law.

The policy has no direct fiscal impact on the states.

5. Individuals with Disabilities Education Act (Amendments to HR-23)

Minor amendments are recommended to the Individuals with Disabilities Education Act (IDEA) policy. The changes reflect the fact that IDEA regulations have been issued by the U.S. Department of Education and urge continued collaboration with states as the law is implemented. The amendments also add a new section to express the Governors' concerns about the need for all school districts to have equal access to Medicaid funds for reimbursement of health and related services prescribed under the individual education plans required under IDEA. In addition, the policy's sunset date is extended for two years.

The policy has no fiscal impacts.

6. National and Community Service (Amendments to HR-24)

Amendments to this policy are recommended to reflect changes in state and national community service activities. As amended, the policy calls for a continued state commitment to national and community service and recognizes the progress that states have made in achieving the commitments made at the 1997 summit on national service. In addition, the policy's sunset date is extended for two years.

The policy has no fiscal impacts.

The Committee on Human Resources recommends the consideration of one new policy position and amendments to eight existing policy positions, two in the form of substitutes. Policy proposals are time-limited to two years, unless otherwise noted. Background information and fiscal impact data follow.

1. The National Guard Youth Challenge Program (Amendments to HR-3)

   This policy reaffirms NGA's support for the Youth Challenge program as part of the National Guard's mission in states and local communities. The amendments urge Congress to continue the program. The Administration has requested $62 million to continue the program in fiscal 2000. In addition, the policy's sunset date is extended for two years.

2. Elementary and Secondary Education (Amendment in the form of a substitute to HR-4)

   The policy, which is an amendment in the form of a substitute, recognizes the important financial but supporting role that the federal government plays in education, primarily in providing extra and essential help to students most in need. In addition, it recognizes the different types of relationships that individual states have with local education agencies and reminds Congress that a "one-size–fits-all approach" for all states cannot work.

   The statement also reflects the Governors' belief that strong accountability systems are essential to drive reform at the state and local level and calls for Congress to fully implement the accountability provisions presently included in the Elementary and Secondary Education Act. Also, any new or additional accountability requirements should be paired with greater flexibility in the federal programs.

   In the area of professional development, the Governors' statement calls for the creation of highly flexible options that would give states the opportunity to combine one or more federal professional development programs, including class-size reduction funds, into a single program that would maintain targeting and enhance accountability while permitting each state to use the funds in a manner that helps students and teachers the most. If federal class-size reduction funds are included, funds must continue to be targeted to the highest poverty students in the early years. The policy also notes the many different strategies that states are using to improve the quality of teachers in classrooms, including the use of the National Board for Professional Teaching Standards certification system, alternative certification, and other professional development activities to help all students achieve.

   The policy also recognizes the current categorical nature of federal education programs and expresses the Governors' belief that states should be given the option to negotiate a performance partnership with the U.S. Secretary of Education that would allow states to consolidate one or more federal programs and funding streams into a single plan in exchange for higher levels of accountability. If Title One funds are included, states would have to continue to target these funds on the neediest students.

   The policy has no fiscal impacts.

7. Paternal Involvement in Child Rearing (Amendments to HR-28)

The existing policy is slightly modified. It makes several recommendations for governments at all levels to reduce the number of out-of-wedlock births and to encourage active participation of fathers in raising their children. In addition, the policy's sunset date is extended for two years.

The policy has no fiscal impacts.

8. Public Safety, Crime Control, and Prevention (Amendments to HR-29)

This policy is amended with a name change and the addition of NGA policy concerns regarding gang activities. It calls on the federal government to give technical assistance to state and local law enforcement agencies in their fight against gang activities. However, the Governors are opposed to the federalization of criminal laws that are traditionally subject to state jurisdiction. In addition, the policy's sunset date is extended for two years.

The proposal would redirect some federal resources to helping and coordinating with state and local governments to combat gangs.

9. High Performance Bonuses and Outcomes (Amendments to HR-41)

The existing policy is slightly modified. It outlines the NGA workgroup recommendations for measuring state performance through the High Performance Bonus system that was established in the 1996 welfare reform law. In addition, the policy's sunset date is extended for two years.

The 1996 law provides $1 billion over five years to reward high-performing states.

HR-3. THE NATIONAL GUARD YOUTH CHALLENGE PROGRAM

America's youth are our nation's greatest asset and hope for the future. Our young people are dropping out of high school at the rate of one every fifteen seconds. Their lack of education will make it difficult for them to find employment, and ultimately burdens the business and industrial community by slowing economic growth and productivity.

To help address this crucial problem, the National Guard of the United States, as part of its community mission, established and implemented a highly successful pilot program to help young people acquire essential life skills, job skills, and a General Educational Development (GED) diploma. Youth Challenge is unique in that it focuses on "at-risk" males and females, ages sixteen to eighteen, who have shown the necessary drive to complete their education and become contributing members of society.

~~The Youth Challenge program is in the final year of a five-year pilot program in fifteen states. Evaluations of the program have been outstanding. Through six classes, 7,966 youth have graduated, of which 6,486 attained a GED diploma. This equals an 81.4 percent attainment rate, which is 9.4 percent higher than the national GED or high school graduation rate. Further, more than 96 percent of program graduates are either employed, in college or technical school, or in the military. More than 10 percent of the most recent classes have joined the military and are performing well.~~

Federal funds for the Youth Challenge program have been allocated through the U.S. Department of Defense (DoD). Discontinuing this funding will bring about the demise of the program, removing a proven, successful opportunity to help thousands of at-risk teenagers become educated, highly motivated, and productive young adults.

The nation's Governors fully support the Youth Challenge program and urge Congress to CONTINUE ~~permanently authorize~~ this program. Further, we encourage DoD to continue administering the program as part of the National Guard's mission in states and local communities.

Time limited (effective ANNUAL MEETING 1999–ANNUAL MEETING 2001 ~~Annual Meeting 1997–Annual Meeting 1999~~).
Adopted Annual Meeting 1997.

February 19, 1999

MEMORANDUM TO THE PRESIDENT

FROM: Bruce Reed

SUBJECT: Summary and Analysis of NGA Resolutions

HR-2: Immigration And Refugee Policy

Summary
The resolution calls for increased enforcement against illegal immigration, including efforts at the border, such as hiring more Border Patrol agents, and efforts in the interior, such as identifying and removing criminal aliens, combating alien smuggling and document fraud, and barring the employment of illegal aliens. The resolution calls on the Immigration and Naturalization Service to eliminate backlogs in naturalization and other immigration benefits. Further, on a variety of immigration related issues, the resolution requests increased federal consultation with states and increased federal funding commensurate with federal responsibility for immigration policy. NGA urges the federal government to continue to support refugees and not to shift these costs to state and local governments.

Analysis
The Administration's budget helps combat illegal immigration by:

- Funding nearly 9,000 Border patrol agents, a 122 percent increase since FY 1993, while also enhancing technology and facilitating legal border traffic; and

- Enhancing interior enforcement by providing $20 million and 185 new positions to identify and remove criminal aliens from the United States, deter and dismantle smuggling organizations, and block employer access to illegal workers.

The Administration is improving customer service and reducing the waiting time for naturalization through $124 million in new funding and a comprehensive set of administrative reforms. The Administration also has succeeded in restoring certain benefits to legal immigrants that were cut off by the welfare law. This year's budget builds on this progress by proposing to restore disability, health, and nutrition benefits to additional categories of legal immigrants, at cost of $1.3 billion over five years.

HR-14: Child Support Financing

Summary
The NGA resolution states that any reduction in the federal government's financial commitment to the child support system would be a breach of the 1996 welfare reform act and could negatively affect states' ability to serve families. The resolution expresses appreciation for efforts the Administration has made in the past year to consult with states on issues related to CSE financing, and argues that the financing system should not be restructured at this time. In addition, the governors call for a continuation of the "hold harmless" provision which guarantees states their 1995 share of child support collections despite falling welfare caseloads.

Analysis
During the last year, the Administration conducted an extensive consultation process regarding child support financing that included both the NGA and the states. Through this process, we are seeking to develop legislation that will: 1) maximize collections and support for all families in the program; 2) maximize paternity establishment; 3) give priority to increasing payments to families, while ensuring federal budget cost neutrality; 4) create incentives for state and local investment of staff and resources needed to improve performance; and 5) promote national standards and ease of interstate case processing, while maintaining state flexibility.

This year's budget, like last year's, proposes to eliminate the child support "hold harmless" provision which guarantees states their 1995 share of child support collections. Originally designed to protect states from the results of new rules determining what share of child support was retained by the family versus the state, the hold harmless provision has instead guaranteed states funds despite falling welfare caseloads. The budget also lowers the federal match for paternity establishment from the enhanced 90 percent level established to encourage states to adopt the practice to the normal 66 percent match level. The third change will require states to review and revise the amount of support orders for TANF families every three years, which will increase the amount of support collected for families. Together these changes are estimated to save less than $500 million over five years.

HR-16: MEDICAID

16.2.1: The Federal Commitment to the Medicaid Program

Summary
NGA is concerned about proposals to reduce the federal match for or cap the federal commitment to the Medicaid program, believing there is no way to reduce funds without jeopardizing patient protections and other critical program functions. In addition, NGA feels strongly that Medicaid expenditures should not be cut as part of efforts to balance the budget.

Analysis
The Administration does not support either a cap on federal Medicaid spending or any federal matching rate reductions. The President's FY 2000 budget proposal reduces Medicaid administrative payments to offset the overall rise in Medicaid administrative costs as states shift costs that were previously charged to AFDC to Medicaid.

16.2.2: Medicaid Mandates

Summary
NGA is calling on Congress to enact statutory language to clarify that a cut or a cap on the Medicaid program without new or expanded flexibility is an unfunded mandate.

Analysis
It is not clear that the Unfunded Mandate Act should cover changes in Medicaid policy. All Medicaid spending is matched at some rate by the Federal government. This Administration has both given states significant flexibility in Medicaid and made appropriate policy changes to ensure the fiscal integrity of this program. Thus, this extension does not appear to be needed.

16.2.3: Medicaid and Medicare

Summary
NGA would like additional flexibility to integrate Medicaid and Medicare funding streams, benefit packages, and delivery systems in order to improve on fragmented systems of care.

Analysis
This Administration has been a strong proponent of budget-neutral demonstrations to improve the effectiveness of Medicare service delivery. This Administration shares the states' commitment to integrating care for dual eligibles and we have demonstrated this commitment by working closely with states to develop creative ways to utilize both Medicaid and Medicare to serve vulnerable populations in a way that is consistent with the statute.

16.2.4: Disproportionate Share Hospital Program

Summary
NGA is opposed to any further cuts in DSH payments.

Analysis
There is no change in DSH payments in the President's FY 2000 budget.

16.2.5: Budget Neutrality

Summary
NGA notes that expenditures in one program often realize savings in others. NGA would like

states to have the flexibility to consider budget neutrality across federal programs, not just for individual programs.

Analysis
The current way that budget neutrality is determined for Medicaid waivers reflects an agreement made with the NGA in 1993. We have since heard states' concerns about the narrowness of the determination, but are concerned that broadening budget neutrality to include other programs would create additional federal liabilities. Although we are willing to hear how states propose that budget neutrality can be broadened, we have serious concerns about this resolution.

16.3.1: Allow States Greater Flexibility to Establish Managed Care Networks

Summary
Although NGA is appreciative of the added flexibility that the BBA provided in the design and development of Medicaid managed care networks, it believes HCFA regulations will create so many barriers to full implementation of these networks that the option is not really valid. NGA also wants Congress to clarify that, under federal law, if the state enters into a contract with a provider or HMO that covers the necessary benefits, the state's obligation to provide services is satisfied. Any dispute regarding covered services should be resolved as a contractual matter between the client and provider under state law.

Analysis
The Administration supports states in their efforts to expand mandatory managed care programs consistent with BBA. HHS is currently in the process of reviewing comments from Governors, Medicaid agencies, managed care organizations and other stakeholders on the proposed regulation, and will give them full consideration.

16.3.2: Managed Care Quality Standards

Summary
NGA believes that the HCFA regulations governing grievance procedures in Medicaid managed care are overly proscriptive, and that many states have specific grievance and appeal procedures in their plan contracts that are as effective as the federal approach.

Analysis
The Administration intends to work in partnership with the states to improve the quality of care for Medicaid beneficiaries. When developing the regulation, HCFA was guided by three principles: the preservation of state flexibility wherever possible and appropriate; consistency with the Medicare program; and incorporation of the recommendation of the President's Advisory Commission on Consumer Protection and Quality in the Health Care Industry.

16.3.3: Waivers

Summary
NGA believes that states should not have to produce and defend waivers that are "similar to" previously approved ones in other states. NGA argues that developing and securing approval for similar waivers is a waste of both federal and state resources.

Analysis
Although states often implement similar programs through waivers, no two state waiver programs are the same. Each state's goals, desired changes, budget neutrality, etc. are unique and thus distinct waivers are required. Thus, we cannot support this resolution. However, this Administration has eliminated the need for managed care waivers, and through eligibility simplification, allowed states to cover new categories of people without waivers (e.g., two-parent families, working families, people with disabilities who return to work).

16.3.4: Boren-like Provisions

Summary
NGA believes that the same ambiguity that caused problems for states in the Boren amendment exists in other parts of the Medicaid statute governing reimbursement to providers and urges Congress to repeal them in order to preclude any litigation over provider or health plan payment rates.

Analysis
We are reviewing this issue and will consult with Governors and Medicaid agencies as we do so.

16.3.5: Managing Costs in EPSDT

Summary
NGA believes that current policy should be modified to allow states to limit the range and cost of services required under EPSDT.

Analysis
Recognizing states' concerns about costs, the BBA authorized a study to determine whether and how much EPSDT raises costs. We do not support this resolution while this study is ongoing.

16.3.6: Ensure that States will not be Required to Implement Medicaid Program Changes Until HCFA has Published Final Regulations to Guide Program Administration

Summary
NGA believes that states should not be held liable for operating under state law or state interpretation of federal statute until the federal regulations are adopted. In addition, NGA feels that states should not be bound by informal policy directives that are issued in violation of the

formal rulemaking process.

Analysis
The Administration is sensitive to the desire of states to be guided by final regulations that are complete, consistent, and reflect the input of governors and other stakeholders. HHS will give comments from governors full consideration as it drafts the Medicaid managed care final regulations.

16.3.7: Promote Cost Control and Efficiency

Summary
NGA believes that mandatory reasonable cost reimbursement strategies should be repealed.

Analysis
The Administration is committed to carrying out the intent of the Congress to phase out cost-based reimbursement for federally qualified health centers and rural health clinics through the gradual process outlined in the BBA. We will work with states and these community based providers throughout this process to ensure that the delivery of high quality care is not interrupted or impaired.

16.3.8: Assume Full Financial Responsibility for All Low Income Medicare Beneficiaries Who Are Not Otherwise Medicaid-Eligible

Summary
NGA believes that the federal government should assume full responsibility for meeting the Medicare cost sharing obligations for low income beneficiaries and for providing the full Medicaid benefit package to these beneficiaries when applicable.

Analysis
The Administration is committed to ensuring that low income beneficiaries receive the medical care they require. We are committed to maintaining at least the current level of assistance to low income Medicare beneficiaries. Any proposed increase in federal spending would need to be considered in the context of a balanced budget.

16.3.9: Make Audit and Disallowance Policies More Equitable

Summary
NGA believes that the Medicaid statute should be revised to prohibit heavy federal penalties when the state violation does not result in direct harm to beneficiaries. States should be held harmless against possible penalties or disallowances for reasonable interpretations of law prior to the issuance of Federal regulations.

Analysis
Part of the Federal government's fiduciary responsibility for overseeing the Medicaid program is to employ disallowances for violations such as unauthorized or inappropriate payments, and so we do not agree that penalties should be limited to those violations that directly harm patients. We share the states' concerns that the size of a disallowance be in proportion to the significance of the state violation, but believe this would require a statutory change.

16.3.10: Allowing Greater Flexibility in Medicaid Home and Community-based Programs

Summary
NGA requests the authority to administer home and community-based care programs through Medicaid State Plan Amendments rather than through waivers. However, the states would like to retain the ability to limit the number of beneficiaries served under this program. In addition, the states would like to eliminate the current incentives in the Medicaid program to place beneficiaries in institutional care.

Analysis
The Administration's FY 2000 budget proposes to eliminate the institutional bias in Medicaid by implementing an equal eligibility standard (300% of SSI) for all institutional home and community based services program, and we are extremely supportive of state efforts in this area. However, the Administration could not support allowing states to implement home and community based services programs that provided services to only a portion of those who would qualify under equal eligibility criteria, as this would fundamentally change the entitlement nature of Medicaid.

16.3.11: Children who are eligible for Medicaid

Summary
NGA is opposed to tying receipt of Medicaid funds to achieving increased program enrollment rates.

Analysis
The Administration has not proposed to link receipt of Medicaid funds to increased program enrollment rates.

16.3.12: Flexibility for Optional Eligibility Groups

Summary
NGA believes that states should have the flexibility to customize a package of optional benefits to meet the particular needs of optional eligibility groups, acknowledging that this would require waiving comparability and statewideness.

Analysis

The Administration could not support a program that would change the entitlement nature of Medicaid by providing services to only a portion of those who would qualify under equal eligibility criteria. We are committed to working with the states through the waiver programs to allow for additional program flexibility while demonstrating improvements in service delivery and cost-efficiency.

16.3.13: The Americans With Disabilities Act

Summary
NGA believes that recent court decisions have interpreted the ADA in such a way that home and community based services will become an open ended entitlement for people with disabilities. They would like constructive clarification of the parameters of state requirements under the ADA.

Analysis
The Administration supports state flexibility in designing a range of institutional and home and community based services to serve Medicaid beneficiaries with disabilities. We are committed to working closely with states to ensure the civil rights protections found in the ADA while affording states the flexibility to provide services to each beneficiary in the setting most appropriate to their needs.

HR 17: MEDICARE

17.1: Improving the Coordination of Acute, Primary, and Long Term Care

Summary
NGA believes that the lack of coordination between the Medicare and Medicaid programs causes fragmented service delivery and poor clinical outcomes. NGA suggests that the way to end this fragmentation is full integration of funding and care delivery.

Analysis
The Administration is extremely interested in working with states to develop programs for the integration of acute and long term care. However, the BBA outlined broad parameters for the expansion of Medicare managed care, and we believe that state integrated care demonstrations should stay within this framework. We are also committed to beneficiary choice within the Medicare program, and believe that Medicare beneficiaries should retain the choice as to whether or not to join a managed care program.

17.1 Eliminating Institutional Bias

Summary
NGA believes that current Federal policy related to long term care is very complicated and

results in care management based on reimbursement instead of need.

Analysis
The Administration shares NGA's commitment to developing community based care options for the disabled. We believe that there is significant flexibility within Medicaid's current structure through the personal care option and the home and community care waiver program to allow recipients access to a comprehensive range of home and community based services. The Administration's FY 2000 budget proposes to eliminate the institutional bias in Medicaid by implementing an equal eligibility standard (300% of SSI) for all institutional home and community based services program, and we are extremely supportive of state efforts in this area.

HR-24: National and Community Service

Summary
NGA revised this resolution on promoting a system of service and volunteer programs emphasizing that the federal government should provide for sustained federal funding to continue and strengthen local service programs. NGA also affirmed that federal, state and local government officials should be encouraged to serve as mentors and promote personnel policies that allow for flexible time for mentoring activities.

Analysis
The administration agrees with NGA on the importance of service and volunteer programs. The President's 2000 budget continues and expands the Administration's consistent and strong support for community service through AmeriCorps, the National Senior Service Corps, Service-Learning and other service programs. The FY 2000 budget request includes $585 million for AmeriCorps, an increase of $113 million over last year, to expand AmeriCorps to nearly 70,000 members by the year 2000, with the goal of reaching 100,000 members serving each year by 2002. To tap the skills and experience of America's growing senior population, the budget requests $201 million for the Senior Corps, a $13 million increase over last year. This level would support an estimated 464,000 retired and senior volunteer program volunteers, 28,200 foster grandparents serving 100,000 children and youth with special needs, and 14,800 senior companions providing support to almost 52,000 adults who have difficulty with daily living tasks.

The administration also supports the efforts of federal employees to contribute their time and resources to their communities, even as they fulfill official responsibilities. On April 22, 1998, the President directed all Federal departments and agencies to explore additional measures to expand service opportunities for Federal employees, including the use of flexible scheduling to allow employees to perform community service.

HR-36: Implementation of Welfare Reform

Summary
This resolution emphasizes the early success of welfare reform, as well as the remaining challenges to help those remaining on the rolls move into jobs and help those who go to work succeed in the workforce. The governors lay out principles and recommendations to ensure the continued successful implementation of welfare reform.

Analysis
Most of these points address the final TANF regulations which are close to being finalized, but several also relate to FY 2000 budget initiatives.

36.2.1: Block Grant Funding And Flexibility

Summary
The resolution calls on Congress and the Administration to uphold the financial commitment in the 1996 welfare reform law to provide five years of fixed block grant funding and to maintain the flexibility of the TANF block grant, including maximum flexibility to transfer funds between TANF and the social services and child care block grants.

Analysis
The Administration continues to support preservation of full funding for the TANF block grant over a five-year period. Some in Congress have indicated that the $3 billion in unobligated TANF funds may be a good way to pay for other priorities. We disagree. Since these funds are fixed based on historic spending levels, it is prudent for states to reserve some funds for a rainy day when economic conditions may change. In addition, states may need to invest more as they face increasing work requirements, approaching time limits, and at the same time, those remaining on the rolls are the 'hardest to employ.'

36.2.2 - 36.2.8: Issues Related to the TANF Rule

Summary
The resolution, and a recent NGA letter, raise several concerns related to the pending TANF regulations including: allowing greater flexibility for programs funded with State Maintenance of Effort funds; narrowing the definition of assistance under TANF so that supports for working families won't incur the federal time limit, work requirements, or reporting requirements; providing states maximum flexibility to continue their welfare reform waivers; allowing greater flexibility in what counts toward the work requirement; streamlining the data reporting burden; and allowing more flexibility in the definition of administrative costs.

Analysis
HHS' draft final regulations for TANF are currently under review at the Office of Management and Budget. Governors -- individually and through NGA -- submitted extensive

and constructive comments, as did many other interested parties. In addition, the Administration has consulted with state organizations consistent with the Administrative Procedures Act and Executive Order 12866 (which governs the Administration's regulatory review procedures). As critical pillars in the success of welfare reform, the Governors' comments have been given considerable weight in the rulemaking process, and the final rule is expected to address many of their priorities.

36.2.9: Contingency Fund

Summary
The Governors recommend modifying the TANF Contingency Fund.

Analysis
Your budget proposes uncapping the Contingency Fund (currently capped at $2 billion). In addition, the Administration is currently developing a revenue neutral proposal to submit to Congress to further improve the Contingency Fund, which should address some of the state concerns.

36.2.14: State Flexibility to Set Benefit Levels for Families from Other States

Summary
The resolution supports the continuation of state flexibility provided in the 1996 welfare reform law to set durational residency requirements on individuals moving from one state to another -- that is, to pay new residents at the benefit levels of their prior state. The Governors maintain such provisions are constitutional.

Analysis
The United States filed a friend of the court brief with the Supreme Court which essentially supports the states' position on this issue. The Administration's position is that the residency provision in the 1996 welfare reform law is constitutional, and that its residency provision, like other sections of the statute, simply gives states additional flexibility to establish welfare policies that best meet their needs. About one-quarter of the states provide differential benefits to new residents.

36.3.2: Job Development/Creation

Summary
The resolution emphasizes the importance of private sector involvement in hiring and also challenges the public sector to lead by example and hire welfare recipients.

Analysis
Your Administration shares a commitment to both these goals, as evidenced by your launching of the successful Welfare-to-Work Partnership which has now enlisted over 10,000 companies

(26 Governors serve on the Partnership's National Advisory Council, co-chaired by Governors Carper and Thompson). In addition, the federal government is doing its part -- you challenged federal agencies to hire 10,000 welfare recipients by 2000 and under the leadership of the Vice President, they will meet this goal ahead of schedule.

36.3.6: Social Services Block Grant

Summary
The Governors urge full funding and flexibility for the Social Services Block Grant.

Analysis
Your budget restores funding for SSBG to its fully authorized level of $2.38 billion -- the level the Governors agreed to as part of the welfare reform law in 1996. States use these funds to support a wide range of programs for children and adults including child protection and child welfare, child care, and services for the elderly and disabled. However, the budget also moves forward by one year the 4.25% cap on transfers from TANF to SSBG. While states will argue that this reduces their flexibility, the Administration believes that restoring full funding increases the funds available for SSBG purposes and therefore reduces the need for transfers from TANF to make up SSBG cuts.

EC-11: Child Care And Early Education

Summary
At last year's meeting, the Governors adopted a strong resolution urging greater investment in child care and early childhood education. The resolution, which remains active for this year, calls for the creation of a seamless child care and early education system that provides a safe, nurturing, and developmentally sound environment for children.

Analysis
The Governors' policy proposals dovetail well with the child care initiative that you put forth last year and that remains a central part of your budget. Your FY 1999 budget victories on child care -- including enhanced support for after-school care, Head Start, child care quality, and child care research -- address specific needs identified by the Governors. The Governors share your rationales for efforts to improve child care as well as many of our policy prescriptions. Their largest priority for federal action is to maintain state flexibility and provide adequate funding to meet demand, both of which our initiative does through your proposed dramatic expansion of the Child Care and Development Block Grant. Other areas of mutual agreement on the child care agenda include: providing tax incentives for the private sector like our Business Tax Credit; providing tax credits for individuals, like our proposed expansion of the Child and Dependent Care Tax Credit; increased funding for Head Start and Early Head Start, which is included in the FY 2000 budget; and supporting state and local efforts to improve child care quality, like our Early Learning Fund.

EDC-14: Affordable Housing

14.2: Percent Cap On Rental Payments

Summary
This resolution expresses the NGA's desire for greater flexibility in housing programs in order to assist tenants in public housing who are trying to move from welfare-to-work.

Analysis
Your administration is asking Congress, as part of our request for additional welfare-to-work housing vouchers, for greater waiver authority in the Section 8 statute subject to HUD approval for moving people off welfare into work.

14.3: Existing Programs

Summary
The NGA is requesting increases for a number of programs including the Low-Income Housing Tax Credit (LIHTC), the Community Development Block Grant (CDBG), the Housing Opportunities For People With AIDS (HOPWA) program, among others.

Analysis
We are asking for increases of 7% in HOPWA, a $1.6 billion increase in the LIHTC, and $25 million for CDBG. We are also proposing increases of $10 million for the Home Investment Partnerships (HOME) program. The NGA is also asking for increase in the volume cap for the Mortgage Revenue Bond (MRB) program. Last year you signed an increase in the overall private activity bond cap and this year we are proposing over $30 billion in bond authority for school construction and Better America Bonds (BABs). The NGA is also asking for quick implementation of HUD's new Mark-to-Market program. HUD is working in consultation with the states on implementation of this program and expects it to be up and running this year.

14.3.1: Data Tracking Systems.

Summary
This resolution expresses NGA's desire that HUD delay implementation of its Analysis Integrated Data Information System (IDIS) until it is ready and field-tested.

Analysis
HUD has had some difficulty in implementing IDIS. This system is designed to improve the efficiency of the agency's grant-making process. The implementation of this system has been a sore point with the Governors because it was not originally rolled out effectively and with adequate consultation. HUD is working with the states to improve the system to get all the problems with the system worked out. At this time 11 states have voluntarily adopted the system.

14.4: Programs Serving the Homeless

Summary
The NGA supports the combining of the seven programs authorized by the Stewart B. McKinney Homeless Assistance Act into a block grant to state and local governments.

Analysis
The Administration does not believe this proposal is necessary. While the Administration supported the notion of performance-based block grants six years ago, HUD has now administratively consolidated the various McKinney Act programs -- as has the Appropriations Committee. The Continuum of Care provides a coordinated community approach to homelessness in moving persons into jobs and permanent housing. Each community submits a single Continuum of Care plan to HUD that reflects efforts to address the complexities of homelessness through a range of housing and services. These plans are prepared by the private sector, non-profit groups, and local and state governments working together. HUD then determines which individual projects to fund from these plans. The Administration is committed to furthering the benefits of the Continuum of Care. The FY 2000 budget provides $1.125 billion in homeless assistance -- more than a 15 percent increase from the $975 million enacted last year.

EDC-6: The Role of States, The Federal Government, And Indian Tribal Governments With Respect to Indian Gaming And Other Economic Issues.

Overview
While recognizing the sovereignty of Tribal governments, the NGA proposes changes to the Indian Gaming Regulatory Act of 1988 (IGRA) which would clarify the role of states and tribal governments in negotiating gaming issues.

6.2.1: Clarification of the Scope of Gaming

Summary
The NGA seeks amendments to IGRA that make clear that tribes can negotiate to operate gambling of the same types and subject to the same restrictions that apply to all other gambling in the state. The NGA believes that governors should not be compelled by federal law to negotiate for gambling activities or devices that are not expressly authorized by state law.

Analysis
The Administration has taken the position in court filings that a state has no duty under IGRA to negotiate with a Tribe with respect to particular Class III (casino-type) gaming that state law completely and affirmatively prohibits. However, the Administration has never taken a position as to what the outcome should be if a type of gaming is neither expressly prohibited nor expressly authorized.

6.2.2: Application of the "Good Faith" Negotiation Standard

Summary
The NGA would like to amend IGRA to apply the "good faith" negotiation standard in tribal-state compacts to tribes as well as states.

Analysis
While the Administration has never articulated a position on whether the "good faith" negotiation standard should apply to tribes as it does for states, the legislative history indicates that the "good faith" standard was added to address the issue of unequal bargaining power between states and tribes.

6.2.3: Regulatory Oversight

Summary
The NGA believes that in many cases, federally imposed minimum regulatory standards for the operation of tribal gambling facilities may be appropriate.

Analysis
The Administration agrees that certain federal minimum standards are necessary.

6.3: The Effect of the Seminole Decision on the Authority of the Secretary of the U.S. Department of the Interior

Summary
The NGA opposes the Department of the Interior promulgating a rule permitting the Secretary to provide a remedy to a tribe to permit Class III gaming in the event that the state and the tribe are unable to reach agreement and the state then raises immunity as a bar to a suit by the tribe.

Analysis
The Administration disagrees that the Secretary of the Interior has no authority to create an administrative compact process. While there is a Congressional moratorium on Interior promulgating its rule before March 31, 1999, it is likely that the Interior rule finally issued after that time will authorize the Secretary to create an administrative compact process.

6.4: Federal Enforcement

Summary
The NGA wants the federal government to actively use existing IGRA enforcement authority to shut down Class III gaming conducted on Indian lands in violation of or in the absence of a tribal-state compact.

Analysis
The Administration agrees with federal enforcement of unlawful gaming consistent with the

Attorney General's tribal gaming enforcement policy.

6.5: The Governors' Role in Congressional and Other Federal Decisionmaking

Summary
The NGA believes that in cases where a new tribe becomes federally recognized, there should be the concurrence of the Governor of the state in which the tribe is located.

Analysis
The Administration opposes the concurrence of states in the process for providing federal recognition to tribes. This function has historically been the sole purview of the federal government. Furthermore, under current procedures, states are permitted to comment on whether a tribe should be federally recognized.

6.5.1: Trust Land Acquisition for Gambling Purposes and
6.5.2: Trust Land Acquisition in General

Summary
The NGA seeks the commitment to preserve the current required concurrence of a state to acquire land in trust for gambling purposes. In addition, the NGA seeks state concurrence when land is taken into trust for nongaming purposes.

Analysis
The Administration generally supports state concurrence in trust land acquisition for gambling purposes. However, the Administration opposes gubernatorial concurrence on nongaming trust acquisitions. This is the subject of a proposed rulemaking to be submitted to OMB in the Spring of 1999. The proposed rule will somewhat ease the burdens required to take land into trust for nongaming purposes, but will increase the requirements for consultation with third parties and will provide for a showing of demonstrated need for acquiring land into trust for gaming purposes.

6.5.2.1: State and Local Taxation Authority Over New Trust Lands

Summary
The NGA seeks a requirement that before new trust land is acquired, the federal government, the state, and the tribe should reach an agreement regarding the application of state and local taxes on the land.

Analysis
The Administration opposes state and local taxation of new trust land.

Addendum: Community Policing and Federal Support for Prisons Background

While there was no resolution on criminal justice, it is possible that the NGA could raise issues with respect to state and local funding in our FY 2000 budget for administration of justice programs. It is important to note that while overall crime funding is up slightly ($200 million) from last year, and our COPS proposal will help keep about $3.6 billion going to the state and local level, our decisions not to fund Republican-proposed block grants and to cut prison construction funds will mean that total state and local crime funding is about $1.2 billion lower than last year's high of $4.8 billion. Three programs may be of particular interest to NGA:

(1) Prisons: The Administration's budget does not provide funding for the Violent Incarceration/Truth-in-Sentencing State prison construction program authorized in the 1994 Crime Act. Instead, our budget provides $100 million in new funds to help states to comprehensively drug test, sanction, and treat inmates, parolees, and probationers, and continues to provide $500 million for the State Criminal Alien Assistance Program. Our budget also contains a significant increase in funding for federal prisons, but this is not likely to appease the Governors.

(2) Community Policing: As you know, the COPS Initiative was slated to phase out beginning in FY 2000. Our FY 2000 budget provides $1.3 billion to roughly maintain the current COPS funding level for a new 21st Century Policing Initiative. In addition to funding more officers, the Initiative will provide more support for statewide law enforcement priorities such as improved criminal history records, crime labs, and police communications. This proposal should be strongly supported by the NGA, as nearly every state police agency has received COPS funding for hiring, training, technology and other non-hiring purposes.

(3) Byrne: The NGA has historically supported full, unearmarked funding for the Byrne Law Enforcement Memorial block grant -- the primary source of state anti-crime funds. Amidst budget pressures and overall reduced funding for state and local crime funds, Byrne was reduced by $92 million in our budget (from $552 million in FY 99 to $460 million in FY 2000).