



**2007 Annual Dinner Transcript  
Grand Ballroom – The Westin, Seattle  
Thursday, September 27, 2007**

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Washington Policy Center's 2007 Annual Dinner honored former Florida Governor Jeb Bush with the Columbia Award and Bruce R. McCaw with the Stanley O. McNaughton Champion of Freedom Award. It was the largest dinner in the event's history with over 1,000 people in attendance.

In his remarks Jeb Bush commended Washington Policy Center, *"for its efforts to promote free market solutions to the challenges facing the state of Washington and our country. ...From health care, to education, to the environment and a lot, lot more, the Center is making a difference."*

In addition Bruce McCaw said *"I have followed and relied on the great work of the Washington Policy Center virtually since its inception. I greatly appreciate the vital effort that the Washington Policy Center has made to make the government of our state more responsible. By providing citizens and lawmakers with sound and trustworthy information. They have brought transparency, integrity and understanding to a system, which too often operates in the dark. In this day and age, their work is increasingly important and I hope that everyone will appreciate and support what they do."*

Washington Policy Center is an independent, non-partisan, research and education organization located in Seattle, Washington, that publishes studies, sponsors events and conferences and educates citizens on public policy issues facing our region. Our purpose is to improve the lives of Washington citizens by providing accurate, high-quality research for policymakers, the media, and the public. We believe ideas, supported by sound research and promoted through publications, conferences; legislative testimony and the media, over time create an environment in which sound public policy decisions are made. Learn more at [www.washingtonpolicy.org](http://www.washingtonpolicy.org)

**I hope you enjoy the transcript of this special evening.**

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**Bonnie Dunbar's Introduction of Bruce McCaw**

Thank you very much. It really is a pleasure and an honor to be able to introduce the recipient of this year's Stanley O. McNaughton Champion of Freedom Award, Bruce R. McCaw. There just really isn't enough time to describe what he has done for the community, what he's done for our museum (The Museum of Flight) and his commitment to the values that are embedded in this award. But, I will give you a few points.

Bruce is currently Co-Chair of the Talaris Research Institute and Chairman Emeritus of Pistol Creek Company. Along with his brothers, he co-founded McCaw Cellular Communications, serving as a member of the Board of Directors from 1971 to 1994, when the company was sold

to AT&T. In 1981, he co-founded Horizon Air, which sold to Alaska Airlines in 1986. In 1971, he founded Forbes Westar, Inc., an aviation insurance company.

Bruce and his wife, Jolene, are Co-Chairs of the Board of Directors and principal benefactors for the Talaris Research Institute, a Seattle-based organization dedicated to advancing knowledge of early learning and the importance of parenting by translating research on early childhood development into the tools for parents. He and Jolene truly support education, which they believe to be the cornerstone of a civilized, free and prosperous society. They support organizations that focus on healthy growth and development of children and the important role of families and other caring adults in the children's lives through the Apex Foundation, their private family charitable foundation.

He has been a long Trustee and former Chairman of the Museum of Flight, for which we're very grateful. He is a Trustee of St. Thomas School, the Congressional Medal of Honor Society, the Seattle Opera and the 1099 Foundation, which was mentioned earlier. He has had a long connection with the Washington Policy Center. He gave their Center office space for two years in Bellevue and is especially interested in their work with children.

Today would be the day of Stanley O. McNaughton's birthday. We are honoring Bruce as a business leader who is interested in public policy and focusing on our state and our nation's future. And I am joined in that congratulation by the Governor, who sends along this letter:

"I am delighted to join with all of you gathered here tonight in honoring Bruce McCaw, recipient of the Washington Policy Center's 2007 Stanley O. McNaughton Award. Bruce's significant professional accomplishments, as well as his ongoing commitment to philanthropic deeds and civic activism, have had a tremendous impact on our state, as well as our larger global community.

"I am especially thankful for Bruce's passion for early learning and commend him for investing his time and resources into making quality learning experiences for our youngest children both a priority and a reality. As you know, learning begins long before kids ever step into a kindergarten classroom. Parents, who are really a child's first teachers, have an incredible opportunity to enrich the learning environment of their young children. And thanks to organizations like the Talaris Research Institute, more tools are available to assist parents in making the most of these early years.

"Congratulations again, Bruce, on an honor well-deserved. Your efforts remind us that people of vision and action can and do make a difference in our world. Please accept my best wishes for a memorable evening of celebration and continued success in the years ahead.

"Sincerely,  
Chris Gregoire  
Governor, State of Washington"

And before I call you up for the award, I'd like to just remind you of a quote of Stanley O. McNaughton Champion of Freedom Award that I think epitomizes you, as well. He said, "People need a vision greater than themselves. Without a vision, there is no goal. This vision has to be larger than yourself. It has to dignify you. Then goals become the navigational stars to guide you in the vision."

Bruce, will you come forward?

“Bruce R. McCaw for contributions to the nonprofit community and our state’s economy, especially in the telecommunications and air transportation industries and for his commitment to education by advancing groundbreaking research on early childhood development, presented at the 2007 Washington Policy Center annual dinner.” Thank you.

## **Bruce McCaw**

Bonnie, thank you for that warm welcome. I couldn’t be happier that we were able to lure Bonnie away from NASA and back to the Northwest. She has been a tremendous leader for the Museum of Flight. She’s a passionate educator and she’s a great member of this community and so, welcome back.

As I look around this room, I’m really still not quite sure why I’m standing up here. But, I can assure you that I am deeply honored by this recognition. Governor Bush, it’s a great honor to share this evening with you. I have long admired you, your entire family and I know I join many people here. We’re incredibly grateful for your dedicated service to our country.

I also commend you on your tremendous leadership in Florida, your successful economic policies, your work in education and particularly early learning, which as you know, is a topic of great interest to my wife Jolene and me. You have really set a path for other political leaders to follow and I sure hope they will.

Of note, your father as Vice President came to Seattle to open the Great Gallery at the Museum of Flight in 1987. I had the great privilege of touring the Museum with him that day, as he reminisced about his days as a naval aviator and fighter pilot. It was a day I’ll never forget. He’s an extraordinary man and a fabulous guy.

I have followed and relied on the great work of the Washington Policy Center virtually since its inception. John Carlson must have been a teenager in those days because he still looks like a kid to me. I greatly appreciate the vital effort that the Washington Policy Center has made to make the government of our state more responsible. By providing citizens and lawmakers with sound and trustworthy information. They have brought transparency, integrity and understanding to a system, which too often operates in the dark. In this day and age, their work is increasingly important and I hope that everyone will appreciate and support what they do.

To receive the Stanley McNaughton Award is particularly gratifying. Stan was a great guy, a dear friend and a real inspiration for me. I had the utmost respect for him and I know that his son, Stan, Jr., follows ably in his footsteps. I met Stan in 1971 at the opening of Teachers State Bank, now known as Evergreen, where I had a very modest banking relationship. I can assure you that in 1971, there were not a lot of banks looking for 25-year-old customers in the airplane business, but they took great care of me for years.

Also in attendance that day, was one of Seattle’s legends, Mr. Joshua Green, at 101 years young. Born in 1869, Mr. Green was probably the person with the earliest birth year I have ever known and a wonderful, wonderful man. Without Mr. Green’s help, Teachers Bank never would have happened. I know that he shared Stan’s vision and passion for customer service and for this community.

Stan and I shared many interests over the years and perhaps most of all, a deep love for aviation. Stan was a great Trustee at the Museum of Flight from 1991 to 1998 and for many years, sponsored the family night on Thursdays, so that we could keep it open free of charge for all. Stan even joined us on Friendship I, a fundraiser for kids, which left Seattle in 1988 and set the

around-the-world speed record in 36 hours and 54 minutes, leaving from the Museum of Flight and returning here. It's a long time to be on an airplane, even if you enjoy flying. But he was thrilled to be there and just passionate about all the things that, that flight enabled us to do for many children's charities.

I'd like to thank the Washington Policy Center, Dan Mead Smith, Greg Porter and the Board for your informed leadership and strong voice on policy issues that support our state. We look forward to working with you through Talaris Institute on finding market solutions to improve the lives of all children and families in our state.

I'd also like to recognize Craig Stewart, President of Apex Foundation. And Craig, if you'd stand up. Craig is one of those unsung heroes, who does so much, as many of you know, in this community. And he does just tremendous things on our behalf.

And most of all, I'd like to thank Jolene for her vision and inspiration in our efforts at Talaris and in all our other philanthropic endeavors and of course, for being a great mom and a wonderful wife. Thank you.

In closing, I'd like to read a quote of Stan's from Happy Day: "There is no right way to do the wrong thing." Thank you very much.

### **Chuck Pigott's Introduction of Jeb Bush**

Thank you very much and thank you, Bruce, for giving about half of my speech and all the wonderful things that I was going to say about Governor Bush and congratulations for the award that you and Jolene so richly deserve.

It is my pleasure to be able to speak and talk about the individual who is going to receive the 2007 Columbia Award. Many luminaries have received this award, past Presidents of the United States, various Senators, other Governors, including our own Governor Dixie Lee Ray, and many people in and out of the public and private sector.

Today's recipient graduated Phi Beta Kappa from the University of Texas in 1973. He is married and has two sons and a daughter and, as others have said, he's had an interesting political career. In 1994, to start off the interesting part, it was an unsuccessful run for the governorship of Florida, whereupon, he founded the Foundation for Florida's Future. But in 1998, he was successfully elected to the first of two terms as the Governor of Florida, those terms ending in 2006.

Florida, as many of you might know, is the fourth largest state with a population of 18 million, a very diverse population. I think many of the old come from New England and eastern part of the United States to retire there . . . and of course, the young, Cubans, Whites and Blacks. So it's a tough challenge to be the Governor of that kind of a state.

His legacies are great, as others have indicated. I think a couple that I have remembered have to do with education, where there was an increase of over 220,000 who had not successfully read in earlier times and there was an increase of over 230,000 who did mathematics at grade level or better.

Others have said that taxes were reduced in Florida over the eight year period by \$20 billion. A bloated employment of the state employees was reduced by 13,000. Healthcare was improved, the environment improved. The Everglades, as perhaps you have been reading, are coming back to what was known many, many years ago, thanks to Governor Bush. And even drinking water has been improved in Florida for a great many millions.

So now, it's my pleasure to introduce John Ellis Bush, otherwise known as Jeb Bush. Governor?

Before I step down, truly it's my pleasure to read the inscription on the Columbia Award plaque for 2007: "To The Honorable Jeb Bush for his commitment to limited government principles in Florida, which created one of the most robust economies in the nation, thereby displaying the power of economic freedom as a model for political leaders across America. Presented this day September 27th, by the Washington Policy Center at the Annual Dinner."

### **Governor Jeb Bush**

Thank you, Chuck. Thank you very much. Susan, what a fantastic Mistress of Ceremony. I think we need to put you on the road to do this. You've done a great, great job and I know that everybody's excited about the support of the Foundation for the Washington Policy Center, which does spectacular work.

And Greg, I don't know if you look like Mitt Romney, to be honest with you. Mitt dyes his hair, I think. You look like you're going au natural, so, you are a good-looking guy like Mitt, though. And Dan, thank you for the great work you do and your staff and this is spectacular. I'm a believer in the advocacy of ideas and I think think-tanks play an important role to create the, drawing people towards important ideas so that politicians can steal those ideas and try to implement them. That's the way it works. You try to create that climate because there's no trademark on them.

And the great thing about ideas is that people like science. People like to share their ideas. They don't necessarily want to profit from them. And this Center does a spectacular job. And the fact that this many people would come to embrace those ideas and embrace the work that's being done is really motivating for me. And I'm going to go back to Florida and say, "What are we doing? Why aren't we having 1,000 people at our dinner to make sure that good, free market ideas are advanced?"

I've had the opportunity today to meet a lot of the Board members and supporters of the Center. I had a chance to go to meet all the really smart people at Microsoft that voluntarily showed up, not a lot, but there were enough to get me excited, to hear my views on stuff. And we had a good dialogue and interestingly, a lot of discussions that we had today I think are being had on kitchen tables in the mornings when people go before they go to work and in the work areas all across America. People are literally talking about the same things that I get a chance to talk to you about with a podium and a microphone. They're probably doing it better in the sense that because they can say what they believe probably embedded in common sense, unlike in the political realm; they can say what they believe without getting their heads cut off. It might actually be something that has greater value.

But I did have a chance to talk to a lot of people about the future of our country and where we stand and what matters and I'm excited to be here, because the fact is I've spent a whole day talking about things that matter, not who's a better speaker or not about who's better looking . . . Sorry, Greg. . . But about ideas - because I think at a time when we're living in a world where we have these pressing problems, the advocacy of ideas and the formulating of ideas really matters

now. We're living in a time where those type of people that advocate those ideas aren't given the credit, on the one hand. On the other hand, the people that advocate them in the public square are put to shame. And it's troubling to me.

And so, I've been excited today to be able to kind of rejuvenate my own feelings about how important it is for people to be interested in these things, because we're living in a world that is moving at warp speed. It's an interesting time for young people particularly. The changes that are taking place today are now changing, what used to take a generation of time now takes five years. What used to take five years probably takes six months. What used to take six months now happens in a week. Technology and the globalization and the interconnectiveness and the interdependency of the world has really changed who we are and how we feel about what the future looks like.

We live in a world where we can't identify our enemy by a uniform anymore, which is traumatic for all of us, if you think about it. If the uniform were the measurement of who our enemy was, the United States would dominate in a heartbeat. We would send the incredible military that we have and take care of it. But, we don't live in a world like that anymore. Today, the presence of that enemy is in communities and neighborhoods all around the world and it is a threat to freedom that is perilous by all accounts. And unfortunately, it's a threat that far too few people are willing to recognize. We'd rather not have to deal with this issue.

But there are people that hate our freedoms and hate our liberty, not just in the United States but in the freedom-loving world. And they are organizing themselves each and every day. As I speak, they're organizing themselves to try to destroy Western civilization. That creates additional anxieties. Meanwhile, our government continues its relentless march into our lives. More of our citizens are relatively eager to exchange their personal responsibility for more entitlements, entitlements in my opinion that deepen the servitude of taxpayers and steal the independence and initiative of generations.

These are times that try men's souls, times in which Americans are uncertain about our place in the world and our future. And after more than two centuries of arguing and experimenting, you would think in America we would have a lot of experience to draw on about how to deal with this great challenge that we face. What drives us forward? How do we cope with this ever-changing world that we're living in? And I believe that there's an answer and that is to embrace the philosophy that got us to become the greatest country on the face of the earth, the most prosperous, the most compassionate country on the face of the earth. And there are some underlying principles that created that greatness and we should not abandon them now, at a time when we most need them.

Here's what I know and I think you all, the fact that you would write a check to this great Policy Center, know to be true. We know that individuals make better decisions about their lives than government ever will. So, government has to empower people, not encumber them with increased regulations and taxes. We know that limited government is better government, because it focuses on the core responsibilities that government alone is equipped to handle, which would be our own security, the infrastructure typically physical, but now I would add the intangible infrastructure that's necessary, which comes from the power of knowledge and the support for the very vulnerable amongst us.

We know that free market dynamics are more effective at driving change and efficiencies than government interference is and that the free market solutions have a role in everything from energy to health care to education to any policy area. There is always a free market solution to that. And by and large, it will work far better than a government one.

And now, we know as the world has changed in this post-modern world, where knowledge really drives income growth, we know for a fact that education has lifted more people out of poverty than any welfare program ever invented. And going forward, we know that education is so important for our long-term success and that we need to find a way to reform this system of making sure that people gain the power of knowledge, for our own self preservation. These are the things that define reform-minded conservative philosophy. These are the things that have historically defined the prosperity in our country and these are the core values of the Washington Policy Center.

My experience in purple state Florida, which is not any different than purple state Washington, I might add, tells me that there's not only an acceptance, but a real desire for reform-oriented conservative leadership in this country. And I would encourage leaders who passionately believe in conservative principles to proudly champion them, not to be defensive, but to go on the offense. You never win football games playing defense. You win by playing good defense, but by playing great offense. And it's time for us to stop wringing our hands and stop worrying about these core values that are timeless and have been successful, and to advance our cause in an aggressive way that draws people towards us, because people are yearning for the kind of philosophy that I think will in the end allow the United States to continue to progress.

And on that front, I believe there are three bedrock principles going forward as a country that if we embraced and if our political leaders did, we would be in better shape. First, we have to commit and in some cases, recommit to limited government. It's the only model in which government serves the people and not the other way around. We should embrace that passionately.

Second, on every chance that we have we should empower people, not government. We should trust people to make decisions for themselves irrespectful [sic] of the level of their income, irrespectful [sic] of the color of their skin, irrespectful [sic] of where they're born. People, moms and dads particularly, know what's best for their families and we should respect them and give them the power of information and empower them to make choices for themselves, rather than to expect paternalistic government to make decisions for them and to get a better result.

And finally, in return for the bargain of empowerment of people against government and limited government against bigger government, there should be a contract that we should embrace personal responsibility again, once again, as a core American value.

As Governor of a state like Florida . . . and Florida is a wacky place. Some of you are from there and so you know what I mean and those are the ones laughing, I think. Florida is a really diverse place. People from all over the place, they come there to pursue their dreams. They're not really from there. They're from other places. And it's a joyous place to serve, but it's a place where the demands on government left unchecked would overwhelm the place, I mean, literally overwhelm the state. It would be worse than the floods from a hurricane.

Left unchecked, the demands on government anyplace frankly, would overwhelm a state. And the key, in my opinion, to making sure that that dam's not breached is to make sure that the growth of government is constrained by institutional means, that we limit the options always to default to another spending program, another regulatory program, another mandate to achieve a worthy objective. Institutional constraints don't sound very sexy, do they? But they're pretty powerful. And I want to tell you they're actually pretty popular in a purple state like Florida.

I wanted to give you the story of a nerdy Governor, a policy wonk Governor, or aspiring policy wonk Governor going through the process of trying to close the walls in on the liberals that

wanted to find ways to spend money, which was always popular. There are ways to do this irrespective of where you are, that I think would yield a better result.

In Florida, for example, when I got elected Governor, we started with the premise that government should grow no faster than people's income growth. Now, I know that's a radical idea in America today. But, in fact, if all government grew no faster than people's income, government wouldn't grow to the point where we couldn't afford it. It was kind of a simple idea. And over eight years, government grew, it grew in Florida, but it grew at a rate that was slower than personal income growth.

We limited debt service to a percentage of general revenue, which checked the insatiable desire to spend today and pay tomorrow, which is a challenge in our own families and it's certainly a challenge in government and the good lord knows it's a big challenge in Washington. This tool helped Florida earn a Triple A bond rating. In fact, the nerdiest measurement of all is to get a Triple A bond rating. We were the only state in the last ten years to have an upgrade to Triple A bond rating, even though we cut taxes by \$20 billion, because we put constraints on the ability of government to grow faster than people's ability to pay for it. I wish our friends in Congress could learn a little lesson about that.

Now, here's a really nerdy idea for the policy wonks out there. And if you're not a policy wonk, you're kind of a surrogate one, because you've given money to the ultimate policy wonks in Washington State that are running this great organization. We put constitutional limits on non-recurring revenues paying for recurring expenditures. I've been told here in Washington, you don't distinguish between the two, which is the first step, by the way. Before you put a constraint on it, you've got to actually distinguish between the two. But in Florida, we do distinguish between the two and so we're not spending one-time monies on ongoing things to create a hole that requires higher taxes. And it is embedded in our constitution and it forces people either to raise taxes when you have to or to not grow government at a pace that creates this huge hole.

We directed the one-time monies that we earned because of the growth of our economy into long-term things, such as infrastructure, the purchase of conservation lands. And one of the great moments of my tenure as Governor was to purchase a \$365 million tract of land to preserve wild Florida for the rest of eternity, but do it in the right way, valuing private property, using that one-time money that would last a lifetime rather than spending that one-time money on something that would have a recurring obligation year after year.

We resisted major expansions of pension benefits and using creative accounting to lower contribution rates to suck more money out to spend money in the budget and then creating a huge deficit in our pension fund for the retirees of state government. And in fact, Florida is the only state pension fund in the country that actually has an actuarial surplus.

I told you this stuff would be nerdy and wonky, but this is how you actually constrain government. You don't do it with rhetoric. You do it by using the power of government to lessen the ability of the people that want to spend more money to lessen their options so that they have to confront the taxpayers with their well-intended amounts of spending to say, "Okay, if you want to have this program, you're going to have to raise taxes." And what I experienced in purple Florida was that people did not want their taxes raised. They wanted their taxes cut. And they were willing to have government limited to get their taxes cut. And in Washington State, my guess is the exact same thing would happen.

We actually did what families are supposed to do, which was we reserved money for a rainy day. And by the end of my tenure as Governor, frugal Jeb and his group of merry men and women

created reserves of \$8 billion in the state coffers, which was the highest of any state in the United States of America. You see around kitchen tables across our country, people say we need to save money for a rainy day. And actually, the ones that are doing their jobs right, moms and dads that do their jobs right, do save money for a rainy day.

Who knows when there will be eight hurricanes and two tropical storms within 14 months, which happened in our state. And trust me, the reserves that we had available created the possibility for us to make a response to people when they truly needed it. Where government really had a role to play, Florida was there, because we were well resourced because we didn't spend money like drunken sailors. In fact, we had money available to take care of people when they truly needed it.

In Florida, like other places around the country, legislators have the right to put member projects or earmarks into the budget. It's a time-honored tradition since the beginning of time, I think. In Washington they call it pork. In Florida, we call it the other white meat. We called them turkeys. And during my eight years as Governor, I vetoed 2,558 line items totaling \$2.3 billion, earning me the nickname Vito Corleone and changing at least for a while the behavior of the Legislature so that they focused on the priorities of the state. I believe the President of the United States should have that power as well, to bring discipline in Congress.

And in spite of the fact that in a growing state our budget grew, we had 12,500 fewer employees, about 10 percent fewer employees than when I started, in eight years, and in the limited government world, our focus was on serving people rather than creating larger and larger bureaucracies. And when the private sector could perform more efficiently that was the responsibility of government, we outsourced it. And it gave people a lot of heartburn. But at the end of the day, we had a smaller workforce, a better paid workforce.

But we also saved more than \$741 million in actual dollars and prevented the expenditure of \$1.4 million by putting out to bid basic services from everything from janitorial services of state buildings to our technology, to our phone system, to our HR functions. Across the board, there was a vitality that came because state workers knew that there was going to be someone else that might be able to do this job better. They got better at it. The private sector saved us a lot of money.

We also cut taxes as a way to limit government, because if you don't cut taxes, at the end of the day, that money will be spent. And when the downturn occurs, if you're not reserving, you're going to have a shortfall and what happens? What you've experienced in Washington and all across the country, higher and higher taxes.

And so, there is a way, trust me, in a purple state, to advocate limited government and put institutional constraints on the big spenders to make it possible to reserve for a rainy day, to focus on the core functions of government, to outsource the rest and then to move on to other areas of how government works. And I believe that this can be done anyplace in the country, but particularly in a place that is yearning for progress and prosperity.

Government is not going to go away anytime soon and frankly, although I do have Libertarian tendencies occasionally that I express, that's a good thing, because we do need government to take care of the most vulnerable amongst us. There is a role for government to provide security on our streets, Sheriff, and also to make sure that our shores are protected.

And no one anywhere in the political spectrum, whether they're on the left or right, believes that government right now is doing its job as best it can. We all think it could do a better job. The problem is that we disagree on the job that it should be doing and that creates the conflict that

exists particularly in Washington. The national debate today doesn't seem to be about this issue of how government should work or the role of government in our lives. It's about the people at the podium, frankly, rather than these ideas that are so important to resolve and to really challenge ourselves to come up with better solutions on how we do things.

And I believe, as advocates of free market solutions, as this great Center believes, it's important for us to take the lead in offering solutions that empower people rather than government. And that would be the second element, the second leg, if you will, of a successful strategy to make sure that our country moves forward. Our passion for reform comes from a belief in the genius and ingenuity of motivated individuals to pursue and achieve their dreams. We believe people, irrespective of their income, once they're informed and empowered, can make far better choices than government making choices for those same people.

And in terms of policy, this creates an exciting array of choices for us to advocate, of ideas to advocate. For example, defined contribution plans for retirement accounts should replace defined benefit plans, so people are in charge of their own retirement, rather than a paternalistic view of things, where someone else is in charge of their destiny. Isn't it an American way for people to save for themselves to be able to provide for themselves in their retirement?

It also means that we should have consumer-directed care for health care, where people are in charge of their own health care destiny, where they make choices that prevent illness and they [have incentive] to do so, where they save money and they also live healthier lives and there's a reward at the end of that effort to make it work. And thankfully, across the country, there are efforts underway to do just exactly that, to empower people. School choice programs in Utah and Arizona and in Florida are working, where taxpayer money follows the child and parents make choices, including private options, for their kids' education, the most important decision that parents make.

In Florida, Medicaid beneficiaries are receiving an actuarially sound premium to choose from a variety of health care plans, where they get to make the choice, based on their unique needs. I know it sounds like a very radical idea to trust people irrespectful [sic] of the level of the income of their families, to make choices that are the best for their children and for themselves. But in Florida, we're doing it. And they're responding in a way that would make you proud.

Consumer-directed care in Arkansas grants a fixed budget that allows a family to make a customized plan for their child or family member that has a developmental disability, where they can make choices for their child, where that young person or that family member has the dignity of a life that should be respected, rather than becoming a ward of the state.

On and on it goes. There are efforts underway where we empower people to make choices, rather than have the sterile, same old, same old way, where the government dictates how people are to receive public services. And thankfully, the Washington Policy Center has advanced most of these ideas here in Washington. And for those that think, well, it's not going to happen, believe me, it may take time, but powerful ideas will win in the end. And your support of what they're doing here in Washington will be of great benefit to the citizens of this state.

There is no place more important for us to have a zeal for reform, where we empower students and families, than in education. Here are some telling facts. The median annual income for those earning a Bachelor's degree is now more than two times more than those earning a high school degree. And that gap grows each and every year. It's projected that in 10 years' time, that number will be three to one.

Only half of 18 and 19-year-olds in the United States are enrolled in college and only 60 percent of those graduate in six years. Why the heck do we call it a four-year degree, by the way? I'm kind of curious. If we measure it by six years in terms of graduation. . . And those that do graduate, if they finally get through the funnel, are graduating with degrees that may not be relevant in the world that we're moving to, where you need to have a high skill to be able to be successful.

In fact, the number one degree in America, the same as it is Florida, is psychology. And I know that we have serious problems and we need a lot of therapy in life today, particularly if you watch television, but I think that there are probably more valuable degrees, like nursing, like teaching, like engineers, like accounting, Greg, and like others that have the chance to create value for the communities.

Education drives our economy and our global competitiveness. It defines who will live in poverty today and despair or who will climb out of poverty, if they're in it, or who will stay in the middle class. It is that simple. It is that important of an issue. And with so much riding on it, you'd think that we'd be constantly pushing our education system to be more effective and efficient at preparing our students to compete. That is the great American way. We have a challenge. We find innovative ways to deal with things. We create solutions to problems and we move on. In education, for some reason, that's not been the case.

You'd think we'd be paying great teachers a lot more than mediocre teachers. You'd think we'd be harnessing technology, like we do in every other aspect of our life to improve the ability of children to learn. You'd think all these things, because you know how important education is. But you'd be wrong. You'd be wrong, because we operate our education system by and large the same way we did in 1950. And the world has dramatically changed. And our system of education, in spite of the fact that we spend much more than the rest of the world per student, has not changed. You'd think these things because you know how important it is, and sadly, you'd be wrong.

It seems to me that this is a place where the zeal for reform and empowering people to begin to change a system that doesn't work should be applied. And real change starts with accountability. We need to know where children are in terms of their learning. If you don't measure, in essence you're saying you don't really care. And in Florida and other places now, accountability is becoming significantly important. And because of that, we're beginning to see the beginnings of what's necessary in rising student achievement.

No one really likes to be told that they're failing at their job. That's a painful thing. In fact, as Governor, I got told that regularly and for a while, I was in denial. It's not an easy thing to be told that you're not doing your job well. But, the simple fact is that there is a way to measure this. And, when it's not going well, we should change what we do, organize ourselves in a different way and make sure that we get this right.

We're creating two Americas by not challenging how education is working in our country. The haves and have nots will not be based on race. They'll not be based on ethnicity. It'll be based on the power that comes from the acquisition of knowledge. And so, this is a huge issue and if it's uncomfortable for people, so be it, because we have to get through this. Whether you think our schools are working or not, it really is not relevant anymore. They have to get a lot better.

So, accountability is the first element of this. And we need to reward success and improvement and have a different consequence between mediocrity and failure. In Florida, we do this with great regularity. It created tire marks on my forehead, but it is working and we're seeing rising

student achievement, particularly amongst kids in poverty. And I'm proud of that. I'm proud of the fact that in Florida, we are one of the few states that has actually closed the achievement gap, where the fact that you're born into a family that may not have the same income or the same family structure, you have a chance to gain a year's worth of knowledge in a year's time. And we're doing this amongst four-year-olds, by the way, in our state, because you know how important that is.

There are other things that we need to do. We need to adopt world class standards for our schools. We need to make sure that there's a greater focus on math and science. And along with those standards, we also have to have higher expectations for student achievement.

I urge all of you sometime in the next week to go online, if Washington State doesn't have it, go on the Florida government web page and take the 10<sup>th</sup> grade FCAT test, the Florida Comprehensive Achievement Test. Take the test without having gone to school in the last 30 years and see the level of expectation that we were criticized for, for raising to that level, and imagine what that child will face when he starts competing with the Koreans, with the kids from Singapore, with the kids from China, and say, is this what we need to make sure that we're successful as a nation? And I believe what you'll say is no, that we need to be raising the bar and having high expectations of our kids and assuming that the entire system then will move towards assuring that those standards are met and that more and more children have the ability to compete in this global world that is changing at warp speed.

We need to have voluntary, universal, high quality, literacy-based, four-year-old education. We need to start at the beginning, because too many kids start at school with the inability to be able to learn and that gap grows and grows and grows. And by fourth grade, these kids that begin to acquire knowledge, don't have the skills necessary to be able to read or calculate math. And we need to recognize this. Family structure and family life in our country has changed and we cannot cast into stone the future of these young people, just because their families are living in poverty.

We need to focus on eliminating social promotion. I know it's important for little Johnny and little Suzy to feel good about themselves and we hurt their feelings when we tell them that they can't read. But what would be a greater tragedy, their feelings or their illiteracy? What is more important for us to deal with?

In Florida, we eliminated social promotion in third grade and it was traumatic. But we have a heck of a lot fewer third graders today that are below basic readers. In fact, the increase is historic. The number of kids now that can read at grade level going into fourth grade is the highest that it's ever been. We cut in half the number of below basic readers in three years' time, because we eliminated social promotion in third grade. In spite of the trauma, in spite of the political incorrectness of the idea, people responded to the idea and they were empowered and they made the right choices. And I applaud Florida teachers for making sure that more and more of Florida kids are gaining the power of knowledge that then they can go use to acquire to be able to pursue their own dreams and not be dependent upon government.

And the way to have a catalytic converter for whatever the reforms are that are being advocated is to make sure that parents are empowered to make choices for their children. In Florida, the public schools improved because we had vouchers. That may sound counterintuitive, but I can promise you the simple fact, the threat, the very threat that parents that didn't have the income necessary to send their kids to private school, the threat that they could send their kids to another alternative turned our system upside down. You found people totally focused on assuring that children were learning and parents were satisfied. The threat of vouchers made a difference.

And I believe that it is as American as apple pie to give, particularly for lower income Americans, the choice to be able to choose a private option. Why should it be only the rich that benefit from that choice? It seems to me that that should be a universal option. And it will improve public education across the board.

What we learned from our reforms in Florida was that reforms beget reforms. It becomes kind of a cultural phenomenon that a new idea develops to take advantage of the new situation that you're in, because you improved things, because you reformed in the first place. And I got my inspiration from this idea that there's constant improvement from Tiger Woods, who is a Floridian, for which I'm really proud and he's also just a spectacular athlete and an incredible role model for so many people. Tiger Woods, at the top of his golf game . . . he was number one in the world . . . decided to re-engineer his swing. And he got a lot of criticism for it. In fact, he started losing. He didn't win every time. He had two years where he didn't win a tournament, didn't win a major and maybe won one or two tournaments during that two-year drought.

And people were doubting whether Tiger Woods was going to come back. I don't know if you watch the Golf Channel, but trust me, it was a lot of really stupid people saying things about the greatest athlete of our time. And here's a guy at the top of his game that decided that his game was not good enough and totally re-engineered his swing and now, obviously, the rest is history.

If Tiger Woods can make the changes when he's at the top of his game, it seems to me that we should figure out in these basic public policy areas, how we can change the level of our game, when it is not at the top of the game. And Tiger Woods is an inspiration for a lot of people that believe that continuous improvement starts with the first step toward reform. And the first step to reform always will be to empower people over government.

Now, the last leg of the stool, and I promise you this will be quick, is that the founders never envisioned that we would have the liberty that they envisioned in the Constitution and the Declaration of Independence without self-government. They never in their wildest dreams would envision the world that we live in today. In this modern, complex world, there are a lot of people, for whatever reason, that no longer are in control of their own lives or have abdicated responsibility, tragically, for their children's lives.

In the state of Florida, one of the greatest heartbreaking moments for me was the realization that we had 50,000 children that were in the custody of the state, 50,000 children that were either abandoned, in some cases, neglected, in many cases, or abused. The most powerful instinct in the world is to love your child with all your heart and all your soul and yet, in Florida, as is the case across the country, thousands and thousands of children are in the custody of the state. The founders never envisioned this.

And for us to be successful in advocating limited government and empowering people, it seems to me we need a third leg of this stool or a third place to advocate and to work hard. And that is to restore personal responsibility as a core value in our country. It is essential that we do this. Sadly, this is becoming difficult to talk about in the public square, to talk about the need for personal responsibility. You become judgmental when you say this.

But in the United States of America for the last two generations of time, 35% of all the children in the world, that have been brought into the world in this great country, go home and there's not a daddy in the home, the last two generations of time. Thirty five percent of the children are brought into the world without a father that is there, doing their job. And amongst the families that do have intact families, there are many because of alcohol abuse and drug abuse and other

challenges, where the children become prey to people's inability to take care of themselves and therefore, can't take care of their children.

It seems to me, all of us together . . . not just government certainly . . . but all of us together, community leaders, community organizations and government need to recognize that strong homes are important, that children learn right from wrong and compassion and love in strong homes. In the absence of strong homes, children learn to survive. And they don't define good and bad behavior. They define how they can survive in the world. And that is a tragedy that plays out over and over again on our TV screens, over and over again all across this country, because people have abdicated the most important thing that they can do, which is to assure that their children have a safe home and that they learn right and wrong. And there is right and wrong. And we should not be ashamed about expressing it.

So, if we do these three things of limiting government and then reforming the things that need to be reformed, most particularly education, and we restore the concept of family values that now seem so passé, and when you say it, you're almost supposed to be ashamed of saying it, if we do those three things, I'm absolutely convinced that the United States will maintain its position in the world.

And I'm absolutely convinced that the next generation of Americans will be able to do what every generation before them has been able to do, which is to close their eyes and to dream the biggest possible dream and then pursue those dreams with a vengeance to create more opportunities in the pursuit of those dreams for more people than any government program ever created or any country that has ever existed on this planet.

We have this in front of us and we're not going to do it with the politics of today. We're going to do it by advocating powerful ideas that are based on individual initiative and free markets that recognize that individual responsibility truly matters. Your presence here gives me a sense that in Washington State, you guys understand how important this is and that you're going to do the right thing going forward to continue to support this great Policy Center. And in doing so, I know they won't let you down. And political leaders then will take these ideas and advance them in a way that will create prosperity for the next generation of Washingtonians and Americans.

Thank you all very much. God bless you all.