

Western Governors'
Association

**2003
Annual Report**

Annual Meeting
Big Sky, Montana
September 14 - 16, 2003



**BLAZING
NEW TRAILS**

MESSAGE FROM THE CHAIR

My theme as Chair this year – Blazing New Trails – I believe, captures the energy and optimism of our region, its leaders and citizens, despite the many challenges we have faced. We have all had to cinch our belts tighter while the economy recovers. Forest fires have raced across the landscape in much of the region. And drought continues to affect communities and businesses, both large and small.



Restoring and maintaining healthy forests is one of the most critical issues for the West. In Montana alone, more than 400,000 acres of land have burned so far this year, forcing hundreds of families to flee their homes and discouraging tourists our economy depends upon. Western governors have been in the forefront of addressing this issue, developing a 10-year strategy and implementation plan to reduce the risk of catastrophic fires. In June, WGA hosted a Forest Health Summit in Missoula, Montana to assess the early results of plans to accelerate locally driven projects that will reduce fuel loads and restore lands already burned. Nearly 400 people from 22 states and as far away as Australia attended the Summit, and the recommendations they made will be considered for action at the WGA Annual Meeting.

The importance of ensuring reliable supplies of energy became self evident with the blackout experienced on August 14 in parts of the East, Midwest and Canada. To prevent such cascading outages in the West, WGA has worked with both the Administration and members of Congress to ensure that the Western Interconnection will have the authority to adopt and enforce reliability standards.

Every year, drought affects some part of the West, and WGA has continued to work with members of Congress to adopt the "National Drought Preparedness Act of 2003." The bill would move the country away from the costly, ad-hoc, response-oriented approach to drought, and move us toward a proactive approach to preparedness.

I hope you will take the time to read about these issues and the other initiatives Western Governors have addressed over the past year. I thank each participant in WGA's initiatives this year for their ideas and support and all of my colleagues for joining me to address these difficult issues. It has been challenging, but my pleasure, to serve as WGA's Chair as we continue to blaze new trails.

Sincerely,

A handwritten signature in black ink that reads "Judy Martz". The signature is written in a cursive, flowing style.

Judy Martz
Governor of Montana
WGA Chair

Digital Education Courseware Standards

Advances in distance education over the last decade have greatly improved online learning and opportunities for gaining new skills and knowledge. Western Governors broke new ground in 1995 by creating the Western Governors University - a virtual university facilitating the sharing of courses offered by universities and colleges throughout the West.

As technologies and bandwidth have improved, universities, colleges and many K-12 schools now integrate the entire education enterprise (including enrollment, grading, online course delivery, etc.) into a unified, computerized management and delivery system. This move has greatly improved efficiency of the educational system, provided greater access by users and facilitated tracking student outcomes and tailoring course work to specific student needs.

However, sustaining past efforts and implementing additional advances cannot be achieved rapidly and cost effectively without wide-scale adoption of accredited standards and specifications that allow educational materials and learning objects to be shared easily, student outcomes tracked and new technologies to be rapidly integrated into existing and evolving infrastructure.

Recognizing this problem in December 2002, the Western Governors passed a resolution calling for the "development of a set of standards for a Curriculum Markup Language as the breakthrough technology needed to advance competitive-based education and on-line learning." Based upon that resolution, WGA empanelled an ad hoc group of state and industry educational technology advisers to recommend policies and actions Governors could embrace to facilitate the development and use of standards for educational courseware. The ad hoc group's recommendations will be delivered to the Governors at their Annual Meeting in September 2003.



Homeland Security

The Western Governors' Association and the U.S. Department of Commerce's Critical Infrastructure Assurance Office co-sponsored a two-day conference on government and private sector readiness to protect critical infrastructure, such as telecommunications, electricity and transportation systems, and to respond to a potential terrorist attack. Western Governors agreed to work together to develop common standards for emergency communication systems and procedures all states can use when responding to terrorist attacks and other emergencies.

Based upon that meeting and the Governors' agreement, WGA co-sponsored with the Western Information Technology Council a meeting to identify obstacles and possible solutions to the interoperability issues at all levels of government. Attendees included members of varying sectors of government, including first responders and the Department of Defense. Private industry partners with possible solutions to the challenges facing government also attended the event.

Governors Johanns and Martz talk to reporters following Homeland Security meeting in December.

Reports, Position Papers and Resolutions

- Curriculum Markup Language (Res. 02-30)
- Homeland Security (Res. 02-24)



Strengthening Relationships with Mexico and Canada

Western U.S.-Western Canada Relations

The Western Canadian Premiers have participated in WGA's Annual Meeting for the last decade. The Western Premiers' Conference and WGA meet once a year, alternating between each group's meeting, to discuss issues of mutual concern and to share information. In June 2002, the Governors of Alaska and Wyoming represented their colleagues at the WPC conference in Dawson City, Yukon. In 2003, WPC members will be in Big Sky for a plenary session with the Governors that will include a briefing on border security issues from the U.S. and Canadian Ambassadors. Sharing fire-fighting resources, trade, energy and transportation issues are also likely to be part of the agenda. The members of the WPC are the Premiers of British Columbia, Alberta, Saskatchewan, Manitoba, Nunavut, the Yukon and the Northwest Territories.

U.S.-Mexico Border Environment Dialogue

The Border Environment Dialogue provides a mechanism for U.S. and Mexican state and federal officials to work together on health, environmental and natural resource issues of mutual concern. With WGA's assistance, an ongoing forum and coordination mechanism has been established for the environment agencies of the four U.S. and six Mexican border states to communicate, exchange information and cooperate on border environment issues and programs.

The State of Chihuahua hosted the 2002 Ten State Retreat for environment directors in September of that year. Baja California has volunteered to host the 2003 Ten State Retreat in November. These efforts are closely coordinated with the Border Governors' Conference, held annually by the 10 U.S.-Mexico border Governors.

This coordination has allowed the environment leaders to have an effective voice in the border Governors' agenda and international policy positions. For example, the recently launched Border 2012 program of the Environmental Protection Agency and its Mexican counterpart the Secretaria de Medio Ambiente y Recursos Naturales, follows the approach proactively proposed by the Ten States to rely on a number of regional workgroups rather than a centralized workgroup structure as previously utilized. This new approach will enable local

Reports, Position Papers and Resolutions

- *U.S.-Mexico Border Environment* (Res. 00-011)
- *WGA Relations with the Western Premiers' Conference* (Res. 99-027)
- *WGA Relations with Mexico and the Border Governors' Conference* (Res. 99-028)
- *Addressing Border Congestion to Improve the Environment and Commerce* (Res. 99-007)



2002-2003 BOARD OF DIRECTORS

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ABOUT THE WESTERN GOVERNORS' ASSOCIATION

WGA 2003 Strategic Agenda

- Restore and Maintain Healthy Forests and Rangelands in the West
- Strengthen State and Federal Energy Policy and Systems
- Improve Education and Health Care
- Strengthen Homeland Security
- Advance Regional Economic Development and Tourism

The Western Governors' Association is an independent, nonpartisan organization of Governors representing 18 Western states, and three U.S.-Flag Pacific islands. Through their Association, Governors identify and address key policy and governance issues in natural resources, the environment, human services, economic development, international relations and public management. Governors select the issues for further review based on regional interest and impact. WGA helps the Governors develop strategies both for the complex, long-term issues facing the West and for the region's immediate needs. Governors use WGA to develop and advocate policies that reflect regional interests and relationships in debates at the national and state levels. WGA also acts as a center of innovation to find promising solutions for problems in the region.

The Governors serve as WGA's Board of Directors. The Board meets three times per year. Many Governors have one or more issues or policy areas for which they choose to serve as a lead Governor. With the concurrence of the chairman, a lead Governor directs activities, develops proposed positions, chairs related meetings, and provides testimony and comments to Congress, committees and federal agencies. WGA staff provides assistance for these activities.

During the Annual Meeting, the Board elects a chairman, approves a work plan and budget for the upcoming year and adopts policy resolutions that guide the work of the Association. Between gubernatorial meetings, the WGA Staff Council, which comprises the chief of staff or a top policy adviser for each Governor, reviews and guides WGA activities. Staff Council members are listed on page 22.

Western Governors' Foundation

The Western Governors' Foundation is the philanthropic arm of the Western Governors' Association. The foundation seeks and receives charitable grants and gifts from corporate and philanthropic donors and makes awards to the WGA and other organizations or individuals who assist in policy research.

In February 2002, Western Governors, corporate leaders and the Western Governors University joined together under the leadership of the Foundation to create its latest initiative – the Teachers' Legacy Scholarships. This initiative will enhance the participating states' teaching force by funding scholarships for K-12 teachers and prospective teachers who wish to obtain teacher certification or pursue an advanced degree in Learning Technology, Math, Science, Reading, and English as a Second Language (ESL).

The foundation also awards the George S. Mickelson Memorial Fellowship, annually. The fellowship was established in memory of the late South Dakota Governor George S. Mickelson, who served as WGA's chairman in 1991 and who tragically died in a plane crash in 1993. The fellowship honors his dedication to the West and his commitment to public service. It allows each succeeding chairman's state to fund an innovative demonstration or training opportunity for a deserving state employee that would not otherwise be possible.

The recipient of the 2002-03 Fellowship was Leslie Schwalbe, Deputy Director of the Arizona Health Department's Division of Behavioral Health Services. Schwalbe brought mental health advocates and state agencies together to resolve a 10-year-long lawsuit in what was a tremendous effort to encourage collaboration to improve children's health care. Her efforts not only helped resolve the mental health care lawsuit through a collaborative approach, but also expanded diversity in Arizona's mental health provider system. She used the award to enter a leadership training program at Harvard University's John F. Kennedy School of Government. Her goal is to develop a model for other states to use in dealing with class action lawsuits over mental health services.

2003 YEAR IN REVIEW

Restore and Maintain Healthy Forests and Rangelands in the West

As WGA Chair, Governor Judy Martz, whose own state of Montana was hit with one of its worst fire seasons this year, made forest health a high priority for WGA. The focus of WGA has been helping to implement the Governors' 10-Year Comprehensive Strategy and Implementation Plan. In June, WGA convened a Forest Health Summit to accelerate locally driven projects designed to restore forest health.

The governors' 10-year Strategy and Implementation Plans were developed by a broad-based group of stakeholders in 2001 and 2002, respectively. The Secretaries of Agriculture and Interior joined the governors in approving the plans. The goals of the documents are to promote community assistance, reduce hazardous fuels, and maintain and restore fire-adapted ecosystems. The implementation plan provides the tools to pursue national goals at the local level in an ecologically, socially and economically appropriate manner.

Local managers are now working with states, tribes, local governments and citizens to plan fuel-reduction treatments and restoration projects in previously burned areas as well as the maintenance of healthy acres. WGA is tracking implementation of the Strategy to help ensure that states and stakeholders are successfully engaged in this process.

WGA hosted a Forest Health Summit in Missoula, Montana in June to assess the early results of the 10-year plans and to accelerate locally driven projects that will prevent catastrophic wildfires by reducing fuel loads and restoring lands. Participating in the meeting were Governors Martz; Janet Napolitano and Dirk Kempthorne, WGA lead governors for the issue; Ted Kulongoski of Oregon; and Dave Freudenthal of Wyoming. Nearly 400 people participated in five breakout sessions with experts to develop recommendations for the Governors. The 29 recommendations collected by the facilitators focused primarily on the need for landscape-scale fire mitigation planning, for increased and sustained long-term funding and for enhanced communications and understanding between and across governments and constituent groups. The governors will consider adopting these recommendations as policy during their Annual Meeting in Big Sky, Montana.

More than 200 of the attendees, governors and Secretary of Interior Gale Norton, and Forest Service Chief Dale Bosworth participated in a Summit field trip that included stops at the University of Montana's Lubrecht experimental forest, Pyramid Mountain Lumber, the



Govs. Kempthorne, Napolitano and Martz and DOI Secretary Gale Norton at the Forest Health Summit. Photo: Kevin Hyde

Reports, Position Papers and Resolutions

- *A Collaborative Approach for Reducing Wildland Fire Risks to Communities and the Environment: 10-Year Comprehensive Strategy Implementation Plan (2002)*
- *A Collaborative Approach for Reducing Wildfire Risks to Communities and the Environment: A Ten-year Comprehensive Strategy (2001)*
- *The Catastrophic Wildfires of 2000: Collaborative Effort Key to Prevention and Improved Ecosystem Health (2001)*
- *Improving Forest Ecosystem Health on Federal Lands (Res. 99-011)*
- *Improving Forest Ecosystem Health on Federal Lands: Next Steps (Res. 00-041)*



More than 200 people participated in a field trip during the Forest Health Summit.

Photo: Kevin Hyde

Clearwater Stewardship Project and Seeley Lake Campground. At the campground, participants had an opportunity to engage operators of mobile geographic information system devices that help plot wildfire risks and thinning strategies particularly in the wildland urban interface like that represented by the community of Seeley Lake.

The Governors continue to engage Congress as the House and Senate consider forest health-related legislation. Governors Martz and Napolitano testified before the Senate Energy Committee in July on a bipartisan approach using the 10-Year Strategy to accelerate collaboratively driven forest health projects. They urged Congress to provide the funding necessary to reduce hazardous fuels, restore fire-adapted ecosystems, promote community assistance while improving fire prevention and suppression.

The U.S. Forest Service and the Department of the Interior provided financial support for this project. A number of companies, non-profit groups, foundations and individuals provided substantial support for the Forest Health Summit. They are recognized in the Acknowledgments section of this report.

Strengthening State and Federal Energy Policy and Systems

Energy Policy

The "Blackout of 2003" in the Eastern United States and Canada demonstrated all too graphically the importance of ensuring every region has reliable electricity systems. The Western Governors continue to press their agenda with Congress and the Administration urging Congress to adopt an electricity measure that would:

- delegate reliability standard setting and enforcement responsibilities to the West and authorize the formation of Regional Advisory Bodies,
- maintain state transmission siting responsibilities and authorities,
- preclude federal preemption of retail electric decisions that are the province of the states, such as provisions in the Federal Energy Regulatory Commission's Standard Market Design (SMD) rule.

Governor Bill Richardson, WGA lead governor for energy, submitted written testimony on behalf of WGA to the Senate Energy and Natural Resources Committee in March. The governors believe that the setting and enforcement of reliability standards must be done through a public process with oversight by the states and provinces in the region. Those who bear the



Reports, Position Papers and Resolutions

- March 27, 2003 WGA testimony to the Senate Energy and Natural Resources Committee and related pre-emption fact sheet
- September 17, 2002 WGA Testimony on Standard Market Design
- WGA Transmission Permitting Protocol
- WGA Energy Policy Roadmap (Res. 03-03)

consequences of reliability decisions should have the major role in the setting and enforcement of reliability standards. This is a task that cannot be left solely to the Federal Energy Regulatory Commission, an agency that has no experience or expertise on electric system reliability standards.

Energy legislation adopted by the House and the Senate has electric reliability provisions that are in line with the Governors' position. In addition, WGA worked closely with the Senate to ensure the bill contained no provisions that would preempt state authority over retail electric decisions or state siting authority over electric transmission lines. The House did include a siting preemption provision in its bill. A provision requiring FERC to delay the finalization of its standard market design rule is expected to be added to the bill in conference.

Other actions taken in the West to advance the Governors' energy policies for the region include:



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- Three proposed Regional Transmission Organizations in the West, in cooperation with Western states, have developed a proactive interconnection-wide transmission planning process that will produce a report on potential transmission needs in September 2003. The Governors' requested the report as a follow-up to the 2001 WGA Conceptual Transmission Plans Report.
- Twelve Governors and four federal agencies have signed the WGA Transmission Permitting Protocol that provides for the collaborative review of proposed interstate transmission lines.
- A project has been launched to develop an interconnection-wide market for Renewable Energy Certificates.
- Exploration of the value of a regional electricity body is underway.

Coal Bed Methane Best Management Practices

Natural gas from coal seams, more popularly known as coal bed methane, is one of the most important and valuable resources in the Western United States. The natural gas that results from CBM development is a clean burning fossil fuel, and extensive resources in the Rocky Mountain states makes it an important element of the national goal of a secure supply of energy.

CBM development and its likely growth pose significant challenges for the Western states where it takes place. These challenges are, in part, similar to other energy developments and include the construction of new roads, pipelines, compressors, and other facilities. Other issues include air quality and noise impacts associated with the development of the resource. Impacts from CBM development can stretch across millions of contiguous acres and under certain geologic conditions, CBM resources require that large amounts of water be extracted before the gas can be collected.

Widely differing viewpoints on the value of development have polarized many of the communities where it is occurring. Such difficulties may be exacerbated by split estate ownership, where the mineral resource is owned by one entity and the surface by another. The goals of the surface owner are not always compatible with those of the mineral owner. The multitude of



Two views of coal bed methane development.

CBM-related impacts and the variety of possibilities for management have so far made it difficult for governments to fully address them.

At its 2002 Environmental Summit II, WGA received consensus recommendations from a diverse group of CBM interests calling on the Governors to coordinate and share information that promotes the sound, efficient and environmentally appropriate development of CBM. The Governors agreed and called on WGA to work to improve CBM development by stimulating the sharing of information and best management practices across the states and the private sector. WGA has initiated a multi-party process to develop a CBM handbook of best management practices. A public meeting to review a draft of the handbook is anticipated in the fall of 2003 with the aim of releasing the handbook in late 2003 or early 2004.

The U.S. Environmental Protection Agency, the William and Flora Hewlett Foundation and the U.S. Department of the Interior, Bureau of Land Management provide funding for this effort.

Creating More Workable Environmental and Natural Resource Management Systems

Western Governors have long supported and encouraged policies and strategies that allow the public to meet environmental objectives in innovative, more cost effective ways. Such strategies focus on results rather than inflexible processes; emphasize the power of market incentives without defeating the enormous gains achieved historically; and finding solutions to solve problems through the best thinking and cooperation of all affected groups – regulators, businesses, tribal governments, landowners and the general public.

Reports, Position Papers and Resolutions

- *Western Air Quality* (Res. 02-06)
- *Principles for Environmental Management in the West* (Res. 02-07)

Principles for Environmental Management in the West

- National Standards, Neighborhood Solutions – Assign Responsibilities at the Right Level
- Collaboration, Not Polarization – Use Collaborative Processes to Break Down Barriers and Find Solutions
- Reward Results, Not Programs – Move to a Performance-Based System
- Science for Facts, Process for Priorities – Separate Subjective Choices from Objective Data Gathering
- Markets Before Mandates – Replace Command and Control with Economic Incentives
- Change a Heart, Change a Nation – Environmental Understanding is Crucial
- Recognition of Costs and Benefits – Make Sure Environmental Decisions are Fully Informed
- Solutions Transcend Political Boundaries – Use Appropriate Geographic Boundaries for Environmental Problems

Western Regional Air Partnership

Through the leadership of Western Governors, the Western Regional Air Partnership (WRAP) is spearheading the charge to improve air quality in the West. The WRAP brings together Western states, tribes, and federal agencies – along with business, industry, and environmental interests – to protect air quality in the West's national parks and wilderness areas, which are cherished by Westerners and visitors from around the world.

Under the co-chairmanship of Governor Mike Leavitt and Governor Fred S. Vallo, Sr. of the Pueblo of Acoma, the WRAP made great strides in 2002-2003. In June 2003, the U.S. Environmental Protection Agency published a revision to its Regional Haze Rule incorporating the WRAP's voluntary program to reduce sulfur dioxide emissions from large industrial sources. The WRAP program ensures environmental progress while providing regulated sources with the flexibility needed to achieve the reductions in the most cost-effective manner possible.

Other policies being developed through the WRAP address expanding the use of renewable energy and energy efficiency in the West and finding practical approaches for reducing the air quality impact of prescribed



burning on agricultural and wild lands.

The WRAP is also developing state-of-the-art technical tools needed by Western states and tribes that are preparing visibility plans for submittal to the EPA by the end of this year. This effort includes the first-ever Western regional emissions inventory and an air quality modeling program being conducted by the University of California at Riverside.

In the coming year, the WRAP will help states and tribes finalize regional haze plans for the Colorado Plateau and begin the planning for other Class I areas throughout the West.

All interested parties are encouraged to participate in the WRAP (www.wrapair.org). The WRAP speakers' bureau is available to provide presentations about regional haze and the work of the WRAP. The WRAP is supported financially by grants from the EPA.

Nuclear Waste Transportation

Twelve Western states work cooperatively under the WGA radioactive waste safe transportation program to plan and prepare for shipments of transuranic waste to the Waste Isolation Pilot Plant (WIPP) in southeastern New Mexico. This model program is supported by the U.S. Department of Energy (DOE), Carlsbad Field Office, which is responsible for coordinating all transuranic waste shipments.

Since March 1999, more than 1,800 shipments have been successfully completed without a significant incident. To date, shipments have been made from five DOE sites: Rocky Flats Environmental Test Site in Colorado, Los Alamos National Laboratory in New Mexico, Hanford Site in Washington, Savannah River Site in South Carolina, and Idaho National Engineering and Environmental Laboratory (INEEL) in Idaho.

For the past year, the Western States focused on updating the WIPP Transportation Safety Program Implementation Guide based on accumulated

shipping experience. Changes proposed in the summer of 2002 were accepted by DOE in September and have been implemented. Earlier this year, Western States proposed several additional changes to the Guide, which are now under review at DOE. WGA is also developing safety protocols for the future shipment of transuranic waste by railroad.

In February 2003, Western Governors and the Secretary of Energy executed an updated Memorandum of Agreement, in which both Western States and DOE committed to following the protocols developed under the Guide in all shipments of transuranic waste originating in or



Barrels of transuranic waste are placed in permanent storage at WIPP.

Reports, Position Papers and Resolutions

- *U.S. Department of Energy Waste Isolation Pilot Plant (WIPP) and TRU Waste (Res. 00-016)*
- *Assessing the Risks of Terrorism and Sabotage Against High-Level Nuclear Waste Shipments to a Geologic Repository or Interim Storage Facility (Res. 01-03)*
- *Transportation of Spent Nuclear Fuel and High-Level Radioactive Waste (Res. 02-05)*
- *Department of Energy Facilities Cleanup Program Top-to-Bottom Review (Res. 02-25)*

Reports, Position Papers and Resolutions

- *Regarding Future Management of Drought in the United States* (Memorandum of Understanding; 2000)
- *Western Drought Experience: The Western Drought Coordination Council's Report to the National Drought Policy Commission* (1999)
- *Future Management of Drought in the West* (Res. 02-02)
- *Negotiated Indian Water Rights Settlements* (Res. 01-10)
- *De-listing of Endangered Species* (Res. 00-20)
- *Reauthorization and Amendment of the Endangered Species Act of 1973* (Res. 00-30)



WIPP Transportation Route Map

INEEL. DOE developed transportation and security plans for these shipments using a planning process that included affected states.

Govs. Dirk Kempthorne of Idaho, Kenny Guinn of Nevada and Bill Richardson of New Mexico serve as lead Governors for WGA's radioactive waste transportation program. The program is supported with funding from DOE.

Water Policy

Water supplies in the West are strained by several competing demands: economic expansion and population growth; protection of wildlife, including threatened and endangered species; and water quality. Droughts further compound these demands and have major impacts on our quality of life. The WGA water program is intended to provide a strategic, state-based approach to Western water policy.

Drought

Records indicate that drought occurs somewhere in the West almost every year. However, it is multi-year drought events that are of the greatest concern to planners, natural resource managers and government policy-makers. During recent droughts, states often have been frustrated in their attempts to provide drought assistance to their citizens. At the federal level, droughts have historically been treated as unique, separate events even though there have been frequent, significant droughts of national consequences over the years. Actions have been taken mainly through special legislation and ad hoc action measures rather than through a systematic and permanent process, as occurs with other natural disasters. Frequently, funding to assist states with related

destined for the West. DOE also has incorporated the WGA protocols in its own department shipping guidance and expanded them to address other radioactive waste shipments.

In addition to transuranic waste shipments, DOE made a shipment of spent nuclear fuel from the West Valley Demonstration Site in New York to INEEL. DOE also plans to make a shipment of foreign research reactor spent fuel from the Savannah River Site to



impacts has been unavailable or not provided in a timely manner.

To better coordinate and integrate federal and state programs for drought, WGA's lead Governors for drought, Judy Martz of Montana, Mike Johanns of Nebraska, and Bill Richardson of New Mexico, have worked with Senate and House leaders in developing the "National Drought Preparedness Act of 2003." The bill would move the country away from the costly, ad hoc, response-oriented approach to drought, and move us toward a proactive approach to preparedness. The new national policy would provide tools and coordination for drought, similar to those provided for other natural disasters in the Stafford Act.

The Governors have identified reliable data as a key factor that will allow policy-makers and individuals to mitigate drought impacts. To improve the science of drought in terms of both forecasting and monitoring, the Western Governors' Association received a grant from the National Oceanic and Atmospheric Administration to develop a vision for a "National Integrated Drought Information System," including recommendations for implementation. WGA has begun a collaborative effort to develop this report and will present the findings to the Governors during the 2004 Annual Meeting.

Indian Water Rights

The Western Governors' Association, along with the Western Business Roundtable, the Native American Rights Fund, and the Western States Water Council, participates in the Ad Hoc Group on Indian Water Rights. This group has consistently supported the negotiated settlement of Indian land and water right disputes and believes funding will be a barrier, unless the budgetary process is changed.

Currently, funding for these settlements must be offset by a corresponding reduction in some other discretionary component of the Interior Department's budget. When funding occurs only at the expense of some other program, it is difficult to negotiate settlements.

The Ad Hoc Group briefed members of Congress and the Administration on the issue and possible funding solutions. WGA and the Ad Hoc Group have advocated a bill sponsored by Senator Pete Domenici of New Mexico in the 107th Congress that would provide a budgetary mechanism to ensure that funds will be available to fulfill the federal government's responsibilities to negotiated Indian land and water settlements. The bill would adjust the discretionary spending limits for an appropriation that funds federal commitments made in previously authorized Indian water or land settlements.

Improving the Social and Economic Fabric of the West

Health Information Technologies

WGA is working with a number of federal and state agencies, nonprofit organizations, and the private sector to improve the effectiveness and efficiency of the nation's health-care system. The primary goal is to jointly develop and implement electronic systems to share basic patient health data. Such a system, once it becomes nationwide, will help eliminate the nearly 100,000 deaths per year resulting from preventable medical errors. In addition, the system can save billions of dollars annually by preventing adverse drug reactions and avoiding repeated tests and immunizations due to lack of basic information on the patient.

WGA is working with the Centers for Medicare and Medicaid Services; National Library of Medicine; Women, Infants and Children; Head Start; General Services Administration; the Patient Safety Institute and others to develop and test electronic health data exchange systems. Two of those efforts are related to Smart Cards and Patient Safety Networks.



Reports, Position Papers and Resolutions

- *The Health Passport Project: Assessment and Recommendations – executive summary (2002)*
- *Rural Health Improvements (Res. 01-06)*

Offline: Smart Cards

For the last three years, WGA has helped manage a three-city demonstration testing the use of smart cards as a portable health record. Public health clients in Reno, Nev.; Cheyenne, Wyo.; and Bismarck, N.D. were given a smart card, which was used to store the health records of parents and their children. Each time a client visited a participating health-care provider, the information on the card could be read and updated by the provider with the client's permission. By having complete, updated health records stored on a smart card that could fit in a wallet, clients were more likely to avoid having redundant tests, immunizations or x-rays and incompatible prescriptions.

Online: Patient Safety Networks

The nonprofit Patient Safety Institute (PSI) is rolling out a nationwide network connecting the patient record databases of interested hospitals, doctors and pharmacies, allowing them to share basic health data on patients they treat in common. WGA is working with interested Governors and their health directors and the Patient Safety Institute to convene stakeholders to discuss building out a patient safety network in their states. Demonstrations of the network are operational in Spokane and Seattle. Delaware recently signed on with PSI to implement the network statewide.

States are interested in the PSI Network because it:

- is a voluntary, opt-in program for patients, doctors and hospitals, not a federal top-down mandate;
- can help lower public health-care costs and insurance costs;
- depending on state laws, state agencies could add state information, such as immunization registries to the network to ensure kids don't get the same immunization shots twice; and
- can aggregate and make anonymous the health data within a state, thereby assisting state health-data commissions, policy groups, and the public formulate strategies to respond to state health status and trends;
- could be used to detect real-time health events, such as disease outbreaks or biological terrorism.

The PSI network operates as the health-care equivalent of the financial credit card network. No data resides on PSI's servers. The PSI servers merely act as "traffic cops," verifying participating organizations, telling them where the data they are looking for resides and logging the transaction.

The PSI Network is an opt-in system for patients, providers and agencies. The only patient records that will be shared among providers treating the same patient or agencies serving the same client are records of patients who have agreed to participate. PSI is designing the network with the Health Insurance Portability and Accountability Act in mind. PSI will maintain transaction logs to capture the data requested, the organization making the request and the data exchanged.



GOVERNORS' BIO SKETCHES

Alaska



FRANK MURKOWSKI, born in 1933 in Seattle, Washington, left the life of a U.S. Senator to run for Governor of Alaska, an office to which he was elected in 2002. Murkowski was first elected as a U.S. Senator in 1980 and served on the Energy and Natural Resources, Finance, Indian Affairs and Veterans' Affairs Committees. Prior to entering the Senate, he was president of Alaska National Bank of the North, starting in that post in 1971. In 1966 Murkowski was appointed Alaska's Commissioner of Economic Development, the state's youngest commissioner at age 33. Murkowski's first job after graduating from Seattle University in 1955 with a degree in economics and then serving two years in the U.S. Coast Guard was with Pacific National Bank in Seattle. Murkowski has been president of the Alaska Bankers Association and president of the Alaska State Chamber of Commerce and is a member of the Pioneers of Alaska.

Birth Date: March 28, 1933
Family: Married, six children
Spouse: Nancy
Party: Republican
Elected: 2002

American Samoa



TOGIOLA TULAFONO, formerly American Samoa's Lieutenant Governor, was sworn into office in April 2003 following the sudden death of Gov. Tauese Sunia. Tulafono had been lieutenant governor since 1997. Prior to that, he had served as a Senator for 12 years, as the first chair of the Board of Directors of the American Samoa Power Authority and as the first chair of the Board of Higher Education. A graduate of Chadron State College in Nebraska, Washburn University School of Law in Topeka, Kansas, and the National Judicial College in Reno, Nevada, Tulafono also served as a District Court Judge, as Samoan Assistant to the Attorney General, and as a lawyer in private practice for more than 20 years. His other public duties have included service as a policeman, an administrative assistant for the Secretary of Samoan Affairs, and chair of the American Samoa Centennial Committee, which in 2000 marked the centennial of American Samoa's relationship as a U.S. possession.

Birth Date: February 28, 1947
Family: Married, six children
Spouse: Mary
Party: Democrat
Succeeded to Office: 2003

Arizona



JANET NAPOLITANO, a former U.S. Attorney for Arizona — a post in which she served for more than five years — was elected Arizona Attorney General in 1998 and Governor in 2002. Her activities as U.S. Attorney included management of investigations into the relationship between the Oklahoma City Federal Building bombing and Timothy McVeigh's time in Kingman, Arizona. Born in New York City in 1957, Napolitano grew up in Albuquerque, New Mexico, and attended college in California at Santa Clara University. She received her law degree from the University of Virginia.

Birth Date: November 29, 1957
Party: Democrat
Elected: 2002

California



GRAY DAVIS was born in the Bronx, New York. He moved to California at age 11 and attended public, private, and parochial schools. A cum laude graduate of Stanford University with a Columbia University Law School degree, he served as a U.S. Army captain in Vietnam and was awarded the Bronze Star for meritorious service. Davis served as chief of staff to Governor Edmund G. Brown, Jr. from 1975 to 1981. He also chaired the California Council on Criminal Justice from 1975 to 1976. From 1982 to 1986, Davis represented Los Angeles County in the State Assembly. He was elected State Controller in 1986 and served as the state's chief fiscal officer for eight years, before being elected Lieutenant Governor in 1994. He was first elected governor in 1998.

Birth Date: December 26, 1942
Family: Married
Spouse: Sharon
Party: Democrat
Re-elected: 2002

Colorado



BILL OWENS was sworn in as Colorado's 40th governor in January 1999. Called "the best governor in America" by National Review magazine, he was re-elected in 2002 with the greatest majority in Colorado history. He also serves as the Chairman of the Republican Governors' Association. Gov. Owens, who holds a master's degree in public administration from the Lyndon B. Johnson School of Public Affairs at the University of Texas, worked for 20 years in the private sector before serving in the Colorado House of Representatives, Colorado Senate and as State Treasurer.

Birth Date: October 22, 1950
Family: Married; three children
Spouse: Frances
Party: Republican
Re-elected: 2002

Guam



FELIX PEREZ CAMACHO, prior to his election as governor, served as a senator in four sessions of the Guam Legislature, including as assistant majority leader, majority whip and presiding officer of the Legislative Committee on Power, Governmental Operations, and Foreign Affairs. He also was chair of the Committee on Tourism, Transportation, and Economic Development, and served on various other committees. He represented Guam at the Asian Pacific Parliamentarian Union, the Association of Pacific Island Legislatures and the National Council of State Legislators. Born in Camp Zama, Japan, Camacho attended Marquette University and graduated with a degree in business administration and finance in 1980. He worked with the Pacific Financial Corp. as an insurance manager in the property casualty division before joining IBM as an account administrator.

Birth Date: October 30, 1957
Family: Married, three children
Spouse: Joann
Party: Republican
Elected: 2002

Hawaii



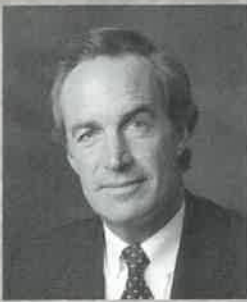
LINDA LINGLE is the first woman to be elected Governor of Hawaii and the first mayor to be elected the state's chief executive. She served two full terms as mayor of Maui County after being elected in 1990 as the first non-native of Maui to be chosen as mayor. Lingle was born in St. Louis, Missouri, in 1953 and moved with her family to Southern California at age 12. She graduated from California State University at Northridge in journalism in 1975 and moved to Hawaii to be a public information officer for the Hawaii Teamsters and Hotel Workers Union in Honolulu. She later founded the Molokai Free Press as a community newspaper for the island of Molokai. In 1980 she won the first of five elections to the Maui County Council, three of which were for terms as a representative for Molokai and two as an at-large member.

Birth Date: June 4, 1953

Party: Republican

Elected: 2002

Idaho



DIRK KEMPTHORNE was born in San Diego, California. He attended the University of Idaho, earning a bachelor's degree in political science in 1975. Kempthorne was elected mayor of Boise, Idaho, in 1984 and served in that capacity for seven years. He was elected to the U.S. Senate in November 1992. Kempthorne served on the Environment and Public Works Committee, where he chaired the Drinking Water, Fisheries, and Wildlife Subcommittee. He also served on the Armed Services Committee, chairing the Military Personnel Subcommittee, and the Small Business Committee. Governor Kempthorne was elected Governor in 1998 and re-elected in 2002. He is a former chairman of the Western Governors' Association (2001) and the current Chairman of the National Governors' Association.

Birth Date: October 29, 1951

Family: Married; two children

Spouse: Patricia

Party: Republican

Re-elected: 2002

Kansas



KATHLEEN SEBELIUS is the nation's first daughter of a Governor (Ohio Gov. John Gilligan) to be elected to the same position. Her first elected service began in 1987 with election to the Kansas House of Representatives, where she served until 1994. In 1994 she was elected Insurance Commissioner and received recognition as one of *Governing Magazine's* Top 10 Public Officials in 2001. In 2002 she was elected as the 44th Governor of Kansas. *Modern Healthcare Magazine* listed her among the 100 most powerful people in the healthcare field that same year. Sebelius was born in Cincinnati, Ohio, to John and Katie Gilligan in 1948. She received a political science degree from Trinity College and a master's degree in public administration from the University of Kansas. Sebelius was the youngest member to be appointed to the Kansas Governmental Ethics Commission. She and her husband, Gary, have two sons.

Birth Date: May 15, 1948

Family: Married, two sons

Spouse: Gary

Party: Democrat

Elected: 2002

Montana



JUDY MARTZ was born on July 28, 1943, in Big Timber, Montana. Since 1973, she and her husband have owned and operated Martz Disposal Service, a successful commercial solid waste firm in Butte. She served as president of the Butte Chamber of Commerce in the early 1990s and served on the board of the St. James Community Hospital from 1992 to 1998. Martz served as field representative for Senator Conrad Burns, a position she held until she joined Governor Marc Racicot in his re-election bid in 1996 as his Lieutenant Governor. Martz was elected Montana's first female Lieutenant Governor and then elected its first female Governor in November 2000. She serves as Chair of the Western Governors' Association.

Birth Date: July 28, 1943
Family: Married; two children
Spouse: Harry
Party: Republican
Elected: 2000

Nebraska



MIKE JOHANNS, born in Osage, Iowa, received a bachelor's degree from St. Mary's College in 1971 and a juris doctorate from Creighton University in 1974. He served as a judicial law clerk for one year before joining the law firm of Cronin and Hannon in O'Neill, Nebraska. Johanns moved to Lincoln in 1976 and became a partner in the firm of Nelson, Johanns, Morris, Holdemann, and Titus. He was first elected to office in 1982, as a member of the Lancaster County Board of Commissioners. In 1989, he was elected to the Lincoln City Council as an at-large member. He was elected mayor of Lincoln in 1991 and re-elected in 1995 with no opposition. Johanns was elected Governor in 1998 and re-elected in 2002.

Birth Date: June 18, 1950
Family: Married, two children
Spouse: Stephanie
Party: Republican
Re-elected: 2002

Nevada



KENNY C. GUINN was born in Garland, Arkansas and grew up in Exeter, California. He earned undergraduate and graduate degrees in physical education from Fresno State University in 1959 and 1965, respectively, and a doctorate in education from Utah State University in 1970. In 1964, Guinn went to work for the Clark County School District as a planning specialist. Within five years, he was named superintendent of schools in Clark County and served in that position until 1978. At that time he was hired as administrative vice president for Nevada Savings and Loan in Las Vegas, which later became PriMerit Bank, and in 1987 he was appointed chairman of the board of directors. Soon thereafter, Guinn was recruited to the energy business as president of Southwest Gas Corporation, eventually becoming chairman of the board of directors in 1993. In 1995, he served as interim President at the University of Nevada, Las Vegas, where he donated his salary to student scholarships. He continued working in the private sector until running successfully for Governor in 1998.

Birth Date: August 24, 1936
*Family: Married, two children,
six grandchildren*
Spouse: Dema
Party: Republican
Elected: 2002

New Mexico



BILL RICHARDSON, born in Pasadena, California, became Governor of New Mexico in January 2003. Richardson previously served the state as a congressman for 15 years and served the nation as Ambassador to the United Nations, a post to which he was confirmed in 1997, and as Secretary of the Department of Energy, to which he was confirmed in 1998. Prior to his election as Governor, Richardson taught in 2001 at the Kennedy School of Government at Harvard University and at the United World College in Montezuma, New Mexico. He also served as chair of the nonprofit, nonpartisan Freedom House, which promotes democracy worldwide. Richardson's work on human rights and his diplomatic efforts are among reasons for four nominations for a Nobel Peace Prize over the years between 1995 and 2001. Among his civic activities have been service on the boards of the Natural Resource Defense Council and United Way International. Richardson serves as WGA's Vice Chairman.

Birth Date: November 15, 1947

Family: Married

Spouse: Barbara

Party: Democrat

Elected: 2002

North Dakota



JOHN HOEVEN, North Dakota's 31st Governor, is working to build North Dakota's future focusing on six pillars: excellence in education, economic development, agriculture, energy, technology and quality of life. Born in Bismarck, Governor Hoeven earned a bachelor's degree from Dartmouth College in 1979 and a master's degree in business administration from Northwestern University in 1981. He served as executive vice president of First Western Bank in Minot from 1986 to 1993 and established a strong position of service in many civic, community and economic development activities. From 1993-2000 he served as president and CEO of Bank of North Dakota (BND), which grew from \$900 million to \$1.6 billion. Governor Hoeven serves as Chair of the Interstate Oil and Gas Compact Commission and the Governors' Ethanol Coalition, and Vice Chair of the National Governors Association's Committee on Human Resources and the Midwestern Governor's Conference. Hoeven previously served as chair of the National Governors Association's Committee on Natural Resources.

Family: Married, 2 children

Spouse: Mical (Mickey)

Party: Republican

Elected: 2002

Northern Mariana Islands



JUAN N. BABAUTA was born September 7, 1953 in the village of Tanapag on Saipan, Northern Mariana Islands. He earned a master's degree in health planning/administration from the University of Cincinnati and a bachelor's degree in political science and master's degree in political science and American history from Eastern New Mexico University. He served as executive director of the commonwealth Health Planning and Development agency from 1979 to 1986. Babauta served as a senator in the Northern Mariana Islands legislature from 1986 to 1990. He was elected to serve three terms as the commonwealth's Resident Representative to the United States from 1990 to 2002.

Birth Date: September 7, 1953

Family: Married

Spouse: Dianna

Party: Republican

Elected: 2001

Oregon



TED KULONGOSKI spent his early life in Missouri, where he was raised in a Catholic boys home in St. Louis after his father died. After completing high school and a tour of duty with the U.S. Marine Corps as a forward observer with artillery regiments, Kulongoski put himself through college and law school at the University of Missouri with the help of the GI Bill and work as a truck driver and steelworker. After receiving his law degree, Kulongoski established a law firm in Eugene, Oregon. He was elected to the Oregon House of Representatives in 1974 and to the Oregon Senate in 1978. In 1987, then Governor Neil Goldschmidt appointed Kulongoski as Insurance Commissioner. In 1992 Kulongoski was elected Attorney General. Four years later, Kulongoski was elected to the Oregon Supreme Court. In 2002 he was elected Governor.

Birth Date: November 5, 1940
Family: Married, three children
Spouse: Mary Oberst
Party: Democrat
Elected: 2002

South Dakota



MIKE ROUNDS traded jobs as a partner in Fischer, Rounds & Associates, an insurance and real estate agency, for being Governor of South Dakota, a position to which he was elected in 2002. Prior to being elected governor, Rounds served as South Dakota Senate Majority Leader for six years. He represented the Pierre area in the state Senate for 10 years. Born in Huron, S.D. and a lifelong Pierre resident, Rounds has been involved in civic activities at the YMCA, Exchange Club, and Elks. He received a degree in political science from South Dakota State University.

Birth Date: October 24, 1954
Family: Married, four children
Spouse: Jean
Party: Republican
Elected: 2002

Texas



RICK PERRY was born in West Texas in 1950, the fifth generation of a farming and ranching family. He attended Texas A&M University, earning a degree in animal science in 1972. Following graduation, he served five years in the United States Air Force, flying C-130 tactical airlift aircraft in the U.S., Europe and the Middle East. Governor Perry was elected to the Texas House of Representatives from a rural, West Texas district in 1985. In 1991, he began to serve the first of two terms as Texas Commissioner of Agriculture. He was elected Lieutenant Governor in 1998, and was sworn in as Governor of Texas in December 2000, following the election of former Governor George W. Bush as President.

Birth Date: March 4, 1950
Family: Married, two children
Spouse: Anita
Party: Republican
Elected: 2002

Utah



MICHAEL O. LEAVITT was born and raised in Cedar City, Utah. He earned a bachelor's degree in business and economics from Southern Utah University in 1978. He is past president and chief executive officer of a large regional insurance firm. His public service included serving as a member of the Utah State Board of Regents, overseeing the state's nine colleges and universities. In his first bid for elective office, Leavitt was elected Governor in 1992. He was re-elected in 1996 and, again, in 2000. Governor Leavitt is a past chair of the Western Governors' Association (1995) and National Governors Association (1999-2000).

Birth Date: February 11, 1951
Family: Married; five children
Spouse: Jacalyn
Party: Republican
Re-elected: 2000

Washington



GARY LOCKE was born in Seattle and lived his first six years in Yesler Terrace, a public housing project for families of World War II veterans. He received his undergraduate degree in political science from Yale University in 1972 and his law degree from Boston University in 1975. After graduation, Locke worked as a King County deputy prosecuting attorney. Locke served in the Washington House of Representatives from 1983 to 1994, with his final five years as chairman of the House Appropriations Committee. In 1993, he was elected chief executive of King County, the state's largest county. He was elected Governor in 1996 and re-elected in 2000. Gov. Locke also serves as chairman of the Democratic Governors' Association.

Birth Date: January 21, 1950
Family: Married; two children
Spouse: Mona
Party: Democrat
Re-elected: 2000

Wyoming



DAVE FREUDENTHAL a native of Thermopolis, Wyoming, earned money to attend college in Amherst, Massachusetts, by working construction in summers as a member of the National Brotherhood of Boilermakers and Blacksmiths Union. After graduating from Amherst College in 1973, Freudenthal began work as an economist with the Wyoming Department of Economic Planning and Development. In 1975, then Wyoming Governor Ed Herschler appointed Freudenthal the State Planning Coordinator. Freudenthal completed a law degree at the University of Wyoming and began practice in Cheyenne in 1980. In 1994 Freudenthal was appointed U.S. Attorney for Wyoming, a position he held until May 2001. His civic activities have included serving as a founding director of the Wyoming Student Loan Corp., chair of the Greater Cheyenne Chamber of Commerce, and a member of the Education Policy Implementation Council, the state Economic Development Stabilization Board and the Laramie County Community Action Board.

Birth Date: October 12, 1950
Family: Married, four children
Spouse: Nancy
Party: Democrat
Elected: 2002

WGA STAFF COUNCIL 2002-2003

The WGA Staff Council comprises the chief of staff or top policy adviser for each Governor and meets between the Governors' annual and winter meetings to review and guide WGA activities. The council reviews proposed work plans, budgets, and policy resolutions; works out interstate differences on regional issues; and provides guidance to WGA staff. Council recommendations are conveyed to the individual Governors, as well, to keep members abreast of WGA activities. Representing each Governor's office are:

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AMERICAN SAMOA

Pati Faiai

ARIZONA

Dennis Burke

CALIFORNIA

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HAWAII

Bob Awana

IDAHO

Gary Smith

KANSAS

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Kevin Riordan, *U.S.D.A. Forest Service*

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National Forest Foundation
National Oceanic and Atmospheric Administration
The Nature Conservancy
The Wilderness Society
The William and Flora Hewlett Foundation
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U.S. Department of Commerce--National Oceanic and Atmospheric Administration
U.S. Department of Energy, Environmental Management; Carlsbad Field Office, and National Transportation Program
U.S. Department of Health and Human Services: Health Resources & Services Administration; Bureau of Maternal and Child Health; Administration for Children and Families; Head Start Bureau; Centers for Medicare and Medicaid Services; National Library of Medicine
U.S. Department of the Interior, Bureau of Land Management
U.S. Environmental Protection Agency, Region VI; Region IX; Office of Water; Office of International Activities

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WGA would like to recognize for their guidance the staff who serve on various task forces, working groups, and advisory committees. The following advisors and consultants are recognized for going out of their way to be of assistance to W.G.A.

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Jim Bill Anderson—Canadian River Cattle Company
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 Chris Zabawa—U.S. Environmental Protection Agency
 Al Zemsky—U.S. Environmental Protection Agency, Region IX

communities to set priorities and take the lead to solve environmental and environmental health related issues affecting them.

The U.S. Environmental Protection Agency provides funding for these efforts.

Mexico Air Pollutant Emissions Inventory

WGA is working in partnership with the states and Mexico to develop a comprehensive inventory of air pollutant emissions. This three-year effort, begun in August 2001, will result in the first complete national inventory for Mexico. For Mexico, the information contained in the inventory will provide a technical basis for identifying effective control strategies to protect the health of the Mexican people. For the United States, having a comprehensive inventory will provide data essential to the accurate characterization of air quality and visibility problems here.

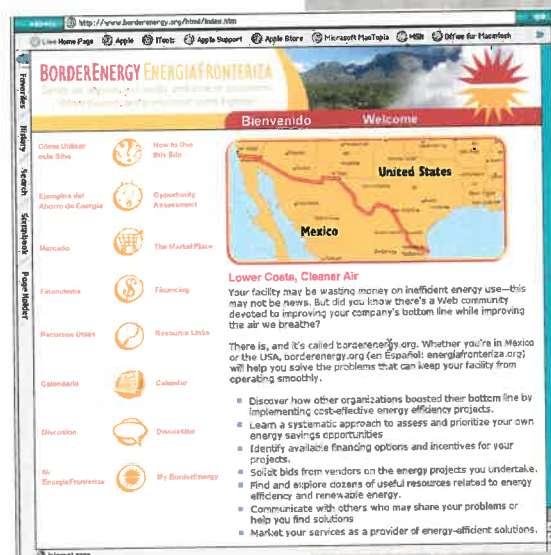
At the same time the inventory is being developed, WGA is helping to build the technical skills of Mexican air quality staff people so that it will be possible to keep the inventory accurate and current well into the future. The present focus is on publishing the inventory for the six northern Mexican states by February 2004, and finishing the rest of the country by July 2004.

U.S.-Mexico Border Energy

WGA is working with U.S. and Mexican states to achieve energy savings and environmental benefits along the border. Growth in the border region has been substantial during the past decade and is expected to continue to increase five to eight percent annually. This steady growth has also led to significant increases in energy demand. While some of the new demand can be met through the development of new energy supplies, an important component of any plan will be the promotion and use of energy efficiency equipment.

Toward that end, WGA has developed a bilingual Web site at www.borderenergy.org to help businesses, manufacturing plants and individuals on both sides of the border identify ways to improve energy savings, calculate the potential long-term monetary benefit from energy savings devices, find the right products and consultants to get the job done, and explore financing programs. While the Web site provides substantial information on products and vendors, and has numerous resource links, it also provides pertinent case studies to help point businesses and consumers along the border in the right direction.

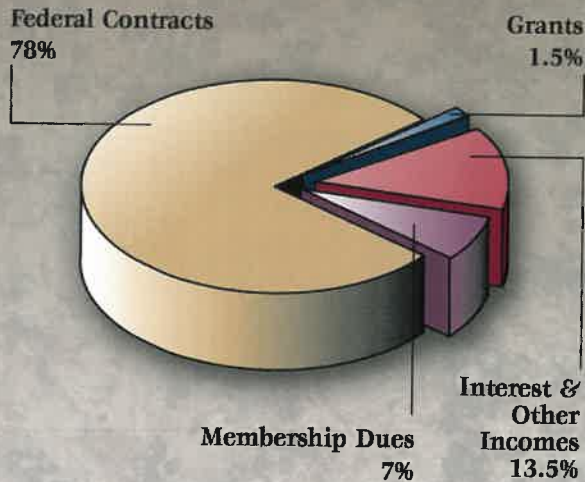
One of the major outcomes of the site is to create a knowledge-sharing community where people motivated to explore the potential of energy efficiency can connect with those who are willing to share their knowledge and experience. The information on and participation in the Web site has grown substantially during its first six months of operation and is expected to continue to do so during the next year.



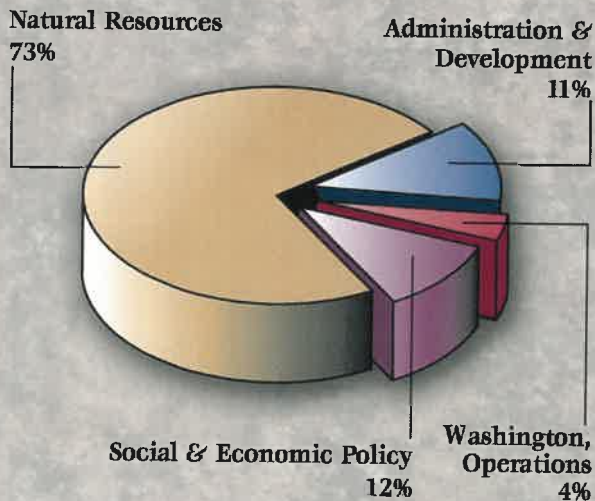
Reports, position papers and resolutions mentioned in the "Year in Review 2003" are available on the Western Governors' Association Web site at www.westgov.org. Resolutions adopted at the 2003 Annual Meeting in September, which are not listed in this report, are also available on the Web. For those without access to the Internet, a copy may be obtained by contacting WGA at (303) 623-9378.

FINANCES

FY 2002 Support and Revenues



FY 2002 Functional Expenses



WGA's income is derived from dues from member states, grants and contracts, contributions, interest and other miscellaneous income. Member dues for fiscal year 2002 were \$36,000 per state and \$6,000 per territory/commonwealth.

During the fiscal year ended June 30, 2002, WGA's income totaled \$8,520,887. Approximately 78 percent of this amount was received from federal agencies for various projects.

Statement of Activities for the Year Ended June 30, 2002

Membership Dues	\$ 618,000
Federal Contracts	6,617,197
Grants	130,712
Meetings & Conferences	1,136,049
Interest Income	18,929

Total Support and Revenues	\$ 8,520,887
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Functional Expenses

Natural Resources (includes energy and forest health)	\$ 6,072,901
Social & Economic Policy (includes information technology and advancing states' role in governing)	983,361
Washington, D.C. Operations	300,314
Administration & Development	932,462

Total Functional Expenses	\$ 8,289,038
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Excess (Deficiency) of Support and Revenues Over Expenses	231,849
Fund Balances, Beginning of Year	1,267,486

Fund Balances End of Year	\$ 1,499,335
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*Excerpted from the audit report of JDS Professional Group,
Certified Public Accountants, Consultants, and Advisors*



1515 Cleveland Place, Suite 200
Denver, CO 80202
(303) 623-9378
Fax (303) 534-7309
www.westgov.org