

Report of the Canadian Parliamentary Delegation respecting its participation at the Annual National Conference of the Council of State Governments (CSG)

Canada-United States Inter-Parliamentary Group

Kansas City, Missouri, United States of America September 19-22, 2013

Report

DELEGATION MEMBERS AND STAFF

From September 19-22, 2013, two Vice-Chairs from the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) – Senator Michael L. MacDonald and Mr. François Lapointe – led a delegation to the annual national conference of the Council of State Governments (CSG) in Kansas City, Missouri. The other members of the delegation were Senator Terry M. Mercer and Mr. Bob Zimmer, M.P. The delegation was accompanied by Ms. June Dewetering, Senior Advisor to the Canadian Section.

THE EVENT

The CSG serves all three branches of state government and provides regional fora – the western, midwestern, southern and eastern regional conferences – through which ideas and insights are exchanged with a view to shaping public policy.

Each year, the CSG convenes a national conference, which is attended by selected governors and state legislators from throughout the United States. In addition to this annual conference, the CSG's various regions hold an annual meeting.

DELEGATION OBJECTIVES FOR THE EVENT

The national CSG conference provides members of the Canadian Section with an important opportunity to speak with state legislators and selected governors from throughout the United States. At this meeting, the delegation was particularly pleased to be able to support their provincial colleagues in advocating resolutions in two areas: the United States' mandatory country-of-origin labelling (COOL) requirements, in respect of which Canada is seeking a legislative solution rather than retaliatory action against the United States in light of the World Trade Organization's finding that the requirements are contrary to international trade obligations; and the new international crossing at Detroit-Windsor, in respect of which the timely construction of a customs plaza in the United States is sought. The CSG's Executive Committee adopted resolutions on both topics.

The interaction with governors and state legislators enables members of the Canadian Section of the IPG to achieve the aim of finding points of convergence in respective policies, initiating dialogue on points of divergence, encouraging exchanges of information and promoting better understanding among legislators on shared issues of concern. Moreover, the meetings provide members with an opportunity to give input to, and gather information about, state-level issues that affect Canada.

ACTIVITIES AT THE EVENT

The following plenary, committee, task force and other sessions were held at the 2013 national conference of the CSG:

• Results First – Cost-Benefit Approaches to State Policymaking

- State Approaches to Obesity Reduction (Special Policy Session)
- Building Trust Through Civil Discourse (CSG National Leadership Center)
- Post-secondary Education for the 21st Century (Opening General Session)
- Pushing the Envelope Through Health Innovation (Health Committee)
- Transportation Funding & Performance in the MAP-21 Era (Transportation Committee)
- Lessons in Leadership (General Session Luncheon)
- Policies to Achieve Safer Schools (Education and Health Committees)
- The Evolving State-Federal Health Care Relationship (General Session Breakfast)
- Grid Reliability Regulatory Challenges and Technology Opportunities (Energy & Environment Committee)
- Education Reform and Transformation: Fact or Fiction? (Education Committee)
- The Numbers Game (General Session Luncheon)
- Focus on Federalism (CSG Federalism Task Force)
- Economic Prosperity After the Recession (Fiscal & Economic Committee)

This report summarizes the discussions that occurred at selected sessions.

RESULTS FIRST – COST-BENEFIT APPROACHES TO STATE POLICYMAKING

Gary Van Landingham, The Pew Charitable Trusts

- Washington State has been looked at policies through an evidence-based "lens" for a number of years.
- The federal and state governments spend large amounts to address problems, often with few results.
- While people may talk about making strategic choices, the budget often relies on inertia and anecdotes, rather than data.
- Across-the-board reductions rather than strategic investment decisions are often made.
- States lack data, and information is limited about such questions as:
 - What programs are funded?
 - What does each program cost?
 - What are programs accomplishing?

- The Pew Charitable Trusts' Results First initiative addresses the challenge of limited data by applying a business-oriented approach; cost-benefit analysis is a long-standing approach that is widely used by the private sector and, increasingly, by the states.
- There is a need to bring evidence into the decision making process; funds should be targeted using rigorous analysis, ineffective programs should cease to be funded, and programs should be implemented effectively.
- The objective is to assess investment options to find the most efficient way in which to meet policy objectives.
- Research should be used to identify what works, including in other jurisdictions, and the to predict impacts in other jurisdictions; as well, long-term costs and benefits should be calculated and compared.
- Evidence-based decision making could involve four steps:
 - Inventory programs, including an identification of costs, benefits and the cost-benefit ratio.
 - Assess the costs of programs, including those to the taxpayer and society, recognizing that costs are not the same as outcomes and low cost is not the same as successful.
 - Predict and monetize outcomes.
 - Compare costs and benefits across the programs in a portfolio.

Andrea Turner, The Pew Charitable Trusts

- Washington State has more than 15 years of experience in using a costbenefit approach to guide policy choices; the state has had better results at lower cost because of its use of this approach.
- States should adopt a goal of evidence-based programming.
- The Pew Charitable Trusts selects states with which to work on the Results First initiative; it selects states on the basis of:
 - a commitment to evidence-based decision-making at the leadership level;
 - an ability to provide necessary data; and
 - a willingness to dedicate needed resources.

Josh Goodman, *The Pew Charitable Trusts*

- The definition of an economic development tax incentive has three elements; it is a measure that is:
 - an exception to regular tax rules;
 - meant to achieve an economic goal; and

- designed to encourage people or businesses to do something that they otherwise would not have done.
- Tax incentives cost billions each year, and the cost is increasing over time.
- It is important to invest in economic development tax incentives that are effective.
- States frequently rely on anecdotal and/or incomplete information when considering tax incentives.
- There are a variety of steps that states can take, including the following:
 - Avoid blank cheques have a reliable estimate of the cost of the incentive or the change in the incentive, and consider an annual limit on the cost; it is difficult to know how popular an incentive or a change in an incentive will be, which makes it difficult to obtain a reliable estimate of the cost.
 - Thoroughly evaluate the results of the incentives the economic impacts of incentives and changes in incentives should be analyzed rigorously; it is important to consider the extent to which the incentive affected business choices, the manner in which existing businesses were affected by the incentive, whether the benefits of the incentive outweigh the cost of the incentive, whether the incentive is meeting its goals, the manner in which the incentive are working together efficiently.
 - Connect evaluations to the policy process to inform policy choices on an ongoing basis, consider sunset dates for incentives, create a strategic evaluation schedule, measure benefits and costs, use evidence to inform recommendations, and decide whether to continue, change or end the incentive.

Ruth Lindberg, The Pew Charitable Trusts

- Health can be improved by using health impact assessments as a decision-making tool.
- The United States is not getting good value for its "health dollar."
- Good health is determined by more than the amount spent on the health care system.
- Health impact assessments (HIAs) predict anticipated health outcomes of decisions or projects; they also help to weigh trade-offs.
- There are six steps in an HIA:
 - screening;
 - scoping;
 - assessment;

- recommendations;
- reporting; and
- monitoring and evaluation.
- As an HIA is not right for every policy direction, screening is important.

STATE APPROACHES TO OBESITY REDUCTION

Janet Collins, Centers for Disease Control and Prevention

- Obesity can start at a young age, and it has many health impacts.
- The considerable social changes that have occurred in the United States over decades have led to rising obesity rates as obesity has been "engineered" into people's lives; the changes are related to such factors as the following:
 - portion size;
 - out-of-home eating;
 - processed foods; and
 - less physical activity as cars replace walking and biking.
- To address obesity, a continuum is needed: prevention through to treatment.
- There is a need to make it easier for people to make better choices.

Senator John Unger, West Virginia State Senate

- Children will not learn optimally if they are hungry, regardless of the excellence of the school, curricula, etc.; nutrition is just as important at textbooks, teachers and safe places to learn.
- It is possible to get calories without getting nutrition.
- Poor nutrition in the development years is a stressor that affects children for the rest of their lives.
- Join children-seniors feeding programs during the summer months can be successful.
- If children are hungry, it is possible to be angry at parents or guardians, but it is not appropriate to be angry at the children, who should be provided with a healthy start.

Deb Ridgway, City of Kansas City, Missouri

• It is important to create infrastructure and development programs to facilitate behavioural change about living a healthy lifestyle, eating healthily, exercising, etc.

- To promote exercise, a variety of supports should be considered:
 - shared-use signs;
 - bike racks;
 - sidewalks;
 - not having to cross busy streets or highways;
 - adequate lighting; and
 - bike-friendly grates over sewers.
- All health fairs should have a physical activity.

Scott Kahan, STOP Obesity Alliance

- The infectious disease mortality rate is declining, mostly because of policies, as well as environmental and structural changes; in the first half of the 20th century, such factors as safer foods, clean water and reduced overcrowding were important, while in the second half of the 20th century, a continuation of these factors as well as improved treatments and interventions were important.
- Over time, there have been improvements in how long and how well people live.
- The U.S. Centers for Disease Control and Prevention has a framework for addressing obesity; there is a need to help people increase their level of physical activity and eat healthily, and schools, workplaces and communities are settings that can "set the stage" for healthy behaviours.
- Obesity is a complex, chronic condition, and there is "no silver bullet" in terms of a solution; a range of supportive policies and treatments is needed.
- Obesity is a chronic disease for which treatments are effectives; consequently, there is the potential for "enormous" savings.
- In the United States, obesity is a pandemic, and many states appear to have no Medicaid coverage for obesity treatments; as a point of comparison, chronic high blood pressure and cholesterol are covered by Medicaid.

Harlan Levy, *McDonald's USA LLC*

- Fast food restaurants are increasing their nutritional choices, providing information about the calories in their offerings and indicating the nutritional breakdowns of their menu items; the result is better and more informed outcomes.
- Fast food restaurants are:

- including produce and low-fat dairy products in meals for children;
- reducing sodium content;
- promoting nutrition and active lifestyle messages in their communications directed to children;
- expanding their communications and marketing regarding nutritional information; and
- providing third-party review of their performance in meeting nutritional goals.

INTERNATIONAL COMMITTEE MEETING: MANDATORY COUNTRY-OF-ORIGIN LABELLING AND THE NEW INTERNATIONAL TRADE CROSSING

Minister Verlyn Olson, *Government of Alberta*

- The United States is Canada's largest trading partner, and the two countries have common values, a joint continent and a shared history.
- Alberta and Canada are exporters.
- While Alberta has abundant oil and gas resources, it is also a strong agricultural producer.
- The U.S. mandatory COOL requirements are affecting the beef and pork sectors in both countries in a drastic and negative way, as North America's livestock form an integrated market.
- The mandatory COOL requirements are a trade barrier, and are "taking us backward"; similar rules are not applied to other food and non-food products.
- The mandatory COOL requirements make no sense from either a food safety or a consumer protection perspective; the higher costs are borne, at least in part, by consumers.
- The U.S. Congress should bring about a legislative solution to the COOL requirements and thereby ensure that the United States complies with its international trade obligations.

Roy Norton, *Government of Canada*

- In June 2012, the Government of Canada and Michigan reached agreement about a new international crossing at Detroit, Michigan-Windsor, Ontario; the existing bridge is more than 80 years old.
- Canada has assumed full responsibility for the new crossing, with the exception of the U.S. customs plaza; Canada will be repaid through tolls.
- A variety of U.S. state legislatures, including those in Ohio, Indiana, Kentucky and Alabama, have passed resolutions urging the construction

of the new crossing; resolutions have also been passed by such groups as the Pacific NorthWest Economic Region and a regional meeting of CSG.

• Many who are using the current bridge use just-in-time production.

LESSONS IN LEADERSHIP

David McCullough, Author

- Historians of the future will be limited in what can be said, as people no longer write letters.
- Leaders should surround themselves with good people.
- There is no limit on what you can accomplish if you do not care who gets the credit.
- History is essential to understanding how people work and how to work with people.
- It takes 50 years for "the dust to settle"; then, someone's legacy and contributions can be determined.
- Exceptional presidents are the exception.
- There has never been "a simpler time"; "simpler times" do not exist.
- There is a need for more people who have the ambition to excel, and be the best that they can be.
- One way to assess leadership is determining how someone handles failure.
- An ability to express oneself clearly, both orally and in writing, is key.

POLICIES TO ACHIEVE SAFER SCHOOLS

Representative Bob Godfrey, *Connecticut House of Representatives*

- Some first responders who responded to the Sandy Hook Elementary School tragedy are still in therapy and have not returned to work.
- A key question is: how can schools protect students from mentally ill people who have guns?
- Legislation is needed in two areas: gun safety and mental health issues.
- Societal stigmatization exists regarding mental illness.

Representative Elizabeth Ritter, Connecticut House of Representatives

• Following the Sandy Hook Elementary School tragedy, a bipartisan task force was established and working groups looked at three issues:

- gun violence prevention;
- school security; and
- mental health services.
- The work of the bipartisan task force and working groups resulted in legislation; several provisions address mental illness and school safety.
- Qualified providers are needed to provide mental health services, especially for young children.

Susan Payne, Office of the Colorado Attorney General

- There is a culture of "minding your own business" and a fear of retaliation if you act.
- Colorado's Safe2Tell initiative empowers young people to be part of the solution to school and community safety.
- Columbine changed many things, including the way in which police respond and the manner in which such incidents are addressed in the media, including the relative focus on the perpetrators rather than the victims.
- In some cases, tragedies could have been prevented, as people including adults – knew in advance that a tragedy was about to happen, but did not report it and thereby did not prevent it; there is a need to establish a climate where people feel comfortable sharing information.
- Often, "precipitating behaviours" early on can lead to violence; frequently, there is a history of "concerning behaviour."
- There is no profile of a school shooter; often, they plan, talk about the forthcoming incident, are suicidal, and are either a victim or a perpetrator of bullying.
- Situational awareness can save lives.
- Intelligence gathering allows early intervention.
- Solutions to the problem of school violence include the following:
 - education;
 - awareness;
 - early intervention;
 - prevention;
 - accountability; and
 - follow-up.
- It is important to foster a climate of respect and trust, with fair and equitable enforcement of rules.

- There is a need to share best practices across jurisdictions.
- Multi-disciplinary teams that include school representatives and law enforcement personnel, among others, can be effective.
- People should be able to report incidents anonymously, if they wish, and by phone, the worldwide web or text.

Ken Trump, National School Safety and Security Services

- Well-intentioned ideas may not be capable of being well-implemented.
- There is a need to balance hardware and "heartware."
- In addressing school violence, it is important to focus on:
- training for school employees and first responders, among others;
 - drills and tabletop exercise;
 - security and crisis plans;
 - crisis communications and social media;
 - student engagement; and
 - a balance among prevention, intervention, climate, security, policing, preparedness and partnering.

THE EVOLVING STATE-FEDERAL HEALTH CARE RELATIONSHIP

Secretary Kathleen Sebelius, U.S. Department of Health and Human Services

- States are the laboratories of democracy, but the federal government can play a role and partner with states to help them achieve their goals.
- Regarding health care, the federal government wants to provide states with the flexibility to implement what will work in their state.
- At the present time, 85% of Americans have health care that is affordable.
- Losing your job should not mean losing your insurance, and you should not have to choose a job based on insurance.
- You should not have to declare bankruptcy because you get sick.

GRID RELIABILITY – REGULATORY CHALLENGES AND TECHNOLOGY OPPORTUNITIES

Brian Rybarik, *Midcontinent Independent System Operator*

• At every moment, the generation of electricity must be matched with load, as there is no storage.

• As reliability is important, it is important to predict load and then match with generation, including a margin for abnormal heat, storms, etc.

Janet Sena, North American Electric Reliability Corporation

- The power grid is a very complex system, and ratepayers expect it to work.
- The interconnected grid does not stop at borders.
- Reliability assessments should be conducted for each of the four seasons and for a variety of special circumstances, such as drought, geomagnetic storms, etc.
- Cybersecurity is important; to date, there have been no successful attacks in the grid in the United States, but as things change quickly security standards must be revisited on an ongoing basis.

Jeff Fleeman, American Electric Power

- Transmission capacity is the transportation system that moves energy from the source to the load.
- The transmission system needs to evolve as the sources of generation change.
- The reliability and resiliency of the grid needs to increase in the face of natural and man-made challenges.
- Maintenance is optimized, and equipment should be designed in a manner that allows it to indicate when maintenance is required, and the nature of that maintenance.
- In answer to the question of how things can be made better, the following considerations may be relevant:
 - more capacity;
 - better design;
 - a smarter grid;
 - the "state of health" of the equipment and other assets;
 - grid strength in the face of natural and man-made "attacks"; and
 - improved readiness and response.

Anne Hoskins, Maryland Public Service Commission

- Challenges exist with the distribution system.
- Distributed generation can contribute to improved resiliency and reliability, as well as improvements in terms of greenhouse gas emissions.

- It is important to examine how generation, transmission and distribution systems can and do work together.
- Much energy is lost in the transmission and distribution of electricity.
- Energy security is important.

THE NUMBERS GAME

Nate Silver, *Author*

- Data are used across a wide array of fields.
- Now, information is at people's fingertips because of the worldwide web.
- Data alone do not provide the answer; analysis needs to be applied to the data.
- For the most part, statistical outliers are ignored, and "things" are examined in terms of probabilities, rather than "absolutes."
- The accuracy of a prediction typically increases with the proximity in time of the event; thus, when undertaking predictions, greater caution usually exists the farther away is the event.
- There are a variety of data-related problems to consider, including the following:
 - big data may be associated with "big bias" people now consume news in different ways than was historically the case, and may get a biased view, perhaps especially as they "cherry pick" the data that they want;
 - gaps between what we really know and what we think we know people may be looking for relationships and connections when they are looking at data, and people need to determine if they are seeing "noise" or a "signal"; and
 - naive trust in technology trust in technology must not override common sense.
- There are a variety of suggestions regarding data, including the following:
 - Weigh new information against what you already know.
 - Think "probabilistically."
 - Survey the "data landscape," and take a long view.
 - Trial and error is important, as there is a learning curve with complex systems.
 - Test ideas in reality rather than in laboratories.
 - Err, err and err again, but less, and less, and less.

FOCUS ON FEDERALISM

Lisa Soronen, *State and Local Legal Center*

- The crucial time for federalism was the 1930s
- Federalism does not always give you the result that you want.
- Federalism is "alive and well" in the U.S. Supreme Court.

John Kincaid, *Lafayette College*

- The period from 1932 to 1968 can be characterized as the era of cooperative federalism, with the states having substantial opportunities to govern themselves.
- Since the 1960s, there has been:
 - centralized federalism;
 - nationalized federalism;
 - regulatory federalism; and
 - coercive federalism.
- Federal aid is shifting from places to persons, with more intrusive conditions to be met in order to receive aid.
- Under supremacy, federal law pre-empts conflicting state law; there are two types of pre-emption:
 - explicit or express; and
 - implied.
- In the 1960s and in the 2000s, there were significant increases in federal pre-emption.
- Mandates were virtually unheard of until the 1960s.
- Some federal inter-governmental institutions have been dismantled.
- Political polarization has increased state-federal conflict and tension in a number of policy areas.

Jim Douglas, Former Governor of Vermont

- From one perspective, the United States is 50 different countries; that diversity used to be valued to a greater extent than is the case today.
- Especially with the polarization in Washington, D.C., the states are "where the action ought to be."
- There are a number of risks in the federal-state relationship, including the following:

- unfunded mandates;
- federal pre-emption; and
- maintenance-of-effort requirements.

Parris Glendening, Former Governor of Maryland

- While the United States is facing serious long-term economic and fiscal challenges, the country is strong and progress is being made; that said, there is a need for more civil and bipartisan dialogue about how to resolve the problems facing the United States.
- Discussion of intergovernmental issues is virtually absent, despite the reality that the decisions made at one level of government affect the other level of government; the intergovernmental impacts of decisions should always be considered.
- "Intergovernmental deinstitutionalization" occurred in the 1980s and 1990s.

Justice Nancy Saitta, Nevada Supreme Court

- Federalism is a system of government whereby authorities are shared between federal and state governments.
- Only the judicial branch interprets laws and regulations; judges decide what the law means and what the intentions of the legislators were when the law was enacted.
- With judges, the vitriolic rhetoric goes on behind closed doors.
- The pre-emption doctrine can be:
 - express; or
 - implied.
- The way in which a question is phrased may direct the result of interpretation.

Ingrid Schroeder, *The Pew Charitable Trusts*

- Some intergovernmental institutions have been eliminated.
- There are interrelationships between federal and state budgets and tax codes.
- Data are needed in order to determine the manner in which federal policies and actions affect the states.
- The impacts of federal policies and actions can vary greatly across states.

• The states are required to make "tough choices"; unless the federal government, states must balance their budgets each year.

Anne Stauffer, The Pew Charitable Trusts

- Data are needed to assess impacts and inform decisions.
- Federal spending by measure can vary across states, as some federal measures are very important in some states and relatively unimportant in others.

Michael Bird, National Conference of State Legislatures

- In 1986, there was a change in the way that the federal government evaluates impacts on state and local governments.
- Partisanship is a barrier to solving the problems that the United States is facing; no progress will be made until the partisan rhetoric is "toned down."
- The federal level of government may see the state level of government as a special interest group.

ECONOMIC PROSPERITY AFTER THE RECESSION

Eric Thompson, University of Nebraska at Lincoln

- There are reasons for optimism in the United States; the reasons include the following:
 - The housing recovery is under way.
 - The recovery in automobile purchases is robust.
 - Real wages are growing.
 - Global geopolitical factors are mostly positive.
 - The economies of European countries, China and Japan are growing.
 - There is the potential for export growth in the United States.
 - The U.S. Federal Reserve is "remaining patient."
 - Federal spending is beginning to be "reined in."
- The United States is facing some challenges, including the following:
 - new regulations, which can increase costs and limit economic growth;
 - a need to continue to reduce federal spending;
 - an overly complex income tax code;
 - a need to reform entitlement programs;
 - a need to address immigration in order to meet labour supply needs; and

- avoiding a federal government default.
- In the United States, for the foreseeable future, rapid economic growth is unlikely; instead, slow growth with some risks is likely to occur, but expected real growth in 2014 is expected to exceed that in 2013.
- Unemployment will continue to exist in the United States for the next few years, and there will continue to be some unused capacity; job growth of 1.5-2% is expected.
- In the United States, steady but slower revenue growth is expected, and inflation is expected to be "subdued."
- The federal funds rate is not likely to rise until late 2014, if then.
- In answer to the question of how states could grow more quickly, considerations might include the following:
 - tax modernization in terms of tax changes, states may wish to: reduce sales tax exemptions; reduce taxes for the resources that are the most mobile; increase consumption taxation and reduce taxation on production; and levy taxes at the level of government that provides productive services;
 - regulation while some regulation is needed, attention should be paid to the entity that pays the regulatory costs;
 - infrastructure and amenities ensure that the government is well run, and determine if there is the potential to privatize parks, recreation, etc.; and
 - community foundations encourage community foundations.

Steve Kelly, Kansas Department of Commerce

- Entrepreneurs need the three Es in order to be successful:
 - expertise;
 - economic resources; and
 - education.
- Success is "born" locally, and states can provide financial and other support.
- Some rural areas are experiencing depopulation.

Gynii Gilliam, Idaho Department of Commerce

- A state can succeed without "stealing" from other states.
- States should focus on what they do best that the rest of the world needs.
- States should retain and expand existing businesses, as well as attract new businesses.
- The transfer of technology out of universities is important.

• The objective for businesses should be adding value and exporting consumer goods.

Gary Sage, Kansas City Economic Development Corporation

- In considering economic development in the United States, four possible areas of focus are:
 - entrepreneurship consider tax credits, early-stage capital and training;
 - business retention and expansion "take care of" existing businesses and compete on the basis of a well-education and trained workforce;
 - redevelop older areas consider tax abatement and tax increment financing; and
 - business recruitment consider tax abatement and tax credits.

Respectfully submitted,

Hon. Janis G. Johnson, Senator, Co-Chair Canada-United States Inter-Parliamentary Group Gord Brown, M.P., Co-Chair Canada-United States Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	Annual National Conference of the Council of State Governments (CSG)
DESTINATION	Kansas City, Missouri, United States of America
DATES	September 19-22, 2013
DELEGATION	
SENATE	Hon. Michael L. MacDonald Hon. Terry M. Mercer
HOUSE OF COMMONS	Mr. François Lapointe, M.P. Mr. Bob Zimmer, M.P.
STAFF	Ms. June Dewetering, Senior Advisor
TRANSPORTATION	\$ 7,880.81
ACCOMMODATION	\$ 3,218.31
HOSPITALITY	
PER DIEMS	\$ 910.95
OFFICIAL GIFTS	
MISCELLANEOUS REGISTRATION FEES	/\$ 2,301.08
TOTAL	\$ 14,311.15