

Canada - United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada - États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation
respecting its participation at the 64th Annual Meeting of the
Southern Legislative Conference - Council of State
Governments**

**Canada-United States Inter-Parliamentary Group
Charleston, South Carolina, United States of America
July 31 – August 3, 2010**

Report

DELEGATION MEMBERS AND STAFF

From July 31 to August 3, 2010, the Honourable Senator Anne Cools, the Honourable Bryon Wilfert, P.C., M.P., Mr. Christian Ouellet, M.P. and Mr. Terence Young, M.P. represented the Canadian Section of the Canada-United States Inter-Parliamentary Group at the 64th Annual Meeting of the Southern Legislative Conference (SLC) in Charleston, South Carolina.

THE EVENT

Founded in 1947, the SLC includes state legislators from 15 southern states (see the Appendix). Its mission is to foster and encourage intergovernmental cooperation among member states.

At the 64th Annual Meeting, each of the SLC's six committees – Agriculture & Rural Development, Economic Development, Transportation & Cultural Affairs, Education, Energy & Environment, Fiscal Affairs & Government Operations, and Human Services & Public Safety – met, as did the Gulf Coast & Atlantic States Task Force. During these meetings, a number of topics that are important for Canada were discussed, including animal welfare, rural issues, the business climate, post-secondary education admission and retention, and nuclear energy. Meeting participants also had the opportunity to hear presentations by Mr. Ben Bernanke, Chairman of the US Federal Reserve, and Representative James Clyburn, Majority Whip in the US House of Representatives.

DELEGATION OBJECTIVES FOR THE EVENT

Canada and the 15 SLC states share a mutually beneficial relationship. According to recent figures, of the estimated 8 million US jobs that depend on bilateral trade, more than 2.8 million jobs in these states rely on trade with Canada; this trade was recently valued at almost US\$87 billion in one year: more than \$44 billion was exported from these 15 states to Canada, while they imported almost US\$43 billion from us. Visits are also frequent. Recent data suggest that Canadians made almost 6.3 million visits to the SLC states in a 12-month period and spent nearly US\$4 billion, while residents of the SLC states made about 1.7 million visits to Canada and spent nearly US\$1.2 billion.

The Canada-United States Inter-Parliamentary Group aims to find points of convergence in respective national policies, to initiate dialogue on points of divergence, to encourage the exchange of information, and to promote better understanding among legislators on shared issues of concern. Members of the Canadian Section of the IPG meet regularly with their federal counterparts and, in recent years, have attended meetings of governors and state legislators as well. At these events, Canadian delegates take the opportunity to engage in conversations that will help achieve the Canadian Section's objectives, and to communicate the nature and scope of the bilateral relationship.

At this event, the delegates hoped to convey, to state legislators and others, the nature, magnitude and importance of the relationship between Canada and the US South. They

also wished to identify areas of cooperation and collaboration – both new and existing – for joint benefit.

ACTIVITIES DURING THE EVENT

At the 64th Annual Meeting, the following plenary sessions were held:

- A Conversation with Ben Bernanke, Chairman of the Board of Governors of the Federal Reserve System
- A Conversation with Congressman James E. Clyburn, House Majority Whip in the United States House of Representatives.

As well, the following committee and task force sessions were held:

- State Actions on Animal Welfare (Agriculture & Rural Development Committee)
- E-Warrants (Human Services & Public Safety Committee)
- Special Report: State Legislature Takes Leading Role in Combating Obesity Epidemic (Human Services & Public Safety Committee)
- Promoting the Creative Economy (Economic Development, Transportation & Cultural Affairs Committee)
- Measures to Enhance the State Business Climate (Economic Development, Transportation & Cultural Affairs Committee)
- How Should the United States Prepare for the Global Economic Challenges of the 21st Century? (Fiscal Legislators)
- South Carolina's Economic Challenges (Fiscal Legislators)
- Reforming Student Assessments (Education Committee)
- Water Management in Southern States (Energy & Environment Committee)
- Current Opportunities in Bioenergy and Biomass Utilization (Energy & Environment Committee)
- Alignment and Persistence: Getting Students Into (and Out of) College (Education Committee)
- Economic Incentives and State Tax Systems (Fiscal Affairs & Government Operations Committee)
- Ensuring Efficiencies in State and Local Government Sales Tax Collections (Fiscal Affairs & Government Operations Committee)
- Saving America's Wetland (Gulf Coast & Atlantic States Regional Task Force)
- The Characteristics and Fate of Oil in the Deep Gulf of Mexico (Gulf Coast & Atlantic States Regional Task Force)
- Disaster Medicine and Emergency Response (Gulf Coast & Atlantic States Regional Task Force)
- Adult Corrections, Transportation, Revenue and Education: Comparative Data Reports (Fiscal Legislators)
- Rural Messaging – Framing the Rural Story (Agriculture & Rural Development Committee)

- Federal Healthcare Reform and its Implications for Southern States (Human Services & Public Safety Committee)
- The Resurgence of Crystal Methamphetamine in the South (Human Services & Public Safety Committee)
- Funding Transportation in Fiscally Tough Times (Economic Development, Transportation & Cultural Affairs Committee)
- Alternate Fuel Technologies and Economic Development (Economic Development, Transportation & Cultural Affairs Committee)
- The Future of Nuclear Energy in Southern States (Energy & Environment Committee).

This report summarizes the presentations made during the plenary and selected committee sessions.

PROMOTING THE CREATIVE ECONOMY

Brooks Keel, *Georgia Southern University*

- creativity is not just ideas, although ideas are a part of it; creativity is the visual and performing arts
- creativity is about the quality of life; it attracts businesses, and businesses benefit as their employees enjoy a high quality of life
- one aspect of creativity is the film industry
- film has become a digital medium
- digital media involve the convergence of traditional media with computer technology, and are a merging of creativity with science
- digital media, which are interactive, are everywhere and affect everything, including the delivery of education
- the world is flat, but it is also digital; in fact, the world is flat because the world is digital
- students expect to be immersed in digital media in the classroom; they are visual in how they think and how they learn
- the digital industry requires visual thinking, and universities “breed” digital thinkers; 21st-century universities produce a “visually thinking” workforce
- government incentives, in combination with the creativity of universities and the presence of businesses, result in economic development
- promotion of the creative economy leads to community economic development

MEASURES TO ENHANCE THE STATE BUSINESS CLIMATE

Adam Bruns, *Site Selection Magazine*

- since “film” is associated with economic development benefits, film development incentives are important; that being said, adequate transportation infrastructure, a skilled workforce, a well-designed tax system and foreign direct investment are also important
- the US southeast is perceived as a relatively good place in which to do business, in part because of educational institutions, or university infrastructure, and transportation infrastructure
- in terms of transportation and logistics, the US southeast has foreign trade zones, ports, rail, etc.
- those in the US southeast need to “partner” as a region, and to focus on:
 - international outreach
 - the existence of a skilled workforce
 - the identification of existing assets, such as available buildings and real estate
 - the elimination or minimization of regulatory and permitting hurdles
 - environmental leadership as a competitive advantage

HOW SHOULD THE UNITED STATES PREPARE FOR THE GLOBAL ECONOMIC CHALLENGES OF THE 21ST CENTURY?

Bruce Yandle, *Clemson University*

- the United States is recovering from “the Great Recession,” and must plan for the future economy
- it has been a tough, slow recovery for employment; while wages are not rising, fringe benefit costs are increasing and the rate of unemployment continues to be high
- constraining discretionary spending will not be sufficient to solve the current fiscal problem
- since it is difficult to distinguish between “what is real” and “what is stimulus,” there may be problems again once the federal stimulus spending ends
- education is a reliable generator of growth in gross domestic product
- there is a relationship between the unemployment rate and educational attainment, with a higher unemployment rate for those with lower levels of education
- people are mobile, and are drawn to states and cities that are safe and that have cultural amenities, no traffic congestion, low taxes, good employment prospects, fast-growth firms, etc.

SOUTH CAROLINA'S ECONOMIC CHALLENGES

William Gillespie, *Chief Economist for the State of South Carolina*

- budgetary surpluses can lead to chronic budgetary shortfalls since they often lead to new and/or expanded programs that are designed with the expectation that “the good times” will continue
- some believe that the recent fiscal problems were exacerbated by the practices of multi-state financial institutions
- the economic environment is always changing as a result of external events and/or federal policy changes
- there are a variety of ways in which state revenues can be stabilized; options include deposits into a stabilization fund when above-average revenue growth is experienced and/or when there are unforeseen budgetary surpluses

WATER MANAGEMENT IN SOUTHERN STATES

Jess Weaver, *United States Geological Survey*

- the landscape in the US southeast is diverse, with mountains, forests, wetlands, agriculture, urban areas, etc.
- the sea level is rising along the coast of the Gulf of Mexico
- water infrastructure in the US southeast is aging
- in the US southeast, water availability is a key issue, since demand is rising and supply is not; restoration, especially in Louisiana and in the Florida Everglades, is also an important issue
- climate change is affecting water resources; for example, temperature and rainfall are changing, and are affecting water availability
- aquatic invasive species are a concern in some areas
- with floods and hurricanes, landslides are relatively common

Katie Kirkpatrick, *Metro Atlanta Chamber of Commerce*

- in the US southeast, there are competing demands for the water supply; the population in the region is growing, agriculture needs water, some recreational endeavours require water, etc.
- droughts are increasing in duration, frequency and severity
- it is time to move past water-related legal issues and to focus on water allocation
- regional water planning is important, as are conservation, efficiency, water capture and water storage

CURRENT OPPORTUNITES IN BIOENERGY AND BIOMASS UTILIZATION

Czarena Crofcheck, *University of Kentucky*

- biomass is nothing more than organic material; oil is nothing more than really, really, really old biomass
- biomass grows in different cycles and seasons
- there should be a focus on turning waste into usable products
- there are a variety of renewable fuel options, including ethanol, methane, coal mixes, etc.
- some states are focusing on algae, and are attempting to determine the temperature and food needed for algae to flourish, etc.
- lignin is the part of a plant that helps it “stand up;” more lignin means more energy
- “the solution” is “everything,” including fossil fuels; that being said, realism is important since, for example, wind and solar power are not possible or cost-effective in all regions
- all energy sources and technologies should be used, and their use should be efficient

ALIGNMENT AND PERSISTENCE: GETTING STUDENTS INTO (AND OUT OF) COLLEGE

Terri Ward, *University of Oregon*

- all students need to be able to learn beyond high school in one or more formal learning settings
- the social and economic futures of the next generation depend on the ability of US schools to prepare more students for college and careers
- a high school diploma is not designed to make students college- and career-ready; the current high school model is designed for college eligibility for some, rather than college- and career-readiness for all
- college-readiness and career-readiness are similar but not identical
- since aptitude is multi-dimensional and highly malleable, education can – and should – develop students’ cognitive capabilities
- cognitive abilities are as important as mastering specific content knowledge and factual information, and are developed as students are regularly presented with challenging and engaging curricula, instruction and assessment
- course content should be challenging and should lead to the development of key cognitive strategies
- the four key dimensions of college-readiness are:
 - key cognitive strategies – problem formulation, research, interpretation, communication, precision and accuracy

- key content knowledge – foundational content and “big ideas” from core subjects
 - academic behaviours – self-management, time-management, study and goal-setting skills as well as self-awareness and persistence
 - contextual skills and awareness – admission requirements, college types and missions, college affordability, college culture and relationships with professors
- aligning secondary and post-secondary school courses will:
 - create clear pathways between high school and college coursework, and reduce curriculum redundancy between high school and college
 - improve high school graduation rates
 - reduce the need for remedial instruction in college
 - improve college retention and graduation rates
 - increase scholarship retention

Vasti Torres, *University of Indiana*

- student characteristics explain a large proportion of graduation rates
- most policy makers pay close attention to students at the margins and little attention to the large number of students in the middle; for example, merit aid is given for high-achieving students and funding is given for developmental education for low-achieving students
- many students who work while attending school do so in order to purchase necessities, not luxuries
- financial aid policies often discourage part-time studies
- working more than 30 hours each week and attending school full time affects student success
- consideration should be given to:
 - providing more needs-based grants
 - simplifying the financial aid process
 - eliminating restrictions on grant aid for part-time school attendance
 - keeping tuition affordable
 - providing higher-education opportunities for those in adult education programs

A CONVERSATION WITH BEN BERNANKE, CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Ben Bernanke, *Chairman of the Board of Governors of the Federal Reserve System*

- the United States has endured a deep recession triggered by the worst financial crisis since the Great Depression; while progress is being made, the US “still has a way to go”
- the states are facing difficulties because of reduced revenues, particularly from personal income taxes, and rising demand for services, including Medicaid; the states are responding with reduced capital spending, layoffs and/or furloughs for public servants, selected tax increases, etc. since 49 of the 50 states have a balanced-budget requirement
- rising business and household demand should sustain economic growth, and the credit situation is improving; moreover, with world trade recovering, US exports are rising
- the housing market continues to be weak, and the labour market is recovering slowly
- the state of the US banking system has improved significantly relative to the height of the global financial and economic crisis; that being said, defaults continue to occur, there is low demand for credit and lending standards are restrictive
- healthy economic growth assists with resolving fiscal problems; growth requires investments in infrastructure, capital and people
- no economy can succeed without a high-quality workforce
- long-term fiscal planning is needed

RURAL MESSAGING – FRAMING THE RURAL STORY

Dee Davis, *Kentucky Center for Rural Strategies*

- the planet is 50% rural and 50% urban; the United States is 20% rural and 80% urban
- the rural US is 8% less diverse than the country as a whole
- policy follows perception, and what you believe frames the policy
- policy has “fallen short” when meeting the needs of rural areas
- to make the case for rural communities, the focus should be on the good of the country
- there is a need to increase the rates of educational attainment in rural areas, which are relatively low
- the characteristics of successful rural communities, including such amenities as health care and broadband, should be identified and replicated

Larry Lee, *Center for Rural Alabama*

- in a rapidly changing world, there is a need to build coalitions
- in order to understand “where we can go” in rural areas, we need to know “where we have been”
- until recently, cotton was the lifeblood of rural Alabama
- rural Alabama has an above-average unemployment rate
- many baby boomers in Alabama who left their community to go to college did not return to their community after graduation
- the most pressing needs in the US South include education and economic development
- the US South needs to look beyond traditional manufacturing
- rural communities are built on small businesses
- dealing with rural issues requires innovative thinking
- lessons learned include:
 - “rural development” has failed – often, decisions have been short-term, consistent with the election cycle, and they should be long-term
 - in the US, the rural South as it once was no longer exists, but remnants of the old South remain
 - rural schools and inner-city schools have a lot in common – they should build partnerships and coalitions, and move away from an “us” against “them” mentality

FEDERAL HEALTHCARE REFORM AND ITS IMPLICATIONS FOR SOUTHERN STATES

Peter Hussey, *RAND Corporation*

- the major insurance reforms included in the US *Affordable Care Act* include:
 - Medicaid expansion
 - health insurance exchanges
 - individual mandates to buy insurance or pay penalties
 - penalties on mid-sized and large employers that fail to provide adequate insurance
- under the Act, among other things, US states will make decisions about:
 - whether to operate a health insurance exchange, participate in a regional exchange or defer to the US Department of Health and Human Services
 - how a health insurance exchange should be governed and financed
- the Act will be fully implemented in 2016, and insurance coverage will perhaps rise to more than 90%; the sources of insurance coverage will likely change

- possible positive impacts on state budgets are related to:
 - increased Medicaid enrolment among the newly and currently eligible
 - administrative costs
 - state employees
- possible negative impacts on state budgets are related to:
 - lower uncompensated care pools
 - increases in premium assessments
 - shifting of state-funded health coverage to Medicaid

Joanne Grossi, *United States Department of Health and Human Services*

- at this point in time, there are 46 million Americans who are uninsured for healthcare purposes
- in the United States, some people make employment choices based on the healthcare provided by employers
- the US *Affordable Care Act*:
 - “reins in” insurance premium rates
 - prevents denials of coverage, including for pre-existing conditions
 - makes health insurance affordable for middle-class families
 - makes health insurance affordable for small businesses
 - provides coverage up to age 26
 - strengthens Medicare benefits
 - improves fiscal health

THE RESURGENCE OF CRYSTAL METHAMPHETAMINE IN THE SOUTH

Rick Stallings, *Arkansas Crime Information Center*

- people are mobile, and it is easy for them to go from place to place to buy pseudophedrine; Arkansas has developed an “electronic logbook” for purchases
- the pseudophedrine logbook system in Arkansas:
 - blocks over-limit attempts to purchase pseudophedrine
 - is fast and simple for pharmacies
 - protects consumer privacy

Dave Finley, *LeadsOnLabs*

- a traditional drug investigation involves:
 - conducting surveillance on the suspect
 - recording conversations to prove guilt

- analyzing patterns to identify sources
 - identifying ports of entry
 - posing as dealers to infiltrate the network
 - building up a network of informants
- crystal methamphetamine:
 - is manufactured locally
 - is less likely to involve a “supply chain”
 - involves quicker investigations
 - operations – manufacture and sale – can be destroyed with a single investigation
- some question why pseudophedrine should not become a prescription-only drug; considerations in this regard include:
 - such a system would penalize the majority of purchasers, who are not purchasing the drug in order to manufacture crystal methamphetamine
 - such a system would “sharpen” other criminal skills and could lead to “doctor shopping” and prescription fraud
 - such a system would undermine and lengthen crystal methamphetamine investigations as well as increase public safety costs

A CONVERSATION WITH CONGRESSMAN JAMES E. CLYBURN, MAJORITY WHIP OF THE UNITED STATES HOUSE OF REPRESENTATIVES

Congressman James E. Clyburn, *Majority Whip of the United States House of Representatives*

- during the current turbulent economic storm, state and federal legislators have had to make some tough economic decisions; the US is emerging from the storm
- the federal intervention in the economy during the financial and economic crisis, in the form of stimulus spending, stopped the “hemorrhaging”
- state and federal legislators need to work together in order to continue to make progress in recovering from the financial and economic crisis; as well, they must work together to ensure that all communities benefit from robust economic renewal
- the US is diverse, and this diversity can be “exploited” for the benefit of the nation, including in respect of tourism
- the US emerged from the Great Depression because of targeted investments that put people back to work
- energy is a driver of growth, and rural areas – including in the US South – are often well-suited to energy production
- the United States should end its dependence on foreign oil

- perhaps particularly at times such as these, legislators need confidence, vision, vigilance and tolerance

THE FUTURE OF NUCLEAR ENERGY IN SOUTHERN STATES

Stephen Brereton, *Government of Canada*

- during President Obama's visit to Ottawa, Canada in 2009, the Clean Energy Dialogue between the United States and Canada was launched
- the Clean Energy Dialogue envisions a transition to a lower carbon environment, with a reduced dependence on fossil fuels; in making the transition, it is important to balance economic growth with environmental stewardship
- a reliable energy supply is needed to support economic growth
- since 1999, Canada has been the largest supplier of crude and refined oil to the United States; Canada is also an important supplier of natural gas, electricity and uranium

Senator Paul Campbell, *State of South Carolina*

- renewable sources of energy will be better and more cost-effective as technology continues to evolve
- renewable energy sources will probably never exceed 10% of the energy supply; that being said, they are important and they must be a part of the energy portfolio going forward
- it is expected that, by 2030, US demand for power will likely be 30% higher than it is today
- renewable energy sources are, at least for the most part, not baseload power; for the United States, baseload power is likely to continue to come from:
 - natural gas
 - coal
 - nuclear
- nuclear energy does not generate greenhouse gas emissions
- renewable energy sources are relatively costlier

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

Appendix

STATES IN THE SOUTHERN LEGISLATIVE CONFERENCE

Alabama

Arkansas

Florida

Georgia

Kentucky

Louisiana

Mississippi

Missouri

North Carolina

Oklahoma

South Carolina

Tennessee

Texas

Virginia

West Virginia

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	64 th Annual Meeting of the Southern Legislative Conference - Council of State Governments
DESTINATION	Charleston, South Carolina, United States of America
DATES	July 31 – August 3, 2010
DELEGATION	
SENATE	The Hon. Anne Cools, Senator
HOUSE OF COMMONS	The Hon. Bryon Wilfert, P.C., M.P. Mr. Christian Ouellet, M.P. Mr. Terence Young, M.P.
STAFF	Mr. Chad Mariage, Executive Secretary Ms. June Dewetering, Advisor
TRANSPORTATION	\$5,399.67
ACCOMMODATION	\$4,816.73
HOSPITALITY	\$Ø
PER DIEMS	\$2,193.72
OFFICIAL GIFTS	\$Ø
MISCELLANEOUS/REGISTRATION FEES	\$2,552.72
TOTAL	\$14,893.82