

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 annual winter meeting
of the National Governors Association (NGA)**

Canada-United States Inter-Parliamentary Group

**Washington, D.C., United States of America
February 20-23, 2015**

Report

DELEGATION MEMBERS AND STAFF

From 20–23 February 2015, Senator Janis Johnson, Senate Co-Chair of the Canadian Section of the Canada–United States Inter-Parliamentary Group (IPG), led a delegation to the annual winter meeting of the National Governors Association (NGA) in Washington, D.C. The other members of the delegation were Senator Daniel Lang and Mr. John Carmichael, M.P. The delegation was accompanied by Ms. June Dewetering, Senior Advisor to the Canadian Section.

THE EVENT

Founded more than a century ago when President Theodore Roosevelt gathered state governors in order to discuss the nation's resources, the NGA is the collective voice of U.S. governors from the 50 states, three territories and two commonwealths. It is also a public policy organization that represents the governors on Capitol Hill and before the U.S. Administration on federal issues that affect them, and that develops and implements solutions to public policy challenges.

The NGA, which meets in the winter and summer each year, is supervised by a chair, vice chair and nine-person executive committee. Governors participate on five issue-related standing committees – Economic Development and Commerce, Education and Workforce, Health and Homeland Security, Homeland Security and Public Safety, and Natural Resources – and, on occasion, on special ad hoc bipartisan committees and task forces. At the 2015 winter meeting, each of the five standing committees held a session.

The theme for the NGA's activities in 2015 – including the winter and summer meetings – is "Delivering Results." This initiative has been selected by NGA Chair Colorado Governor John Hickenlooper.

DELEGATION OBJECTIVES FOR THE EVENT

Members of the IPG's Canadian Section have been attending the winter and summer meetings of the NGA for several years. At this meeting, delegates spoke with a number of governors, including Governors Bill Walker (Alaska), Asa Hutchison (Arkansas), John Hickenlooper (Colorado), Dannel Malloy (Connecticut), Jack Dalrymple (North Dakota) and Scott Walker (Wisconsin). Delegates also had the opportunity to meet with the Premier of Newfoundland and Labrador, Paul Davis, and the province's Minister of Natural Resources, Derrick Dalley.

During the NGA meeting and at a reception for the governors that was co-hosted by Canadian Ambassador to the United States Gary Doer and Mexican Ambassador to the United States Eduardo Medina Mora at the Canadian Embassy, delegates spoke to the governors about a range of issues, including the nature and magnitude of the trade relationship between Canada and their states. At the meeting's opening session, Governor Hickenlooper recognized the presence of representatives of the IPG's Canadian Section at the meeting.

Their interactions with governors and others enable Canadian members of the IPG to achieve better the aims of finding points of convergence in respective national policies, initiating dialogue on points of divergence, encouraging exchanges of information and promoting better understanding on shared issues of concern. Moreover, the NGA meetings provide the IPG's Canadian Section with an important means by which to provide input to, and gather information about, state-level issues that affect Canada. It is anticipated that the Canadian Section's attendance at the NGA's winter and summer meetings will continue.

ACTIVITIES DURING THE EVENT

The 2015 winter meeting of the NGA included the following sessions:

- Delivering Results
- Where is the Economy Headed?
- Made in America: State Opportunities from the Advanced Manufacturing Revolution
- Making the Grade: Federal Education Policy That Works for States and Students
- States Leading on Cybersecurity
- On the Road to Transformation: Statewide Efforts to Drive Better Value in Health Care
- Energy & Water: Federal and State Collaboration to Address Challenges and Opportunities.

This report summarizes some of the points that were made at selected sessions.

DELIVERING RESULTS

Danny Meyer, *Union Square Hospitality Group*

- You should try to be the best at what you do; if you are successful, others will imitate what you do and become your competitors for both customers and employees, but the culture and "experience" created for customers will enable a particular organization to "stand out."
- Taxpayers are to governors as investors are to chief executive officers; governors are the chief executive officer of their state.

- The “recipe” for success is pretty similar across sectors, undertakings, etc.; the same principles of delivering a product and doing so in a manner that makes the recipient “feel good” are applied in different contexts.
- The equation for success has two “ingredients”: 51 parts hospitality, which is emotional, and 49 parts performance, which is technical; being the best at what you do will “only get you 49% of the way there.”
- Performance is “trainable.”
- When you do what people expect you to do, you are “performing” and providing service; when you go above and beyond what is expected, you are providing hospitality.
- Organizations should reward employee behaviours that promote hospitality.
- Organizations should prioritize their “stakeholders” and attempt to make their lives better.
- As employees affect the “customer experience,” employees should be first and customers should be second; thirdly and fourthly, it is important to take care of the community and your suppliers, as you need them to want you to succeed, with investors perhaps being at the bottom of the list.
- When you hire the right people, they use their head and their heart in doing their job.
- Employers should consider six “emotional skills” when hiring people with a high “hospitality quotient”:
 - kindness and optimism;
 - a curiosity about learning;
 - an exceptional work ethic;
 - a high degree of empathy;
 - high integrity; and
 - self-awareness.

GOVERNMENTS COMPETING FOR CUSTOMERS

Eric Schnurer, *Public Works LLC*

- Last year was historic for a number of reasons, including the following:
 - the collapses in Syria and Ukraine;
 - immigration issues;
 - the Ebola crisis; and
 - ongoing climate change and its effects.

- Estonia is one of the most technologically advanced countries in the world, and it has the world's best cybersecurity and authentication systems.
- Estonia has the world's most electronic government; Parliament and Cabinet meet virtually.
- States can become known for particular reasons; for example, divorces are often sought in Nevada, and two thirds of the United States' Fortune 500 companies are located in Delaware.
- Consistent with their expectations of the private sector, voter-consumers want more and/or better services at a lower "tax price."
- Governments compete with each other and with the private sector.
- Some post offices are providing financial services, including remittances, and the U.S. Postal Service has a line of "all weather" clothing that competes with REI for customers.
- Hezbollah is all of the following:
 - a for-profit housing company;
 - a not-for-profit entity providing health and social services;
 - a major political party; and
 - a terrorist organization.

WHERE IS THE ECONOMY HEADED?

Fox News Channel's Maria Bartiromo posed questions to the governors, who provided responses.

Question: What is happening with respect to economic growth, and what is working in your state in this regard?

Utah Governor Herbert: The primary goal of governors is ensuring a healthy economy. In achieving this goal, they focus on creating an environment that is conducive to entrepreneurs, ensuring that the labour force is well-educated, undertaking regulatory reform, reducing taxes, making sure that government is efficient, improving international opportunities, eliminating unnecessary barriers, etc.

Question: What are some of the major challenges that states are facing at this time?

Connecticut Governor Malloy: States face many challenges, and they are often the result of actions and inaction in Washington, D.C., with the federal government seemingly unable to respond to state needs in a timely, funded manner. The Great Recession caused real, lasting and systemic damage to the United States' economy. Small businesses "drive" job creation, and the education system should be matched to the needs of businesses.

Virginia Governor McAuliffe: The federal government is dysfunctional, and needs to “get its act together.”

Alaska Governor Walker: Much of Alaska’s land is federally owned, and development is increasingly difficult.

Delaware Governor Markell: In the United States, there are 3 million people looking for a job and 1.2 million jobs available. Often, employers cannot find people with the skills that they need, and educators at each level of education need to be “at the table” with employers as curricula are planned. Hiring employees away from each other is a “lousy” recruitment strategy; instead, existing employees should be trained so that they have the skills that are needed.

Question: From an educational perspective, is the United States “keeping up,” and who is responsible for training?

Colorado Governor Hickenlooper: It is important to ensure that people are acquiring skills that will enable them to get a job. Apprenticeships and community college education are important. Businesses and educational institutions need to be connected “in real time.” There should be collaboration between the private and public sectors.

Arkansas Governor Hutchison: One in 10 U.S. high schools offers computer science courses, and this proportion is much too low. In Arkansas, computer science or computer coding must be offered in high schools.

Montana Governor Bullock: A “pipeline” of trained and talented workers is needed.

Iowa Governor Branstad: Science, technology, engineering and mathematics are “the way of the future.” As well, people should be recruited following their military service.

Question: What is the current state of collaboration between businesses and policy makers?

Oklahoma Governor Fallin: It is the private sector, not the public sector, that creates jobs. The real challenge is the skills gap, and educational curricula need to be aligned with private-sector needs so that people can have a career path, rather than just a job.

Question: Why is it that some Americans are not experiencing the economic recovery?

Pennsylvania Governor Wolf: States should “set the table” for private-sector growth and robust economic growth. Regulations should be used in situations of market failure. While some things can be done by the private sector, other things must be done by the public sector; governments work best “at the margins.” As well, states need a robust education system that is accountable.

Question: Can business principles be applied to the public sector?

Arizona Governor Ducey: The same principles that make small businesses “work” can be applied to government. Both the private and the public sectors should focus on service, communication, accountability, budgetary balance, leadership, vision and mission.

Question: What is the biggest economic issue facing your state?

Hawaii Governor Ige: Hawaii is focused on connecting graduates with job opportunities.

Arizona Governor Ducey: Arizona is focused on job creation, economic growth and kindergarten-to-grade 12 education.

Oklahoma Governor Fallin: Oklahoma is focused on job creation, economic growth, educational attainment and tying the state’s budget to specific, measurable goals.

Wyoming Governor Mead: Wyoming is focused on infrastructure, energy and its costs, and a long-term energy policy and strategy.

Nevada Governor Sandoval: Nevada is focused on investments in kindergarten-to-grade 12 education and educational institutions in order to ensure that the state has a trained workforce.

Missouri Governor Nixon: Missouri is focused on transforming the state’s economy into a global economy, and ensuring that students and workers have the skills that will be needed for the jobs of the future. As well, the state is attempting to ensure continued fiscal discipline.

Tennessee Governor Haslam: Tennessee is focused on addressing the skills gap.

Virginia Governor McAuliffe: Virginia is focused on workforce development and incentives to bring offshore American funds back to the United States.

Massachusetts Governor Baker: Massachusetts is focused on snow. The record snowfall in the state has affected the retail and hospitality sectors, has put a strain on public resources because no one had budgeted for nine feet of snow, and has damaged property.

Pennsylvania Governor Wolf: Pennsylvania is focused on infrastructure and education.

Utah Governor Herbert: Utah is focused on continued economic growth and on ensuring the existence of a skilled workforce to support that growth.

Colorado Governor John Hickenlooper: Colorado is focused on entrepreneurship.

Delaware Governor Markell: Delaware is focused on workforce and skills development, as well as on the technology that creates new jobs with demands for different skills.

Connecticut Governor Malloy: Connecticut is focused on climate change, transportation infrastructure and income disparities.

Kentucky Governor Beshear: Kentucky is focused on a productive workforce, which means ensuring that the workforce is trained, healthy and drug-free.

Arkansas Governor Hutchison: Arkansas is focused on ensuring that the global marketplace is accessible to businesses and that the state has the flexibility it needs from the federal government to address problems in a way that is appropriate for it.

North Dakota Governor Dalrymple: North Dakota is focused on ensuring that infrastructure, law enforcement and social services keep up with the state's relatively high economic growth rate.

Montana Governor Bullock: Montana is focused on maintaining fiscal discipline and continuing to build a "business-friendly" environment.

Alaska Governor Walker: Alaska is focused on its natural resources, which the state cannot access because they are largely on federally owned land.

MADE IN AMERICA: STATE OPPORTUNITIES FROM THE ADVANCED MANUFACTURING REVOLUTION

Millie Marshall, *Toyota Motor Manufacturing West Virginia, Inc.*

- Manufacturing needs to be "marketed" as a clean, safe, highly skilled, well-compensated career option; it needs to be "positioned" as a premium job choice with good wages and benefits, as well as opportunities for growth.
- It takes elected officials, academia, community organizations and businesses to "raise" a skilled worker.
- American manufacturers need more skilled workers, especially skilled technicians.
- Veterans have very good job skills.
- Organizations should "be the best at getting better," or engage in continuous improvement.
- When good ideas are shared, great things can happen.

Mark Hatch, *TechShop*

- Access to the tools required by start-up organizations should be democratized.
- Giving the "creative class" access to the "tools of the Industrial Revolution" could change the world.
- It is important for businesses to "develop a community" and help each other achieve goals.

- Students want a “practical” education that will help them to get a job.
- Three-dimensional manufacturing is “the way of the future.”

STATES LEADING ON CYBERSECURITY

Secretary Jeb Johnson, *U.S. Department of Homeland Security*

- Cybersecurity must be a responsibility that is shared by the federal and state governments, and the private sector.
- The joint efforts of various levels of government and the private sector are required to address cyber challenges and threats.

Lieutenant General Edward Cardon, *U.S. Army Cyber Command*

- Cyber attacks and vulnerabilities are rising, and they are becoming more complex.
- Partnerships across federal departments and within states are important for addressing cyber issues; best practices should be shared.
- The cyber security problem is expected to continue to grow.

Jandria Alexander, *Virginia Cyber Security Commission*

- The security of cyber networks will ensure ongoing service, including in relation to infrastructure and financial services.
- Key services must be available when they are needed; consequently, the priority focus should be the systems that provide critical services.
- The most sensitive data need to be protected.

STATES, THE ECONOMY AND PENSIONS

Dan White, *Moody Analytics*

- In the United States, the jobs gained since the end of the Great Recession are not as good as the jobs that were lost during the Great Recession.
- The Great Recession has been followed by a not-so-great recovery.
- Statutory, or entitlement, spending cannot be avoided.
- Over the 2000 to 2009 period, state tax revenues were three times more volatile than the base on which the taxes were levied.
- The reliance by states on personal income taxes, which is a volatile income source, has almost quadrupled since 1950.
- The parts of the U.S. economy that are growing the fastest may be growing tax-free.

- There are two steps to “getting through” the unfunded pension problem:
 - Reform the pension system.
 - Pay off unfunded pension liabilities.
- Every dollar that is spent to pay down an unfunded pension liability is a dollar that is not spent on education, for example.
- The single largest risk to the outlook for state and local governments is Medicaid, and the *Affordable Care Act* is not a long-term solution to Medicaid.

ENERGY & WATER: FEDERAL AND STATE COLLABORATION TO ADDRESS CHALLENGES AND OPPORTUNITIES

Gina McCarthy, U.S. Environmental Protection Agency

- The state and federal governments are facing difficult challenges.
- The climate is changing, and action must be taken.
- As the states will be better than the federal government at designing a clean power plan that works for them, they need flexibility in meeting federal requirements.
- The United States needs a reliable, cost-effective energy supply system.
- The U.S. Environmental Protection Agency understands the importance of the oil and gas sector to the United States.
- Regarding energy, President Obama is committed to an “all of the above” solution.
- The United States’ water infrastructure is aging.

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 Winter Meeting of the National Governors Association (NGA)
DESTINATION	Washington, D.C., United States of America
DATES	February 20–23, 2015
DELEGATION	
SENATE	The Hon. Janis Johnson, Senator The Hon. Daniel Lang, Senator
HOUSE OF COMMONS	Mr. John Carmichael, M.P.
STAFF	Ms. June Dewetering, Senior Advisor
TRANSPORTATION	\$ 5,356.55
ACCOMMODATION	\$ 5,017.64
HOSPITALITY	\$ 0.00
PER DIEMS	\$ 829.51
OFFICIAL GIFTS	\$ 0.00
MISCELLANEOUS / REGISTRATION FEES	\$ 6,014.60
TOTAL	\$17,218.30