

Report of the Canadian Parliamentary Delegation respecting its participation at the National Conference of the Council of State Governments

Canada-United States Inter-Parliamentary Group

Austin, Texas, United States of America November 30 - December 3, 2012

Report

DELEGATION MEMBERS AND STAFF

From November 30-December 3, 2012, the Honourable Wayne Easter, P.C., M.P., Vice-Chair, and Senator Michael L. MacDonald, Vice-Chair, led a delegation from the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) to the national conference of the Council of State Governments (CSG) in Austin, Texas. The other members of the delegation were Senator Terry Mercer, Mr. LaVar Payne, M.P. and Mr. Brad Trost, M.P. The delegation was accompanied by Ms. Angela Crandall, the Canadian Section's Executive Secretary, and 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.

ACTIVITIES AT THE EVENT

The following plenary, committee, task force and other sessions were held at the 2012 national conference of the CSG:

- Education Legislative Briefing, Part I
- Education Legislative Briefing, Part II
- Suggested State Legislation, Part I
- Suggested State Legislation, Part II
- What's Next for Health Exchanges?
- Issues of the Day & Implications of the 2012 Elections
- Balancing Costs, Benefits of Medicaid Programs
- Transportation Bill Doesn't Look Far Down the Road
- Need More Jobs? Create a More Educated Workforce
- Future Energy Challenges and Private Sector Sustainability
- State Emergency Communications

- State Experiences with Justice Reinvestment
- Protecting American Jobs by Going Global
- Houston, We've Had a Problem: Apollo 13 A Successful Failure
- The Fiscal Cliff and the States
- Transmission Line Siting Compact
- State Revenue Outlook 2013 and Beyond
- Diabetes Finding Solutions for the States.

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 speak with Wyoming Representative Rosie Berger, who was instrumental in the recent establishment of the CSG-WEST-Canada Committee. Delegates believe that this Committee will allow Canadian and U.S. western states to work together more closely.

As well, members of the Canadian Section were pleased to hear a presentation from Canada's Ambassador to the United States, Gary Doer. At a session sponsored by the CSG's International Committee, he provided conference attendees with insights as part of a panel speaking on the topic of protecting American jobs by going global.

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.

This report summarizes the discussions that occurred at selected sessions.

SUMMARY OF THE PRESENTATIONS

USE OF TIME: OPPORTUNITIES TO IMPACT STUDENT LEARNING AND ACHIEVEMENT

Jeff McClellan, MC² STEM High School

• Consideration should be given to embedding students in the STEM – science, technology, engineering and math – community.

- In a traditional educational environment, time is constant and what students know is variable; an alternative approach might recognize that not everyone learns at the same rate but still hold everyone to the same high standards, with a grade of "A" assigned when those standards are met.
- In terms of teachers working together to support student learning, it can be useful to support teacher collaboration, and time can be built into the schedule during which teachers can meet to discuss student progress as well as what is, or what is not, working; as well, teachers can act as facilitators who guide learning.
- The notion that failure is not always bad needs to exist; innovation and learning happen when failures occur.
- It is important to move students up to "the bar," rather than to move "the bar" down.
- Students need to have their non-academic, as well as their academic, "needs" addressed.
- Motivation, engagement and self-management are critical to learning and to teaching.
- Parental involvement is critical to student success.

Meenoo Rami, Science Leadership Academy

- An enquiry-driven approach to learning can be beneficial, as can unpaid internships.
- In terms of teachers working together to support student learning, common planning time and goal setting for teachers can be beneficial, as can having teachers evaluate student work together.
- It is possible that teachers might perform best if they act first as learners and then as teachers; as well, it could be beneficial for teachers to evaluate each other on an ongoing basis, with a view to enhancing their teaching skills.
- Teachers should be comfortable with failure, and should use failure as information that is needed to adapt and improve for the benefit of students.
- In terms of students and technology, it is important that access to technology exist in order that students can both access and create content.
- With technology, students can have their learning occur outside as well as inside school walls.
- It is important not to let "little things" get in the way of learning.
- Collaboration can be seen as a core value, with everyone succeeding as they do things together.
- In an "educational community," teachers need to be supported in the same way that teachers support students.

TEACHER AND LEADER EFFECTIVENESS: ENSURING TEACHERS AND SCHOOL LEADERS SUCCEED IN THE CLASSROOM

Michael Marder, University of Texas at Austin

- The United States has a STEM "crisis."
- To address the shortage of teachers, especially in the STEM areas, there is a need to establish and/or encourage:
 - pride in teaching
 - collaboration
 - community support
 - compact and flexible degree plans
 - research-based instruction
 - > continuous program improvement
 - > experiential learning.
- There should be a focus on students obtaining STEM degrees, and an education degree should be part of their STEM degree.
- In terms of attracting and retaining effective teachers, the focus should be individuals who have a passion for teaching, love children, have the gift of motivation and have good knowledge of subject-matter content.
- In terms of support mechanisms for ensuring successful teachers, it is important that teachers have "classroom management" skills.

Meredith Curley, University of Phoenix

- Common core education standards have been adopted by 46 states.
- Teacher evaluation models are changing to incorporate student performance indicators; teachers should focus on student achievement.
- A focus should be looking forward, with a view to answering a key question: what needs to be done today to meet the needs of tomorrow?
- Multiple measures of effectiveness are needed.
- In terms of attracting and retaining effective teachers, there are no real indicators of who will be a great teacher.
- In terms of support mechanisms for ensuring successful teachers, it is important to provide support once teachers are in the classroom; as well, teachers should brainstorm with colleagues and share challenges.
- In terms of "transforming" existing teachers, teachers should be helped to understand that if they can do "x," they can also do "y."

Kyle Kendrick, Manor New Tech

- Standards and curricula should be aligned with something that will motivate students to learn.
- In terms of attracting and retaining effective teachers, it is important that teachers have subject-matter knowledge and have the ability to engage reluctant learners.
- In terms of support mechanisms for ensuring successful teachers, new teachers should talk to a "master teacher."

ASSESSMENT AND ACCOUNTABILITY: PROVIDING FLEXIBILITY FOR DIRECT IMPACT ON INSTRUCTIONAL PRACTICE AND STUDENT ACHIEVEMENT

David Cook, Kentucky Department of Education

- Kentucky was the first U.S. state to establish, implement and test on the basis of common core standards; test scores declined, as students were assessed more rigorously.
- With common core standards, new accountability and assessment models have been developed and implemented for students and for teachers.
- Children need to learn how to learn.
- Traditionally, charter schools have been given freedoms that were not given to public schools, which is not fair.

ISSUES AND IMPLICATIONS OF THE 2012 ELECTIONS

Mike Allen, Politico

- The 2012 election is arguably more historically important than the 2008 election; it changed forever how people will run for office at all levels, and the changes in the centre of power were more pronounced than at any other time.
- While it was thought that voter turnout for the 2008 election was a "once-in-alifetime" event, the turnout in 2012 was very close to the 2008 level.
- The outcome of the election reflected things that had occurred months and years before the 2012 election cycle got under way; consider, for example, Republican presidential nominee Mitt Romney's comments about the auto bailout.
- The Obama campaign decided relatively early that the 2012 campaign would be much different than the 2008 campaign; the campaign advisors knew that there was no "big idea," and that it would not be possible to run on the basis of "hope" and "change."
- In the 2004 election, the Republicans had the technological "high ground"; in 2008, the Democrats had the technological "high ground."

- In 2004, President Bush focused on microtargeting, and bought many databases; for example, it was assumed that those who own snowmobiles are relatively more likely to vote Republican.
- In 2008, the Democrats were scientific about collecting text and email addresses; unlike Republican presidential nominee John McCain, who gave things away, Democratic presidential nominee Barack Obama sold bumper stickers, signs and other items, and treated the proceeds as donations.
- In 2008, Democratic presidential nominee Barack Obama tested what induced people to click "one more time," and found that people were more likely to donate the first time if they would receive "swag."
- In 2012, President Obama used the existing social networks of his supporters to build additional support; for example, his campaign advisors said: "These 8 Facebook friends are likely to vote for President Obama if you contact them."
- Republican presidential nominee Mitt Romney's volunteers were told to meet with 16 people, while President Obama's volunteers were told to convince or sign up 2 people.
- Recognizing the existence of too much "digital noise," it is important to capitalize on personal connections.
- People tend to vote for candidates that they like and think that they understand.
- In the 113th Congress, the House of Representatives is likely to be more polarized than it was in the 112th Congress; there are fewer Democratic moderates and more conservative Republicans.
- Going forward, Americans want Washington to be different than it has been in the past.
- President Obama has not done very much to reach out to Republicans; on the night of the 2010 election, no one in the White House had Representative John Boehner's cell phone number.
- Regarding resolution of the "fiscal cliff," Congress may have to return to Washington, D.C. between Christmas Day and New Year's Day; President Obama "holds almost all of the cards," and Republicans in the House of Representatives recognize this reality.
- A politician needs to define himself/herself before others have the opportunity to do so.
- The Republicans who may seek the presidential nomination in 2016 include Governor Chris Christie, Condoleezza Rice, Representative Paul Ryan and Senator Marco Rubio.
- The Democrats who may seek the presidential nomination in 2016 include Secretary of State Hillary Clinton, Senator Mark Warner, Governor Martin O'Malley and Vice-President Joe Biden.

TRANSPORTATION BILL DOESN'T LOOK FAR DOWN THE ROAD

James Bass, Texas Department of Transportation

- Transportation is facing a challenging environment:
 - with a rising population, there is an increase in the number of vehicle miles travelled
 - there are competing demands, including for example mobility versus maintenance
 - > vehicles are increasing in terms of their fuel efficiency
 - > tax and fee rates continue to be unchanged
 - > dedicated revenue is declining in terms of its purchasing power
 - > there is uncertainty about funding levels from federal partners.
- The *Moving Ahead for Progress in the 21st Century Act* (MPA-21) is helpful, but an authorization bill is the first step in a multi-step process at the federal level; it addresses funding, program consolidation and program reform.
- To finance transportation, states are increasing taxes and fees, borrowing funds and repaying them over time, and engaging in private-public and public-public partnerships; other tools include Build America bonds and state infrastructure banks.

Richard "Trey" Baker, Texas A & M University

- With mileage fees, the basis of the fee is distance travelled rather than fuel consumed; this type of pricing is also known as mileage-based user fees, vehicle miles-travelled fees, vehicle mileage fees, road user fees and/or time-distance-place fees.
- Transportation funding and financing challenges are well-established, and fees based on travel could address some issues.
- Mileage fees can:
 - > be used for system management, such as incentives for time-of-day travel
 - be used to price environmental impacts
 - lead to better revenue allocation.
- In relation to mileage fees, pilot projects have shown that:
 - > there are lots of ways in which to assess a mileage fee, and most are viable
 - > mileage fees can be charged in conjunction with other measures
 - the more that people are exposed to mileage fees, the more comfortable they become.
- Public acceptance is perhaps the biggest barrier to implementation of mileage fees, with issues related to:
 - fairness, as these fees are a new tax
 - > privacy, as there are concerns about tracking and data security

- > administrative costs, as a bureaucracy must be financed
- enforcement, as it seems to be easier to evade these fees than to evade gas taxes.
- Regarding the future of mileage fees, considerations include:
 - > fuel taxes are likely to exist for a long time
 - equity and fairness are likely to play the biggest role in generating support for change
 - > it is unlikely that governments will force drivers to install a device in their vehicles
 - a paradigm shift in how Americans view transportation will be needed before serious consideration of mileage fees can occur.

Brian Pallasch, American Society of Civil Engineers

- According to the American Society of Civil Engineers' 2009 report card on America's infrastructure, the estimated 5-year investment needed to raise the grade from "D" to "B" is \$2.2 trillion; since about half of this amount would be spent in any event, the actual deficit is about \$1.1 trillion.
- The American Society of Civil Engineers' report card on America's infrastructure considers condition, capacity, operation and maintenance, funding, future need, public safety and resilience.
- If there is a failure to act, the economic impact of current investment trends in surface transportation infrastructure would be job losses, a lower standard of living for families as a consequence of lower earnings and higher spending, and a lower gross domestic product (GDP) than would otherwise be the case; there is a need to invest \$94 billion.
- If there is a failure to act, the economic impact of current investment trends in water and wastewater treatment infrastructure would be increased costs for businesses and households; there is a need to invest \$84 billion.
- If there is a failure to act, the economic impact of current investment trends in electricity infrastructure would be blackouts and brownouts with implications for jobs, income, exports and GDP; there is a need to invest \$11 billion per year.
- Americans are wasting 4 days per year sitting in traffic.

FUTURE ENERGY CHALLENGES AND PRIVATE-SECTOR SUSTAINABILITY

Dave Freudenthal, Former Governor of Wyoming

 Assuming that the economies in the United States and the European Union recover, there is likely to be increased energy use, with a heavy reliance on coal; reliance on coal is likely to be especially great in Asia.

- While renewable energy sources represent an increasing percentage of the energy used, these sources are a relatively small percentage of the energy used; there are transmission and storage challenges with renewable energy sources.
- Renewable energy sources are "artificially integrated" into the market, with tax credits and renewable portfolio standards.
- With renewable energy sources, what is needed most is storage.
- Regarding the siting of transmission lines, there are questions about how to allocate costs across state lines; as well, integration of costs into the rate base must occur, and it is important to "right size" lines rather than to "size" for immediate, short-term demand.
- Hydrolic fracking has been a "game changer," with the potential to vastly increase oil and gas supplies; there have been changes in materials and technology, better equipment and an improved understanding of underground formations.
- The debate about hydrolic fracking may be more of a cultural issue than a technological issue; the focus should be how to make it safer, rather than how to eliminate it.
- Questions about how to access untapped reserves are not new.
- The price of oil is set globally, with some price fluctuations in response to changes in supply.
- Natural gas is often a regional, and at times a national, market.
- In the early years, the United States imported liquefied natural gas (LNG); now, there is a U.S. facility that is exporting LNG.
- While U.S. coal production has been declining, it is likely to stabilize; most coal plants have significant excess capacity, but this capacity is likely to be used if demand rises with recovery in the manufacturing and housing sectors.
- People are "spooked" about the use of nuclear power, and utilities "fear" isolating that amount of financial capital for that long; that said, there is likely to be some uranium production in the United States, largely for export.
- The United States is poised to be a net exporter of energy.
- The "politics" of globalized energy markets is divisive, with the perspective of any country or region reflecting whether it is a producing, exporting and/or importing country or region.
- Low-cost energy is a key to the United States' economic recovery, and a resurgence in the manufacturing sector will depend on energy.
- If the United States' economy "takes off," there will be more than enough demand for all energy sources.
- The correlation between energy supply and economic advancement is indisputable.
- It is important not to confuse social objectives with economic objectives.

PANEL ON PRIVATE-SECTOR SUSTAINABILITY

Teri Shanahan, International Paper

- The forest sector needs to tell a story, and it needs to have a better story to tell.
- Sustainable forests are needed.
- Forestry companies have an image problem, including in respect of clear cutting.
- The United States' forests are healthy and growing; the same cannot be said in relation to the rest of the world, where forests are being cut in order to enable agriculture for food production.
- In the United States, about 70% of paper is recycled.

Fred Bedore, Walmart Stores, Inc.

- Renewable energy sources can make sense from an economic perspective.
- If companies are more efficient and have less waste, then costs are lower; lower costs can lead to lower consumer prices, which can mean higher sales.
- Sustainability can be good for business.

Colin Meehan, Environmental Defense Fund

- The notion of "corporate sustainability" can include climate change, the oceans, ecosystems and health.
- Over the last 5 years, the number of companies with sustainability management practices has increased dramatically.
- Financial institutions need to be partners in lending to organizations and households in their efforts to become green; an option is to have a loan repaid over time through a charge on utility bills.
- A focus for some is transitioning to a cleaner economy through helping companies to save money by being green.

PROTECTING AMERICAN JOBS BY GOING GLOBAL

Governor Luis Fortuño, Commonwealth of Puerto Rico

- Job creation, economic growth and competitive businesses in a dynamic global economy are priorities.
- Fiscal challenges exist at both the state and national levels, and the United States needs to do better in this challenging economic environment.
- While budgets must be balanced, the result must not be "stifled" economic development or unnecessary burdens on small and medium-sized businesses.
- The strength of exports has been a "bright spot" for the United States.

- Throughout the world, there is demand for high-quality goods and services.
- In spite of challenges, the United States is doing well with respect to innovation.
- Trade agreements between the United States and Latin American countries present opportunities, partly because some of these countries are growing at the rate of 8% annually; as well, opportunities exist as a result of expansion of the Panama Canal.
- In the future, there is a need to ensure that:
 - businesses are promoted
 - > trade and investment missions and workshops occur
 - > business-to-business matchmaking occurs.
- Many in Latin America are using public-private partnerships to finance infrastructure.
- The sectors where the greatest cross-border collaboration occur include energy, high-quality manufactured goods, such high-technology and innovative sectors as pharmaceutical and electronic products, and such services as medical, financial, architectural, legal and engineering.
- Manufacturing is returning to the United States because of the high-quality goods and services provided by Americans.
- When economies do not grow at a healthy rate, it is easy to fall into the "protectionism trap," giving rise to "Buy American" provisions and requests for "Buy Canada" provisions.
- In terms of whether there is a misperception in the minds of Americans about Canadians or Puerto Ricans, countries and people are often covered in the media for negative reasons; not being mentioned may reflect a lack of understanding.

Gary Doer, Canada's Ambassador to the United States

- Partly because of the North American energy relationship, there is reason to be optimistic about the future of the United States' economy.
- The United States is a "can do" country.
- By ending a reliance on energy from the Middle East, jobs and energy security can be created for North America.
- More than 1,000 U.S. companies "service" Canada's oil sands with equipment and innovation.
- At present, oil is being transported on highways and trains rather than through pipelines, and these former transportation methods are less safe, are less reliable and involve higher emissions.
- The development of shale gas will have a huge impact on the United States' economy.
- Canada has free trade agreements with Colombia, Panama and Chile, among others; trade is good for economic growth if it is reciprocal and occurs in accordance with the rule of law.

- The United States is Canada's most significant trade partner.
- There are opportunities for increased trade among the *North American Free Trade Agreement* (NAFTA) partners and with emerging countries, including those in Latin America.
- Businesses need predictability, including in terms of reciprocal trade relationships and access to markets.
- "Buy Canada" is a reaction to "Buy American" provisions in some U.S. legislation.
- The Trans-Pacific Partnership (TPP) negotiations provide the NAFTA partners with an opportunity to address issues not covered in NAFTA.
- About 93% of U.S. commentators supported Canada's inclusion in the TPP negotiations.
- Canada and the United States have common positions regarding Iran's nuclear capacity as well as sanctions against Iran and Syria.
- The sectors where the greatest cross-border collaboration occurs include energy efficiency, renewable energy sources, shale gas, agriculture, manufacturing, food safety, and such bioscience areas as biofood, bioterrorism and biomedical.
- In terms of outsourcing, jobs are starting to return to North America, partly because of energy affordability and reliability.
- Companies are concerned about counterfeit goods; intellectual property rights are important.
- The shift of economic activity to the Pacific Rim provides an opportunity to diversify products and markets.
- Efficient and effective supply chains are important, and they must continue to exist and to grow.
- In terms of whether there is a misperception in the minds of Americans about Canadians or Puerto Ricans, it should be recognized that – in some cases – it is better not to be mentioned; that said, a country can be loved even if it is not mentioned.

HOUSTON, WE'VE HAD A PROBLEM: APOLLO 13 – A SUCCESSFUL FAILURE

Captain James Lovell Jr., Former Astronaut

- Excellent decision making and leadership skills are needed in this era of rising entitlements, an aging population, recovery from a recession and an impending "fiscal cliff"; the problem encountered by the Apollo 13 mission also required good leadership.
- Good leadership brings about teamwork.
- Brainstorming is an efficient means by which to generate a range of options.
- Leadership, initiative, problem solving skills and perseverance are important.

- There are 3 types of people:
 - those who make things happen
 - those who watch things happen
 - > those who want to know what happened.

THE FISCAL CLIFF AND THE STATES

Barry Anderson, National Governors Association

- The near-term outlook for states is full of downside risks, including because of:
 - unprecedented uncertainty
 - risks related to the fiscal cliff
 - risks related to alternatives to the fiscal cliff.
- The fiscal cliff has 10 elements:
 - > sequestration
 - > expiration of the tax reductions enacted by President George W. Bush
 - > expiration of the payroll tax holiday
 - > expiration of the extension to unemployment insurance benefits
 - > Worker Adjustment and Retraining Notification Act (WARN Act) notices
 - > "Doc Fix," or lower medicare reimbursements
 - > an increase in the Alternative Minimum Tax (AMT)
 - > Temporary Assistance for Needy Families (TANF) expiration
 - continuing resolution
 - the federal debt limit.
- Washington, D.C. only responds to budget crises; the current crisis is the largest crisis to date.
- The fiscal cliff would hit the northeast and the Midwest the hardest.
- Most states would have higher revenue if the legislated tax reductions were to expire.
- With some believing that it is okay to "go over the cliff" and "fix it later":
 - > regarding sequestration, the reductions could be apportioned later
 - regarding the expiration of the tax reductions enacted by President George W. Bush, the withholding rate could remain unchanged
 - > regarding expiration of the payroll tax holiday, it is possible to let it expire
 - regarding expiration of the extension to unemployment insurance benefits, expiration is a possibility
 - > regarding the WARN Act notices, they could be ignored
 - > regarding "Doc Fix," it could be fixed later
 - regarding an increase in the AMT, it could be fixed with "extenders"
 - > regarding TANF, expiration could be addressed in a continuing resolution
 - > regarding a continuing resolution, a 6-month extension is possible

- > regarding the federal debt limit, "wait and watch" is an option.
- Quantitative Easing 3 will mitigate "fiscal cliff" impacts on the economy.
- The ultimate problem in the United States is long-term fiscal sustainability; the key questions are how the United States reduces the debt and at what level of government.
- The major "drivers" of future U.S. debt include health and Social Security.
- In the United States, more than 17% of the country's GDP is spent on health care and, from a cost perspective, the situation was not improved by the *Affordable Care Act*, there is a need to implement measures to reduce health care costs.
- In the United States, Social Security is a mildly regressive, pay-as-you-go, intergenerational plan with defined obligations; solutions to Social Security challenges include:
 - increasing the net national savings rate
 - reducing benefits
 - increasing Social Security taxes
 - borrowing
 - converting the plan into private accounts
 - swapping treasury debt for equity.
- When the employer's share is considered, 80% of U.S. employees pay more in payroll taxes than they do in income taxes; a payroll tax is inherently regressive.
- A tax reform task force should be established in the United States.

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	National Conference of the Council of State Governments
DESTINATION	Austin, Texas, United States of America
DATES	November 30 – December 3, 2012
DELEGATION	
SENATE	Hon. Michael L. MacDonald, Senator, Vice- Chair Hon. Terry Mercer, Senator
HOUSE OF COMMONS	Hon. Wayne Easter, P.C., M.P., Vice-Chair Mr. LaVar Payne, M.P. Mr. Brad Trost, M.P
STAFF	Ms. Angela Crandall, Executive Secretary Ms. June Dewetering, Senior Advisor
TRANSPORTATION	\$8,117.96
ACCOMMODATION	\$4,082.02
HOSPITALITY	\$Ø
PER DIEMS	\$857.75
OFFICIAL GIFTS	\$Ø
MISCELLANEOUS/REGISTRATION FEES	N \$2,384.48
TOTAL	\$15,442.21