

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 National Governors Association
Annual Meeting**

Canada-United States Inter-Parliamentary Group

Williamsburg, Virginia, United States of America

July 12-15, 2012

Report

DELEGATION MEMBERS AND STAFF

From July 12-15, 2012, the Honourable Michael L. MacDonald, Senator, Vice-Chair, led a delegation from the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) to the 2012 summer meeting of the National Governors Association (NGA) in Williamsburg, Virginia. The other members of the delegation were the Honourable Wilfred Moore, Q.C., Senator, Mike Lake, M.P. and David McGuinty, M.P. The delegation was accompanied by Mr. James Lee, 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, and governors participate on four standing committees – Economic Development and Commerce; Education and Workforce; Health and Human Services; and Natural Resources – as well as on special ad hoc bipartisan committees and task forces. At the 2012 summer meeting each of the four standing committees held a session, the Special Committee on Homeland Security and Public Safety met, and there were opening and closing sessions.

The theme for the NGA's activities in 2012 – including the winter and summer meetings – was [*Growing State Economies*](#), which was selected by Nebraska Governor Dave Heineman when he became NGA Chair in July 2011.

DELEGATION OBJECTIVES FOR THE EVENT

Members of the Canadian Section of the IPG have been attending the winter and summer meetings of the NGA for several years. At this summer meeting, Canadian delegates were able to continue their dialogue with governors on issues of Canadian and/or joint interest. In particular, they spoke with most of the 26 governors who attended the meeting, as well as with a range of business leaders and others from across the United States.

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 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 winter and summer meetings will continue.

ACTIVITIES DURING THE EVENT

The 2012 summer meeting of the NGA included the following sessions:

- Opening Plenary Session: Defining Great Leadership
- Economic Development and Commerce Committee – Agricultural Trade: The Other Export
- Education and Workforce Committee – The Road to Reauthorize ESEA
- Health and Human Services Committee – Innovative Strategies for Lowering Medicaid Costs
- Natural Resources Committee – States' Role in Creating the Modern Electric Grid
- Special Committee on Homeland Security and Public Safety
 - Serving the Nation's Veterans: Governors' Roundtable Discussion
 - Executive Briefing: Biosurveillance
- Closing Plenary Session: Growing the Next Big Idea.

The summer meeting ended with the election of Delaware Governor Jack Markell as NGA Chair for the next year. He announced that his initiative would be [*A Better Bottom Line: Employing People With Disabilities*](#).

This report summarizes key points that were made at the opening and closing, as well as at selected standing committee, sessions.

The context for the summer meeting, which occurred several months before the 2012 presidential election, was presented in an opening news conference. Virginia Governor Robert McDonnell stated that the event would feature speakers who would help the governors think "out of the box" about the issues of the day. Delaware Governor Jack Markell indicated that while Washington may be caught in "partisan paralysis," governors in state capitals do not have that choice. The NGA's Chair, Nebraska Governor Dave Heineman, agreed with his colleague and said that while the President and the Congress do not decide on issues, governors are forced to act.

Governor Heineman began the summer meeting with an overview of the agenda. He welcomed the Canadian delegation, as well as a delegation of Arab ambassadors. He then reviewed his initiative *Growing State Economies*, which emphasized the need to provide governors and other policy-makers with better policy options for achieving economic growth and job creation. Four regional summits had been held over the past year at which experts from the private sector and academia, as well as governors, had explored ways in which to support innovation and entrepreneurship. These activities had resulted in two reports: [*Growing State Economies: 12 Actions*](#), and [*Growing State Economies: A Policy Framework*](#), as well as a set of related state profiles.

OPENING PLENARY SESSION: DEFINING GREAT LEADERSHIP

- Jim Collins, *Educator and Author*
- While great companies are important, great education, public services, etc. are also needed. “Good” is the enemy of “great,” and what distinguishes one from the other is an important issue; in studying more than 6,000 years of combined corporate history, it has become possible to identify how companies have become great, how some great companies have fallen, and how executive leaders that built great companies led differently than those who did not. These lessons may help governors, who are executive leaders.
- Greatness is not primarily a function of circumstance; rather, first and foremost, it is a matter of conscious choice and of discipline.
- Great leadership begins with people, and the most important executive skill is making rigorous “people decisions,” and getting the right people in the right places.
- The “X factor” that enables great leaders to go beyond ordinary leadership to another level is not necessarily personality, but energy and will combined with humility, and a focus on being of service and contributing to something bigger than themselves.
- Not all “business thinking” is applicable to the social sector, and leading in government is an order of magnitude more difficult than leading in business, since a lot of people can “stop things.” One important lesson is to be sure of the aim; instead of a scattershot approach, fire bullets first, and then move to cannonballs. Businesses accept risk, while government does not. One challenge for the United States is to make people aware of the links between decisions and their consequences; if the consequences of decisions are clear, people make decisions well.
- The “Stockdale Paradox” is the need to deal with both faith and facts: to confront brutal facts without ever losing unwavering faith that you will prevail in the end.
- The modern world often sees people confronted with uncertainty and dealing with factors outside their control. A key to success is to pursue an agenda consistently

regardless of the circumstances, setting out in advance “the distance to be travelled” each day, and never giving in to the temptation to go too far.

- Success requires blending creativity and discipline, innovating and then scaling the innovation. While states need entrepreneurs and start-up businesses, they also need to support those who can scale businesses in order to create great growth.
- “Productive paranoia” is important, and – in uncertain times – great leaders are always careful to prepare financially and otherwise in order to be able to “weather storms” if bad times come.
- Great leaders are not luckier than others. In addition to discipline, they must be able to perform well when faced with either good or bad “luck events” that they did not cause, that have potentially significant consequences and that have a degree of uncertainty. It is performance in the out-of-the-ordinary moments that matters most.
- Success requires preserving core values while also being willing to change practices and stimulate progress toward “big, hairy, audacious goals.”

EDUCATION AND WORKFORCE COMMITTEE – THE ROAD TO REAUTHORIZE ESEA

Committee vice-chair Tennessee Governor Bill Haslam introduced the session of the Education and Workforce Committee by underlining the importance of education, arguing that there is probably more bipartisan agreement in this area than in any other. The need for educational reform is widely recognized, with the debate centring on the need to reauthorize the 1965 *Elementary and Secondary Education Act* (ESEA). This law was last revised and reauthorized in 2002 as the *No Child Left Behind Act*, and – at the time of the meeting – was five years overdue for reauthorization.

Secretary Arnie Duncan, *U.S. Department of Education*

- A sense of urgency is needed, as:
 - The United States has a high dropout rate, which amounts to 1 million students each year.
 - While the United States led the world in college graduation rates a generation ago, it is now 16th.
 - Rather than a jobs crisis, the country has a skills crisis, with more than 2 million high-wage, high-skilled jobs that cannot be filled.
- Since reauthorization of the ESEA is five years overdue and Congress has not acted, the Administration has partnered with many states to provide waivers that allow them to build upon the strengths of the existing law, but that also provide flexibility.

- About 20 states lowered their educational standards under the *No Child Left Behind Act*; in Illinois, only students at the “advanced” level had a chance of success in college.
- There is a need to “set the bar high,” and then give flexibility about how to achieve the goals.
- Good ideas are coming from states. Themes that have emerged include:
 - Students need to be college-ready.
 - Dropout rates must be reduced.
 - Disadvantaged children must be considered.
- Governors should use their collective voice to convince Congress to act on reauthorization of the ESEA, although – from a practical perspective – reauthorization will probably only happen after the election in the fall of 2012.
- States are creatively investing in education.
- Part of the Administration’s role is to give “political cover” to leaders willing to “do the hard stuff.”
- All levels of government have a shared responsibility in the area of education.
- The Administration does not want to stand in the way of states.
- All education, including technical education, is worthwhile. Existing resources should be used in smarter ways, and the Administration has proposed awarding \$1 billion in competitive grant funding to career and technical education in 2013.
- There are many false debates in education, and the goal of basic education is not about being prepared for either college or a career: it is about being ready for either.
- All governments must continue to invest in education; 80% of states reduced funding of education last year.
- Funding allocated to kindergarten to the third grade is the best investment in the future.
- Access to higher education is important, but completion is more important than access.
- Governments must identify the levers that can be used, and must differentiate more between “good” and “bad” providers of education.
- States have invested in education, and have made a lot of progress, but the short run is likely to be difficult. There is a need to “stay the course.”
- More needs to be done to recruit and train good teachers. About 64% of young teachers say that they are unprepared for their job. Money alone is not the solution; other actions must also be taken, and teaching schools must be provided with incentives to do a better job.
- All governments are going too slowly in the area of education, and complacency is the enemy.

Margaret Spellings, *Margaret Spellings and Company* and former U.S. Secretary of the Department of Education

- Every governor must be an education governor; K-12 and higher education accounts for the vast majority of the budgets of most states.
- The *No Child Left Behind Act* focused on two groups – the poor and the disadvantaged – and on two subjects – reading and math; the legislation has worked, as the United States have begun to focus more intently on poor and minority students.
- States finance the majority of education costs, so they should be permitted to set standards, with accountability to ensure that standards are being met; states should not be able to “game the system.”
- The *No Child Left Behind Act* was enacted based on what was known at the time. New information now exists, and the legislation can and should be updated.
- There is a lack of action in Congress, and waivers are being used, although some principles are being left behind, such as meaningful consequences for low performance. Transparency alone is not enough to ensure these principles are achieved.
- Waivers are extremely complex, and represent a retreat from an approach focused on every child in every school.
- Higher educational standards are needed, but it is not clear how movement in this area will occur given the slow pace to date.
- The Administration’s stated approach of “setting the bar high” is good, but not if accountability is removed.
- Early learning is key to education, and time and people must be used more effectively to this end.
- It is important to “be smart” about how talent and resources are allocated; often, the best people are given the easiest work.

HEALTH AND HUMAN SERVICES COMMITTEE – INNOVATIVE STRATEGIES FOR LOWERING MEDICAID COSTS

Jeffrey Brenner, *Camden Coalition of Healthcare Providers*

- The “return on investment” in terms of caring for Medicare recipients is lower than it should be.
- The approach of the Camden Coalition of Healthcare Providers is based on the use of patient-level health data that are rarely available other than to insurance companies or hospitals.
- Data show that half of the population of Camden, New Jersey goes to the emergency room once a year. Each year, \$100 million is spent on emergency room

and hospital care in a neighbourhood that is the second or third poorest in the country. In Camden, about \$200 million annually is probably spent on all health care.

- Health care spending is highly concentrated in a small group: 80% of the costs are for 13% of the patients, and 90% of the costs are for 20% of the patients. This basic rule holds true in most places, but the health care system essentially ignores this fact, and keeps delivering the same services again and again.
- The U.S. health care system is good when dealing with the average patient, but not when dealing with the very sick patient.
- The current U.S. health care system includes a number of inefficiencies, including the use of costly services when they are not necessary; the primary reason for emergency room visits in Camden is head colds.
- Medicaid reimbursement rates also distort the provision of health care services: since Medicaid rates have fallen, doctors can make more money treating head colds than they can treating a complex patient, who requires more time of their time.
- The Camden Coalition wants to make Camden the first city in the country to "bend the cost curve" dramatically. Achieving better value for health spending is not a technical problem; it is a political and moral one.
- Doctors and hospitals are paid more for performing surgery than they are for keeping people healthy.
- All health care must start with data, and the Camden Coalition collects data every day as it accompanies patients to appointments, etc.
- While some other organizations attempt to improve the management of health care through telephone contact with patients, this approach is insufficient.
- Legislation passed in New Jersey in October 2011 established a Medicaid demonstration project. If costs are saved without up-front funding, it is possible to share in the savings, thereby creating a virtuous cycle that includes better care at lower cost with no up-front funding.
- While medicine has seen a significant amount of innovation in terms of medication and technology, others areas of the health care system have not seen innovation, and the overall system is not properly coordinated to produce good results. For example, while medication may be very effective it is often taken incorrectly, and it is estimated that – in hospitals with a lot of advanced technology – about 100,000 patients per year die from preventable errors. There is no financial incentive to do things better, since improvements will mean that hospitals will close. In some sense, hospitals are in the same business as hotels and airlines: high occupancy rates.
- The United States spends twice as much as any other industrialized country on health care, and far fewer people receive health care. The United States is a country that does not like taking best practices from elsewhere.

- There is currently enough money devoted to health care in the United States to provide adequate care for all.
- Health care is a very large part of the American economy, and will be responsible for the majority of the federal debt going forward. The current system must be changed, and states have an important role to play in reforming the system.

David H. Vellinga, *Mercy Medical Center, Iowa*

- Patients, providers, payers, etc. need to be engaged.
- The triple aim is better health care, lower cost and healthier communities.
- Decisions in the health care system must be made based on better data.
- The United States has a fee-for-service system, and there should be a shift toward paying for value rather than for services.
- Because the U.S. health care system pays hospitals and doctors for care on a fee-for-service basis, innovation does not occur. The system should shift to a focus on keeping people healthy.
- Mercy Medical Center has recognized the need for reform in the provision of medical services, and has integrated its approach across a number of areas:
 - primary medical homes providing and encouraging access;
 - patient-centred electronic health records and information technology systems;
 - coordination of care;
 - standardized care processes; and
 - health/disease management using data.
- A focus on the highest-cost patients would lead to dramatic reductions in costs.
- Drivers of cost reductions in health care include:
 - decreased demand for medical services;
 - decreases in episodic costs for medical services, such as reducing non-emergency use of emergency rooms; and
 - a decrease in relation to administrative costs.
- Mercy Medical Center has had some pretty remarkable results with its approach to patient care. Before, patients would go home, ignore medical advice and end up back in the hospital, which was good for hospitals but bad for patients. Now, Mercy Medical Center uses case workers, telephone follow-ups, etc., and significant improvements have occurred.
- Lessons from the experience of Mercy Medical Center include:
 - Engage everyone.
 - Support information technologies and data.
 - Support clinical integration.
 - Strengthen primary care.
 - Ensure that the Medicaid payment model rewards value rather than volume.

Jennifer DeCubellis, *Hennepin County Health, Hennepin, Minnesota*

- After years of providing public health and social and other services separately, Hennepin County, Minnesota is attempting to develop an integrated health care delivery network, called Hennepin Health.
- Hennepin Health is trying to look at things differently, using a social disparities approach to health care reform and combining social, behavioural and medical services.
- The driver for Hennepin County Health's approach was a crisis in 2010 that saw increased demand and decreased revenues. Every crisis, however, also presents an opportunity.
- Five per cent of patients in Hennepin County use 64% of health care resources, and mostly for crisis rather than preventive care.
- The range of public services delivered by governments have traditionally been planned and pursued separately, even though failure in health care services for some patients often has impacts in other areas, such as jails, shelters, etc.
- The state of Minnesota is currently looking at a number of models for health care reform, one of which is the Hennepin County Health model.
- The premise of the Hennepin County Health approach is that the basic needs of individuals must be met in order that attention can then be focused on health needs.
- In January 2012, Hennepin County Health started a two-year demonstration project involving the Medicaid expansion population; key characteristics of this population underline their multiple needs:
 - 68% of the population is minority.
 - 45% of the population has some level of chemical dependency.
 - 42% of the population has mental health needs.
 - 30% of the population has chronic pain management needs.
 - 32% of the population experiences unstable housing.
 - 30% of the population has one or more chronic diseases.
- The current health care system works least well for the highest-cost patients.
- The objective is to improve outcomes for patients and providers, and to reduce costs and social disparities.
- Core elements of the Hennepin County Health approach are:
 - patient-centred care;
 - a single location – or a “health care home” – for services that can vary by patient;
 - integration of a number of health care service providers;
 - a single core patient record;
 - primary care partnered with behavioural health and social services; and
 - a system driven by value rather than by volume.

- Goals in the first two years of the demonstration project included:
 - reducing admissions;
 - reducing emergency room visits; and
 - reducing Medicaid eligibility "churn," defined as people losing eligibility for benefits because they do not understand the social service system's requirement for re-registration, etc.
- The elements of Hennepin County Health's financial model are:
 - Hennepin County provides the same amount it had previously spent per patient.
 - Partners share risks and gains.
 - A "tiering" approach allows Hennepin County Health to provide outpatient and other supports to a smaller number of patients requiring the greatest degree of support, with money gained through reduced inefficiency also available to address the requirements of a greater number of patients with fewer needs.
- Early lessons from the demonstration project include:
 - in terms of care enhancements:
 - providing dental care in the emergency room as an alternative to giving pain medication and recommending a dentist;
 - providing pharmacy consultations;
 - delivering medication to patients, some of whom were not picking up prescriptions;
 - using patient "dashboards" to provide a quick overview of goals, trends and plateaus in care; and
 - using a "tiering" approach that recognizes that a small number of patients will have more complex needs, and therefore will require more complicated care than most others.
 - in terms of system enhancements:
 - sharing information better between the health plan and the health care providers;
 - using a data warehouse to bring data systems together; and
 - providing a continuum of links between related services, such as behavioural health programs, corrections, shelters, housing, etc.
- Challenges to resolve as the demonstration project continues include:
 - Medicaid eligibility "churn"; and
 - issues in relation to data sharing, including consent.
- Health care providers are paid for services, not for doing less because of better information, etc. The system must be reformed, but gradually so that health care providers are not forced out of business unnecessarily.

NATURAL RESOURCES COMMITTEE – STATES' ROLE IN CREATING THE MODERN ELECTRIC GRID

Paul Peterson, *Synapse Energy Economics Incorporated*

- While the structure of electricity transmission is relatively simple, the operation is enormously complex. Electric systems are the largest machines ever built and run by mankind. The real-time nature of electricity makes it very difficult to store; it is also somewhat difficult to transport.
- Traditionally, operators estimated the load demand one day in advance, and then followed a schedule to generate that amount while monitoring and balancing supply and demand very carefully.
- In the past, supply was considered to be variable, but demand was considered to be fixed, except as modified based on hotter or colder weather, etc. Now, the system is evolving, and both supply and demand are variable; customers can increase or decrease their use based on prices in an hourly market. Both energy suppliers and users can make and accept "day ahead" offers for electricity at specific prices, which results in greater efficiency and therefore fewer resources wasted in generating and transmitting extra electricity.
- While New England needed a total of 25,000 megawatts on a peak day in 2002, approximately 90% of the energy supplied came from 15,000 megawatts of resources; the remaining 10% was supplied by 10,000 megawatts. The figures are similar today.
- The electrical distribution system has been designed to meet maximum necessary loads, whatever they might be, yet 60% of resources provide 90% of energy, and 40% of resources provide the other 10%, which is fundamentally inefficient. If demand can be adjusted to meet supply, less could be generated while still meeting the needs of customers, resulting in greater efficiency and lower costs.
- The Federal Energy Regulatory Commission (FERC) has jurisdiction over wholesale power markets and the bulk power system. FERC makes its decisions based on two standards of review: "just and reasonable rates," and "no undue discrimination." As well, it has issued a number of orders designed to regulate and organize the bulk planning and transmission process.
- The most recent FERC order is Order 1000 (2011) - Transmission Planning and Cost Allocation. Key elements of this order include the need to ensure stakeholder participation, consider public policies, evaluate alternatives, assign costs to beneficiaries and develop inter-regional coordination.
- In its attempt to allocate costs, FERC categorizes projects in several ways:
 - projects designed to ensure the reliability of the current system;

- projects based on economic goals, such as the New England proposal to import lower-cost hydro power from Canada; and
- projects that address public policy goals.
- The general principle is that beneficiaries should pay, yet transmission lines are long-term investments that cover about 40 years.
- There are a number of good ideas from different places, and states should try different approaches over time in order to determine what works.
- A number of considerations should be kept in mind when evaluating new transmission proposals:
 - While some people propose new grids for transmission, new grids are very expensive. The very best information must be available before decisions are made.
 - While demand for electricity has always grown in the United States, energy efficiency policies will create a flat energy demand in New England until at least until 2022. A reasonable target for energy efficiency is a 1% annual reduction in electricity.
- Overall, there is no single silver bullet answer to solve energy needs; that said, there may be a shotgun shell with multiple silver pellets.
- Those concerned with future energy challenges should look at integrated approaches to electricity generation and transmission.
- Greater efficiency in the electrical transmission system is essential for the proper use of resources.
- Important elements in addressing the search for sustainable energy include:
 - clean resources;
 - better grid management of demand and supply;
 - technical applications; and
 - integrated solutions.
- There are a number of questions that governors should pose to their officials:
 - Ask state electric utilities for energy and peak-load forecasts that show the impacts of energy efficiency, expanded electricity generation by customers and photovoltaic technology.
 - Ask the state's energy office to evaluate strategies for reducing peak loads.
 - Ask utility commissions to:
 - evaluate the potential for smart meters and grids to improve system load; and
 - evaluate rate designs for vehicle-to-grid (V2G) systems that would involve electric cars that can plug into the grid, with the cars discharging during peak hours throughout the day and recharging during non-peak hours at night. V2G systems would be an "elegant" solution to the challenge of generating and transmitting electricity. A large fleet of such electric cars would

revolutionize the electric industry in the United States, and it is possible that this technology will have an impact in the next 10 years.

- Several states in New England are interested in obtaining "new hydro power" from Canada in addition to the 10% of power already received; this new power could account for about 10% of their peak demand. Because it would replace electricity generated by gas-fired generators, hydroelectricity would have an environmental benefit.
- New England is now 45% dependent on natural gas from outside the region.
- There are questions about who will pay for transmission lines: eventual customers elsewhere, or citizens of the producing state?
- The question with wind energy is: is it being developed for domestic use or for export? While wind energy could be developed near population centres, this approach would likely not be popular with residents.

CLOSING PLENARY SESSION- GROWING THE NEXT BIG IDEA

Stephen Blank, *Author, and Stanford University and the University of California at Berkeley*

- Based on the history of start-up businesses in Silicon Valley, it is known that there are multiple types of start-up businesses:
 - lifestyle;
 - social entrepreneurship;
 - small;
 - high-growth, or scalable;
 - newer "buyable"; and
 - large companies either sustaining innovation or dealing with disruptions in their markets and innovating.
- More than 90% of high-growth start-up businesses fail.
- The goal of new "buyable" start-up businesses is to be sold to a larger company.
- While policies, funding and tactics differ, techniques to build start-up businesses are the same.
- The history of the "start-up ecosystem" is:
 - Silicon Valley was not created by entrepreneurs. It is the result of a series of unintended consequences that started with Stanford University, which was "outward facing" in that, rather than simply focusing on publications and academics, it had deep military and industrial ties.
 - The federal government made substantial investments in weapons research and development during the Cold War, much of it in California. A Stanford University professor successfully argued that research could be done at the university, but that any production should be done by companies created by the students.

- The first venture capital funding of start-up businesses came in response to the Soviet Union's Sputnik in 1957, following which Congress established a program to match – on a 3:1 basis – any investments in new companies. Government funding remained the basis of venture capital until later, when pension plans began to become involved in venture capital financing.
- A key point in the history of Silicon Valley is that a culture was built there that embraced both technology and financial risk, and saw failure as experience.
- The important thing for building an entrepreneurial culture is not just (dumb) money, but "smart" investors that give experienced advice, have a tolerance for risk and invest for the long term.
- A key lesson for building innovation without Cold War funding is the need for:
 - infrastructure, which includes research universities, predictable economic systems, a stable legal system, and utilities that operate 24 hours per day, 7 days per week; and
 - a start-up culture, which includes risk-taking, accelerators/incubators, outward-facing technology-oriented universities, and the free flow of people and information;
- Considerations in relation to helping to ensure that start-up businesses fail less often include:
 - Most start-up businesses fail because they focus on their technology, and are not sufficiently focused on customers and markets.
 - Start-up businesses are not just small versions of large corporations. Start-up businesses must go through the process of identifying customers, pricing, etc., while large corporations know their customers and execute their business plan.
 - Start-up businesses are – by definition – temporary, and are based on having faith that they will succeed as they search for a successful business model that is repeatable and scalable.
 - While the old model of business development emphasized writing a business plan before doing anything else, such plans often collapse in the face of reality. Entrepreneurs must be ready to change direction when confronted with failure. A much better approach is to interact with potential customers first, and use the feedback received to develop a business model.
 - A process called Lean Launchpad has been developed that allows teams of entrepreneurs or others to place their ideas in front of hundreds of customers within eight weeks. The U.S. National Science Foundation (NSF) is using this method to teach scientists to get out of their labs. It also represents a link between NSF basic research funding and funding for commercialization.
- In relation to encouraging successful start-up businesses, states can:
 - realize that entrepreneurship embraces failure, which is part of the process, and can encourage a “fail fast and move fast” culture;

- establish or attract incubator and accelerator organizations, such as Startup America, that can help entrepreneurs;
- implement incentives to ensure that risk capital is “located” next to entrepreneurial centres; and
- encourage universities to move beyond teaching how to write business plans to building a 21st century entrepreneurship curriculum.

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 Governors Association Annual Meeting 2012
DESTINATION	Williamsburg, Virginia, United States of America
DATES	July 12-15, 2012
DELEGATION	
SENATE	Hon. Michael L. MacDonald, Senator, Vice-president Hon. Wilfred Moore, Q.C., Senator
HOUSE OF COMMONS	Mike Lake, M.P. David McGuinty, M.P.
STAFF	James Lee, Advisor
TRANSPORTATION	\$4,578.58
ACCOMMODATION	\$3,722.65
HOSPITALITY	\$Ø
PER DIEMS	\$944.70
OFFICIAL GIFTS	\$Ø
MISCELLANEOUS/REGISTRATION FEES	\$6,000.62
TOTAL	\$15,246.55