

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 Council of State
Governments - 63rd Annual Meeting of the Southern
Legislative Conference**

Canada-United States Inter-Parliamentary Group

**Winston-Salem, North Carolina,
United States of America
August 15 – 19, 2009**

Report

From August 15-19, 2009, the Canadian Section of the Canada-United States Inter-Parliamentary Group (IPG) was represented at the 2009 Annual Meeting of the Council of State Governments – Southern Legislative Conference (SLC) in Winston-Salem, North Carolina by the Honourable Wayne Easter, P.C., M.P., Vice-Chair of the Group, Senator Wilfred P. Moore, Q.C., Vice-Chair and Mr. Brad Trost, M.P., Vice-Chair.

Founded in 1947, the Southern Legislative Conference includes state legislators from 16 southern states (see the Appendix). Its mission is to foster and encourage intergovernmental cooperation among member states.

The 16 states in the SLC are important to the Canada-U.S. relationship. Of the estimated 7.1 million U.S. jobs that depend on bilateral trade, recent figures indicate that more than 2.6 million jobs in those 16 states rely on Canada-U.S. trade. Bilateral trade was recently valued at more than US\$118 billion annually: about US\$55 billion was exported from these states to Canada, while they imported just over \$63 billion from Canada. Eleven of the 16 SLC states have Canada as their primary foreign export market. Moreover, recent data suggest that, in a one-year period, Canadians made more than 6.2 million visits to the SLC states and spent more than \$3.8 billion, while residents of these states made almost 2.2 million visits to Canada in that same period and spent nearly \$1.5 billion.

The 2009 Annual Meeting included a variety of plenary, committee and task force sessions. The plenary sessions were:

- Generating Economic Development During Times of Extreme Fiscal Stress
- Economic Turbulence and State Investment Strategies
- From Madoff to Medicaid Fraud
- A Conversation with Clyde Edgerton.

The following committees held sessions during the meeting:

- Agriculture & Rural Development
- Economic Development, Transportation & Cultural Affairs
- Education
- Energy & Environment
- Fiscal Affairs & Government Operations
- Human Services & Public Safety.

Finally, the Gulf Coast & Atlantic States Regional Task Force held a meeting.

The interaction with state legislators enables members of the Canadian Section of the IPG to better achieve the aim 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 meetings with state legislators provide the members of the Canadian Section of the

IPG with an important means to provide input to, and gather information about, state-level issues that affect Canada.

This report summarizes the discussions that occurred at the plenary and selected committee sessions.

2009 AGFORUM: FOOD SAFETY IN TRANSITION

Representative Terry England, *State of Georgia*

- salmonella does not move freely through peanut butter and peanut butter paste; consequently, it is possible to sample often and not hit a “pocket” of salmonella
- every facility should have a Hazard Analysis and Critical Control Point (HACCP) system or HACCP-compatible system subject to random inspections
- problems need to be identified early, before the food enters the food chain

Senator Francis Thompson, *State of Louisiana*

- food-borne illnesses are pervasive across the nation
- there is an inadequate number of inspectors nationwide
- 25% of the American population gets sick from contaminated food, and more people die each year from food-borne illness than were lost in the 11 September 2001 terrorist attacks in New York
- proactive steps should be taken rather than reactive steps once a problem has occurred
- “meaningful” recall plans are needed when food problems are identified
- corrective, rather than punitive, penalties are needed, and should be sufficient to induce the “right” behaviours

Michael Doyle, *University of Georgia*

- there are a number of weaknesses in the U.S. food safety system, including in respect of:
 - surveillance – states are not equally committed and have limited resources to participate in PulseNet, which is the principal food safety surveillance system for detecting food-borne-illness outbreaks
 - inspection – the U.S. Food and Drug Administration delegates a large proportion of food plant inspections to states, and state inspection programs vary in terms of the competence of inspectors, the depth of inspections, the adequacy of inspection programs, the frequency of inspections, the nature and degree of follow-up when deficiencies are observed, and the communication of findings to the Food and Drug Administration
 - the inspection and testing of imported foods – with imported foods, concerns include microbiological safety issues, pathogen contamination of produce and fecal waste used in aquaculture production in some countries
 - third-party audits – many food companies use third-party auditors to determine the compliance of suppliers with requirements, and auditors may not be knowledgeable or adequately trained for the type of plant being inspected, they may have a bias since they are being paid by the company

- requesting the audit and plants are typically on their "best behaviour" during inspections since audits are often announced in advance
 - differences among companies in their commitment to food safety – economics is the primary driver for many companies, and often they do not test the finished food product for harmful microbes
- standardized inspections across levels of government are needed
- federal inspections are infrequent
- lab testing varies in credibility, as do sampling protocols
- with the globalization of the food industry, there has been a dramatic increase in the importation of food into the U.S.
- sanitation practices for food production and preparation are not equivalent throughout the world
- in some countries, sewage and manure are used as fertilizers
- about 1% of U.S. Food and Drug Administration-regulated imported food is visually inspected, and less than 0.5% of such food shipments are tested
- testing of representative samples of large shipments of imported foods is inadequate
- many of the methods used for testing food contaminants are decades old and need updating
- the notion of risk-based food testing is ill-defined and not scientifically vetted

Steve Solomon, *United States Food and Drug Administration*

- President Obama, who has given his personal commitment to improve food safety, has established a food safety working group; as well, both the U.S. Senate and the House of Representatives are examining food safety legislation
- rather than the current system, which is reactive, the focus should be proactive prevention of food-borne illnesses; it is preferable to prevent problems before they occur
- the food supply can become contaminated by many stakeholders at many points; as well, there are many authorities across levels of government with responsibility for food safety
- both intentional and unintentional food contamination occurs
- over time, how food is produced, cooked and consumed has changed; consider, for example:
 - different nutritional habits
 - consumption of meals outside the home
 - purchases made at grocery stores rather than farmers' markets
 - the consumption of baby carrots rather than carrots peeled and cut at home
 - contamination of diners at a salad bar resulting from a contaminated head of lettuce rather than contamination of one family at home
 - globalization and food imports with no knowledge of the food safety systems used in other countries

- a public-health-oriented food safety system with 3 foci is needed:
 - prevention as a priority
 - strengthened surveillance and enforcement
 - improved response and recovery
- federal and state food safety systems are not sufficiently integrated; as well, standards differ and there is some duplication
- the nation needs a more systematic, integrated approach to identifying and controlling risks that lead to food-borne illnesses, with proper enforcement
- a prevention-based food safety system requires:
 - registration
 - prevention controls
 - oversight
 - information access
 - regulatory tools for offenders
 - traceability throughout the system
 - the sharing of information

VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT (Human Services & Public Safety Committee)

Toni King, *State of North Carolina*

- disabled Americans need to be assisted in preparing for, securing and maintaining gainful employment
- successful employment outcomes should be an important goal
- it is important that disabled employees are able to perform the essential elements of their job with reasonable accommodation

GENERATING ECONOMIC DEVELOPMENT DURING TIMES OF EXTREME FISCAL STRESS

Ray Perryman, *The Perryman Group*

- there are no magic answers to the questions of how the global economy "got into this mess" or how it should go about getting out of it
- opportunities for families, communities and businesses must be created and maximized
- there is a need to focus on what will happen once recovery occurs, since the recovery may happen quickly and the U.S. needs to be competitive
- the right economic development incentives must exist
- the single most important consideration in terms of economic development is ensuring that a community is a place where people want to locate and live, since it is not possible to provide people with enough incentives to locate where they do not really want to be; consequently, infrastructure, schools, the regulatory and tax systems, etc. must be considered
- economic stimulus funds should be leveraged for long-term benefit

ECONOMIC TURBULENCE AND STATE INVESTMENT STRATEGIES

Janet Cowell, *State of North Carolina*

- the 2008 stock market crash will affect state budgets for the next 5-10 years
- most states have defined benefit pension plans for state employees, and these plans are characterized as being a three-legged stool:
 - employer contributions
 - employee contributions
 - investment returns
- in the future, increases in employer contributions to defined benefit pension plans for state employees are likely to be required
- states have essentially five options in terms of defined benefit pension plans for state employees:
 - increase employer contributions
 - increase employee contributions
 - change benefits going forward
 - increase investment returns
 - implement some combination of the previous four options
- private saving for retirement should be encouraged

SECURING THE SOUTH'S ENERGY FUTURE (Energy & Environment Committee)

Ken Nemeth, *Southern States Energy Board*

- the U.S. needs a reliable and secure supply of energy
- technologies that require a lot of water will not be available in the future due to water shortages
- each state should have an energy plan and strategy
- cybersecurity for energy infrastructure must be considered
- energy infrastructure needs to be built and, in some cases, re-built
- energy policy has become climate policy
- U.S. dependence on foreign oil means that U.S. dollars are "flying out the door"
- electricity is now more important than ever before; as appliances, "gadgets," hybrid cars, etc. are developed, more electricity is needed
- all sources of energy – coal, oil, gas, nuclear, wind, solar, geothermal, biomass, etc. – have limits on supply and growth
- in some sense, energy efficiency is "the first fuel;" a great deal can be done with efficiency
- the key with wind energy is getting it to market
- the U.S. South has opportunities for solar energy
- heat that is the output of a process should be used as an input for another process
- carbon capture and storage should be considered for coal-fired plants
- regulatory certainty is needed

- according to one source, there are four interrelated crises in the United States:
 - the economy
 - the climate
 - energy security
 - competitiveness

- in dealing with some of the crises in the U.S., there are at least five changes that could be beneficial:
 - place a value on carbon
 - provide utilities with the proper incentives
 - fund research and development into clean energy
 - develop and implement stronger standards for buildings, appliances, etc.
 - ensure the existence of a robust trade policy

Bill Schafer, *Range Fuels*

- all forms of energy can play a role in the U.S.' energy future
- some of the current energy-related technologies have limitations; consider, for example:
 - agricultural production used for food rather than fuel
 - energy output in relation to the energy used as an input to make the energy output

- woody biomass has a different maturation cycle than herbaceous biomass

Rodney Andres, *University of Kentucky*

- energy is a global commodity, and the United States competes globally for it
- while the U.S. has fossil energy resources, there are concerns about how these resources can be used without harming the environment
- in the United States, carbon dioxide emissions result from:
 - electric power
 - transportation
 - everything else

- often, the production of goods is associated with the production of carbon dioxide
- there are transmission and/or storage challenges associated with both wind and solar power
- carbon capture and storage demonstration projects must continue
- the United States should continue to:
 - provide incentives for new technologies
 - innovate
 - develop new technologies to deal with carbon
 - develop new and renewable energy resources

Joseph Craft, *Alliance Resource Partners*

- picking "winners" is challenging
- coal "keeps the lights on"
- low-cost energy has been, is and will continue to be the backbone of the U.S., and will contribute to job creation
- low-cost energy is a magnet for businesses and for jobs
- governments and industry should work together in solving problems
- coal, which is the fastest-growing fuel worldwide because of its relatively low cost, is a critical component of the U.S.' energy portfolio
- coal has a history of environmental success in respect of nitrous and sodium oxides
- if a nation does not have jobs, it does not have wealth
- the principles underlying sound energy policies include:
 - energy independence
 - improved energy efficiency
 - an examination of the science behind global warming
 - a reliance on all forms of energy
 - protection of national security
 - investments in research and development as well as incentives for technology
 - operation of the free market to provide low-cost, affordable energy

Christopher Hamilton, *West Virginia Coal Association*

- coal mining leads to jobs, tax revenues, etc.
- the coal industry has been revolutionized by technology
- coal needs to be part of the U.S.' energy portfolio
- mountain top, or surface, mining is occurring in some places and, since some counties are virtually dependent on surface mining, it should not be prohibited

EDUCATION AND THE FISCAL STIMULUS (Education Committee)

Jim Wynn, *The Education Trust*

- there are enormous differences between the U.S. South and the rest of the nation in terms of per-child support
- an important question is: are all children not the same, regardless of the state in which they reside?

Stacey Jordan, *United States Department of Education*

- the *American Recovery and Reinvestment Act of 2009* (ARRA) allocated funds to education
- ARRA funds should be committed thoughtfully, quickly and transparently
- common standards enable comparisons with peers
- high-quality information enables better decision-making
- intervention should occur with chronically low-performing schools

COMMON CORE STANDARDS INITIATIVE

Chris Minnich, *Council of Chief State School Officers*

- each state has its own academic standards and students in each state learn to different levels; having 50 different sets of standards is unfair for children
- 49 states and territories have signed the Common Core State Standards Initiative led by the National Governors Association and the Council of Chief State School Officers; the initiative will potentially affect 43.5 million students, or about 87% of the student population
- the common core state standards will be based on research and evidence from leading national organizations as well as from high-performing states and counties; they will reflect what a student needs in order to be successful in college and in the workplace
- there is a collective need to develop and adopt core academic standards in mathematics and English language arts
- all students should have equal access to an excellent education
- students must be prepared to compete not only with their peers in the next state, but also with their peers in other countries worldwide
- for students, common core state standards will:
 - help to prepare students with the knowledge and skills needed to succeed in college and in a career
 - ensure that expectations are consistent for all children, regardless of the state in which they live
 - help students to make transitions between states
 - help students understand what is expected of them and enable more self-directed learning by them
- for educators, common core state standards will:
 - allow more focused pre-service and professional development
 - assure that what is taught is aligned with assessments, including formative, summative and benchmarking
 - provide the opportunity for educators to tailor curricula and teaching methods
 - inform the development of curricula that promote deep understanding for students
- for states, common core state standards will:
 - allow states to align curricula to internationally benchmarked standards
 - allow states to ensure professional development for educators that is based on best practices
 - create the opportunity for the United States to compete for high-wage, high-skill jobs in a knowledge-based economy
 - allow the development of a common assessment standard
 - give states the opportunity to compare and evaluate policies that affect student achievement across states

- create potential economies of scale in respect of curricula development, assessment, etc.

FROM MADOFF TO MEDICAID FRAUD

Harry Markopolos, *Independent Financial Fraud Investigator & Analyst*

- while stealing money is bad, someone's health is stolen with medicare fraud
- \$0.30 of every medicare dollar is wasted because of the wrong treatment, and \$0.10 of every medicare dollar is stolen by fraudsters
- health care costs, which currently represent 16% of the U.S.' gross domestic product, may rise to 20% unless changes are made; the U.S. spends the most among Organization for Economic Co-operation and Development nations, yet the nation's public health statistics rank at or near the bottom of most health-quality measures
- to balance the U.S. federal budget, an immediate wage tax of 14.4% would be required
- the fiscal imbalance in the United States rises by \$2.4 trillion annually
- one-half of U.S. states have false claims statutes in respect of medicaid fraud
- Bernard Madoff had thousands of direct and indirect victims; it was clear as early as 2002 that he was operating a Ponzi scheme
- the U.S. Securities and Exchange Commission is a captive regulator, and the securities industry is a huge and powerful lobby
- the situations that arose in respect of Madoff and the sub-prime mortgage crisis have had reputational costs for the United States in capital markets, resulting in a higher cost of capital for American consumers and businesses
- rigorous enforcement is needed
- if it seems too good to be true, it probably is

BRIDGING THE RURAL-URBAN DIVIDE (Agriculture & Rural Development Committee)

Jason Gray, *The Aspen Institute*

- increasingly, the United States is a metropolitan country
- slightly more than one-half of the U.S.' "rural" population, as defined by the Census Bureau, lived in a metropolitan county at the time of the 2000 Census
- rural residents are not always where we think they are, and more integration is occurring than you would expect
- definitions of "urban" and "rural" are inconsistent and changing
- inner-city neighbourhoods and "small-town America" are deeply engaged in re-creating, or in preserving, quality places that can prosper and that can be places in which one's children would want to live or to which they would want to return

John Molinaro, *The Aspen Institute*

- there are a number of key policy areas where "urban" and "rural" can come together:

- the persistence of poverty
 - economic restructuring
 - public education
 - health care
 - immigration
 - political voice
 - clean air and water
 - the preservation of liveable spaces and the countryside for future generations
 - sustainable energy production and consumption
- not only are there similarities between urban and rural regions in terms of people and issues, we are often talking about the very same people at various times in their lives
 - urban and rural regions need to form strategic alliances: they can struggle alone or prosper together
 - the futures of urban and rural regions are shaped by state policies
 - there are five key strategies:
 - redefine “rural”, “urban” and “suburban” into meaningful regions
 - develop new champions and non-traditional leadership
 - build on rural-urban partnerships that work
 - build a rural-urban advocacy agenda regarding policy opportunities
 - test and disseminate the power of a rural-urban framework
 - two major factors will drive the agenda in this century:
 - energy
 - the environment
 - every solution to energy and environmental challenges is at the intersection of rural and urban issues

Ken Stauber, *Danville Area Foundation*

- there is a battle among the old economy, the new economy and no economy
- the focus in the old economy was producing goods and providing services as inexpensively as possible; this approach was not beneficial for rural areas
- the focus in the new economy is re-creating a competitive advantage as a region every 5-10 years
- communities must speak with one voice and cooperate in order to build a competitive advantage
- there are three areas to "track":
 - are "living wage" jobs being created?
 - what is happening to the population aged 25 to 55 years?
 - how are children doing in school?

HOW DO WE MOVE TOWARD HIGH SPEED RAIL? (Economic Development, Transportation & Cultural Affairs Committee)

Pat Simmons, *North Carolina Department of Transportation*

- the use of rail to transport cargo reduces greenhouse gas emissions and congestion on highways
- the U.S. needs to build a national rail network in the same way that the nation once built a national highway network

Tony Morris, *American Magley*

- these days, everything must be "green"
- consumers want speed, frequency and flexibility

FEDERAL TRANSPORTATION REAUTHORIZATION AND THE SUCCESSOR TO SAFETEA-LU (Economic Development, Transportation & Cultural Affairs Committee)

Curtis Johnson, *United States Department of Transportation*

- America's history is a history of transportation
- the *American Recovery and Reinvestment Act of 2009* contains funds for transportation

INFRASTRUCTURE REPORT CARD: TRENDS FROM SOUTH CAROLINA, THE SLC AND THE NATION (Economic Development, Transportation & Cultural Affairs Committee)

Matt Silveston, *American Society of Civil Engineers*

- the American Society of Civil Engineers would give an overall grade of D to the nation's infrastructure; in particular:
 - dams: D
 - drinking water: D-
 - hazardous waste: D
 - levees: D-
 - solid waste: C+
 - wastewater: D-
 - aviation: D
 - transit: D
 - bridges: C
 - energy: D+
 - inland waterways: D-
 - public parks and recreation: C-
 - rail: C-
 - roads: D-
 - schools: D
- users must pay an appropriate price for their use of infrastructure

- infrastructure "solutions" include:
 - increase state and federal leadership
 - promote sustainability and resiliency
 - develop local, state, regional and national infrastructure plans
 - consider life-cycle costs and maintenance
 - increase investments from all stakeholders

**THE DRIVE TO MOVE SOUTH: HOW DO WE MOVE IT TO A HIGHER-TECH GEAR?
(Economic Development, Transportation & Cultural Affairs Committee)**

Simon Cobb, *Center for Automotive Research*

- there have been dramatic changes in the "fortunes" of the automotive industry in the last six months; however, some of the issues that led to the current situation started in the 1990's
- there is a huge variety of automotive products in the marketplace

FUNDING THE ARTS DURING EXTREME FISCAL STRESS (Economic Development, Transportation & Cultural Affairs Committee)

Milton Rhodes, *Arts Council of Winston-Salem and Forsyth County in North Carolina*

- as the nation emerges from the recession, the arts will be critical
- the arts are linked to jobs, education, gross domestic product, workforce improvements, social capital, the look and feel of communities, the revitalization of cities, etc.
- the arts should be celebrated, since they affect the quality of life

Respectfully submitted,

Hon. Jerahmiel Grafstein, Q.C., Senator
Co-Chair
Canada-United States
Inter-Parliamentary Group

Gord Brown, M.P.
Co-Chair
Canada-United States
Inter-Parliamentary Group

APPENDIX A

U.S. STATES IN THE SOUTHERN LEGISLATIVE CONFERENCE OF THE COUNCIL OF STATE GOVERNMENTS

Alabama

Arkansas

Florida

Georgia

Kentucky

Louisiana

Maryland

Mississippi

Missouri

North Carolina

Oklahoma

South Carolina

Tennessee

Texas

Virginia

West Virginia

Travel Costs

ASSOCIATION	Canada-United States Inter-Parliamentary Group
ACTIVITY	Council of State Governments - 63rd Annual Meeting of the Southern Legislative Conference
DESTINATION	Winston-Salem, North Carolina, United States of America
DATES	August 15 – 19, 2009
DELEGATION	
SENATE	Hon. Wilfred P. Moore, Q.C., Vice-Chair
HOUSE OF COMMONS	Hon. Wayne Easter, P.C., M.P., Vice- Chair Mr. Brad Trost, M.P., Vice-Chair
STAFF	Mr. Chad Mariage, Executive Secretary Ms. June Dewetering, Analyst
TRANSPORTATION	\$3,459.75
ACCOMMODATION	\$2,313.38
HOSPITALITY	\$ Ø
PER DIEMS	\$1,887.68
OFFICIAL GIFTS	\$ Ø
MISCELLANEOUS/REGISTRATION FEES	\$1,668.62
TOTAL	\$9,329.43