

Canada – United States
Inter-Parliamentary Group
Canadian Section



Groupe interparlementaire
Canada – États-Unis
Section canadienne

**Report of the Canadian Parliamentary Delegation
respecting its participation at the Annual National
Conference
of the Council of State Governments (CSG)**

Canada–United States Inter-Parliamentary Group

**Colonial Williamsburg, Virginia, United States of America
8–11 December 2016**

REPORT

DELEGATION MEMBERS AND STAFF

From 8–11 December 2016, the Honourable Wayne Easter, P.C., M.P., House Co-Chair of the Canadian Section of the Canada–United States Inter-Parliamentary Group (IPG), and Senator Michael L. MacDonald, the Canadian Section’s Acting Senate Co-Chair, led a delegation to the annual national conference of the Council of State Governments (CSG) in Colonial Williamsburg, Virginia. Mr. Kerry Diotte, M.P. was also part of the delegation, which was accompanied by 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 conference, the CSG’s various regions hold an annual meeting.

DELEGATION OBJECTIVES FOR THE EVENT

The CSG’s annual national conference provides members of the IPG’s Canadian Section with an important opportunity to speak with state legislators and selected governors from throughout the United States. These interactions enable Canadian Section members 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 conference provides members with an opportunity to give input to, and gather information about, state-level issues that affect Canada.

ACTIVITIES AT THE EVENT

The following sessions were held at the CSG’s 2016 national conference:

- Shared State Legislation Part I
- Medicaid 101
- Workforce Development Strategies for People with Disabilities
- Best Practices in Attracting Investment
- The Principles of Pensions
- The New Virginia International Trade Corporation
- What’s Next for Trade Agreements and Trade Overall?
- Moving Beyond No Child Left Behind

- Water: Trending Issues in the States
- Top Five Fiscal Trends for 2017
- Health Care 2017: Rough Seas Ahead
- Realizing the Future: Changes for Transportation on the Horizon
- Technology Solutions to Advance Military & Overseas Voting
- Civic Education in the States
- Results First: Data-Driven Decision-Making in the States
- Federalism 101: Ensuring the State Voice is Heard
- Workforce Investment – Funding Streams & Trends
- Diabetes Budgets: Measuring State Commitment to Reduce Chronic Disease
- Response & Recovery: Lessons Learned from Hurricane Matthew
- Global Protocols for State Leaders at Home & Abroad
- Case Study in Collaboration: Elder Guardianship
- Shared State Legislation Part II
- Combating Opioid Use in the States
- The Next Presidential Administration & Relations with the States
- Using Data & Technology to Enhance Government Operations
- Defending the Principles of Federalism
- Advancing Economic Development in the States: The Triple Helix Model
- Reflecting on a Quarter Century of Charter Schools.

In addition, the following “innovation classrooms” were held:

- Autonomous Vehicle Demonstration
- Development, Anatomy & Market Implications of e-Cigarettes
- Autonomous and Connected Vehicles: What’s Next for Industry & the States
- Mapping for Legislative Offices
- The Knowledge Economy: America’s Economic Development Engine
- Building a Smart Community
- Using Data & Technology to Enhance Government Operations.

Finally, a service project – Campaign Against Hunger – was undertaken.

This report summarizes the discussions that occurred at selected sessions.

BEST PRACTICES IN ATTRACTING INVESTMENT

David East, *Bureau van Dijk*

- It is difficult to attract investment, and the existence of fewer projects is leading to competition that is increasingly fierce; consequently, it is important to have the “right” strategy to attract investment and to “stand out.”
- The “right” strategy to attract investment should consider the following:
 - organizational structure – A consistent message is needed from the top of the organization to its bottom.
 - agility – State economic development boards, among other entities, need to treat investors as clients, meet investors’ needs, etc.
 - balance – There is a need to ensure the existence of the right skill sets to meet business needs.
 - recruitment – “People buy people,” so there is a need to “know” an investor’s business, “talk” the investor’s language and understand what the investor is trying to achieve.
 - relationships – There is a need to form relationships at all levels, including with the private sector.
 - customization – The “value proposition” should be customized because “one size does not fit all”; every investor is unique and should be treated differently.
- Consideration should be given to establishing a “soft-landing program” to help investors integrate and build their business, and to putting in place an “after-market program” so that existing investors are supported.
- Identifying potential trade partners and investors is becoming increasingly difficult, and research and intelligence gathering are critically important in identifying “the needle in a haystack”; opportunities should be examined sector by sector, and then market by market.
- Because they know the reasons underlying their selection of a particular location, sector, etc., existing investors can help to “recruit” new investors.
- Foreign direct investment is important; \$1 in foreign direct investment leads to at least \$1 in direct investment.
- There is a link between the level of entrepreneurship and the level of foreign direct investment.
- Within the United States, interstate investment is declining.
- When compared to domestic companies, foreign companies tend to invest more in employee training, pay higher wages, support innovation and improve productivity.
- Capital does not “have a conscience,” and the United States’ economy must remain open.
- Infrastructure development creates opportunities for foreign direct investment.
- In some areas of manufacturing, the United States is more competitive than China.
- U.S. companies are now more risk averse than in the past.

Will Powers, *Commonwealth Center for Advanced Manufacturing*

- For businesses, volatility is an enemy.

- There is a need to create a sustainable competitive advantage.
- It is important to build relationships, not transactions, especially with those who can “make things happen quickly.”
- When it makes sense to do so, businesses should collaborate, and should share equipment, knowledge, etc.
- Businesses and academia should work together to ensure that there is a focus on the skills that will be needed in the future.
- Businesses need to identify their value proposition.

THE NEW VIRGINIA INTERNATIONAL TRADE CORPORATION

Brett Vassey, *Virginia Manufacturers Association*

- Economic development needs to be more than “recruiting businesses” and “buying jobs.”
- There is a difference between economic development and trade development.
- Trade “threatens” the status quo, and some do not like change.
- Many U.S. businesses are not interested in exporting their goods or services to foreign markets.
- Efforts should be coordinated at all levels of government.
- Only what is managed can be measured.

GLOBAL INTELLECTUAL PROPERTY CENTER – U.S. CHAMBER OF COMMERCE

Patrick Kilbride, *U.S. Chamber of Commerce*

- Innovation happens throughout the world.
- The United States has more transformative innovation than any other country in the world; at least in part, this outcome is due to strong intellectual property rights, since strong legal rights in this area lead to an ability to access capital, the creation of jobs, high rates of economic growth, etc.
- Intellectual property protections are a “reward” for high-risk, time-intensive efforts, and support investments in innovative activities.
- Intellectual property rights can be used as a competitive advantage.
- Intellectual property rights should be viewed as an investment in the world’s innovative capacity.
- More than one half of U.S. exports are from intellectual property–intensive sectors.
- The Trans-Pacific Partnership agreement is a significant “step forward” in advancing a global standard for protecting intellectual property.
- China is working on an intellectual property policy that will benefit Chinese companies and disadvantage foreign investors.

WHAT'S NEXT FOR TRADE AGREEMENTS AND TRADE OVERALL?

Van Wood, *Virginia Commonwealth University*

- Globalization is a significant aspect of international trade.
- To achieve “greatness,” the following are needed:
 - aid flowing from rich countries to poor countries;
 - green technology;
 - peace; and
 - trade.
- The gap between “the West” and “the rest” is closing.
- With globalization, competition is greater and there is a need to be better marketers, to engage in “after-sales” efforts, etc.
- Increased competition is leading to increased innovation.
- Because of globalization, most markets and people are outside a country’s borders.
- Since the fall of the Berlin Wall in 1989, there has been democratization of information, technology and finances.
- Today, countries are differentiated by their ideas.
- By 2050, 70% of the world’s population will live in urban areas.
- Big emerging markets are moving up the value chain.
- In the future, countries that are protectionist will “lose.”

Gilles Gauthier, *Government of Canada*

- Trade accounts for 70% of Canada’s gross domestic product, and one in five jobs.
- Trade is critically important for stimulating economic growth.
- The Canada–U.S. relationship is among the largest in the world, with daily trade valued at \$2 billion and more than 400,000 people crossing the shared border each day; the two countries also collaborate in a range of areas, including research and development, innovation, energy and defence.
- The value of trade between Canada and the United States is roughly in balance.
- About 9 million U.S. jobs depend on trade with Canada, and these jobs can be found in every Congressional district.
- Canada and the United States have integrated supply chains; if the United States succeeds, Canada succeeds, and vice versa.
- Canada and the United States are working together to facilitate trade at the shared border and to align regulations.
- From Canada’s perspective, the *North American Free Trade Agreement* (NAFTA) has worked well.

- If Canada exports more to the European Union as a consequence of the Canada–European Union Comprehensive Economic and Trade Agreement, then the United States will benefit too.
- From Canada’s perspective, “Buy American” provisions in U.S. legislation increase costs and reduce efficiency.
- It is normal to have irritants in large trade relationships.
- Trade in softwood lumber is a potential irritant in the Canada–U.S. relationship.

Christopher Wenk, *U.S. Chamber of Commerce*

- Trade is under attack, but it is important to the U.S. economy.
- The United States has benefitted from its involvement in the global economy.
- At present, the United States has a trade agreement with 20 countries, and it often has a trade surplus with those countries.
- President-Elect Donald Trump supports fair trade and enforceable trade agreements, although he was against the Trans-Pacific Partnership agreement during the election campaign.
- President-Elect Trump will have trade promotion authority during his first term.
- A trade agreement between the United States and the European Union would provide opportunities for both.
- If the objective is to increase U.S. economic growth and the number of U.S. jobs, it will not be possible to ignore the 95% of consumers who reside outside the United States.
- If the United States pulls out of NAFTA, millions of U.S. jobs will be affected.

Honourable David O’Sullivan, *European Union Ambassador to the United States*

- The relationship between the European Union and the United States is fundamentally strong, with or without a trade agreement.
- The single most important economic corridor in the world is that between the European Union and the United States.
- Europe has emerged from a difficult crisis; economic growth has been positive for the last couple of years, the unemployment rate is falling, etc.
- The changes resulting from technological change are at least equal to those resulting from trade and globalization.
- Technological change is fundamentally changing the nature of employment, and those who are displaced by this change should be compensated.
- Europe already has 50 free trade agreements; the United States has 20 such agreements.
- It would probably take an additional one or two years to conclude the Transatlantic Trade and Investment Partnership between the European Union and the United States; the European Union is ready to continue negotiations.

- When compared to the Trans-Pacific Partnership negotiations, the negotiations between the European Union and the United States are more of a negotiation “between equals.”
- The “final story” regarding the United Kingdom’s exit from the European Union “is not yet written”; the precise “shape” and “nature” of the exit is not yet clear, but the United Kingdom’s exit should not be seen as the start of an “unravelling” of the European Union.
- The European Union’s motto is: There is unity in and through diversity.

HIRING, RETENTION AND RE-ENTRY: WORKFORCE DEVELOPMENT FOR PEOPLE WITH DISABILITIES

William Frank, *National Task Force on Workforce Development for People with Disabilities*

- Having a job is very important.
- Many U.S. states are implementing employment policies regarding persons with a disability.
- Everyone – disabled or abled – wants the same things in life.

Michael Murray, *American Association of People with Disabilities*

- Employers hire people with a disability for a range of reasons, including the following:
 - The law requires them to do so.
 - It is the right thing to do.
 - It helps their “bottom line.”

Bobby Silverstein, *Powers Pyles Sutter & Verville PC*

- States should be a model employer of persons with a disability.
- Staff should be trained regarding disability issues.
- Stay-at-work and return-to-work initiatives are important.

STATE OF THE STATES: FISCAL ROUNDUP AND WHAT TO EXPECT IN 2017

Brian Sigriz, *National Association of State Budget Officers*

- Over the last six months, the fiscal situation of some U.S. states has worsened; that said, the budgetary environment for most states is likely to be characterized by continued stability and modest growth.
- The year 2017 is expected to be the seventh consecutive year of increased spending and rising revenue for U.S. states, and state growth is likely to be modest.
- Most U.S. states are continuing to increase the amount in their rainy day fund(s).
- In the next few years, the challenges for state budgets are likely to include the following:
 - pent-up demand for spending because of past budgetary reductions;

- modest economic and revenue growth;
 - pension and other liabilities;
 - maintaining infrastructure;,
 - meeting transportation-related demands;
 - dealing with the impacts of declining energy prices, demographic change, long-term liabilities, relatively slow economic growth, etc.
 - uncertainties related to the federal government, including in relation to funding levels, tax changes, etc.
- Since 2007, nearly every U.S. state has enacted pension reforms regarding employer and employee contributions, the retirement age, inflation protection, etc.

BEST PRACTICES IN BUDGETING AND PROMOTING FISCAL STABILITY

Brenna Erford, *The Pew Charitable Trusts*

- There is some concern about how long “underwhelming” economic growth will continue.
- States need to determine the budgetary response to various circumstances in any given year.

Jonathan Ball, *Utah Legislature*

- Managing risk requires a “tool kit” that includes the following:
 - structural balance;
 - management of cash flow;
 - spending reductions;
 - rainy day funds; and
 - other budgetary reserves.
- Revenue sources are often volatile.
- In the United States, on average, there is six years between recessions and a recession lasts 18 months.
- Unfortunately, expectations are often based on the current situation rather than on long-term probabilities.
- It is important to do the following:
 - “Manage” the business cycle.
 - Make promises that can be kept and keep the promises that are made.
 - Avoid irrational policy choices.
- Budgets should be set so that ongoing revenues exceed ongoing spending.

Jim Flanders, *Indiana Legislative Services Agency*

- Two key concerns are forecasting accurately and managing the budget.
- Forecasting models should be adjusted, as required, and the reasons for errors should be identified.

- One important consideration in budgeting is the manner in which aging affects consumption patterns; for example, millennials often do not purchase cars, and their housing choices affect construction jobs and the associated spending of construction workers, the purchase of furniture and appliances on which taxes are applied, etc.
- Spending should be managed, with the establishment of a reasonable spending limit, ongoing examination of revenue performance, and management of the amount of spending given revenue performance.

RESULTS FIRST: DATA-DRIVEN DECISION-MAKING IN THE STATES

Elizabeth Davies, *Pew-MacArthur Results First Initiative*

- Funding decisions are often based on inertia and anecdotes.
- States should assess programs, conduct a cost-benefit analysis to identify the return on investment, and fund “what works.”

In funding “what works,” the following six key actions should be taken:

- Define levels of evidence – Develop clear definitions of the meaning that should be given to “evidence-based.”
- Prepare an inventory of existing programs – Collect structured, comparable information about programs, and ensure that resources are directed to effective, unduplicated services.
- Compare program costs and benefits – Compare programs according to their expected return on investment.
- Report outcomes in the budget – Incorporate and use data in budget processes.
- Target funds to evidence-based programs – Develop formal methods to ensure the proper allocation of funds.
- Require action through state laws – Ensure that statutes, codes, executive orders, etc. require evidence-based policy making.

Most U.S. states engage in some level of evidence-based policy making

Weston Merrick, *Minnesota Management and Budget*

With results-based accountability, the focus is outcomes, rather than outputs.

There is a need to ensure that services are implemented correctly.

Herbert Frierson, *Mississippi Department of Revenue*

- Performance-based budgeting ensures that revenue is spent wisely.
- Evidence-based programs are an aspect of sound fiscal policy.
- U.S. states should implement programs that they are reasonably sure will work.

Jonathan Ball, *Utah Legislature*

There are bottlenecks in any process.

Key questions include the following:

- What are the goals?

- Can the goals be measured?
- What are the targets for these metrics?

Maximize output and minimize inputs in order to maximize profits.

THE KNOWLEDGE ECONOMY: AMERICA'S ECONOMIC DEVELOPMENT ENGINE

Brad Fenwick, *Elsevier*

- U.S. states should identify their economic competitive advantage, and then recruit, retain and “grow” companies consistent with that advantage.
- In competing for businesses, states may focus on tax incentives and infrastructure, although knowledge and people are also important; often, businesses choose a location based on the availability of the skill sets that they need
- Education is a necessary, but not sufficient, condition for success.
- Each state should determine whether it is a net exporter or a net importer of “talent” and whether its agencies are working together with a view to creating a competitive advantage.
- A team of experts is not an expert team without data.
- Data should be used to make wiser decisions, including about what a state’s competitive advantage should be.
- If a better economy is the destination, then data are the map for arriving at that destination.
- Better science is achieved when academic researchers collaborate with the private sector; moreover, the quality of science rises if international collaboration occurs.
- The “triple helix” model of government-academia-private sector collaboration should be considered.
- Support should be targeted to areas where it will make a difference.
- Governments should fund discovery research.

CASE STUDY IN COLLABORATION: ELDER GUARDIANSHIP IN TEXAS

Brenda Uekert, *National Center for State Courts*

With an aging population and a population with mental health challenges, there is an increasing need for elder guardianship.

Some U.S. states monitor elder guardianships, but the practices vary across states and within states

Jorge Ramirez, *Texas Legislature*

- Elder guardianship is an area where legislation is important.
- In guardianship situations, many rights can be lost, including the right to vote.

Alex Jones, *Texas Health and Human Services Commission*

- Guardianship can assist those who are most in need, but – because of the loss of rights – less restrictive alternatives should be explored first.
- Individuals who are guardians need to be well-trained, appropriate and effective.

Jeff Rinard, *Texas Office of Court Administration*

- Guardianships can help to protect the most vulnerable and their assets.
- Registration of guardians facilitates the monitoring of guardianship situations.

COMBATING OPIOID ABUSE IN THE STATES

Brian Moran, *Virginia Department of Public Safety and Homeland Security*

- Opioid addiction is a public safety issue and a public health crisis; it is not possible for the United States to “arrest its way” out of the crisis.
- The policy framework regarding opioid addiction should include harm reduction until treatment is available, prevention through tracking and reducing the supply of opioids, and treatment for those who are addicted.
- Heroin is increasingly affordable and accessible, and is being mixed with fentanyl and carfentanyl.
- Drug take-back programs are very successful when drugs have been over-subscribed, someone dies, etc.
- Doctors’ prescriptions should be monitored.

Melinda Campopiano, *U.S. Department of Health and Human Services*

- Naloxone should be available to those who are at high risk of opioid overdose, as well as to those who are likely to be “on the scene” of an overdose.
- Those who survive an opioid overdose should receive treatment; detoxification is the medical management of withdrawal, rather than treatment.
- Medically assisted treatment is one component of comprehensive treatment of opioid use.

Robert Childs, *North Carolina Harm Reduction Coalition*

- “Harm reduction” incorporates a spectrum of strategies, including safer drug use, managed drug use, abstinence from drug use, etc.
- Measures to allow people to “declare” needles to law enforcement officers prior to search help to improve officer health through reduced needle pricks.
- Syringe exchange programs reduce disease, drug use, crime and medical costs; as well, they provide an opportunity to connect users to care.
- Naloxone should be available to emergency and first responders, community leaders, the family members of opioid users, etc.

Patrick Knue, *Brandeis University*

- Prescription drug monitoring programs have existed since 1939; the first program was started in California.
- With prescription drug monitoring programs, a pharmacy that fills a prescription submits specific information; this information generally includes the patient's name, address and date of birth, the prescription drug's code, and information about the prescription drug's name, type, strength, quantity and date when dispensed.
- With some prescription drug monitoring programs, data are submitted daily; the more current are the data, the more effective is the program.
- As an alternative to a national drug monitoring program, it is important that information can be shared across state lines.

ADVANCING ECONOMIC DEVELOPMENT IN THE STATES: THE TRIPLE HELIX MODEL

Bran Fenwick, *Elsevier*

- It is important that U.S. states' identify their economic competitive advantage and the manner in which they can "play" to it, including by taking action in the following areas:
 - recruiting and retaining companies that reliably provide well-paid jobs;
 - expanding "born here" companies;
 - developing and retaining "talent"; and
 - ensuring government-academia-private sector collaboration.
- The following three "I"s are important:
 - innovators – see opportunities that others miss and "champion" new ideas that create value;
 - imitators – copy innovators, sometimes with marginal improvements; and
 - idiots – undermine the innovation that they are trying to exploit.
- A team of experts is not an expert team without data.
- If a better economy is the destination, then better data are the roadmap to that destination.
- The best research occurs when there is collaboration between academia and the private sector.
- The "triple helix" involves collaboration among governments, academia and the private sector; often, governments play a convening role.
- Technology is making it easier to collaborate
- Data and analytics should be used to make better decisions.
- "Talent" is what really matters for the future.

Pankaj Sharma, *Purdue University*

- The "research landscape" is changing continuously.
- External forces affecting the research landscape include the following:

- budgets;
 - funding;
 - competition; and
 - need.
- Internal drivers affecting the research landscape include the following:
 - the institution’s goals, priorities, mission and leadership;
 - the relative emphasis on discovery research and applied research; and
 - budgets.
 - New discoveries at academic institutions can lead to new companies.
 - International students have a significant economic impact in their local community.

Glen Tait, *Idaho National Laboratory*

- It is important to develop and nurture partnerships.
- Because of an aging workforce, it is important to recruit; the curricula at educational institutions and the needs of businesses must be aligned.
- Institutions and states should make the most of their unique strengths.
- Clusters should be developed; they are an “engine,” and others will co-locate.

Respectfully submitted,

Hon. Michael L. MacDonald,
Senator, Co-Chair
Canada–United States
Inter-Parliamentary Group

Hon. Wayne Easter, P.C., M.P.,
Co-Chair
Canada–United States
Inter-Parliamentary Group

Travel Costs

ASSOCIATION	Canada–United States Inter-Parliamentary Group
ACTIVITY	Annual National Conference of the Council of State Governments (CSG)
DESTINATION	Colonial Williamsburg, Virginia, United States of America
DATES	8–11 December 2016
DELEGATION	
SENATE	The Hon. Michael L. MacDonald
HOUSE OF COMMONS	The Hon. Wayne Easter, P.C., M.P. Mr. Kerry Diotte, M.P.
STAFF	Ms. June Dewetering, Senior Advisor
TRANSPORTATION	\$ 3,789.46
ACCOMMODATION	\$ 6,518.47
PER DIEMS	\$ 704.42
MISCELLANEOUS / REGISTRATION FEES	\$ 3,017.37
TOTAL	\$ 14,029.72