During the year, Montana Director of Agriculture Ralph Peck is the co-chair of the U.S.-Canada working group, while Susan Combs, commissioner of the Texas Department of Agriculture, is co-chair of the U.S.-Mexico working group.

In Montreal, the United States and Mexican delegations adopted a work plan for addressing migratory farm labor issues, including a commitment to conduct surveys of the states and to study the establishment of a pilot farm labor program. They also agreed to continue to work together on animal health issues and organic certification.

The U.S.-Canada working group found common concerns related to year-round movement of feeder cattle, pesticide harmonization and technical trade dispute resolution. Delegates agreed on the importance of protecting the security of the food supply in North America and the need to coordinate the role of the states and provinces. The accord also developed recommendations urging government officials to work together to minimize trade disruptions that could result from the Country of Origin Labeling regulations.

The states’ delegates agreed with Mexican and Canadian representatives to encourage “the U.S. and Canada to move in a parallel manner on science-based approval of new biotechnology products without compromising the marketability of the products.” Farmers in both countries are concerned about consumer acceptance of genetically modified wheat.

Other regular U.S.-Mexican and U.S.-Canadian exchanges take place under the auspices of the U.S. Border Governors Conference, which has an agriculture working group; the Gulf States Conference, and through various regional state-provincial and producer-to-producer exchanges along both borders. There are regular meetings between Texas and its Mexican neighbors, and strong bilateral working relationships between California and Baja California, Arizona and Sonora, and Montana and Alberta. North Dakota and Manitoba have hosted regional meetings of U.S. and Canadian producers from the northern plains.

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Education – Teaching across state lines

The American work force is highly mobile, with workers relocating and changing employers often over the course of a career. But when a teacher wants to relocate to another state, educators suddenly face barriers to mobility that most workers do not face. The result, said Charles Cobel, executive director of the Education Commission of the States Teacher Quality Policy Center, is the nation is losing teachers.

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“We hear teachers say they quit teaching because they couldn’t stand to jump through a new set of hoops or face a new set of standards,” he said. With an impending teacher shortage in many parts of the country, ECS and other organizations are working with states to eliminate these barriers.

ECS helps states study their various licensure requirements.

“Each state looks at its highest standards, and we ask states to make those highest standards their minimum standard and then to go above it,” Cobel said. “States then consider agreements to accept a person’s credentials across state lines for licensure only if the candidate achieves above the highest standard that all states agree upon.”

One coalition of states funded by ECS, the Mid-Atlantic Regional Teacher Project, is further along in achieving this goal than other regions of the country. According to Jennifer Piscatelli, ECS special project associate, one component of MARTP is working to develop a “Meritorious New Teacher” designation for high quality teachers, in part with funding from the ECS teacher mobility initiative. “The hope is that all of the states participating in MARTP would accept the designation without requiring those teachers to meet additional conditions,” Piscatelli said. The Meritorious New Teacher designation is one of five MARTP priorities.

MARTP identified the lack of reciprocity for teacher licensure and certification as one of the primary barriers to attracting and retaining teachers in that region, according to Diana Rigden, vice president of The Council for a Basic Education. MARTP is considering an agreement that would allow new teachers in Delaware, the District of Columbia, Maryland, Pennsylvania, Virginia and New Jersey to seek a regional teaching license. Later, the group hopes to take up reciprocity issues for mid-career and veteran educators, and the issue of pension portability, which Rigden and Cobel predict will be much harder to accomplish.

State retirement systems have billions of dollars on the table, and pension portability is a thornier issue because of differences in retirement structures. “There’s a lot of talk about this,” Cobel said. “There’s recognition that we have a problem here, but when you ask states to give away their state retirement money to people, you are asking a lot. There might be some compromises states can make, such as in the area of years of experience that will transfer. We’re not there yet, but we are trying to find common ground. Right now, we will take small victories where we can get them.”

The National Association of State Directors of Teacher Education and Certification, established in 1928, also provides an interjurisdictional agreement that assists educational personnel licensed or certificated in one jurisdiction to obtain similar authorization in another state through the NASDTEC Interstate Contract. Currently, 48 states and territories are members of the contract; 29 are members of the support staff contract; 31 have joined the administrator membership; and 19 participate in the vocational contract.

“The portability of teacher credentials is the area in which we have been working for a number of years,” said Roy Einreinhofer, NASDTEC executive director. “States have been more reluctant to grant portability of seniority and pensions. Under the terms of the Interstate Contract, teachers can move into new states and be granted certification with a minimum of fuss.”

Pension portability, however, has not been tackled by NASDTEC because, said Einreinhofer, “it is out of our hands.”

Piscatelli said that representatives of NASDTEC serve as members of ECS’ larger steering committee on teacher mobility efforts with the State Higher Education Executive Officers. “We are working with the knowledge and support of each other, but not directly together. They are serving in an advisory role in our project,” she said.

— Charlotte Postlewaite, chief education policy analyst – cpostlewaite@csg.org

Environment – Interstate cooperation across national boundaries

Our American states and six from Mexico launched a cooperative plan in April designed to improve the environment and protect public health on both sides of the border.

California, Arizona, New Mexico and Texas, together with the Mexican states of Baja California, Sonora, Chihuahua, Coahuila, Nuevo Leon and Tamaulipas established the plan, “Border 2012,” with the U.S. EPA and its Mexican counterpart, Secretaria del Medio Ambiente y Recursos Naturales (SEMARNET).

The 10-year cooperative plan builds upon two federal, state and local government efforts that seek to protect the environment and public health on both sides of the border, “Border XXI,” signed in 1996, and “Laz Paz,” signed in 1983.

Governments of both countries recognize that environmental problems in the area know no boundaries. Raul Arriaga, the undersecretary of SEMARNET, underscored that point when he was quoted in the Los Angeles Times saying, “The geography and resources that we share are the element that validates our friendship and binds our destinies.”

Border 2012 will focus on a 62.5-mile area on either side of the 2,000-mile long
Fiscal – States working together for tax collection

States have worked together for years concerning fiscal affairs, and the trend continues today. Efforts include collecting certain taxes and fees, such as motor fuel taxes, and fees for commercial fleet licenses and registrations; creating and refining state fiscal policy and practices such as improving revenue forecasting; and working with the federal government on federal initiatives that affect state finances such as taxing electronic commerce.

Indeed, the Federation of Tax Administrators was one of the first multistate agencies. Established in 1937, the FTA’s mission is “to improve the quality of state tax administration by providing services to state tax authorities and administrators.” These services include research and information exchange, training and intergovernmental and interstate coordination.
The FTA was followed by the creation of the National Association of State Budget Officers. Established in 1947, NASBO defines itself as “the instrument through which the states collectively advance state budget practices.”

Interstate compacts also promote interstate fiscal cooperation, primarily by providing a framework for collecting certain taxes. The Multistate Tax Compact, enacted in the 1960s, is probably the most well-known example.

A commission in which 45 states and the District of Columbia participate administers the compact. Twenty-one states are compact members, and the remainder participate as sovereignty, associate or project members. All states and other United States jurisdictions are eligible to participate.

The commission administers the compact by:
• encouraging states to adopt uniform tax laws and regulations that apply to multistate and multinational enterprises;
• reducing state tax compliance burdens on businesses; and
• protecting state fiscal authority through active participation in significant court cases and through educating Congress about state tax authority and interests.

The commission maintains a Joint Audit Program that audits business sales/use and corporate income taxes for several states simultaneously.

Joint audits contribute to uniformity in taxpayer treatment and dramatically reduce the administrative burden on taxpayers since one audit replaces many audits by numerous states.

The commission reports, “States have also created through the commission a National Nexus Program to encourage voluntary disclosure, helping taxpayers assure themselves that they are in compliance with state filing requirements.”

The commission also maintains an Alternative Dispute Resolution Program that:
• provides a voluntary, cooperative means of resolving state tax controversies involving two or more states;
• reduces costs and risks of litigation for both the public and private sectors; and
• provides a means of addressing the multistate character of a controversy so that the interstate issues can be resolved among the relevant parties consistently.

The commission is working with the National Governors Association, the Federation of Tax Administrators and the National Conference of State Legislatures on the Streamlined Sales Tax Project. This project “will develop measures to design, test and implement a sales and use tax system that radically simplifies sales and use taxes.”

After two years of deliberations, the project released a draft Streamlined Sales and Use Tax Agreement in November 2002 that has been adopted, at least in part, by 34 states. The agreement “focuses on improving sales and use tax administration systems for all sellers and for all types of commerce.”

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Health – Multistate Medicaid solutions

Governors Jennifer Granholm of Michigan and James Douglas of Vermont made headlines in February when they announced a multistate partnership to purchase prescription drugs for Medicaid. In the days following the announcement, Wisconsin and South Carolina announced they would also join the plan.

Although the idea of bulk purchasing or buying-pools for prescription drugs is not new, the Michigan and Vermont partnership seems to have a head start on other states. The two states already have preferred drug lists for Medicaid and use the same company to manage pharmacy benefits.

As prescription drug spending has soared over the last few years, states have explored working together to establish purchasing pools for prescription drugs. Many states have given legislative authority to task forces and executive agencies to explore working with other states to form prescription drug purchasing cooperatives or alliances. The idea is to join forces and leverage buying power to negotiate steeper discounts from drug manufacturers.

Medicaid has been the fastest growing item in state budgets, and prescription drugs have been the fastest growing portion of Medicaid.

The Northeast Legislative Association on Prescription Drug Prices (NELA) is comprised of six New England states plus New York and Pennsylvania. Since 1999, NELA has been working on establishing a prescription drug purchasing alliance among the Northeastern states. Three states in this group – Maine, Vermont and New Hampshire – agreed to work together to form a prescription drug purchasing coalition particularly targeted to Medicaid.

West Virginia has helped organize discussions among officials from Louisiana, Maryland, Mississippi, Missouri, New Mexico, and South Carolina to establish another prescription drug purchasing pool for state employees.

The state of Minnesota has operated the Minnesota Multistate Contracting Alliance for Pharmacy since 1985. It purchases drugs, equipment and other products and services for state-run health care facilities. More than 2,000 facilities in 40
states are a part of this alliance.

Although the idea of bulk purchasing seems relatively simple in theory, putting it into practice is another matter. States have to determine whether to combine single programs, such as Medicaid, or whether to add state employees, prison health care and other programs that provide prescription drugs. Although adding programs expands the pool of customers, it can also add to administrative complexity.

Another issue is whether to contract with a private sector pharmacy benefits manager or PBM. In the case of Michigan and Vermont, working with a PBM may make combining forces easier. Recent reports about some for-profit PBM business practices, however, have caused some states to be wary. NELA is looking at forming a nonprofit PBM of its own.

The question of administration and governance of multistate alliances is also problematic. For instance, should the alliance be housed with one state or should there be an independent entity that manages operations?

Governance and decision-making is also an issue. If states must establish a preferred drug list to participate in an alliance, there is a question of whether decisions about a state’s drug coverage might be made by others out-of-state.

There is also no way to know exactly how much a state will save from participating in a drug purchasing pool.

Despite some of these challenges, many state leaders remain committed to making prescription drug purchasing pools work. As Iowa Sen. Maggie Tinsman said in CSG Midwest’s Stateline, “We’re all having a terrible time with our budgets. Still, we want to provide health care to the poor, disabled and senior citizens. Let’s see if we can’t do it in a more cost-effective way.”

— Trudi Matthews, chief health policy analyst – tmatthews@csg.org

Infrastructure – Protecting state resources

There is no question that states lie at the heart of infrastructure protection issues. Following the attacks of September 11, many states started to realize the challenges faced when developing a comprehensive strategy to protect critical assets and infrastructure from the threat of terrorism.

As defined in the USA Patriot Act and the National Strategy for the Physical Protection of Critical Infrastructures and Key Assets, critical infrastructure are considered to be “systems and assets, whether physical or virtual, so vital to the U.S. that the incapacity or destruction of such systems and assets would have a debilitating impact on security, national economic security, national public health or safety, or any combination of those matters.”

One regional partnership has taken the initiative to identify vulnerabilities in these areas and formulate plans to deal with them. Last summer, the Pacific North West Economic Region (PNWER) held the second in a series of exercises as part of an ongoing initiative known as the Partnership for Regional Infrastructure Security.

In existence since 1991, PNWER is a public/private partnership formed to facilitate cooperation, coordination and communication among its members with the goal of enhancing the economic development of its eight U.S. and Canadian member jurisdictions – Alaska, Idaho, Oregon, Montana, Washington, Alberta, British Columbia and the Yukon Territory.

Determining that a better understanding of the region’s critical infrastructure and associated interdependencies was needed, the Partnership for Regional Infrastructure Security was launched in late 2001 with a kickoff meeting of more than 120 public and private sector organizations from all the PNWER jurisdictions. The goal of this partnership is to develop a cooperative preparedness strategy that will enhance the security of critical infrastructure systems throughout the region.

The tabletop exercise conducted last summer, titled “Blue Cascades,” brought together more than 150 representatives from 70 public and private sector organizations for a cross-border, multijurisdictional exercise to examine infrastructure interdependencies.

Conducted by PNWER and cosponsored by the Federal Emergency Management Agency, the U.S. Navy and the Canadian Office of Critical Infrastructure Protection and Emergency Preparedness, “Blue Cascades” focused on the vulnerabilities of and linkages between infrastructures that could result
in cascading impacts in the event that one or more sectors were disrupted.

Also aimed at identifying how such disruptions could complicate response and recovery efforts, the exercise was designed to help stakeholders, through a challenging scenario of disruptions, identify their needs and priorities so as to facilitate the development of a plan to assist the PNWER region in becoming more disaster-resistant.

Developed by PNWER members representing both the public and private sectors, the scenario focused on attacks that had the ability to cause cascading, long-term impacts. Therefore, the scenario began with disruptions to physical infrastructure that quickly spread to other critical areas.

The simulated attacks caused region-wide power outages that spread to other Western states and were followed by disruptions of the region’s natural gas distribution, telecommunications systems and simulated threats to the water supply systems. Other interdependent infrastructure and critical services throughout the region were affected by the disruptions, including transportation, law enforcement and emergency services.

As a result, the scenario highlighted the challenges and cross-border issues that could arise from such disruptions and helped public and private sector participants identify the myriad of challenges that result from infrastructure interdependencies. In addition, in its subsequent evaluation, the majority of both public and private sector participants rated the exercise as extremely helpful and expressed the need for future similar multistate and cross-border activities.

Lauded by the National Infrastructure Protection Center of the Department of Homeland Security as an excellent example of efforts to implement the National Strategy for Homeland Security, it is also an example of how a greater level of protection for our valuable infrastructure can be achieved when states, along with the private sector, cooperate.

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Public safety and justice – Regulating transferred offenders

Since 1937, the Interstate Compact for the Supervision of Parolees and Probationers has provided the sole statutory authority for regulating the transfer of adult parole and probation supervision across state boundaries. All 50 states are members of this interstate agreement, as are the District of Columbia, Commonwealth of Puerto Rico and the U.S. Virgin Islands.

At 65 years old, the compact authority and structure are seriously outdated. With more than 4.5 million offenders on probation and parole, overseen by 3,285 different local probation and parole offices, and operated by more than 860 separate agencies, the compact is in need of significant revision.

First introduced in January 2000, the Adult Compact was quickly enacted in several states, the first being Colorado on April 10, 2000. A little more than 26 months later, on June 19, 2002, the compact was enacted by the 35th state, Pennsylvania. Although the compact has been enacted in record time (most interstate compacts and agreements take between five and seven years before they are enacted), considerable effort went into developing a national campaign to educate state policy-makers about the need for change and how the revised compact would improve public safety in the states.

In November 2002, the Adult Compact convened its first Interstate Commission meeting and is now operational. Over the next year, the commission will hire staff, develop training and technical assistance models for states and promote the development of a national data-sharing system that will allow states to more quickly and accurately collect and share critical information on those 250,000 parolees and probationers moving across state lines each year.

The Interstate Compact for Adult Offender Supervision is a new breed of interstate compact — one that empowers the states to maintain control over areas that rightly are their purview; one that seeks a modernized structure and promotes flexible rule-making procedures; one that promotes enforcement and accountability among the states and the offenders the compact controls; and one that uses modern communication and data-sharing to more quickly and efficiently do the work of the compact.

While the theory and purpose behind interstate compacts has changed little over the last 227 years, modern compacts differ greatly, tackling broader public policy issues and forging state partnerships for problem solving and cooperation.

As public policy issues become more complex and affect more states in our boundary-less world, new interstate compacts could prove to be the answer to several multistate, regional and national policy problems. States should further utilize interstate compacts to address new problems and create new methods of interstate cooperation. If not, federal pre-emption in certain policy areas is a distinct possibility.

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