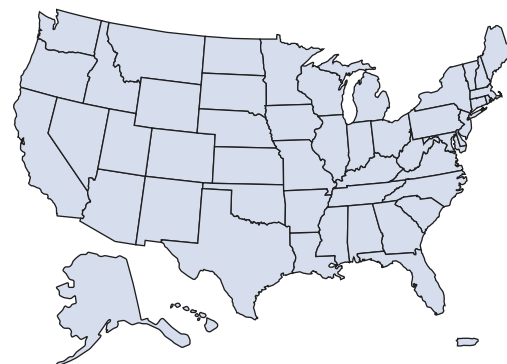


Interstate Cooperation



BY TRENDS RESEARCH AND RESPONSE GROUP OF THE COUNCIL OF STATE GOVERNMENTS

Now, more than ever, states are challenged to solve problems together. The current fiscal crisis and the devolution of federal powers are spurring interstate cooperation.

While many problems are state-specific, an increasing number of issues similarly affect all states, often in identical ways. By working together, states are able to vet innovative ideas, save money and manpower and develop solid solutions that address their mutual concerns and further strengthen the rights of the

states to do so in the future. Whether the issue is energy, health care, the environment, transportation, corrections or taxation, states are leading the way in collaborative problem solving.

This month, CSG's Trends Research and Response Group looks at the issue of interstate cooperation and how states are charting new territory in specific areas of public policy.

For more information on CSG's policy activities, please visit www.csg.org (keyword: policy).

Agriculture – States join forces to promote international trade

State agricultural representatives in April participated in the 13th meeting of the Tri-National Accord, continuing a tradition of relationships among senior state and provincial agricultural officials from the United States, Canada and Mexico.

Pat Takasugi, Idaho agriculture secretary and president of the National Association of State Departments of Agriculture, was among 15 state leaders who attended the meeting in Montreal as the agricultural leaders collaborated on agricultural trade and development issues. NASDA oversees the trilateral accord program.

The current arrangement is rooted in a U.S.-Canadian exchange dating from 1984. When efforts got underway in the 1990s to expand the U.S.-Canada Free Trade Agreement to create a North American Free Trade Agreement, Mexico was invited to participate.

The accord has three bilateral working groups that annually define issues that will be addressed. Issues of bilateral concern and agreed on approaches to working on them are established at the annual meeting and modified as necessary

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. 

— Carolyn Orr, lead agriculture and rural policy analyst – corr@csg.org

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.

“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 teach-

ers, 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

Four 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 recog-

nize 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

border that is home to almost 12 million people.

Since 1992, the population of this area has surged as a result of the North American Free Trade Agreement, which has led to an increase in manufacturing facilities along the border.

By 2020, the border region population is expected to grow to more than 19 million people.

The Border 2012 agreement targets this dynamic economic, social and environmental landscape by promoting a more bottom-up approach with state and local governments prioritizing the key issues and developing the solutions.

Key components of the program include:

- Partnerships among the 10 American and Mexican border states to implement the program;
- A new organizational structure centered on regional workgroups to facilitate regional-level and local-level planning and priority setting;
- Goals and objectives that are measurable.

The Council of State Governments' Western regional office and the Southern

Legislative Conference have been actively involved in the development of the Border 2012 plan through the work of the Border Legislative Conference, formerly known as the Border Legislative Initiative.


The BLC is a CSG program that serves as a mechanism for ongoing dialogue and collaboration among state legislators from the United States and Mexico. BLC fosters the development of shared solutions along the border region through joint consideration of common problems and the exchange of information.

The organizational structure of Border 2012 is comprised of the following three coordinating bodies and their respective task forces:

- **National coordinators** consisting of federal representatives of EPA and SEMARNET who manage the overall program implementation and cooperation among all coordinating bodies.
- **Regional Workgroups**, with one state and one federal co-chair, will serve as the foundation of the Border 2012 program, coordinating activi-

ties at the regional level and supporting the efforts of local task forces. They are multi-media (land, air and water) and geographically focused. The four binational Regional Workgroups are: California and Baja California; Arizona and Sonora; New Mexico, Texas and Chihuahua; and Texas, Coahuila, Nuevo Leon and Tamaulipas.

- **Border-wide workgroups** will work on multiregional issues. These are issues identified by two or more regional workgroups that require federal involvement on both sides of the border. The border-wide workgroups will address issues of environmental health, emergency preparedness and response, and cooperative enforcement and compliance.

For more information about the Border Legislative Conference's continuing involvement with Border 2012, please contact Edgar Ruiz, CSG-West regional office, at (916) 553-4423 or via email at er Ruiz@csg.org. 

—Scott Richards, chief environmental policy analyst – srichards@csg.org

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 bur-

dens 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 final 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.”

— Bill Voit, senior projects director —
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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