



U.S. REPRESENTATIVE • 4TH CONGRESSIONAL DISTRICT • OREGON

PETER DEFazio

R E P O R T S



Congress of the United States
House of Representatives

June 2000

Dear Friend:

Next fall I'll pass the two million mile mark in my almost weekly commute between my home in Springfield and Washington, D.C. I believe many of the problems with Congress can be traced to members who have lost touch with the districts they came to Congress to represent (the "Inside the Washington Beltway" mentality). Too many Members of Congress march lockstep with the Administration or their party leaders. They listen more to powerful lobbyists in Washington than to the folks back home.

As I travel my district from Sweet Home in the north to Brookings in the south, and everything in between, I hear many similar needs and priorities. We must invest more in our kids, schools and education. Many have strong concerns about the future of Medicare and Social Security and the skyrocketing cost of prescription drugs. I hear about the need for investment in highways, ports, rail lines, clean water and high speed telecommunications to promote economic development and quality of life. The list of needs is long and dollars have fallen short. (See page 2 and page 5.)

In 2003, the counties I represent and many others throughout the Northwest will face financial collapse unless Congress renews guaranteed payments for lost federal forest and O&C receipts. (See page 3.)

There is some good news. For the first time in 50 years the federal government is projecting a large surplus of \$40 billion this year without raiding the Social Security Trust Fund. If Congress gets its priorities straight, we can begin to make needed investments and pay down the six trillion dollar mountain of federal debt. (See page 4.)

As always, I would like to hear from you. If you want to express an opinion or need help with a federal agency, call, e-mail or write to the addresses and phone numbers listed on page 8.

Sincerely,

PETER A. DEFazio
Member of Congress

Investing in Oregon's Infrastructure

For a Better Economy and More Livable Communities

As a Member of the House Transportation and Infrastructure Committee, I've made it a priority to ensure that Oregon receives its fair share of federal investment. Investment in infrastructure is key



DeFazio secured \$5.5 million to rebuild the vital Coos Bay Rail Bridge. Above, he meets with Port of Coos Bay officials about the structural repairs needed to keep the bridge open.

to making our communities livable and improving our economy.

Boosting Freight Rail and High Speed Passenger Rail - In many parts of rural Oregon, rail lines are in desperate need of repair and face abandonment. I secured funding to fix the Coos Bay Rail Bridge, the rail link to Coos County and I worked with the Oregon legislature to provide emergency funds to fix rail lines in Linn and Benton counties. I've sponsored legislation to maintain and improve short line railroads. In addition, I've secured funds to improve the rail line between Portland and Eugene and mitigate hazards at rail crossings to allow trains to travel at higher speeds. High-speed passenger rail is critical to address traffic congestion and air pollution problems in the Willamette Valley.

Improving Air Service - Airports are congested, delays are rampant, airplanes are jammed and air traffic control systems are overloaded. We

airports in Albany, Florence, Roseburg, and elsewhere will get guaranteed federal funds.

For many Oregonians, airline deregulation has meant skyrocketing fares and less and less service every year. To address this, AIR-21 also includes a new program I authored setting aside \$85 million in grants for communities with limited air service, like Eugene and North Bend, to help attract new airlines.

Investing in Safer, Cleaner Water - Americans face a national crisis in maintaining our outdated, failing water infrastructure and meeting the mandates of the Clean Water Act and the Safe Drinking Water Act. I am part of a bipartisan coalition, launched this spring, to address the problem of our aging water and sewer facilities. Watch for future newsletters on this important new national initiative.

are facing gridlock in the air. As a member of the House Aviation Subcommittee, I helped draft a new airport investment package, "AIR-21," which was enacted into law earlier this year. AIR-21 will provide more than \$12.6 million annually for improvements at Oregon's airports. Eugene will get a \$2 million increase, North Bend \$1 million and for the first time, general aviation

Payments to Counties in 2003

County	Share of Timber Receipts (based on current harvest levels)	Guaranteed Payment (H.R. 2389)	Difference
Benton**	1,111,032	3,843,233	+ 2,732,201
Coos	2,350,408	7,732,078	+ 5,381,670
Curry	2,927,405	10,049,299	+ 7,121,894
Douglas	15,355,131	52,193,731	+ 36,838,600
Josephine**	5,303,215	14,895,393	+ 9,592,178
Lane	14,080,035	51,696,256	+ 37,616,221
Linn	4,672,341	14,747,261	+ 9,774,920

*calculated at present harvest levels
**partially in 4th District

Update on County Payments

As the 106th Congress winds down, enacting legislation to stabilize payments to counties and schools continues to be my top priority. Late in 1999 I helped write a compromise bill, H.R. 2389, that both parties in the House of Representatives could support. Under this bill, counties and schools would receive 80 percent of their historic timber revenues and an additional 20 percent of these revenues would be reserved for local projects. The legislation was approved by the House of Representatives in November 1999. A similar agreement was recently approved by a Senate Committee, and as this newsletter goes to press, awaits a vote on the Senate floor.

With more than 50 percent of our lands in federal ownership, Oregon's seven Southwestern counties have been

Legislation passed in the House would fund counties and schools at 80 percent of their historic levels.

particularly dependent on federal forest receipts to pay for essential public services, such as law enforcement, public health, county roads, and schools.

Before 1992, county revenues came from 25 percent of the Forest Service's timber receipts, and 50 percent of the Bureau of Land Management's (BLM) timber receipts. In 1993, as timber harvests and payments to counties fell drastically, I worked to enact legislation that stabilized payments to counties at

97 percent of their historic levels. Unfortunately, this legislation also decreased guarantees by three percent a

Without new county payments guarantees, Oregon counties will lose tens of millions of dollars in revenue.
(See chart on page 2)

year and ends the guarantee in 2003. The Administration insisted on declining guarantees because they projected higher timber revenues by 2003. Now we urgently need a plan to provide for long term guaranteed payments.

Because of the declining annual payments, I've heard from many county commissioners as they prepare their budgets for next year. They have been forced to cut law enforcement and other vital county services, as they struggle with declining funds under the current payment system.

Without new county payment guarantees, Oregon counties will lose tens of millions of dollars in revenue, as the table on page 2 illustrates. For example, Douglas County currently

receives approximately \$28 million in payments. Those payments decline slightly each year and will expire in 2003, leaving Douglas County dependent solely on a share of federal timber receipts. If Douglas County depended solely on a percentage of projected timber receipts from Forest Service and BLM lands, the county revenues would amount to only about \$15 million each year (column 1). The legislation I supported and helped pass in the House would bring in over \$52 million annually to Douglas County (column 2) – \$36 million more than the timber receipts would provide (column 3). The stakes are equally high in



Defazio is presented the National Counties Forest & Schools Coalition Distinguished Service Award for work on H.R. 2389.

Benton, Coos, Curry, Lane, Josephine, and Linn counties, as well as other counties outside the fourth district. In every case, counties will fall off the payment cliff in 2003 if Congress doesn't act to provide a payment safety net.

I am proud of my work on the county payments bill, and will continue my efforts to enact this vital legislation.

DeFazio Budget Reflects Priorities of Oregon

- The U.S. is number one (by far) in military spending in the world (see chart on page 6).
- By contrast, the U.S. ranks in the bottom third of industrialized countries in education spending. Our students rank 16th in science and 26th in math, with nearly 40 percent of our nation's schools in dire need of repair. The U.S. ranks lower than all other highly industrialized nations in rate of high school graduation.
- The U.S. has nearly 12 million children without health insurance and 13 million Medicare recipients who pay for prescription drugs out of their own pockets.
- The U.S. ranks lower than 20 other industrialized nations in infant mortality.
- The U.S. has the worst record among industrialized nations in reducing the number of children living in poverty (1 in 5 U.S. children grows up in poverty).
- Despite Social Security, the U.S. has the third worst poverty rate for the elderly among 17 industrialized countries.

increase spending at the Pentagon and finance large tax cuts targeted toward the largest corporations and households earning over \$200,000 annually.

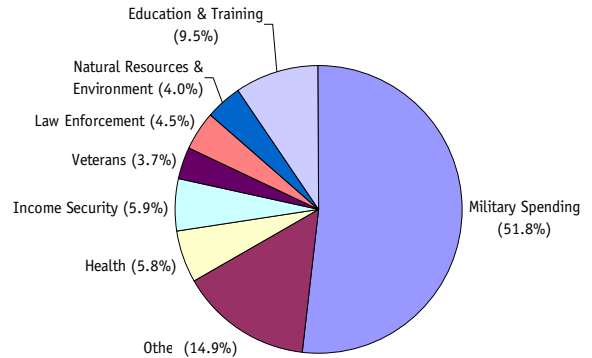
The priorities reflected in the congressional budget are

misguided. The congressional majority approved a budget that will cut Head Start for 40,000 children; eliminate more than 1,100 law enforcement officers; cut funds for clean up at 40 Superfund sites; cut 316,000 Pell Grants for low-income college students; and reduce alternative energy research which could reduce U.S. dependence on foreign oil.

The congressional budget does not match the priorities I hear from Oregonians. As I travel the 4th District, people constantly tell me about the need to adequately invest in education, health care, infrastructure, and environmental protection. In addition, Oregonians tell me we must pay down our national debt and protect Social Security and Medicare. I drafted and offered a budget proposal on behalf of the Congressional Progressive Caucus (CPC) that reflected these priorities.

Education was the centerpiece of the CPC budget proposal. It was the

Where Your Tax Dollars Will Go Next Year in the Congressionally Approved Federal Budget – 2001



*Discretionary spending only, does not include entitlement programs.
Source: House Budget Committee*

only budget offered to fully fund Head Start. The CPC budget more than doubled the Administration's request for education technology assistance,

The CPC budget is balanced every year and virtually eliminates the national debt by 2013.

doubled funding for after-school programs and increased funding for mentoring, tutoring, and anti-truancy programs. The CPC budget also would address the need to reduce class sizes and fund school construction by adding a provision to provide zero interest loans to state and local governments for rebuilding infrastructure, including schools.

The CPC budget also increased funding for veterans programs,

The U.S. can do better. Unfortunately, the recently passed budget resolution will not address these

The CPC budget fully protects the Social Security Trust Funds and bolsters the Medicare Trust Fund.

critical needs. It cuts education, health care and other vital programs to

continued on page 6

Affordable Prescription Drugs

I've met many Oregonians who are having trouble paying for prescription drugs. Some are forced to choose between buying their medications and putting food on the table. Others must decide which spouse will get to fill their prescriptions for the month. Some cut their dosages, against their doctor's recommendation, because they can't afford to take whole doses of expensive

I'm supporting legislation to lower the cost of prescription drugs in this country.

drugs. Others travel to Canada or Mexico, to buy U.S. manufactured prescription drugs at a fraction of the price available here.

Americans pay far more for prescription drugs than the consumers of any other country. Millions of Americans are unable to afford the cost of prescription drugs, yet the pharmaceutical industry is enjoying record-breaking profits. Last year, the ten largest pharmaceutical companies in America saw average profits increase 26 percent. Unbelievably, foreign countries and

some HMO insurance plans get huge discounts while seniors paying out-of-pocket are charged three times those prices. The drug companies call this practice cost-sharing. I call it price-gouging.

I'm supporting legislation to lower the cost of prescription drugs in this country, requiring drug companies to offer seniors on Medicare the same prices they offer their most favored custom-



A DeFazio report released last summer revealed that many Oregon seniors can't afford high priced prescription drugs. Above, Congressman DeFazio discusses the report and the impact on seniors of high cost prescription drugs at a pharmacy in Eugene.

ers, and legislation to provide optional prescription drug coverage for Medicare recipients. It's time for Congress and the American people to demand fundamental changes in the pricing policies of the pharmaceutical industry.

How to Cut Taxes and Preserve Social Security

According to the 1999 Social Security Trustee's Report, Social Security is financially sound until 2037. After that date, revenues generated by payroll taxes—called the Federal Insurance Contribution Act (FICA) taxes—will cover only about 75 percent of payments to retirees. I have proposed legislation to prevent this shortfall in funding. My bill, H.R. 2717, would:

- Preserve Social Security for future generations.
- Cut taxes for nearly 95 percent of Americans by exempting the first \$4,000 of income from Social Security payroll taxes, and lifting the cap on earnings subject to the Social Security payroll tax.
- Invest surplus trust funds to increase returns.
- Provide additional Social Security benefits for individuals over age 85.
- Protect parents who stay home to raise children for up to five years for purposes of calculating Social Security benefits. Currently, parents who have a gap in their employment history because they stay home to raise children, receive lower Social Security benefits.

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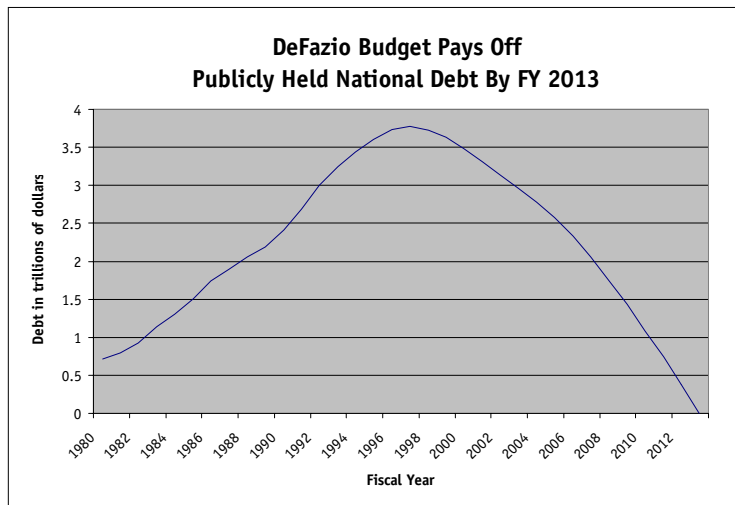
health care, seniors programs, and housing - increasing veterans medical care by \$540 million and providing \$250 million toward long-term care for veterans. Our budget also increased Older Americans Act programs, rural health care programs, and doubled the Administration's request for child care assistance.

The CPC budget provided for an optional Medicare prescription drug benefit, an early buy-in option for Medicare, and targeted tax reductions with marriage penalty tax relief, a long-term care tax credit, additional deductions for higher education, and expansion of the child care tax credit.

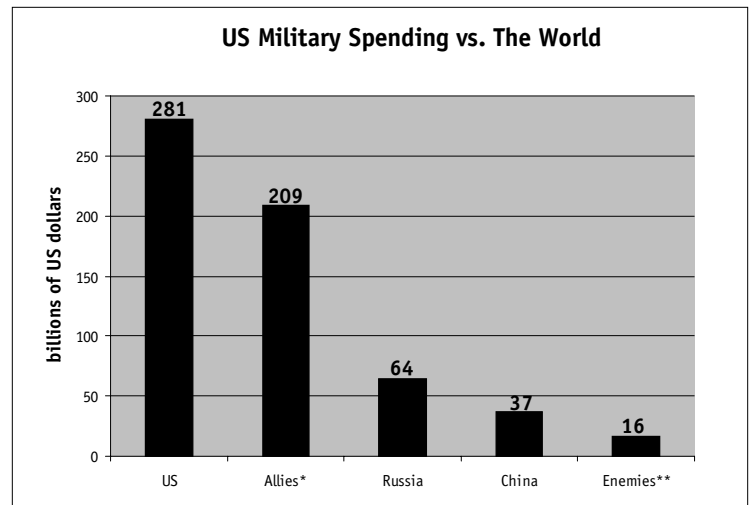
Just as important as the critical investments the CPC budget makes

is the fact that it is *fiscally responsible*. It is balanced every year and virtually eliminates the national debt by 2013 (see chart). It also fully protects the Social Security Trust Funds and bolsters the Medicare Trust Fund.

While I was not able to convince enough of my colleagues to support these priorities this year, I will not give up the fight.



Source: Congressional Progressive Caucus



* "Allies" include the NATO countries, Australia, Japan & South Korea. / ** The "Enemies" states are Cuba, Iraq, Iran, Libya, North Korea, Sudan & Syria. / Source: Center for Defense Information.

What's Wrong at the Pentagon?

"...The Pentagon...cannot even have their books audited to figure out how they are spending their money...Think the days of thousand-dollar hammers and screwdrivers and bolts are gone? Wrong."

—Republican Congressman John Kasich, Chair of the House Budget Committee (March 23, 2000)

- From 1994-1998, defense contractors voluntarily returned over \$4.6 billion in overpayments made by the Pentagon. Auditors could not say how many contractors kept undiscovered overpayments.
- The Pentagon paid \$75.60 each for 187 screwsets. (The previous price was 57¢.)
- The U.S. won World War II with one officer for every 11 enlisted soldier. Now, the ratio is 1:6 and the Pentagon wants more military brass!
- Half of the Pentagon's \$65.8 billion inventory of spare parts are not needed to support war-time requirements, yet they continue to buy more!
- The U.S. spent over \$50 billion on "Star Wars" missile defense without a single, successful, honest test.
- The Pentagon plans to spend nearly \$200 million each for hundreds of F-22s that have failed numerous tests, continually exceed cost expectations, and are designed to meet a non-existent threat.

At GI Joe's, I met a dad who was buying a waterproof stuff bag for his son in the Marines. He told me his son was issued an expensive radio without any waterproof protection! All the Pentagon supplied was a plastic garbage bag!

It makes little sense to continue throwing tens of billions of additional dollars at the Pentagon when it can't even account for the money it already spends or set priorities to address the true needs of our men and women in uniform.

U.S. Trade Deficit: \$271 Billion and Growing

Failed trade policy leads to record trade deficits, job losses, lower wages, and environmental destruction

In 1999, the U.S. trade deficit hit a staggering \$271 billion and has continued to set a new record every month this year. For most of the last century, the U.S. was a creditor nation with trade surplus. The recent huge trade deficits have made us **the world's greatest debtor nation** with \$1.5 trillion in international debt.

How Does the Trade Deficit Hurt Us?

➤ **Job Loss:** Estimates on jobs lost for every \$1 billion in the trade deficit range from 13,000 - 15,000 jobs. Even taking the lower end of the range, our \$271 billion trade deficit is responsible for the loss of 3,523,000 jobs. The lost industrial wage jobs have been replaced by service sector or temporary jobs with lower wages and few or no benefits.

➤ **Wage Stagnation:** Competition from imports manufactured in low-wage countries with non-existent or lax environmental and labor laws

forces down the wages of U.S. workers. U.S. workers are making inflation adjusted wages comparable to those in the 1970s, despite the current economic "boom"!

➤ **Environmental Destruction:** The World Trade Organization and the North American Free Trade Agreement (NAFTA) promote unsustainable development in low-wage countries and allow horrible pollution on the U.S.-Mexico border. U.S. laws to protect dolphins, sea turtles, clean air, and clean water have come under attack.

Current Trade Policy Off Track

➤ **WTO:** This secretive international body has the power to threaten our sovereignty by declaring U.S. laws "WTO illegal" and requiring changes. The WTO was designed to help large multinational corporations produce and sell goods anywhere and everywhere without having to

adhere to any standards on labor rights, human rights, or environmental protection.

➤ **NAFTA:** The grand promises of NAFTA proponents have proved false. NAFTA turned trade surpluses



Source: US Department of Commerce

into deficits (In 1999, \$52 billion with Canada, \$27 billion with Mexico); led to net job losses not job increases; led to worsening environmental destruction, not improved protection; and contributed to downward pressure on wages.

➤ **China Permanent Normal Trade Relations (PNTR):** China has violated every trade agreement with the U.S. since 1979. Its human rights and environmental record are abysmal. Labor rights do not exist. Wages are often pennies a day. Granting PNTR will lead to an even larger trade deficit, job loss, and downward pressure on U.S. wages as U.S. manufacturers move or threaten to move factories to China.

The U.S. Needs a New Trade Policy

I wrote the legislation that created the U.S. Trade Deficit Review Commission. They have held hearings across the country and will report soon. I will fight to enact the changes they recommend to Congress.



The WTO has forced changes that undermine U.S. laws protecting sea turtles, dolphins and clean air. Above, DeFazio discusses concerns about WTO policies with turtle advocates at last year's WTO hearings in Seattle.

Working for Senior Citizens

Since I came to Congress, I've opposed the unfair penalty on seniors who choose or need to work while receiving Social Security. I've always thought it ironic that seniors who worked to make ends meet were penalized, while seniors who could earn money from stocks or other investments were not. Finally, Congress has leveled the playing field for seniors over age 65.

The "Senior Citizens' Freedom to Work Act" was signed into law April 7, 2000. Under the previous law, benefits were reduced for seniors aged 65 to 69 who continued to work after retirement.

The "Senior Citizens' Freedom to Work Act," overturned this unfair, obsolete law that penalized working seniors.



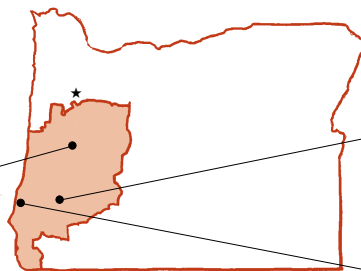
Peter DeFazio meets with recipients of his pay raise-to-scholarship program to discuss federal support for education.

US Representative Peter DeFazio wants to hear from you

If you need help with an agency of the federal government or have an opinion on any issue before the US Congress, contact one of my offices. Address and telephone information are below:

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Official Business

A handwritten signature in black ink that reads "Peter DeFazio".

M.C.
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