



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

PETER DEFAZIO

REPORTS

Congress of the United States
House of Representatives

Dear Friend,

It's been twelve months since control of Congress tipped to the Democrats. In the House we have pushed steadily for major changes. We have had some success, but our efforts have largely been blocked by threats of Republican filibusters in the Senate and Presidential vetoes. I am disappointed, but not discouraged. This newsletter contains articles detailing some of the progress we've made so far.

As you know, the country's economic policies have left working families behind. Parents are increasingly worried their children will not be better off economically as adults, but we can revive the American dream by reversing a host of the President's economic, tax, and trade policies. The new Congress is working to ensure access to health care for all, increase our investment in education, fulfill our promises to veterans, and improve the country's energy independence.

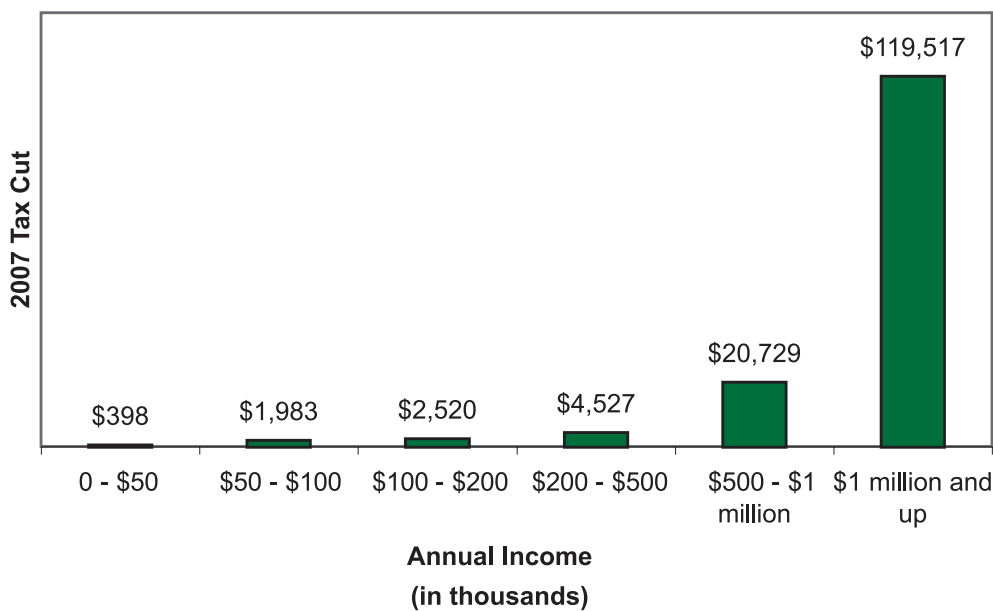
I am working on legislation to improve forest health, protect old growth, and create jobs. I am also working to extend the county payments program. Finally, the House is taking steps to responsibly redeploy our troops from Iraq.

Whether you agree or disagree with me on these issues, please let me know your views. As always, if you have a problem with a federal agency, my staff and I are ready to help.

Sincerely,

Middle Class Pays While the Rich Dodge Taxes

Who Benefits from the President's Tax Cuts:
Combined Effect of all the President's Tax Cuts in 2007



Working families are struggling to pay for food, gas, utilities, school, and other basics with stagnant or declining take-home pay. Meanwhile, the wealthy continue to prosper.

Since 1990, CEO pay has gone up almost 300 percent. When the firm goes bankrupt, CEOs bail out with tax-exempt platinum parachutes, while the workers lose their jobs and pensions. In the same 17 year period, the paycheck for the average worker has increased only 5 percent. Meanwhile, federal minimum wage earners just got their first raise in a decade.

America has not experienced such a huge disparity in incomes since the 1920s. Unfair taxes, failed trade policies, and deregulation are major factors. The President said tax cuts for wealthy investors and estates over \$5 million were the keys to economic prosperity and growth. For six years, the all-too-willing Republican Congressional leadership followed his lead, creating windfalls for the super rich, ignoring stagnant wages and huge deficits, and cutting services and benefits for most Americans.

The average working family making \$40,000 a year struggling to make ends meet and working paycheck to paycheck gets an average tax cut of about \$500 from the President's tax cuts, while millionaires get tax breaks in the hundreds of thousands. Vice President Dick Cheney himself is very grateful for President Bush's generous tax cuts since he pocketed an extra \$110,000 in tax cuts just last year. Executives at hedge funds make millions, but pay taxes at about half the rate of an Army captain or an experienced teacher. This must change.

In November, the House approved legislation that will provide tax relief for over 23 million working families (over 246,000 in Oregon and almost 39,000 in the Fourth District). The legislation also helps 30 million homeowners with property tax relief, 12 million families by expanding the child tax credit, and provides tax relief for thousands of American troops in combat with an Earned Income Tax Credit.

Unlike President Bush's tax cuts for the super wealthy, these tax cuts will not be financed with borrowed money. This tax relief for middle America is paid for by millionaire and billionaire hedge fund managers who will be required to pay the same tax rate as wage-earning families. As I write, the Minority in the Senate are threatening to filibuster this legislation, and the President has promised the wealthiest Americans he will protect their interests with a veto.

The Democrats have a lot more to do to restore tax fairness, income equity, and fiscal discipline, but this tax relief bill is a good start.

Historic Investment Honors Veterans

Legislation recently passed by the Democratic House provides the largest increase in funding for veterans health care in the 77-year history of the Department of Veterans Affairs (VA). This boost in funding for the men and women who have served this country in uniform is long overdue.



Rep. DeFazio meets with a group of WWII Merchant Mariners on Veterans Day to discuss legislation to establish their eligibility for Veterans benefits.

The bi-partisan legislation, endorsed by all major veterans groups, will improve the delivery of health care services, address the needs of veterans of the wars in Iraq and Afghanistan, and reduce the massive backlog in disability claims. The bill provides \$43.2 billion (nearly \$4 billion more than the President's request) to improve VA health care facilities, adds over 1,000 new claims processors to work on the backlog of 400,000 disability claims, and funds new initiatives focused on post-traumatic stress disorder (PTSD), mental health, and substance abuse.

Congress has also made progress on the federal law nicknamed the "Military Families Tax," which penalizes more than 60,000 survivors, mostly widows, of veterans who died as a result of their service-connected injuries. We sent the President legislation that provides a cost-of-living increase for disabled veterans, as well.

FOR THE TROOPS

Meanwhile, more than one million Americans have served in Iraq and Afghanistan to date. National Guard and Reserve personnel, including thousands of Oregonians, have made an extraordinary contribution to the war effort, providing nearly half of the troops on the front lines.

The Democratic Congress voted to increase military pay by 3.5 percent and to provide special pay and bonuses to combat troops. The bill boosts military paychecks by \$7.3 billion over the next five years.

Our troops have earned more than rhetorical support from the federal government. This legislation recognizes the federal commitment to the men and women in uniform who are serving and have served the nation.

New Help for Students and Families

In 2006, the Republican-led Congress provided tax cuts for wealthy investors by cutting several billion dollars from student loans. In September, the Democratic Congress passed legislation that will reverse these cuts and make the single largest investment in college financial aide since the G.I. Bill passed in 1944.

About 40,000 Oregon college students receive need-based loans each year. The average Oregon student graduates with \$19,000 in debt. This debt can influence their decisions about jobs, homeownership, and starting a family. The legislation will provide \$351 million for Oregon students and families in the next five years. It will also save students almost \$5,500 on their loans by cutting the federal loan interest rate in half, to 3.4 percent.

The bill also increases the maximum value of Pell Grant awards. Pell Grants are the largest source of funding for many low and moderate-income students. Under the new law, Pell Grants will increase by \$1,090 over the next five years, for a maximum award of \$5,500. The increase will benefit 62,000 Oregon students already receiving Pell Grants and make awards to an additional 7,000 to 8,000 students.

The new law will help student borrowers manage their federal student loan debt. The law guarantees that borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan payments and allows loans to be forgiven after 25 years for borrowers suffering serious long-term economic hardship.

In addition, the bill provides tuition assistance for top undergraduate students who agree to teach in the nation's public schools. Loan forgiveness is also available for college graduates who go into public service professions. Finally, higher loan limits mean students will not have to rely as heavily on more expensive private loans.

The new congressional leadership pledged to expand access to higher education to more Americans. This law fulfills that promise.

Access to Affordable Health Care For All

More than 45 million Americans have no health insurance. Millions more are at risk of losing coverage, and the out-of-pocket costs and premiums for those who are insured go up by double digit percentages every year. The high cost of health insurance is also an increasing burden for employers who offer coverage to their workers. Meanwhile, the drug and insurance companies are making record profits.

To improve the health security of American children, Congress approved legislation to expand health insurance coverage under the State Children's Health Insurance Program (SCHIP). The legislation protected the health care of 6.6 million children (55,000 in Oregon) covered by SCHIP and would have extended coverage to an additional 3.8 million children (36,000 in Oregon) who are now uninsured. The President vetoed the legislation, but Congress is continuing the fight to protect vulnerable children and provide the health care they deserve.

However, to protect families, businesses, and the U.S. economy, Congress must ultimately expand health care coverage to all Americans. I have proposed creating a federal plan, modeled on the options available to Members of Congress.

Under my plan, both government and private insurers would offer a standard benefits package and compete on price. All participants in the government plan would be able to choose their own doctors, and lower-income individuals and families would receive help with premium costs. Individuals and businesses could opt for broader (more expensive) coverage by building on the standard package. No one with insurance would be forced to change, whether covered by a private insurer or through federal programs such as the Department of Veterans Affairs, Medicare, and the military health care system.

I have also introduced legislation to repeal the unfair anti-trust exemption that allows the insurance industry to engage in anti-competitive practices that drive up prices. The Consumers Union notes my bill would save consumers at least 10 percent of the current premium costs, or about \$45 billion a year.



Rep. DeFazio hears about after school programs during a visit to the Sweet Home Boys and Girls Club.

Stop Failed Trade Policies

I have been a long-time critic of failed U.S. trade policies. I voted against NAFTA, the WTO, preferential trading status for China, and other failed trade deals. I recently joined a majority of House Democrats in voting against the Peru Free Trade Agreement.

A handful of Democratic leaders negotiated a deal to add protections for worker rights and the environment into the Peru Agreement. I support adding these protections, but they don't go far enough. Nor will these standards make a dent in our record trade deficit, which threatens our economic and national security, and

undermines American workers, farmers, and businesses.

I believe trade agreements should lead to a net creation of jobs here at home and a lower trade deficit. There needs to be specific goals for each agreement, and if the agreement fails to achieve them, Congress should have the opportunity to vote to terminate the deal.

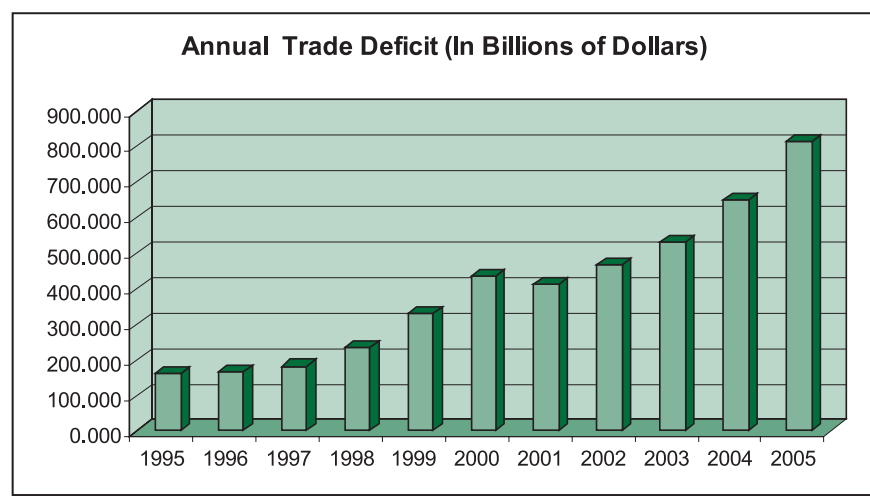
Last year, the House unanimously adopted an amendment I offered to block trucks from Mexico, which don't have to meet U.S. safety standards, from traveling throughout the United States. Free Trade agreements shouldn't mean that your family has to travel on roads

next to unsafe foreign trucks.

I am a cosponsor of two bills to better protect Americans from toxic imports. H.R. 2108 would establish certification and inspection requirements on products entering the U.S. and enhance the FDA's recall authority. H.R. 3691 would require that children's products undergo independent third-party testing; expand civil and criminal penalties; ban lead in children's products; enhance recall and inspection authority; and increase funding for the Consumer Product Safety Commission.

Congress must exert its constitutional duty on trade agreements. We must stop delegating authority to the President to negotiate trade agreements that Congress cannot amend. The Constitution gives Congress the authority to regulate commerce with foreign nations, not the President.

U.S. trade policies have been a failure. A major overhaul is needed. I'll keep up the fight.



House Votes to Bring Troops Home

On July 12 and again on November 14, a majority of my colleagues and I voted for a timeline to responsibly redeploy U.S. troops from Iraq as a condition of funding the war. The November vote would have required redeployment to begin within 30 days. Unfortunately, these bills have been blocked by Senate Minority filibusters and threatened Presidential vetoes.

Our troops have done all that has been asked of them. What's lacking is a meaningful effort by the Shia majority to negotiate power and revenue sharing with the Sunnis and Kurds.

The bulk of the problems in Iraq are between Iraq Shias and Sunnis who are vying for control of the central government. Democracy and stability cannot be imposed on unwilling parties. The Iraqi political leaders must work with the Sunnis, Shias, and Kurds for peace. As Admiral Michael G. Mullen, President Bush's nominee to head the Joint Chiefs of Staff, testified to Congress at the end of July 2007, "I believe security is critical to providing the government of Iraq the breathing space it needs to work toward political national reconciliation and economic growth, which are themselves critical to a stable Iraq. Barring that, no amount of troops and no amount of time will make much of a difference."

Violence is down at the moment. The door is open to force the Iraqi leaders to make necessary compromises to bring about reconciliation. I believe a timeline will force them to do that. Therefore, I have pledged to oppose additional spending for the war in Iraq without a timeline for redeployment of our troops.

While the President continues his focus on Iraq and Iran, Osama Bin Laden and the Taliban are active and growing stronger in Afghanistan and Pakistan. We need to turn our attention on the very real threats they pose to that region and our country.

I have been working since 2001 to prevent the President from taking military action against Iran without congressional approval. I have proposed a detailed diplomatic strategy, and I recently requested a series of congressional hearings on the administration's plans for Iran to get answers to serious questions about those plans.

In the run-up to the war with Iraq, Congress as an institution failed the American people by failing to ask tough questions, challenge the administration's assumptions, and force a public debate. Yet, we're now witnessing a similar rush to judgment about Iran. This Congress must not make the same grave mistake.

The President's Economic Policies Created A Mountain of Debt

Since 2001, we have had the worst fiscal reversal in our nation's history.

In 2000, the projected surplus was \$5.6 trillion (over 10 years). The Republicans flipped that surplus into a \$2.4 trillion deficit, an \$8 trillion change for the worse, and they did it in under seven years.

The Bush administration more than doubled the amount of the national debt owned by foreign interests, to \$2.2 trillion. The U.S. owes more than 80 cents of every new dollar of debt to foreigners.

Earmarks exploded after the Republican takeover of Congress in 1995. For example, in 1994, the last time the Democratically led Congress, the Labor, Health and Human Services, and Education (L-HHS) spending bill included 5 earmarks costing \$2.4 million. In 2006, the L-HHS bill included 3,014 earmarks valued at \$1.2 billion. In the defense bill, earmarks were at 587 in 1994, valued at \$4.2 billion. In 2006, there were 2,506 earmarks, costing \$9 billion.

One of the first acts of the new Congress was to reinstate pay-go rules, a key step to restoring fiscal responsibility. Now, spending increases must be offset by either tax increases or spending cuts elsewhere in the budget so the deficit does not increase. The House also cut the number of earmarks in the 2008 spending bills by nearly half, in both number and dollar value. A new rule increases the transparency and accountability of the earmarking process by doing the following:

1. Committees must list all earmarks with the name of the members making the request.
2. All earmark information must be made available to the public.
3. Members must certify they (and their spouses) have no personal financial interest in their earmark requests.

The new Congress is taking away the government credit card to balance the budget and protect Social Security, Medicare, veterans benefits, and other federal programs critical to our future.

DeFazio Plan to Protect Old Growth and Create Jobs

I opposed former President Clinton's Northwest Forest Plan in 1994. I was convinced it would not provide certainty in timber supply, and would not protect the small amount of remaining old growth. At that time, I proposed a compromise solution to provide a predictable supply of timber for local mills and protect the remaining old growth. However, my compromise was opposed by the timber industry and the environmental community.

I predicted the Northwest Forest Plan would fail, and it has. Revenues from timber harvests continue to decline, forcing rural communities to eliminate services. Uncertain timber supplies threaten forest and mill jobs. Old growth forests are still at risk and forest health continues to decline.

I have refined my original proposal with input from the timber industry, environmental groups, county commissioners, and forestry experts. I am working to get support for this compromise legislation. The Forest Service and the Bureau of Land Management estimate there are more than 10 million acres of forest that need to be thinned, which would produce billions of board feet of timber. My plan would direct the agencies to thin those acres for forest health. Increased logging will generate needed revenues for county governments and bring jobs to the region.

My plan for responsible forest management will succeed where the Northwest Forest Plan failed because it thins overstocked and fire-prone forests rather than logging old growth forests. My proposal would produce at least twice the timber volume currently provided by the Northwest Forest Plan.

We need sustainable forest management now for the health of Oregon workers, communities, and the environment.

Reauthorizing County Payments

My number one priority this past year has been the reauthorization of Secure Rural Schools Act. Also known as "county payments," this program provides funding for schools and vital services like law enforcement and county health programs. Congress has failed repeatedly to approve a multiyear reauthorization, creating budget and planning chaos in many rural communities, and forcing layoffs of school teachers and essential public safety personnel.

I introduced legislation to reauthorize the program for five years. The House Natural Resources Committee approved the bill in July. I was also able to include language in the House-passed Energy bill that opened the door for a multi year reauthorization of the program in the final Energy bill.

I will keep working until rural communities in Oregon and across the country receive the federal funding they need to survive.

Energy Independence

The nation needs a new energy policy. We cannot import, dig, drill, and burn our way to long-term energy security. Our reserves of oil and gas are too small and the threat to the environment, the economy and our national security are too great to sustain the status quo energy strategy.

The House approved an Energy bill recently that will move the country in a new direction. The bill provides incentives to -

- Expand production of renewable fuels;
- Enhance energy efficiency standards for dozens of appliances;
- Increase tax incentives to business and industry to improve energy efficiency and;
- Expand research into solar, geothermal, and ocean energy (where Oregon is leading the way).

The bill has important tax incentives for renewable energy, conservation, and efficiency measures. For example, it extends the renewable energy production tax credit through 2012. This incentive spurred investment in wind, solar, biomass and other renewable technologies that are producing energy today. And the bill requires 15 percent of electricity to be generated by renewable sources by 2010. This will foster investments in renewable energy and complement the more robust renewable energy standard adopted in Oregon this year.

None of these investments will add to the federal deficit. Taxpayer subsidies that now enrich the oil and gas industries will be redirected to clean, renewable energy.

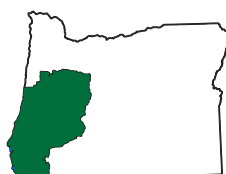
The bill also includes tough new auto and truck fleet fuel energy standards which are essential to our energy independence.

Feel free to subscribe to my e-newsletter. By subscribing to the e-newsletter, you will receive occasional e-mail updates regarding current legislation and issues before Congress that are important to residents of the 4th Congressional District. To subscribe, please visit my website: <http://www.defazio.house.gov>

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