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edits and questions. thanks.

## **PENNSYLVANIA BRIEFING**

### **STATE ISSUES**

#### **EMPLOYMENT FIGURES**

Pennsylvania's unemployment rate in August was 5.6 percent, 0.3 percentage point below its peak of 5.9 percent in February 2003.<sup>1</sup> As of August 2004, the national unemployment rate was 5.4 percent. Overall, jobs have been returning to Pennsylvania since February 2004; it has seen an increase of 66,800 jobs since then.

#### **FEDERAL EMERGENCY DECLARATION**

##### Hurricane Frances

On September 19, you declared a major disaster status for Pennsylvania and ordered Federal aid to supplement state and local recovery efforts. The aid was targeted for the area struck by severe storms and flooding associated with Tropical Storm Frances on September 8 and 9. Your action makes Federal funding available to affected individuals in the counties of Beaver, Blair, and Crawford.

##### Hurricane Ivan

You also declared a major disaster status for the area struck by Tropical Depression Ivan beginning on September 17, and continuing. Your action makes Federal funding available to affected individuals in the counties of Allegheny, Armstrong, Beaver, Butler, Centre, Clearfield, Cumberland, Dauphin, Indiana, Lackawanna, Luzerne, Lycoming, Northampton, Perry, Schuylkill, Susquehanna, Washington, Westmoreland, and Wyoming.

#### **COMMONWEALTH BUDGET AND REVENUE**

In July, Governor Ed Rendell (D) signed into law a \$23 billion budget for FY 2005. In contrast to the previous year's budget, this budget contains no new tax increases and will maintain services for Pennsylvanians by increasing budgets for key programs. These programs include medical assistance, child care, and community mental health. The budget was passed unanimously by the Pennsylvania Senate and 193-8 by the House.

Overall spending will increase by 4.3 percent. A major component of the budget is a measure approving as many as 61,000 slot machines at seven racetracks, two resorts, and five stand-alone sites. Pennsylvania will be second only to Nevada with its number of slot machines. The expected \$1 billion in revenue from the slot machines will finance property-tax reductions for homeowners across the Commonwealth.

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Rendell Administration officials say revenue projections are higher this year than anticipated. The Commonwealth is rebounding from the revenue shortfalls of the last two budget cycles. Pennsylvania Budget Secretary Michael Masch (D) has estimated the Commonwealth will end with a \$500 million budget surplus this fiscal year.

### **EDUCATION BUDGET**

Pennsylvania's education system should benefit from the budget, which raises community college spending by 5.8 percent, state-owned college spending by 4.3 percent, and state-related college spending by 3 percent. Overall, basic education subsidies for the Commonwealth's 501 school districts will increase by 3.6 percent, with each district guaranteed a funding boost of at least two percent.

Pennsylvania does better than most states in college completion rates, receiving an "A" in this category on the 2002 report card. However, along with 35 other states, Pennsylvania received an "F" in keeping campuses affordable from the National Center for Public Policy and Higher Education in its report released on September 15, 2004. Pennsylvania families spend 70 percent of family income to send their children to private schools; 35 percent of family income for public or state schools; and 23 percent of family income for community colleges.

Governor Rendell has urged leaders of Pennsylvania's 14 state universities to forgo a 6.9 percent tuition increase, citing the 4.3 percent increase in their total funding through the new budget.

### **US AIRWAYS BANKRUPTCY**

On September 12, US Airways filed for bankruptcy for the second time in two years after it was unable to secure another round of concessions from its labor unions. The company of over 3,000 pilots and 28,000 employees (including more than 8,000 in Philadelphia) is seeking to reduce overall labor costs by \$805 million, including \$295 million in annual concessions from pilots.

On March 31, 2003, US Airways received a loan guarantee from the Air Transportation Stabilization Board (ATSB), which was created after 9/11 to help airlines recover. The loan guarantee covered \$900 million of a \$1 billion loan. This loan, along with private financing, and \$2 billion in cost cuts allowed US Airways to emerge from its first bankruptcy. Since then, however, the carrier has not achieved its

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financial projections because of higher-than-expected fuel costs, intense competition from low-cost airlines, such as Southwest Airlines, and a broad decline in high-end demand.

In this second bankruptcy, US Airways will likely try to terminate its remaining pension plans (its pilots' plan was terminated in the last bankruptcy). The Federal Pension Benefit Guaranty Corporation (PBGC) would then take over responsibility for the plans' payments and their massive unfunded liabilities. PBGC annual payments are capped at \$44,000, meaning that some highly compensated US Airways employees may lose some of their benefits.

US Airways will work to renegotiate its labor contracts and seek private capital as it reorganizes under bankruptcy protection. Without substantial cost cuts and private sector investment, the airline is likely to liquidate.

### **CAMERA SYSTEM**

On September 15, Pittsburgh City Council approved the use of a nearly \$496,000 anti-terrorism grant from the U.S. Department of Justice to build a robotic camera system to help public safety officials respond to emergencies. The new cameras will link to existing camera feeds from the Pennsylvania Department of Transportation and other agencies, and be monitored by (IF CORRECT) the city-county Emergency Operations Center.

### **COAL ENERGY**

Governor Rendell has targeted the Pennsylvania coal industry in his plans to put environmental protection at the top of his agenda. The Governor is supporting legislation requiring energy producers to burn less coal within six years. As part of his plan, the Governor wants to require energy companies to increase their use of alternative fuels by ten percent by 2010. The Governor also wants the Commonwealth and government contractors to use alternatives to coal for 20 percent of their energy by 2010.

On June 7, Congressman and U.S. Senate candidate Joe Hoeffel (D-13) called for "energy independence," by proposing energy conservation, alternative production measures, and a 50 percent increase in fuel efficiency for cars.

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### **MERCURY RULES**

On April 15, Philadelphia became the first major city to pass a resolution urging the Environmental Protection Agency (EPA) to revisit its mercury rules. Specifically, the Philadelphia resolution urges EPA to issue rules that would reduce mercury emissions by 90 percent by the year 2008. By agreement, EPA will issue final rules in March 2005.

### **TOBYHANNA ARMY DEPOT**

The Tobyhanna Army Depot, located in Monroe County in northeast Pennsylvania, is targeted for the next round of base closures. The Depot is the region's largest employer with 3,500 employees, and it is set to hire another 300. The Depot designs, manufactures, and repairs military electronic systems. It has an annual payroll of over \$200 million and supports many local businesses with its purchases. The Depot has an overall economic impact of \$900 million, and it is estimated that its spending supports 3,940 additional jobs in the area.

In the last four rounds of base closures from 1988 to 1995, Pennsylvania lost 16,000 jobs. A group of regional business and political leaders has hired a Washington lobbyist to raise \$350,000 in an effort to keep the Depot off the U.S. Department of Defense's list of proposed base closures to be submitted in May 2005. Senator Arlen Specter (R, PA) has reiterated his support for keeping the Depot open.

The union president at the Depot, Keith Hill, has spoken out against the President recently, even though the Depot has added 500 workers since October to help support military operations in Iraq and Afghanistan.

### **CRIME RATES**

Serious crimes and lesser offenses declined slightly in 2003 in Pennsylvania overall but increased in Pittsburgh and Allegheny County. The annual Uniform Crime Report (which tallies murders, rapes, thefts, assaults, and less serious offenses throughout the state) counted 927,099 crimes reported to state police, a decrease of 0.7 percent from 2002. The number of serious crimes (murder, rape, robbery, arson) also dropped by 0.7 percent. About 321,000 such crimes were reported in 2002, and if that number holds, it will be the state's lowest "serious crime" figure since 1973. The final 2003 figure could change as police continue to update reports throughout this year and next.

## **PENNSYLVANIA BRIEFING**

### **FINANCIAL TROUBLES IN PITTSBURGH AND PHILADELPHIA**

#### Pittsburgh

In November 2003, Moody's Investor Service became the last of the Nation's big three credit rating agencies to downgrade Pittsburgh's bond rating to junk status. In December 2003, the Commonwealth declared Pittsburgh a distressed municipality. Without reform, budget shortfalls are expected to begin at \$34 million in 2004 and rise to \$115 million by 2009.

On June 11, Eckert Seamans Cherin and Mellott, LLC (a Pittsburgh-based law firm serving as state-appointed Recovery Plan Coordinator) and Public Financial Management (based in Philadelphia and Harrisburg) filed their revised Recovery Plan for Pittsburgh. The plan incorporates over two hundred cost-saving and workforce-reform initiatives balanced against a series of revenue increases required to fill the remaining gap. It also includes workforce initiatives expected to save \$152 million, expenditure reduction initiatives to save another \$97 million, revenue and fee initiatives worth \$65 million, and \$202 million in increased taxes.

On June 15, Mayor Tom Murphy (D) proposed city property tax increases totaling \$57 million for next year.

Pittsburgh's finance director's projections are ominous, showing the city will end December \$8.8 million in debt. The city controller's projection is equally bad, predicting the city will run out of money by the end of November ending the year \$13 million in debt.

The city's fiscal oversight board is expected to issue the legislature its long-term plan for restructuring the budget in the next few weeks. The plan may include increasing the ten dollar yearly occupation tax and instituting a payroll tax for businesses. If the state does not approve some kind of tax reform, the City's Act 47 recovery team is empowered to petition the Common Pleas Court for wage taxes on commuters and city workers.

#### Philadelphia

On June 21, the Philadelphia City Council passed a \$3.4 billion 2005 fiscal year budget in a 12-5 vote. Council members also approved tax-cutting measures to reduce the City's wage and business-privilege taxes. Mayor John Street (D) fought any tax

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reduction measure. After tough negotiations between Mayor Street and the City Council, some provisions were dropped, including a \$110 million business tax-cut bill. Street accepted \$50 million in wage tax-cuts and agreed to spending cuts, including four million dollars for the Philadelphia Police Department.

In early September, Mayor Street unveiled a \$500 million “New River City” plan to spur redevelopment of abandoned industrial sites near the Schuylkill and Delaware Rivers. The plan includes turning part of the Navy Yard into a mixed-use community of suburban-style homes, office parks, and a marina over the next 30 years

### **INVESTIGATION OF STREET ADMINISTRATION**

Since October 2003, a wide-ranging investigation of city contracts and political connections involving some officials for Philadelphia Mayor John Street has been ongoing. A number of officials connected with the Street Administration have been indicted recently.

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**PENNSYLVANIA BRIEFING**

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## **PENNSYLVANIA BRIEFING**

### **STATISTICS**

#### **2000 General Election Results**

##### **(Presidential):**

|              | <b>Total</b> | <b>Win %</b> |
|--------------|--------------|--------------|
| <b>Gore</b>  | 2,485,967    | 51%          |
| <b>Bush</b>  | 2,281,127    | 46%          |
| <b>Nader</b> | 103,392      | 2%           |
| <b>Other</b> | 41,699       | 1%           |

#### **1996 General Election Results**

##### **(Presidential):**

|                | <b>Total</b> | <b>Win %</b> |
|----------------|--------------|--------------|
| <b>Clinton</b> | 2,215,819    | 49%          |
| <b>Dole</b>    | 1,801,169    | 40%          |
| <b>Perot</b>   | 430,984      | 10%          |
| <b>Other</b>   | 58,146       | 1%           |

### **CONGRESSIONAL DELEGATION**

#### **U.S. SENATE:**

- Arlen Specter (R), 4<sup>th</sup> term, re-elected in 1998 with 61%
- Rick Santorum (R), 2<sup>nd</sup> term, re-elected in 2000 with 52%

#### **U.S. HOUSE: 19 Total (12R, 7D)**

- Robert Brady (D-01), 3<sup>rd</sup> full term, re-elected with 86%
- Chaka Fattah (D-02), 5<sup>th</sup> term, re-elected with 88%
- Phil English (R-03), 5<sup>th</sup> consecutive term, 1<sup>st</sup> term in PA-03, re-elected with 78%
- Melissa Hart (R-04), 2<sup>nd</sup> term, re-elected with 65%
- John Peterson (R-05), 4<sup>th</sup> term, re-elected with 87%
- Jim Gerlach (R-06), 1<sup>st</sup> term, elected with 51%
- Curt Weldon (R-07), 9<sup>th</sup> term, re-elected with 66%
- Jim Greenwood (R-08), 6<sup>th</sup> term, re-elected with 63%
- Bill Shuster (R-09), 2<sup>nd</sup> term, re-elected with 71%
- Don Sherwood (R-10), 3<sup>rd</sup> term, re-elected with 93%
- Paul Kanjorski (D-11), 10<sup>th</sup> term, re-elected with 56%
- John Murtha (D-12), 15<sup>th</sup> full term, re-elected with 73%
- Joe Hoeffel (D-13), 3<sup>rd</sup> term, re-elected with 51%
- Mike Doyle (D-14), 5<sup>th</sup> consecutive term, 1<sup>st</sup> term in PA-14, re-elected without opposition
- Pat Toomey (R-15), 3<sup>rd</sup> term, re-elected with 57%
- Joe Pitts (R-16), 4<sup>th</sup> term, re-elected with 88%
- Tim Holden (D-17), 6<sup>th</sup> consecutive term, 1<sup>st</sup> term in PA-17, re-elected with 51%
- Tim Murphy (R-18), 1<sup>st</sup> term, elected with 60%
- Todd Platts (R-19), 2<sup>nd</sup> term, re-elected with 91%

## **PENNSYLVANIA BRIEFING**

### **STATE GOVERNMENT**

Governor Ed Rendell (D), elected in 2002 with 53%

Lieutenant Governor Catherine Baker Knoll (D), elected with Governor Rendell

Attorney General Gerald Pappert (R), 1<sup>st</sup> term, replaced Mike Fisher on December 15, 2003

Treasurer Barbara Hafer (D), 2<sup>nd</sup> term, re-elected, as a Republican, in 2000 with 49%

Auditor General Robert Casey, Jr. (D), 2<sup>nd</sup> term, re-elected in 2000 with 57%

**State House:**               **203 (109R, 94D)**  
Speaker:                   John Perzel (R)  
Majority Leader:       Samuel Smith (R)  
Minority Leader:       William DeWeese (D)

**State Senate:**           **50 (29R, 21D)**  
President:                 Lieutenant Governor Catherine Baker Knoll (D)  
Majority Leader:       David “Chip” Brightbill (R)  
Minority Leader:       Robert Mellow (D)

### **STATE PARTY**

State Chairman:           Alan Novak  
National Committeeman:   Bob Asher  
National Committeewoman: Christine Toretta Olson

### **STATE DEMOGRAPHIC PROFILE**

#### **Estimated Population 2000:**

Pennsylvania: 12,281,054, an increase of 3.4% since 1990

National: 281,421,906, an increase of 13.1% since 1990

#### **Race/Ethnicity:**

Pennsylvania: 84.1% White; 10.0% African-American; 3.2% Hispanic; 1.8% Asian

National: 69.1% White; 12.5% Hispanic; 12.3% African-American;

3.6% Asian; 0.9% Native American

#### **Median Age:**

Pennsylvania: 38.0 years (15.6% are 65 years and older)

National: 35.3 years (12.4% are 65 years and older)

#### **College Educated:**

Pennsylvania: 22.4%

National: 24.4%

## **PENNSYLVANIA BRIEFING**

### **Median Income:**

Pennsylvania: \$40,106

National: \$41,994

### **Households:**

Pennsylvania: 67.2% family households; 51.7% married couple families

National: 68.1% family households; 51.7% married couple families

*(Source: 2000 U.S. Census Bureau)*

### **YOUR PREVIOUS TRAVEL**

| <b>Event</b>   | <b>Date</b>        | <b>Location</b>               |
|--|--------------------|-------------------------------|
| Remarks at Byers' Choice and Victory 2004 Rally at Cambria County War Memorial     | September 9, 2004  | Colmar<br>Johnstown           |
| Remarks at Victory 2004 Rally  | September 4, 2004  | Erie                          |
| Remarks at Victory 2004 Rally  | September 3, 2004  | Moosic                        |
| Drop by Softball Game and Family Style Picnic                                      | August 31, 2004    | Gettysburg                    |
| Tour and Remarks at the Boeing Facility  | August 17, 2004    | Ridley Park                   |
| Bush-Cheney '04 Rally  | July 31, 2004      | Pittsburgh                    |
| Bush-Cheney '04 Bus Tour   | July 9, 2004       | Kutztown<br>Lancaster<br>York |
| Remarks on AIDS/HIV Compassion Victory 2004 Luncheon                               | June 23, 2004      | Philadelphia<br>Villanova     |
| Remarks on Iraq and the War on Terror  | May 24, 2004       | Carlisle                      |
| Remarks on the USA PATRIOT Act and Specter for Senate Event                        | April 19, 2004     | Hershey<br>Pittsburgh         |
| Conversation on Homeownership and Visit with A New Homeowner                       | March 15, 2004     | Ardmore                       |
| Conversation on Education and the Jobs for the 21 <sup>st</sup> Century Initiative | February 12, 2004  | Harrisburg                    |
| "Congress of Tomorrow" Republican Retreat  | January 31, 2004   | Philadelphia                  |
| Bush-Cheney '04 Luncheon   | December 2, 2003   | Pittsburgh                    |
| Bush-Cheney '04 Finance Event  | September 15, 2003 | Philadelphia                  |
| National Urban League Conference   | July 28, 2003      | Pittsburgh                    |
| United States Coast Guard  | March 31, 2003     | Philadelphia                  |
| Roundtable and Remarks on Medical Liability Reform                                 | January 16, 2003   | Scranton                      |

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## **PENNSYLVANIA BRIEFING**

|  |                   |                            |
|--|-------------------|----------------------------|
| Faith Based and Community Initiatives Conference                 | December 12, 2002 | Philadelphia               |
| Pennsylvania Welcome   | November 1, 2002  | Harrisburg                 |
| Pennsylvania Welcome   | October 22, 2002  | Downingtown                |
| Carpenters Labor Day Picnic                                      | September 2, 2002 | Pittsburgh                 |
| Coal Miners Event, Fisher Fundraiser and Born Alive Bill Signing | August 5, 2002    | Pittsburgh                 |
| Early Childhood Education Initiative and Fisher Fundraiser       | April 2, 2002     | Middletown                 |
| Tour People's Emergency Center and Conversation on Service       | March 12, 2002    | Philadelphia               |
| University of Pittsburgh Medical Center Remarks on Bioterrorism  | February 5, 2002  | Pittsburgh                 |
| Brownfields Bill Signing   | January 11, 2002  | Conshohocken               |
| Army – Navy Game   | December 1, 2001  | Philadelphia               |
| Steel Workers Picnic and Little League World Series              | August 26, 2001   | Pittsburgh<br>Williamsport |
| Faith-Based Block Party  | July 4, 2001      | Philadelphia               |
| Tour and Energy Speech at Safe Harbor Hydroelectric Dam          | May 18, 2001      | Conestoga                  |
| Project Safe Neighborhoods Announcement                          | May 14, 2001      | Philadelphia               |
| Budget Tour Stop at Control Concepts                             | February 28, 2001 | Beaver                     |
| House Democrat Retreat   | February 4, 2001  | Farmington                 |

## PENNSYLVANIA BRIEFING

### THE VICE PRESIDENT’S PREVIOUS TRAVEL

| <b>Event</b>  | <b>Date</b>        | <b>Location</b>                          |
|---|--------------------|--|
| Tour and Townhall Meeting at PLR Industries   | September 20, 2004 | Cornwall                                 |
| Bush-Cheney '04 Bus Tour  | August 25, 2004    | Bloomsburg<br>Pottsville<br>Williamsport |
| Dent for Congress Breakfast<br>Paterno for Congress Luncheon<br>Victory 2004 Reception        | July 12, 2004      | Bethlehem<br>Harrisburg<br>Pittsburgh    |
| Bush-Cheney '04 Bus Tour  | July 4, 2004       | Pittsburgh<br>Altoona                    |
| NRA Annual Members Banquet  | April 17, 2004     | Pittsburgh                               |
| Murphy for Congress Finance Event   | February 27, 2004  | Latrobe                                  |
| Lunch at the GOP Congressional Retreat and<br>Tour of the Philadelphia International Car Show | January 29, 2004   | Philadelphia                             |
| Gerlach for Congress Finance Event  | October 3, 2003    | Conshohocken                             |
| Citizens for Arlen Specter Finance Event  | June 16, 2003      | Harrisburg                               |
| Gekas for Congress Finance Event  | October 25, 2002   | Reading                                  |
| Dedication of Huntsman Hall, University of<br>Pennsylvania                                    | October 25, 2002   | Philadelphia                             |
| Gerlach for Congress Finance Event<br>Murphy for Congress Finance Event                       | July 18, 2002      | Conshohocken<br>Pittsburgh               |
| Gekas for Congress Finance Event  | June 7, 2002       | Harrisburg                               |
| Toomey for Congress Finance Event   | April 19, 2002     | Allentown                                |
| Speech to NACO<br>Energy Town Hall  | July 16, 2001      | Philadelphia<br>Pittsburgh               |

<sup>1</sup> Department of Labor, Bureau and Labor Statistics

<sup>2</sup> Franklin & Marshall College. Conducted September 8 – 15. Surveyed 491 registered voters, +/- 4.4 % margin of error.

<sup>3</sup> Quinnipiac University, Conducted September 11 – 14. Surveyed 1,205 Pennsylvania registered voters, +/- 3.5% margin of error.

<sup>4</sup> Quinnipiac University. Conducted July 6 - 11. Surveyed 1,577 Pennsylvania registered voters, +/- 2.5% margin of error

<sup>5</sup> Quinnipiac University, Conducted September 11 – 14. Surveyed 1,205 Pennsylvania registered voters, +/- 3.5% margin of error.

<sup>6</sup> Garin-Hart-Yang Research Group, conducted 07/03/-07/04/04, surveyed 601 registered Pennsylvania voters, +/- 4 % margin of error.

<sup>7</sup> Public Opinion Strategies. Conducted August 22-23. Surveyed 350 likely Pennsylvania voters, +/- 5.24% margin

21 ELECTORAL VOTES  
2004 – SENATOR ARLEN SPECTER (R) UP

of error  
**PENNSYLVANIA BRIEFING**

Surveyed 300 likely Pennsylvania District 15 voters.  
Franklin & Marshall College. Conducted August 30 – September 7. Surveyed 431 registered voters, +/- 4.7 %  
margin of error.