

**The New Jersey Society for Environmental, Economic Development  
2004 Congressional Briefing Book**

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## **Introduction**

The New Jersey Society for Environmental, Economic Development (NJ SEED) is proud to present the 2004 Congressional Briefing Book. For more than thirty years, we have supported policies that create jobs, bolster our economy and enhance our environment. This year marks our 17<sup>th</sup> Congressional Briefing in Washington, and we thank the members of the New Jersey Congressional Delegation for their willingness to meet with us annually to discuss issues that are vital to business and labor leaders in the Garden State.

Thanks to all of the NJ SEED members who contributed to this document, and a special thank you to our Policy Committee Chairmen and Members:

### **NJ SEED Economic Development Policy Committee:**

John Maddocks, Business Partnership of Somerset County (Co-Chairman)  
Stephen Kukan, Advance Realty Group (Co-Chairman)  
Tim Comerford, PSE&G                      Dick Forman, Associated General Contractors  
Paul Kaywork, Waters & Bugbee        Bill Healey, Healthcare Institute of New Jersey  
Joe McNamara, NJ LECET                George Laufenberg, NJ Council of Carpenters  
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### **NJ SEED Energy Policy Committee:**

Art Guida, PSE&G (Co-Chairman)  
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### **NJ SEED Environmental Policy Committee:**

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### **NJ SEED Transportation Policy Committee:**

Stephen Kealy and Roger Ellis, Local 472 (Co-Chairmen)  
Steve Gardner, NJ LECET                      Dick Forman, Associated General Contractors  
Mark Longo, Local 825                      Chris Burgos, State Troopers Fraternal Association  
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## **TRANSPORTATION**

### **Statement from the NJ SEED Transportation Policy Committee**

New Jersey's roads, bridges, rail lines and ports are the backbone of our state's economy as well as a keystone in our nation's transportation infrastructure. The NJ SEED Transportation Committee recommends that we encourage Congress to take immediate action for greater or equal funding in the renewal of the Federal Transportation Equity Act. This Committee recognizes that much of New Jersey's transportation funding from the federal government is achieved through matching state funds. Therefore, the NJ SEED is concurrently urging the New Jersey Legislature to immediately secure a stable and renewable funding source exclusively for the depleted New Jersey Transportation Trust Fund.

### **Transportation Efficiency Act**

New Jersey is a corridor state and the movement of goods, services and people depend on a well-maintained, non-congested transportation system. Each day, our roads and bridges accommodate more than 17 million vehicle trips. 324 million tons of New Jersey manufactured goods are transported daily and millions of rail and bus commuters ride to work.

NJ SEED and its members continue to work diligently to keep transportation funding issues on the front burner of Federal Policy initiatives.

New Jersey is a gateway to world markets. Without a sound and efficient transportation network, New Jersey cannot compete with other regions of the country and is vulnerable to job and revenue losses. Therefore, investing in our infrastructure is vital.

NJ SEED recognizes the absolute necessity of obtaining a robust renewal for The Transportation Efficiency Act for the 21<sup>st</sup> Century this year. The House and Senate have each passed transportation renewal legislation.

The United States Department of Transportation's own needs survey has established a minimum nationwide investment level of \$375 billion over six years. NJ SEED supports a renewal with funding levels as close to the needs assessment as possible to address our nation's critical infrastructure needs.

The White House has proposed a \$256 billion funding plan for transportation, but this is insufficient to meet the needs of New Jersey, the northeast region and the nation. Under this proposal, New Jersey would not attain FY 2003 funding levels again until FY 2008.

The House has passed a bill providing \$275 billion over six years. While this is a significant increase over the previous legislation, it is still inadequate, considering inflation, increasing population and aging infrastructure.

The Senate proposal of \$318 billion over six years is significantly better for the State of New Jersey. Because of New Jersey's population density and emphasis on transit investment, the Senate bill provides reasonable funding increases for our state. Under the Senate language, New Jersey would see an increase in its share of Federal Highway funding from 90.5% to 95%. Additionally, New Jersey would become the third largest recipient of transit funding in the nation.

Federal Transportation funding is an economic issue, as well as a public safety issue. For every \$1 billion invested in transportation infrastructure, 47,500 jobs are created and \$6 billion in related activity is generated. According to the National Highway Traffic Safety Administration, of the 42,000 fatalities on our roadways each year, one-third are directly attributable to roadways which are inadequate for current capacity.

Increased funding for transportation will help to eliminate congestion, improve safety, create jobs and provide a better quality of life for all New Jersey citizens. NJ SEED's business and labor members pledge to continue to work cooperatively with our State's Congressional Delegation to keep federal transportation funding at the forefront of our public policy discussions.

**NJ SEED urges the members of the New Jersey Congressional Delegation to continue to advocate for increased funding for New Jersey's critical transportation needs. Any final transportation legislation should include provisions for 95% return, should fully fund transit investments and should be at an investment level of no less than the \$318 billion approved by the United States Senate. We also urge the New Jersey Delegation to consider supporting a two-year "re-opener" provision to the federal transportation legislation, so that the issue of adequate funding and increased and dedicated revenue can be re-examined outside the context of a Presidential election.**

## **Freight Mobility: Barge and Rail Initiatives**

Complimenting the channel navigation deepening and port infrastructure improvements is industry investment in environmentally sound alternatives to truck-based container movement, such as short sea shipping initiatives featuring feeder barge services from the Port of New York and New Jersey to inland destinations. In addition, initiatives to increase rail movement of containers, both long haul and short shuttle runs, must be a public policy priority. Development of Port Inland Distribution Networks (PIDN) supplements this overall effort. A greater reliance on alternative modes of cargo movement around the port and through our region makes great economic and environmental sense.

However, landside intermodal infrastructure improvements that promote modal balance and diversity and solve highway congestion must keep pace in order to accommodate the significant growth in cargo that will arrive here annually. The port saw a 143% growth in cargo volume from 1996-2000. In 2003, container traffic totaled more than 2.8 million

twenty-foot equivalent units (TEUs), an 8% increase over the previous year. By 2010, some 5.4 million TEUs are expected to move through our Port. By 2020, estimates are for a volume of 8.2 million TEUs, and 15.2 million TEUs by 2040. Cargo volumes are growing, and the pressure to increase terminal efficiency and throughput will place a great burden on the ability to move cargo from dock to final destination. Transportation infrastructure investments must be priority projects to ensure continued freight mobility without imposing additional strain on local communities and roadways.

The lack of a world-class international intermodal corridor will shut down the significant economic engine fueled by port users who move the millions of cargo containers to serve all of the 80 million consumers and port-dependent businesses in our state and region.

One real solution, proposed by Congressman Bob Menendez, is the Liberty Corridor. It would create an International Intermodal Corridor to support the economic engine powered by freight mobility, economic development, research & development, and export promotion sustaining business attraction, retention and success in New Jersey and the region

**NJ SEED supports the Liberty Corridor Proposal that would address current intermodal deficiencies, such as:**

- **Lack of modal balance.**
- **Promotion of modal diversity, such as increased use of rail and waterborne freight movement.**
- **Removal of highway system constraints that threaten the efficiency and growth of our international intermodal service connections.**
- **Enhanced PIDN service and efforts to identify federal support that will be required to sustain the service beyond the initial two -year period.**

## **Regional Transportation Linkages**

Northern New Jersey's economic viability is linked to the efficiency of the area's transportation infrastructure. As traffic volume between New Jersey and New York City continues to increase and commerce from our ports grows, it is critical to the economic future of this region that our transportation linkages are expanded to accommodate this need.

**Third Passenger Tunnel into New York:** Governor McGreevey has committed five million dollars for a draft economic impact study on a third rail passenger tunnel between New Jersey and New York City. This tunnel will immediately better the quality of life for residents of Northern New Jersey. The traffic relief that this tunnel offers would decrease congestion and, thereby, decrease pollution. This investment in our transportation infrastructure will drive the economies of the region and lessen the environmental impact of traffic.

**Cross-Harbor Rail Freight Tunnel:** New Jersey and New York Ports continue to experience increased traffic and process a larger volume of containers every year. Once off loaded, a ship's cargo needs to be able to move with the same efficiency and ease that it experienced when it was transported in. A cross-harbor rail freight tunnel would increase the flow of products into market while decreasing road and bridge congestion. New York is the only major port city in the United States that has never built a rail freight connection across its harbor or river. Most products entering or passing through the Port on rail are either detoured 280 miles to a bridge in Selkirk or loaded onto trucks and transported over the roads. The impact on New Jersey's roads and traffic congestion is stifling to our transportation infrastructure and economy. The tunnel would remove at least one million tractor-trailer trucks per year from our roads, and would result in cleaner air, reduced congestion, lower-cost consumer goods and a generally reduced cost of doing business.

**NJ SEED will continue to monitor possible tunnel expansion and supports these investments in our regional transportation linkages.**

## **ECONOMIC DEVELOPMENT**

### **Statement from the NJ SEED Economic Development Policy Committee**

New Jersey is an economic engine for the nation and especially for the east coast. Our well-educated work force has helped our service-driven economy become a national leader, and our ports are the entry point for a very substantial amount of the commodities coming to the United States. It is imperative that New Jersey's economy continues to grow. The Economic Development Policy Committee recommends that NJ SEED support policies that keep our ports viable, support the education of our workers, protect our citizens' standard of living and promote job growth.

### **The Port of New York and New Jersey: The 50-Foot Deep Channel Harbor Navigation Project**

Since the formation of our nation, our region's growth has been propelled by the strength of its seaport, and the cargo and passengers that move through this celebrated gateway to our great country. Today, the various navigation channels and berths that form the Port of New York and New Jersey continue that tradition: moving cargo that supports the businesses and growing population of consumers in New Jersey and the rest of North America. The port also supports a thriving passenger cruise business.

Supplying virtually all of the products necessary to support our area's manufacturing, business, wholesale and retail markets, the maritime industry operating in the Port of New York and New Jersey provides our state, region and nation with an abundance of significant economic, environmental and quality of life benefits.

To sustain these benefits and ensure that this economic growth continues, the port must remain the North Atlantic's main ocean shipping hub by maintaining its competitiveness through deep draft channels. Clear trends in commercial shipping and steamship design and construction are driving the need for channel depths of up to 50 feet. The ocean-going container vessels calling on our port have grown from 2,500-container ships in 1990 to 6,000-container mega ships today, and they are only getting larger.

Since it is critical that the Port has the depth needed to accommodate these deeper draft vessels, the \$2 billion channel navigation improvement project to deepen the New York harbor to 50 feet by 2014 has commenced. It is the largest channel navigation project in the nation and critical to the sustained growth of our port, and our economy. These channel improvements will continue to provide greater transportation efficiencies to these markets with less environmental impacts locally and, as necessary, provide for better military deployment to augment our national defense.

We applaud Congress for its recognition of the vital link that exists between the support for navigation projects and strong national maritime transportation and national defense systems.

**NJ SEED supports continued efforts to maintain and improve the nation's deep-draft navigation system through the sound investment of federal funds for the accelerated, consolidated Harbor Navigation project. For the FY 2005 budget, we urge Congressional support for the budget levels, including \$103 million for construction projects, outlined in the Administration's request to sustain and complete the consolidated, accelerated deepening plan for the New York and New Jersey Harbor Navigation project.**

## **Life Sciences Critical Industry Issues**

NJ SEED recognizes the long-standing importance of our life sciences industry (the pharmaceutical, medical technology and biotechnology sectors) to the state's economy and to the health of our nation and world.

In our state, this sector employs upwards of 80,000 persons in the three sectors, generating \$25 billion plus in economic activity. This direct employment also supports another 120,000 spin-off jobs in areas such as clinical trial activities, clinical research management, facilities management, advertising, medical education and other health-related jobs.

Governor James E. McGreevey has also placed the support of his administration behind this industry, commissioning Prosperity New Jersey to conduct a cluster study analysis of the sector in 2003. This report readily identified the state's leading strengths as the most important place on earth for the pharmaceutical industry, and a significant national player in biotech and medical technology.

Also during 2003, the McGreevey Administration proposed, and the New Jersey Legislature adopted, several sweeping revisions to the state's nearly decade-old Business Employment Incentive Program (BEIP), which was started under former Governor Whitman. Many of the changes in the program were aimed specifically at the life sciences industry sector. NJ SEED believes this policy to be a good one that properly recognizes that the life sciences industry sector of pharma, med tech and biotech has truly taken the role as the state's leading industry.

### **Policy Issues at the State and Federal Level:**

Policy directed at the pharmaceutical industry from any of the state capitals and from the nation's capital has a disproportionate impact on the economy of New Jersey. There is more employment in the pharmaceutical industry concentrated in our state than in any other place on earth.

New Jersey reaps the benefits of the fact that the United States is the only free market health care economy left in the world. As a result of price controls, formularies and other restrictive policies of Japan and countries of the European Union, research activities have gravitated to the U.S. from those countries. New Jersey has been the biggest beneficiary of those highly paid workers and a highly educated workforce.

Biotechnology companies, both those established and new start up companies, are coming to the state in increasing numbers because of the presence of pharmaceutical jobs and partner opportunities. The medical technology industry, which manufactures drug delivery devices, also recognized the unique synergies available only in New Jersey.

**NJ SEED endorses fair trade policies with foreign governments in order to ensure that medical technologies are approved in a timely fashion and priced in a fair manner. Restrictive regulatory processes and unfair trade practices harm medical technology products overseas and disproportionately impact jobs in New Jersey.**

**The implementation of the new Medicare Drug Benefit law will have significant impact on New Jersey. With the passage of the Medicare Modernization and Prescription Drug Improvement Act, NJ SEED encourages the New Jersey congressional delegation to ensure that New Jersey takes advantage of the approximately \$4 billion in federal funds which will flow to the state over 10 years through transitional assistance, drug assistance and provider payments.**

**In order to ensure that the best medicines remain available for New Jersey and the world, NJ SEED also asks the Congressional Delegation to oppose any attempt to impose government price controls on this new program. Price fixing of prescription drugs could have a detrimental effect on innovation of new life-saving and life enhancing products, as well as on jobs and New Jersey's economy as a whole.**

**NJ SEED urges the New Jersey Congressional Delegation and the New Jersey State Legislature to support policies that promote the ability of the life sciences industry to conduct research into new medicines and products, and grow its highly educated workforce in our state. NJ SEED will oppose initiatives that run counter to these goals.**

## **ENVIRONMENTAL**

### **Statement from the NJ SEED Environmental Policy Committee**

Balancing clean air and restored natural resources with strong employment and economic growth benefits the health and standard of living of New Jersey residents. To achieve such balance, issues such as Brownfields Redevelopment, automobile emissions and pollution controls must be carefully considered. The Environmental Issues Committee advocates for policies that enhance our environment while keeping our economy strong.

### **World Class New York and New Jersey Harbor Estuary**

Federal funding is needed for the clean up of the Passaic, Newark Bay and Meadowlands tributaries. Such action will be the key to mitigating contaminated silt collecting in the harbor. Years of dredging for maintenance and deepening purposes have removed most of the contaminated sediment from the harbor bottom, and this has provided a cleaner marine environment and attracted new species of marine life. However, the natural flow of water and silt from upland waterways feeding into the harbor carry contaminated silt back into it.

**NJ SEED recommends that the New Jersey Congressional Delegation seek additional funding levels for the FY2005 Civil Works budget in support of current feasibility studies underway by the Army Corps of Engineers in the New York District, which are critical to realizing the achievement of a world-class Hudson-Raritan Estuary.**

### **Beneficial Use of Dredged Materials**

With such significant economic and environmental benefits provided by the maritime industry operating in the Port of New York and New Jersey, dredging and deepening the harbor is essential to keeping our port open for business as the gateway of choice in the global economy. Since 1995, considerable resources have been allocated for the identification, evaluation and implementation of alternative management strategies for dredged materials in the Port of New York and New Jersey. Successful strategies include Brownfields and landfill remediation, sediment decontamination and environmental manufacturing, abandoned mine reclamation and confined aquatic disposal. Contrary

beneficial uses have made possible the reduction in landside contamination while providing much needed construction material and developable real estate.

The placement of dredged materials at the Historic Area Remediation Site (HARS) would completely and effectively cap contamination resulting from materials that were placed there prior to enactment of environmental laws and adoption of ocean disposal standards. The Mud Dump Site, located six miles off-coast of Sandy Hook, was used for dredged material disposal from 1908. The site was closed in 1997 by the federal government and redesignated as the HARS. The HARS covers a 15.7 square nautical mile area and will require a minimum of approximately 40 million cubic yards to remediate the former ocean disposal site with a three-foot cap.

Currently, the criterion set by the U.S. Environmental Protection Agency for PCBs (113ppb) ensures that any materials placed at the HARS will form an effective cap. To date, approximately 19,600,000 cubic yards of dredged materials has been placed at the HARS, significantly covering contaminants that were formerly dumped there.

(A map appears in the printed form of the Briefing Book. It has been deleted from the electronic version for ease of emailing).

Dredged materials that are stabilized to prevent leaching of contaminants are beneficial for use in land reclamation projects. A good example of this is the parking lot area of the Jersey Gardens Mall, located in Elizabeth. At this site, dredged materials were stabilized and utilized to cap a former landfill and create a parking lot for shoppers. The annual tax revenue from this mall is \$6 million. A similar ongoing project is the creation of the Bayonne Golf Course. The project caps a former landfill and industrial Brownfield with stabilized dredged materials for the creation of a new Golf course.

Dredged materials can also be used for mine reclamation. It is estimated that there are over 560,000 abandoned coal mines in the U.S. that need 10 billion cubic yards of fill to reclaim the vacant land. A successful demonstration project that has been completed in Pennsylvania uses dredged materials to restore natural topography and prevent the leaching of acid from the sulfur-bearing rock of these abandoned coal mines and the contamination of local streams. Recently, the state of Pennsylvania issued a general permit allowing the use of dredged materials for additional mine reclamation projects.

**NJ SEED supports the continued beneficial use of dredged materials for the environmental conservation, economic development and revitalization purposes associated with remediation and reclamation projects.**

## **Brownfields and Brownfields Remediation Tax**

The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) was enacted in 1980 to address the problem of inactive hazardous waste sites. Despite its good intentions, CERCLA has proven to be bureaucratic, complicated and costly. It has imposed retroactive and, at times, unfair burdens on private citizens and companies without regard to their negligence or fault, and it has curtailed economic growth and development.

The tax provision that allows for the immediate expensing of the Brownfields environmental remediation cost (rather than capitalizing the cost), expired at the end of 2003. This provision is now part of a larger package known as “the Extenders.”

The House passed H.R. 3521 (the Tax Relief Extension Act of 2003), which provided a two-year extension of 16 expiring tax provisions that will cost \$7.29 billion over 10 years. A two-year extension of the Brownfields remediation cost was included in that bill at a cost of \$122 million over 10 years. The Senate has not acted. Action by Congress would provide businesses with the certainty that they need to make decisions.

**NJ SEED supports legislation to make these expiring tax provisions permanent, rather than extending them a few years at a time.**

## **ENERGY**

### **Statement from the NJ SEED Energy Policy Committee**

Pursuing environmentally friendly forms of energy is important to the economic and physical health of New Jersey residents. Furthermore, it is critical that United States policies encourage independence from potentially unreliable sources of gas and oil. The Energy Policy Committee advocates for legislation that supports these goals while recognizing the economic importance of the energy industry to our economy.

## Fuel

New Jersey is home to one of the nation's most comprehensive strategic marketplaces for petroleum product supply. Recognizing this fact, the State of New Jersey can assume a critical leadership role in shaping our regional energy future. NJ SEED requests the support of our state's Congressional Delegation for a national solution to address several difficult fuel issues.

**National energy legislation** would make it easier for fuel providers to supply the growing consumer demand for affordable clean fuels. The legislation would repeal the federal Reformulated Gasoline (RFG) oxygen requirement and require a national phasedown of MTBE. The fuels provisions offer carefully considered solutions to problems that have challenged fuel providers and burdened energy consumers, while fully protecting important environmental benefits achieved by reformulated gasoline and other cleaner burning fuels.

A national solution to repeal the federal Reformulated Gasoline (RFG) oxygen mandate and to implement a federal phasedown of MTBE is needed to discourage a patchwork of fuel requirements across the country, which could impose serious consequences for fuel distribution and supply.

In the absence of federal legislation, consumers are subject to the costs of uncoordinated state actions. Individual states, such as nearby Connecticut and New York, have banned the use of MTBE as an oxygenate in gasoline, but they alone cannot change the federal RFG oxygen content requirement. The collision of these two elements could have significant ramifications for New Jersey.

New Jersey has significantly improved our state's air quality by committing to federal RFG. This statewide distribution represents the largest federal RFG market on the East Coast. The state is the destination for crude oil and refined product, from both domestic and foreign sources, and the terminus for major pipelines that all combine to provide energy to our regional marketplace.

What is needed is a federal solution that provides flexibility to the fuels distribution system. Federal legislation should repeal the federal oxygen requirement for RFG and provide a national phasedown of MTBE.

Previous legislation contained these provisions, as well as ones that allow states in the northeast an enhanced opportunity to participate in the RFG program, provide certainty that the air quality benefits of RFG will be maintained, provide a streamlined process to impose more stringent volatility controls on gasoline, and require the EPA to conduct a study on the effects on public health, air quality and water resources by increased use of potential MTBE substitutes. The agreement also contains safeguards to protect against any potential supply and distribution problems.

**NJ SEED believes that a national solution is far better for consumers and the country. We support the enactment of legislation that would repeal the federal RFG oxygen requirement, provide a national phasedown of MTBE and implement a phased-in renewable fuels standard.**

**NJ SEED also supports a flexible national renewable fuels standard, with no minimum per gallon requirement. The standard should increase to 5 billion gallons over several years, with an averaging, banking and credit-trading program that would allow renewable fuels to be used where it makes the most sense. In addition, legislation should include a provision to limit liability for using renewable fuels mandated by Congress.**

## **Keeping Our Electric Power Supply Safe and Reliable**

Relative to electric energy, NJ SEED believes that restructuring the electric power industry has brought and will continue to bring substantial benefits to business and residential energy consumers in the form of lower costs, greater reliability, improved efficiency, new products and services, and enhanced ability to compete and win in global markets.

New Jersey has in place one of the nation's most aggressive and comprehensive approaches for unleashing competitive forces for the benefit of consumers. A large portion of this benefit has been obtained by New Jersey's approach to procuring energy supplies and basic generation services through a competitive bidding/auction process to meet the energy and load demands of customers who have chosen to be served by the State's utilities. Consumers also have the ability to select their own provider, if desired. This approach has become a model for other states considering how to ensure the benefits of competition to all customers regardless of size.

None of this would have been possible if not for the existence of a highly competitive electric wholesale market called PJM. PJM is an independently run regional transmission organization (RTO) that comprises a system of geographically and fuel diverse generation suppliers, interconnected through a large transmission grid, that in turn is interconnected to geographically diverse load serving entities (e.g. utilities). PJM currently encompasses transmission, generation and load in New Jersey, Pennsylvania, Delaware, and Maryland. Plans before the Federal Energy Regulatory Commission (FERC) are to expand PJM to include the Midwest (including states as far west as Illinois and Kentucky, and as far south as Virginia), and to make its operations seamless with the other large Midwest RTO called Midwest Independent System Operator (MISO). When these changes are completed, it is estimated that New Jersey consumers will benefit considerably from the increased competition and additional sources of supply.

Increasingly, however, these plans have been running into roadblocks. States such as Virginia and Kentucky have initiated actions to prevent transmission owners in their states from turning over the operation of their grid to PJM out of fears that their states' consumers

will be hurt at the expense of benefiting consumers in the Northeast. Economic studies show that the opposite is true. Moreover, the August 14<sup>th</sup> blackout of 2003 demonstrated the problems of loose coordination between grid suppliers and how that can result in cascading problems from state to state. While portions of PJM were affected by the blackout, most parts of the system were able to avoid the problems associated with the Midwest that had loose integration and coordination of the grid.

The federal government has an important role to play in ensuring that the electric supply in this country is both reliable and safe, and that interstate commerce in wholesale electricity markets can occur. Similarly, as these markets become increasingly larger, the federal government has to play an active role in adopting environmental policies that adequately protect state consumers from increased emissions, while recognizing the competitive nature of the markets.

**NJ SEED urges New Jersey's Congressional delegation to ensure that Congress, the Administration and the FERC pursue policies consistent with these principles.**

**Relative to other energy matters**, NJ SEED acknowledges that there is no quick fix for the energy challenges facing the nation today. It has been long understood, however, that policies need to be debated and adopted that significantly reduce our dependence on potentially unreliable foreign sources of oil and gas.

We cannot have a sound energy policy based only on production or solely on conservation. Furthermore, renewable energy sources such as wind, solar and biomass show strong potential as alternative fuel sources, but have not been sufficiently developed to be considered viable alternatives today to imported oil and gas.

**NJ SEED urges continued discussion by the White House and Congress in order to find common ground on this critically important issue. Any recommendations should be balanced in order to protect jobs in the automobile, petroleum and other energy-intensive industries.**

## **Yucca Mountain Update**

Following approval of Yucca Mountain as the site of a federal repository for used nuclear fuel and high-level defense waste, the project has advanced to the licensing stage. The Department of Energy (DOE) is preparing a license application to build a repository at Yucca Mountain that the DOE plans to submit to the Nuclear Regulatory Commission (NRC) in December 2004. The NRC will use the same approach in reviewing the license application for the Yucca Mountain repository that it has used in licensing the nation's 103 nuclear power reactors. The NRC will apply the most current safety-focused regulatory principles to the repository's licensing process.

The federal government has spent 20 years and more than \$8 billion conducting scientific

evaluation of Yucca Mountain. The same extensive studies that concluded that the site is suitable will now form the foundation of the DOE's licensing efforts. The DOE will build on the existing scientific foundation by continuing to conduct scientific studies through the project's lifespan. The studies will further ensure the long-term safety and performance of the repository.

The next step for Yucca Mountain is the federal licensing process. The DOE will submit an application to the NRC to build the repository at Yucca Mountain. The DOE must obtain a separate approval to operate the facility. The NRC is providing feedback to the Energy Department as it completes the application. The DOE plans to submit the application by the end of 2004 but is exploring ways to accelerate the process. NRC review of the application will take three to four years. If all goes according to schedule, the DOE will begin building the repository at Yucca Mountain in 2007 or 2008, and the facility will begin accepting waste as early as 2010. Licensing Yucca Mountain is a three-step process:

1. DOE will apply for a license to construct the repository.
2. When the facility is completed, DOE will apply for an amendment to the license to receive and possess waste at the repository.
3. Once all the waste is emplaced inside Yucca Mountain, a process expected to span 50 to 300 years, DOE will apply for another amendment to close the facility.

A key feature of the NRC licensing process is that it anticipates that there will be scientific and technical advances over the decades of waste emplacement operations. The NRC licensing process allows the NRC to make changes to its initial licensing to reflect these advancements. This is considered an essential element for building public confidence in the repository's ability to protect public health and safety over the thousands of years that the waste is expected to be stored. During the period of waste emplacement, DOE will also retain the ability to retrieve waste.

The total amount committed to the Nuclear Waste Fund, established by Congress in 1983 and funded by fees that electricity customers pay, amounted to \$23.1 billion as of September 30, 2003. Of that amount, New Jersey electricity customers have contributed \$858.5 million.

Over the last decade, the program has been under funded by over \$700 million compared to annual budget requests. Even though there is a dedicated funding source for the program, under current budget rules the program must compete with unrelated programs for limited federal appropriations.

The Administration in its budget request has forwarded legislation that would authorize the reclassification of fees paid into the Nuclear Waste Fund as offsetting collections, in an amount equal to appropriations. H.R. 3429 has been introduced in the House of Representatives to accomplish this objective. If enacted, the program would remain subject to Congressional oversight, but use of Nuclear Waste Fund receipts would score as a net

zero in the budget, avoiding the need to compete with unrelated programs for scarce federal dollars.

**The budget assumes enactment of this legislation and does not include program contributions from the Fund in the discretionary spending totals. NJ SEED supports the passage of H.R. 3429. If the bill is not enacted, there could be a serious shortfall in funds available for the program.**

## **CRITICAL INDUSTRY ISSUES**

### **Health Care Quality and Costs: Federal Funding Needed for Health Care Information Technology**

More people in the United States die from medical mistakes each year than from highway accidents, breast cancer or AIDS. Costs are soaring, yet quality is declining. Our confusing and highly fragmented health care delivery system often wastes resources by providing unnecessary services and duplicating efforts.

At present, patient information typically is dispersed in a collection of paper records, which often are poorly organized, illegible and not easy to retrieve. Therefore, it is nearly impossible to manage various chronic illnesses that require frequent monitoring and ongoing patient support. Many patients could have their needs met more quickly and at a lower cost if they had the option of communicating with health care professionals through e-mail. The use of automated medication order entry systems can reduce errors in prescribing and dosing drugs, and computerized reminders can help both patients and clinicians identify needed services.

Companies focusing on industrial applications such as computer-based physician order entry, electronic medical records and electronic data interchange have seen slow acceptance among health care providers. A fragmented system and capital financing problems have limited investments in such new information technologies.

Government, which pays for one-third of the nation's \$1.3 trillion in health care expenditures, has a significant interest in stimulating investment in a national healthcare information technology infrastructure.

Congress is being encouraged to enact legislation to create a Revolving Loan Fund for Health Care Information Technology Financing (the Fund), with an initial investment of \$5 billion over five years. The Fund, to be self-sustaining over time, is modeled on highly successful revolving loan fund approaches to infrastructure financing in other sectors, such as environmental and transportation. The Fund has three key advantages:

- It leverages limited federal and state funds with the issuance of tax-exempt bonds.

- It relies on a public/private partnership to maximize available dollars by using private sector financial participation to bolster government investment.
- It delegates grant and loan decision making to at the local level, rather than the national level. Grant and loan awardees would be subject to federal standards, but decisions would be made at the state or local level, closest to the day-to-day needs of health care providers.

The Fund's purpose is to facilitate investment in health care information technology, including but not limited to hardware, software, electronic medical records and computerized clinical information systems. Improvement in health care IT will help reduce medical errors, improve quality and slow the rise in costs.

Federal funds would be allocated to the states, and states would use their tax-exempt bonding authority to issue bonds backed by loan repayments on infrastructure projects. State bonding agencies would administer the program, and states would make a minimal matching investment in the fund. States would create locally based not-for-profit corporations named Health Information Technology Corporations (HITCs). Revolving loan funds would flow to the HITCs, which would have the authority to determine local health care IT needs and make individual project loans and grants for health care information technology infrastructure projects. Loans would be repaid at terms set by the HITCs.

Hospitals, physicians and other health care providers, including community health centers and public health providers, would be eligible for grants and loans distributed by the HITCs. At least 20% of the eligible funds would be set aside for grants to safety net and rural providers. This includes providers or projects that deliver a substantial amount of charity care. Federal bond insurance would be made available for safety net providers whom receive loans, but are unable to obtain bond insurance on their own.

Health care providers and others would be encouraged to work collaboratively and across traditional lines to maximize the benefits of infrastructure investment. Payers, providers and community organizations would be encouraged to develop their own proposals for IT infrastructure investment, which would be eligible for loans and grants.

**NJ SEED recognizes the escalating costs of health care and the ongoing challenge faced by labor unions and businesses to provide medical benefits to their members and employees. While costs continue to rise, the quality of care declines. We support the creation of a Revolving Loan Fund for Health Care Information Technology Financing in order to create investment in vitally needed health care information technology.**

## **Homeland Security: Critical Staffing Concerns Within The New Jersey State Police**

In 1989, the New Jersey State Police (NJSP) had 3,035 sworn and enlisted personnel assigned to provide its myriad law enforcement services to the citizens of the entire state. Since then, the staffing allocated to the NJSP has declined by 318 positions, despite increases in duties and responsibilities .

The NJSP has expended significant organizational efforts toward three critical activities: preventing domestic terrorism; fulfilling the commitment of Governor McGreevey to Anti-Crime Partnerships in the cities of Camden and Irvington; and achieving compliance with the mandates of the consent decree.

The September 11<sup>th</sup> attacks have dramatically changed law enforcement priorities. The NJSP has expanded its mission into counter terrorism and emergency preparedness by adding nine positions to counter terrorism. With the recent addition of the Homeland Security Branch, the NJSP also deploys significant contingents of troopers whenever particular situations dictate a response or code levels are elevated.

These additional duties and responsibilities have transferred resources from one location to another, and have effectively downsized the NJSP's staff without downsizing its responsibilities. This has further exhausted already strained resources of the NJSP.

There has been an undeniable effect in terms of proactive police work. Currently, the Investigations Section is operating at 43.3% below the authorized November 2001 staffing levels. Staffing reductions such as these severely impact the ability to perform proactive investigations on criminal networks.

The NJSP has been forced to make resource allocation decisions in a manner similar to a Ponzi scheme. That is, we continue to shift resources around the system in an ever-increasing manner without growing them. In the end, these kinds of economic systems are unsustainable.

Chronic understaffing places the NJSP in an increasingly untenable position to protect the health and safety of the citizenry. If the staffing situation continues unabated, substantial costs will be incurred in terms of diminished service, decreased effectiveness, demoralized staff and dwindled deterrence. It is critically important that staffing for the NJSP be viewed as an investment in the citizenry of New Jersey, as well as the surrounding area. Given the current demands on the organization and the increased threat of terrorism, additional resources will yield invaluable dividends in terms of the health, safety and economic prosperity of the citizenry and the region.

**NJ SEED believes that the New Jersey State Police must have its staffing needs addressed through short- and long-range plans and budget commitments so that New**

**Jersey's Troopers will be equipped to achieve success in their law enforcement mission as currently defined, including the prevention of domestic terror.**

**Furthermore, New Jersey's geographic location on the eastern seaboard, proximity to New York City and strategic importance as a major United States port all but guarantee that our State Police will be first responders in future incidents of terror on American soil. NJ SEED urges our Congressional Delegation to support the New Jersey State Police in any and every way possible, and to ensure that New Jersey receives an appropriate share of funding for Homeland Security and anti-terrorism activities.**

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*New Jersey SEED appreciates the work of our Policy Committees and the members who contributed to this Briefing Book. The Officers, Board of Trustees and members of our business and labor coalition will continue to work with our Congressional Delegation to achieve our federal issues goals.*