



IFT photo by Mike Williams

For weeks grain barges have been tied up to islands on the Mississippi River awaiting filling and transport to the Gulf of Mexico. Flood waters on the Mississippi River caused the federal government to close it to traffic for much of the summer.

Aid bill doubles, passes

By Gene Lucht

Iowa Farmer Today

Congress passed the flood aid bill late last week, doubling the size of the program in the process.

The House on July 27 passed a \$2.9 billion package by a vote of 400-27. On Aug. 5, the House and Senate doubled that figure to \$5.8 billion. The legislation was signed into law by President Clinton this week.

Sen. Tom Harkin, D-Iowa, says Clinton's support was important in getting the extra money.

"It was crucial," he says. "I called the President Monday night and talked to him. I laid it out in very stark terms."

Yet some of the changes introduced in the Senate weren't likely to get approval until a letter arrived from the Office of Management and Budget (OMB) shortly before the vote.

The major changes were the increase in total funding, an increase in the emergency loan limit for Small Business Emergency Loans; and the reversal of a past ruling which limited crop payment percentages.

That last item could be important to Iowa farmers.

Under the 1990 farm act, the complex

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formula for disaster payments requires a farmer to write off the first 35 percent of crop losses.

That farmer then would get a percentage of the additional crop losses (about 65 percent). For a total crop loss, that comes out to about 42 percent.

BUT AS part of later budget agreements the Bush administration put a cap of 50.4 percent on that payment, effectively cutting it in half, to 21 percent of the total crop.

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Sen. Thad Cochran, D-Miss., tried to make that higher level retroactive, meaning higher payments to farmers who were paid under the 1991 and 1992

disaster acts. That measure was defeated.

The change in the SBA loan limit from \$500,000 to \$1.5 million was also pushed by Harkin and other Midwestern senators who pointed out the old limit dated from 1970 and was simply not high enough to deal with today's business costs.

Other members of Iowa's Congressional delegation also voiced support for the final \$5.8 billion package.

Sen. Charles Grassley, R-Iowa, said in a press release the package is "a good first step, there's no doubt."

Rep. Jim Nussle, R-Iowa, says he is "very pleased that Congress has acted expeditiously to approve this flood-aid package."

Nussle earlier was the center of controversy in the House when he pushed for budget cuts in other programs to match appropriations in the disaster bill.

Accused of playing politics with an important bill, he begged off, saying he only wanted to stress deficit reduction.

However one item in the original House bill, which had irked Nussle and other Republicans, was removed from the final version.

That item was a youth jobs program for Los Angeles which was pushed by

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Rep. Maxine Waters, D-Calif.

Viewed by some as a trade-off to get the support of the Black Congressional Caucus for Clinton's national budget package, it was the only addition allowed on the House floor.

Harkin says he supports the Waters program but agrees it did not belong in the disaster aid bill.

"I think they found another bill to attach it to," he says. "This just wasn't the proper bill for it."

The Iowa Democrat says the disaster aid bill passed by the Senate last week should provide a great deal of relief to farmers in Iowa. But Grassley says more aid funds likely will be necessary.

Grassley also supports the waiving of a federal requirement that states match some of the federal funding. Such a change might save the state government \$100 million.

Nussle says he is optimistic the discussion of recent weeks will lead to changes in federal crop insurance and in the process used to pass disaster bills.

"I think that should be on-budget," he says.

Rep. Fred Grandy, R-Iowa, says Congress should set aside a percentage of its budget for the inevitable calamities of nature. He says Congress has passed a disaster bill for some part of the nation nearly every year he has been in Congress.

Whether Congress will make the kinds of reforms Nussle, Grandy and Grassley want is yet unknown. But they say the prospects for change are much better now than they were a few months ago. ■