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150 North 3rd Street Suite 200  
Baton Rouge, LA 70801  
225.342.1700 [p] • 225.342.1726 [f]  
[www.lra.louisiana.gov](http://www.lra.louisiana.gov)

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November 6, 2008

Mr. Steven Preston  
Secretary  
U.S. Department of Housing & Urban Development  
Room 10000  
451 7<sup>th</sup> Street, S.W.  
Washington, D.C. 20410

Dear Secretary Preston:

The state of Louisiana is grateful to Congress for allocating \$6.1 billion to assist states across the country recovering from disasters that occurred in 2008. While these resources will go a long way in helping the 33 states that experienced damages as a result of disasters, I am writing to express concern about a critical sector of Louisiana's economy - the agricultural industry - that may not be able to recover, given the current allocation structure proposed by HUD.

Hurricanes Gustav and Ike passed through the center of Louisiana's agricultural core just as many of the state's most valuable crops were being prepared for harvest. As a result, Louisiana's agricultural economy, including row crops, timber and livestock, lost more than \$700 million in value according to estimates by LSU economists. In addition, the state's struggling fisheries industry, the second largest in the nation, incurred \$250 million in losses because of hurricanes Gustav and Ike.

Because of the timing of the storms and growing seasons, Louisiana's agricultural damage was more extreme than in many other states. Louisiana's farm losses occurred very close to harvest when farmers had already fully invested the required resources to grow the crops. In many cases, funds were advanced pending harvest of the crops, which did not materialize because of the hurricanes. Unlike the situation after hurricanes Katrina and Rita in 2005, these croplands also remained flooded and waterlogged for weeks after Gustav and Ike, making harvesting any remaining crops difficult as the machinery required could not enter the fields. Crops therefore were lost both from the flooding and because farmers and laborers were not able to return to harvest them. This resulted in further impact on the surrounding communities because farm jobs and supporting industries were not utilized as in prior years. Cotton and sweet potato crops, of which Louisiana is a significant producer, were nearly completely lost in some parishes. Louisiana farmers, who harvest approximately 50 percent of this nation's sugarcane acreage, were directly affected by Hurricane Gustav when it made landfall in the center of this state's sugarcane producing area.

Despite these losses, there are no funds directly allocated within the most recent disaster supplemental bill (HR 2638) to offset such losses. While HR 2638 did set aside \$410 million in disaster funds to the U.S. Department of Agriculture, none of these funds can be used to cover crop loss or to provide funds to buy seed and reinvest in future harvests. Despite repeated requests from Louisiana's Governor, Agriculture Commissioner and our Congressional delegation, there are no traditional agricultural crop loss disaster loans in this provision.

Traditionally the USDA, via the Farm Bill and its crop loss programs, has addressed these types of losses. However, in 2008, substantial new changes were incorporated into the Farm Bill. The USDA's supplemental revenue assistance payment program (SURE) was included in the 2008 Farm Bill as a successor to ad hoc crop disaster programs.

We believe SURE's intended purpose is to provide benefits for farm revenue losses due to a natural disaster. Unfortunately, because of how the program is structured, coverage levels in this program will not be sufficient and many of Louisiana's farmers will not qualify. Additionally, the 2008 Farm Bill is inadequate in addressing a statewide disaster as opposed to individual farm losses. The legislation was signed late in the congressional cycle and the rules in the bill for claiming disaster aid have yet to be written. Furthermore, additional legislative efforts in the United States Senate to create a \$1.12 billion farm aid measure for all American farmers hurt by the natural disasters of 2008, including flood, drought, wildfire and hurricane, were blocked by some senators who were unaware of the impact a lack of resources could have on the nation's farm trade balance and food costs.

Immediate federal aid is necessary to ensure that farmers have the resources to continue providing the nation's food supply. The ability to use Community Development Block Grant (CDBG) funds for this purpose will be immensely helpful in offsetting these losses and sparking economic recovery for our state, which has a large rural economy.

Unfortunately, there is currently no mechanism in place to adequately measure these losses in the HUD allocation. It is my understanding that HUD's damage calculator to determine funding allocations to the states will be based on a combination of data from FEMA's Individual Assistance and Public Assistance programs and Small Business Administration loans, which will measure damages to housing, small businesses and public infrastructure within each state. As we have seen with the Katrina and Rita recovery, FEMA PA costs will more heavily weight urban areas that have large concentrations of public and not-for-profit facilities and state-owned buildings. By comparison, most rural communities and towns have fewer public facilities and will be disadvantaged by using only FEMA PA to measure impact on local infrastructure.

It is also my understanding that HUD will not include data measuring agricultural losses as a part of the overall damage calculation. This is based on the premise that other programs will compensate for losses experienced and that this data is not consistently available across all 33 states.

Given Louisiana's dominant role in the nation's agricultural economy, I ask that HUD include data to measure agricultural losses in the overall disaster allocation calculation to account for those states where disasters in 2008 heavily damaged this critical industry.

Sincerely,



Paul Rainwater  
Executive Director