THANKING ARMY RESERVE LT. JEFF ALLEN

Mr. DASCHLE. Mr. President, tomorrow is a very special day for two little twin brothers in Rapid City, South Dakota. Ethan and Abraham Allen turn 2 tomorrow. Among the people who will be there to celebrate with them is their father, Lt. Jeff Allen.

Lt. Allen came closer than he likes to think to not seeing his sons' birthday. On April 6, he was in a convoy near Mosul, traveling south through Iraq, when a homemade bomb exploded under his Humvee. The explosion filled the calves on both of Lt. Allen's legs with shrapnel. His right ear drum was shattered, the retina in his right eye was torn, and he suffered serious lacerations on his face. He had been in Iraq for just under a month.

Like more than 40 percent of the American troops in Iraq today, Lt. Allen is a reservist. He is a nurse anesthetist with the Army Reserve's 348th Combat Support unit. When he is not on active duty, he works at Rapid City Regional Hospital. Like so many others civilian and military—he was in Iraq trying to save lives.

Before he arrived home on Monday night, Lt. Allen spent a month at Brooks Army Medical Center in San Antonio, where he underwent three surgeries, including skin grafts to his legs. He's likely to need more surgery, but doctors are hopeful about his recovery. He and his wife, Andrea, have been married for 6 years. He has been in the Army Reserve for 5 years.

At the beginning of our life as a nation, Thomas Paine said, ''If there must be trouble, let it be in my day, that my children may have peace.'' America is fortunate today that we still have people, like Lt. Jeff Allen, who are willing to sacrifice so much and risk their lives so that their children will know peace. As he and his wife prepare to celebrate their sons' birthdays, we thank Lt. Allen and wish him a full and speedy recovery.

SPURRING AN ECONOMIC RECOVERY IN RURAL AMERICA

Mr. DASCHLE. Mr. President, last month the Department of Commerce reported that my home State of South Dakota had the Nation's second-highest rate of growth in per-capita personal income during 2003.

This surely comes as welcome news to many South Dakotans who have struggled to make ends meet during our Nation's recent economic downturn.

But now is not the time for us to congratulate ourselves. Too many Americans still can't find work. Too many Americans still don't have health insurance. And of those lucky enough to have health insurance, too many Americans can barely afford it.

Last Thursday, Alan Greenspan warned that rising deficits threaten the long-term stability of our economy and he is right.

We need sound fiscal policies that preserve and protect the health of our economy. We must do everything we can to ensure that the economic recovery finally takes hold, and that the benefits of the recovery extend to all Americans, not just to a privileged few.

Unfortunately, even after last year's encouraging growth in personal income, South Dakotans still tend to earn far less than the national average, and the same is true for many other rural States in our region.

Even worse, average income figures conceal wide disparities in wealth between those at the top and those at the bottom even within our States. Sadly, rates of poverty in many parts of rural America are worse than we find in countries we often consider to be ''developing.'' This is a quiet national crisis that we must address.

To reduce the prosperity gap between rural States and the rest of the Nation, Congress has created a variety of Federal programs designed specifically to promote rural economic development.

Unfortunately, the administration proposes to cut many of these programs, despite the positive results they have achieved. Instead of pulling the rug out from under those who need our help the most, we should be supporting programs that provide a helping hand to farmers, ranchers, and small businesspeople in rural areas.

With our help, they can bring the benefits of economic recovery to more Americans than ever before.

Small businesses are the backbone of this economy. According to the Small Business Administration, or SBA, businesses with 500 or fewer employees are responsible for roughly three-quarters of net job creation in this country. In my State, and in many other rural States, this figure is even higher.

According to the FDIC the 7(a) program is one of the single largest sources of long-term capital to small businesses in this country. By providing lenders a guarantee against default by small borrowers, it provides capital to those borrowers on more favorable terms than they could get anywhere else.

This is not a big-government handout, as some might be tempted to claim. It is a helping hand from the government to the invisible hand of the market.

So I was disappointed in January when the SBA was forced to temporarily suspend its most successful small business loan program, the 7(a) Loan Guarantee Program, because the Bush administration failed to support sufficient operating funds.

Unfortunately, this is the most recent manifestation of the administration's history of underfunding successful small business programs. According to the FDIC, the 7(a) program is one of the single largest sources of long-term capital to small businesses in the country.

By providing lenders a guarantee against default by small borrowers, it provides capital to those borrowers on more favorable terms than they get anywhere else. This is not a big government handout as some might be tempted to claim. It is a helping hand from the government to the invisible hand of the market. With the funds acquired through the 7(a) program, small businesspeople are free to expand their operations as they see fit, and their positive record of job creation shows plainly that they know how to do so effectively.

For all of its rhetoric about supporting small business, how much did the Bush administration devote to this key program in the proposed budget for the upcoming year?

Not one dollar. The administration actually proposes to eliminate the funding for the 7(a) program—in effect, doing away with the single most helpful nudge the Government can provide to these businesses. In my view, this is not the way to boost job creation.

The abandonment of the 7(a) program is not an isolated case. It is part of a larger pattern of cuts to programs that always have assisted small business especially.

Consider the SBA's Microloan Program. Under this program, the SBA provides funds to qualified nonprofit organizations which then make up loans of up to $35,000 to new and existing small business. According to the SBA, the average loan is around $10,500. The nonprofit lenders that participate in the program also provide management and technical assistance to borrowers to ensure that they have the skills necessary to succeed. Since the Microloan Program was established in 1992, it has facilitated more than 12,500 loans with $102 billion. Despite the fact that the borrowers who benefit from this program tend to have relatively low credit ratings which makes them unattractive to commercial lenders, the program has had only one loss to date. Few government programs can match that record of success. And few provide as much value to able entrepreneurs. Regrettably, the administration has proposed eliminating this program, as well.

Another critical area that has been shortchanged is the small business outreach in Indian country. Native Americans continue to suffer from rates of unemployment far greater than those that existed in America even during the Great Depression. Part of this problem stems from the lack of an active small business community in much of Indian country and a lack of resources to help stimulate the creation of such a community.

Years of experience with efforts to reduce poverty in Indian country have taught us that market-based, business-oriented approaches hold the greatest promise for success. But the market will not eliminate poverty on its own in Indian country. The neglect by the Federal Government has gone on far too long. The poverty is too extreme, too deep rooted.

We need special outreach efforts dedicated to bringing new business skills and financial resources to Native-American communities. But these efforts have fallen victim to the administration's budget priorities. For the second year in a row, the administration has proposed to eliminate all funding for Native-American business outreach.

The list of small business programs on the chopping block is too long to mention here. Cumulatively, the SBA has already seen its resources reduced by this administration by 25 percent, giving it the unfortunate distinction of being the most cut of all 26 Federal agencies. This, to me, does not demonstrate a commitment to economic development in job creation. We need to restore adequate funding to the SBA.

While the SBA's budget has suffered the deepest cuts under the administration, it is not the only agency that has seen its small business and rural development programs cut. The Treasury Department oversees a fund that provides capital to community development financial institutions, or CDFIs. These are specialized private sector institutions that provide financial products and services to people and communities underserved by traditional financial markets.

The Treasury Department estimates that every dollar it invests in a CDFI leverages 12 non-Federal or private sector dollars.

There are 13 CDFIs in South Dakota, and they do enormous good. The Lakota Fund is one that operates on the Pine Ridge Indian Reservation. The two counties that make up the reservation are the twenty-sixth and second poorest counties in America. Few areas need economic development as badly as Pine Ridge.

When the Lakota Fund began lending in 1986, there were 40 businesses on the reservation, and most of them were owned by nontribal members. Today, thanks in large measure to the financial and technical assistance delivered by the Lakota Fund, Pine Ridge has nearly 100 businesses, and many of them are owned by members of the Oglala Sioux Tribe.

If the more than 800 CDFIs around the United States had more funds to lend, there is no telling how much good they could achieve. But instead of helping CDFIs meet the growing demand for their services, the administration has underfunded them dramatically. This year, like last year, it requested only three-fifths of what the CDFIs received in 2002.

The President's proposed budget cuts also provide cuts in the 2002 Farm Bill. Democrats worked alongside Republicans to establish new initiatives under the Department of Agriculture to bring new jobs and opportunities to rural communities. When the President signed the Farm Bill into law, many people believed those programs would become a reality. I believed the President when he expressed his support for those programs with the stroke of his pen. But since then, many of these programs have languished due to inaction or even opposition by the White House.

From my State and several neighboring States, including Iowa, Minnesota, Nebraska, and North Dakota, the establishment of a Northern Great Plains Regional Authority was one of the most exciting features of the Farm Bill. This authority was modeled on the successful Appalachian Regional Commission, which demonstrated the power of a regional approach to economic development.

Unfortunately, nearly 3 years after its creation, the Northern Great Plains Regional Authority has yet to fulfill even a fraction of its promise, in large part because the administration has not fulfilled the responsibilities to the Authority. The administration failed to appoint Federal and tribal cochairs to lead the Authority, and it has failed to support any funding for the Authority's activities.

Other programs in the Farm Bill are also neglected. The Rural Business Investment Program, which is supposed to provide millions of dollars to private companies willing to invest and leverage that money in rural areas, has not been implemented even though the Farm Bill was enacted over 2 years ago.

The same goes for the Rural Strategic Investment Program which was designed to help rural areas develop plans to attract new investment.

And the list of underfunded programs goes on and on. They include cuts to firefighter assistance grants, coupled with proposed changes in the eligibility criteria to favor urban areas; cuts in assistance for rural hospitals, where costs are rising fast—many rural hospitals are already in danger of having to close their doors; cuts to USDA community facility loans, which help finance construction of fire halls, clinics, daycare centers, senior centers, and critical community facilities; cuts to rural housing loans; cuts to rural electric contribution and telecommunication programs.

It is hard to understand how we can slash and eliminate programs that are designed specifically to strengthen the economy of rural America and then claim to be champions of rural communities and small business.

Unfortunately, the President's two-word solution to the economic struggles of rural America is the same two-word answer he offers on virtually every other problem: tax cuts. In the face of exploding deficits and rising health care costs that threaten the long-term sustainability of our economy, the President continues to insist on the wrong kinds of tax cuts.

Many of us support tax cuts if they are smart, if they are targeted, if they are fair, if they are affordable. The right kinds of tax cuts can help stimulate the economy during times of economic distress.

That is why some of us introduced S. 2245 to create a small business health tax credit that would reduce the burden of health costs on small business and enable them to retain and hire more workers. That is also why we worked to reach a compromise on the estate tax that would exempt all but the very richest Americans and fully exempt farms, ranches, and small businesses that parents pass on to their children.

But tax cuts cannot be our only weapon in the battle against rural poverty. Independent analysis shows the vast majority of small businesses receive little or no benefit from the President's tax cuts.

And let us not forget that these cuts have a cost, or as Chairman Greenspan put it, ''The free lunch has still to be invented.''

In order to help finance his tax cuts, the President has proposed cutting or eliminating program after program designed to help small business and residents of rural America.

If the choice is between ruinously expensive tax cuts that overwhelmingly benefit the wealthiest Americans and proven, cost-effective, and desperately needed economic development programs for rural America, I think the answer should be clear. We should stick with what works. We should invest in the targeted, proven solutions we know will bring new prosperity to Main Street, not just to Wall Street.

We need to continue to support programs designed to improve the quality of life in rural America, and we need to uphold our common commitment to ensuring that those programs succeed.

Mr. President, I yield the floor.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business for up to 60 minutes, with the first half of the time under the control of the Democratic leader or his designee and the second half of the time under the control of the majority leader or his designee.

The Senator from Alaska.

ORDER OF PROCEDURE

Mr. STEVENS. Mr. President, I ask unanimous consent that I be recognized to speak in morning business, to be followed by Senator MURKOWSKI, provided that following our remarks, the Democratic time be extended by an equal amount of time that we use.

The ACTING PRESIDENT pro tempore. Is there objection?

The Senator from Nevada.

Mr. REID. Mr. President, I would just like to say to my Democratic colleagues, the reason we are doing this is