

**Statement of Senator Mary L. Landrieu
for Homeland Security & Governmental Affairs Committee
Hearing “Outstanding Need, Slow Progress”**

INTRODUCTION

Mr. Chairman, I would like to thank you and Senator Obama for taking the time to see with your own eyes the situation on the ground here in South Louisiana. It is vital for all of us to provide true context and texture to the decisions that are made in Washington. There is no substitute for first hand contact when it comes to understanding the challenge road ahead for this city and the entire Gulf Region.

My time is short, so I will only be able to explore a few issues in these remarks. Let me clarify for the record though that I am not here not to complain or embarrass FEMA. As Director Paulison recently remarked, FEMA has helped more people than it ever has despite overwhelmed systems and huge work volume. The people of the Gulf Coast are not disputing that.

However, I do believe that this hearing will highlight the central disconnect between the federal response to Katrina and Rita, and the ongoing needs of the people of the Gulf. When Federal Officials excuse their agencies shortcomings, they always note the scope of the disaster and how it overwhelmed their limited capacity to respond. But on the other hand, when Katrina and Rita victims ask for flexibility given the scope of the disaster, the federal government retreats behind a massive shield of red tape and inapplicable precedent.

If the federal government’s ability to respond was overwhelmed, imagine how overwhelmed the victims feel!

So the question remains, since we are dealing with the greatest natural disaster in our nation’s history, why - time and time again - must we confront a business as usual attitude? In short, why are federal agencies so reluctant to take the steps to make this recovery work?

GLOBAL MATCH

Let me illustrate with an example that is high on the State’s agenda before Congress right now. There are over 20,000 Public Works projects currently in different phases completion in the State of Louisiana. Two-thirds of these 20,000 projects are under \$50,000. When conducting business as usual, FEMA provides 90 percent of the funding for Public Assistance Eligible Projects, and the State/local governments must come up with the remaining 10 percent.

Although we are grateful for all the help we received, Louisiana still faces an estimated \$40 billion shortfall between the help we have received and the real costs of recovery. So, the business as usual approach does not make any sense. The \$1 billion state match that we are

required to come up with could be better spent on rental assistance, mental health, rebuilding our schools, and other unmet needs. It's the classic distinction between a hand out and a hand up.

In case you think we are asking for something out of the ordinary, let me remind the Committee that since 1985, the Federal government has granted waivers on the State match for public assistance in 32 different disasters. Furthermore, according to the Congressional Research Service:

“If a state or a local government believes that the economic impact from the disaster warrants, officials may contact FEMA to request a reduction in their portion of the Federal cost-share. The regulations specify that an adjustment in the cost-share requirement may be made ‘whenever a disaster is so extraordinary that actual federal obligations under the Stafford Act, excluding FEMA administrative cost, meet or exceed’ a specified threshold...that threshold is set every year and is determined by damages on a cost per capita.”

It has also been well documented that Katrina and Rita were the first and third-most costliest disasters in U.S. history. As such, Louisiana's cost per capita was approximately \$6,700, as compared to damages on a cost per capita basis of \$390.00 in New York after September 11th, or Florida after Hurricane Andrew where the cost per capita was \$139.00. In both of those instances, the President waived the cost share for Public Assistance, but for Louisiana following these two devastating disasters, President Bush has not waived the cost share.

So an obvious step – one that would show that the Federal bureaucracy is shedding its business as usual approach -- would be to waive Louisiana's cost share for Public Assistance. There is a precedent from previous disasters, and there is still time to make the right decision. However, if that is somehow too high a hurdle to jump today, then at least we should be able to address the absurd amount of paper work with the 20,000 public works projects. The State of Louisiana has proposed a concept known as “Global Match” which would reduce red tape while still ensuring that federal dollars were spent for their intended purposes and goals.

Under a Global Match, the State would still accept responsibility for funding 10% of each Public Assistance project, but it would spread this total across the 20,000 projects currently underway in Louisiana. The State would guarantee that the funds obligated from the Federal government, through FEMA and HUD, would be closely monitored to prevent duplication of benefits and ensure that 90 percent of eligible project costs be paid with FEMA funds and 10 percent be paid for with HUD funds. Rather than mixing resources from both programs to pay for each individual project, the State would use CDBG funds to pay 10% of the aggregate cost of all Public Assistance projects at once.

I believe this is a reasonable solution, and one that will save time and money for everyone involved. I understand that the State has been working with HUD and FEMA for over six months on this particular issue, and I am hopeful that we can work something out in the coming weeks to gain approval for the Global Match concept. This would help the recovery in

South Louisiana move more quickly and streamline some of the current bureaucracy slowing down the process.

COMMUNITY DISASTER LOANS

Another glaring example of the bizarre approach that the federal government has taken to recovery in the Gulf Coast can be found with the Community Disaster Loan program. In this case, it is not something we can lay at the feet of any agency. This was a mistake brought on by Congress. The Community Disaster Loan Act of 2005 contained a one time provision that forbid FEMA from forgiving any of the loans to local governments given after Katrina and Rita. Once again, we confront a brutal double standard for the worst disasters in American history. Over the last 25 years, the forgiveness rates for these loans has been between 60 and 70%.

Do not misunderstand me. I want entities who are able to repay their CDL loans to repay them. We understand that they are loans and not grants. However, for the largest natural disasters in American history, basic equity dictates that the Gulf Coast be evaluated using the same standards that applied to all previous applicants.

Does it really make any sense for the federal government to weigh down New Orleans' fragile health care infrastructure with debt? If we pull them under by compelling them to pay CDL loans, who is really going to be left holding the bag? Will the federal government really be able to stand idly by and leave a half a million people with no operating hospital? What about the New Orleans School system?

This is a case of business *worse* than usual. Somehow, our best response for Katrina and Rita is to raise the bar for help. The federal government is overwhelmed by this disaster, but somehow the victims – in this case local government – should not be.

BROKEN PROMISES TO OUR SCHOOLS

As we will see on our tour later today, individual houses were not flooded by Katrina but entire communities were destroyed. This was repeated in southwest Louisiana when Hurricane Rita struck in September 2005 - literally washing away almost the entire parish of Cameron. In neighboring Vermillion Parish, similar damage occurred and left many residents with only the clothes on their back. I believe that in these types of situations, with the resulting uncertainty that comes, one constant that victims should have is trust in the word of the Federal government to help you recover. In some cases, that is all many of our constituents were left with - that the Federal government would be there to help them rebuild.

Well, unfortunately, one government agency broke promises to two of our Louisiana schools devastated by Hurricane Rita: Peebles Elementary in Iberia Parish and Henry Elementary School in Vermillion Parish. In 2005, FEMA repeatedly told these schools that they would receive relocation funding to move schools to higher, less flood-prone areas. Because of this, the two school systems made irreversible decisions, including purchasing land outside the

flood plain to build new schools, only to have FEMA reverse itself in November 2006. FEMA's reversal means that these school systems will receive less than half the funding that FEMA initially promised, leaving school officials scrambling to address a sudden shortfall in financing.

I would like to submit for the record a letter I sent on November 21, 2006 on this issue and also state for the record that my office has yet to receive a written response from FEMA on this important issue.

For me, this is a prime example of FEMA's gross mishandling of its mission as it relates to rebuilding and re-establishing schools in the wake of an extraordinary natural disaster like Hurricane Rita. Its position in these two cases would actually encourage schools to rebuild in flood-prone areas, which is contrary to FEMA's central mission of hazard mitigation. It also creates a lack of trust between local officials and the Federal government, because if you cannot count on them to keep their word following a disaster - who can you trust?

HOST COMMUNITIES

There is a whole area of difficulty that is not even contemplated by the business as usual approach to this disaster – that is the role of host communities. Katrina and Rita caused the greatest human migration in this country in 150 years. Only the Civil War compares for dislocating people. But even comparisons to the Civil War miss the mark. The dislocation caused by war on our own soil occurred over a 4 year period. Katrina and Rita forced a million people to leave their homes in 14 days. It was like the Civil War on fast forward.

To the unending credit of local governments across the country, when these evacuees showed up in their communities, they did not summon their lawyers and accountants. They did not ask for advanced payment. They did not wonder about matching funds. They simply displayed the limitless generosity of the American people.

They all understood that this was not business as usual, and they counted on the fact that the federal government would understand that as well. But we have not. So, under the Stafford Act, we still only pay overtime for first responders and other critical personnel. But look at the situation in Houston. Mr. Robert Eckels, the County Judge for Harris County, Texas testified before this committee in 2005 regarding the huge disincentives that this rule provides host communities. 500 of Harris County's public health workers were reassigned to treat incoming evacuees. They were not working overtime. They were totally reassigned from helping the people of their county to helping evacuees. If the Stafford Act is not designed to cover circumstances like that, we clearly need to revamp the Stafford Act.

Closer to home, we have the City of Baton Rouge. Overnight, it became the largest city in Louisiana, and its population grew by nearly a third. Imagine the traffic congestion, the strain on schools, the strain on public health caused by this onrush of people. Yet, the Stafford Act and the federal response contemplates very little help for cities grappling with this kind of situation. However, our public policy should be just the opposite. The Federal Government needs strong partners at the local and state level when combating a disaster. We need to be able to tell mayors,

parish government and country governments who are doing the right thing, WE HAVE GOT YOUR BACK. We will not let you drown while trying to help. In short, we need to be able to look someone like Baton Rouge Mayor Kip Holden in the eye and say that he has a real federal partner. We are not there today, but I hope that with the work of this Committee, we will get there. In light of this issue, I would like to submit a letter for the record from Mayor Kip Holden of Baton Rouge outlining his ongoing needs relative to this issue.

INEQUITY

Finally, I want to take a moment to discuss an issue that has been making headlines in the papers here in Louisiana and across the nation. When Mike Brown announced a couple of days ago that politics had played a role in the way the federal government responded to Louisiana's needs versus Mississippi's needs he made newspaper headlines. But he did not announce anything that people who have lived through these disasters did not know. When you think about it, what could be more business as usual than politics playing with the allocation of money. The numbers speak for themselves.

Mississippi has received \$5.5 billion in Community Development Block Grant money for their home rebuilding program. The latest estimates indicate that Mississippi will spend approximately \$1 billion on that program. That leaves the State of Mississippi with \$4.5 billion in very flexible dollars to pursue essentially whatever Governor Haley Barbour wants.

It is well documented that the loss of Mississippi housing constituted 20% of all homes lost over the course of the two storms. Louisiana, by contrast lost 77% of all the homes lost in Katrina and Rita. If real equity and not politics had decided numbers, Louisiana would have \$21 billion in CDBG funding. Instead my state received significantly less than half that amount. In fact, we were capped during the first traunch of CDBG funding of receiving no more than 54%. That cap served no other purpose than to ensure a disproportionate share of funding to Mississippi.

This is not an attempt to diminish the real suffering of the people of Mississippi. The people of Louisiana do not begrudge them one dollar of federal funding. But what we cannot abide is misplaced comparisons between recovery in the two states. That is not to say that officials in Louisiana are blameless for what happens here. But we do need to start with a common understanding of the context. Mississippi has received more resources to address less damage. Its an inequity that Louisianans have been grappling with for nearly two years now. It is time that the Federal Government restore a little balance to the equation.

CLOSING

Mr. Chairman, I do not want to leave the people of Louisiana with the impression that everything is business as usual, and that all elements of the federal government are reacting the same way. Our people will always remember the United States Coast Guard literally descending like angels to rescue people off of roof tops. The Small Business Administration has taken some

real steps forward in recent days – going so far as to lend personnel to our clerks of court to speed up Road Home paperwork processing. Our own federal workforce at the National Finance Center performed heroically. The Department of Justice has really step forward in trying to help New Orleans combat the current crime wave. These are all people and agencies that understand that business as usual is not good enough. However, for recovery to work, we need more of them.

In closing, let me thank you, Chairman Lieberman, once again for holding this field hearing, as well as my colleague Senator Obama for coming to Louisiana at this important time in the recovery phase. Thanks also to other Members of the State’s delegation who have joined our Committee today.

I believe that, as elected officials, we must ensure that the Federal government is doing its part to speed up recovery in the next 519 days, by becoming more efficient and more responsive to taxpayers. Disaster victims are victimized a second time by excessive bureaucratic requirements, and it is they who foot the bill in good times and deserve a hand up in bad times. I look forward to working closely with my colleagues on the Committee to achieve this goal, not only for my constituents here in Louisiana, but also for those in other parts of the country.

I thank the Chair and ask that a full copy of my statement be included in the record.