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H.R. 4100, THE LOUISIANA RECOVERY CORPORATION ACT

HEARING

BEFORE THE

COMMITTEE ON FINANCIAL SERVICES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

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H.R. 4100, THE LOUISIANA RECOVERY CORPORATION ACT

Thursday, November 17, 2005

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON FINANCIAL SERVICES,
WASHINGTON, D.C.

The committee met, pursuant to notice, at 10:14 a.m., Hon. Michael Oxley [chairman of the committee] presiding.

Present: Representatives Oxley, Baker, Biggert, Shays, Feeney, Hensarling, Neugebauer, Price, Frank, Waters, Maloney, Watt, Carson, Meeks, Lee, Clay, Baca, Matheson, Scott, Davis, Green, and Cleaver.

The CHAIRMAN. The Committee will come to order. Today we consider H.R. 4100, The Louisiana Recovery Corporation Act, authored by the Capital Markets Subcommittee's Chairman Baker to assist in the rebuilding efforts of the Louisiana areas devastated by Hurricanes Katrina and Rita.

First, I would like to take a moment and assess the active role this committee and its members have undertaken in the hurricane relief efforts.

Upon Congress's return after the August recess, and just days after Hurricane Katrina ravaged the Gulf Coast region, the Committee held a briefing to gauge the response of financial services companies and industry regulators to the hurricane's effects and the needs of the impacted community.

The following week, the Committee held a briefing on the response of the insurance industry to Hurricane Katrina. This past week, the Capital Markets Subcommittee hosted a briefing on the insurance industry response to Hurricanes Katrina, Rita, and Wilma. Under the leadership of Chairman Ney, the Housing and Community Opportunity Subcommittee held three hearings and briefings on the National Flood Insurance Program, and the critical housing needs of the hurricane-ravaged areas.

In addition, the Housing Subcommittee has shepherded needed relief legislation to the House floor. The first week after the August recess, the House unanimously approved H.R. 3669, The National Flood Insurance Program Enhanced Borrowing Authority Act, introduced by Subcommittee Chairman Ney, Subcommittee Chairman Baker, and Congresswoman Brown-Waite, to temporarily increase the borrowing authority of the National Flood Insurance Program to pay Hurricane Katrina-related claims.

And yesterday, the House passed similar legislation, H.R. 4133, The National Flood Insurance Program Further Enhanced Borrowing Authority Act, introduced by Congressman Fitzpatrick and

passed in this committee in late October, to enhance borrowing authority for victims of all three hurricanes which have devastated the Gulf Coast region.

In addition, yesterday, the committee passed a much needed bill to reform and strengthen the National Flood Insurance Program, H.R. 4320, The National Flood Insurance Program Commitment to Policy Holders and Reform Act, introduced by Ranking Member Frank and myself.

In early October, the House passed three bills providing direct housing relief to survivors of Hurricanes Katrina and Rita: H.R. 3894, The Hurricane Katrina Emergency Housing Act, introduced by Congressman Alexander; H.R. 3895, The Rural Housing Hurricane Relief Act; and H.R. 3896, The Hurricane Katrina Emergency Relief CDBG Flexibility Act, both introduced by Capital Markets Subcommittee Chairman Baker.

On October 26, 2005, the House overwhelmingly approved GSE reform legislation, H.R. 1461, The Federal Housing Finance Reform Act, which included a housing fund provision granting priority to affordable housing proposals in hurricane-affected areas.

In mid-September, the Financial Institutions and Consumer Credit Subcommittee held a hearing focusing on legislative relief to aid hurricane victims' access to financial services. The testimony and discussion generated at this hearing provided the impetus for the consideration of three more financial services relief bills.

On October 27, the House passed unanimously H.R. 3945, The Hurricane Katrina Financial Services Relief Act, introduced by Subcommittee Chairman Baker, to provide relief to financial institutions affected by Hurricane Katrina. That same day, the committee passed by voice vote a similar bill covering Hurricanes Rita and Wilma-affected institutions, H.R. 4146, Hurricanes Rita and Wilma Financial Services Relief Act, also introduced by Subcommittee Chairman Baker.

The Committee also passed by voice vote H.R. 3909, The Hurricane Check Cashing Relief Act, introduced by Congresswoman Brown-Waite, to reduce financial difficulties for hurricane victims devoid of personal identification and financial records and with limited access to financial services.

These are the efforts this committee has undertaken over the past few months. Our work, however, does not stop here. And I promise that this committee will continue to help lead recovery and rebuilding efforts.

In closing, I would like to commend my fellow committee members for their diligence, compassion, and bipartisan spirit in crafting relief for the individuals and communities who have suffered the effects of these devastating hurricanes.

I look forward to hearing from the witnesses, their views on Mr. Baker's relief proposal, H.R. 4100, The Louisiana Recovery Corporation Act. And I now yield for an opening statement to the gentleman from Massachusetts.

[The prepared statement of Hon. Michael G. Oxley can be found on page 50 in the appendix.]

Mr. FRANK. Thank you, Mr. Chairman. This is a subject, obviously, of great importance. And the Congressional Black Caucus has had a very special interest in this and has developed com-

prehensive legislation on the subject, a piece of which was offered as an amendment yesterday, and after a very vigorous debate was defeated, but on a close vote, and we hope that it stays alive.

And therefore, in the interest of the best, fullest discussion, I am going to yield the remainder of my time to our committee member who is a housing expert and also the chair of the Congressional Black Caucus, and major author of the bill, the gentleman from North Carolina.

Mr. WATT. Thank you, Mr. Frank. I thank Mr. Frank for yielding to me to—for the purpose of making this opening statement.

I want to welcome the witnesses, especially my good friend, Senator LaFonta, from the State legislature. Mr. LaFonta participated with us at the Congressional Black Caucus Annual Legislative Conference and provided input into the bill that the Congressional Black Caucus has produced, and welcome him, in particular. And I have seen the mayor on television; I have not met him in person, but we certainly want to welcome him.

Let me just say that I assure Mr. Baker and the witnesses that our interest here is to try to find solutions that will be helpful to the Gulf region. And it is for that purpose that we are here. We are not necessarily at odds with all or parts of Mr. Baker's legislation, although I think you will find that we think that's a longer-term piece of legislation, and I hope you won't be surprised if we focus more on some of the more immediate responses to this catastrophe today.

That does not mean that we are not interested in the longer-term discussion, but we certainly will want to know what your positions are short of that because we take Mr. Baker's legislation to be a last resort legislation. You set up this corporation to take people's property, or to assume control over property, but we assume that's a last resort. The first resort is to get people back into this area in ownership of properties that they previously owned and residing in that area.

You should know that the Congressional Black Caucus consists of 43 members, and 12 of those members happen to be members of this financial services committee. So our desire is to have a constructive role in the process of shaping legislation that will be helpful to you and not be put in the position that we will have to play a destructive role in that process.

But we are—we have a set of beliefs about what needs to be done. Three of our members are from the Gulf area: Representative Jefferson, from New Orleans; Representative Artur Davis, who is a member of this committee, from Alabama; and Representative Thompson, from Mississippi. So we get direct input from our members also about what is needed.

And so, with that having been said, I want to assure you that we are here for a constructive purpose, and we are here to hear your honest views, not any views that may be coerced by the fact that a number of the dollars that participate in this reconstruction process may be coming from the Federal Government.

So we hope you will be honest and open with us in your opinions and not let this setting deter you from expressing your honest opinions about both what is on the table and other questions that may be posed to you. Thank you. With that, I yield back, Mr. Chairman.

The CHAIRMAN. The gentleman yields back. The Chair now recognizes the gentleman from Louisiana, the architect of this proposal, and thanks him for his leadership on so many of these issues.

Mr. BAKER. Mr. Chairman, I thank you and Mr. Frank for your courtesies extended in this matter. It is certainly to be recognized by all of us within the State of Louisiana, that this Congress—this committee, in particular—has been significantly responsive to the needs and creative in providing those different methods of assistance to our State.

And it cannot be said enough how appreciative all of our constituents are for the courtesies extended and the offers of assistance that continue to be made on our behalf.

I wish to explain to members that I had intended to be a part of the witness panel this morning and speak to the committee as to the elements of H.R. 4100 from that perspective. I was asked by the chairman to be available to perhaps take the chair at a future point during this hearing this morning.

And for that reason, I speak today as a member of the committee, but want to take a brief liberty to talk about what H.R. 4100 does in order to establish it for the record and offer to the members of the witness panel, with which I would have been participating, to have questions with which they may not have comfort, relative to the construction of 4100 be referred to me, even if I am in the chair.

Mr. FRANK. Mr. Chairman, could I just say at this point we would be glad to waive any 5-minute rule. I think it would be useful to have this laid out. So the gentleman shouldn't feel constrained by time.

I think it is in everybody's interest to just lay that out, as extensively—

Mr. BAKER. I am most appreciative for the gentleman's courtesy. This does require a little bit more than a 5-minute explanation, and I will proceed as quickly as possible to first start with the purposes of H.R. 4100.

It is to develop what we all collectively believe to be a responsible plan for the recovery of communities. This is not just about the restoration of a single individual's home. To do so returns an individual, perhaps, into a desolated community without a grocery store, without a post office, without police.

So this has to be community restoration. In some cases, the entire restoration of social order. There are no fire trucks; there are no schools; there are no groceries. There are literally are, block after block, of desolated homes.

There isn't, to my knowledge, a plan that has yet been identified to deal with that reality. There are a number of suggested plans going forward, but most are deficient when it comes to a recommended methodology for payment of the obligations associated with the recovery.

We also understand, as Louisianans, and are most sensitive to the perceptions others may hold about our State from outside those who reside in Louisiana and that we have obligation to the taxpayers of this country to demonstrate a plan which, to the best of our ability, is responsible to and accountable for the expenditures

made and, if possible, to restore the loans made to us during our time of critical need.

I also wish to make clear that H.R. 4100, as distributed to the members this morning, was introduced now a month ago. It is a document in the works. Some witnesses this morning will explain their particular perspective on how it may continue to be modified.

We have distributed for members' benefit the modifications agreed to not contained in the document now at members' desks, which I shall speak to momentarily, because there had been valid suggestions made and agreements reached to modify the bill.

And there will be, at some point, either a manager's amendment—if the bill were to be marked up in full committee—that would reflect those changes, or modifications to a bill, if it were to be included in another measure considered on the House floor.

Today we have with us a city councilman, a State representative, a State senator, the mayor of the great City of Orleans, a representative of the Governor's recovery authority, all of whom are here to speak to the advisability, from their perspective, of moving forward with something like H.R. 4100.

So what does it provide? With the Treasury Department's assistance, long-term full faith and guaranteed public debt would be issued, which would be made available to the corporation. The corporation would make utilization of those resources, not for expropriation.

I wish to make clear this will not require any individual to forego ownership of their property if they do not choose to voluntarily enter into negotiations with the recovery corporation. If you don't want to sell, you don't have to. That is an essential element that has changed, from the perspective of some, from the original proposal.

What will be offered? To owners who are now sitting with property that is impaired, who have a mortgage obligation, perhaps a job, perhaps not, maybe living in a FEMA trailer, maybe out of State, they have no expectation of how they can recover.

The corporation will approach those individuals with an offer, principally relating to the equity they hold in their property. The mayor has made excellent recommendations as to valuation methodologies which might be employed to assure equitable treatment of homeowners.

In addition, should the homeowner agree to a settlement figure, we will then step in, as the corporation, into the borrower's shoes, and negotiate resolution with the financial institution.

Financial institutions also find themselves in a unique and distressed circumstance. They now have a mortgage obligation for which payments are not being made. They have collateral which is impaired. In order to make the collateral marketable, they must invest money to clean it up, meaning they are going to have to put money into a mortgage obligation in order to recover a small percentage of the debt which they are owed—an untenable financial condition.

The result is the corporation will reduce—take a reduction in the bank's financial condition, but offer them a way to also escape from the untenable financial circumstance by making partial settlement on the mortgage obligation.

As a condition of that settlement, however, it will be required of the lender to release the borrower from their obligations, so that the borrower, with cash in hand, and now a clean credit report with respect to that mortgage obligation, may come back to the community and reinvest, if they so choose, in the redeveloped community.

Another opportunity. The homeowner may elect a first right of refusal. If they choose not to leave the community and wish to return, but not sure they believe us, that the redevelopment is going to meet their expectations, they can take their settlement figure, come back in 2, 3 years, and agree to repurchase the lot, which we bought from them, at a pre-development price. They get a deal.

That enables them to make another choice: "I can leave for a while and come back and take a look and see if it's the real deal, and if it is, I can reinvest."

A third option. They can be a true partner in the redevelopment. Take no money. They make alternative arrangements during the interim for the recovery. During the recovery period, we try to assure them that a lot of approximate size and prior value in approximately the same location will be made available to them.

Their only obligation is to reimburse us for the pro-rata cost of the clean-up work—taking down structures, cleaning up environmental problems—a few thousand dollars. They get their original site back, as best we can develop it, in the condition that it was prior to the storm for them to rebuild the home of their choosing.

The last option. Do nothing. Keep your property as it is. We do not provide assistance; we do not coerce; we do not ask; it is the decision of the homeowner to choose which option suits their family's requirements best and meets the needs of their future.

Why will this work? Today we are an impaired community. We are desolate communities. The councilman will have photographs to present to the committee in a moment to show the before and afters in many instances. Very telling visual evidence of our problem. We can't go in and build a single home. We can't go in and build a block of homes. We need to go in and reconstruct communities.

This requires something of the order of the corporation to be able to step in and help. Someone suggested this is a long-term plan. Let me explain the short-term consequences.

Today we are closing in on the 90-day forbearance window granted homeowners on the payment of their mortgage obligations. That is going to run out. Banks will have no regulatory choice. Regulators will require them to act to protect the solvency of those financial institutions. What does that mean? It means foreclosure notices can begin to go out as early as January. That will be a disaster for over 100,000 homeowners.

If we were to pass H.R. 4100, which provides a mechanism for future reimbursement of financial institutions for their mortgage obligation, I am told by regulators that a real recovery plan adopted by this House, moving forward through due process, will enable them to extend forbearance terms up to one year.

That would mean, to homeowners in Louisiana who are now uncertain as to their future, if we are to pass 4100, which provides a take-out for the mortgage companies and financial institutions,

that the regulators will say, "Your 90 days now is extended to a full year." This is significant and immediate and absolutely urgent assistance needed for the people of Louisiana.

By the way, this is not the only remedy proposed. Although not the subject of this hearing, nor within the jurisdiction of this committee, there is a broad expansion of the Community Development Block Grant program, which Mayor Nagin can speak to, I think, perhaps better than anyone in his capacity as mayor, and how CDBG has worked within his community, and what it would mean to have a Katrina/Rita-specific CDBG authorization with significant appropriated dollars associated with that effort.

The Louisiana Recovery Corporation is not the cure for everything. It is a tool. CDBG is not the cure for everything. It is a tool. But the two together are a powerful, influential effect on our ability—at the local level, not the Federal level—to reconstruct communities in a way which they are deserving of getting assistance for.

The LRC will not require the planning be done at the Federal level. The mayor, in his commission, the Governor in her commission, local homeowners organizations will decide where and if the corporation's assistance is required. The corporation will not show up in communities and say, "We're here to help you." The corporation will come, based on the action of local community leaders requesting the corporation's involvement, because the recovery is beyond the scope of resources of the local community or the State.

The corporation will be invited in, and they will be invited in to implement the plan developed by local community leaders. They will make application through the recovery authority to the Treasury—excuse me, to the corporation, to the Treasury, who will issue the long-term public debt, enabling year over year reconstruction effort to proceed.

And we should not mislead. This is not a resolution that will be easily achieved in 30 days, or 90 days, or 6 months. This is perhaps a decade-long effort. It will require the continued patience of this Congress, observing the fact that we are going to do this in a clear, transparent way. And at the end of this process, when the corporation has cleared the deck and reclaimed substantial acres of property, the property will be sold into commerce.

There is the most important point for those of my friends concerned about taxpayer liabilities. That will enable us to have a repayment of the debt issuances by the Treasury Department from the sales of property reclaimed by the corporation.

I hope that the committee understands that this is a recommendation not evolved in one office, nor by any single individual, but by all stakeholders over the period of the last month. H.R. 4100, as on your desk, is not the H.R. 4100 we are talking about today. Please find the addendum that has been distributed to all members that indicates the already agreed to modifications to H.R. 4100, which I believe each of the witnesses will speak to here this morning.

Mr. Chairman, I have gone well over my allotted time. I wish to thank Mr. Frank for his courtesies extended, and do hope that the committee members will find this approach to be helpful in our resolution efforts.

The CHAIRMAN. I thank the gentleman. The gentleman from Massachusetts?

Mr. FRANK. Thank you, Mr. Chairman. First, let me say that, at the request of the gentleman from North Carolina, I would ask unanimous consent to include into the record the text of the CBC bill, and an explanation—I would yield to the gentleman, if that is—

Mr. WATT. I would just—I thank the gentleman for allowing me to make the request, a unanimous consent request, to insert into the record a copy of H.R. 4197, and the bill summary in lieu of taking equal time to explain the bill that has been represented as there not being an alternative out there.

Mr. FRANK. And I am sure we will be discussing that further.

I want to talk not just so much about the bill—though there are—and it's a new subject, and a difficult one, and obviously, many of us are going to defer, to some extent, to the people from the affected area. I have already spoke to our colleague—obviously, Mr. Jefferson—I called Senator Landrieu, and will be particularly interested in the input.

And one piece of it does deal with something that has concerned many of us, which was the prospect of smaller banks, which have a very large percentage of their economic activity in the affected area, failing because loans that were prudent when made have been literally washed away.

And that is not only unfortunate to the banks, but one of the things that many of us have been concerned about is the trend towards bigger and bigger banks and bank consolidation. Many of us believe that smaller banks, minority banks, and other banks, small credit unions, play a very important role. And having them wiped out would be a problem. There are aspects of this bill, obviously, that deal with that.

But there is another aspect that particularly troubles me—it's the reason I'm on this committee and why I got here 25 years ago, and that's housing. And I am terribly disheartened by the absolute inadequacy of this Administration's response in housing, both short-term and long-term.

On October 7th, I wrote to FEMA. And one of the problems here is that HUD has sort of been kept out of this, and FEMA has been running the housing operation without, it seems to me, a lot of cooperation with HUD. I wrote to FEMA on October 7th, and I will ask that that letter be put in the record, saying, "Look, you gave people 3-month housing. What's going to happen at the end of 3 months? Let's let them know now." I got no answer.

On Tuesday, 2 weeks before the expiration of the 3 months, FEMA announced that 50,000 people who live in hotels outside of Louisiana and Mississippi will have to move. People whose lives were disorganized, who may not have great economic resources, are now given 2 weeks to move, and to move into some place that's going to rent to them for 3 months.

I don't know whether the people who run this are people who are used to kind of time share resorts. The notion that you can easily find a 3-month rental at these levels in the cities, apartment owners are not going to give their best stuff out for 3 months.

To give 50,000 people whose lives have been disorganized and who probably don't have the resources—because, otherwise, they would not be in the hotels; they would be in alternative housing they could have found—to give them 2 weeks to find a 3-month rental is just nuts or just shows a kind of great indifference to the needs of people.

Beyond that, they announced that they're going to continue this 3-month restriction, and they're going to keep cities and towns and States from helping. There is a very good article in today's New York Times, page 820, by Ralph Blumenthal and Eric Lipton. Mr. Lipton has been following this closely. Headline, "FEMA Broke its Promise on Housing, Houston Mayor Says," and we have here the gentleman from Houston, Mr. Green, who has been very concerned about this. I would ask unanimous consent to put this in the record.

The CHAIRMAN. Without objection.

Mr. FRANK. Mayor Bill White of Houston accused FEMA of breaking its promise to Hurricane Katrina evacuees by imposing strict limits on a housing relocation program, as it stops thousands of hotel subsidies.

So there is chaos on the near term. Telling these people that—now they're on their own—if a State or a city wants to help by being an intermediary and finding the apartments, you know what? A landlord might be more willing to rent to a city or a State than to some individual who has no ties to the community for 3 months.

FEMA has said, "No, that can't happen." Why? Why do we debar States and cities who want to help, outside the hurricane area, from being intermediaries?

And then we have the problem of the long-term housing, and that is an area where I think the CBC bill has a major piece that is missing. I would appreciate Mr. Baker—and we have had conversations, and he has, in his legislation now, talked about proposed expanding the community development block grant and home funds for public services. That's important.

But we need more than that. We need to do something about housing. To date, the only Administration program on housing is the urban homesteading program. Well, this is not 1843. And giving people a vacant lot and an axe ain't going to work in New Orleans. In fact, you probably—maybe you don't want them carrying axes around.

You could, in the 19th century, go chop down trees and build a house in open space. You cannot do that in a big city. The President, in fact, acknowledges that. Because under the urban homesteading program, you get to be eligible for one of those in a lottery. Well, when you do a lottery, you are, of course, making clear what a very small percentage of people are going to win. You also get the right to build the house, but no money to build it.

I should also add that one of the areas that they were going to use to provide the housing that would be available were FHA properties. In the reconciliation measure, the once and future—maybe, maybe not—reconciliation measure, we were forced to vote to rescind the funding for that program, that puts those houses into shape to be lived in.

So there was this chaos in the near term with housing, and there was a complete absence of any recognition that significant subsidy funds are going to be needed if moderate and lower-income people are going to be able to live there.

Now we did—and I appreciate the gentleman from Louisiana, the chairman's help—we did, in our GSE bill, get a source of money that would be available, hundreds of millions of dollars would be available for affordable housing. We have differences over some of the restrictions, but there is an agreement to do that.

Unfortunately, that's not going anywhere in the Senate; the Administration is opposed to it. So I would hope, at the very least, they would recognize that we have offered them a non-budget-impacting way to send hundreds of millions of dollars for affordable housing to the affected areas. And so far, all we've gotten from the Administration is, "We're against it."

So as we go forward in this, I intend to continue to draw attention to this. And I just close, the mayor of Houston says he can't believe that FEMA's restrictions on his ability to help people, many of whom live in Houston—as the gentleman, Mr. Green, has reminded us, because he has worked so hard with them—he can't believe they're going to stand. It is not too late for FEMA to get sensible.

Mr. BAKER. [presiding] I thank the gentleman. Mr. Hensarling?

[No response.]

Mr. BAKER. Mr. Neugebauer?

Mr. NEUGEBAUER. Thank you, Mr. Chairman. I don't have a lot of remarks, but I would just say a couple of things from experience in the past.

In 1970, a tornado hit Lubbock, Texas, and hit an area some of which were low income. And we took that lemon and made lemonade out of that. We did that with the private sector and CDBG. Now that area, for example, doesn't even qualify for community development block grant money because the income levels are too high.

Also going on in our community today is one of the largest redevelopment projects in the country, basically a one-square mile area which was an area that had become laden with crime and substandard housing. And private sector driven, that area now is turning into a great area. It's changed the dynamics of that area.

And so, I think one of the things that I like about the plan being presented here is that it is a plan that allows the private sector to have a heavy participation in that. And I think that any successful plan for any area that has experienced this kind of devastation, this kind of change—and basically, you know, that area will be forever changed.

And so, I think it's incumbent upon all of us to look for ways that we can bring all of the community together. But certainly I think that if you want to have a successful one, you are going to have to have one that is private sector, maybe even led with the Government facilitating.

I have served on the city council, now a Member of Congress, but I am a land developer and a home builder. And I know if you want participation from the private sector, you have to allow for a—to facilitate that, and you have to facilitate it with infrastructure, and

you have to facilitate it in a way that allows for a market-drive recovery and a market-driven reuse of that area.

Many people are going to put pressure on you to go back and try to put it back the way it was. But the thing about change is that change is not doing it the way it was. And maybe—hopefully—it will be for the better.

And I would hope also—and I heard a little bit of some comments made today—with the purpose that we're here today, and we can either talk about the lemons, or we can talk about the lemonade. And I hope our discussion today will be about the lemonade. Thank you, and I will yield back the balance of my time.

Mr. BAKER. I thank the gentleman. Mr. Watt?

Mr. WATT. Thank you, Mr. Chairman. I won't take the full 5 minutes, but I hope we're here to talk about lemonade, too. And Mr. Chairman, I never did hear—I think you and the chairman were switching seats when I made a previous unanimous consent request, and that was never granted. I asked unanimous consent to submit into the record H.R. 4197 and a bill summary.

Mr. BAKER. Certainly, without objection.

Mr. WATT. Okay, I just wanted to make sure that we had gotten a ruling on that unanimous consent request, as well as the written endorsements of H.R. 4197 by the NAACP, the National Urban League, the United Negro College Fund, the Local Initiative Support Corporation, The United Way of America, Operation Hope, Rainbow/PUSH, The Black Leadership Forum, and The Children's Defense Fund. I would ask unanimous consent.

Mr. BAKER. Without objection.

Mr. WATT. All right. Just wanted to just quickly make sure that the representation that has been made that there has not been a comprehensive bill introduced in response to the Katrina disaster is just not the case. And if we are going to talk about making lemonade, we need to talk about making lemonade around ideas that a wide variety of people have coalesced behind. It can't be only about setting up a corporation whose primary purpose it will be to take land from people and be the master over that land.

So if we're going to have a lemonade conversation, let's make sure that we're talking about putting all the lemons and the sugar and the water into the lemonade. This will not be a discussion only by the lemon owners. With that, I yield back to the chairman.

Mr. BAKER. I thank the gentleman. I am advised that the mayor has another obligation on the Hill. I do not wish to forestall anyone's opening statement, but wish to make members know that if they would like to have the availability of his testimony, and perhaps an opportunity to question, that we could move forward to the mayor's testimony. But I will not insist; I am merely making an inquiry.

Would there be objection if we would proceed to the mayor's testimony at this time?

[No response.]

Mr. BAKER. If there is not, Mr. Mayor, I don't know that you need introduction at this point. Everyone certainly has come to know you through various means. I have come to great appreciation for your leadership in these difficult hours and particularly want to express my appreciation for the courtesies extended, as we

have really tried to work our way through a resolution process, and we welcome you here this morning and look forward to your comments, sir.

Mr. FRANK. We just didn't recognize you with the tie.

STATEMENT OF HON. C. RAY NAGIN, MAYOR, CITY OF NEW ORLEANS, LOUISIANA

Mr. NAGIN. Thank you, Mr. Chairman, and to members of the committee. It's, you know, a pleasure to be here for these committee hearings. I want to particularly thank Congressman Richard Baker for what he is doing and the leadership he is providing.

To all Members of Congress, and especially our Louisiana delegation, the City of New Orleans owes you a great debt of gratitude to continue to look for solutions to help us as we come out of this incredible tragedy that has befallen our wonderful city.

You know, my message is to come up and support this bill, but also to say that New Orleans needs assistance, and we need assistance now more than ever before. A lot of our citizens are still spread out among 44 different States, and we really do not—we are running out of time, as it relates to individuals trying to make decisions on whether to move back, how to move back, whether they feel comfortable enough about the levee systems, whether they feel comfortable that they have the resources necessary to move back, and what this Congress and what the State government and what the local government is doing to facilitate and accelerate them coming back.

You know, I don't need to bore you with a lot of the details of Katrina. It was worse than anyone could ever imagine. It's the largest natural disaster in the history of this country. And I am encouraged by everyone saying that New Orleans is so important and that we do not see—as the President said, "There is no way to imagine America without New Orleans, and this great city will rise again."

But the only way this great city will rise again is if we get help and if we get immediate help. So I have been up here on Capitol Hill at least once a week, talking to everyone, trying to get their ideas. I have been trying not to do what other people do, and that's to shoot down ideas before I fully understand them.

So I had the wonderful opportunity of sitting with Mr. Baker and discussing his bill because I did not understand it fully. And after coming away from that discussion and studying the bill even further, I thought that—and I still think this—that we have an opportunity to use this as an instrument to affect people's lives, people that really need help.

And I'm kind of off script right now, but I kind of feel the need to do this. What most people don't understand about New Orleans right now is that we are moving in a very positive direction as it relates to recovery. But we still have a plethora of challenges in front of us. I have opened up enough zip codes in the city that, based upon pre-Katrina census numbers, we can bring back 255,000 people. And it's very diverse, you know; it's—the demographics are very similar to what you had pre-Katrina.

But there are some significant challenges in housing. And as I look at what FEMA's doing, as I look at what the Corps is doing,

and the slowness of the overall responses, the thing that bothers me the most and why I'm up here advocating this bill is because we have lots of home owners in New Orleans that are trying to figure out how to come back and rebuild their homes. And the Tauzin legislation basically deals with businesses.

This piece of legislation that Congressman Baker has put forth deals with people and their homes. We have been able to figure out lots of solutions based upon individuals that have flood insurance or that can take advantage of SBA 2.67 percent loan money. The thing that we have not been able to do—and it's frustrating lots of residents—is to come up with a comprehensive program to allow those individuals that cannot, or will not, or do not have the resources to rebuild.

And let me give you some very specific examples. My entire family lives in New Orleans, for the most part. I have aunts and uncles that lived in their homes, that did not have flood insurance, that their homes were paid for, and they lived from day to day because they're on fixed incomes in a retirement mode. There is tremendous amount of senior citizens in our city right now that cannot afford to pay for somebody to go in and gut their homes so that they can move forward in the rehabilitation of their homes.

As I appreciate this bill, this bill will set up an authority. It will set up a process to provide financial resources. So for someone who fits in this category that I'm most concerned about that does not have the resources, it will allow them options. It will allow them options to maybe get some financial resources to repair their homes. It will allow them options that, if they want to take a check and they want to move to a senior assisted living facility temporarily until their neighborhood is rebuilt—and they still have rights of first refusal, once the neighborhood is rebuilt, to move back—this bill allows them to do that.

And here is the big thing that I am really hoping that this bill will help us to do. As people are moving back to make the decision to rebuild in New Orleans, they're doing it in onesie twosies. So this is a neighborhood in New Orleans—this is a great example—this congressman may decide to rebuild their homes, but all these empty chairs represent people that may or may not be able to rebuild their home. So I could be stuck with a neighborhood that has four people living in it.

Over here, these folk on this side, on the left-hand side, have figured out a way, creatively, to rebuild their homes. So they may be well populated, and they may be able to create an environment where there is a neighborhood. But over here to the right, I do not have a neighborhood. And I am hopeful that this bill will allow us to create neighborhoods again in the city and particularly provide the resources for the people who need it the most.

The congressman talked about CDBG money. I have worked with HUD over the years; I have seen the work that this particular group of funding does. It's our most flexible dollars as it relates to redevelopment. We tend to use CDBG money for soft second assistance, for first-time home buyers. We can use it for down-payment assistance. We can use it for infrastructure development throughout the city.

We have also come up with some innovative programs to help people that are on Section 8 certificates, to allow them to use those Section 8 certificate vouchers and those monthly payments, grouped with CDBG dollars, to allow them to become first-time home buyers for the first time in their life.

And as we think about the redevelopment of New Orleans, a city, for the most part, that was a city of haves and have nots, if we can create the right instrument to create home ownership, or to maintain home ownership in some of the areas that need it the most, then you will see a city rise from the ashes—or I should say from the waters—you will see a city rise from the waters. And this Congress and this Federal Government will not need to support us for 20 or 30 years in the future.

But with CDBG dollars and these types of instruments and the other instrument that the gentleman from North Carolina outlined for us will allow for the Federal Government, State, and local government to create the initial stimulus for the private sector to come in and support this community so that we bring neighborhoods back up, you know, as we need to do that.

New Orleans is going to come back. I have no doubt about that. It's just a matter of how we come back, if we come back comprehensively or we do it in a scattered manner where we do not develop neighborhoods comprehensively. That concludes my testimony, Mr. Chairman.

[The prepared statement of Hon. C. Ray Nagin can be found on page 67 in the appendix.]

Mr. BAKER. Thank you, Mr. Mayor. I have shared time with you and don't feel the necessity to ask questions in this forum. I would like to—it's a little out of order; normally we go through each witness, and then we open up for questions. Given the mayor's schedule, if we can perhaps provide for 10 or 15 minutes worth of questions and then proceed?

One other little note of business. I would like to acknowledge the return of a distinguished former Louisianan, Member of the United States Senate, J. Bennett Johnston, good friend for many years. We served together on the Hill. Good to have you here, sir. Welcome.

Mr. Frank?

Mr. FRANK. Thank you, Mr. Chairman. Let me just deal with one issue, which I think you have resolved in the later version of the bill.

But when the House debated the bill dealing with eminent domain, there was unanimous acceptance of an amendment offered by the gentleman from Texas, Ms. Jackson-Lee, which said it's the sense of Congress that, "Any and all precautions shall be taken by the Government to avoid the unfair or unreasonable taking of property away from survivors of Hurricane Katrina, who alone would bequeath and assign such property for economic development purposes."

I take it now, with the modifications to that bill, that has been, in effect, accomplished?

Mr. BAKER. Correct, sir. There will be an overt statement at the outset of legislation saying that the corporation shall not have the power of eminent domain. The only dispute resolution mechanism remaining in the bill would be if an offer were made to purchase

a home at $300,000, the owner felt it was worth $400,000, there is litigation as to value only.

And should an owner not wish to litigate, they could withdraw from the negotiation and withdraw their offer with no prejudice. So there is no obligatory, or any opportunity, for the corporation to take someone's property who chooses not to release it.

Mr. FRANK. All right. Now, let me ask a couple of questions, one of which was raised in some conversations I had with some people dealing with the nature of the appointment. We are talking about all Presidential appointees. Does that cause any of the panelists any concern?

Mr. NAGIN. Well, you know, it initially caused me, you know, some concern. I think the direction that the bill is currently headed, where there will be seven members: four will be pure Presidential appointments and three will be through the Governor.

I would respectfully ask that this committee consider the fact that a significant number of the commission members should be Louisianans and should be people who are from the affected areas.

Now I also think that that should be sprinkled with national experts to kind of help us to look at things outside the box. But I think that this commission, at the end of the day, needs to be properly represented, especially from the people who are—

Mr. FRANK. I appreciate it. I guess it was five to two. It's now four to three, is that—

Mr. BAKER. That's correct, sir.

Mr. FRANK. That's correct? Okay. Thank you. I did agree—the three, meaning that they would have to come from a list. Is it all from the Governor or does the mayor get—

Mr. NAGIN. It's currently from the Governor.

Mr. FRANK. From the Governor.

Mr. NAGIN. I think three—

Mr. FRANK. Okay. And the other four would be—actually, you have stated an ideal that is, unfortunately, not always reached. That is pure Presidential appointees, and we know that is they don't always turn out to be pure.

But I know that is the standard to which we strive.

The area of my expertise—and I know the gentleman from North Carolina will have more questions about this—but that is, on the housing situation I am troubled. And this FEMA request—and I know this is not, by definition, in your jurisdiction; these are people who have had to move. But these are many of them, your former—and we hope future—constituents.

Mr. NAGIN. Yes.

Mr. FRANK. This having to get out of the hotel in 2 weeks and the restriction that they, themselves, have to find—without intermediation from any local government—a 3-month rental. I wonder if you think this is an adequate level of response for them.

Mr. NAGIN. Well, at the risk of getting involved in some heavy partisan politics up here in Washington, you know, I will tell you I think that particular move is very concerning to me, as mayor of the City of New Orleans.

You know, what I have witnessed FEMA, over the months that I have dealt with this tragedy, is to be a very—almost haphazard, very reactive process that they have, whether it be hotel rooms,

whether it be shelters, whether it be cruise ships that are sitting, docked in the City of New Orleans.

At some point in time there seems to be someone somewhere that looks at a budget number and tells FEMA that they're spending too much money. And then, within a 2-week time period, they're making major decisions that stress families and individuals out that have been stressed for way too long.

So with the mandate to move 150,000 people out of hotels in pretty short order is going to create lots of angst and anxiety and more stress, and I think that's going to put more pressure on temporary housing, which leads me to the other area.

FEMA is driving people out of hotels, but simultaneously we're not getting the flow that we need on the temporary trailers. So, now that these people are being dumped into the private market, if you will, and trying to find apartments—

Mr. FRANK. But FEMA—

Mr. NAGIN.—if they can't find that, they can't get the temporary trailers, so they become homeless. And I think that's—

Mr. FRANK. Well, thank you. And the only thing I would say is that you needn't worry, I think, about it becoming partisan because I know I have spoken, for instance, to the gentleman from Ohio, Mr. Ney, who is the Chair of the Housing Subcommittee, and he shares some of these concerns.

So I think this becomes—let me just ask you—my time is up, and I will just ask you—you know, you will be responding later, and we will be interested—one of the pieces of the CBC bill that's very important to many of us is what it tries to do for low and moderate-income housing, for public housing, and for other forms of housing.

And I would be interested—not now—because that's something that's not addressed in the other bill that we need to do additional things. I would be interested in your sense of what kind of Federal help we ought to be doing to make sure that we have got moderate- and lower-income people able to continue to live in the city.

Mr. NAGIN. The only way that we can manage, you know, a mixed income environment as New Orleans is, is with Federal help. Right now, market conditions are driving rents and housing prices significantly. And unless we have, you know, some Federal help to make sure that there is the proper mix of low to moderate income, the dynamics in the community will change substantially, as they are changing up here in Washington and in other urban centers around America.

Mr. BAKER. The gentleman yields back. Mr. Neugebauer, did you have a question?

Mr. NEUGEBAUER. Thank you, Mr. Chairman. Mr. Mayor, tell me a little bit about, as you go back—and I think that was a great analogy—let's talk about these neighborhoods right now, the ones that Mr. Feeney and I live in and we don't have any neighbors.

From a land planning standpoint and a future planning standpoint, there has been a lot of debate about whether some of these areas should go back as residential or should maybe become open space or mitigation areas for some of the other redevelopment. Can you kind of talk to me about where you are in the planning process?

Mr. NAGIN. Well, there are two distinct issues with that particular discussion. You know, what we are seeing over here with, you know, only a limited number of people moving back into a neighborhood and the creation of blight around them, that's a big issue for us.

The second issue is this whole debate about whether we should rebuild certain areas of the city, based upon their elevations as it relates to the flood plain. From my perspective, we should rebuild all of New Orleans.

Now we're not going to do that immediately. And in the areas that are most prone to flooding, we should look at techniques and different styles like they have in Galveston, and other cities, where, if you rebuild in those areas, the first floors are more parking or more storage and the second and third floors are the living spaces.

In addition to that, I was talking to this lady from San Francisco, and she was talking to me about the fact that we are designing communities to basically fight the water, and we should learn to live with the water and live more in harmony with it, from the standpoint of maybe we allow a certain amount of flooding, and we design neighborhoods to accommodate that. And as the water subsides, we hose the streets down and then we go back to our normal mode of operation.

Those ideas and concepts are being incorporated in a plan that our commission is putting together. We are working with ULI, the Urban Land Institute.

And might I add that the Governor also has a commission that's in place. They're focused on State-wide issues. The commission I put together is focused on New Orleans issues. But we have cross-pollinated each other's commissions, and we are working well together to come up with one vision for New Orleans and Louisiana.

Mr. NEUGEBAUER. One of the things that—and as I hear you talking about, you know, redesigning the housing and having the first floor—one of the things we need to make sure, though, that that is market driven. Because that kind of housing may or may not have a marketable appeal to the folks coming back in.

And I—a great example, when I was on the city council, there was a story of a neighborhood group and the city planners and city council, and we were all talking about what kind of facility we were going to build over the neighborhood.

And then, at the end, we decided, ″Well, let's go over into the neighborhood and ask them about what they think about that idea.″ And what they told us, they didn't want that, that they wanted something different, that that had more meaning to our—to their particular neighborhood.

Mr. NAGIN. Yes.

Mr. NEUGEBAUER. So I think we have to be careful in this process of saying, "We've got a new and improved way for you to live in this area," but make sure there is going to be market acceptance.

And I think what I was trying to say to you a while ago is if it's private-sector driven, in the sense that—the private sector, before they go out there and build a lot of housing stock in this redeveloped area, is going to make sure that they think there is market acceptance. But you don't want to go spend all of those dollars to

set your infrastructure up to build that kind of housing in advance if you're not sure that the market acceptance of that is going to be going on.

And so, what are—how is the—when I hear you talking about these task forces, how much private sector folks are sitting in this process to be giving you that kind of feedback?

Mr. NAGIN. We have a significant number of private sector individuals sitting on every meeting that deals with the specifics of urban design in New Orleans.

The reason why I brought up that example is because what we found in the floods—we have about 70,000 homes that were severely damaged in the flood. Most of those homes are single-story slab-type homes. And from this experience with Katrina, we know that we cannot build a significant number of those types of homes in New Orleans going forward.

And we also have learned that some of the areas that didn't flood, those homes were built on—in an elevated fashion similar to what we described. But we do have the private sector; we have the HUD executives, and we have this public/private dialogue going on right now. And hopefully, we will come up with the right solution.

Mr. BAKER. The gentleman's time is expired.

Mr. NEUGEBAUER. Thank you.

Mr. NAGIN. Thank you.

Mr. BAKER. Ms. Waters, and I—as I recognize you, I had a prior announcement. The mayor has an obligation that will require him to leave about 11:20. I just wanted to let you know that before you began your questions, in light of the mayor's request to leave early.

Ms. WATERS. Thank you very much. I would like to thank all of our presenters here today, the State representatives, the city council, and you, Mr. Mayor. And I would like to say to you that as we have watched you for all of these days following Katrina, our hearts have just gone out to you and the tremendous challenge that you were confronted with.

And so, I am pleased to see you here today, and I am pleased to see you in high spirits, continuing the struggle, and advocating for that which you think is right and best for your city.

I want to ask something that is not directly related to the bill so that we can try and clear the air. Mr. Mayor, there was a meeting in Dallas that you attended.

Mr. NAGIN. Yes.

Ms. WATERS. And it was described in the Wall Street Journal as a meeting of the shadow government of New Orleans, of the rich and powerful. And supposedly, one of the main items of that meeting was to talk about the rebuilding of New Orleans and how to make sure that there are not as many poor people back in New Orleans as you had before. Is there any truth to that?

Mr. NAGIN. Well, you know, as best I can in this setting, let me just tell you this. New Orleans is a place that has evolved over many, many years. It's a chocolate city: 67 percent African American voters in the city. But the realities of the economics of the City of New Orleans is that most African Americans do not participate in a meaningful way in the economics of that.

And I'm being very frank with you, since—if you ask me a question, I must tell you. I'm going to try my best to give you the

straight answer because I believe in truth. And I'm protected by truth all the time.

So there is an element in the city that would like to see less of what we used to have. And some of it is racial, but I think the more of it is class oriented because what was draining the city prior to Katrina, was a heavy weight of poor people that the city did not have the resources to adequately deal with.

So a lot of people in the City of New Orleans basically survive from day to day in a kind of a depth of poverty that shouldn't happen in this country. So that meeting in Dallas was a meeting of business leaders that wanted to talk about how we move New Orleans forward.

Now, unfortunately, one of the members of—in that meeting did an interview that left the impression that the group wanted to talk about how to get rid of poor black people.

When I went to that meeting, I made it very clear to the group that I was happy to meet with them; I was happy to talk to them about New Orleans. But if they wanted to talk about the New Orleans of 1812 and how we get back to 1812, I had no interest in that. And I was interested in talking about the New Orleans of 2012, that was more akin to a model like Chicago or Atlanta or some of the great urban cities that have more equity and have more fair opportunity for all people.

Ms. WATERS. I appreciate your honesty and being quite up front with that. Secondly, I'm worried about—as you know, I was in the city.

Mr. NAGIN. Yes.

Ms. WATERS. The day before Mr. Baker was there, I believe.

Mr. NAGIN. Yes.

Ms. WATERS. I went to your staging ground, and we helped to transport some people over from the airport to Alexandria.

Mr. NAGIN. Yes.

Ms. WATERS. And then I visited New Iberia and on and on and on. So I feel very strongly that we should all in this country be involved in helping you.

I am worried about the contractors there now, and I am worried about the immigrant workers who are coming, people who are not getting paid. I am worried about people who want to go to work, come back into New Orleans in some way. Maybe they have to live in another city, but the jobs, I mean, this is how we empower people, with giving them jobs with decent wages.

I understand the President has reversed himself on Davis-Bacon, but the contractors, are they recruiting undocumented workers to replace the workers in New Orleans, and are they treating them badly and not paying them and getting away with this?

Mr. NAGIN. What did you eat for breakfast this morning?

Ms. WATERS. I eat it every morning. Every morning.

Mr. NAGIN. You are asking some pretty tough questions, and I appreciate them.

Let me try and describe the environment in New Orleans right after the storm. As you know, FEMA and the Corps of Engineers have established relationships with contractors. And they immediately issued four huge contracts. I think they were $4 million a piece. Those companies went about their business during the emer-

gency of immediately trying to rescue, de-water the city, and clean up debris.

There was contractors that were put in place, which fundamentally left out New Orleans and Louisiana vendors, with the exception of one, being Shaw Industries, which is based in Baton Rouge.

As time went on, we started to get these complaints from local vendors and local contractors, that they needed to participate. We started to get them involved, but at that time, a minimum flow had already taken over and there were some—I don't know if they were illegal workers coming in, but they were workers that weren't Louisiana or New Orleans residents. And I have seen some tapes of some kind of sweat shop environments where they are taking these workers after hours and just putting them in environments that are really unsanitary and unworkable.

I hadn't heard that the President reversed himself on Davis-Bacon, but I think that's a great thing if he did that.

But to answer your fundamental question, there is some momentum happening for local vendors, but it's not enough. Then there is lots of work in New Orleans for people to come and work. As a matter of fact, Burger King is offering $6,000 signing bonuses, enough to almost entice Reverend Jesse Jackson to take a job when he was down there not too long ago.

So it's getting better, but we still have a long way to go.

Mr. BAKER. The gentlelady's time has expired.

Ms. WATERS. Thank you very much.

Mr. BAKER. Mr. Mayor, I will leave it to your discretion. There are several members who have requested the opportunity to ask questions.

Mr. NAGIN. Whatever you prefer.

Mr. BAKER. I know there are several members on this side who would like to ask questions.

Mr. NAGIN. Well, we will do one on both sides if that pleases the Chair.

Mr. SHAYS. Thank you, Mr. Mayor. Mr. Mayor, this is not intended to be antagonistic, but maybe to give you an opportunity to respond.

Mr. NAGIN. Sure.

Mr. SHAYS. I was in New Orleans a week after the horrible Katrina incident, and I realize it was a storm of biblical proportions, and so everyone was tested to the limit.

But I was sitting next to a police officer who was there along with National Guard and others, and I started to ask the police officer some questions. And he was very antagonistic to me and said, "I'm not allowed to answer any of your questions." I said, "I'm a Member of Congress. I'm here just to learn the truth. You don't even want to tell me?" And he looked at me and snickered and didn't answer any questions.

Right following, I had an employee—I had someone from the New York Fire Department who said all of his volunteers are down there helping and only 20 percent of the firemen were showing up for work.

I contrast that that same day being in Mississippi where the firemen and policemen showed up for work beforehand, and all of them showed up afterwards.

And I want to ask you this. How can you give me a sense of faith, both in the competence of the people who were trying to rebuild New Orleans and in their honesty? And tell me how I should sort that out because I have just a very bad feeling.

Mr. NAGIN. I think I understand your question. And I'm not sure who you talked to. But in any organization, you're going to have people that tell you the truth and people that don't tell you the truth. And New Orleans, obviously, is not immune to that.

For the most part, I can tell you that most of our first responders are very honorable people, hard working; they were heroes during the—most of the event that happened. But they were also victims. And almost over 80 percent of our firefighters, police, and the emergency medical personnel lost their homes.

So I am not sure who you were talking to; I don't know what state of mind they were in. We did not have any gag orders in effect, you know, at any particular point in time. We were being overwhelmed with press inquiries.

Mr. SHAYS. It was just such a contrast. And I will get to my question. But in Mississippi, all the firemen in one parish lost, all the policemen in one parish lost their homes. But they all showed up for work the next day—and about two-thirds of the firemen—and they all showed up for work. It was just such a contrast, and it just makes me feel like there must be a culture that you have to deal with that is going to make your job all that more difficult.

Let me ask you, with CDBG and Mr. Baker, my chairman's, legislation, if you combine them both together, doesn't that give you kind of the tools that you would need to clear out a whole section and rebuild?

Mr. NAGIN. I think so. I mean, with this type of tool, with some modification, with adequate CDBG funds, I think we can do the job necessary to rebuild whole communities, versus doing just spot rebuilding in certain sections of the city.

Mr. SHAYS. And would your preference be to rebuild whole communities?

Mr. NAGIN. Absolutely. Whole neighborhoods.

Mr. SHAYS. Whole neighborhoods.

Mr. NAGIN. We have 70-something distinct neighborhoods in the City of New Orleans.

Mr. SHAYS. Well, I will yield to my colleagues on the other side, and just say the devastation that I saw was just unbelievable, monumental, and I realize the task is Herculean.

Mr. BAKER. The gentleman yields.

Mr. SHAYS. Thank you.

Mr. BAKER. I thank the gentleman. I recognize Mr. Watt, and if he chooses to yield—

Mr. WATT. Thank you, Mr. Chairman. Thank you for being here, Mr. Mayor. And I want to applaud, in particular, one statement that you made in your opening comments and that is your willingness to not reject things until you understand them and understand the comprehensive nature of them. And that's exactly what we have been trying to do between yesterday and today.

We have seen an evolution in Mr. Baker's proposal—apparently, I haven't seen the language—but the summary suggests a movement in a direction that is certainly desirable. And we have encour-

aged our members not to reject out of hand—as I said in my opening statement—any proposal until we understand it fully.

There is one provision in the revised statement that I do want to pull up, though, and that's in part two of what we were handed this morning. The new bill would have a clear statement that no property owner or homeowner may be compelled by the corporation to accept a settlement offer, which ultimately is a statement, an affirmation, that individual property owners should have the first rights to their property. And I assume you endorse that?

Mr. NAGIN. Yes.

Mr. WATT. Now you referred in your comments to a number of people who, in your—some of whom were in your family who didn't have flood insurance.

And so my question is were all of those people in an area that was designated—were some of those people in an area that was not designated as a flood insurance-required area?

Mr. NAGIN. You're getting into a really complicated and interesting area.

Mr. WATT. Well, I—

Mr. NAGIN. Let me just give you a quick—

Mr. WATT. Can you just answer my question because I —and then I'm going to go to the next one.

Mr. NAGIN. Some were and some weren't.

Mr. WATT. Some of the people were in areas that were not flood-designated areas?

Mr. NAGIN. That's correct.

Mr. WATT. Okay. And for those people, Mr. Mayor, would it be of some advantage to them, in deciding whether they were going to sell their property to this corporation or not sell it to the corporation, to really improve their position as individual property owners if they could retroactively buy into the flood insurance program?

Mr. NAGIN. That would help.

Mr. WATT. That would help? Okay. And so the bill—the amendment that we offered yesterday that failed in this committee 34 to 32, you believe would be helpful if it covered some of the—those people who were outside the flood area, didn't have any expectation to have flood insurance because they weren't in a flood area. Isn't that right?

Mr. NAGIN. I'm not quite clear on what was proposed yesterday.

Mr. WATT. Okay. Well, that's fine. Let me just go forward and ask you about a couple of other things. You are familiar with Hope VI?

Mr. NAGIN. Yes, sir.

Mr. WATT. New Orleans used the Hope VI program before, hasn't it?

Mr. NAGIN. Yes, sir.

Mr. WATT. Would it be an advantage, either in connection with this, Mr. Baker's legislation, or independent of it, to have more funding put into Hope VI? That would help you reformulate these communities, would it not?

Mr. NAGIN. I appreciated the Hope VI program, and I think it would be helpful to move New Orleans forward also.

Mr. WATT. And CDBG, Mr. Baker has put in his—that's in the Congressional Black Caucus bill too, you have already indicated, that would be very helpful to you.

Mr. NAGIN. Yes, sir.

Mr. WATT. And more aggressive fair housing enforcement. That would be helpful to you?

Mr. NAGIN. Yes.

Mr. WATT. All these things are in the CBC bill, I want you to know, that some people have said there is not a comprehensive plan out there to deal with this.

Now the other thing you talked about was the local employee and local contracting requirements. Nothing in this legislation that we're having this hearing today that really addresses that, one way or another. But there is in the CBC bill, which I want to make sure you get a copy of before you leave here.

Mr. NAGIN. I would love to.

Mr. WATT. I know you all have been busy, but every single person on this panel, I want to make sure, subsequent to today, after you have had a chance to review H.R. 4197, after you have had a chance to review it, I want to get your comments about it because I think it's important for you to see what has been proposed, and have your comments. You are the closest people to it.

But one of the things in that is a local employment—contracting requirement, and another thing is a local employee requirement. You endorse that, without seeing the specifics of it, in general terms?

Mr. NAGIN. In that concept, absolutely, 120 percent.

Mr. BAKER. If the gentleman can begin to wrap up, sir.

Mr. WATT. All right. I will yield back. I just wanted to make sure, before the mayor leaves, I hand him a copy—

Mr. NAGIN. But Congressman, let me just make sure that you understand my position on all the bills that are moving.

We have worked with Congressman Jefferson and with the bills that he has been pushing forward, and I think I hear it passed last night. This bill was an instrument that we kind of came across and started to study and tried to get behind to support. If you have another bill that you would like for us to study, we will get behind that one also.

Mr. WATT. I will give it to you.

Mr. NAGIN. Because I don't see any one bill as being big enough to solve the challenge of New Orleans. This is unprecedented, where an entire city was almost destroyed, and a city as important as New Orleans. So we would love to work with you on the bill that you are crafting.

Mr. WATT. Mr. Mayor, I am also going to give you a copy of the amendment that we introduced yesterday. I would love to have your input on whether—

Mr. NAGIN. Thank you, sir.

Mr. WATT.—it would have value to you.

Mr. BAKER. Mr. Mayor, it's up to you. We can go to another person.

Mr. NAGIN. I think I have to go. I need to be excused.

Mr. BAKER. Well, if we may, there are several members that would probably—

Mr. NAGIN. All right. One more question, and then we can go.

Mr. SCOTT. Thank you, Mr. Mayor. I will be very brief on this because I think it's very important for us to get the record straight on your concern.

I have a concern about the formation of the seven-member board. And I want to make sure that we got your comments correct on that. Because it strikes me as a glaring omission not to have at least the mayor of the City of New Orleans, the epicenter of the whole event, where easily 80 percent of the damage and 80 percent of the correction needs to take place, for that mayor not to have at least 1 voice, 1 opportunity to have input on this seven-member panel.

It's fine to have the President make some appointments. When you look at the responsibilities of this board, it will acquire the property; it will make the necessary infrastructure repairs; it will, if given the opportunity, allow those who don't have the money to receive some form of compensation for their equity; it will have first right of refusal.

Would not you want to make a plea before this committee today, that—and we are in the process of a hearing here—and from the hearing we will take recommendations and make some improvements to the bill. Would not you want to have a seat at this table, at least to have an opportunity—and if we could put an amendment to this bill that would give you, as the mayor of New Orleans, at least one of these appointments?

Mr. NAGIN. I would love to have a seat. You know, I am working with the—this bill to try and get it modified. And the position that if the bill moves in this current form, I would be in a position of working through the Governor.

But I think—if you're asking me what would be a perfect world, a perfect world would be for the most effected parishes, which are Orleans, St. Bernard, and Plaquemines, to recommend to the President or to the Governor to have representatives on this commission directly. That would be a perfect world.

Mr. SCOTT. All right—

Mr. BAKER. And if the gentleman will suspend—I am sorry, I have extended courtesies to the gentleman to ask his question out of order, ahead of some other members, and the mayor has indicated a need to leave.

What I would ask, without attempting to be at all disrespectful, is have members formulate their questions in writing. I will assure you we will get you timely answers back, but to enable the mayor to make his appointment without further—

Mr. NAGIN. Thank you, Mr. Chairman. I really appreciate listening to the members, really appreciate your frankness and your attention to this. New Orleans will come back with your help. Thank you.

Mr. BAKER. Thank you, Mr. Mayor, for your courtesy of your time and participation.

At this time, we would like to return to our regular order. Our first—I am sorry. I have just been advised—I did not—I was not made aware. There is a vote now pending on the floor with about 5 minutes remaining. I have to ask the panel's indulgence. We are

going to go vote. We will recess for 15 minutes and come back and reconvene.

[Recess.]

Mr. BAKER. Reconvene the hearing. I apologize. I did not know, at the time of recess, there were three votes in a row, not simply one. That delayed us a bit. And there will be members coming back. I rushed from the conclusion of the vote to get here quickly.

So without delaying you further—I know that some have concerns about flights—I would first like to introduce Mr. Walter Isaacson. For some, they may know him for his business relationship to publishing efforts, a distinguished businessman.

And he has taken on the responsibility as co-chair of the Louisiana Recovery Authority. This is an authority created by executive order of the Governor of Louisiana to assist in the overall planning and management of the reconstruction effort.

Welcome, Mr. Isaacson. We certainly look forward to your comments and insight.

STATEMENT OF WALTER ISAACSON, CO-CHAIR, LOUISIANA RECOVERY AUTHORITY

Mr. ISAACSON. Thank you, Congressman Baker. And thank you, personally, for showing the leadership. At a period like this, you find out which great leaders emerge. And I want to say, on behalf of people in Louisiana—and for that matter, on those of us who are ex-patriots and recovering journalists and everything else, it's good to see somebody like yourself emerge as a great leader in this.

I have a prepared testimony—and if you don't mind, I would like to have it submitted so I don't have to read the whole thing to you.

Mr. BAKER. Certainly. And all witnesses, a formal statement will be made a part of the official record. Thank you, sir.

Mr. SHAYS. Could I just ask the gentleman to yield? Were you required to say that in order to be invited to this panel?

Mr. ISAACSON. Well, I—

Mr. BAKER. He's the first journalist that has ever said anything like that.

Mr. SHAYS. I know; I am shocked.

Mr. ISAACSON. We journalists know that. But also, I will take the opportunity also to say how much we appreciate Congress.

Like you said, Congress has really shown a lot of forbearance and help to the State of Louisiana. And to the distinguished Congressman from Connecticut, who made a comment that I think we should all take to heart, that there were times when we didn't show great leadership, whether it was in the stress of the moment, and a lot of us messed up, and that sort of thing, and I also think that we have to make it clear that we plan to rebuild ourselves.

We were all talking while you were away about how far we've gotten ripping out the basement, and ripping out the drywall board, and coming back, and making sure everybody was coming back. My family neighborhood is in Broadmoor, in uptown New Orleans, and I know we have to do this with our own hands, to a large extent.

We also have to, in terms of what Congressman Shays said, promise a few things, one of which is we're going to get our priorities straight. We're not all going to be talking with different voices,

all shouting and all asking for everything. And the priorities have been put very clearly now by the Louisiana Recovery Authority, working very closely with the mayor.

And I will say that when the mayor's commission was formed and then we formed the Louisiana Recovery Authority of the Governor, the first question I got as vice-chair was, "How are you going to work with the mayor's commission?" And we said, "We're going to surprise you. We're going to astonish you by how well we work together and get over that hump of people not pointing fingers, people pointing fingers at each other and stuff," and I think we have astonished people, as we cross-pollinated our two groups and worked together.

We also know that we have to be frugal and sensible. We're not going to rebuild everything, and we're not going to ask Congress to rebuild everything. And I hope too—and this is finally the point that Congressman Shays has made—our authority is there to make sure things are scrupulously honest. I don't want to go back into the history of Louisiana, but we all know there have been occasional times that it's good to be a journalist in Louisiana because you've got a lot to cover.

But we have a new authority here. We have one of the big three accounting firms down to look at every penny. Everything is going to be frugal, zero tolerance for corruption, and very honest and wise.

And I will now summarize briefly, if I may, the testimony. As part of the recovery authority appointed by Governor Blanco to address the needs, I wanted to say that all of us appreciate the legislation that Congressman Baker has put forward. We have all studied it, and the more we study it, the more comfortable we are with it.

I also want to add to my prepared testimony a message I got last night from the Governor herself, who said she wanted me to stress in my testimony that she personally has now looked over this and is very strongly in favor of this piece of legislation. I think I told your staff that last night, but I wanted that put in the record.

Mr. BAKER. Thank you very much. That's most appreciated, sir.

Mr. ISAACSON. Louisiana needs a smart and bold process. I think one of the things we have seen with the problems with FEMA—and also, if I may say so, the similar problems with the SBA—is that there hasn't been a lot of creativity and smarts put to how do we deal with an emergency situation.

I think that this bill that Congressman Baker has put forward does give us a smart and bold process to channel the resources for the rebuilding of our State. I have consulted with a lot of people on the LRA board, and the executive director, Andy Koplin, and now the Governor, and we believe that this concept is the best one to serve as an important enabler for getting our homes and our communities back.

I think it deserves prompt consideration, and I know you're doing a great job pushing it through. But this is pretty desperate. Everybody is sitting there, day by day, trying to figure out, "How do we get our homes back?" We're doing it most with our own hands, but we need to know that the neighborhoods can come back as well.

There are many statistics. You know I'm not going to go over them all. But according to the Red Cross, Katrina destroyed approximately 275,000 housing units. That's something that is hard to comprehend, and it is why we had some trouble responding prudently right away. That's 10 times as many, for example, as was destroyed by Andrew.

Level of devastation also has created a banking and a financial disaster in the making if we don't do something. Like many Americans—whether it's my family in Broadmoor or any of the families that have come before you and that you know and that you meet when you come back down—a lot of your personal wealth is in your home. And that's linked to the riches of the communities that we all prize. And all of that has been washed away.

So we need some partnership, especially with SBA in being so slow in helping us, some partnership to help the communities come back. It's also affected and hit hard our local banks and financial institutions, with the mortgages they have extended. Many of them minority owned, serving the poor citizens of the State, and everything else, they face huge losses as a result of this, and they are essential to our economic life.

So what you are doing is really going to help in so many areas. We need a vehicle for helping to redevelop our neighborhoods. We need to provide the liquidity through a standard process, a process that the people in Washington—I mean, whether it be the Congressmen here or the Washington Post—that you can trust, that you can say, "Okay, this is a very reliable authority; this is not just money being sent down there, and we don't know how it's going to happen."

You, Congressman Baker, have set up a very good system, where it's going to be a very comprehensive, trustworthy process, so that the money is not squandered.

The LRA, as you know, was provided to provide leadership and set the priorities of the rebuilding. This will be a perfect complement to the LRA. There is absolutely no conflict, of course, with the LRA or, if I may speak, for Mayor Nagin, with the city commission, or anything else. We're broadly represented in the State. I know that you have talked to people on the LRA even last night. I know that your staff has been working with us very well.

And I want to say for the record—which is also not in my statement—that Congressman Baker and the staff have diligently worked with all of the leaders in the State of Louisiana and the leaders of the LRA, the Louisiana Recovery Authority, to assure that this recovery corporation and this bill will follow the important principles that we need, which is that partnership through the State and localities, partnership through the LRA, State and local involvement for development, consistency with State and local redevelopment plans that we are all doing, individual choice by homeowner, market-based solutions, absolute scrupulous transparency and honest, and cost efficiency, all of which we owe the people of the United States if we're going to ask for any money. Boy, this bill does that, and it's very good.

As you can see, it's a long way to go before we can restore the people of south Louisiana to the wonderful lives we cherish. It's a pretty long marathon. But on behalf of the LRA, I want to thank—

and all the citizens of Louisiana—I want to thank Congressman Baker and all the people of Congress for helping support us in these efforts. Thank you very much.

[The prepared statement of Walter Isaacson can be found on page 64 in the appendix.]

Mr. BAKER. Thank you very much, sir, for your fine statement. And express my appreciation to the Governor for her kind words.

Our next witness is the State senator from what is called the north shore of Lake Pontchartrain, the area that was significantly impacted, not commonly thought of in the minds of most people watching the evening news. State Senator Schedler, also in your prior capacity as a businessman involved in the banking industry as well, I think brings unique perspective to the problems we face. Please proceed, sir.

STATEMENT OF HON. JOHN T. SCHEDLER, LOUISIANA STATE SENATE

Mr. SCHEDLER. Thank you, Mr. Chairman. And I certainly want to echo Mayor Nagin and Mr. Isaacson's comments about your leadership in this and the bill that you brought forth, at least for a methodology out there that can possibly assist in the rebuilding of the greater New Orleans area, and the region.

As you indicated, my past background, I was president of a bank, and I still sit on a national bank board of a regional nature. And certainly we are very concerned about some of the possibilities that could be forthcoming when the forbearance is uplifted.

You brought out the fact—or Mayor Nagin brought out the fact—that one of the concerns that we have, and we share, is the very scenario that he created of this side of the House, one or two individuals buying—repairing their homes when the rest of the area remains blighted for some time, for various circumstances. And the other sector, because of availability, rebuilds and somewhat comes back pre-Katrina or Rita.

We're concerned about that, and we likewise are concerned about the levee systems and the vulnerability that remains. But what we do see in this particular bill is hope that this is one method that could be used by communities to bring back some of those areas that maybe will be down in that type of situation for some time.

Further, I think it's also fair. I think it's fair, most importantly, to the U.S. taxpayer because it's not a hand-out. It's not Louisiana coming up here and saying, "Give me, give me, give me." And I think that what you have seen to date has been that.

What I like about this most, it's fair to that individual in Idaho, in Maine, in Connecticut, and the West Coast because it gives an opportunity for some reasonable, prudent pay-back to the American taxpayer if you follow this all the way through the process. So I think that is certainly something that should give it some credibility, you know, in the market place.

I am also very encouraged by the transparency that is being created here. I know there is some debate on how the composite—how we compose that committee. In speaking to the author of the bill, he certainly has shown some willingness to be flexible on that, and I think we can work out something along those lines that would be comfortable for everyone, that would be a balance of true Louisian-

ians from affected areas, and yet some credibility from the side of national perspective, and some talents that they bring to the table.

You know, we have somewhat shot ourselves in the foot. We recognize that. There is one thing I have always—this is off script a little bit—I have always marveled at how Louisianans and Louisiana politics play out, and it's very misunderstood.

I think there is problems in every State in this country. I read the Wall Street Journal, and I certainly see problems all over the country. Louisiana certainly has their share, and we certainly contribute to that. But it is a very hardworking people, and we want to be as fair as we can to everybody in this process. And you know, let's please don't be—that be the reason of why you don't give assistance to Louisiana.

Mr. Watt's alternative bill I certainly want to look at. I share Mayor Nagin's comment about the possibilities that may exist with dual instruments out there that may give us some relief. I don't know if there is the "silver bill," but we will take anything and everything we can get to assist us in Louisiana and the general Gulf Coast.

You know, the comment was about, you know, lemons and lemonade. I don't know if we have sugar or lemons, but I know we got the water. That's one thing I can assure you, we've got that one ingredient taken care of.

And that's what has caused the most diversity. It is a sea of uncertainty out there right now, to all Louisianans in the greater region, of to come back, not to come back. Is my insurance going to pay? Is it not? Did I have flood insurance?

And I think this plan would at least put some certainty on the table, that at least there is some methodology, if you want to participate to bring back some of these neighborhoods, like the mayor envisioned, that could be done in a more futuristic type basis, with the basement levels—and to me, this plan is the only plan that would allow that to unfold in a very orderly fashion, unlike anything else I have seen.

Louisiana has been highly criticized for not having a plan. And I certainly applaud, again, Congressman Baker for at least bringing forth a plan. And it's a plan that I certainly embrace. I am the caucus chair on the Republican side in the State Senate. And I'm not saying it's endorsed yet by the Republicans; I'm going to bring this back to them. But certainly it's endorsed by me, its chairman, individually.

And we are building a consensus, as you can see from this table. And I think we can further improve on that, as we move through the process. I was encouraged, again, as Mr. Isaacson last night, when we received word that the Governor now embraces it wholeheartedly.

And with the mayor, I think we are building a very strong consensus across all political positions, and I would urge you to work through the process and, hopefully, deliver this to us sooner than later. Thank you very much for the opportunity.

Mr. BAKER. Thank you, senator. I certainly appreciate your comments and your time.

Our next witness is the Honorable Juan LaFonta, who is also a member of the Louisiana State House of Representatives and professionally an attorney in the Orleans area. Welcome, sir.

STATEMENT OF HON. JUAN A. LAFONTA, LOUISIANA STATE HOUSE OF REPRESENTATIVES

Mr. LAFONTA. Thank you, Mr. Chairman and members of the committee. First of all, before I get into some of my testimony, I would like to say how we got here.

Initially, I shared a lot of the sentiments of your Congressional Black Caucus here about concerns with the eminent domain provisions in the bill, which have been removed. A lot of the other issues we have been working out, and this is very much a living document.

The way I look at it, from a community perspective, is this is just the beginning. This is how we address the long-term large scale problem that New Orleans may face in repopulating and redeveloping the city.

And I would love to look at your document, and I will even volunteer to come up here and testify on your behalf for the short-term goals because I do think we have some issues as to pushing folks out of hotel rooms, not giving them proper housing, and not giving them alternatives. But I do think this is the beginning of a larger plan.

The way I was able to accept the plan was to read it. It's really a reactionary document, so if people need assistance, they can go to it. It's not forcing anything on anybody.

The other thing that really pushed me in the direction of support is if you look at this table, you have people from all walks of life. Myself, I'm a very community activist type person. The rest of this people on this panel represent all different interests all over the State. We've come to this point where we're all supporting this bill because we understand the concept and we understand the need for this type of document.

I would also like to say I look forward to seeing the development of this thing be more community involved. And I have spoken with Congressman Baker, and we are looking to redirect and redevelop some of the seats on it so it can give the mayor, if he needs to get a seat, or some positions so we can have more effect on it from a local level. Thank you.

Mr. BAKER. Thank you very much, sir. We appreciate your willingness to appear here, too.

And our last witness is a city councilman from the Lakeshore area of the city, the Honorable John Batt, who is—brings another perspective, think, to the resolution necessity. Please proceed, sir.

STATEMENT OF HON. JOHN A. BATT, NEW ORLEANS CITY COUNCIL, NEW ORLEANS, LOUISIANA

Mr. BATT. Thank you, Mr. Chairman. I wanted to ask, though, have the members of the committee received the package—

Mr. BAKER. If we haven't distributed those, we certainly will do it at this time. And while he is getting ready there, those are some photographs personally taken by the councilman that reflect the pre and post-Katrina condition.

I think one set of photographs is even in your own backyard?

Mr. BATT. My own backyard, with my daughters Bailey—

Mr. BAKER. We will make sure members see it.

Mr. BATT. Thank you. Thank you, Congressmen, for having me today to discuss this extremely difficult situation we face in the City of New Orleans and explain why I think the Louisiana Recovery Corporation is essential to bringing back our great city.

Now I know all of you watched Hurricane Katrina hit the City of New Orleans and saw the pictures of the man-made levees breaching because of faulty construction, flooding 80 percent of our city, leaving 350,000 people homeless.

It has been said that the New Orleans greeting of, "Where are you at," has been replaced with, "How's your house?"

Who are the hurricane homeless? Many live in my council district, in neighborhoods tourists rarely venture to, in neighborhoods like Carrolltown, St. John, Hollygrove, Midcity, Palmier, and Lakeview.

They are police officers and physicians, lawyers and teachers, firemen and engineers, businessmen and union members, and they are the hardworking middle and upper-class and glue of our city.

They represent over one-third of the tax base of the City of New Orleans. They are the people who bring you Mardi Gras and Jazz Fest. On any given weekend, you can see over 3,000 kids playing soccer with the Carrollton and Lakeview soccer associations, watch throngs of teenagers heading to the St. Dominic's CYO events, and see empty nesters tending to their yards for the Lakeview Garden of the Month contest.

Whether newcomers or seventh generation New Orleanians, they love their city and long to return. After a lifetime of hard work, they never dreamed they would be a hurricane homeless. And they want nothing more than to get their piece of the American dream back.

Now you are probably still sitting there wondering, "Who are these hurricane homeless people? What do they look like? How do they dress? Are they anything like me? Will I ever meet one?"

Well, you already have. I'm hurricane homeless. Hurricane Katrina pushed 10 feet of water into my Lakewood South neighborhood. Water sat in my house for 2 weeks. As you can see from these photos, it turned my lush green backyard into a barren brown wasteland. It destroyed the contents of my home, which was covered in mold after two-and-a-half weeks of water and rendered my entire neighborhood unlivable at the present time. My story is not unique. It's the norm.

Pam and Kevin Lair lost their home when the 17th Street Canal breached in their backyard. They also lost the nine-employee neighborhood mortgage company they had worked for 5 years to build.

Ilene and Mario Simoncioni, a disabled couple who owned rental properties, lost all of their property and their income.

Vicki and Steven Sobel, parents of preschoolers, lost their home while Steven was in the hospital receiving his first round of chemotherapy.

All we want is to be able to rebuild our homes and our neighborhoods. But that is a difficult proposition because each homeowner is faced with a different situation. Some have flood insurance; some

don't; some have a little. Some have a business or a job to return to; some do not.

As you hear the stories, as I do every day, it is clear that a vehicle is needed to relieve these homeowners of the immediate burden of their loss and assure those who want to rebuild that they will be able to without fear or uncertainty over what their neighbors will do.

Congressman, your bill is the only sensible solution I have heard of that will let people who can rebuild with confidence while allowing those who cannot be compensated for their loss and have their mortgage paid off. It will prevent a wave of bankruptcy filings from under-insured, unemployed homeowners and give those individuals the first right of refusal to repurchase in their old neighborhood once they are on their feet again.

The Baker bill is not eminent domain. Rather, it gives homeowners four great options: they can sell outright to LRC; they can sell to the LRC with a special option to repurchase; they can partner with the LRC to clean up their property; or they can do nothing at all. It's completely voluntary.

With these four options, I feel confident that people will be able to make the decision that is best for them in a timely manner. It will encourage historic preservation in one of America's most historic cities, because those properties will not become blighted. Instead, they will be saved.

Banks will be relieved of the burden of foreclosing on thousands of properties by using U.S. Treasury bonds that will be paid back by private investors. It is a fiscally responsible vehicle to provide relief to the victims of Hurricanes Katrina and Rita.

As a city council member, I am constantly faced with zoning decisions. And the decisions I will be faced with in the aftermath of these hurricanes concern me greatly. I need to know the status and outlook for each of our beloved neighborhoods. By quickly determining the direction that homeowners are taking in each of the New Orleans neighborhoods, the Baker bill will allow for master planning an effective community redevelopment.

Without the Baker bill, we risk becoming a Wild West of opportunistic house-flippers and fly-by-night developers who will create an incoherent hodge-podge of a city.

New Orleans neighborhoods have always been what city planners across the United States are striving to achieve: traditional neighborhood developments, children that can walk to school, and to the corner, to the store to get a popsicle, families to church on Sundays, or to local restaurants at night. Neighbors meet over coffee on their front porches. We want our neighborhoods to be rebuilt in this manner, but better than ever.

On behalf of all Louisianians, I urge you to look into your hearts and answer this question. When a major city in the country has been destroyed, shouldn't we seize the opportunity to rebuild it better than ever? I urge you to pass the Baker bill, The Louisiana Recovery Act, and give our citizens a second chance at the American dream they so desperately deserve and need. Thank you.

[The prepared statement of Hon. John A. Batt, Jr. can be found on page 52 in the appendix.]

Mr. BAKER. Thank you, councilman, and I want to express, again, appreciation to each of you. You, on short notice, were willing to get on a plane and make difficult transportation arrangements. For those not familiar, flights in and out of New Orleans are still not the most convenient in the world. Some of our witnesses will actually be departing and flying into Gulfport to get home today, trying to drive home to get back to family this evening. And for that, I am most appreciative.

Mr. Isaacson, I wanted to comment further on the Governor's endorsement. From your perspective as the vice-chair of the authority, have you been made aware of any group within the State to date that—although there may be many people still not aware of H.R. 4100—is there any organized opposition to the proposal in the modified form that we are now discussing?

Mr. ISAACSON. No, no major opposition. And it's partly a testament to the fact that you have listened to a whole lot of people, whether it be at the Governor, the mayor's level, and others, and some of his staff, so it's been modified in a way that everybody feels comfortable with it.

I think that both the eminent domain provisions are absolutely clear, and nobody fears them any more, whatsoever. The question of who, beyond the commission—you know, we can all argue that, one way or the other, but there is actually pretty good unanimity, that whether it's four to three—I think the way you're now having it is good.

I would personally probably get in trouble a bit because last night I was saying to the mayor, "It's not the worst thing in the world to have Felix Rohatyn or Colin Powell or Alan Greenspan or, you know, having some distinguished appointees who aren't from the State.

But all of those type of things you have been willing to work out. I am sure we can work out amicably.

Mr. BAKER. Terrific. Going forward, as to the structure itself as a business structure, it doesn't preclude any other additional assistance being made available to the authority. At one contemplated further modification—as I understand may have been suggested—is that the authority itself become the recipient of funding that might be made available by the Federal Government for reconstruction purposes.

Mr. ISAACSON. CDBG-type funding?

Mr. BAKER. Correct.

Mr. ISAACSON. Yes.

Mr. BAKER. And that if there are other avenues that potentially might be made available—Mr. Watt's proposal or others—that those resources could also be simultaneously directed to the authority to facilitate even a broader or, in some perspectives, a more prompt rebuilding.

I think it important to get on the record that even if the Congress were to act the first week of December—which is my hope, to get this bill and the CDBG portion into a House-passed Katrina relief package the first week of December—assuming miracles happen, and it got out of the Senate, and the President signed it, to begin the process of standing the corporation up, and to begin the research on titled property, to actually tender offers, issue the debt,

have the resources to deploy, we're well into next year. Hurricane season starts June 1.

We have an unbelievable task ahead of us, even if all of this works without controversy. So just from us back to the Louisiana representatives, I want to make sure everybody understands even if this were to go as well as could possibly be expected, there is going to be a delay in the delivery. And I don't know that there is a good remedy for that problem.

Mr. ISAACSON. Yes. And I do think that the Congressman from Massachusetts and the Congressman from North Carolina both addressed the fact that there is certain very immediate needs and that the Small Business Administration has not distinguished itself, just as FEMA hadn't, with good, well-intentioned people in both places. They just haven't been very creative or aggressive in understanding the emergency situation.

So I do think that this bill does not solve everything, and we want to make that clear. I think that Don Powell is also very clear about that, and they're all very upset about some of the FEMA process and the SBA process that has gone on. So I thank you for putting that into the record.

Mr. BAKER. Thank you. And I would like to ask both—my members of the legislature, with regard to concerns of speculative opportunists being engaged in the community, I have grave concerns that people who are very afraid right now about their future may grasp at any straw that's extended.

Is there any role that we might play, or help you play, in educating the community? Because, as the mayor indicated, we have dislocated individuals in 44 States. These folks can be very bright and find these individuals who are in Oregon and make an offer via mail, and that person may well accept it without having knowledge that there is a recovery plan in place.

What—do you have a view about how we can address that issue and what can be done? Or how can we help you, as the local folks respond to that concern?

Mr. SCHEDLER. Well, it certainly is a concern. And I—you know, each day that goes by, that possibility becomes more forefront.

You know, one of the issues is just mail delivery to even contact some of these people. We're going through that debate right now in the legislature, with even voting issues of upcoming elections, of how to contact those individuals that have been displaced. And FEMA has somewhat taken the position that they're not going to give us the list because of privacy issues.

So—but to answer your question more directly, yes, I do think that's a big concern. And to answer what you can do, I think it's more just a public service announcement. I think we need to use—you know, in our area, WWL seems to be the airway everyone is listening to right now. That has the broadest reach across a lot of the affected areas of where folks are.

So certainly that, newspapers, and any other mechanism we can come up with. But that is a major concern and, you know, I didn't point out—I mean, my mother was 8 feet of water, my sister was 10 feet of water in these affected areas. And we are going through those exact battles, like Councilman Batt indicated, for my mother and family.

So this affected many, many, many people from all levels of society. And the one thing I didn't do—Mr. Chairman, if you would beg my indulgence—is that I was very pleased to hear that Ms. Waters has been there, and Mr. Shays, and I would certainly urge other Members of Congress to come down to the affected area. You cannot believe it unless you walk the ground and see it yourself.

Because we will find a way to put you up if we got to put you up in our own houses, but the more Members of Congress from the House and Senate that can see the devastation—I don't remember the Senator's name, but just this past week I think Senator Vitter had a Senator in the area, and his comments were, "You have to see it to believe it."

And it's like nothing you have ever seen. If you can just imagine a major city of this country in total darkness, it's just—Senator Chaffey—in total darkness, with no people around, no green, everything dead, and just no life. And we're talking almost approaching 90 days after the storm passed.

And for those—I had the pleasure of taking a Blackhawk trip this past week and get on the ground; we could certainly make arrangements for you to do that also if you wanted to take advantage of that.

But the devastation is beyond comprehension. I don't know how some of these people will ever come back. And that's why I'm so encouraged by your bill, that it gives some tool in the tool box to maybe get some of these folks back quicker than we thought.

Mr. BAKER. Representative?

Mr. LAFONTA. Yes, and my sentiments are pretty much the same as Senator Schedler. I do think we need to do a PSA, and one of the things we're having a problem with in the City of New Orleans now is online buying.

A lot of folks are buying properties without even seeing them, and they're buying them up in bulk. And they're finding ways—like you said—they're finding ways to contact folks. We don't want people like that to buy up in bulk areas and redevelop for purposes that are not consistent with the community needs and with the community culture. So I definitely would urge you all to do a public service announcement.

Another thing that I was wanting to talk about was the addresses. And I know this isn't the direction of this panel, but—and the Louisiana Legislative Black Caucus is presently preparing a lawsuit against FEMA for the addresses and for the knowledge and whereabouts for our constituents, because we don't think, one, that they were—you know, not all of them were voluntarily moved.

And a lot of folks that they picked up from New Orleans from the flooded areas were not told where they were going. And a lot of people are dislocated and can't locate members—even to this day—can't locate members of their family. So we feel, you know, it's part of our call to represent our constituents, folks that got displaced due to the storm. So we're actually preparing a suit against FEMA.

So if there is anything that Congress can do to urge FEMA to help us get those addresses so we can get contact to people, so we can notify them of our programs, we would surely appreciate it.

Mr. BAKER. All right. Thank you, sir. My time has long expired. Mr. Watt?

Mr. WATT. Thank you, Mr. Chairman. Let me first address a couple of things that Senator Schedler said.

First of all, I have been there twice now, and I agree with you. This can't be appreciated without seeing it in person. And I am sure it's not getting any better, really.

Mr. SCHEDLER. No.

Mr. WATT. Second, I want to correct the impression—and it may have been unintentional—that H.R. 4197 is an alternative bill to this bill. I really don't view it in that way. H.R. 4197 needs to be evaluated. This bill needs to be evaluated. And I think there are things that can complement each other.

So it's not H.R. 4197 or this bill. They are—these things need to exist in tandem. And I want to go forward and explain why, because one of the initial concerns we had about Mr. Baker's bill was that it was not clear what authority this corporation was going to have.

The transition that has been made from yesterday to today, or through whatever process it was made—may be over a longer period of time—makes it clear that no property owner or home owner will be compelled to accept a settlement offer.

We had a lot of people out there who were given false options. Yes, FEMA was offering them this—the alternative was nothing. And as between this structure and this free-wheeling people out there buying up property site unseen, developers being, you know, irresponsible—I don't think I have any doubt about which one of those I would prefer.

But that's not really what the model is, because I mean, that's one—that's the downside model. We're looking at the upside model. Our country is based on private property rights, individual property rights. All of us would agree—and it's interesting to hear Republicans agree—that a Socialist model that moves kind of like this and makes property decisions for a whole neighborhood is more efficient and might give you better planning. I am not saying that in a derogatory sense, but in a sense, this bill sets up a Socialist model for restoration.

What we want to make sure is that the individuals, before they decide whether they are going to buy into this model or don't buy into it, have the best options available to them.

And they have a range of other services that are around so that this really, as I believe is clear, should be the last option that a homeowner or a property owner buys into.

And so, our bill is focused more on the things that would be before this bill. As far as I know—I guess nobody on this panel would tell me there is any organized opposition to H.R. 4197. Anybody know of any organized opposition? We've got plenty of support groups that have endorsed it. I hope you gentlemen will look at it and decide whether you like some of the provisions or not.

We are trying to move these things in tandem, but it seems to me if we move this bill first and leave people with no option other than to sell their property or transfer ownership of their property to people who have the means to organize and rebuild communities, as opposed to allowing individual people what our whole Na-

tion has been based on, and make that a meaningful option, we will have missed the boat.

And so, be clear on what we are trying to do, and I am trying to make Mr. Baker clear on it, too—I mean, we have had—this is not an adversarial process. But to give people this option before you give them some other viable assistance and options is not going to solve their problem. It's going to—yes, they will go and they will sell their property. They will put it in this thing, and they will take advantage of it. But for the life of me, I can't see why—and I don't know which one of you unknowingly mentioned flood insurance—why it wouldn't be a better option to allow people to retroactively buy into the flood—from their own individual perspective.

Mr. SCHEDLER. Let me take a stab at that. First off, Mr. Watt, I didn't—and I never, ever took it as an adversarial deal; I always looked at it as an option. And I don't know every detail of H.R. 4197, but I certainly will look at this on the way back to Louisiana.

But one of the debates going on about flood insurance—and I am familiar with the clawback, or payback, of the 10-year—we have that—we are in session right now on a special session that is in the Governor's call as an item, and I don't know who introduced the bill, but we are debating that bill in the legislature as we speak. We close out 6:00 p.m. next Tuesday.

But one of the problems—at least in some neighborhoods—is that even if we are able to get individuals flood insurance under that plan, is that in many cases it doesn't go to where we need it to go because of the limitations. You know—

Mr. WATT. That's the high-income areas.

Mr. SCHEDLER. Well, that's—

Mr. WATT. That's $250,000. That's right.

Mr. SCHEDLER. I understand.

Mr. WATT. And I know it is not a cure-all, but $250,000—

Mr. SCHEDLER. Is a lot of money.

Mr. WATT. To anybody is a lot of money.

Mr. SCHEDLER. I understand. But just an example, someone made the comment about the Homestead Act with an axe and a lot. I mean, in all honesty, many of these people would be—including my own mother—would be better off with, right now, a vacant lot and an axe because at least she doesn't—she is not confronted with the cost of demolition and putting it down to the vacant lot.

But I hear what you're saying, and I'm not trying to disagree with you, but I mean, I'm just pointing that out. And it does in some cases, but the building costs have gone through the ceiling. I mean, I will give you an example. In our area, I need to replace my own roof. The three-tab shingle roof—

Mr. WATT. Now, Senator, you're not saying to me that somebody who has $250,000 is not better positioned to make a good decision about whether the deal with this corporation that this bill would set up than somebody who doesn't have $250,000.

Mr. SCHEDLER. Absolutely not.

Mr. WATT. Isn't that right?

Mr. SCHEDLER. Yes, sir. I am not at all arguing that point. I mean, I will tell you, I have some concern, from an actuarial standpoint, of what that does to the Federal flood program, but that's

not for me to decide. I mean, I do have some questions on that issue, but absolutely, I agree with you on that comment.

Mr. LAFONTA. And just to reiterate some of the comments, I am here because this is an option for my community, bottom line. Be it last resort, second-to-last resort, whatever, it's an option for my community.

And the problem that we have had right now, in the legislature and trying to get things across to the national audience, is we need more options for our people at home. And I do not think any panel member here is adverse to 4196 or 4196, and I think once we read it, we probably could support that. And I don't look at it as an alternative to what we're doing; I just look at it as another option.

And Congressman Watt, you know I voiced to you several weeks ago my concern about folks pontificating, about pontificating, about pontificating, and not putting that into action, and not doing something that's going to embrace and help people now and for the long term. And what I think Congressman Baker's bill does is it addresses our long-term problem of redevelopment in our communities.

I mean, does it address the immediate problem of the people who are getting pushed out of hotels and given 2 weeks to either find another hotel or be in a homeless situation? No, it doesn't. And I hope that the bill that you're doing does address those needs.

Mr. WATT. Well, it creates about 300,000 new Section 8 vouchers for this area, which would help solve that.

But, Mr. Chairman, I am over time, too, but I do want to take the liberty of just saying to this gentleman that the comments that he made at our Congressional Black Caucus weekend were so profound, and he is absolutely right. It led to the challenge that we made to the members of the Congressional Black Caucus, that we can't afford to just voice a lot of rhetoric—pontificate, as you say—on this issue. There has to be a concrete set of proposals out there.

It was your comments that really led, as directly as anything I can think of, to the creation of the Congressional Black Caucus's bill. Because nobody was stepping forward with a viable, comprehensive alternative that really looked at the whole range of issues that were out there.

And so, I appreciate—I want to express publicly my thanks to this gentleman for his—

Mr. LAFONTA. Well, I am glad you took it as constructive criticism.

Mr. WATT. Absolutely.

Mr. LAFONTA. I have done the same thing with the State of Louisiana, and I haven't had as great a response. So I am glad, you know, that you definitely took the ball and ran with it.

Mr. BAKER. The gentleman's time has expired. But Mr. Isaacson, did you care to comment?

Mr. ISAACSON. No, I have taken very seriously the Congressman from North Carolina's bill and was reading it. And I just want to say to you, first of all, I appreciate it, and we appreciate it, and we will look at it, et cetera.

And obviously, there are things in the bill that if we could have them both or have them all, it would just be wonderful. We have always asked for more than we could possibly get.

Obviously, if we got $250,000 retroactively for homeowners, this would just be a great solution. I will look at everything else you have, which is, you know, the home program for $1 billion, et cetera. This is all good.

That said, when I was talking a couple of weeks ago to the Small Business Committee in the Senate and they were exercising the good oversight, they had three different competing measures, and everybody said, "Well, I'm not going to go for this one while this one is there because you've got to have them both," and we never got anything. And it was a disaster, and businesses are dying.

I know you're not suggesting that. I am just saying that sometimes the perfect is the enemy of the good, and sometimes—if this bill is going to pass, let's not do anything to slow it up, even if this would be a nice complement to it, because I get astonished when I come up here, where people do have maybe better ideas, but they slow down ideas that are something we really need. So just don't slow us up. Thank you.

Mr. BAKER. The gentleman's time has expired. Mr. Shays?

Mr. SHAYS. Thank you. I would like to weigh in on this as well and just say what I like and what I do not like.

What I didn't like was to see a huge breakdown of government officials that I thought needed to step up to the plate on the local, State, and Federal level. I was embarrassed for my country, particularly Mr. Brown and his failure to recognize that his technicalities about what he legally could do meant that literally hundreds of people probably died. That's my view.

I was appalled to see a mayor that, frankly, just said what would he do differently, and he said he would yell louder. I think he's doing something differently now, and he's not yelling louder. And I like that.

And I was appalled by a Governor, frankly, that didn't realize that she had to make some tough decisions and not keep delaying them.

Having said that, I can put that all aside; I can put it all in the back and say, "Where do we go from here?" And what I like is that all of you are recognizing that we can be very helpful; we can accomplish more together and that if you all can be clear what you want, and what you need, and how you get it, you make it more likely.

What is, for me, a hollow, hollow effort to help people is to suggest that people could buy into insurance for 10 years when they didn't buy into it 10 years ago and then have insurance. To me, it's like waiting until you got into an automobile accident to then buy insurance or waiting until you're sick and then buying insurance. It just is absurd to me. I can't get beyond the absurdity of it.

But what I am struggling with is to understand what we deal with, in terms of such a large group being blown apart by a biblical storm. To be in Mississippi and to realize that 10 miles in they had 20 feet of water when never had any water, 20 feet of it. And I saw it.

And I will affirm what all of you have said. To go there is to recognize that you have to cut everyone a lot of slack. Because the challenges that confront you are unbelievable. Unbelievable. I don't even know what you do with all the debris. I don't know where you

put all the debris. Where are you going to put it all? I don't know. I can't imagine how long it's going to take you to just clean up, to get sites ready. And that's why I like what my chairman has put forward.

I was thinking, as I was flying over by the—in the helicopter in New Orleans, I thought, "Well, if I owned a house there and I had the resources to fix it up, if I fixed it up, next to me is just a swamp of houses that are totally destroyed." So you all are on the right track, I think, with the chairman, my chairman, with suggesting that you have got to guarantee that you can fix up the—that your neighbors will basically—or somebody else—will fix up whatever is next door to you. However you achieve it, it seems a logical thing to suggest.

What I would love to know is how are we protecting people? It reminds me, during the Revolutionary War, soldiers were paid in paper dollars. And the paper dollars tended to have no value. Alexander Hamilton said, "They're going to have value because to not have value means that there is no real basis to have commerce in our country." And so, ultimately, we gave value to those dollars. But before then, people sold them off a penny on a dollar or less.

What can we do and what are you doing to make sure that people don't panic and sell their property for less than it's worth, even if it's worth something on the dollar?

Mr. BAKER. Whoever chooses to respond, please.

Mr. ISAACSON. Why don't you start, and I have something I wanted to add—

Mr. BATT. There are a couple of things, or a few items, that need to be addressed first and foremost. And first and foremost is the levee system. The people need a commitment that they're going to be built properly and they will be structurally sound.

The 17th Street Canal, which flooded most of District A, was construction flaws and design flaws. Everybody is aware of that now. Those levees were not topped. It wasn't from storm surge. They were built badly. It was human error. As a result, 70,000 to 80,000 people in my district are displaced and—

Mr. SHAYS. How many homes in your district does that represent? About 70,000 homes?

Mr. BATT. Thereabouts, yes. Maybe about 50,000. Homes ranging in value—

Mr. SHAYS. 50,000 homes?

Mr. BATT. No, no, no, excuse me. About 25,000 homes.

Mr. SHAYS. Right, right.

Mr. BATT. But homes ranging in value from—anywhere from $75,000 to $100,000 all the way to $3 million.

Mr. SHAYS. Right.

Mr. BATT. My district runs the gamut in—

Mr. SHAYS. So one thing is to guarantee that levees can be—

Mr. BATT. No one is coming back if those levees are not put back in shape.

Mr. SHAYS. You're talking about the coming back part. How about just helping me understand how you—and what you're talking about is important. But just first off, how you stop the hemorrhaging of people panicking and saying, "My house isn't worth anything. Someone is going to give me $10,000," and so they just

unload it. Is there any thought on how we're dealing with that issue?

Mr. BAKER. And I hate to interrupt, but that will have to be the gentleman's last question. I have been informed we will expect votes some time around 1:20 or so, and I want to make sure all members present get a chance to ask questions, so this will be the gentleman's—

Mr. SHAYS. Well, then, let me just throw on the table and maybe you all—

Mr. BAKER. Yes, sure, just please respond to the gentleman's question.

Mr. SHAYS. Just—there is two things. One is how people don't panic, and the other issue that I would love to have addressed is is there an anticipation on the part of all of you—maybe that's the question I really want you to answer—that people will be held harmless, or do you anticipate and expect, given resources, that people are going to have to absorb some of the loss themselves?

They didn't have insurance; they're not going to have some magical thing happen where people step in and fill in the gap.

Mr. ISAACSON. Let me speak to that. First of all, no, we're not going to be held harmless. We're going to have to—no, we're not going to be held harmless. We're going to have to work really hard and all of us have lost a lot of our family savings. And we just need some partnership here, which is what this bill gives us. It doesn't try to say you can buy into insurance and get everything back when you didn't have it, et cetera.

And if you were down there this past week, like I was, and we were all looking at our neighborhoods saying, "Don't panic, don't sell out, we're going to be back," everyone is working real hard and just borrowing dollars all over the place trying to make sure they can get the houses back.

So this is a joint effort. We are going to show you how hard we can work, but this bill preserves it.

Mr. SHAYS. Right.

Mr. ISAACSON. On your second part, the don't panic thing, first of all, this bill is the best thing to help us not panic. If we know this is coming down the pike, it's going to help.

Mr. SHAYS. Fair enough.

Mr. ISAACSON. Secondly—and this is what Jay Batt said, which I was going to say, but I will reiterate, which is we set our priorities after we first threw everything on the table—and probably lost some of our credibility—and said, "Okay, let's set our priorities."

Priority one is a good levee system. That's going to keep people from panicking, as well. As long as we know those levees are going to be built back, that—we got to say it over and over again, we need your help there. Because we can be—you know, we can all put our elbow grease and our own personal dollars—

Mr. SHAYS. Good point. And I—

Mr. ISAACSON. We can't fix the levees. That's a Federal—

Mr. SHAYS. Basically, you're saying Mr. Batt was really answering my question.

Mr. ISAACSON. He's exactly right. And then, thirdly, small business loans. You need to get the businesses back. Now you talked about FEMA being an embarrassment, and Michael Brown, and I

admit that up and down the State, from the lowest level to the top, we all didn't react—we were honest; we were good, but there was some lack of decisive leadership. You saw that in some places, as well.

That's happening right now in the SBA. You're talking about the founders. The founders gave you oversight authority. You're seeing a slow motion FEMA disaster happening now, where people are panicking because nobody can get the 90-day emergency bridge loans they need. That's the third thing we need to keep people from panicking.

And finally, we're not going to panic, because, believe it or not, New Orleans has an amazing magnetic attraction. People like me, people like my family, everybody you have met—it's not like any other city—people are going to want to come back and make it work.

Mr. SHAYS. Let me just say—

Mr. BAKER. The gentleman's time has expired.

Mr. SHAYS.—my constituents want to help you all. And with that kind of attitude that all of you have, you're going to get a lot of help.

Mr. ISAACSON. Thank you so much.

Mr. LAFONTA. Can I just say one—

Mr. BAKER. The gentleman's time has expired. I need to go to Ms. Carson, if I may.

Ms. CARSON. I will be extremely brief. I was trying to discern whether or not underground, in Louisiana, there is sufficient know-how and manpower to rebuild the city. Reminds me of Charles Dickens's "A Tale of Two Cities." Do you have people there, living there, available there, who can begin the reconstruction process of a city?

And then, secondly—and I don't want to cause any trouble, because that's my middle name—FEMA. Should FEMA be allowed to run its course? I realize any entity, agency, has its mistakes to make. But when I read where they were telling those people they had to get out of the hotels, they apparently don't know what their mission is, in my opinion.

Because I'm in the abstract now, and I admit that. Are you at liberty or are you apprehensive about criticizing FEMA in terms of how it's responded and what it plans to do now? If not, I will understand it, and won't regard that as being disrespectful.

Mr. LAFONTA. Well, and I want to kind of pull in what I wanted to tell Congressman Shays. My perspective is from somebody who was not indecisive. I come from a group of decisive black leaders who when the flood hit, we got buses and trucks and everything we could get our hands on to get people in and out of the city and deploy folks.

And my position is also that I'm not really politically afraid of any group or whatever. I didn't get here because I made a lot of friends. I ran against the whole organized machine to get in.

So my thing to you is I do think that the FEMA situation needs to be revisited. I mean, if that's a political statement. I think it's terrible when we were coming in and out of New Orleans to get people out, that they had trucks that weren't deployed, they had buses that weren't deployed. Now we got people who were put in

hotels that they're about to kick out. I mean, you're giving us a bunch of solutions to do what?

I mean, what immediate actions—if you're an emergency management association, if you're dealing with a large scale problem and you have immediate problems, why aren't we addressing those problems?

Just to give you a personal story, I have had friends who have taken 2 to 3 months to receive a $2,500 check or a $2,000 check. Or I have had people who had several—because in New Orleans, a lot of family people live together, but they're like a lot of adults that live in the one household. But then when the flood came, those adults kind of broke up and went to other States, so some folks went 2 months without getting any Federal assistance to help tide over.

My district ranges from the French Quarter to Dillard University. I've got five historic districts. But in all of it, I have a lot of minority population. I have got 70 percent of my district is minority folks that are struggling.

And I'm not going to get in any political wherewithal up here, but I do think that FEMA needs to be revisited. Because if it's set up to help folks like me and my family and my community, then we've got a big hole in it that needs to be patched.

Mr. BAKER. And if the gentlelady would yield on that point, just to add a bipartisan view, the entire Louisiana delegation has deep concerns about the FEMA operation. We all have our own stories. We share the sentiments of the gentlemen at the witness table, who are being very gentlemanly in their comments. It was a disaster.

Ms. CARSON. It still remains a disaster, it appears.

Mr. BAKER. I am very interested in seeing some of those unspent, uncommitted funds be diverted into helping the corporation and the CDBG effort get funded quickly. We need to wind FEMA down, get them out of town, and have alternative resources deployed as quickly—

Ms. CARSON. You need legislation to do that, Mr. Chairman?

Mr. BAKER. Well, I am hopeful that, working with Mr. Watt and others, that we can come to some resolution. But, yes, we do. We need to get something done pretty quickly, too.

Ms. CARSON. I yield back, in deference to my other—

Mr. BAKER. I thank the gentlelady.

Ms. CARSON. Thank you.

Mr. BAKER. Mr. Green?

Mr. GREEN. Thank you, Mr. Baker. And I thank the chairman and the ranking member for holding these hearings. I was born in New Orleans, Charity Hospital, have a great affinity for the city and the people.

I did return, and I was with Senator Ed Murray. We toured the entirety of what I believe to be the most devastated area, including the Lower Ninth Ward. I think that, without question, New Orleans will come back. The question is, who will come back to New Orleans? And how do we do the right thing such that people who have an affinity, who were there when Katrina hit, such that they have an opportunity to come back and experience again the New Orleans that I know, and I love?

A lot has happened prior to your arrival. A lot has been said. Some of the things that were said I wish people would retract about various pieces of legislation because I think that we have two good pieces of legislation. And we ought to try to get the best from both. We really ought to try to do that. I don't think that's impossible.

But when people use some of the language, some of the diction has been less than superb. Some of the diction does not appeal to people who love Louisiana and New Orleans and who want to see it come back.

So I am asking, first, that we tone down the rhetoric, to the extent that we can. And I know that I am to be terse, and laconic, pithy, and concise, but I do have to make a couple of more comments, if I may.

We did the right thing after 9/11. We spent billions, but we did the right thing. I don't have a problem saying that. We did the right thing when we bailed out the savings and loan associations. It's time to do the right thing with Louisiana, Mississippi, and Alabama. And doing the right thing requires that we do more than give property owners certain rights and privileges.

Many of the people who were born and reared in New Orleans never owned property. They never had a fee simple to anything other than a legacy of poverty that many of them inherited. If we want to do the right thing, we have to find the methodology, the means, and the will to give those people an opportunity to come home, too. It was home to them before the hurricane. There is no reason why it can't be home to them afterwards.

So as I peruse this legislation, I am looking to see how can we tweak it, if you will, such that we can give persons who were born and reared, but never owned property an opportunity to come home to New Orleans. I thank you for the time, Mr. Baker.

Mr. BAKER. I thank the gentleman.

Mr. GREEN. I yield back.

Mr. BAKER. I thank the gentleman. Mr. Cleaver?

Mr. CLEAVER. Thank you, Mr. Chairman. Let me, first of all, just express some dismay and some embarrassment. Had this hearing been held 2 months ago, all of these seats would have been filled, all of those seats would have been filled, TV cameras would have been hanging over the rooftops. And it shows that Congress, and perhaps even our country, is suffering from Attention Deficit Disorder. We just can't maintain our attention on anything for an appropriate amount of time to solve the problem.

This is unbelievable. Unbelievable. I think everybody is connected with New Orleans. My son, a student at Dillard University and proud to say he was the starting point guard for Dillard and the captain of the basketball team, he made it out, home. I feel very strongly about New Orleans, which is why I had some problems with some of the statements made earlier, which I won't get into.

But I am a former mayor. I think my city was about the same size as New Orleans. Almost a half-million people. And so, when you start talking about an authority, it gets my attention. When you start talking about community development, block grants, it gets my attention.

I mean, with an authority, not only the appointment process bothers me, but does the authority have bonding capacity?

Mr. BAKER. If the gentleman would yield?

Mr. CLEAVER. Yes.

Mr. BAKER. You talking about H.R. 4100; is that your inquiry, sir, the bill under consideration today? Does that have bonding authority?

Mr. CLEAVER. Yes.

Mr. BAKER. The corporation itself does not. Technically, what it does is sell shares of stock to the U.S. Treasury. The U.S. Treasury, to pay for those shares of stock, issues long-term public debt, guaranteed by the full faith and credit. And the reason is to get us out of the appropriations cycle here and to allow the Treasury Department to get debt issued year over year for the long-term resolution. So, the short answer is yes, but that's how we do it.

Mr. CLEAVER. Okay. I was concerned about trying to rely on the full faith and credit of New Orleans.

Mr. BAKER. No, sir. It's been acknowledged that both the city and the State are already having some credit impairment, and their ability to sell debt into the markets would be at a very high rate right now. So that's why it's U.S. treasuries.

Mr. CLEAVER. Okay. So if we are able to get some kind of sizeable community development block grant, it would go to the authority?

Mr. BAKER. It's my position at this time. I have suggested and I think the chairman of the authority has indicated he would like to see that.

The community development block grant piece is not technically a part of the bill. I delivered a copy of it to Mr. Frank today, and I have asked for his consideration to make it part of H.R. 4100. If we did, then I would propose to have it sent to and be received by the authority for their use.

Mr. CLEAVER. Yes, because with CDBG dollars, there are certain requirements.

Mr. BAKER. Yes. And in lieu of going to the Governor, as is the usual practice, with the Governor's understanding I am told, it would go to the recovery authority in this case for this purpose.

Mr. CLEAVER. Well, no. The community development block grants from HUD will go directly—I mean, they go directly to the cities. They don't go to the Governor unless they are second class cities. The smaller cities make applications on a competitive basis with the State.

But New Orleans and Baton Rouge, the money comes directly into them.

Mr. BAKER. In this case, because we're talking about a significant rural component beyond Orleans—and this, really, the CDBG program that is contemplated, is even beyond Louisiana. It's the whole Gulf Coast.

So in the Louisiana case, all funds would go to the recovery authority. In other States, the regular order would apply. So only in Louisiana would we follow this procedure to coordinate the recovery authority's ability to redevelop. That's the reason in Louisiana.

Mr. CLEAVER. Good.

Mr. BAKER. So whether it's a small community or a big community, it would go—at least under current discussion; and this is all open to the gentleman at the witness table to advise us—but as contemplated at the moment, it would go to the recovery authority, to have a consolidated recovery plan.

Mr. CLEAVER. Okay. So we will have to suspend some of the CDBG requirements.

Mr. BAKER. Yes, that's correct.

Mr. CLEAVER. One of them is, you know, the—we would probably have to suspend—which creates trouble, which means that there is an annual—as you know, Councilman—you have to have annual hearings on the community development block grant. And in some cases, those hearings are held in various parts of the community and—which I'm assuming won't take place, which goes back to the whole issue of the appointment of the authority.

I don't want to take a lot of time. I have a lot to say and a lot of questions to ask. I am extremely concerned—I mean, we voted on—we had a bill before us yesterday, and it was voted on yesterday, that the problem is we have entered a situation where we have a concert and then we try to tune up the instruments. And I'm not a good musician, but I mean, basics would be tune up the instruments and then have the concert, which—we did it just the opposite here.

The Member of Congress representing New Orleans has not signed off on this legislation. As a former mayor, in our city we practiced what was called legislative courtesy.

In other words, if we were entertaining something for a particular council district and that council district representative was not on board, the chance of that being approved were almost nonexistent, even if some of us felt strongly about it. We were not going to push something in someone else's district that they did not want, or move things around, or appropriate dollars. It's a process that is practiced probably in most cities—I would imagine New Orleans has the same kind of operation.

And Congressman William Jefferson, I spoke with him maybe an hour-and-a-half ago, said that he had not signed off on this legislation. And I am just one person, but it's going to be extremely difficult, or monumentally difficult, for me to support this without him supporting it. And I would try to discourage others from voting for it unless, of course, Congressman Watt advised me otherwise.

Because, I mean, I think that the interest in what goes on is high. And I don't think that we should put legislation in place without, you know, having dug deeply into all of its components.

And I do believe that the Watt amendment had some components that are not in H.R. 4100.

If I could ask you a question—this sounds off the track, but do any of you have any idea what the African American population is of San Francisco?

[No response.]

Mr. CLEAVER. I checked just before I left. I was right. It's three percent. Three percent. That used to be significantly higher. But poor folk can't live in San Francisco and so the population for African Americans, being the lowest of the income groups in San Francisco, it is gone.

And one of my fears about New Orleans is that I don't see anything in any of the legislation or anything that I have heard or read to this point that moves against the possibility of gentrification. I mean, there ought to be a gentrification barrier. There ought to be something in place that would halt gentrification.

And if the rumors are true, which is that people are coming and buying huge tracts of land, I fear that one of these days I will be able to refer back to this day and say that I cautioned the leaders about the possibility of gentrification occurring in New Orleans. And it troubles me deeply.

Mr. BAKER. Would the gentleman yield, just on one point?

Mr. CLEAVER. Yes, sir.

Mr. BAKER. I appreciate your courtesy. I just want to point out that the affected area for the implementation of H.R. 4100 is, in fact, broader than Congressman Jefferson's district. It does include Congressman Melancon's district, and he has signed on.

And I am in discussions with Mr. Jefferson, have been. He has indicated—he has enumerated about five issues which he has brought to our attention, and we are trying to work resolution on that matter, with sensitivity to your point.

I only ask, in return, that if the Louisiana community comes together, we continue to observe that rule. Thank you.

Mr. CLEAVER. Let me just conclude. We have a bill that I happen to feel strongly about, which is the CBC Watt amendment and then, of course, H.R. 4100, which has some significantly good and proper components.

And I found that there are two sides to every question, as long as I am not personally concerned with it. And so, to me, even though there may be two pieces of legislation, I am concerned with the issue and with the legislation. And so, I appreciate the opportunity, Mr. Chairman, for the work that you have done. I don't discount that, and I don't, you know, throw arrows at it. But for me, Congressman Jefferson has to say, you know, "This is something good."

I just think that it would be—I would not want him to come into Kansas City, Missouri—or anybody—and vote to do something that I am not supportive of.

Mr. BAKER. And I certainly share the gentleman's sentiment, and that's exactly my appeal, that if we, as Louisianans, can come together with something that is publicly defensible and meets reasonable standards, then we would hope the Congress would look on it as an acceptable path.

And I think members from the Orleans area have some decisions to make, and it will be clearly difficult, I'm sure. But we are going to all look to them to do what's necessary in this case. And I appreciate the gentleman's comment.

Is there any further comment by any member at this time?

[No response.]

Mr. BAKER. If not, I know that votes are imminent, and we have detained our guests beyond the agreed-upon hour. Let me express to each of you our deep appreciation for making the effort to come forward, express your views, and we would welcome any comment

you choose to make about any pending matter before the Congress relative to the resolution of the Katrina difficulties.

Mr. WATT. Mr. Chairman?

Mr. BAKER. Yes, Mr. Watt?

Mr. WATT. I just want to reiterate an earlier question because I did specifically ask each of the witnesses to review the other bill, which number I keep forgetting—4197—and to let us have their written comments about it. That would be very helpful.

Mr. BAKER. Yes, that clearly is on the record, and there, I'm sure, will be other questions from members who, unfortunately, had to leave the hearing before being recognized.

But again, our deep appreciation for your courtesy and your comments here today. Our meeting stands adjourned.

[Whereupon, at 1:31 p.m., the committee was adjourned.]

A P P E N D I X

November 17, 2005

Opening Statement

Chairman Michael G. Oxley

Committee on Financial Services

H.R. 4100, the Louisiana Recovery Corporation Act
November 17, 2005

Good morning. Today we consider H.R. 4100, the Louisiana Recovery Corporation Act, authored by Capital Markets Subcommittee Chairman Baker to assist in the rebuilding efforts of the Louisiana areas devastated by Hurricanes Katrina and Rita.

First, I would like to take a moment and assess the active role this Committee and its members have undertaken in the hurricane relief efforts.

Upon Congress's return after the August recess and just days after Hurricane Katrina ravaged the Gulf Coast region, the Committee held a briefing to gauge the response of financial services companies and industry regulators to the hurricane's effects and the needs of the impacted community. The following week, the Committee held a briefing on the response of the insurance industry to Hurricane Katrina. And just this past week, the Capital Markets Subcommittee hosted a briefing on the insurance industry's response to Hurricanes Katrina, Rita, and Wilma.

Under the leadership of Chairman Ney, the Housing and Community Opportunity Subcommittee held three hearings and briefings on the national flood insurance program and the critical housing needs of the hurricane-ravaged areas.

In addition, the Housing Subcommittee has shepherded needed relief legislation to the House floor. The first week after the August recess, the House unanimously approved H.R. 3669, the National Flood Insurance Program Enhanced Borrowing Authority Act, introduced by Subcommittee Chairman Ney, Subcommittee Chairman Baker, and Congresswoman Brown-Waite to temporarily increase the borrowing authority of the National Flood Insurance Program to pay Hurricane Katrina-related claims.

Yesterday, the House passed similar legislation, H.R. 4133, the National Flood Insurance Program Further Enhanced Borrowing Authority Act, introduced by Congressman Fitzpatrick and passed in this Committee in late October to enhance borrowing authority for victims of all three hurricanes which have devastated the Gulf Coast region.

In addition, yesterday, the Committee passed a much-needed bill to reform and strengthen the National Flood Insurance Program, H.R. 4320, the National Flood Insurance Program Commitment to Policyholders and Reform Act, introduced by Ranking Member Frank and me.

In early October, the House passed three bills providing direct housing relief to survivors of Hurricanes Katrina and Rita: H.R. 3894, the Hurricane Katrina Emergency Housing Act, introduced by Congressman Alexander; H.R. 3895, the Rural Housing Hurricane Relief Act, and H.R. 3896, the Hurricane Katrina Emergency Relief CDBG Flexibility Act, both introduced by Capital Markets Subcommittee Chairman Baker.

On October 26, 2005, the House overwhelmingly approved GSE reform legislation, H.R. 1461, the Federal Housing Finance Reform Act, which included a housing fund provision granting priority to affordable housing proposals in hurricane-affected areas.

In mid-September, the Financial Institutions and Consumer Credit Subcommittee held a hearing focusing on legislative relief to aid hurricane victims' access to financial services. The testimony and discussion generated at this hearing provided the impetus for the consideration of three more financial services relief bills. On October 27, the House passed unanimously H.R. 3945, the Hurricane Katrina Financial Services Relief Act, introduced by Subcommittee Chairman Baker to provide relief to financial institutions affected by Hurricane Katrina.

That same day the Committee passed by voice vote a similar bill covering Hurricanes Rita and Wilma-affected institutions, H.R. 4146, Hurricanes Rita and Wilma Financial Services Relief Act, also introduced by Subcommittee Chairman Baker. The Committee also passed by voice vote H.R. 3909, the Hurricane Check Cashing Relief Act, introduced by Congresswoman Brown-Waite to reduce financial difficulties for hurricane victims devoid of personal identification and financial records and with limited access to financial services.

These are the efforts this Committee has undertaken over the past few months. Our work, however, does not stop here. I promise that this Committee will continue to help lead recovery and rebuilding efforts.

In closing, I would like to commend my fellow Committee members for their diligence, compassion, and bipartisan spirit in crafting relief for the individuals and communities who have suffered the effects of these devastating hurricanes.

I look forward to hearing from the witnesses their views on Mr. Baker's relief proposal, H.R. 4100, the Louisiana Recovery Corporation Act.

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Testimony of New Orleans City Councilmember John A. Batt
U.S. House of Representatives Financial Services Committee
November 17, 2005

Mr. Chairman, it is an honor to appear before you today in support of Congressman Baker's bill HR 4100, the Louisiana Recovery Corporation. My name is Jay Batt and I am a business owner and a member of the New Orleans City Council. I would like to thank Congressman Baker for inviting me here today to discuss the extremely difficult situation we face in the City of New Orleans and to explain why I think that the Louisiana Recovery Corporation is essential to bringing back the City of New Orleans.

Now, I know that all of you watched as Hurricane Katrina hit the City of New Orleans and saw the pictures of the man-made levees breaching because of faulty construction, flooding eighty percent of the city, leaving over 350,000 people hurricane homeless. It has been said that New Orleans greeting "Where Y'at" has been replaced by "How's ya' house". Who are the hurricane homeless? Many live in my council district, in neighborhoods tourists rarely venture to - in neighborhoods like Carrollton, Faubourg-St. John, Hollygrove, Mid-City and Lakeview. They are police officers and physicians, lawyers and teachers, firemen and engineers, businessmen and union members – they are the hardworking middle and upper middle class glue of our great city. They represent over one third of the tax base of the city of New Orleans. They are the people who bring you Mardi Gras and Jazzfest. On any given weekend you can see over 3000 kids playing soccer with the Carrollton and Lakeview Soccer Associations, watch throngs of teenagers heading to the St. Dominic's CYO events and see empty nesters tending their yards for

the Lakeview garden of the month contest. Whether newcomers or 7th generation New Orleanians, they love their city and long to return. After a lifetime of hard work, they never dreamed they would be hurricane homeless – and they want nothing more than to get their piece of the American dream back. Now, you are probably still sitting there wondering who these hurricane homeless people are – what do they look like, how do they dress, are they anything like me… will I ever meet one. You already have. I'm hurricane homeless.

Hurricane Katrina pushed 9 feet of water into my home in Lakeview which sat there for two weeks. As you can see from the photos, it turned my lush green backyard into a barren brown wasteland. It destroyed the contents of my home which was covered in mold after two and a half weeks of water and rendered my entire neighborhood unlivable at the present time. My story is not unique, it is the norm. Pam and Kevin Lair lost their home when the 17th Street canal breeched in their backyard; they also lost the 9 employee neighborhood mortgage company they had worked for five years to build. Ilene and Mario Simoncioni, a disabled couple who own rental properties, lost all of their property and their income. Vicki and Steven Sobel, parents of pre-schoolers, lost their home while Steven in the hospital was receiving his first round of cancer treatment. All that we want is to be able to rebuild our homes and our neighborhoods, but that is a difficult proposition because each homeowner is faced with a different situation – some have flood insurance, some do not. Some have a business or a job to return to, some do not. As you hear the stories as I do every day, it is clear that a vehicle is needed to relieve homeowners of the immediate burden of their loss and assure those who want to

rebuild that they will be able to without fear and uncertainty over what their neighbors will do.

Congressman Baker's Louisiana Recovery Corporation is the only sensible solution I have heard of that will let people who can rebuild with confidence while allowing those who cannot to be compensated for their loss and have their mortgage paid off. It will prevent a wave of bankruptcy filings from underinsured, unemployed homeowners and give those individuals the first right of refusal to repurchase in their old neighborhood once they are on their feet again. The Baker Bill is not eminent domain, rather, it gives homeowners four great options: they can sell outright to LRC, they can sell to LRC with a special option to repurchase, they can partner with LRC to clean-up their property or they can do nothing at all. With these four options, I feel confident that people will be able to make the decision that is best for them in a timely manner. It will encourage historic preservation in one of America's most historic cities because those properties will not become blighted, instead they will be saved. Banks will be relieved of the burden of foreclosing on thousands of properties. By using U.S. Treasury bonds which will be paid back by private investors, it is a fiscally responsible vehicle to provide relief to the victims of Hurricanes Katrina and Rita.

As a City Councilmember, I am constantly faced with zoning decisions and the decisions I will be faced with in the aftermath of these hurricanes concern me. I need to know the status and outlook for each of our beloved neighborhoods. By quickly determining the direction homeowners are taking in each of New Orleans' neighborhoods, the Baker Bill will allow for master planning and effective community redevelopment. Without the Baker Bill, we risk becoming a wild west of opportunistic

house flippers and fly by night developers who create an incoherent hodgepodge of a city. New Orleans neighborhoods have always been what city planners across the US are striving to achieve: traditional neighborhood developments. Children can walk to school and to the corner store to get a popsicle. Families walk to church on Sundays and to local restaurants at night. Neighbors meet over coffee on their front porches. We want our neighborhoods to be rebuilt in this manner - but better than ever.

On behalf of all Louisianians, I urge you to look into your hearts and answer this question: When a major city in the country has been destroyed shouldn't we seize the opportunity to rebuild it better than ever? I urge you to pass the Baker Bill, the Lousiana Recovery Act, and give our citizens the second chance at the American Dream they so desperately need.

Appendix: Letters from Lakeview

These letters were e-mailed to Councilmember Batt's office and are requested to be included in the official record of this hearing.

Letter 1: Charlene Mora

November 14, 2005

Dear Congress:

I am an older lady that spent my career in service to others. I worked as a school teacher and for local government. I never made much in the way of a salary.

I moved into the Lakeview area of New Orleans on September 1, 1958. My family and extended family called Lakeview home. The only real financial security I had was the equity in my home. I had planned to retire on it.

I pay my bills and I had insurance. But I never expected a total loss of my home due to flooding. I always knew the levee could fail but I never realized the consequence of that would not only be a loss of my home but a loss of my community and city. It is as if New Orleans went through a war and lost. All is lost. Nothing is worth what it was just a few weeks ago. I do not recognize the world I live in now.

If I were a young person, I could start over. But I am at the end of my career and the end of my healthy productive years.

My 82 year old father lived down the block. His home was destroyed. I have to take care of him now.

My brother is one of the heroes of this event. He was on duty as a New Orleans Firefighter during Hurricane Katrina and saved many lives in his boat the following days. He lost his summer home in Florida last season to Hurricane Ivan and his home to Hurricane Katrina. He has nothing left. His children and his wife now live in another state where her job transfered her. He stayed at his job and continues to help this city. He is waiting for a FEMA trailer but has no idea where he will live after that runs it course. He is 53 yrs old.

Please do something to help us rebuild our lives and recover financially. Please Please Please.

I want to rebuild. I want to be a part of the rebuilding of a better New Orleans. The world I lived in does not exist anymore. I am afraid of my financial future. I do not want to live a lifestyle of dependency. Please help me recover my losses. Pass the Baker Bill.

Thank you,
Charlene Mora

Letter 2: John Haspel

November 15, 2005

Distinguished Congressmen & Congresswomen,

I have been a life long resident of New Orleans. I resided at 5551 Cherlyn Dr, New Orleans, LA. until I was forces to evacuate due to Hurricane Katrina.

My family and I would like to return to New Orleans, however we have many concerns. First, do we rebuild our home or buy another within the city only to go through this again next year. Katrina exposed a seriously flawed levee system. Secondly, is the environmental condition, and in particular the air quality of the city a safe place to live and raise children? We are concerned that accurate information is not being disseminated to the public.

Another dilemma that many people are confronted with is the loss of equity in their home. The fact that people have to continue to pay on a mortgage on a house that they can no longer inhabit, and will only receive claims against their flood insurance, which in most cases does not cover the full extent of the damages. A fact that makes this hard to accept is that the flood was caused by a flawed levee system.

Currently, I am in the process of opening up business in the New Orleans area and I am very concerned about finding qualified employees. I have come to understand that this problem exist because of the lack of housing for employees. This seems to be a vicious cycle, people are reluctant to return without services and business open, and without people and housing business can't and won't open.

To sum up, I believe that the problems that confronts New Orleans and the Gulf Coast are unpresidented and requires the help from Washington D.C. Please help us.

Sincerely,

John Haspel

Letter #3: Paul Sterbcow

November 14, 2005

Members of Congress:

I am a lifelong Lakeview resident, married with 3 children, ages 14, 11 and 22 months. Prior to Katrina, Lakeview was a model American neighborhood. A mixture of upper, upper-middle and middle class families, young and retired, the neighborhood is situated in Orleans Parish between downtown New Orleans and the surrounding suburbs. Many residents were second generation in the area. It's streets are lined with beautiful oak trees. It had a vibrant and diversified religious community. Large Catholic, Methodist, Lutheran, Episcopalian and Presbyterian churches, and an orthodox synagogue, are located within 2 miles of one another. It had a large neighborhood playground, supported by neighborhood families, that provided excellent athletic programs year round and was a feeder for the city's best high school athletic programs. It provided a sound and substantial tax base for the city. It was clean and crime free. It never flooded in heavy rains even when other parts of the city were affected. Working families who chose to stay in the city and raise their kids rather than flee to the surrounding parishes called it home.

All of this changed on August 29. The levee that was supposed to protect us failed DUE TO HUMAN ERROR, not the hurricane. Had the levee been designed and built properly, the vast majority of residents would be back in their homes. Now, the neighborhood has been left in ruins by salt water and it's contents. Homes had 4-10 feet of standing water for weeks. I had a little less than 8 feet of water in my home, which my wife and I purchased in 1989 and spent years remodeling and improving. The first floor, where my 3 kids' bedrooms, the kitchen, great room and computer room were located, was totally destroyed. My 14 year old daughter lost her clothes, school records and yearbooks, hundreds of childhood photos, religious articles and irreplaceable mementos of a wonderful life. In addition to his clothes, etc., my 11 year old son lost his prized baseball equipment and trophies to salt water that ate through them like a hot knife through butter. My kids cannot go back because the scene causes them to have nightmares. My story has been repeated thousands of times throughout the neighborhood, which remains without electricity, water and gas 10 weeks after the levee break. All plant life below the water line is dead and rotting. Although residents want to go home and in fact have returned to tear out the damage in their homes and try to protect their assets, we are very limited in what we can accomplish as individuals, particularly without utilities. Each passing day allows further rot and deterioration, and lessens the chance that we can bring our neighborhood back.

I respectfully suggest that every member of Congress visit my neighborhood and see the destruction firsthand. Although I have provided before and after photos, neither words nor photos can tell the true story. You must see, smell and taste the devastation. You must experience a place with no birds, squirrels or other sounds of life. Then, imagine

your neighborhood and your constituency in this condition. Any decent human being will be deeply moved and compelled to take action to help.

Please provide us with the help we need to rebuild. As the most powerful country on earth, we clearly are capable of accomplishing this monumental job. We are quick to rebuild cities and countries around the world, most notably Iraq, a country where many of the citizens hate America. Yet, the taxpaying, patriotic residents of Lakeview somehow must "justify" our need for substantial federal assistance. This is unconscionable and unacceptable. We are not looking for a welfare handout; if we receive the basic help that we need, such as a subsidy for a bankrupt utility company, a quick, decisive and competent levee rebuilding effort, trailers to allow us to return while we rebuild and bridging funds to help us with rebuilding expenses while we fight with out flood and homeowners insurance companies, we will rebuild our own neighborhood. If Congress ignores Lakeview, it is ignoring a model American neighborhood grounded in religious, family and civic responsibility. Lakeview needs and deserves the highest priority so that we can once again become a wonderful place to live and raise a family.

Paul Sterbcow

Lewis, Kullman, Sterbcow and Abramson

601 Poydras St., Suite 2615

New Orleans, LA 70130

Letter #4: Denise Brown

November 14, 2005

Dear Congressmen and Congresswomen:

Here is my Lakeview Story: We evacuated about 3 am. on Sunday morning. As you may recall, until about 2:00 on Friday afternoon, the National Weather Service was predicting that the storm would go to Florida. As you can see from the before photos, I tried to pick a few things up off the floor. My house had never flooded before, but a friend whose husband is an airline pilot called to tell me that this was the "perfect storm"--get out. I sandbagged the doors, taped the windows and left for Baton Rouge where we hotel reservations through Tuesday night.

At first, it looked as though the worst had passed through and Lakeview might be safe. A little while later we heard that the levee broke. I lived about 1.5 miles from the levee, near the Orleans Ave. canal. A neighbor, who stayed because her husband was on rotation at E.J., called and said we were fine until the levee broke and then the water rose 5 feet in less than 3 hours. A few hours later on CNN I saw helicopters rescuing people from the top of the bridge across the street from my house. On Wednesday night, our reservation expired. We'd made back up reservations at the hotel across the way, but the people there refused to leave. We hated to "squat" in the hotel room we had, but had no choice. We called the manager, told him our predicament and as luck would have it, he was able to accomodate us because the football game was cancelled and an executive order was passed so people wouldn't be turned out on the street. Try to imagine living in a hotel room for 2 weeks with 3 changes of clothes and everything you own in the back seat of your car, in a strange city where you get lost every time you venture out.

I'm one of the lucky ones. I got an apartment and my kids are in town. I know three families where the whole family has been split apart since Katrina. Mom was staying with me and working in Baton Rouge, Dad is working in Metairie, kids are in different schools, pregnant daughter in Tennessee---even the dog is staying with friends! Others are commuting almost 200 miles round trip everyday.

I saw my house for the first time on October 3. My children have no high school year books or pictures of their friends. My daughter, who is a freshman at LSU, said she just wanted to go home for a visit, but she can't. We had no winter clothes, no bathing suits, no toenail clippers, no bathrobe. I had no closed toe shoes, or sweaters or jackets for the first cool snap. Things that people take for granted every day. We didn't have trick or treat in our neighborhood this year, we won't have Thanksgiving or Christmas morning at home this year either. Unless Congress and the bureaucrats get moving, we won't have it next year either.

We just want to go home, but we can't until the levees are fixed and a new building code is issued so we can rebuild. Hopefully this will happen sometime before insurance

benefits run out for housing and the ICC deadline expires, but hope wears thin when our questions are answered with blank stares and red tape and an answer that is the equivalent "this isn't our job--call another agency".

Please try to remember that these are people's lives and homes. Before you vote against the appropriation for levees and rebuilding, try to imagine what it would feel like not to be able to go home tonight, or ever again. At lunch your house and community were there, and by dinner they were gone. Close your eyes and imagine that these are your children. They can't go back to their school and play soccer this year. That your pregnant daughter is in Tennessee about to deliver your first grandchild, or that this was your child's senior year of high school and they were competing for a scholarship. This happened to people just like you--not just a few criminals who were staying in the Superdome!

We have spent billions of dollars on a war in the Middle East and rebuilding several foreign countries, it is absolutely unthinkable that citizens of this country would have to beg for what our Congress gladly gives citizens of other countries.

Denise Langlois Brown
Corporate Counsel, Senior Vice President
Assistant Secretary
Hibernia National Bank

Letter #5 – Maria Eck Bullard

Dear Councilman Batt,

I understand that you will be testifying before the US House Banking Committee in support of HB4100, the Louisiana Recovery Corporation. I would like for you to share our story with them, as we call upon them to assist us in gaining the economic stability to facilitate returning to our community.

Without this guarantee of safety and level of comfort that a secure, sufficient and reliable levee system will bring, many of Louisiana's citizens and successful companies have relocated and will continue to relocate out of state.

My family lost our home in Lakewood South which was located on the 17th Street Canal, and we do not feel comfortable returning with our family to this or any part of the Greater New Orleans Area. Our 4 children knew no other home but New Orleans, but day by day, they are adjusting to their new life outside of the state. All of our memories are in our home, which is now destroyed. The memories most predominant now are the looks on our children's faces as we drove up to and looked through the windows of our destroyed home. Our home was a one-story, located on the 17th Street Canal Levee, and we lost literally EVERYTHING.

My husband was a pediatric dentist in the New Orleans area, but without the assurance of our family's safety, we will also not be able to bring our business back into the area. We also fear that without the assured safety from this type of preventable devastation, our patients will not be returning to the city either, therefore the economic feasibility of returning is bleak. We also lost all of his dental equipment and office, so we are hesitant to make the financial commitment to rebuild if we are not assured this level of safety and financial viability of New Orleans.

We love our home of New Orleans, and the future of our city and the entire area is depending on you to take some action and to ensure the safety and future of our families. If my children grow up outside of Louisiana because of this, the likelihood of them returning as adults will be greatly diminished, and that saddens us.

You hold the future of our state in your hands, therefore we call upon you for action regarding the community's safety and future.

Sincerely,
Maria Eck Bullard
Currently residing in Little Rock, Arkansas
(lifelong resident of New Orleans)

Letter #6 Vicki Sobel

Dear Members of Congress,

My husband and I purchased our home at 5239 Marcia Ave. in Lakewood South in April. We spent two months renovating it and moved in on May 30th, 2005 only to find out that same day that my husband had cancer. He was diagnosed with mutliple myeloma after a stay in the hospital earlier that month with pneumonia. He is only 48 years old and we have two small children, ages 5 and 2. This was a bit of a shock to say the least. So we researched and found that the best place for his treatment was at a facility in Little Rock. It is called the Myeloma Institute and has been a Godsend.

We were doing okay given the circumstances and had contemplated selling our new home because of the financial stress we were under. Then the phone call came. A friend called to tell us that a hurricane was headed straight for New Orleans. Of course, we figured we would be spared once again, but did have some friends board our house and move some things up to "higher" ground. By the morning of the hurricane, we felt that was the case. Then the levee broke..... we tried to think the best, but feared the worst.

We sat glued to our tv for weeks until my brother-in-law finally made it to our house on September 16th. He cried as he called me to tell me the news..... we had at least 5 feet of water in our home. It took a week or so for the reality to sink in. Then I had to prepare myself to return ALONE.

My husband cannot go anywhere near our home given his current state of health. I arrived the first week of October. I am sure people have said you can't really imagine what it's like until you see it in person. Well, that's true. You have to see it..... it's horrific. I spent a week trying to salvage anything, something, pictures, china, from my house. I felt fortunate compared to some of my neighbors. I got about 15 small boxes of stuff..... X-mas china, photo albums, knick knacks...things that wouldn't mean a thing to anyone else, but were so valuable to me. Then I made the decision to have the first floor of my house gutted because I had no idea what else to to.

I returned back to Little Rock with no time to spare. My husband underwent his frist stem cell transplant two days later. He's doing great, but the weight is on me to figure out what to do with our house. We are uncertain as to whether or not Steven can live there because of his illness. The best thing for us would be to sell the house, but so far, we've had one offer and it was too low. We owe a large amount on our home and we cannot afford to lose everything at this point. We are hoping and praying that someone, something will happen to help us out of this mess. As for now, I am planning on renovating my home. It will be a challenge. Renovating from Little Rock..... but I've come this far, I'm sure I can handle it!

I hope our story helps convey some of what people are going through. This has been a nightmare for so many of us. I hope we all wake up soon.....

Vicki Sobel

Testimony of Walter Isaacson,
Vice Chairman, Louisiana Recovery Authority
Regarding H.R. 4100, the Louisiana Recovery Corporation Act

Mr. Chairman and members of the House Financial Services Committee, I'm Walter Isaacson, a New Orleans native and Vice Chairman of the Louisiana Recovery Authority.

As the panel appointed by Governor Kathleen Babineaux Blanco to address the short- and long-term issues of the recovery, the LRA wants to work with the White House, the Congress and Louisiana's Congressional delegation to advance legislation on behalf of those who have suffered so extensively from Hurricanes Katrina and Rita.

I come to you as chair of the LRA's federal legislative initiatives task force to speak in support of the important concept behind the Louisiana Recovery Corporation. The magnitude of the rebuilding task in Louisiana is unprecedented. And no aspect of our state was more completely devastated than the homes where people lived.

Louisiana needs a smart and bold process to channel resources for the rebuilding of our state. I have consulted with a number of my colleagues on the LRA Board and its Executive Director Andy Kopplin on this legislation. We believe the concept outlined in the Louisiana Recovery Corporation Act has the potential to serve as an important enabler for rebuilding our homes and communities.

This bill deserves your prompt consideration. I thank Congressman Baker for his leadership on this issue. We look forward to working with this Committee and the Congress on this important legislation.

While many states were affected by Katrina and Rita, Louisiana bore the brunt of the these massive storms

* According to the American Red Cross, Katrina alone destroyed an estimated 275,000 housing units, nearly 10 times as many units destroyed by Hurricane Andrew. Over 200,000 of these units are estimated to be in Louisiana alone (three times the housing units destroyed in Mississippi).

* Nearly 90% of Louisiana's affected housing units are expected to be destroyed or badly damaged.

* 90 percent of Katrina's estimated $44 billion in flood and storm damage occurred in Louisiana (nine times that of Mississippi); 50 percent in New Orleans alone. (Source: AIR Worldwide estimates from aerial photos)

* Louisiana sustained 60 percent of the $39 billion in estimated insured losses by Katrina and Rita (2.5 times that sustained in Mississippi). (Source: ISO)

As you might expect, this level of devastation has created a financial disaster. Like many Americans, home owners in the affected communities had much of their personal wealth tied up in their homes. The value of those homes was inextricably linked to the richness of the communities in which they resided. For many homeowners, a life's work was washed away along with their prized neighborhoods. And along with their homes went the financial resources required to rebuild and carry-on with their lives.

This financial disaster has also hit hard our local community banks and financial institutions. These institutions extended mortgages and credit backed by the homes that were destroyed. These financial institutions – many minority owned and / or serving our poorest citizens -- face huge losses as a result of this disaster. These banks were and are essential to the economic life and vitality of our communities.

We need a vehicle to begin redeveloping our neighborhoods. To start this process, we need to provide liquidity through a standard process for property owners and banks. To finish the process right, we need to rebuild these communities consistent with the desires of state and local leadership in partnership with the private sector. A Recovery Corporation can provide the liquidity, the standard framework and process, and the partnership with the State and private sector to enable this redevelopment to begin in earnest.

The LRA was established to provide leadership for the state's recovery and rebuilding. Our Board is broadly representative of our state and the affected communities. We have established good working relationships with organizations and local governments in Southeast and Southwest Louisiana and have exchanged board members with Mayor Ray Nagin's Bring Back New Orleans Commission. In addition, the co-chair of the St. Bernard Commission is a member of our Board. We have pledged to work together with a common vision, and that's what we'll do.

An example of the LRA's leadership is the recent prioritization for distribution of the of $250 million in hazard mitigation funds. This federal resource will help us rebuild smarter and stronger.

Based on my interactions with many of these local and state leaders, I believe that to succeed a Recovery Corporation must follow several important principles:

* Partnership with the State through the LRA
* State and local involvement in the decision-making for redevelopment
* Consistency with State and local redevelopment plans and standards
* Individual choice by homeowners
* Market-based solutions
* Transparency
* Cost efficiency

HR 4100 meets many of these principles. We believe for the concept to succeed, the Recovery Corporation must embed as explicitly as possible the role of State and Local

leadership in the decision-making process for redevelopment of the affected areas. Those of us at the LRA thus hope to work in clear partnership with the Recovery Corporation. This will ensure that the work of a Recovery Corporation is consistent with the overall strategy the LRA will define through its planning and decision-making process.

We have had discussions with Congressman Baker about our desire to have greater State participation on the proposed Board of the LCR. And we have emphasized the importance of consistency and alignment with the LRA's overall strategy for recovery and redevelopment. We look forward to continuing to work with the Congressman and this committee to shape this legislation.

As you can see there is long way to go before we can restore the people of South Louisiana to the lives they cherish. We are on the first leg of a 100-mile marathon. On behalf of the LRA and the citizens of the state of Louisiana, we appreciate your consideration of this important legislation and your support of our efforts. Thank you.

House Committee on Financial Services Hearing
November 17, 2005

Testimony

C. Ray Nagin
Mayor
City of New Orleans

Mr. Chairman, I would like to thank you, Congressman Baker and your committee for holding this hearing and allowing me to be here today. To all the members of Congress, and in particular to our Louisiana delegation, thank you for your continued work to help us in this time of need.

I am here today because New Orleans needs assistance now more than ever. Hurricane Katrina hit our city more than two months ago, leaving unprecedented devastation in her wake. The world rallied around us. President Bush's assertion that "there is no way to imagine America without New Orleans, and this great city will rise again" spoke for the millions of people who know, love and depend on our city. As time passes, it is critical that we have the continued support of our federal government and the American people to rebuild.

Katrina, the "perfect storm," turned our region into the worst disaster area known to this country in modern times. In addition to the physical devastation, Katrina decimated our region's economy and severely affected the nation. Rita further hampered recovery efforts with its second blow to the region.

The people of our city are resilient and self-sufficient, but this disaster is too large for us to fix alone. We need innovative ideas and expansive thinking to bring New Orleans back, not just for the nearly half a million people who call the city home, but indeed for the well being of our nation.

New Orleans is a natural economic hub. The Mississippi River transports a significant percentage of the nation's oil, natural gas, refined petroleum products and petrochemicals. The Port of New Orleans is America's only deepwater port with access to six class-one rail lines, enabling swift and economical distribution of goods throughout the country. We are the top importer of steel, natural rubber and plywood, and one of the leading importers of coffee, with the country's largest coffee roasting plant.

A third of all seafood harvested in U.S. waters comes directly from Louisiana. In addition, many of New Orleans' exports are the cornerstone of the Midwest agricultural economy and positively impact the nation's trade balance.

Most Americans know New Orleans as a cultural mecca, with our mélange of French, Spanish, African and Caribbean heritage. We are famous for our food, our music, and our eclectic mix of architecture. This cultural blend is worth preserving as it parallels the foundation of our country's heritage and embodies the very spirit of what we call America. We have more than 70 distinct neighborhoods, each with its own character. From Treme and Bywater's shotgun and camelback styled-homes to the Garden District and Uptown's Greek Revival mansions, we are blessed to have a living museum to call home.

However, Katrina wreaked havoc on our housing stock. We are working with various planning groups, including the renowned Urban Land Institute and the U.S. Conference of Mayors' Institute on City Design, along with other experts, residents and business

owners to determine how we can build a better, smarter New Orleans and retain our distinctive historic neighborhoods.

Katrina placed 80 percent of our city under water, left many parts of New Orleans inundated for weeks, and created storm surges so strong that some houses were moved off their foundations and destroyed. It is estimated that 160,000 buildings in Louisiana, the majority of which are in our city, are severely damaged. According to a Brookings Institution report, Katrina flooded 133,660 housing units in New Orleans, including both owner-occupied houses and rental units that were home to more than 350,000 people.

Our city and neighboring parishes have the enormous challenge of helping our residents, many of whom were uninsured or underinsured, rebuild their lives.

I want to thank Congressman Baker for proposing an innovative solution that has great potential to help meet this challenge. I am encouraged by the stated mission of the proposed Louisiana Recovery Corporation – "economic stabilization and redevelopment of the devastated areas of Louisiana." The citizens and businesses of our city deserve stability and need hope restored to their temporarily chaotic lives in this post-Katrina world. The magnitude of our devastation requires the financial resources of the federal government, which the corporation would be able to tap through general debt obligations of the U.S. Government and the creative use of other financial tools, including existing tax incentives and private dollars. Its existence will show that the federal government is investing in the neighborhoods of New Orleans, and will inspire confidence in the viability of our city.

I see the Corporation as a major tool in the redevelopment toolbox; we hope many more tools will be developed with our federal partners' help to rebuild our city. The program offers a means by which homeowners who otherwise would struggle with "hurricane induced negative equity" can make up the difference between what it would cost to rebuild their homes and the money available to them from insurance and other proceeds.

The Corporation would give homeowners choices about how and where to rebuild their lives. It would also shore up local financial institutions so they can continue to play their important role in our city's rebirth.

The language of the bill is broad, allowing for flexibility, which is important. But I feel the need to draw your attention to several issues that I hope you will consider as you deliberate this concept.

We need to ensure that:

- The governing board of the corporation is comprised primarily of people from the most severely affected local areas.
- The Corporation is accountable to the hurricane victims it is designed to help, of which our city has the largest number.
- There is respect for local interests and plans in how our neighborhoods will look.

- The fundamental character of our uniquely New Orleans neighborhoods is preserved.
- Homeowners receive fair compensation for their property so they can rebuild their lives how and where they choose.
- Homeowners can afford to buy back the redeveloped properties if they desire.
- Fundamental property rights are protected to the fullest extent possible. Government intervention in property rights must only be used as a last resort when absolutely necessary to revitalize a neighborhood.
- Private developers will work only within the framework of the plan developed by local communities.
- The expansive powers of the Corporation will include the ability to guarantee loans based on approved/acceptable underwriting criteria to ensure long-term investment confidence.

I appreciate the opportunity to testify here today. While I ask you to strongly consider the issues listed above, Congressman Baker's plan is forward-thinking and broad enough to address the numerous challenges facing New Orleans.

Our city is a vital part of the United States, both from an economic and a cultural perspective. We need Congress' help to keep pace with recovery efforts that will allow our citizens to return and our businesses to reopen, so we can once again contribute to our nation. Thank you for your ongoing efforts to help us bring New Orleans back.

The New York Times
nytimes.com

November 17, 2005

FEMA Broke Its Promise on Housing, Houston Mayor Says

By RALPH BLUMENTHAL and ERIC LIPTON

HOUSTON, Nov. 16 - Mayor Bill White of Houston accused the Federal Emergency Management Agency on Wednesday of breaking its promise to Hurricane Katrina evacuees by imposing strict limits on a housing relocation program as it stops thousands of hotel subsidies.

"Great nations, like good people, keep their word," Mr. White wrote in a letter about Homeland Security Secretary Michael Chertoff and other senior emergency officials.

On Monday, FEMA gave major cities like Houston until Dec. 1 to sign leases for apartments for evacuees under its existing reimbursement program. The agency limited the leases to three months.

On Tuesday, the agency announced that also as of Dec. 1 it would stop paying hotel bills for 50,000 families in hotels around the United States, except in Louisiana and Mississippi, where the cutoff date would be Jan. 7.

Because of the three-month limit on leases, Mr. White said, the leasing for more than 19,000 people who are still in hotel and motel rooms in the Houston area was shutting down. The program, he said, has been placing up to 500 people a day, and he appealed to FEMA to rescind its order.

"We can't get leases for three months," Mr. White told reporters after a City Council meeting. "Landlords won't do that."

Without a program to lease apartments, he added, finding housing would be difficult because of the cutoff of hotel subsidies, an action that would have the greatest effect in Texas.

Many families in Houston hotels learned of the cutoff from fliers slipped under their doors. One guest at a motel in West Houston, 19 miles from downtown, Gwendolyn Kennedy, said she did not know where she would find a bed.

"I don't really want to move again," said Ms. Kennedy, a school bus driver in New Orleans and a part-time worker at a Wal-Mart store. "It's hard. Even though I don't have any furniture or anything, just my personal stuff, it's hard."

FEMA officials said it was time that evacuees moved out of emergency housing like hotels into more permanent homes, even if those would be temporary.

"We want to help people to get back on their feet, to become self-sustaining and to have some control over their destiny," a spokeswoman for the agency, Nicol Andrews, said. "It is just inhumane to leave a family stuck in a hotel room and not offer them an option that exists to move beyond that."

The three-month limit on leases, Ms. Andrews said, is part of an effort to phase out direct government-financed apartment rentals and instead provide evacuees with cash assistance to rent on their own. After the leases signed by the government expire as of March 1, she added, tenants would be able to take over the leases and use the federal aid to pay their rent.

"The occupants should be able to make the rent on their own with the federal assistance that is provided to them by FEMA," Ms. Andrews said, adding that the agency would pay costs associated with ending leases.

In Austin, another FEMA spokesman, Don Jacks, said that stopping the hotel subsidies would not force anyone to become homeless or lose a night sleeping in a bed.

"This is not an ending," Mr. Jacks said. "We're not forcing anyone out of hotels. Yes, we will stop paying for hotel rooms the night of Nov. 30, and on Dec. 1 these people will need to be ready to move."

Those unable to find apartments may be offered other interim accommodations, possibly even another hotel if necessary, he said, adding, "No one will be left on the street."

Since the evacuation of New Orleans, Mayor White, a Democrat overwhelmingly re-elected on Nov. 8, has worked closely with FEMA and the Bush administration to house nearly 250,000 evacuees. In meetings with federal officials, he said, "they never ever told us in hours and hours of discussions they would suspend the apartment-leasing program immediately."

Mr. White called the directive absurd and added, "I'm sure they'll change that today."

Aides said that he later spoke by telephone to a FEMA liaison aide here, Dennis Lee, but that the order remained unchanged.

A neighbor of Ms. Kennedy at the West Houston motel, Sonia Scott, and her fiancé, Philander Harris, along with two children in diapers, share a queen-size bed and cook meals in a microwave oven. They said they worried about finding an apartment.

"We were going to try to stick it out here until we could find something we could afford or get back to New Orleans," Ms. Scott said, "but now we have to find something sooner."

Mr. Harris said, "They gave me a voucher, and I have to find an apartment before the first - if I find an apartment - because not everyone is taking the voucher."

Mr. Jacks said FEMA had 51,000 people in 20,414 hotel and motel rooms at an average cost of $2,100 a month per room in Texas. The allowance for a two-bedroom apartment, he said, is $777 a month.

Some real estate professionals criticized the Nov. 30 cutoff. Doug Culkin, executive vice president of the National Apartment Association, which represents 32,000 builders, owners and developers, said his group had long encouraged FEMA to shift evacuees to apartments.

"They are trying to move 150,000 people in 15 days," Mr. Culkin said. "I don't think it is doable."

Ralph Blumenthal reported from Houston for this article, and Eric Liptonfrom Jackson, Miss. Maureen

Balleza contributed reporting from Houston.

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October 7, 2005

Mr. R. David Paulison
Acting Director
FEMA
500 C Street, SW
Washington, DC 20472

Dear Acting Director Paulison:

I am writing to seek answers to a number of questions regarding ongoing eligibility for rental housing assistance under FEMA's Transitional Housing Assistance Program.

As you know, three weeks ago, the Senate passed an amendment to fund $3.5 billion for emergency housing vouchers for an estimated 350,000 families. Many of us in the House have also supported emergency vouchers in order to meet not just short term, but also transitional, housing needs of families displaced by Hurricane Katrina.

Almost a month after Katrina hit landfall, FEMA finally announced on September 23rd its program to provide a three month advance of rental assistance under its Transitional Housing Program. While this announcement, if adequately administered, would help address short housing term needs of families, I have serious concerns about FEMA's commitment to extending such assistance over the next 18 months to all families in need.

I am also concerned about FEMA's failure to establish clear eligibility and benefit standards for an extension of assistance under this program after the first three-month advance. Such clarity is critical to ensuring that families can plan for their future, especially with respect to a decision to move back to their local community? It is also crucial to ensure that landlords are not reluctant to rent to lower-income families, out of concern that such families may not be able to continue to make their rent payments.

Therefore, your prompt and specific responses to the following questions about these issues could play a critical role in helping Congress to evaluate whether the FEMA Transitional Housing Assistance Program will meet the housing needs of displaced families, or whether Congress will need to fund emergency vouchers to meet such needs:

1. To date, how many families has FEMA provided funds to under its Transitional Housing Assistance? Please provide an estimate of the total number of families FEMA expects to assist over the next 18 months under Transitional Housing Assistance.

2. What are FEMA's specific eligibility standards for an extension of assistance under the Transitional Housing Assistance Program for families that were renters when Katrina hit? Is the habitability of the rental unit the family lived in when Katrina hit relevant to such eligibility, either for families still living near the area, or for families that have moved away? Do a family's job status, current income, or ability to pay no more than 30% of income for rent [either for the unit they are living in or for the local Fair Market Rent (FMR)] play a role in determining eligibility?

3. Please provide the specific terms of rental assistance after the initial three month advance. Will tenant contributions be based on a family's income or ability to afford rent? Will FEMA make adjustments after the first three month period to reflect the local FMR and a family's family size? Will payments continue to be made in advance? Is so, for what period of time will each advance be made?

4. FEMA's guidebook states that families may not use rental assistance to pay for utility costs. Such a prohibition is not required by statute, which merely authorizes FEMA to provide assistance to "rent" housing. Generally, rental housing programs (including the HUD voucher program) treat utility costs as a valid component of rent, even when they are paid separately. And, apparently FEMA will reimburse state and local governments for utility costs paid on behalf of Katrina evacuees. Therefore, please explain why families may not use FEMA rental assistance to pay for utility costs.

5. Can families receiving FEMA Transitional Housing Assistance move back to their original community at any time? Can they move from one relocated area to another?

6. In a recent briefing, FEMA had indicated that families currently housed rent free, in facilities such as travel trailers, motels, hotels, shelters, and apartments rented and paid for by local governments may move at any time from such facilities and be immediately eligible for Transitional Housing Assistance. Please confirm that this is the case. Also, please indicate what efforts FEMA has undertaken to make families and housing providers aware of such eligibility?

7. What are FEMA's specific eligibility standards for an extension of assistance under the Transitional Housing Assistance Program for families that were homeowners when Katrina hit?

BARNEY FRANK

American Federation of Labor and Congress of Industrial Organizations

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For Immediate Release

Contact: Arlene Holt Baker (202) 255-5534

Statement by AFL-CIO President John Sweeney on the Hurricane Katrina Recovery, Reclamation, Restoration, Reconstruction and Reunion Act of 2005
November 10, 2005

The devastation of Hurricane Katrina and the inadequacy of the response after the catastrophe was shocking and alarming to citizens and lawmakers. Today we applaud the 42 House Members of the Congressional Black Caucus for their efforts to protect the working people of the Gulf Region that have been ignored by the callousness of an administration more bent on tax cuts for the wealthy than care for its citizens. This comprehensive legislative response to the devastation of Hurricane Katrina shows a deep commitment to eradicating poverty, recovering the Gulf Coast region and reunifying families.

This legislation offers citizens of the Gulf Coast the opportunity for a voice and a role in the reconstruction of their communities and ensures that this work can be done in a safe environment for the prevailing wage. The legislation will effectively assist citizens of the Gulf Coast region to rebuild their lives by addressing the financial, health and education issues which have been intensified by this disaster.

We wholeheartedly support this legislation, which will help the people of the Gulf Coast region so desperately in need of relief.

###

AMENDMENT TO H.R. 4320

OFFERED BY MR. WATT OF NORTH CAROLINA, MS. WATERS OF CALIFORNIA, MS. CARSON OF INDIANA, MR. MEEKS OF NEW YORK, MS. LEE OF CALIFORNIA, MR. FORD OF TENNESSEE, MR. CLAY OF MISSOURI, MR. SCOTT OF GEORGIA, MR. DAVIS OF ALABAMA, MR. GREEN OF TEXAS, MR. CLEAVER OF MISSOURI AND MS. MOORE OF WISCONISN

Page 7, after line 6, insert the following and renumber the subsequent sections accordingly:

SEC. 5. TEMPORARY FLOOD INSURANCE BUY-IN PROGRAM.

(a) IN GENERAL.—The Director of the Federal Emergency Management Agency shall make available flood insurance coverage under the national flood insurance program available for eligible structures, in accordance with this section.

(b) SCOPE OF COVERAGE.—

(1) ELIGIBLE LOSSES.—Coverage may be made available under this section only for a damage or loss to an eligible structure, but not including any contents thereof, from flooding resulting from Hurricane Katrina.

(2) AMOUNT.—The amount of such coverage made available under this section for an eligible structure may not exceed the lesser of—

(A) the maximum amount of coverage that may be made available for such structure under the national flood insurance program; and

(B) the amount of coverage provided for the structure, as of August 28, 2005, under the policy for losses caused by wind or windstorm (as referred to in subsection (c)(3)).

(c) ELIGIBLE STRUCTURES.—For purposes of this section, an eligible structure is a structure that—

(1) sustained damage from flooding resulting from Hurricane Katrina of 2005;

(2) is of a type (including residential properties, business properties, and others) for which coverage was generally made available under the national flood insurance program as of August 28, 2005;

(3) is located in a covered disaster area (as such term is defined in subsection (h));

(4) as of August 28, 2005, was covered by an insurance policy for losses caused by wind or wind storm;

(5) is not located in an area that has been identified by the Director as an area having special flood hazards (as such term is used for purposes

of section 102 of the Flood Disaster Protection Act of 16 1973 (42 U.S.C. 4012a)); and

(6) was not covered by flood insurance made available under the national flood insurance program at the time of such damage.

(d) PREMIUMS.—

(1) AMOUNT.—The Director shall charge, for coverage made available under this section for an eligible structure, premiums in the amount equal to 105 percent of the aggregate amount of premiums that would have been charged, at the time, for coverage for the structure under the national flood insurance program (for the type and amount of coverage provided) for the 10-year period that ends upon the date of purchase of such coverage.

(2) DEDUCTION FROM CLAIMS.—The Director shall provide that a purchaser of coverage made available under this section may pay premiums charged for such coverage pursuant to paragraph (1) by deducting such amounts from the amount of any claims payable under such coverage.

(3) CREDITS TO NFIF.—There shall be credited to the National Flood Insurance Fund established under section 1310 of the National Flood Insurance Act of 1968 (42 U.S.C. 4017) the following amounts:

(A) Any premiums collected pursuant to this section.

(B) From amounts appropriated pursuant to subsection (i)(1), an amount equal to the amount of any premiums charged for coverage made available under this subsection that are not collected by the Director as a result of the operation of paragraph (2) of this subsection.

(e) CLAIMS.—Claims for damage or loss pursuant to coverage made available under this section may be paid only from amounts made available in appropriation Acts pursuant to subsection (i). Amounts in the National Flood Insurance Fund established under section 1310 of the National Flood Insurance Act of 1968, including any amount credited to such Fund pursuant to subsection (d)(3), shall not be available for paying claims under coverage made available under this section.

(f) REQUIREMENTS TO OBTAIN FUTURE COVERAGE AND TAKE MITIGATION ACTIONS.—The Director may not make coverage available under this section for an eligible structure unless the owner of the structure enters into binding agreements, contained in such deed restrictions as the Director considers appropriate, to ensure that such owner, and any future owners, will—

(1) at all times after purchasing coverage under this section for the structure, in perpetuity, maintain coverage under the national flood insurance program, for any structures located at any time on the same property on which, at the time of purchase, such eligible structure is located, in an amount at least equal to the lesser of—

(A) the value of the structure, as determined by the Director; or

(B) the maximum limit of coverage made available with respect to the particular type of property under the national flood insurance program; and

(2) accept any offer to take mitigation actions or activities made, with respect to the structure, under a mitigation program under section 1323, 1361A, or 1366 of the National Flood Insurance Act of 1968 (42 U.S.C. 4030, 4102a, 4104c).

(g) PREMIUM RATES FOR FUTURE COVERAGE.—In establishing rates for flood insurance coverage, other than coverage under this section, made available under the national flood insurance program, the Director shall not consider, in any manner—

(1) any premiums charged or collected pursuant to subsection (d);

(2) any claims paid pursuant to coverage made available under this section; or

(3) any amounts appropriated pursuant to subsection (i).

(h) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) COVERED DISASTER AREA.—The term ''covered disaster area'' means an area—

(A) for which a major disaster was declared by the President pursuant to title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act as a result of Hurricane Katrina of 2005; and

(B) in which the sale of flood insurance coverage was available under the National Flood Insurance Act of 1968 as of August 28, 2004.

(2) DIRECTOR.—The term ''Director'' means the Director of the Federal Emergency Management Agency.

(i) AUTHORIZATION OF APPROPRIATIONS.—

(1) FOR CLAIMS PAYMENTS.—There are authorized to be appropriated to the Director such sums as may be necessary to cover all costs of flood insurance coverage made available under this section, including administrative expenses and claims under such coverage.

(2) FOR MITIGATION ASSISTANCE.—There are authorized to be appropriated such sums as may be necessary, for the national flood insurance fund established under section 1310 of the National Flood Insurance Act of 1968 and for the national flood mitigation fund established under section 1367 of such Act (42 U.S.C. 4104d), for use only for mitigation activities under the programs under sections 1323, 1361A, and 1366 of the National Flood Insurance Act of 1968 (42 U.S.C. 4030, 4102a, 4104c), as appropriate, for eligible structures.

(j) TERMINATION.—The Director may not enter into any contract or policy for coverage under this section except pursuant to an application for such coverage submitted to the Director before the expiration of the 90-day period beginning on the date of the enactment of this Act.

Children's Defense Fun

November 9, 2005

The Honorable Melvin L. Watt
Chair, Congressional Black Caucus
U.S. House of Representatives
Washington, D. C. 20015

Dear Representative Watt:

The Children's Defense Fund is pleased to offer its support for the Hurricane Katrina Recovery, Reclamation, Restoration, Reconstruction and Reunion Act of 2005 (H.R. 4197). It is a thoughtful response to assist the child and adult survivors of Katrina who ten weeks after the tragedy of the hurricane continue to wait for basic health care and other supports essential to their recovery and survival.

H.R. 4197 seeks to address comprehensively the help that is needed to rebuild children, their families, and communities. Many of these provisions will help families in Alabama, Louisiana, and Mississippi and throughout the country who in the aftermath of Katrina are seeking to balance on the precarious razor's edge poverty creates. We must seize this opportunity to do what is morally right and help lift these vulnerable children and families to a place where they can lead the lives to which they are entitled. The CBC's bill takes important steps toward that goal. At a minimum Katrina survivors deserve the same sense of urgency and help provided to our fellow American four years ago at the time of the shocking and tragic September 11th disaster.

As the Caucus's bill recognizes, crumbling schools, lack of health care, loss of food stamps, after school programs and child care are not limited only to Katrina survivors. They are daily hardships for millions of children across the nation and the number of children living in poverty is growing. The persistent and growing high level of child poverty reflects conscious and misguided choices. It is outrageous, for example, that the leadership in the House of Representatives Congress is proposing to cut Medicaid, food stamps, child support, child care and even foster care that assist poor children, at the very time it is proposing enormous tax breaks for the wealthiest American and ignoring the needs of Katrina survivors.

Far less wealthy industrialized countries have committed to end child poverty, while the United State is sliding backwards. As a Nation we must do better. We must demand that our leaders do better. The CBC's bill does that. Thank you for your leadership and the leadership of the Congressional Black Caucus.

Sincerely yours,

Marian Wright Edelman

25 E Street, NW
Washington, DC 20001
Tel: (202) 628-8787
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I

109TH CONGRESS
1ST SESSION

H. R. 4197

To provide for the recovery, reclamation, restoration and reconstruction of lives and communities and for the reunion of families devastated by Hurricane Katrina and to address the issues of poverty exposed by Hurricane Katrina.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 2, 2005

Mr. WATT (for himself, Mr. CONYERS, Mr. RANGEL, Mr. OWENS, Mr. TOWNS, Mr. LEWIS of Georgia, Mr. PAYNE, Mr. JEFFERSON, Ms. NORTON, Ms. WATERS, Mr. BISHOP of Georgia, Ms. CORRINE BROWN of Florida, Mr. CLYBURN, Mr. HASTINGS of Florida, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. RUSH, Mr. SCOTT of Virginia, Mr. WYNN, Mr. THOMPSON of Mississippi, Mr. FATTAH, Ms. JACKSON-LEE of Texas, Mr. JACKSON of Illinois, Ms. MILLENDER-MCDONALD, Mr. CUMMINGS, Ms. CARSON, Mrs. CHRISTENSEN, Mr. DAVIS of Illinois, Mr. FORD, Ms. KILPATRICK of Michigan, Mr. MEEKS of New York, Ms. LEE, Mrs. JONES of Ohio, Mr. CLAY, Ms. WATSON, Mr. DAVIS of Alabama, Mr. MEEK of Florida, Mr. SCOTT of Georgia, Mr. BUTTERFIELD, Ms. MCKINNEY, Mr. CLEAVER, Mr. AL GREEN of Texas, and Ms. MOORE of Wisconsin) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on the Judiciary, Financial Services, Energy and Commerce, Transportation and Infrastructure, Education and the Workforce, Small Business, Government Reform, and Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To provide for the recovery, reclamation, restoration and reconstruction of lives and communities and for the reunion of families devastated by Hurricane Katrina and

to address the issues of poverty exposed by Hurricane Katrina.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 "Hurricane Katrina Recovery, Reclamation, Restoration,
6 Reconstruction and Reunion Act of 2005".

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. General findings.

TITLE I—VICTIM RESTORATION FUND

Sec. 101. Short title.
Sec. 102. Definitions.
Sec. 103. Purpose.
Sec. 104. Administration.
Sec. 105. Determination of eligibility for compensation.
Sec. 106. Payments to eligible individuals.
Sec. 107. Regulations.

TITLE II—ENVIRONMENTAL PROVISIONS

Sec. 201. Environmental findings.
Sec. 202. Comprehensive plan.
Sec. 203. Notification of public and professionals.
Sec. 204. Training for responders and clean-up workers.
Sec. 205. Public health assessment and monitoring.
Sec. 206. Independent review.
Sec. 207. Expiration.

TITLE III—HEALTH PROVISIONS

Subtitle A—Repair and Access

Sec. 301. Repair and disparities grants.
Sec. 302. Disaster relief Medicaid.

Subtitle B—Temporary Assistance to Needy Families (TANF)

Sec. 311. Reimbursement of States for TANF benefits provided to assist families from other States affected by Hurricane Katrina.
Sec. 312. Increase in amount of additional TANF funds available for hurricane-damaged States.

Sec. 313. Rules for receipt of Hurricane Katrina Emergency TANF Benefits and application to child support requirements.
Sec. 314. Authority to use funds in individual development accounts for car ownership, maintenance and insurance.

Subtitle C—Unemployment Compensation

Sec. 321. Federal-State agreements.
Sec. 322. Requirements relating to regular compensation.
Sec. 323. Requirements relating to emergency extended unemployment compensation.
Sec. 324. Payments to States.
Sec. 325. Financing provisions.
Sec. 326. Definitions.
Sec. 327. Applicability.

Subtitle D—Health Insurance Coverage

Sec. 331. Temporary emergency health coverage assistance for businesses and individuals.
Sec. 332. Authority to postpone certain deadlines related to individual health coverage by reason of presidentially declared disaster or terroristic or military action.

TITLE IV—HOUSING AND COMMUNITY REBUILDING

Sec. 401. Definitions.
Sec. 402. Public housing capital fund reserves for emergencies and natural disasters.
Sec. 403. HOPE VI program.
Sec. 404. HOME Investment Partnerships program.
Sec. 405. Community development block grant assistance.
Sec. 406. CDBG loan guarantee program.
Sec. 407. Youthbuild program.
Sec. 408. Capacity building for community development and affordable housing.
Sec. 409. Emergency rental assistance vouchers.
Sec. 410. Prohibition of placement of families in substandard dwelling units.
Sec. 411. Fair housing enforcement.
Sec. 412. Housing counseling for families in temporary shelters.
Sec. 413. Availability of HUD inventory properties.
Sec. 414. Hurricane Katrina mortgage protection fund.
Sec. 415. Housing priority for military personnel.

TITLE V—EDUCATION PROVISIONS

Subtitle A—General Provisions

Sec. 501. Definitions.

Subtitle B—Early Childhood Programs Assistance

PART 1—EMERGENCY FUNDING FOR CONTINUATION OF SERVICES UNDER CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990

Sec. 511. Emergency assistance for services under Child Care and Development Block Grant Act of 1990.
Sec. 512. Authorization of appropriations.

PART 2—WAIVER AUTHORITY TO PROVIDE SERVICES UNDER CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990

Sec. 521. Waiver authority to expand the availability of services under Child Care and Development Block Grant Act of 1990.
Sec. 522. Authorization of appropriations.

PART 3—EMERGENCY FUNDING FOR CONTINUATION OF HEAD START SERVICES

Sec. 531. Emergency assistance for Head Start services.
Sec. 532. Authorization of appropriations.

PART 4—WAIVER AUTHORITY TO PROVIDE HEAD START SERVICES

Sec. 541. Waiver authority to expand the availability of Head Start services.
Sec. 542. Technical assistance, guidance, and resources.

Subtitle C—Relief for Elementary and Secondary Schools

Sec. 551. Education and pupil services for elementary and secondary students relocated because of Hurricane Katrina.
Sec. 552. Immediate Aid to Restart Public School Operations.
Sec. 553. Grants for LEA's serving relocated children with disabilities.
Sec. 554. Assistance for homeless youth.
Sec. 555. Grants for activities at community learning centers.
Sec. 556. Grants for construction, modernization, or repair of school facilities.
Sec. 557. Katrina teachers incentive program.
Sec. 558. Expedited Applications for Teacher Recruitment Grants.
Sec. 559. Use of grant funds for major disasters.

Subtitle D—Relief for Institutions of Higher Education

Sec. 561. Findings; Sense of Congress.
Sec. 562. Institutional Grants for Recruitment and Retention.
Sec. 563. Loan forgiveness.
Sec. 564. Regulations.
Sec. 565. Emergency designations.
Sec. 566. Definitions.

TITLE VI—VOTING RIGHTS

Sec. 601. Short title.
Sec. 602. Applicability of protections for absent military and overseas voters to Katrina evacuees.
Sec. 603. Grants to States for Restoring and Replacing Election Administration Supplies, Materials, and Equipment Damaged by Hurricane Katrina.

TITLE VII—FINANCIAL SERVICES PROVISIONS

Sec. 701. Hurricane Katrina regulatory relief.
Sec. 702. Flexibility in capital and net worth standards for small affected institutions.
Sec. 703. Waiver of Federal Reserve Board fees for certain services.
Sec. 704. Waiver of certain limitation on certain bank investments to promote the public welfare.

Sec. 705. Emergency authority to guarantee checks cashed for victims of Hurricane Katrina.
Sec. 706. Technical assistance for minority institutions.
Sec. 707. Implementing Katrina disaster relief through the CDFI Fund.

TITLE VIII—EXPANDED OPPORTUNITY AND SMALL BUSINESS PROVISIONS

Subtitle A—Expanded Opportunity

Sec. 801. Reinstatement of Davis-Bacon wage requirements.
Sec. 802. Increased procurement goal for certain Federal contracts for recovery from Hurricane Katrina.
Sec. 803. Local participation goal for participation in Federal procurement contracts in areas affected by Hurricane Katrina.
Sec. 804. Requirement for hurricane recovery-related contracts to require 40 percent of contract workers be local residents.
Sec. 805. Requirement for hurricane recovery-related contracts to include financial incentives for contractors to meet goals specified in the contracts.
Sec. 806. Apprenticeship and other requirements for post-hurricane reconstruction.
Sec. 807. Restatement of full application of statutory requirements of equal employment opportunity applicable to contracts and subcontracts to provide Hurricane Katrina relief.

Subtitle B—Disaster Loans and Small Business Relief

Sec. 811. Definitions.
Sec. 812. Disaster loans after Hurricane Katrina.
Sec. 813. Nationwide disaster loans.
Sec. 814. Small business emergency relief.
Sec. 815. Authorization of appropriations for business counseling.
Sec. 816. Small business development centers.
Sec. 817. HUBZones.
Sec. 818. Small business bonding threshold.
Sec. 819. Loan defaults.
Sec. 820. Budgetary treatment of loans and financings.
Sec. 821. Emergency procurement authority.

TITLE IX—TAX PROVISIONS

Sec. 901. Home purchase by victims of Hurricane Katrina.
Sec. 902. Relief through low-income housing credit relating to Hurricane Katrina.
Sec. 903. Tax exempt bonds for qualified gulf coast recovery projects.

TITLE X—BANKRUPTCY

Sec. 1001. Short title.
Sec. 1002. Definitions; who may be a debtor.
Sec. 1003. Amendment to chapter 3.
Sec. 1004. Amendments to chapter 5.
Sec. 1005. Amendments to chapter 7.
Sec. 1006. Amendments to chapter 11.
Sec. 1007. Amendments to chapter 13.
Sec. 1008. Amendment to title 28 of the United States Code.

Sec. 1009. Effective date; application of amendments.

TITLE XI—MISCELLANEOUS

Sec. 1101. Reimbursements.
Sec. 1102. Temporary flood insurance buy-in program.
Sec. 1103. Protection of existing rights of military personnel.

TITLE XII—ERADICATING POVERTY

Sec. 1201. Findings.
Sec. 1202. Sense of Congress.

1 **SEC. 2. GENERAL FINDINGS.**

2 The Congress finds that—

3 (1) Hurricane Katrina devastated the lives of
4 untold numbers of people who resided, worked and
5 did business in the Gulf Coast area of the United
6 States and exposed in graphic terms the extent of
7 poverty in the United States and how poverty can
8 make it impossible for people to respond in ways
9 necessary to protect their own interests, even in the
10 face of the most immediate and imminent danger;
11 and

12 (2) the President, the Congress and the people
13 of the United States want to make an unprecedented
14 response to rebuild the lives, homes, communities
15 and businesses of those devastated by Hurricane
16 Katrina and to make a renewed and sustained effort
17 to eradicate poverty in the United States and believe
18 that the following provisions will contribute thereto.

TITLE I—VICTIM RESTORATION FUND

SEC. 101. SHORT TITLE.

This title may be cited as the "Hurricane Katrina Victim Restoration Fund of 2005".

SEC. 102. DEFINITIONS.

In this title, the following definitions apply:

(1) CLAIMANT.—The term "claimant" means an individual filing a claim for compensation under section 105(a)(1).

(2) COLLATERAL SOURCE.—The term "collateral source" means all collateral sources, including life insurance, pension funds, death benefit programs, and payments of Federal, State, or local governments related to Hurricane Katrina if such payments by Federal, State, or local governments are paid directly to the claimant.

(3) ECONOMIC LOSS.—The term "economic loss" means any pecuniary loss resulting from harm (including the loss of equity in assets, the loss of earnings or other benefits related to employment, medical expense loss, replacement services loss, loss due to death, burial costs, and loss of business or employment opportunities).

1 (4) ELIGIBLE INDIVIDUAL.—The term "eligible
2 individual" means an individual determined to be eli-
3 gible for compensation under section 105(c).
4 (5) NONECONOMIC LOSSES.—The term "non-
5 economic losses" means losses for physical and emo-
6 tional pain, suffering, inconvenience, physical im-
7 pairment, mental anguish, disfigurement, loss of en-
8 joyment of life, loss of society and companionship,
9 loss of consortium (other than loss of domestic serv-
10 ice), hedonic damages, injury to reputation, and all
11 other nonpecuniary losses of any kind or nature
12 available under the laws of Alabama, Louisiana, or
13 Mississippi to which the Special Master determines
14 the claimant has the most substantial connection.
15 (6) SPECIAL MASTER.—The term "Special Mas-
16 ter" means the Special Master appointed under sec-
17 tion 104(a).
18 **SEC. 103. PURPOSE.**
19 It is the purpose of this title to provide compensation
20 to any individual (or relatives of a deceased individual)
21 who sustained economic or noneconomic losses as a result
22 of Hurricane Katrina such that the individual (or relatives
23 of a deceased individual) are restored as nearly as possible
24 to their condition prior to Hurricane Katrina.

1 **SEC. 104. ADMINISTRATION.**

2 (a) IN GENERAL.—The Attorney General, acting
3 through a Special Master appointed by the Attorney Gen-
4 eral, shall—

5 (1) administer the compensation program es-
6 tablished under this title;

7 (2) promulgate all procedural and substantive
8 rules for the administration of this title; and

9 (3) employ and supervise hearing officers and
10 other administrative personnel to perform the duties
11 of the Special Master under this title.

12 (b) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated such sums as may be
14 necessary to pay the administrative and support costs for
15 the Special Master in carrying out this title.

16 **SEC. 105. DETERMINATION OF ELIGIBILITY FOR COM-**
17 **PENSATION.**

18 (a) FILING OF CLAIM.—

19 (1) IN GENERAL.—A claimant may file a claim
20 for compensation under this title with the Special
21 Master. The claim shall be on the form developed
22 under paragraph (2) and shall state the factual basis
23 for eligibility for compensation and the amount of
24 compensation sought.

25 (2) CLAIM FORM.—

1 (A) IN GENERAL.—The Special Master
2 shall develop a claim form that claimants shall
3 use when submitting claims under paragraph
4 (1). The Special Master shall ensure that such
5 form can be filed electronically, if determined to
6 be practicable.
7 (B) CONTENTS.—The form developed
8 under subparagraph (A) shall request—
9 (i) information from the claimant con-
10 cerning the physical harm that the claim-
11 ant suffered, or in the case of a claim filed
12 on behalf of a decedent information con-
13 firming the decedent's death, as a result of
14 Hurricane Katrina;
15 (ii) information from the claimant
16 concerning any possible economic and non-
17 economic losses that the claimant suffered
18 as a result of Hurricane Katrina; and
19 (iii) information regarding collateral
20 sources of compensation the claimant has
21 received or is entitled to receive as a result
22 of Hurricane Katrina.
23 (3) LIMITATION.—No claim may be filed under
24 paragraph (1) after the date that is 2 years after

1 the date on which regulations are promulgated
2 under section 107.
3 (b) REVIEW AND DETERMINATION.—
4 (1) REVIEW.—The Special Master shall review
5 a claim submitted under subsection (a) and deter-
6 mine—
7 (A) whether the claimant is an eligible in-
8 dividual under subsection (c);
9 (B) with respect to a claimant determined
10 to be an eligible individual—
11 (i) the extent of the harm to the
12 claimant, including any economic and non-
13 economic losses; and
14 (ii) the amount of compensation to
15 which the claimant is entitled based on the
16 harm to the claimant, the facts of the
17 claim, and the individual circumstances of
18 the claimant.
19 (2) NEGLIGENCE.—With respect to a claimant,
20 the Special Master shall not consider negligence or
21 any other theory of liability.
22 (3) DETERMINATION.—Not later than 120 days
23 after that date on which a claim is filed under sub-
24 section (a), the Special Master shall complete a re-
25 view, make a determination, and provide written no-

1 tice to the claimant, with respect to the matters that
2 were the subject of the claim under review. Such a
3 determination shall be final and not subject to judi-
4 cial review.

5 (4) RIGHTS OF CLAIMANT.—A claimant in a re-
6 view under paragraph (1) shall have—

7 (A) the right to be represented by an at-
8 torney;

9 (B) the right to present evidence, including
10 the presentation of witnesses and documents;
11 and

12 (C) any other due process rights deter-
13 mined appropriate by the Special Master.

14 (5) NO PUNITIVE DAMAGES.—The Special Mas-
15 ter may not include amounts for punitive damages
16 in any compensation paid under a claim under this
17 title.

18 (6) COLLATERAL COMPENSATION.—The Special
19 Master shall reduce the amount of compensation de-
20 termined under paragraph (1)(B)(ii) by the amount
21 of the collateral source compensation the claimant
22 has received or is entitled to receive as a result of
23 Hurricane Katrina.

24 (c) ELIGIBILITY.—

1 (1) IN GENERAL.—A claimant shall be deter-
2 mined to be an eligible individual for purposes of
3 this subsection if the Special Master determines that
4 such claimant—
5 (A) is an individual described in paragraph
6 (2); and
7 (B) meets the requirements of paragraph
8 (3).
9 (2) INDIVIDUALS.—A claimant is an individual
10 described in this paragraph if the claimant is—
11 (A) an individual who—
12 (i) was present or had assets present
13 in Alabama, Louisiana or Mississippi at
14 the time, or in the immediate aftermath of
15 Hurricane Katrina; and
16 (ii) suffered physical harm, death,
17 economic or noneconomic losses; or
18 (B) in the case of a decedent who is an in-
19 dividual described in subparagraph (A), the per-
20 sonal representative of the decedent who files a
21 claim on behalf of the decedent.
22 (3) REQUIREMENTS.—
23 (A) SINGLE CLAIM.—Not more than one
24 claim may be submitted under this title by an
25 individual or on behalf of a deceased individual.

1 (B) LIMITATION ON CIVIL ACTION.—

2 (i) IN GENERAL.—Upon the submis-
3 sion of a claim under this title, the claim-
4 ant waives the right to file a civil action
5 (or to be a party to an action) in any Fed-
6 eral or State court for damages sustained
7 as a result of Hurricane Katrina. The pre-
8 ceding sentence does not apply to a civil
9 action to recover collateral source obliga-
10 tions.

11 (ii) PENDING ACTIONS.—In the case
12 of an individual who is a party to a civil
13 action described in clause (i), such indi-
14 vidual may not submit a claim under this
15 title unless such individual withdraws from
16 such action by the date that is 90 days
17 after the date on which regulations are
18 promulgated under section 322.

19 **SEC. 106. PAYMENTS TO ELIGIBLE INDIVIDUALS.**

20 (a) IN GENERAL.—Not later than 20 days after the
21 date on which a determination is made by the Special Mas-
22 ter regarding the amount of compensation due a claimant
23 under this title, the Special Master shall authorize pay-
24 ment to such claimant of the amount determined with re-
25 spect to the claimant.

1 (b) PAYMENT AUTHORITY.—This title constitutes
2 budget authority in advance of appropriations Acts and
3 represents the obligation of the Federal Government to
4 provide for the payment of amounts for compensation
5 under this title.

6 (c) ADDITIONAL FUNDING.—

7 (1) IN GENERAL.—The Attorney General is au-
8 thorized to accept such amounts as may be contrib-
9 uted by individuals, business concerns, or other enti-
10 ties to carry out this title, under such terms and
11 conditions as the Attorney General may impose.

12 (2) USE OF SEPARATE ACCOUNT.—In making
13 payments under this section, amounts contained in
14 any account containing funds provided under para-
15 graph (1) shall be used prior to using appropriated
16 amounts.

17 **SEC. 107. REGULATIONS.**

18 Not later than 90 days after the date of enactment
19 of this Act, the Attorney General, in consultation with the
20 Special Master, shall promulgate regulations to carry out
21 this title, including regulations with respect to—

22 (1) forms to be used in submitting claims under
23 this title;

24 (2) the information to be included in such
25 forms;

(3) procedures for hearing and the presentation of evidence;

(4) procedures to assist an individual in filing and pursuing claims under this title; and

(5) other matters determined appropriate by the Attorney General.

TITLE II—ENVIRONMENTAL PROVISIONS

SEC. 201. ENVIRONMENTAL FINDINGS.

The Congress finds that—

(1) Hurricane Katrina demonstrated the connection between the health and safety of communities and the health of natural resources;

(2) many of the hardest hit areas in New Orleans and the Gulf Coast from Hurricane Katrina were low-income and minority communities already facing decades of environmental injustices;

(3) the United States Coast Guard reported more than 7 million gallons of oil and between 1 and 2 million gallons of gasoline from plants and depots in southeast Louisiana were spilled as a result of Hurricane Katrina;

(4) Hurricane Katrina struck 466 facilities handling large quantities of dangerous chemicals, 31 hazardous waste sites along the Gulf Coast, and 16

1 superfund toxic waste sites, 3 of which were flooded,
2 being in the environs of the City of New Orleans;
3 (5) the flooded Superfund sites in Louisiana
4 and Mississippi contained contaminants that include
5 heavy metals associated with developmental prob-
6 lems and increased risk of cancer, and polycyclic ar-
7 omatic hydrocarbons, which are known carcinogens;
8 (6) spills of oil and other toxic chemicals pose
9 a particularly serious public health threat when they
10 dry and become airborne as invisible, breathable par-
11 ticulates;
12 (7) Hurricane Katrina initially destroyed or
13 compromised 170 drinking water facilities and 47
14 public owned wastewater treatment works along the
15 affected Gulf Coast region;
16 (8) New Orleans hosts several Level-3 biolabs,
17 including a bioweapons research lab at Tulane Uni-
18 versity, which pose a major public health risk should
19 any research pathogens have escaped into the envi-
20 ronment as a result of the hurricane and resultant
21 flooding and power outages; and
22 (9) residents of New Orleans and the affected
23 Gulf Coast areas have demonstrated their desire and
24 determination to return to their homes and, in order

1 to enable them to do so, a comprehensive plan is
2 needed.

3 **SEC. 202. COMPREHENSIVE PLAN.**

4 (a) IN GENERAL.—

5 (1) PLANNING.—In order to protect the health
6 and safety of the people of the Gulf Coast regions
7 devastated by Hurricane Katrina, the Administrator
8 of the Environmental Protection Agency (hereinafter
9 in this title referred to as the "Administrator") , in
10 consultation with the Governor of any affected State,
11 shall develop a Comprehensive Environmental Sam-
12 pling and Toxicity Assessment Plan (hereinafter in
13 this title referred to as the "CESTAP") to deter-
14 mine the immediate and long-term hazards posed by
15 exposure to toxins and infectious materials released
16 into the environment as a result of Hurricane
17 Katrina and resultant flooding.

18 (2) COMPREHENSIVE TESTING.—By sampling
19 and analysis of the soil, water, air and human popu-
20 lations in order to determine the presence, volume,
21 and potential distribution vectors of hazardous tox-
22 ins and infectious materials.

23 (3) AGGREGATION AND NOTIFICATION.—The
24 data collected shall be aggregated to identify envi-

1 ronmental "hot spots," known and potential toxic
2 threats and public health trends.
3 (A) The results should be used to alert
4 State and local officials, including health and
5 public safety officials.
6 (B) The results should also be made avail-
7 able to the public and used in a public informa-
8 tion campaign to aggressively distribute infor-
9 mation about public safety threats to the public.
10 (4) FIRST LINE OF DEFENSE.—In light of the
11 high potential for a public health disaster under cir-
12 cumstances of multiple releases of toxic and haz-
13 ardous substances into the environment and complex
14 mixing of such materials in floodwaters, the Admin-
15 istrator shall set up the first line of defense against
16 immediate and long-term threats to public safety by
17 ensuring that all existing Federal and State environ-
18 mental and work safety standards are diligently ob-
19 served.
20 (5) COORDINATION.—The CESTAP shall en-
21 compass and be coordinated with existing sampling
22 and assessment efforts by Federal and State agen-
23 cies. In light of the scope and types of testing nec-
24 essary, the multiple regions affected and the press-
25 ing need for haste, the Administrator shall utilize

1 the work of independent, professional researchers
2 with established credentials. Such work of citizen re-
3 searchers, motivated by the same desire as the gov-
4 ernment to protect their fellow citizens from harm,
5 shall be utilized by government officials in identi-
6 fying the most hazardous geographic sites and po-
7 tential public health emergencies.
8 (b) NOTICE TO CONGRESS.—
9 (1) INITIAL NOTICE.—Not later than 30 days
10 after the date of the enactment of this Act, the Ad-
11 ministrator shall submit to the Committees on
12 Transportation and Infrastructure and Energy and
13 Commerce of the House of Representatives and the
14 Committee on Environment and Public Works of the
15 Senate an initial draft of the CESTAP, together
16 with a progress report on the current state of the
17 environmental testing, assessment, clean-up and
18 public safety efforts in the hurricane-devastated re-
19 gions of the Gulf Coast.
20 (2) SUBSEQUENT NOTIFICATIONS.—Not later
21 than 30 days after the date on which the Adminis-
22 trator submits the initial plan and progress report
23 under paragraph (1), and every 30 days thereafter,
24 the Administrator shall submit to such committees a
25 subsequent progress report, covering—

1 (A) sampling and toxicity assessment re-
2 sults on a region-by-region basis;
3 (B) ongoing and revised planning for noti-
4 fying potentially affected populations and pro-
5 viding proper training and equipment for han-
6 dling hazardous substances; and
7 (C) results of public health assessment and
8 monitoring studies, including any reports indi-
9 cating illnesses possibly resulting from exposure
10 to toxins released in Hurricane Katrina or local
11 epidemics or outbreaks of disease from con-
12 tagions.
13 (c) ANNUAL REVIEW.—No later than 1 year after the
14 date of the enactment of this Act, the Administrator shall
15 submit to the committees referred to in subsection (b) a
16 report describing—
17 (1) the known and potential threats to public
18 health and safety, immediate and long-term, identi-
19 fied under the CESTAP;
20 (2) details of efforts to inform and alert the
21 public and government officials of identified threats
22 and evaluation of their effectiveness;
23 (3) results of efforts to ensure the safety of re-
24 sponders and clean-up crews and evaluation of their
25 effectiveness;

1 (4) results of immediate intervention and on-
2 going monitoring of public health, including the
3 health of responders, clean-up crews and government
4 officials present in affected areas and evaluation of
5 their effectiveness;
6 (5) an overall assessment of—
7 (A) how the threat to public health has
8 been managed;
9 (B) what threats to public health still re-
10 main; and
11 (C) what existing programs must continue
12 in order to address remaining threats; and
13 (6) additional recommendations for action on
14 problems that have not yet been addressed or have
15 not adequately been addressed.
16 (d) ZONING.—
17 (1) RIGHT OF RETURN.—The Department of
18 Homeland Security, the Federal Emergency Man-
19 agement Agency and the Environmental Protection
20 Agency shall allow residents to return to their homes
21 and claim their property and to assist them in doing
22 so and in handling the relief and rehabilitation ef-
23 forts in the Gulf region shall be guided by this prin-
24 ciple.

1 (2) RIGHT TO KNOW THE RISKS.—At the same
2 time, Federal and State shall inform the hurricane
3 survivors about the known and possible health risks
4 they may face upon returning to their domiciles, as
5 well how they can best protect themselves and where
6 they can obtain the necessary equipment and mate-
7 rials to do so, and shall prevent residents from re-
8 turning to areas where the health risks are too se-
9 vere.
10 (3) STANDARDS.—Principles (1) and (2) above
11 must be balanced against one another and the Ad-
12 ministrator shall play the lead role in setting safety
13 standards to help bring concert to the work of var-
14 ious Federal, State and local officials to determine
15 which areas remain too unsafe to allow residents to
16 return. In doing so, the Administrator shall have the
17 authority to define zones of safety, including—
18 (A) "keep out" zones that remain unsafe
19 for residents to return, even where other agen-
20 cies have declared them safe from flooding or
21 hazardous debris such as downed power lines;
22 (B) "at your own risk" zones where safety
23 risks are uncertain, or can be controlled with
24 proper information and equipment (where said

1 information and equipment is made available to
2 residents); and
3 (C) "low risk" zones where the risk level is
4 considered minimal, but where residents and
5 visitors are nevertheless provided with informa-
6 tion on what risks do exist and what measures
7 they can take to minimize them.
8 (4) COMPENSATION.—Residents whose homes
9 or businesses have been destroyed or terminally com-
10 promised or who face an indefinite waiting period
11 before being allowed to reclaim their property shall
12 be offered the choice of alternative land and/or hous-
13 ing as compensation.
14 (5) SAFETY OVER SPECULATION.—The govern-
15 ment's obligations defined in principles (1) and (2)
16 above do not apply in the same way to private inter-
17 ests such as land speculators who are not in the con-
18 dition of having no home to return to.
19 (6) INSPECTION AND CERTIFICATION.—The
20 government must protect the public and consumers
21 from immediate and long-term health risks by re-
22 quiring those public and private buyers of property
23 in potentially contaminated areas who possessed no
24 title to said land prior to the hurricane, to obtain
25 certification of a comprehensive inspection for envi-

1 ronmental quality, public health safety as well as
2 compliance with local historical preservation laws
3 prior to commencement of new construction or re-
4 sale of real estate. The Administrator shall deter-
5 mine areas subject by this clause and shall work
6 with the Centers for Disease Control and Prevention
7 as well as State, local and community governments
8 to establish inspection and certification procedures.
9 (7) INSPECTION PROCEDURES.—The Adminis-
10 trator shall develop standards for such inspection
11 procedures, in cooperation with State and local offi-
12 cials, including local health and public safety agen-
13 cies. These standards are to be included in the over-
14 all CESTAP provided under this section.

15 **SEC. 203. NOTIFICATION OF PUBLIC AND PROFESSIONALS.**

16 (a) EMERGENCY NOTIFICATION.—
17 (1) HIGHEST RISK AREAS.—The Administrator
18 shall take immediate action to ensure that contami-
19 nated areas that have already been identified as pos-
20 ing the highest risk to human health are properly
21 marked with warning signs, and are patrolled by po-
22 lice who have been given clear guidelines on how to
23 manage traffic in and out of the area. The Adminis-
24 trator shall also ensure that public and health offi-
25 cials from the surrounding region are provided with

1 detailed information about the dangers posed by the
2 area of contamination, and what movement restric-
3 tions apply. This being of the highest priority, the
4 Administrator shall not wait for the first draft of the
5 CESTAP plan before acting.

6 (2) AIRBORNE CONTAMINANTS.—The Adminis-
7 trator shall take immediate action to ensure that the
8 population in areas subject to potential health risks
9 from airborne contaminates are made aware of the
10 dangers they face through a public information cam-
11 paign, with literature to be provided to and dissemi-
12 nated by State and local officials and, where their
13 capacity is lacking, by Federal agencies. This being
14 of the highest priority, the Administrator shall not
15 wait for the first draft of the CESTAP before act-
16 ing.

17 (b) TRANSPARENCY.—

18 (1) INFORMATION CAMPAIGN.—A major compo-
19 nent of the CESTAP plan shall be a pro-active in-
20 formation campaign as part of an effort to produce
21 and disseminate information in the form of lit-
22 erature, web postings and public service announce-
23 ments providing affected populations with clear and
24 concise warnings about the potential hazards they
25 face.

1 (2) REGULAR UPDATES.—The Administrator
2 shall ensure that the campaign is on-going, pro-
3 viding the public with new information as it becomes
4 available.
5 (3) NOTIFYING OFFICIALS.—The Administrator
6 shall ensure that this information campaign includes
7 the provision of detailed information, in print and
8 through direct consultation, to officials overseeing
9 disaster relief, rehabilitation and clean-up.
10 (c) COHERENCY.—
11 (1) PROVIDING MEANS OF PROTECTION.—Pub-
12 lic information campaigns under this section shall be
13 coordinated in conjunction with efforts to supply rel-
14 evant safety equipment (from hazmat suits to rubber
15 gloves and cleaning solutions) to affected popu-
16 lations and working crews.
17 (2) INTER-AGENCY COOPERATION.—The Ad-
18 ministrator shall develop the CESTAP plan by—
19 (A) identifying and using available re-
20 sources and manpower of agencies other than
21 the Environmental Protection Agency, where
22 the Agency lacks the resources to meet plan
23 goals; while at the same time:

1 (B) combining efforts as much as possible
2 with those agencies to be so tapped, through
3 such measures as—
4 (i) setting up joint information cam-
5 paigns where possible;
6 (ii) identifying teams of agencies who
7 will be working in high risk areas and pro-
8 visioning the necessary protective gear; and
9 in general
10 (iii) seeking wherever possible to avoid
11 unnecessary duplication of effort.

12 **SEC. 204. TRAINING FOR RESPONDERS AND CLEAN-UP**
13 **WORKERS.**

14 (a) PLANNING AND EXECUTION.—
15 (1) RESPONDERS HEALTH AND SAFETY
16 PLAN.—The CESTAP shall contain a program de-
17 signed to protect the health and safety of responders
18 and clean-up crews specifically in relation to toxic
19 and infectious materials.
20 (2) INTER-AGENCY COORDINATION.—The Ad-
21 ministrator shall coordinate this program with the
22 following agencies:
23 (A) the Occupational Safety and Health
24 Administration, which is responsible for ensur-
25 ing the health and safety of disaster responders

1 and clean-up crews in cooperation with Federal,
2 State, and local officials and private sector or-
3 ganizations;
4 (B) the Department of Labor, which is re-
5 sponsible for coordinating a response plan to
6 address worker health and safety issues; and
7 (C) the National Institute of Occupational
8 Safety and Health, which should be ready to
9 provide health and safety training to responders
10 and clean-up crews.
11 (3) AUTHORITY OF ADMINISTRATOR.—The Ad-
12 ministrator shall have authority to involve and use
13 the resources of these agencies to achieve the goals
14 here set out.
15 (b) EMERGENCY TRAINING.—The Administrator
16 shall include in the CESTAP, guidelines to ensure that—
17 (1) worksites and areas where responders and
18 clean-up crews are to be sent are subject to a full
19 environmental assessment and identification of haz-
20 ards through onsite evaluation and monitoring and
21 identification of workers likely to be facing high risk
22 of hazardous exposures;
23 (2) relief, reconstruction and clean-up workers
24 of all contributing agencies—

1 (A) are properly informed of the environ-
2 mental hazards they may face in their work;
3 (B) are provided proper training in han-
4 dling toxic materials;
5 (C) are provided with the proper protective
6 equipment (such as respirators to protect
7 against airborne toxins), and guidelines and
8 training for using them; and
9 (D) receive proper immunizations, where
10 necessary and appropriate;
11 (3) mechanisms are in place to provide equal
12 protection from environmental and health hazards to
13 State and local public employees not covered by reg-
14 ulations of the Occupational Safety and Health Ad-
15 ministration; and
16 (4) these efforts are coordinated in close col-
17 laboration with local employers, unions and safety
18 and health professionals.
19 (c) HIRING POLICY.—The Administrator shall ensure
20 that qualified residents returning to New Orleans and hur-
21 ricane-affected areas, and who are faced with the job loss
22 are given priority in new hirings for positions involved in
23 ongoing sampling and assessment of the environment.
24 **SEC. 205. PUBLIC HEALTH ASSESSMENT AND MONITORING.**
25 (a) EARLY INTERVENTION.—

1 (1) IMMEDIATE HUMAN HEALTH ASSESS-
2 MENT.—The Administrator shall include in the
3 CESTAP plan an immediate public health assess-
4 ment of—
5 (A) populations remaining in or returning
6 to areas of known or potential exposure to tox-
7 ins and infectious materials, and
8 (B) relief, rehabilitation and clean-up
9 workers working in areas known to be at risk.
10 (2) PURPOSE.—The purpose of such immediate
11 assessment is—
12 (A) to identify any epidemiological out-
13 breaks or toxological trends in the population;
14 and
15 (B) as a means of—
16 (i) screening for hazards missed by
17 other forms of environmental sampling;
18 (ii) alerting relevant health officials to
19 addressing the problem; and
20 (iii) setting a base-line for long-term
21 monitoring.
22 (b) LONG-TERM MONITORING.—The CESTAP shall
23 include provisions for periodic follow-up studies, no more
24 than a year apart, to assess the ongoing and long-term
25 health impacts of the toxic and infectious materials that

1 were or may have been released into the environment as
2 a result of the impact of Hurricane Katrina.

3 **SEC. 206. INDEPENDENT REVIEW.**

4 (a) INDEPENDENT ADVISORY AND REVIEW
5 PANEL.—In order to ensure maximum consonance with
6 efforts of residents of affected areas and cities to rebuild
7 their homes, businesses and communities, the Adminis-
8 trator shall establish an Independent Advisory and Review
9 Panel (IARP), comprised of—

10 (1) professionals who can share expert scientific
11 and environmental knowledge with the Adminis-
12 trator and officials involved in carrying out the
13 CESTAP;

14 (2) respected community leaders capable of pro-
15 viding to the Administrator and officials involved in
16 carrying out the CESTAP first-hand knowledge of—

17 (A) State, local and community resources
18 and organizational capacities;

19 (B) existing plans and efforts by State and
20 local communities to rebuild their communities
21 as well as to deal with discovered toxic and in-
22 fectious hazardous materials; and

23 (C) the priorities and concerns of affected
24 populations;

1 (3) officials from State and local government;
2 and
3 (4) State and local public health and safety offi-
4 cials.
5 (b) NOMINATIONS.—Nominations for the IARP shall
6 be solicited from—
7 (1) local and national scientific and environ-
8 mental nongovernmental organizations;
9 (2) civic bodies and community organizations in
10 the affected cities, States, and regions;
11 (3) State, local and community government
12 bodies.
13 (c) PERIODIC REVIEW.—The IARP shall issue peri-
14 odic reports no less frequently than quarterly, assessing
15 the progress of the CESTAP, with specific reference to—
16 (1) previous or on-going threats to public health
17 that the CESTAP failed to identify or to adequately
18 address;
19 (2) the effectiveness of efforts under CESTAP
20 to protect residents, responders and clean-up work-
21 ers through providing information, training and
22 safety equipment; and
23 (3) implementation of the CESTAP in coordi-
24 nation with State, local and community government

1 and nongovermental bodies, including suggestions
2 for further improvement.

3 **SEC. 207. EXPIRATION.**

4 Unless otherwise extended by law, this title and the
5 CESTAP shall cease to apply upon completion of the Ad-
6 ministrator's fifth annual report to Congress.

7 TITLE III—HEALTH PROVISIONS

8 Subtitle A—Repair and Access

9 **SEC. 301. REPAIR AND DISPARITIES GRANTS.**

10 (a) CONSTRUCTION AND REPAIR GRANTS .—The
11 Secretary of Health and Human Services (in this section
12 referred to as the "Secretary") shall make grants to public
13 health facilities and loans to private health facilities, for
14 the purpose of constructing, modernizing, or repairing
15 hospitals, clinics, health centers, laboratories, and other
16 health facilities in a Hurricane Katrina disaster area dam-
17 aged as a result of Hurricane Katrina for—

18 (1) construction of hospitals, clinics, health cen-
19 ters, laboratories, mental health and substance
20 abuse facilities that meet the standards of the Joint
21 Commission on the Accreditation of Healthcare Or-
22 ganizations (JCAHO);

23 (2) repair or modernization of such public or
24 private hospitals or public facilities as provide health
25 care or health related services; and

1 (3) to bring hospitals and public health facili-
2 ties in compliance with such JCAHO standards and
3 requirements of the Centers for Medicare & Med-
4 icaid Services.

5 (b) HEALTH DISPARITY GRANTS.—The Secretary,
6 acting through the Administrator of the Health and
7 Human Resources Administration and the Director of the
8 Office of Minority Health, and in consultation with the
9 Director of the Office of Community Services and the Di-
10 rector of the National Center for Minority Health and
11 Health Disparities, shall make grants to assist individuals,
12 hospitals, businesses, schools, minority health associa-
13 tions, non-profit organizations, community-based organi-
14 zations, healthcare clinics, foundations, and other entities
15 in communities in a Hurricane Katrina disaster area and
16 that disproportionately experience disparities in health
17 status and healthcare which are seeking—

18 (1) to improve the health of minority individ-
19 uals in the community and to reduce disparities in
20 health status and healthcare by assisting individuals
21 in accessing Federal programs or by other means;
22 and

23 (2) to coordinate the efforts of governmental
24 and private entities regarding the elimination of ra-
25 cial and ethnic health status and healthcare.

1 (c) APPLICATION.—To obtain a grant under this sec-
2 tion, an applicant shall submit to the Secretary an applica-
3 tion in such form and in such manner as the Secretary
4 may require. An application for a grant under—
5 (1) subsection (a) shall describe, with such
6 specificity as the Secretary shall require, the damage
7 sustained as a result of Hurricane Katrina and the
8 steps proposed to address the damage; and
9 (2) subsection (b) shall demonstrate that the
10 communities to be served are those that disproportionately experience disparities in health status and
11
12 healthcare and shall set forth a strategic plan for re-
13 ducing those disparities by—
14 (A) describing the coordinated health, eco-
15 nomic, human, community, and physical devel-
16 opment plan and related activities proposed for
17 the community;
18 (B) identifying the projected amount of
19 Federal, State, local and private resources that
20 will be available in the area and the private and
21 public partnerships to be used (including any
22 participation by or cooperation with univer-
23 sities, colleges, foundations, non-profit organiza-
24 tions, medical centers, hospitals, health clinics,

1 school districts, or other private and public en-
2 tities);
3 (C) identifying the funding requested
4 under any Federal program in support of the
5 proposed activities;
6 (D) identifying benchmarks for measuring
7 the success of carrying out the strategic plan;
8 (E) demonstrating the ability to reach and
9 service the targeted underserved minority com-
10 munity populations in a culturally appropriate
11 and linguistically responsive manner; and
12 (F) demonstrating a capacity and infra-
13 structure to provide long-term community re-
14 sponse that is culturally appropriate and lin-
15 guistically responsive to communities that dis-
16 proportionately experience disparities in health
17 and healthcare.
18 (d) DEFINITION.—For purposes of this section, the
19 term "Hurricane Katrina disaster area" means an area
20 which the President has designated as a disaster area as
21 a result of Hurricane Katrina of August 2005.
22 (e) AUTHORIZATION OF APPROPRIATION .—There
23 are authorized to be appropriated to carry out this section,
24 such sums as may be necessary for each of fiscal years
25 2006 through 2010.

1 **SEC. 302. DISASTER RELIEF MEDICAID.**

2 (a) AUTHORITY TO PROVIDE DISASTER RELIEF
3 MEDICAID.—Notwithstanding any provision of title XIX
4 of the Social Security Act, a State shall, as a condition
5 of participation in the Medicaid program established
6 under title XIX of the Social Security Act (42 U.S.C.
7 1396 et seq.), provide medical assistance to DRM-eligible
8 Katrina Survivors (as defined in subsection (b)) under a
9 State Medicaid plan established under such title during
10 the disaster relief Medicaid coverage period in accordance
11 with the following provisions of this section and without
12 submitting an amendment to the State Medicaid plan.
13 Such assistance shall be referred to as "Disaster Relief
14 Medicaid Assistance (DRM assistance)".

15 (b) DRM-ELIGIBLE KATRINA SURVIVOR DE-
16 FINED.—

17 (1) IN GENERAL.—In this section, the term
18 "DRM-eligible Katrina Survivor" means a Katrina
19 Survivor whose family income does not exceed the
20 higher of—

21 (A) 100 percent (200 percent, in the case
22 of such a Survivor who is a pregnant woman,
23 child, or a recipient of disability benefits under
24 section 223 of the Social Security Act) of the
25 poverty line; or

1 (B) the income eligibility standard which
2 would apply to the Survivor under the State
3 Medicaid plan.
4 (2) NO RESOURCES, RESIDENCY, OR CATEGOR-
5 ICAL ELIGIBILITY REQUIREMENTS.—Eligibility
6 under paragraph (1) shall be determined without ap-
7 plication of any resources test, State residency, or
8 categorical eligibility requirements.
9 (3) INCOME DETERMINATION.—
10 (A) LEAST RESTRICTIVE INCOME METH-
11 ODOLOGIES.—The State shall use the least re-
12 strictive methodologies applied under the State
13 Medicaid plan under section 1902(r)(2) of the
14 Social Security Act (42 U.S.C. 1396a(r)(2)) in
15 determining income eligibility for Katrina Sur-
16 vivors under paragraph (1).
17 (B) DISREGARD OF UI BENEFITS.—In de-
18 termining such income eligibility, the State
19 shall disregard any amount received under a
20 law of the United States or of a State which is
21 in the nature of unemployment compensation by
22 a Katrina Survivor during the DRM coverage
23 period.
24 (4) DEFINITION OF CHILD.—For purposes of
25 paragraph (1), a DRM-eligible Katrina Survivor

1 shall be determined to be a "child" in accordance
2 with the definition of "child" under the State Med-
3 icaid plan.
4 (c) ELIGIBILITY DETERMINATION; NO CONTINU-
5 ATION OF DRM ASSISTANCE.—
6 (1) STREAMLINED ELIGIBILITY PROCESS.—The
7 State shall use the following streamlined procedures
8 in processing applications and determining eligibility
9 for DRM assistance for DRM-eligible Katrina Sur-
10 vivors:
11 (A) A common 1-page application form de-
12 veloped by the Secretary of Health and Human
13 Services in consultation with the National Asso-
14 ciation of State Medicaid Directors. Such form
15 shall—
16 (i) require an applicant to provide an
17 expected address for the duration of the
18 DRM coverage period and to agree to up-
19 date that information if it changes during
20 such period;
21 (ii) include notice regarding the pen-
22 alties for making a fraudulent application
23 under subsection (h);
24 (iii) require the applicant to assign to
25 the State any rights of the applicant (or

1 any other person who is a DRM-eligible
2 Katrina Survivor and on whose behalf the
3 applicant has the legal authority to execute
4 an assignment of such rights) under any
5 group health plan or other third-party cov-
6 erage for health care; and
7 (iv) require the applicant to list any
8 health insurance coverage which the appli-
9 cant was enrolled in immediately prior to
10 submitting such application.
11 (B) Self-attestation by the applicant that
12 the applicant—
13 (i) is a DRM-eligible Katrina Sur-
14 vivor; and
15 (ii) if applicable, requires home and
16 community-based services provided under
17 such DRM assistance in accordance with
18 subsection (d)(3).
19 (C) No requirement for documentation evi-
20 dencing the basis on which the applicant quali-
21 fies to be a DRM-eligible Katrina Survivor or,
22 if applicable, requires home and community-
23 based services.
24 (D) Issuance of a DRM assistance eligi-
25 bility card to an applicant who completes such

1 application, including the self-attestation re-
2 quired under subparagraph (B). Such card shall
3 be valid as long as the DRM coverage period is
4 in effect and shall be accompanied by notice of
5 the termination date for the DRM coverage pe-
6 riod and, if applicable, notice that such termi-
7 nation date may be extended. If the President
8 extends the DRM coverage period, the State
9 shall notify DRM-eligible Katrina Survivors en-
10 rolled in DRM assistance of the new termi-
11 nation date for the DRM coverage period.
12 (E) If an applicant completes the applica-
13 tion and presents it to a provider or facility
14 participating in the State Medicaid plan that is
15 qualified to make presumptive eligibility deter-
16 minations under such plan (which at a min-
17 imum shall consist of facilities identified in sec-
18 tion 1902(a)(55) of the Social Security Act (42
19 U.S.C. 1396a(a)(55)) and it appears to the pro-
20 vider that the applicant is a DRM-eligible
21 Katrina Survivor based on the information in
22 the application, the applicant will be deemed to
23 be a DRM-eligible Katrina Survivor eligible for
24 DRM assistance in accordance with this section,
25 subject to subsection (g).

1 (F) Continuous eligibility, without the need
2 for any re-determination of eligibility, for the
3 duration of the DRM coverage period.
4 (2) NO CONTINUATION OF DRM ASSISTANCE.—
5 (A) IN GENERAL.—Except as provided in
6 subparagraphs (B) and (C), no DRM assistance
7 shall be provided after the end of the DRM cov-
8 erage period.
9 (B) PRESUMPTIVE ELIGIBILITY.—In the
10 case of any DRM-eligible Katrina Survivor who
11 is receiving DRM assistance from a State in ac-
12 cordance with this section and who, as of the
13 end of the DRM coverage period, has an appli-
14 cation pending for medical assistance under the
15 State Medicaid plan for periods beginning after
16 the end of such period, the State shall provide
17 such Survivor with a period of presumptive eli-
18 gibility for medical assistance under the State
19 Medicaid plan (not to exceed 60 days) until a
20 determination with respect to the Survivor's ap-
21 plication has been made.
22 (C) PREGNANT WOMEN.—In the case of a
23 DRM-eligible Katrina Survivor who is receiving
24 DRM assistance from a State in accordance
25 with this section and whose pregnancy ended

1 during the 60-day period prior to the end of the
2 DRM coverage period, or who is pregnant as of
3 the end of such period, such Survivor shall con-
4 tinue to be eligible for DRM assistance after
5 the end of the DRM coverage period, including
6 (but not limited to) for all pregnancy-related
7 and postpartum medical assistance available
8 under the State Medicaid plan, through the end
9 of the month in which the 60-day period (begin-
10 ning on the last day of her pregnancy) ends.
11 (3) TREATMENT OF KATRINA SURVIVORS PRO-
12 VIDED ASSISTANCE PRIOR TO DATE OF ENACT-
13 MENT.—Any Katrina Survivor who is provided med-
14 ical assistance under a State Medicaid plan in ac-
15 cordance with guidance from the Secretary during
16 the period that begins on August 28, 2005, and ends
17 on the date of enactment of this Act shall be treated
18 as a DRM-eligible Katrina Survivor, without the
19 need to file an additional application, for purposes of
20 eligibility for DRM assistance under this section.
21 (d) SCOPE OF COVERAGE.—
22 (1) CATEGORICALLY NEEDY BENEFITS.—The
23 State shall treat a DRM-eligible Katrina Survivor as
24 an individual eligible for medical assistance under
25 the State plan under title XIX of the Social Security

1 Act on the basis of section 1902(a)(10)(A)(i) of the
2 Social Security Act (42 U.S.C. 1396a(a)(10)(A)(i)),
3 with coverage for such assistance retroactive to
4 items and services furnished on or after August 28,
5 2005 (or in the case of applications for DRM assist-
6 ance submitted after January 1 2006, the first day
7 of the 5th month preceding the date on which such
8 application is submitted).

9 (2) EXTENDED MENTAL HEALTH AND CARE CO-
10 ORDINATION BENEFITS.—The State may provide,
11 without regard to any restrictions on amount, dura-
12 tion, and scope, comparability, or restrictions other-
13 wise applicable under the State medicaid plan (other
14 than restrictions applicable under such plan with re-
15 spect to services provided in an institution for men-
16 tal diseases), to DRM-eligible Katrina Survivors ex-
17 tended mental health and care coordination benefits
18 which may include the following:

19 (A) Screening, assessment, and diagnostic
20 services (including specialized assessments for
21 individuals with cognitive impairments).

22 (B) Coverage for a full range of mental
23 health medications at the dosages and fre-
24 quencies prescribed by health professionals for

1 depression, post-traumatic stress disorder, and
2 other mental disorders.
3 (C) Treatment of alcohol and substance
4 abuse determined to result from circumstances
5 related to Hurricane Katrina.
6 (D) Psychotherapy, rehabilitation and
7 other treatments administered by psychiatrists,
8 psychologists, or social workers for conditions
9 exacerbated by, or resulting from, Hurricane
10 Katrina.
11 (E) In-patient mental health care.
12 (F) Family counseling for families where a
13 member of the immediate family is a Katrina
14 Survivor or first responder to Hurricane
15 Katrina or includes an individual who has died
16 as a result of Hurricane Katrina.
17 (G) In connection with the provision of
18 health and long-term care services, arranging
19 for, (and when necessary, enrollment in waiver
20 programs or other specialized programs), and
21 coordination related to, primary and specialty
22 medical care, which may include personal care
23 services, durable medical equipment and sup-
24 plies, assistive technology, and transportation.

1 (3) HOME AND COMMUNITY-BASED SERV-
2 ICES.—
3 (A) IN GENERAL.—In the case of a State
4 with a waiver to provide home and community-
5 based services granted under section 1115 of
6 the Social Security Act or under subsection (c)
7 or (d) of section 1915 of such Act, the State
8 may provide such services to DRM-eligible
9 Katrina Survivors who self-attest in accordance
10 with subsection (c)(1)(B)(ii) that they require
11 immediate home and community-based services
12 that are available under such waiver without re-
13 gard to whether the Survivors would require the
14 level of care provided in a hospital, nursing fa-
15 cility, or intermediate care facility for the men-
16 tally retarded, including to DRM-eligible
17 Katrina Survivors who are individuals described
18 in subparagraph (B).
19 (B) INDIVIDUALS DESCRIBED.—Individ-
20 uals described in this subparagraph are individ-
21 uals who—
22 (i) on any day during the week pre-
23 ceding August 28, 2005—
24 (I) had been receiving home and
25 community-based services under a

1 waiver described in subparagraph (A)
2 in a direct impact parish or county;
3 (II) had been receiving support
4 services from a primary family care-
5 giver who, as a result of Hurricane
6 Katrina, is no longer available to pro-
7 vide services; or
8 (III) had been receiving personal
9 care, home health, or rehabilitative
10 services under the State Medicaid
11 plan or under a waiver granted under
12 section 1915 or 1115 of the Social Se-
13 curity Act; or
14 (ii) are disabled (as determined under
15 the State Medicaid plan).
16 (C) WAIVER OF RESTRICTIONS.—The Sec-
17 retary shall waive with respect to the provision
18 of home and community-based services under
19 this paragraph any limitations on—
20 (i) the number of individuals who
21 shall receive home or community-based
22 services under a waiver described in sub-
23 paragraph (A);
24 (ii) budget neutrality requirements ap-
25 plicable to such waiver; and

1 (iii) targeted populations eligible for
2 services under such waiver.
3 The Secretary may waive other restrictions ap-
4 plicable under such a waiver, that would pre-
5 vent a State from providing home and commu-
6 nity-based services in accordance with this
7 paragraph.
8 (4) CHILDREN BORN TO PREGNANT WOMEN.—
9 In the case of a child born to a DRM-eligible
10 Katrina Survivor who is provided DRM assistance
11 during the DRM coverage period, such child shall be
12 treated as having been born to a pregnant woman el-
13 igible for medical assistance under the State Med-
14 icaid plan and shall be eligible for medical assistance
15 under such plan in accordance with section
16 1902(e)(4) of the Social Security Act (42 U.S.C.
17 1396a(e)(4)). The Federal medical assistance per-
18 centage applicable to the State Medicaid plan shall
19 apply to medical assistance provided to a child under
20 such plan in accordance with the preceding sentence.
21 (e) TERMINATION OF COVERAGE; ASSISTANCE WITH
22 APPLYING FOR REGULAR MEDICAID COVERAGE.—
23 (1) NOTICE OF EXPECTED TERMINATION OF
24 DRM COVERAGE PERIOD.—A State shall provide
25 DRM-eligible Katrina Survivors who are receiving

1 DRM assistance from the State in accordance with
2 this section, as of the beginning of the 4th month
3 (and, if applicable, 9th month) of the DRM coverage
4 period with—
5 (A) notice of the expected termination date
6 for DRM assistance for such period;
7 (B) information regarding eligibility for
8 medical assistance under the State's eligibility
9 rules otherwise applicable under the State med-
10 icaid plan; and
11 (C) an application for such assistance and
12 information regarding where to obtain assist-
13 ance with completing such application in ac-
14 cordance with paragraph (2).
15 (2) APPLICATION ASSISTANCE.—A State shall
16 provide DRM-eligible Katrina Survivors who are re-
17 ceiving DRM assistance from the State in accord-
18 ance with this section with assistance in applying for
19 medical assistance under the State medicaid plan for
20 periods beginning after the end of the DRM cov-
21 erage period, at State Medicaid offices and at loca-
22 tions easily accessible to such Survivors.
23 (3) STATE REPORTS.—A State providing DRM
24 assistance in accordance with this section shall sub-
25 mit to the Secretary the following reports:

1 (A) TERMINATION AND TRANSITION AS-
2 SISTANCE TO REGULAR MEDICAID COVERAGE
3 FOR DRM-ELIGIBLE KATRINA SURVIVORS ELIGI-
4 BLE FOR SUCH ASSISTANCE.—A report detail-
5 ing how the State intends to satisfy the require-
6 ments of paragraphs (1) and (2).
7 (B) ENROLLMENT.—Reports regarding—
8 (i) the number of Katrina Survivors
9 who are determined to be DRM-eligible
10 Katrina Survivors; and
11 (ii) the number of DRM-eligible
12 Katrina Survivors who are determined to
13 be eligible for, and enrolled in, the State
14 Medicaid plan.
15 (4) SECRETARIAL OVERSIGHT.—The Secretary
16 of Health and Human Services shall ensure that a
17 State is complying with the requirements of para-
18 graphs (1) and (2) and that applications for medical
19 assistance under the State Medicaid plan from
20 DRM-eligible Katrina Survivors for periods begin-
21 ning after the end of the DRM coverage period are
22 processed in a timely and appropriate manner.
23 (5) NO PRIVATE RIGHT OF ACTION AGAINST A
24 STATE FOR FAILURE TO PROVIDE NOTICE.—No pri-
25 vate right of action shall be brought against a State

1 for failure to provide the notices required under
2 paragraph (1) or subsection (c)(1) so long as the
3 State makes a good faith effort to provide such no-
4 tices.

5 (f) 100 PERCENT FEDERAL MATCHING PAY-
6 MENTS.—

7 (1) IN GENERAL.—Notwithstanding section
8 1905(b) of the Social Security Act (42 U.S.C.
9 1396d(b), the Federal medical assistance percentage
10 or the Federal matching rate otherwise applied
11 under section 1903(a) of such Act (42 U.S.C.
12 1396b(a)) shall be 100 percent for—

13 (A) providing DRM assistance to DRM-eli-
14 gible Katrina Survivors during the DRM cov-
15 erage period in accordance with this section;

16 (B) costs directly attributable to adminis-
17 trative activities related to the provision of such
18 DRM assistance, including costs attributable to
19 obtaining recoveries under subsection (h);

20 (C) costs directly attributable to providing
21 application assistance in accordance with sub-
22 section (e)(2); and

23 (D) DRM assistance provided in accord-
24 ance with subparagraph (B) or (C) of sub-

1 section (c)(2) after the end of the DRM cov-
2 erage period.
3 (2) DISREGARD OF PAYMENTS.—Payments pro-
4 vided to a State in accordance with this subsection
5 shall be disregarded for purposes of applying sub-
6 sections (f) and (g) of section 1108 of the Social Se-
7 curity Act (42 U.S.C. 1308).
8 (g) VERIFICATION OF STATUS AS A KATRINA SUR-
9 VIVOR.—
10 (1) IN GENERAL.—The State shall make a good
11 faith effort to verify the status of an individual who
12 is enrolled in the State Medicaid plan as a DRM-eli-
13 gible Katrina Survivor under the provisions of this
14 section. Such effort shall not delay the determina-
15 tion of the eligibility of the Survivor for DRM assist-
16 ance under this section.
17 (2) EVIDENCE OF VERIFICATION.—A State may
18 satisfy the verification requirement under subpara-
19 graph (A) with respect to an individual by showing
20 that the State providing DRM assistance obtained
21 information from the Social Security Administration,
22 the Internal Revenue Service, or the State Medicaid
23 Agency for the State from which individual is from
24 (if the individual was not a resident of such State

1 on any day during the week preceding August 28,
2 2005).
3 (h) PENALTY FOR FRAUDULENT APPLICATIONS.—
4 (1) INDIVIDUAL LIABLE FOR COSTS.—If a
5 State, as the result of verification activities con-
6 ducted under subsection (g) or otherwise, determines
7 after a fair hearing that an individual has knowingly
8 made a false self-attestation described in subsection
9 (c)(1)(B), the State may, subject to paragraph (2),
10 seek recovery from the individual for the full amount
11 of the cost of DRM assistance provided to the indi-
12 vidual under this section.
13 (2) EXCEPTION.—The Secretary shall exempt a
14 State from seeking recovery under paragraph (1) if
15 the Secretary determines that it would not be cost-
16 effective for the State to do so.
17 (3) REIMBURSEMENT TO THE FEDERAL GOV-
18 ERNMENT.—Any amounts recovered by a State in
19 accordance with this subsection shall be returned to
20 the Federal government.
21 (i) EXEMPTION FROM ERROR RATE PENALTIES.—
22 All payments attributable to providing DRM assistance in
23 accordance with this section shall be disregarded for pur-
24 poses of section 1903(u) of the Social Security Act (42
25 U.S.C. 1396b(u)).

1 (j) PROVIDER PAYMENT RATES.—In the case of any
2 DRM assistance provided in accordance with this section
3 to a DRM-eligible Katrina Survivor that is covered under
4 the State Medicaid plan (as applied without regard to this
5 section) the State shall pay a provider of such assistance
6 the same payment rate as the State would otherwise pay
7 for the assistance if the assistance were provided under
8 the State Medicaid plan (or, if no such payment rate ap-
9 plies under the State Medicaid plan, the usual and cus-
10 tomary prevailing rate for the item or service for the com-
11 munity in which it is provided).

12 (k) APPLICATION TO INDIVIDUALS ELIGIBLE FOR
13 MEDICAL ASSISTANCE.—Nothing in this section shall be
14 construed as affecting any rights accorded to an individual
15 who is a recipient of medical assistance under a State
16 Medicaid plan who is determined to be a DRM-eligible
17 Katrina Survivor but the provision of DRM assistance to
18 such individual shall be limited to the provision of such
19 assistance in accordance with this section.

20 (l) DEFINITIONS.—

21 (1) DRM COVERAGE PERIOD.—

22 (A) IN GENERAL.—The term "DRM cov-
23 erage period" means the period beginning on
24 August 28, 2005, and, subject to subparagraph

1 (B), ending on the date that is 12 months after
2 the date of enactment of this Act.
3 (B) PRESIDENTIAL AUTHORITY TO EX-
4 TEND DRM COVERAGE PERIOD.—
5 (i) IN GENERAL.—The President may
6 extend the DRM coverage period for an
7 additional 12 months. Any reference to the
8 term "DRM coverage period" in this title
9 shall include any extension under this
10 clause.
11 (ii) NOTICE TO CONGRESS AND
12 STATES.—The President shall notify the
13 majority and minority leaders of the Sen-
14 ate, the Speaker of the House of Rep-
15 resentatives, the minority leader of the
16 House of Representatives, the Chairs and
17 Ranking Members of the Committee on Fi-
18 nance of the Senate and the Committees
19 on Energy and Commerce and Ways and
20 Means of the House of Representatives,
21 and the States at least 30 days prior to—
22 (I) extending the DRM coverage
23 period; or

(II) if the President determines not to extend such period, the ending date described in subparagraph (A).

(2) POVERTY LINE.—The term "poverty line" has the meaning given that term in section 2110(c)(5) of the Social Security Act (42 U.S.C. 1397jj(c)(5)).

(3) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services.

Subtitle B—Temporary Assistance to Needy Families (TANF)

SEC. 311. REIMBURSEMENT OF STATES FOR TANF BENEFITS PROVIDED TO ASSIST FAMILIES FROM OTHER STATES AFFECTED BY HURRICANE KATRINA.

(a) IN GENERAL.—Section 3 of the TANF Emergency Response and Recovery Act of 2005 (Public Law 109–68) is amended to read as follows:

"SEC. 3. REIMBURSEMENT OF STATES FOR TANF BENEFITS PROVIDED TO ASSIST FAMILIES FROM OTHER STATES AFFECTED BY HURRICANE KATRINA.

"(a) ELIGIBILITY FOR PAYMENTS FROM THE CONTINGENCY FUND.—

1 "(1) PERIOD OF APPLICABILITY.—Beginning
2 with August 29, 2005, and ending with August 31,
3 2006, each State that is a direct impact State or a
4 State described in paragraph (3) of this subsection
5 shall be considered a needy State for purposes of
6 section 403(b) of the Social Security Act.
7 "(2) DIRECT IMPACT STATE.—In this sub-
8 section, the term 'direct impact State' means Lou-
9 isiana, Mississippi, and Alabama.
10 "(3) OTHER STATES.—A State is described in
11 this paragraph if the State provides any benefit or
12 service, that may be provided under the State pro-
13 gram funded under part A of title IV of the Social
14 Security Act, to a family which—
15 "(A) has resided in a direct impact State;
16 and
17 "(B) has traveled (not necessarily directly)
18 to the State from the direct impact State as a
19 result of the hurricane.
20 "(b) MONTHLY PAYMENTS.—
21 "(1) IN GENERAL.—Notwithstanding section
22 403(b)(3)(C)(i) of the Social Security Act, the total
23 amount paid during a month to—
24 "(A) a direct impact State, shall not ex-
25 ceed ¼ of 20 percent of the State family assist-

1 ance grant (described in section 403(a)(1)(B) of
2 such Act); and
3 "(B) a State described in subsection
4 (a)(3), shall not exceed the lesser of—
5 "(i) total amount of benefits or serv-
6 ices provided under the State program
7 funded under part A of title IV of such Act
8 to families described in subsection (a)(3);
9 or
10 "(ii) ¼ of 20 percent of the State
11 family assistance grant (as so described).
12 "(c) NO STATE MATCH OR MAINTENANCE OF EF-
13 FORT REQUIRED.—Sections 403(b)(6) and 409(a)(10) of
14 the Social Security Act shall not apply with respect to a
15 payment made to a State by reason of this section.
16 "(d) INCREASE IN FUNDING TO THE EXTENT NEC-
17 ESSARY.—During the period beginning with August 29,
18 2005, and ending with September 30, 2006, section
19 403(b)(2) of the Social Security Act shall be applied with-
20 out regard to the limitation on the total amount specified
21 in such section.".
22 (b) RETROACTIVE EFFECTIVE DATE.—The amend-
23 ment made by subsection (a) shall take effect as if in-
24 cluded in the enactment of the TANF Emergency Re-
25 sponse and Recovery Act of 2005.

1 **SEC. 312. INCREASE IN AMOUNT OF ADDITIONAL TANF**
2 **FUNDS AVAILABLE FOR HURRICANE-DAM-**
3 **AGED STATES.**

4 (a) IN GENERAL.—Section 4(a)(2) of the TANF
5 Emergency Response and Recovery Act of 2005 (Public
6 Law 109–68) is amended by striking "20 percent" and
7 inserting "40 percent".

8 (b) RETROACTIVE EFFECTIVE DATE.—The amend-
9 ment made by subsection (a) shall take effect as if in-
10 cluded in the enactment of the TANF Emergency Re-
11 sponse and Recovery Act of 2005.

12 **SEC. 313. RULES FOR RECEIPT OF HURRICANE KATRINA**
13 **EMERGENCY TANF BENEFITS AND APPLICA-**
14 **TION TO CHILD SUPPORT REQUIREMENTS.**

15 (a) IN GENERAL.—Section 6 of the TANF Emer-
16 gency Response and Recovery Act of 2005 (Public Law
17 109–68) is amended to read as follows:

18 **"SEC. 6. RULES OF RECEIPT OF HURRICANE KATRINA**
19 **EMERGENCY TANF BENEFITS AND APPLICA-**
20 **TION TO CHILD SUPPORT REQUIREMENTS.**

21 "(a) IN GENERAL.—During the period described in
22 section 3(d) of this Act, Hurricane Katrina Emergency
23 TANF Benefits provided by a direct impact State (as de-
24 fined in section 3(a)(2) of this Act), a State described in
25 section 3(a)(3) of this Act, or an Indian tribe under a trib-
26 al family assistance plan approved under section 412 of

1 the Social Security Act shall not be considered assistance
2 for purposes of section 407, paragraphs (2), (3), or (7)
3 of section 408(a), or section 454(29) of the Social Security
4 Act.

5 "(b) HURRICANE KATRINA EMERGENCY TANF BEN-
6 EFITS.—In subsection (a), the term 'Hurricane Katrina
7 Emergency TANF Benefits' means any benefit or service
8 that may be provided under a State or tribal program
9 funded under part A of title IV of the Social Security Act
10 to support—

11 "(1) a family described in section 3(a)(3) of
12 this Act; or

13 "(2) a family that—

14 "(A) is residing in a direct impact State
15 (as defined in section 3(a)(2) of this Act); and

16 "(B) the State considers a needy family for
17 purposes of the program.".

18 (c) RETROACTIVE EFFECTIVE DATE.—The amend-
19 ment made by subsection (a) shall take effect as if in-
20 cluded in the enactment of the TANF Emergency Re-
21 sponse and Recovery Act of 2005.

1 **SEC. 314. AUTHORITY TO USE FUNDS IN INDIVIDUAL DE-**
2 **VELOPMENT ACCOUNTS FOR CAR OWNER-**
3 **SHIP, MAINTENANCE AND INSURANCE.**

4 (a) ACCOUNTS ESTABLISHED UNDER THE TANF
5 PROGRAM.—

6 (1) ADDITIONAL QUALIFIED PURPOSE FOR USE
7 OF FUNDS.—Section 404(h)(2)(B) of the Social Se-
8 curity Act (42 U.S.C. 604(h)(2)(B)) is amended by
9 adding at the end the following:

10 "(iv) QUALIFIED AUTOMOTIVE EX-
11 PENDITURES.—Qualified automotive ex-
12 penditures paid from an individual develop-
13 ment account directly to the persons to
14 whom the amounts are due.".

15 (2) DEFINITION.—Section 404(h)(5) of the So-
16 cial Security Act (42 U.S.C. 604(h)(5)) is amended
17 by adding at the end the following:

18 "(J) QUALIFIED AUTOMOTIVE EXPENDI-
19 TURES.—The term 'qualified automotive ex-
20 penditures' means expenditures for the pur-
21 chase or maintenance of an automobile, or for
22 insurance for an automobile.".

23 (b) ACCOUNTS ESTABLISHED UNDER THE ASSETS
24 FOR INDEPENDENCE PROGRAM.—Section 404(8) of the
25 Assets for Independence Act (42 U.S.C. 604 note) is
26 amended by adding at the end the following:

"(E) QUALIFIED AUTOMOTIVE EXPENDITURES.—

"(i) IN GENERAL.—Qualified automotive expenditures paid from an individual development account directly to the persons to whom the amounts are due.

"(ii) DEFINITION.—In clause (i), the term 'qualified automotive expenditures' means expenditures for the purchase or maintenance of an automobile, or for insurance for an automobile.".

Subtitle C—Unemployment Compensation

SEC. 321. FEDERAL-STATE AGREEMENTS.

(a) IN GENERAL.—Any State that is a qualified State and that desires to do so may enter into and participate in an agreement under this subtitle with the Secretary. Any State that is a party to an agreement under this subtitle may, upon providing 30 days' written notice to the Secretary, terminate such agreement.

(b) PROVISIONS OF AGREEMENT.—Any agreement under subsection (a) shall provide that the State agency of the State—

1 (1) will make payments of regular compensation
2 in conformance with the requirements of section
3 322; and
4 (2) will make payments of emergency extended
5 unemployment compensation in conformance with
6 the requirements of section 323.
7 (c) QUALIFIED STATE.—For purposes of this sub-
8 title, the term "qualified State" means Alabama, Lou-
9 isiana, and Mississippi.

10 **SEC. 322. REQUIREMENTS RELATING TO REGULAR COM-**
11 **PENSATION.**

12 (a) IN GENERAL.—Any agreement under this subtitle
13 shall provide that the State agency of the State will make
14 payments of regular compensation to individuals in
15 amounts and to the extent that they would be determined
16 if the State law of such State were applied with the modi-
17 fication described in subsection (b).
18 (b) MODIFICATION DESCRIBED.—
19 (1) ADDITIONAL AMOUNT.—In the case of an
20 eligible individual, the amount of regular compensa-
21 tion (including dependents' allowances) payable for
22 any week of unemployment to which such agreement
23 applies shall be equal to the amount determined
24 under the State law (before the application of this
25 paragraph), plus an additional—

1 (A) 25 percent, or
2 (B) $100,
3 whichever is greater.
4 (2) ELIGIBLE INDIVIDUAL.—For purposes of
5 this section, the term "eligible individual" means an
6 individual who—
7 (A) is receiving regular compensation
8 under the State law of the State that is a party
9 to the agreement; and
10 (B) at any time during the week before the
11 week that includes August 28, 2005, either held
12 employment in or resided in an area—
13 (i) that is within a qualified State;
14 and
15 (ii) for which the President has de-
16 clared a major disaster under the Robert
17 T. Stafford Disaster Relief and Emergency
18 Assistance Act (42 U.S.C. 5121 et seq.) as
19 a result of Hurricane Katrina.
20 (c) NONREDUCTION RULE.—Under the agreement,
21 subsection (b) shall not apply (or shall cease to apply) with
22 respect to a State upon a determination by the Secretary
23 that the method governing the computation of regular
24 compensation under the State law of such State has been
25 modified in a way such that—

1 (1) the average weekly amount of regular com-
2 pensation which will be payable during the period of
3 the agreement (determined disregarding the modi-
4 fication described in subsection (b)) will be less than
5 (2) the average weekly amount of regular com-
6 pensation which would otherwise have been payable
7 during such period under such State law, as in effect
8 on August 28, 2005.
9 (d) COORDINATION RULE.—The modification de-
10 scribed in subsection (b) shall also apply in determining
11 the amount of benefits payable under any Federal law, to
12 any eligible individual, to the extent that those benefits
13 are determined by reference to regular compensation pay-
14 able under the State law of the State involved.

15 **SEC. 323. REQUIREMENTS RELATING TO EMERGENCY EX-**
16 **TENDED UNEMPLOYMENT COMPENSATION.**

17 (a) IN GENERAL.—Any agreement under this subtitle
18 shall provide that the State agency of the State will, for
19 any weeks of unemployment to which such agreement ap-
20 plies, make payments of emergency extended unemploy-
21 ment compensation under this subtitle to individuals
22 who—
23 (1) have exhausted all rights to regular com-
24 pensation under the State law or under Federal law,

1 but only if exhaustion occurs upon or after the close
2 of the week that includes August 28, 2005;
3 (2) have no rights to regular compensation or
4 extended compensation with respect to a week under
5 such law or any other State unemployment com-
6 pensation law or to compensation under any other
7 Federal law;
8 (3) are not receiving compensation with respect
9 to such week under the unemployment compensation
10 law of any other country; and
11 (4) at any time during the week before the
12 week that includes August 28, 2005, either held em-
13 ployment in or resided in an area—
14 (A) that is within a qualified State; and
15 (B) for which the President has declared a
16 major disaster under the Robert T. Stafford
17 Disaster Relief and Emergency Assistance Act
18 (42 U.S.C. 5121 et seq.) as a result of Hurri-
19 cane Katrina.
20 (b) EXHAUSTION OF BENEFITS.—For purposes of
21 subsection (a)(1), an individual shall be deemed to have
22 exhausted such individual's rights to regular compensation
23 under a State law when—
24 (1) no payments of regular compensation can
25 be made under such law because such individual has

1 received all regular compensation available to such
2 individual based on employment or wages during
3 such individual's base period; or
4 (2) such individual's rights to such compensa-
5 tion have been terminated by reason of the expira-
6 tion of the benefit year with respect to which such
7 rights existed.
8 (c) WEEKLY BENEFIT AMOUNT, ETC.—For purposes
9 of any agreement under this subtitle—
10 (1) the amount of emergency extended unem-
11 ployment compensation which shall be payable to
12 any individual for any week of total unemployment
13 shall be equal to the amount of the regular com-
14 pensation (including dependents' allowances) payable
15 to such individual during such individual's benefit
16 year under the State law for a week of total unem-
17 ployment;
18 (2) the terms and conditions of the State law
19 which apply to claims for regular compensation and
20 to the payment thereof shall apply to claims for
21 emergency extended unemployment compensation
22 and to the payment thereof, except where otherwise
23 inconsistent with the provisions of this subtitle or
24 with the regulations or operating instructions of the
25 Secretary promulgated to carry out this subtitle; and

1 (3) the maximum amount of emergency ex-
2 tended unemployment compensation payable to any
3 individual for whom an emergency extended unem-
4 ployment compensation account is established under
5 subsection (d) shall not exceed the amount estab-
6 lished in such account for such individual.
7 (d) EMERGENCY EXTENDED UNEMPLOYMENT COM-
8 PENSATION ACCOUNTS.—
9 (1) IN GENERAL.—Any agreement under this
10 subtitle shall provide that the State will establish,
11 for each eligible individual who files an application
12 for emergency extended unemployment compensation
13 an emergency extended unemployment compensation
14 account with respect to such individual's benefit
15 year.
16 (2) AMOUNT IN ACCOUNT.—
17 (A) IN GENERAL.—The amount established
18 in an account under paragraph (1) shall be the
19 amount equal to 26 times the individual's aver-
20 age weekly benefit amount for the benefit year.
21 (B) WEEKLY BENEFIT AMOUNT.—For
22 purposes of this paragraph, an individual's av-
23 erage weekly benefit amount for any week is the
24 amount of regular compensation (including de-
25 pendents' allowances) under the State law pay-

1 able to such individual for such week for total
2 unemployment.

3 **SEC. 324. PAYMENTS TO STATES.**

4 (a) IN GENERAL.—There shall be paid to each State
5 which has entered into an agreement under this subtitle
6 the following:

7 (1) An amount equal to 100 percent of any ad-
8 ditional regular compensation made payable to indi-
9 viduals by such State by virtue of the modification
10 described in section 322(b) and deemed to be in ef-
11 fect with respect to such State pursuant to section
12 322(a).

13 (2) An amount equal to 100 percent of any
14 emergency extended unemployment compensation
15 paid to individuals by such State pursuant to such
16 agreement.

17 (3) An amount equal to 100 percent of any reg-
18 ular compensation, not otherwise reimbursable under
19 this section, paid by such State under the State law
20 of such State—

21 (A) to individuals whose unemployment
22 was a result of Hurricane Katrina (as deter-
23 mined under criteria established by the Sec-
24 retary); and

1 (B) for any weeks of unemployment to
2 which such agreement applies.
3 (b) DETERMINATION OF AMOUNT.—Sums payable
4 under this section to any State by reason of such State
5 having an agreement under this subtitle shall be payable,
6 either in advance or by way of reimbursement (as may
7 be determined by the Secretary), in such amounts as the
8 Secretary estimates the State will be entitled to receive
9 under this subtitle for each calendar month, reduced or
10 increased (as the case may be) by any amount by which
11 the Secretary finds that the Secretary's estimates for any
12 prior calendar month were greater or less than the
13 amounts which should have been paid to the State. Such
14 estimates may be made on the basis of such statistical,
15 sampling, or other method as may be agreed upon by the
16 Secretary and the State agency of the State involved.
17 **SEC. 325. FINANCING PROVISIONS.**
18 (a) IN GENERAL.—Funds in the extended unemploy-
19 ment compensation account and the Federal unemploy-
20 ment account of the Unemployment Trust Fund shall be
21 used, in accordance with succeeding provisions of this sec-
22 tion, for the making of payments to States having agree-
23 ments entered into under this subtitle.
24 (b) CERTIFICATION.—The Secretary shall from time
25 to time certify to the Secretary of the Treasury for pay-

1 ment to each State the sums payable to such State under
2 this subtitle. The Secretary of the Treasury, prior to audit
3 or settlement by the Government Accountability Office,
4 shall make payments to the State in accordance with such
5 certification—

6 (1) by transfers from the extended unemploy-
7 ment compensation account of the Unemployment
8 Trust Fund, to the extent that they relate to
9 amounts described in paragraph (1) or (2) of section
10 324(a); and

11 (2) by transfers from the Federal unemploy-
12 ment account of the Unemployment Trust Fund, to
13 the extent that they relate to amounts described in
14 section 324(a)(3).

15 **SEC. 326. DEFINITIONS.**

16 (a) IN GENERAL.—For purposes of this subtitle—

17 (1) the terms "Secretary", "State", "State
18 agency", "State law", "regular compensation",
19 "week", "benefit year", and "base period" have the
20 respective meanings given such terms under section
21 205 of the Federal-State Extended Unemployment
22 Compensation Act of 1970;

23 (2) the terms "wages" and "employment" have
24 the respective meanings given such terms under sec-
25 tion 3306 of the Internal Revenue Code of 1986;

1 (3) the term "extended unemployment com-
2 pensation account" means the account established
3 by section 905(a) of the Social Security Act;
4 (4) the term "Federal unemployment account"
5 means the account established by section 904(g) of
6 the Social Security Act; and
7 (5) the term "Unemployment Trust Fund"
8 means the fund established by section 904(a) of the
9 Social Security Act.
10 (b) SPECIAL RULE.—Notwithstanding any provision
11 of subsection (a), in the case of a State entering into an
12 agreement under this subtitle—
13 (1) the term "State law" shall be considered to
14 refer to the State law of such State, applied in con-
15 formance with the modification described in section
16 322(b), subject to section 322(c); and
17 (2) the term "regular compensation" shall be
18 considered to refer to such compensation, deter-
19 mined under its State law (applied in the manner
20 described in paragraph (1)),
21 except as otherwise provided or where the context clearly
22 indicates otherwise.
23 **SEC. 327. APPLICABILITY.**
24 An agreement entered into under this subtitle shall
25 apply to weeks of unemployment—

1 (1) beginning on or after the first day of the
2 week that includes August 28, 2005; and
3 (2) ending before September 1, 2006.

4 Subtitle D—Health Insurance
5 Coverage

6 SEC. 331. TEMPORARY EMERGENCY HEALTH COVERAGE
7 ASSISTANCE FOR BUSINESSES AND INDIVID-
8 UALS.

9 (a) IN GENERAL.—The Secretary of Health and
10 Human Services (referred to in this section as the "Sec-
11 retary"), in consultation with the insurance commissioners
12 of those States contained in whole or in part in the Hurri-
13 cane Katrina disaster area, shall establish a program to
14 provide emergency health coverage continuation relief
15 through the provision of direct payments of health insur-
16 ance premiums or continuation assistance on behalf of eli-
17 gible businesses and their employees and purchasers of in-
18 dividual health insurance coverage.
19 (b) DEFINITIONS.—In this section:
20 (1) ELIGIBLE INDIVIDUALS.—The term "eligi-
21 ble individual" means an individual (and the family
22 dependents of such individual as may be covered
23 under the health insurance coverage in which such
24 individual is enrolled)—

1 (A) who is a citizen, national, or qualified
2 alien as defined in section 431(b) of the Per-
3 sonal Responsibility and Work Opportunity
4 Reconciliation Act of 1996 (8 U.S.C. 1641(b));
5 (B) whose permanent residence as of Au-
6 gust 28, 2005 was located in a Hurricane
7 Katrina disaster area;
8 (C) who was covered under individual
9 (nongroup) health insurance coverage, including
10 a policy operated pursuant to a qualified high
11 risk pool (as defined in section 2744 of the
12 Public Health Service Act (42 U.S.C. 300gg–
13 44)), on August 28, 2005; and
14 (D) whose ability to continue such cov-
15 erage was severely impaired as a result of hur-
16 ricane-related disruption in a Hurricane
17 Katrina disaster area.
18 (2) ELIGIBLE BUSINESSES.—The term "eligible
19 business" means a corporation, sole proprietorship,
20 or partnership that employs not more than 50 em-
21 ployees and that—
22 (A) operated as of August 28, 2005 in a
23 Hurricane Katrina disaster area;
24 (B) offered coverage under a group health
25 plan (as defined in section 733(a)(1) of the

1 Employee Retirement Income Security Act of
2 1974 (29 U.S.C. 1191b(a)(1))) on August 28,
3 2005 to employees in a Hurricane Katrina dis-
4 aster area; and
5 (C) had its ability to continue coverage
6 under such plan severely impaired as a result of
7 disruption of the sponsor's business activity in
8 the Hurricane Katrina disaster area.
9 (3) CONTINUATION ASSISTANCE.—The term
10 "continuation assistance" means, in the case of an
11 eligible business that offers health insurance cov-
12 erage under a self-insured arrangement, assistance
13 in paying administrative services fees, claims costs,
14 stop-loss premiums, and any amounts required to be
15 paid by employees to participate in the arrangement.
16 (4) HURRICANE KATRINA DISASTER AREA.—
17 The term "Hurricane Katrina disaster area" means
18 a parish in the State of Louisiana, a county in the
19 State of Mississippi, or a county in the State of Ala-
20 bama, for which a major disaster has been declared
21 in accordance with section 401 of the Robert T.
22 Stafford Disaster Relief and Emergency Assistance
23 Act (42 U.S.C. 5170) as a result of Hurricane
24 Katrina and which the President has determined,
25 before September 11, 2005, warrants both individual

1 and public assistance from the Federal Government
2 under such Act.
3 (c) HEALTH COVERAGE CONTINUATION RELIEF.—
4 (1) IN GENERAL.—The Secretary shall design
5 and implement the program under subsection (a) in
6 a manner that enables eligible individuals and eligi-
7 ble businesses to be eligible for direct premium reim-
8 bursement or continuation assistance to be paid by
9 the Secretary on behalf of such individual or busi-
10 ness directly to the health insurance issuer or ad-
11 ministrative services provider involved. In the case of
12 an eligible business, premium reimbursement shall
13 include the premium shares of both the employer
14 and employees, as applicable.
15 (2) LIMITATION.—Subject to paragraph (3), in
16 no case shall the value of the assistance provided
17 under the program under this section, with respect
18 to an individual or business, exceed 100 percent of
19 the applicable premium for coverage or continuation
20 assistance for the period of coverage involved, in-
21 cluding, with respect to employer coverage, the em-
22 ployer and employees' share of premiums, if applica-
23 ble.
24 (3) ENROLLMENT.—

1 (A) IN GENERAL.—The Secretary shall es-
2 tablish an expedited process for the enrollment
3 of eligible individuals and eligible businesses in
4 the program under this section.
5 (B) DUTY OF SECRETARY UPON RECEIPT
6 OF NOTICE.—The Secretary, upon receipt of a
7 notice under subsection (f)(2), shall enroll the
8 eligible individual or eligible business involved
9 in the program under this section.
10 (C) DUTY OF ISSUER.—A group health
11 plan, or health insurance insurer with respect
12 to such a plan, shall make a reasonable effort
13 to notify an eligible individual or eligible busi-
14 ness—
15 (i) of the automatic enrollment of
16 such individual or business in the program
17 under subparagraph (B);
18 (ii) that, if it is later determined that
19 the means of support of such individual, or
20 the ability of such business to continue
21 health insurance coverage, was not severely
22 disrupted (as determined subject to a ran-
23 domized retrospective audit process), such
24 individual or business may be required at
25 a later date to repay the program for the

1 amount of premiums or continuation as-
2 sistance paid on its behalf; and
3 (iii) that such individual or business
4 may elect to decline enrollment, or cancel
5 enrollment, in the program by notifying
6 the health insurance issuer or administra-
7 tive service provider involved.
8 (d) RETROSPECTIVE AUDIT AUTHORITY.—
9 (1) IN GENERAL.—The Secretary shall provide
10 for the application of a randomized retrospective au-
11 diting process to the program under this section by
12 a date that is not earlier than December 1, 2005.
13 (2) REPAYMENT OF FUNDS.—If the Secretary
14 determines, pursuant to the audit process under
15 paragraph (1), that an individual or business that
16 was enrolled in the program under this section did
17 not meet the disruption or other eligibility require-
18 ments provided for in paragraph (1) or (2) of sub-
19 section (b), the Secretary shall seek the repayment
20 of funds paid on behalf of such individual or busi-
21 ness. Such repayments shall be made with no inter-
22 est or late penalty to accrue prior to the commence-
23 ment of a repayment period which shall begin not
24 earlier than the date that is 3 months after the date

1 on which a determination and notice of noneligibility
2 is provided.
3 (3) NO DOUBLE PAYMENTS.—The Secretary
4 shall take appropriate actions to ensure that health
5 insurance issuers do not retain double payments in
6 instances where businesses or individuals pay pre-
7 miums for any period for which payments have al-
8 ready been made under the program under this sec-
9 tion.
10 (e) EMERGENCY PERIOD.—Payments under the pro-
11 gram under this section shall be made only for premiums
12 due during the period beginning on August 28, 2005 and
13 expiring 12 months after such date. Prior to the expiration
14 of such period, the Secretary may make recommendations
15 to Congress regarding any reasonably determined need to
16 extend such emergency period.
17 (f) NONCANCELLATION OF HEALTH INSURANCE
18 COVERAGE.—
19 (1) IN GENERAL.—During the 12-month emer-
20 gency period described in subsection (e), health in-
21 surance issuers that accept payments under the pro-
22 gram under this section shall be prohibited from
23 canceling or terminating health insurance coverage
24 or, in the case of administrative services providers,
25 refusing to process claims under a self-insured ar-

1 rangement. Such health insurance issuers and ad-
2 ministrative service providers shall be prohibited
3 during such period from increasing any amounts due
4 pursuant to such coverage or arrangements that
5 were not previously scheduled pursuant to a contract
6 prior to August 28, 2005.

7 (2) NOTIFICATION.—To be eligible to receive
8 payments under ths program under this section, a
9 health insurance issuer or administrative services
10 provider shall notify the Secretary—

11 (A) not earlier than 61 days following the
12 nonpayment of a scheduled premium payment
13 from an individual or business policyholder in a
14 Hurricane Katrina disaster area, of the fact of
15 such nonpayment (or nonreimbursement of
16 claims under a self-insured arrangement); or

17 (B) following a communication to the
18 health insurance insurer or administrative serv-
19 ice provider by an individual or business reason-
20 ably indicating eligibility for assistance under
21 such program, of the fact of such communica-
22 tion.

23 (g) EXPEDITED RULEMAKING.—The Secretary shall
24 utilize expedited rulemaking procedures to carry out this
25 section.

1 (h) AUTHORIZATION OF APPROPRIATIONS.—There is
2 authorized to be appropriated to carry out this section
3 $1,000,000,000 for fiscal year 2006.

4 **SEC. 332. AUTHORITY TO POSTPONE CERTAIN DEADLINES**
5 **RELATED TO INDIVIDUAL HEALTH COV-**
6 **ERAGE BY REASON OF PRESIDENTIALLY DE-**
7 **CLARED DISASTER OR TERRORISTIC OR**
8 **MILITARY ACTION.**

9 (a) IN GENERAL.—Title XXVII of the Public Health
10 Service Act (42 U.S.C. 300gg et seq.) is amended by add-
11 ing at the end the following:

12 **"SEC. 2793. AUTHORITY TO POSTPONE CERTAIN DEAD-**
13 **LINES BY REASON OF PRESIDENTIALLY DE-**
14 **CLARED DISASTER OR TERRORISTIC OR**
15 **MILITARY ACTION.**

16 "In the case of a plan offered through the individual
17 market, or any health insurance issuer, participant, bene-
18 ficiary, or other person with respect to such plan, affected
19 by a Presidentially declared disaster (as defined in section
20 1033(h)(3) of the Internal Revenue Code of 1986) or a
21 terrorist or military action (as defined in section 692(c)(2)
22 of such Code), the Secretary may, notwithstanding any
23 other provision of law, prescribe, by notice or otherwise,
24 a period of up to 1 year which may be disregarded in de-
25 termining the date by which any action is required or per-

1 mitted to be completed under this title. No plan shall be
2 treated as failing to be operated in accordance with the
3 terms of the plan solely as a result of disregarding any
4 period by reason of the preceding sentence.''.

5 (b) APPLICATION OF AMENDMENT.—The Secretary
6 of Health and Human Services shall implement the
7 amendment made by subsection (a) in the same manner
8 in which the Secretary of Labor implements section 518
9 of the Employee Retirement Income Security Act of 1974
10 (29 U.S.C. 1148) with respect to group health plans.

11 TITLE IV—HOUSING AND 12 COMMUNITY REBUILDING

13 **SEC. 401. DEFINITIONS.**

14 For purposes of this title, the following definitions
15 shall apply:

16 (1) AFFECTED FAMILY.—The term ''affected
17 family'' means and individual or family that meets
18 the following requirements:

19 (A) The individual or family resided, on
20 August 25, 2005, in any area for which the
21 President declared a major disaster or emer-
22 gency under title IV of the Robert T. Stafford
23 Disaster Relief and Emergency Assistance Act
24 in connection with Hurricane Katrina of 2005.

1 (B) The residence of the individual or fam-
2 ily became uninhabitable or inaccessible as a re-
3 sult of such major disaster or emergency.
4 (2) SECRETARY.—The term "Secretary" means
5 the Secretary of Housing and Urban Development.

6 **SEC. 402. PUBLIC HOUSING CAPITAL FUND RESERVES FOR**
7 **EMERGENCIES AND NATURAL DISASTERS.**

8 (a) AVAILABILITY OF FUNDS SET-ASIDE IN PRE-
9 VIOUS YEARS.—Notwithstanding any other provision of
10 law, any amounts set aside in fiscal years 2003, 2004, and
11 2005 for use under section 9(k) of the United States
12 Housing Act of 1937 (42 U.S.C. 1437g(k)) and remaining
13 unobligated on the date of the enactment of this Act shall
14 be available for use under such section (not including
15 paragraph (4) of such section) for emergencies and other
16 disasters occurring in fiscal year 2005, and shall remain
17 available until expended.
18 (b) AUTHORIZATION OF APPROPRIATIONS.—In addi-
19 tion to any other amounts authorized to be appropriated
20 under other provisions of law, there is authorized to be
21 appropriated for fiscal year 2006 for use under section
22 9(k) of the United States Housing Act of 1937 (42 U.S.C.
23 1437g(k)), $100,000,000, to remain available until ex-
24 pended. Any amounts made available pursuant to this sub-
25 section funds shall be used only for activities conducted

1 in any area for which the President declared a major dis-
2 aster or emergency under title IV of the Robert T. Staf-
3 ford Disaster Relief and Emergency Assistance Act in con-
4 nection with Hurricane Katrina.

5 **SEC. 403. HOPE VI PROGRAM.**

6 In addition to any other amounts authorized to be
7 appropriated under other provisions of law, there is au-
8 thorized to be appropriated for fiscal year 2006 for grants
9 to public housing agencies for demolition, site revitaliza-
10 tion, replacement housing, and tenant-based assistance
11 grants to projects, as authorized under section 24 of the
12 United States Housing Act of 1937 (42 U.S.C. 1437v),
13 $100,000,000, to remain available until expended. Any
14 amounts made available pursuant to this section shall be
15 used only for such activities conducted in any area for
16 which the President declared a major disaster or emer-
17 gency under title IV of the Robert T. Stafford Disaster
18 Relief and Emergency Assistance Act in connection with
19 Hurricane Katrina.

20 **SEC. 404. HOME INVESTMENT PARTNERSHIPS PROGRAM.**

21 In addition to any other amounts authorized to be
22 appropriated under other provisions of law, there is au-
23 thorized to be appropriated for fiscal year 2006 to carry
24 out the HOME Investment Partnership Program, as au-
25 thorized under title II of the Cranston-Gonzalez National

1 Affordable Housing Act (42 U.S.C. 12721 et seq.),
2 $1,000,000,000, to remain available until expended. Any
3 amounts made available pursuant to this section shall be
4 used only for affordable housing activities conducted in
5 any area for which the President declared a major disaster
6 or emergency under title IV of the Robert T. Stafford Dis-
7 aster Relief and Emergency Assistance Act in connection
8 with Hurricane Katrina.

9 **SEC. 405. COMMUNITY DEVELOPMENT BLOCK GRANT AS-**
10 **SISTANCE.**

11 (a) AUTHORIZATION OF APPROPRIATIONS.—In addi-
12 tion to any other amounts authorized to be appropriated
13 under other provisions of law, there is authorized to be
14 appropriated for fiscal year 2006 for activities authorized
15 under title I of the Housing and Community Development
16 Act of 1974 (42 U.S.C. 5301 et seq.), $1,000,000,00, to
17 remain available until expended.

18 (b) USE.—

19 (1) IN GENERAL.—Any amounts made available
20 pursuant to this section shall be used only for dis-
21 aster relief, long-term recovery, and mitigation in
22 communities in any area for which the President de-
23 clared a major disaster or emergency under title IV
24 of the Robert T. Stafford Disaster Relief and Emer-
25 gency Assistance Act in connection with Hurricane

1 Katrina, except those activities reimbursable by the
2 Federal Emergency Management Agency or avail-
3 able through the Small Business Administration.
4 (2) PROJECTS IN PROGRESS.—In the case of
5 any project or activity in an area described in para-
6 graph (1) that was underway before the Presidential
7 declaration with respect to such area, the project or
8 activity may not be provided any amounts made
9 available under this section unless the disaster or
10 emergency for which such declaration was made di-
11 rectly impacted the project.
12 (c) ALLOCATION.—Subject to subsection (d), any
13 amounts made available pursuant to this section shall be
14 awarded by the Secretary of Housing and Urban Develop-
15 ment to States (including Indian tribes for all purposes
16 under this section) to be administered by each State in
17 conjunction with its community development block grants
18 program. Notwithstanding paragraph (2) of section
19 106(d) of the Housing and Community Development Act
20 of 1974, States may provide assistance with amounts
21 made available under this section to entitlement commu-
22 nities.
23 (d) SUPPLEMENTATION REQUIREMENT.—Each State
24 shall provide not less than 10 percent in non-Federal pub-
25 lic matching funds or its equivalent value (other than ad-

1 ministrative costs) for any funds allocated to the State
2 under this section.
3 (e) WAIVER.—
4 (1) AUTHORITY.—In administering any
5 amounts made available under this section, the Sec-
6 retary may waive, or specify alternative require-
7 ments for, any provision of any statute or regulation
8 that the Secretary administers in connection with
9 the obligation by the Secretary or the use by the re-
10 cipient of such amounts (except for requirements re-
11 lated to fair housing, nondiscrimination, labor stand-
12 ards, and the environment), upon a finding that
13 such waiver is required to facilitate the use of such
14 amounts, and would not be inconsistent with the
15 overall purpose of the statute. The Secretary may
16 waive the requirements that activities benefit per-
17 sons of low and moderate income, except that at
18 least 50 percent of the amounts made available
19 under this section shall benefit primarily persons of
20 low and moderate income unless the Secretary
21 makes a finding of compelling need.
22 (2) PUBLICATION.—The Secretary shall publish
23 in the Federal Register any waiver of any statute or
24 regulation authorized under this subsection no later
25 than 5 days before the effective date of such waiver.

1 **SEC. 406. CDBG LOAN GUARANTEE PROGRAM.**

2 In addition to any other amounts authorized to be
3 appropriated under other provisions of law, there is au-
4 thorized to be appropriated for fiscal year 2006 for costs
5 (as such term is defined in section 502 of the Federal
6 Credit Reform Act of 1990 (2 U.S.C. 661a) of guarantees
7 under section 108 of the Housing and Community Devel-
8 opment Act of 1974 (42 U.S.C. 5308), $10,000,000, to
9 remain available until expended. Any amounts made avail-
10 able pursuant to this section shall be used only for guaran-
11 tees for obligations of eligible public entities for financing
12 activities conducted in any area for which the President
13 declared a major disaster or emergency under title IV of
14 the Robert T. Stafford Disaster Relief and Emergency As-
15 sistance Act in connection with Hurricane Katrina.

16 **SEC. 407. YOUTHBUILD PROGRAM.**

17 In addition to any other amounts authorized to be
18 appropriated under other provisions of law, there is au-
19 thorized to be appropriated for fiscal year 2006 to carry
20 out Subtitle D of title IV of the Cranston-Gonzalez Na-
21 tional Affordable Housing Act (42 U.S.C. 12899et seq.),
22 $200,000,000, to remain available until expended. Any
23 amounts made available pursuant to this section shall be
24 used only for Youthbuild programs carried out in any area
25 for which the President declared a major disaster or emer-
26 gency under title IV of the Robert T. Stafford Disaster

1 Relief and Emergency Assistance Act in connection with
2 Hurricane Katrina.

3 **SEC. 408. CAPACITY BUILDING FOR COMMUNITY DEVELOP-**
4 **MENT AND AFFORDABLE HOUSING.**

5 In addition to any other amounts authorized to be
6 appropriated under other provisions of law, there is au-
7 thorized to be appropriated for fiscal year 2006 to carry
8 out section 4 of the HUD Demonstration Act of 1993 (42
9 U.S.C. 9816 note), $4,500,000, to remain available until
10 expended. Any amounts made available pursuant to this
11 section shall be used only for capacity-building activities
12 for community development corporations or community
13 housing development organizations undertaking commu-
14 nity development or affordable housing activities in any
15 area for which the President declared a major disaster or
16 emergency under title IV of the Robert T. Stafford Dis-
17 aster Relief and Emergency Assistance Act in connection
18 with Hurricane Katrina.

19 **SEC. 409. EMERGENCY RENTAL ASSISTANCE VOUCHERS.**

20 (a) IN GENERAL.—There is authorized to be appro-
21 priated to the Secretary $3,500,000,000 for the Secretary
22 to provide 300,000 incremental vouchers for tenant-based
23 rental housing assistance under section 8(o) of the United
24 States Housing Act of 1937 (42 U.S.C. 1437f(o)).

1 (b) FAMILY ELIGIBILITY.—Tenant-based assistance
2 pursuant to subsection (a) may be provided only on behalf
3 of an affected family that is otherwise eligible for assist-
4 ance under such section 8(o). However, the Secretary and
5 the Federal Emergency Management Agency shall permit
6 such recipients to accept additional assistance to cover the
7 costs of utilities and for other purposes from private or
8 not-for-profit groups, without affecting their eligibility.

9 (c) ADMINISTRATION.—Notwithstanding any other
10 provision of law, the Secretary shall provide that voucher
11 assistance provided under this section may be adminis-
12 tered by faith-based organizations and community devel-
13 opment corporations that have access to dwelling units in
14 connection with which such voucher assistance may be
15 used.

16 **SEC. 410. PROHIBITION OF PLACEMENT OF FAMILIES IN**
17 **SUBSTANDARD DWELLING UNITS.**

18 Notwithstanding any other provision of law, no finan-
19 cial assistance may be provided in any form by any agency
20 of the Federal Government to provide a temporary or per-
21 manent residence for an affected family that is uninhabit-
22 able and unless the dwelling unit complies with the hous-
23 ing quality standards established pursuant to section
24 8(o)(8)(B) of the United States Housing Act of 1937 (42
25 U.S.C. 1437f(o)(8)(B)).

1 **SEC. 411. FAIR HOUSING ENFORCEMENT.**

2 (a) AUTHORIZATION OF APPROPRIATIONS.—In addi-
3 tion to any other amounts authorized to be appropriated
4 under other provisions of law, there is authorized to be
5 appropriated for fiscal year 2006 $10,000,000 for activi-
6 ties under section 561 of the Housing and Community De-
7 velopment Act of 1987 (42 U.S.C. 3616a).

8 (b) SCOPE OF USE.—Any amounts made available
9 pursuant to this section shall be used for activities under
10 such section 561 carried out in States affected by Hurri-
11 cane Katrina or States that the Secretary determines have
12 a substantial number of persons who relocated to such
13 State as a result of displacement caused by such hurri-
14 canes.

15 (c) ELIGIBLE ACTIVITIES.—Amounts made available
16 under this section may be used by the Secretary for costs
17 to the Department of Housing and Urban Development
18 of hiring and training individuals who are members of af-
19 fected families or who are unemployed as a result of the
20 elimination of a previous employment position due to Hur-
21 ricane Katrina, to serve in regional offices of the Depart-
22 ment located in States described in subsection (b) and con-
23 duct activities under such section 561.

1 **SEC. 412. HOUSING COUNSELING FOR FAMILIES IN TEM-**
2 **PORARY SHELTERS.**

3 (a) AUTHORIZATION OF APPROPRIATIONS.—In addi-
4 tion to any other amounts authorized to be appropriated
5 under other provisions of law, there is authorized to be
6 appropriated for fiscal year 2006 $10,000,000 for assist-
7 ance under section 106 of the Housing and Urban Devel-
8 opment Act of 1968 (12 U.S.C. 1701x).

9 (b) ELIGIBLE USE.—Any amounts made available
10 pursuant to this section shall be used for activities under
11 such section 106 to assist affected families living in tem-
12 porary shelters or other temporary housing situations to
13 obtain a permanent residence.

14 **SEC. 413. AVAILABILITY OF HUD INVENTORY PROPERTIES.**

15 (a) IN GENERAL.—Notwithstanding any other provi-
16 sion of law, the Secretary shall make covered properties
17 available for occupancy by eligible families, as provided in
18 this section.

19 (b) 6-MONTH RESERVATION FOR USE ONLY BY ELI-
20 GIBLE FAMILIES.—

21 (1) REQUIREMENT TO OFFER ONLY TO ELIGI-
22 BLE FAMILIES.—During the 6-month period begin-
23 ning on the date of the enactment of this Act, the
24 Secretary may not dispose of any covered property
25 under any provision of law other than this Act and
26 may not offer, or enter into any agreement for dis-

1 position of, a covered property under any other such
2 provision.
3 (2) REQUEST AND OCCUPANCY.—If, during the
4 period referred to in paragraph (1), an eligible fam-
5 ily makes a request, in such form as the Secretary
6 may require, to occupy a covered property, the Sec-
7 retary shall, in accordance with the selection criteria
8 established pursuant to subsection (d), make the
9 covered property available to the eligible family for
10 occupancy in accordance with the terms under sub-
11 section (e).
12 (c) CONTINUED AVAILABILITY.—
13 (1) AVAILABILITY FOR ELIGIBLE FAMILIES.—
14 During the 18-month period that begins upon the
15 conclusion of the period under subsection (b)(1), the
16 Secretary shall offer each covered property for occu-
17 pancy by affected families, but, except as provided in
18 paragraph (2) of this subsection, may dispose of cov-
19 ered properties under other applicable provisions of
20 law and may offer and enter into agreements for dis-
21 position of covered properties under such other pro-
22 visions.
23 (2) REQUEST AND OCCUPANCY.—If, during the
24 period referred to in paragraph (1), an eligible fam-
25 ily makes a request, in such form as the Secretary

1 may require, to occupy a covered property for which
2 the Secretary has not entered into any agreement
3 for disposition under any other provision of law, the
4 Secretary shall, in accordance with the selection cri-
5 teria established pursuant to subsection (d), make
6 the covered property available to the eligible family
7 for occupancy in accordance with the terms under
8 subsection (e).

9 (d) SELECTION CRITERIA.—The Secretary shall es-
10 tablish criteria to select an eligible family to occupy a cov-
11 ered property for which more than one family has sub-
12 mitted such a request. Such criteria shall provide pref-
13 erence for eligible families having incomes not exceeding
14 the median income for the area in which the primary resi-
15 dence of the family referred to in subsection (g)(2) was
16 located.

17 (e) OCCUPANCY TERMS.—Occupancy in a covered
18 property pursuant to this section shall be subject to the
19 following terms:

20 (1) 5-YEARS RENT-FREE.—The eligible family
21 may reside in the property under the terms of a
22 lease (or renewable leases) which shall provide for
23 rent-free occupancy, but which in no case may ex-
24 tend beyond the expiration of the 5-year period be-

1 ginning upon initial occupancy of the property by
2 the family.
3 (2) OPTION TO PURCHASE.—At any time dur-
4 ing the occupancy of a covered property by an eligi-
5 ble family pursuant to paragraph (1), the eligible
6 family may purchase the property from the Sec-
7 retary at price equal to the lesser of—
8 (A) the fair market value of the property
9 as of the time of initial occupancy by such fam-
10 ily, as determined by the Secretary, or
11 (B) the fair market value of the property
12 as of the time of such purchase, as determined
13 by the Secretary, less the cost of any repairs or
14 improvements made by the family during occu-
15 pancy of the property.
16 The Secretary shall periodically inform each eligible
17 family occupying a covered property of the avail-
18 ability of the property for purchase under this para-
19 graph.
20 (f) OUTREACH.—The Secretary shall take such ac-
21 tions as may be appropriate to inform eligible families of
22 the availability of covered properties pursuant to this sec-
23 tion.
24 (g) DEFINITIONS.—For purposes of this section, the
25 following definitions shall apply:

1 (1) COVERED PROPERTY.—The term "covered
2 property" means any property that—
3 (A) is designed as a dwelling for occupancy
4 by one to four families;
5 (B) was previously subject to a mortgage
6 insured under the National Housing Act; and
7 (C) is owned by the Secretary pursuant to
8 the payment of insurance benefits under such
9 Act.
10 (2) ELIGIBLE FAMILY.—The term "eligible
11 family" means a person or household whose primary
12 residence, as of August 29, 2005—
13 (A) was located in an area within which
14 the President declared, under the Robert T.
15 Stafford Disaster Assistance and Emergency
16 Relief Act, a major disaster to have occurred
17 pursuant to Hurricane Katrina; and
18 (B) was, as a result of Hurricane Katrina,
19 destroyed or damaged to such an extent that
20 the residence is not habitable.
21 **SEC. 414. HURRICANE KATRINA MORTGAGE PROTECTION**
22 **FUND.**
23 (a) IN GENERAL.—The Secretary, in consultation
24 with the Federal banking agencies and the appropriate
25 State bank supervisors of those States contained in whole

1 or in part in the Hurricane Katrina disaster area, shall
2 establish a program to provide emergency mortgage assist-
3 ance through the provision of direct mortgage payments
4 on behalf of eligible individuals.

5 (b) DEFINITIONS.—For purposes of this section, the
6 following definitions shall apply:

7 (1) CONSUMER MORTGAGE.—The term "con-
8 sumer mortgage" means any consumer credit trans-
9 action (as defined in section 103 of the Truth in
10 Lending Act) in which a security interest, including
11 any such interest arising by operation of law, is re-
12 tained or acquired in any property which is used as
13 the principal dwelling of the person to whom credit
14 is extended.

15 (2) CONSUMER MORTGAGE PAYMENT.—The
16 term "consumer mortgage payment" means the
17 scheduled payment on a consumer mortgage for
18 principal, interest, and any scheduled deposit in an
19 escrow account for the purpose of assuring payment
20 of taxes, insurance, or other charges with respect to
21 the property securing such consumer mortgage.

22 (3) ELIGIBLE INDIVIDUAL.—The term "eligible
23 individual" means an individual—

24 (A) who is a citizen, national, or qualified
25 alien as defined in section 431(b) of the Per-

1 sonal Responsibility and Work Opportunity
2 Reconciliation Act of 1996 (8 U.S.C. 1641(b));
3 (B) whose permanent residence as of Au-
4 gust 28, 2005 was located in a Hurricane
5 Katrina disaster area;
6 (C) who was a mortgagor on a consumer
7 mortgage that was entered into before August
8 28, 2005; and
9 (D) whose ability to continue meeting the
10 consumer mortgage payment obligations under
11 the consumer mortgage was severely impaired
12 as a result of hurricane-related disruption in a
13 Hurricane Katrina disaster area.
14 (4) FEDERAL BANKING AGENCY AND STATE
15 BANK SUPERVISOR.—The terms "Federal banking
16 agency" and "State bank supervisors" have the
17 meaning given such terms in section 3 of the Fed-
18 eral Deposit Insurance Act.
19 (5) HURRICANE KATRINA DISASTER AREA.—
20 The term "Hurricane Katrina disaster area" means
21 a parish in the State of Louisiana, a county in the
22 State of Mississippi, or a county in the State of Ala-
23 bama, for which a major disaster has been declared
24 in accordance with section 401 of the Robert T.
25 Stafford Disaster Relief and Emergency Assistance

1 Act (42 U.S.C. 5170) as a result of Hurricane
2 Katrina and which the President has determined,
3 before September 11, 2005, warrants both individual
4 and public assistance from the Federal Government
5 under such Act.

6 (6) SERVICER.—The term "servicer", with re-
7 spect to a consumer mortgage, has the same mean-
8 ing as in section 6(i) of the Real Estate Settlement
9 Procedures Act of 1974.

10 (c) MORTGAGE PAYMENT RELIEF.—

11 (1) IN GENERAL.—The Secretary shall design
12 and implement the program under subsection (a) in
13 a manner that enables eligible individuals to obtain
14 assistance with respect to a consumer mortgage to
15 be paid by the Secretary on behalf of such individual
16 directly to the consumer mortgage servicer.

17 (2) LIMITATION.—Subject to paragraph (3), in
18 no case shall the value of the assistance provided
19 under the program under this section, in the case of
20 any eligible individual, exceed 100 percent of the
21 total amount of consumer mortgage payments due
22 during such period with respect to such individual.

23 (3) ENROLLMENT.—

24 (A) IN GENERAL.—The Secretary shall es-
25 tablish an expedited process for the enrollment

1 of eligible individuals in the program under this
2 section.
3 (B) DUTY OF SECRETARY UPON RECEIPT
4 OF NOTICE.—The Secretary, upon receipt of a
5 notice under subsection (f)(1), shall enroll the
6 eligible individual involved in the program
7 under this section subject to such verification
8 procedures as the Secretary may determine to
9 be appropriate, consistently with the purposes
10 of this section.
11 (C) DUTY OF ISSUER.—A consumer mort-
12 gage servicer shall make a reasonable effort to
13 notify an eligible individual—
14 (i) of the automatic enrollment of
15 such individual in the program under sub-
16 paragraph (B);
17 (ii) that, if it is later determined that
18 the ability to continue meeting the con-
19 sumer mortgage payment obligations of
20 such individual under the consumer mort-
21 gage was not severely impaired as a result
22 of hurricane-related disruption in a Hurri-
23 cane Katrina disaster area (as determined
24 subject to a randomized retrospective audit
25 process or otherwise), such individual may

be required at a later date to repay the program for the total amount of consumer mortgage payments made by the Secretary on behalf of such individual; and

(iii) that such individual may elect to decline enrollment, or cancel enrollment, in the program by notifying the consumer mortgage servicer involved.

(d) RETROSPECTIVE AUDIT AUTHORITY.—

(1) IN GENERAL.—The Secretary shall provide for the application of a randomized retrospective auditing process to the program under this section by a date that is not earlier than November 1, 2005.

(2) REPAYMENT OF FUNDS.—

(A) ACTION BY SECRETARY.—If the Secretary determines, pursuant to the audit process under paragraph (1), that an individual that was enrolled in the program under this section did not meet the eligibility requirements provided for in subsection (b), the Secretary shall seek the repayment of funds paid on behalf of such individual.

(B) TERMS OF REPAYMENT.—Any repayment pursuant to subparagraph (A) shall be made with no interest or late penalty to accrue

1 prior to the commencement of a repayment pe-
2 riod which shall begin not earlier than the date
3 that is 3 months after the date on which a de-
4 termination and notice of noneligibility is pro-
5 vided.

6 (3) NO DOUBLE PAYMENTS.—The Secretary
7 shall take appropriate actions to ensure that con-
8 sumer mortgage servicers do not retain double pay-
9 ments in instances where individuals make payments
10 on a consumer mortgage for any period for which
11 payments have already been made under the pro-
12 gram under this section.

13 (e) EMERGENCY PERIOD.—Payments under the pro-
14 gram under this section shall be made only for consumer
15 mortgage payments due during the 1-year period begin-
16 ning on August 28, 2005.

17 (f) NOTICE AND PROHIBITED ACTIONS.—

18 (1) NOTIFICATION.—To be eligible to receive
19 payments under the program under this section, a
20 consumer mortgage servicer shall notify the Sec-
21 retary—

22 (A) not earlier than 31 days following the
23 nonpayment of a scheduled consumer mortgage
24 payment from an individual in a Hurricane

1 Katrina disaster area, of the fact of such non-
2 payment; or
3 (B) following a communication to the con-
4 sumer mortgage servicer by an individual rea-
5 sonably indicating eligibility for assistance
6 under such program, of the fact of such com-
7 munication.
8 (2) PROHIBITED ACTIONS.—During the 1-year
9 emergency period described in subsection (e), a con-
10 sumer mortgage servicer who accept payments under
11 the program under this section with respect to any
12 consumer mortgage, and any person who makes or
13 holds such consumer mortgage (if other than the
14 servicer), may not—
15 (A) accelerate the maturity of or com-
16 mence any legal action regarding such a mort-
17 gage (including mortgage foreclosure to recover
18 under such obligation) or take possession of any
19 security of the mortgagor for such consumer
20 mortgage obligation; or
21 (B) increase the annual percentage rate of
22 interest with respect to such consumer mort-
23 gage or impose any other fees or charges with
24 respect to such consumer mortgage.

1 (g) EXPEDITED RULEMAKING.—The Secretary shall
2 utilize expedited rulemaking procedures to carry out this
3 section.

4 (h) AUTHORIZATION OF APPROPRIATIONS.—There is
5 authorized to be appropriated such sums as may be nec-
6 essary for fiscal year 2006 to carry out the purposes of
7 this section.

8 **SEC. 415. HOUSING PRIORITY FOR MILITARY PERSONNEL.**

9 (a) PRIORITY.—During the 12-month period begin-
10 ning on the date of the enactment of this Act, priority
11 shall be given, under any covered housing program, to pro-
12 viding assistance under the program on behalf of any
13 member of the Armed Forces (and on behalf of the mem-
14 bers of the household of such member) that is an affected
15 family and who has served, or is serving, on active duty
16 in Iraq during Operation Iraqi Freedom or in Afghanistan
17 during Operation Enduring Freedom. Such priority shall
18 be afforded without respect to whether the member of the
19 Armed Forces is on such active duty or not.

20 (b) COVERED HOUSING PROGRAMS.—For purposes
21 of this section, a covered housing program is—

22 (1) a program of the Federal Emergency Man-
23 agement Agency or any other agency of the Federal
24 Government that provides housing or housing assist-
25 ance; or

(2) a program of any agency of any State or local government, or of any nongovernmental organization, that—

(A) provides housing or housing assistance; and

(B) is funded, in whole or in part, with any amounts from the Federal Government.

TITLE V—EDUCATION PROVISIONS

Subtitle A—General Provisions

SEC. 501. DEFINITIONS.

In this title:

(1) The term "child" means any person within the age limits for which the State in which the person is located provides free public education.

(2) The term "elementary school" has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(3) The term "impacted local educational agency" means a local educational agency serving an area for which, due to Hurricane Katrina, a major disaster has been declared in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170).

1 (4) The term "local educational agency" has
2 the meaning given such term in section 9101 of the
3 Elementary and Secondary Education Act of 1965
4 (20 U.S.C. 7801).
5 (5) The terms "pupil services" and "pupil serv-
6 ices personnel" have the meanings given such terms
7 in section 9101 of the Elementary and Secondary
8 Education Act of 1965 (20 U.S.C. 7801).
9 (6) The term "relocated student" means a child
10 who—
11 (A) is a homeless child or youth as those
12 terms are used in the McKinney-Vento Home-
13 less Assistance Act (42 U.S.C. 11421 et seq.);
14 (B) but for Hurricane Katrina, would be
15 enrolled in an elementary school or secondary
16 school in an area for which, due to the hurri-
17 cane, a major disaster has been declared in ac-
18 cordance with section 401 of the Robert T.
19 Stafford Disaster Relief and Emergency Assist-
20 ance Act (42 U.S.C. 5121 et seq.); and
21 (C) because of Hurricane Katrina—
22 (i) is unable to access the education
23 and related services that the child other-
24 wise would be receiving at such school; and

(ii) is enrolled at a public elementary school or secondary school in a different geographical location in a State.

(7) The term "secondary school" has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

(8) The term "State" has the meaning given such term in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801).

Subtitle B—Early Childhood Programs Assistance

PART 1—EMERGENCY FUNDING FOR CONTINUATION OF SERVICES UNDER CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990

SEC. 511. EMERGENCY ASSISTANCE FOR SERVICES UNDER CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990.

The Secretary of Health and Human Services may make grants directly to eligible child care providers located in the States of Louisiana, Mississippi, and Alabama that provided before August 22, 2005, child care services under the Child Care and Development Block Grant Act of 1990, for the purpose of enabling such providers, on a transi-

1 tional basis at new locations in such States, to continue
2 to provide such services. Such grants may be used for any
3 purpose authorized by such Act as well as to purchase sup-
4 plies and materials, to provide transportation, to lease or
5 purchase temporary space in facilities, and to rehabilitate
6 or construct facilities for the purpose of providing such
7 services.

8 **SEC. 512. AUTHORIZATION OF APPROPRIATIONS.**

9 There is authorized to be appropriated
10 $1,000,000,000 in the aggregate for fiscal years 2006,
11 2007, and 2008 to carry out this part.

12 **PART 2—WAIVER AUTHORITY TO PROVIDE SERV-**
13 **ICES UNDER CHILD CARE AND DEVELOP-**
14 **MENT BLOCK GRANT ACT OF 1990**

15 **SEC. 521. WAIVER AUTHORITY TO EXPAND THE AVAIL-**
16 **ABILITY OF SERVICES UNDER CHILD CARE**
17 **AND DEVELOPMENT BLOCK GRANT ACT OF**
18 **1990.**

19 (a) AUTHORITY.—For such period (ending not later
20 than June 30, 2006), and to such extent as the Secretary
21 of Health and Human Services considers to be appro-
22 priate, the Secretary may waive the provisions described
23 in subsection (b) for any area with respect to which the
24 President has determined that an emergency, or a major
25 disaster, as defined in section 102 of the Robert T. Staf-

1 ford Disaster Relief and Emergency Assistance Act (42
2 U.S.C. 5122), exists, related to Hurricane Katrina, for the
3 purpose of providing child care services to children or-
4 phaned, or of families displaced, as a result of Hurricane
5 Katrina.

6 (b) PROVISIONS.—The provisions referred to in sub-
7 section (a) are provisions of the Child Care and Develop-
8 ment Block Grant Act of 1990 (42 U.S.C. 9858 et seq.)—

9 (1) relating to income limitations on eligibility
10 to receive child care services for which assistance is
11 provided under such Act;

12 (2) relating to work requirements applicable to
13 eligibility to receive child care services for which as-
14 sistance is provided under such Act;

15 (3) requiring the application of section 658G of
16 such Act to States in which an area described in
17 subsection (a) is located;

18 (4) requiring a copayment or other cost sharing
19 by the families that receive child care services for
20 which assistance is provided under such Act; and

21 (5) preventing children designated as evacuees
22 from receiving priority for child care services for
23 which assistance is provided under such Act, except
24 that children residing in an area and currently re-
25 ceiving services on August 22, 2005, shall not lose

1 such services in order to accommodate evacuee chil-
2 dren.

3 **SEC. 522. AUTHORIZATION OF APPROPRIATIONS.**

4 There is authorized to be appropriated to provide for
5 child care services for children and families described in
6 section 521(a) as provided for in section 521,
7 $112,000,000 for fiscal year 2006.

8 **PART 3—EMERGENCY FUNDING FOR**
9 **CONTINUATION OF HEAD START SERVICES**

10 **SEC. 531. EMERGENCY ASSISTANCE FOR HEAD START**
11 **SERVICES.**

12 The Secretary of Health and Human Services may
13 make grants directly to Head Start agencies located in the
14 States of Louisiana, Mississippi, and Alabama that pro-
15 vided before August 22, 2005, Head Start services under
16 the Head Start Act, for the purpose of enabling such agen-
17 cies, on a transitional basis at new locations in such
18 States, to continue to provide such services. Such grants
19 may be used for any purpose authorized by such Act as
20 well as to purchase supplies and materials, to provide
21 transportation, to lease or purchase temporary space in
22 facilities, and to rehabilitate or construct facilities for the
23 purpose of providing such services.

1 **SEC. 532. AUTHORIZATION OF APPROPRIATIONS.**

2 There is authorized to be appropriated $150,000,000
3 in the aggregate for fiscal years 2006, 2007, and 2008
4 to carry out this part.

5 PART 4—WAIVER AUTHORITY TO PROVIDE HEAD
6 START SERVICES

7 **SEC. 541. WAIVER AUTHORITY TO EXPAND THE AVAIL-**
8 **ABILITY OF HEAD START SERVICES.**

9 (a) INCOME ELIGIBILITY AND DOCUMENTATION
10 WAIVERS.—The Secretary of Health and Human Services
11 shall waive requirements of income eligibility and docu-
12 mentation for children affected by Hurricane Katrina who
13 participate in Head Start programs and Early Head Start
14 programs funded under the Head Start Act.

15 (b) WAIVER.—For such period up to June 30, 2006,
16 and to such extent as the Secretary of Health and Human
17 Services considers to be appropriate, the Secretary may
18 waive section 640(b) of the Head Start Act for Head Start
19 agencies located in an area affected by Hurricane Katrina
20 and other affected Head Start agencies.

21 **SEC. 542. TECHNICAL ASSISTANCE, GUIDANCE, AND RE-**
22 **SOURCES.**

23 The Secretary shall provide technical assistance,
24 guidance, and resources through the Region 4 and Region
25 6 offices of the Administration for Children and Families
26 (and may provide technical assistance, guidance, and re-

1 sources through other regional offices of the Administra-
2 tion, at the request of such offices, that administer im-
3 pacted Head Start agencies) to Head Start agencies in
4 areas in which a major disaster has been declared, and
5 to impacted Head Start agencies, to assist the agencies
6 involved in providing Head Start services to children af-
7 fected by Hurricane Katrina.

8 Subtitle C—Relief for Elementary 9 and Secondary Schools

10 SEC. 551. EDUCATION AND PUPIL SERVICES FOR ELEMEN- 11 TARY AND SECONDARY STUDENTS RELO- 12 CATED BECAUSE OF HURRICANE KATRINA.

13 (a) IN GENERAL.—From funds appropriated under
14 this section, the Secretary of Education shall make grants
15 to local educational agencies for fiscal years 2005 and
16 2006 for the purpose of facilitating the enrollment, attend-
17 ance, and success in public elementary and secondary
18 schools of relocated students.

19 (b) MAXIMUM GRANT AMOUNT.—The maximum
20 amount of the grant a local educational agency may re-
21 ceive under this section for any fiscal year is—

22 (1) the number of relocated students in the geo-
23 graphic area served by the local educational agency,
24 as determined by the Secretary; multiplied by

25 (2) $8,305.

1 (c) USE OF FUNDS.—Local educational agencies
2 shall use funds received under this section for education
3 and pupil services for relocated students who are enrolled
4 in public schools served by the agency. Such services may
5 include the following:

6 (1) Outreach to families affected by Hurricane
7 Katrina in order to facilitate such families in enroll-
8 ing relocated students in school.

9 (2) Hiring additional teachers, paraprofes-
10 sionals, and pupil services personnel required due to
11 the enrollment of such students.

12 (3) Procurement of additional equipment and
13 classroom supplies required due to the enrollment of
14 such students.

15 (4) Procurement of additional classroom space
16 required due to the enrollment of such students.

17 (5) Transportation services provided to such
18 students.

19 (6) Counseling and other mental health services
20 for such students.

21 (d) APPLICATION.—To seek a grant under this sec-
22 tion, a local educational agency shall submit an application
23 to the Secretary at such time, in such manner, and con-
24 taining such information as the Secretary may reasonably
25 require.

1 (e) SCHOOL LUNCHES.—Notwithstanding any other
2 provision of law, a relocated student is deemed eligible for
3 free lunches under section 9(b) of the Richard B. Russell
4 National School Lunch Act (42 U.S.C. 1758(b)).
5 (f) REPORTS.—Not later than 6 months after the
6 date of the enactment of this Act, and every 6 months
7 thereafter, the Secretary of Education shall submit reports
8 to the appropriate committees of the Congress concerning
9 the implementation of this section.
10 (g) AUTHORIZATION OF APPROPRIATIONS.—To carry
11 out this section, there are authorized to be appropriated
12 such sums as may be necessary for fiscal years 2005 and
13 2006. Amounts made available under the preceding sen-
14 tence for fiscal year 2005 shall remain available for ex-
15 penditure during fiscal year 2006.

16 **SEC. 552. IMMEDIATE AID TO RESTART PUBLIC SCHOOL OP-**
17 **ERATIONS.**

18 (a) GRANTS.—The Secretary of Education shall
19 award grants to impacted local educational agencies for
20 the purposes of—
21 (1) providing immediate and direct assistance
22 to impacted local educational agencies;
23 (2) assisting administrators and other personnel
24 in such agencies who are working to restart public

1 elementary school and secondary school operations;
2 and
3 (3) facilitating the reopening of public elemen-
4 tary schools and secondary schools served by such
5 agencies and the reenrollment of students in such
6 schools as soon as possible.
7 (b) AMOUNT.—The Secretary shall determine the
8 amount of an impacted local educational agency's grant
9 under this section based upon the agency's need for funds
10 to fulfill the purposes described in subsection (a).
11 (c) USE OF FUNDS.—Each impacted local edu-
12 cational agency that receives a grant under this section
13 shall use the grant to restart public elementary school and
14 secondary school operations and resume the instruction
15 that was halted as a result of Hurricane Katrina, which
16 uses may include—
17 (1) recovery of student and personnel data and
18 other information;
19 (2) replacement of school district information
20 systems, including longitudinal data systems, includ-
21 ing hardware and software;
22 (3) financial operations;
23 (4) damage assessments, decontamination, and
24 refurbishment in the agency's school and administra-
25 tion buildings;

1 (5) rental of portable classroom units and facili-
2 ties;
3 (6) replacement of instructional materials and
4 equipment;
5 (7) redeveloping instructional plans;
6 (8) student transportation services;
7 (9) continued payment of salaries and benefits
8 to teachers and other staff; and
9 (10) such other activities as may be necessary
10 to fulfill the purposes described in subsection (a), in-
11 cluding activities authorized by title I of the Elemen-
12 tary and Secondary Education Act of 1965 (20
13 U.S.C. 6301 et seq.) and parts B and C of the Indi-
14 viduals with Disabilities Act (20 U.S.C. 1411 et
15 seq.).
16 (d) APPLICATION.—To seek a grant under this sec-
17 tion, an impacted local educational agency shall submit an
18 application to the Secretary at such time, in such manner,
19 and containing such information as the Secretary may rea-
20 sonably require.
21 (e) AUTHORIZATION OF APPROPRIATIONS.—To carry
22 out this section, there are authorized to be appropriated
23 $4,000,000,000 for fiscal year 2006 and such sums as are
24 necessary for fiscal year 2007.

1 **SEC. 553. GRANTS FOR LEA'S SERVING RELOCATED CHIL-**
2 **DREN WITH DISABILITIES.**

3 (a) GRANTS.—The Secretary shall make grants to
4 local educational agencies for the purpose of assisting pub-
5 lic elementary schools and secondary schools in such agen-
6 cies to provide special education and related services to
7 students with disabilities who are relocated students in ac-
8 cordance with parts B and C of the Individuals with Dis-
9 abilities Education Act (20 U.S.C. 1411 et seq.).

10 (b) MAXIMUM AMOUNT.—The maximum amount of
11 a grant to a local educational agency under this section
12 for any fiscal year shall be—

13 (1) the amount that is 40 percent of the aver-
14 age per-pupil expenditure in public elementary
15 schools and secondary schools in the United States;
16 multiplied by

17 (2) the number of students with disabilities de-
18 scribed in subsection (a) who—

19 (A) are receiving special education and re-
20 lated services from the agency; and

21 (B) are—

22 (i) 3 through 5 years of age if the
23 State in which the agency is located is eli-
24 gible for a grant under section 619 of the
25 Individuals with Disabilities Education Act
26 (20 U.S.C. 1419); or

1 (ii) 6 through 21 years of age.

2 (c) USE OF FUNDS.—A local educational agency that
3 receives funds under this section may use such funds, with
4 respect to students with disabilities who are relocated stu-
5 dents, for any purpose authorized under part B or C of
6 the Individuals with Disabilities Education Act (20 U.S.C.
7 1411 et seq.).

8 (d) APPLICATION.—To seek a grant under this sec-
9 tion, a local educational agency shall submit an application
10 to the Secretary at such time, in such manner, and con-
11 taining such information as the Secretary may reasonably
12 require.

13 (e) RELATION TO IDEA.—Subject to any waivers
14 granted by the Secretary, a local educational agency that
15 receives funds under this section shall be subject to the
16 same provisions that would apply to the receipt of such
17 funds under part B or C of the Individuals with Disabil-
18 ities Education Act (20 U.S.C. 1411 et seq.), except that
19 this section shall not be interpreted to grant the Secretary
20 any new waiver authority.

21 (f) AUTHORIZATION OF APPROPRIATIONS.—To carry
22 out this section, there are authorized to be appropriated
23 $250,000,000 for fiscal year 2006 and such sums as may
24 be necessary for fiscal year 2007.

1 **SEC. 554. ASSISTANCE FOR HOMELESS YOUTH.**

2 (a) IN GENERAL.—The Secretary of Education shall
3 provide assistance to local educational agencies serving
4 homeless children and youths (as those terms are used in
5 the McKinney-Vento Homeless Assistance Act (42 U.S.C.
6 11421 et seq.)) who are relocated students, consistent with
7 section 723 of such Act (42 U.S.C. 11433), including
8 identification, enrollment assistance, assessment and
9 school placement assistance, transportation, coordination
10 of school services, supplies, and referrals for health, men-
11 tal health, and other needs.

12 (b) EXCEPTION AND DISTRIBUTION OF FUNDS.—

13 (1) EXCEPTION.—For purposes of providing as-
14 sistance under subsection (a), subsections (c) and
15 (e)(1) of section 722 and subsections (b) and (c) of
16 section 723 of the McKinney-Vento Homeless Assist-
17 ance Act (42 U.S.C. 11432(c) and (e)(1), 11433(b)
18 and (c)) shall not apply.

19 (2) DISBURSEMENT.—The Secretary of Edu-
20 cation shall disburse funding provided under sub-
21 section (a) to State educational agencies based on
22 need, as determined by the Secretary, and such
23 State educational agencies shall distribute funds to
24 local educational agencies based on demonstrated
25 need, for the purposes of carrying out section 723

1 of the McKinney-Vento Homeless Assistance Act (42
2 U.S.C. 11433).
3 (c) AUTHORIZATION OF APPROPRIATIONS.—To carry
4 out this section, there is authorized to be appropriated
5 $50,000,000 for fiscal year 2006.

6 **SEC. 555. GRANTS FOR ACTIVITIES AT COMMUNITY LEARN-**
7 **ING CENTERS.**

8 (a) GRANTS.—The Secretary shall make grants to eli-
9 gible entities for the purpose of assisting such entities to
10 carry out activities authorized by part B of title IV of the
11 Elementary and Secondary Education Act of 1965 (20
12 U.S.C. 7171 et seq.).
13 (b) ELIGIBLE ENTITY.—In this section, the term "el-
14 igible entity" means an eligible entity (as that term is de-
15 fined in section 4201 of the Elementary and Secondary
16 Education Act of 1965 (20 U.S.C. 7171)) in a geo-
17 graphical area served by an impacted local educational
18 agency or by a local educational agency that enrolls relo-
19 cated students.
20 (c) MAXIMUM AMOUNT.—The maximum amount of
21 a grant to an eligible entity under this section for any fis-
22 cal year shall be—
23 (1) the number of additional students expected
24 to be served by the entity as a result of Hurricane
25 Katrina; multiplied by

1 (2) $1000.

2 (d) USE OF FUNDS.—An eligible entity receiving
3 funds under this section may use such funds for any pur-
4 pose authorized under part B of title IV of the Elementary
5 and Secondary Education Act of 1965 (20 U.S.C. 7171
6 et seq.).

7 (e) APPLICATION.—To seek a grant under this sec-
8 tion, an eligible entity shall submit an application at such
9 time, in such manner, and containing such information as
10 the Secretary may reasonably require.

11 (f) AUTHORIZATION OF APPROPRIATIONS.—To carry
12 out this section, there are authorized to be appropriated
13 $400,000,000 for fiscal year 2006 and such sums as may
14 be necessary for fiscal year 2007.

15 **SEC. 556. GRANTS FOR CONSTRUCTION, MODERNIZATION,**
16 **OR REPAIR OF SCHOOL FACILITIES.**

17 (a) GRANTS.—The Secretary of Education shall
18 make grants to impacted local educational agencies and
19 to local educational agencies that enroll relocated students
20 for the purpose of constructing, modernizing, or repairing
21 public kindergarten, elementary, and secondary edu-
22 cational facilities, including the appropriate portion of
23 shared-use facilities, that are safe, healthy, and tech-
24 nology-ready.

1 (b) ALLOWABLE USES OF FUNDS.—A grant under
2 this section may be used for the following:
3 (1) Construction of new public school facilities
4 that ensure the health and safety of students and
5 staff, are energy-efficient, and include up-to-date
6 educational technology infrastructure, including
7 where such construction is economically or otherwise
8 more feasible than large scale modernization or re-
9 pair of existing facilities.
10 (2) Repair or modernization of public school fa-
11 cilities to ensure the health and safety of students
12 and staff, including—
13 (A) repairing, replacing, or installing roofs,
14 electrical wiring, plumbing systems, sewage sys-
15 tems, windows, or doors;
16 (B) repairing, replacing, or installing heat-
17 ing, ventilation, or air conditioning systems (in-
18 cluding insulation); and
19 (C) bringing public schools into compliance
20 with fire and safety codes.
21 (3) Upgrading or installation of educational
22 technology infrastructure to ensure that students
23 have access to up-to-date educational technology.
24 (4) Upgrading school facilities to make them
25 energy-efficient.

1 (5) Modifications necessary to make public
2 school facilities accessible to comply with the Ameri-
3 cans with Disabilities Act of 1990 (42 U.S.C. 12101
4 et seq.) and section 504 of the Rehabilitation Act of
5 1973 (29 U.S.C. 794), except that such modifica-
6 tions shall not be the primary use of the grant.
7 (6) Asbestos abatement or removal from public
8 school facilities.
9 (7) Implementation of measures designed to re-
10 duce or eliminate human exposure to lead-based
11 paint hazards though methods including interim con-
12 trols, abatement, or a combination of each.
13 (c) APPLICATION FOR GRANT.—
14 (1) APPLICATIONS REQUIRED.—To seek a grant
15 under this section, a local educational agency shall
16 submit an application to the Secretary as such time,
17 in such manner, and containing such information as
18 the Secretary may reasonably require.
19 (2) APPLICATION CONTENTS.—Each application
20 described in paragraph (1) shall contain—
21 (A) an assurance that the application was
22 developed in consultation with parents and
23 classroom teachers, to the extent practicable;

1 (B) a description of the overall condition of
2 the local educational agency's school facilities,
3 including health and safety problems;
4 (C) a description of the capacity of the
5 local educational agency's schools to house cur-
6 rent and projected enrollments;
7 (D) a description of the improvements to
8 be supported with funds provided under this
9 section;
10 (E) a cost estimate of the proposed im-
11 provements;
12 (F) an identification of other resources
13 that are available to carry out the activities for
14 which funds are requested under this section;
15 (G) in the case of a local educational agen-
16 cy that proposes to fund a construction, renova-
17 tion, or repair project for one or more public
18 charter schools, the extent to which the schools
19 have access to funding for the project through
20 the financing methods available to other public
21 schools or local educational agencies in the
22 State; and
23 (H) such other information and assurances
24 as the Secretary may reasonably require.

1 (d) SPECIAL RULE.—Each local educational agency
2 receiving a grant under this section shall ensure that, if
3 the agency carries out construction, modernization, or re-
4 pair through a contract, the process for any such contract
5 ensures the maximum number of qualified bidders, includ-
6 ing small, minority, and women-owned businesses, through
7 full and open competition.

8 (e) FAIR WAGES.—All laborers and mechanics em-
9 ployed by contractors or subcontractors in the perform-
10 ance of any contract or subcontract for the repair, mod-
11 ernization, alteration, or construction, including painting
12 and decorating, of any building or work that is financed
13 in whole or in part by a grant under this section shall
14 be paid wages not less than those determined by the Sec-
15 retary of Labor in accordance with sections 3141 through
16 3144 and 3146 of title 40, United States Code (commonly
17 known as the Davis-Bacon Act). The Secretary of Labor
18 shall have the authority and functions set forth in Reorga-
19 nization Plan No. 14 of 1950 (15 FR 3176; 64 Stat.
20 1267) and section 3145 of title 40, United States Code
21 (commonly known as the Copeland Anti-Kickback Act).
22 Notwithstanding any other provision of law, this section
23 may not be waived or suspended.

24 (f) AUTHORIZATION OF APPROPRIATIONS.—To carry
25 out this section, there are authorized to be appropriated

1 such sums as may be necessary for each of fiscal years
2 2006 and 2007.

3 **SEC. 557. KATRINA TEACHERS INCENTIVE PROGRAM.**

4 (a) IN GENERAL.—The Secretary shall make grants
5 to impacted local educational agencies for each of fiscal
6 years 2005 and 2006 for the purpose of assisting such
7 agencies—

8 (1) to recruit new teachers and paraprofes-
9 sionals; and

10 (2) to return teachers and paraprofessionals
11 previously employed by the agencies to the class-
12 room.

13 (b) USE OF FUNDS.—To achieve the purpose de-
14 scribed in subsection (a), an impacted local educational
15 agency that receives a grant under this section shall use
16 the grant for one or more of the activities specified in sec-
17 tion 2123 of the Elementary and Secondary Education
18 Act of 1965 (20 U.S.C. 6623).

19 (c) APPLICATION.—To seek a grant under this sec-
20 tion, an impacted local educational agency shall submit an
21 application to the Secretary at such time, in such manner,
22 and containing such information as the Secretary may rea-
23 sonably require.

24 (d) AUTHORIZATION OF APPROPRIATIONS.—To carry
25 out this section, there are authorized to be appropriated

1 such sums as may be necessary for fiscal years 2005 and
2 2006.

3 **SEC. 558. EXPEDITED APPLICATIONS FOR TEACHER RE-**
4 **CRUITMENT GRANTS.**

5 Section 204(c) of the Higher Education Act of 1965
6 (20 U.S.C. 1024(c)) is amended—
7 (1) by striking "and" at the end of paragraph
8 (2);
9 (2) by striking the period at the end of para-
10 graph (3) and inserting "; and"; and
11 (3) by adding at the end the following new
12 paragraph:
13 "(4) in the case of an eligible applicant located
14 in an area in which the President has declared that
15 a major disaster exists, in accordance with section
16 401 of the Robert T. Stafford Disaster Relief and
17 Emergency Assistance Act (42 U.S.C. 5170), a re-
18 quest that the Secretary review the application in an
19 expedited manner.".

20 **SEC. 559. USE OF GRANT FUNDS FOR MAJOR DISASTERS.**

21 Section 204(d) of the Higher Education Act of 1965
22 (20 U.S.C. 1024(d)) is amended—
23 (1) by striking "or" at the end of paragraph
24 (1)(C);

1 (2) by striking the period at the end of para-
2 graph (2) and inserting "; or"; and
3 (3) by adding at the end the following new
4 paragraph:
5 "(3) in the case of an eligible applicant located
6 in an area in which the President has declared that
7 a major disaster exists, in accordance with section
8 401 of the Robert T. Stafford Disaster Relief and
9 Emergency Assistance Act (42 U.S.C. 5170), such
10 applicant shall use the grant funds to provide stu-
11 dent loan forgiveness, housing assistance, and other
12 services that will provide incentives for highly quali-
13 fied teachers and administrators to remain in or re-
14 locate to the area affected by such major disaster.".

15 Subtitle D—Relief for Institutions
16 of Higher Education

17 **SEC. 561. FINDINGS; SENSE OF CONGRESS.**

18 (a) FINDINGS.—The Congress finds the following:
19 (1) Approximately 30 institutions of higher edu-
20 cation in the Gulf Coast region, serving approxi-
21 mately 100,000 students, directly sustained damage
22 from Hurricane Katrina.
23 (2) The approximately 30 institutions of higher
24 education in the Gulf Coast region impacted by Hur-

1 ricane Katrina employed approximately 30,000 fac-
2 ulty, administrators, and staff.
3 (3) Revitalizing institutions of higher education
4 in the Gulf Coast region will be a vital element in
5 attracting middle and upper income families back to
6 the Gulf Coast region, and in ensuring sustained
7 economic recovery for the region's lower income fam-
8 ilies.
9 (4) Revitalizing the Gulf Coast economy will de-
10 pend on providing a highly skilled workforce.
11 (5) The return of qualified academic profes-
12 sionals and administrators is a vital element in the
13 revitalization of affected institutions of higher edu-
14 cation in the Gulf Coast region.
15 (6) Students from throughout the Nation who
16 attend institutions of higher education in the Gulf
17 Coast region, and their families, contribute signifi-
18 cantly to the local economy.
19 (7) Many of the scientific, health, technology,
20 and cultural industries of the Gulf Coast region are
21 dependant on local institutions of higher education.
22 (8) Hundreds of other institutions of higher
23 education throughout America and their students
24 are accommodating victims of Hurricane Katrina.

1 (b) SENSE OF CONGRESS.—It is the sense of Con-
2 gress that the assistance provided under this subtitle to
3 revitalize affected institutions of higher education in the
4 Gulf Coast region is a first step toward revitalizing and
5 restoring the economic, social, and cultural prosperity of
6 the entire Gulf Coast region.

7 **SEC. 562. INSTITUTIONAL GRANTS FOR RECRUITMENT AND**
8 **RETENTION.**

9 (a) PURPOSE.—The purpose of this section is to sup-
10 port affected institutions of higher education in their ef-
11 forts to revitalize their communities following Hurricane
12 Katrina.

13 (b) PROGRAM AUTHORIZED.—

14 (1) AUTHORITY.—The Secretary shall award
15 grants to institutions of higher education adversely
16 affected by the Hurricane Katrina disaster to assist
17 the affected institutions in recruiting and retaining
18 students and retaining faculty. The Secretary shall
19 award grants under this section as soon as possible,
20 but no later than 6 months after the date of the en-
21 actment of this Act.

22 (2) DURATION; LIMITATION.—Each grant
23 awarded to an affected institution under this section
24 shall be awarded for a period of 5 years, and may

1 not be renewed. An affected institution may not re-
2 ceive more than one grant under this section.
3 (3) USE OF FUNDS.—
4 (A) AID TO STUDENTS.—Not less than 50
5 percent of the funds made available by a grant
6 under this section shall be used by an affected
7 institution to provide need-based aid to students
8 attending the affected institution for academic
9 year 2005–2006 and each of the 4 succeeding
10 academic years, for purposes of attracting new
11 and returning students to enroll in such af-
12 fected institution. Such need-based aid may in-
13 clude—
14 (i) assisting enrolled students with
15 tuition, fees, and textbook expenses;
16 (ii) employing enrolled students to as-
17 sist in rebuilding facilities of the affected
18 institution;
19 (iii) providing room and board assist-
20 ance for enrolled students living on cam-
21 pus;
22 (iv) attracting and retaining first-gen-
23 eration students, minority students, and
24 other at-risk or underserved populations;

1 (v) creating innovative work and study
2 incentives for enrolled students; and
3 (vi) any other aid deemed necessary
4 by the institution and approved by the Sec-
5 retary.
6 (B) INCENTIVES FOR FACULTY.—Not
7 more than 50 percent of the funds made avail-
8 able by a grant under this section shall be used
9 by an affected institution to provide incentives
10 for faculty employed by an affected institution
11 to remain in the Gulf Coast region at such af-
12 fected institution or, if such affected institution
13 is unable to continue to employ such faculty, at
14 another affected institution. Such incentives
15 may include—
16 (i) employing returning faculty to as-
17 sist in rebuilding facilities of the affected
18 institution;
19 (ii) developing and providing tem-
20 porary housing for returning faculty and
21 their dependents who have been displaced
22 from their homes;
23 (iii) continuing salaries and health
24 benefits for returning faculty for up to one
25 year;

1 (iv) providing tuition assistance for
2 returning faculty and their dependents;
3 (v) creating innovative work and re-
4 search incentives for returning faculty; and
5 (vi) any other incentives deemed nec-
6 essary by the institution and approved by
7 the Secretary.
8 (C) INSTITUTIONAL PROMOTION.—Not
9 more than 5 percent of the funds made avail-
10 able by a grant under this section shall be used
11 by an affected institution to promote the insti-
12 tution at job and college fairs, and through the
13 media.
14 (4) PREVAILING WAGES.—Wages paid, for pur-
15 poses of rebuilding an affected institution's facilities
16 under paragraph (3)(A)(ii) or paragraph (3)(B)(i),
17 to students or faculty in whole or in part with grant
18 funds received under this section for employment as
19 laborers, mechanics, or service employees shall be
20 paid at rates not less than those prevailing in the lo-
21 cality as determined by the Secretary of Labor in ac-
22 cordance with sections 3141, 3142, and 3145 of title
23 40, United States Code, or section 351 of title 41,
24 United States Code, as the case may be. Notwith-
25 standing any other provision of law, the require-

1 ments of this paragraph shall not be waived or sus-
2 pended.
3 (c) APPLICATIONS.—An institution of higher edu-
4 cation desiring a grant under this section shall submit an
5 application to the Secretary within 90 days of the date
6 of enactment of this Act, in such manner and accompanied
7 by such information as the Secretary may require. Each
8 application shall—
9 (1) demonstrate that the institution is an af-
10 fected institution as defined in section 566;
11 (2) specify the amount of grant funds re-
12 quested;
13 (3) demonstrate the need of the institution for
14 such grant by including in the application—
15 (A) evidence that, as a result of a Hurri-
16 cane Katrina disaster, the institution suffered a
17 direct and significant economic impact and a
18 decline in student enrollment, hindering the in-
19 stitution's ability to continue full operation;
20 (B) evidence that, as a result of a Hurri-
21 cane Katrina disaster, the institution lost re-
22 sources necessary to retain faculty, hindering
23 the institution's ability to continue full oper-
24 ation;

1 (C) an assessment of damage to the infra-
2 structure of the institution as a result of a Hur-
3 ricane Katrina disaster;
4 (D) information regarding additional needs
5 created by a Hurricane Katrina disaster; and
6 (E) other relevant data; and
7 (4) contain a description of the institution's
8 plan to carry out the purposes of this section.
9 (d) PRIORITY.—The Secretary shall give priority in
10 awarding grants under this section to affected institutions
11 most in need, as determined by the Secretary.
12 (e) REPORTING REQUIREMENTS; REVIEWS.—
13 (1) REPORTS.—Each affected institution receiv-
14 ing a grant under this section shall report to the
15 Secretary no later than September 30 of each year
16 of the 5-year period for which the grant is awarded.
17 (2) CONTENTS.—The report shall include—
18 (A) data on the populations served under
19 this section;
20 (B) a description of the use of the grant
21 funds received under this section, including a
22 description of programs developed with such
23 funds;
24 (C) a financial statement accounting for
25 the use of the grant funds; and

1 (D) data on the impact of the grant on en-
2 rollment and retention at the institution, includ-
3 ing data on the numbers and percentages of
4 new and returning students, and the number
5 and percentage of faculty that have been re-
6 tained.

7 (3) REVIEWS.—The Secretary shall conduct
8 periodic reviews to ensure that grant funds are being
9 properly managed, and that the programs using
10 such funds are achieving their intended outcomes.

11 (f) AVAILABILITY OF FUNDS.—There shall be avail-
12 able to the Secretary to carry out this section, from funds
13 not otherwise appropriated, $3,000,000,000 for fiscal year
14 2006, which shall remain available through fiscal year
15 2010.

16 **SEC. 563. LOAN FORGIVENESS.**

17 (a) STATEMENT OF PURPOSE.—The purpose of this
18 section is to encourage students to continue attending, and
19 to earn degrees from, affected institutions of higher edu-
20 cation.

21 (b) PROGRAM AUTHORIZED.—The Secretary shall
22 carry out a program, through the holder of the loan, of
23 assuming the obligation to repay a qualified loan amount
24 for a loan made under part B of title IV of the Higher
25 Education Act of 1965 (20 U.S.C. 1040), and of canceling

1 the obligation to repay a qualified loan amount for a loan
2 made under part D or E of such title IV, in accordance
3 with subsection (c), for any borrower, who—
4 (1) returns to or enrolls in an affected institu-
5 tion of higher education in academic year 2005–
6 2006, 2006–2007, or 2007–2008;
7 (2) obtains an associate's degree or a bachelor's
8 degree from such institution; and
9 (3) is not in default on a loan for which the
10 borrower seeks forgiveness.
11 (c) QUALIFIED LOAN AMOUNT.—
12 (1) ASSOCIATE'S DEGREE.—Upon completion of
13 an associate's degree from an affected institution,
14 the Secretary shall repay—
15 (A) in the case of a full-time student,
16 $2,500 for each academic year of enrollment at
17 such affected institution; or
18 (B) in the case of a student enrolled less
19 than full-time, $2,500 for the equivalent of one
20 academic year of enrollment as a full-time stu-
21 dent at such affected institution, as determined
22 by the Secretary;
23 not to exceed $5,000.

1 (2) BACHELOR'S DEGREE.—Upon completion of
2 a bachelor's degree from an affected institution, the
3 Secretary shall repay—
4 (A) in the case of a full-time student,
5 $2,500 for each academic year of enrollment at
6 such affected institution; or
7 (B) in the case of a student enrolled less
8 than full-time, $2,500 for the equivalent of one
9 academic year of enrollment as a full-time stu-
10 dent at such affected institution, as determined
11 by the Secretary;
12 not to exceed $10,000.
13 (3) LIMITATION.—The Secretary shall repay
14 not more than the total outstanding Federal loan ob-
15 ligation of the student, or $10,000, whichever is less.
16 (4) PREVENTION OF ABUSE.—The Secretary is
17 authorized to issue such regulations as may be nec-
18 essary to prevent borrowers from receiving repay-
19 ment under this section for an excessive period of
20 enrollment in comparison to the enrollment period
21 which the Secretary determines is appropriate to ob-
22 tain an associate's or a bachelor's degree.
23 (5) ACADEMIC YEAR OF ENROLLMENT.—For
24 the purpose of calculating loan repayment under this
25 section, the term "academic year of enrollment"

1 means the academic year in which an affected insti-
2 tution reopens, or any subsequent academic year.
3 (d) PRIORITY.—The Secretary shall give priority in
4 awarding grants under this section to students most in
5 need, as determined by the Secretary.
6 (e) CONSTRUCTION.—Nothing in this section shall be
7 construed to authorize any refunding of any repayment
8 of a loan.
9 (f) AVAILABILITY OF FUNDS.—There shall be avail-
10 able to the Secretary to carry out this section, from funds
11 not otherwise appropriated, $1,600,000,000 for fiscal year
12 2006, which shall remain available through fiscal year
13 2013.

14 **SEC. 564. REGULATIONS.**

15 The Secretary is authorized to issue such regulations
16 as may be necessary to carry out the provisions of this
17 subtitle.

18 **SEC. 565. EMERGENCY DESIGNATIONS.**

19 Sections 562 and 563 are designated as emergency
20 requirements pursuant to section 402 of H. Con. Res. 95
21 (109th Congress).

22 **SEC. 566. DEFINITIONS.**

23 For the purposes of this subtitle:
24 (1) AFFECTED INSTITUTION.—The term "af-
25 fected institution" means an institution of higher

1 education (as defined in section 102 of the Higher
2 Education Act of 1965 (20 U.S.C. 1002))—
3 (A) located in an area affected by a Hurri-
4 cane Katrina disaster; and
5 (B) that was forced to close, relocate, or
6 significantly curtail its activities as a result of
7 damage directly sustained by a Hurricane
8 Katrina disaster.
9 (2) FACULTY.—The term "faculty" means aca-
10 demic professionals, administrators, and staff em-
11 ployed by an affected institution as of August 29,
12 2005.
13 (3) HURRICANE KATRINA DISASTER.—The term
14 "Hurricane Katrina disaster" means a major dis-
15 aster that the President declared to exist, in accord-
16 ance with section 401 of the Robert T. Stafford Dis-
17 aster Relief and Emergency Assistance Act (42
18 U.S.C. 5170), and that was caused by Hurricane
19 Katrina.
20 (4) AREA AFFECTED BY A HURRICANE KATRINA
21 DISASTER.—The term "area affected by a Hurricane
22 Katrina disaster" means a county or parish, in an
23 affected State, that has been designated by the Fed-
24 eral Emergency Management Agency for disaster as-

1 sistance for individuals and households as a result of
2 Hurricane Katrina.
3 (5) AFFECTED STATE.—The term "affected
4 State" means the State of Alabama, Louisiana, or
5 Mississippi.

6 TITLE VI—VOTING RIGHTS

7 **SEC. 601. SHORT TITLE.**

8 This title may be cited as the "Displaced Citizens
9 Voter Protection Provisions of 2005".

10 **SEC. 602. APPLICABILITY OF PROTECTIONS FOR ABSENT**
11 **MILITARY AND OVERSEAS VOTERS TO**
12 **KATRINA EVACUEES.**

13 (a) RIGHT OF KATRINA EVACUEES TO USE ABSEN-
14 TEE BALLOTING AND REGISTRATION PROCEDURES
15 AVAILABLE TO MILITARY AND OVERSEAS VOTERS.—In
16 the case of any individual who is an eligible Hurricane
17 Katrina evacuee—
18 (1) the individual shall be treated in the same
19 manner as an absent uniformed services voter and
20 overseas voter for purposes of the Uniformed and
21 Overseas Citizens Absentee Voting Act (42 U.S.C.
22 1973ff et seq.), other than section 103(b)(1) (42
23 U.S.C. 1973ff–2(b)(1)); and
24 (2) the individual shall be deemed to be an indi-
25 vidual who is entitled to vote by absentee ballot for

1 purposes of the National Voter Registration Act of
2 1993 and the Help America Vote Act of 2002.
3 (b) DEFINITION.—For purposes of this section, the
4 term "eligible Hurricane Katrina evacuee" means an indi-
5 vidual—
6 (1) who certifies to the appropriate State elec-
7 tion official that the individual is absent from the
8 place of residence where the individual is otherwise
9 qualified to vote as a result of evacuation from an
10 area affected by Hurricane Katrina; and
11 (2) who provides the official with an affidavit
12 stating that the individual intends to return to such
13 place of residence after the election or elections in-
14 volved.
15 (c) REQUIRING DESIGNATED VOTER REGISTRATION
16 AGENCIES TO NOTIFY DISPLACED INDIVIDUALS OF
17 AVAILABILITY OF PROTECTIONS.— Each motor vehicle
18 authority in a State and each voter registration agency
19 designated in a State under section 7(a) of the National
20 Voter Registration Act of 1993 shall take such steps as
21 may be necessary to notify individuals to whom services
22 are provided of the protections provided by this section
23 and of the requirements for obtaining those protections,
24 including the requirement to submit an affidavit stating

1 that the individual intends to return to the place of resi-
2 dence where the individual is otherwise qualified to vote.
3 (d) EFFECTIVE DATE.—This section shall apply with
4 respect to elections for Federal office held in calendar
5 years 2006 through 2008.

6 **SEC. 603. GRANTS TO STATES FOR RESTORING AND RE-**
7 **PLACING ELECTION ADMINISTRATION SUP-**
8 **PLIES, MATERIALS, AND EQUIPMENT DAM-**
9 **AGED BY HURRICANE KATRINA.**

10 (a) AUTHORITY TO MAKE GRANTS.—The Election
11 Assistance Commission shall make a grant to each eligible
12 State, in such amount as the Commission considers appro-
13 priate, for purposes of restoring and replacing supplies,
14 materials, equipment, and voting records used in elections
15 in the State which were damaged as a result of Hurricane
16 Katrina.
17 (b) ELIGIBILITY.—A State is eligible to receive a
18 grant under this section if it submits to the Commission
19 (at such time and in such form as the Commission may
20 require) a certification that supplies, materials, equip-
21 ment, and voting records used in the State were damaged
22 as a result of Hurricane Katrina.
23 (c) AUTHORIZATION OF APPROPRIATIONS.—There
24 are authorized to be appropriated for fiscal year 2006 for

1 grants under this section $50,000,000, to remain available
2 until expended.

3 TITLE VII—FINANCIAL SERVICES
4 PROVISIONS

5 **SEC. 701. HURRICANE KATRINA REGULATORY RELIEF.**

6 (a) WRITTEN GUIDANCE AND FORBEARANCE POL-
7 ICY.—Federal financial institution regulatory agencies
8 shall—

9 (1) provide written guidance for financial insti-
10 tutions in implementing the voluntary moratorium
11 described in subsection (b), and any other permis-
12 sible forbearance, to ensure that such financial insti-
13 tutions are not negatively impacted by acting in ac-
14 cordance with the intention of the Congress; and

15 (2) take this forbearance policy into consider-
16 ation as they examine or audit the financial status
17 of regulated financial institutions.

18 (b) VOLUNTARY POLICY TO PROVIDE RELIEF FOR
19 CONSUMERS AFFECTED BY HURRICANE KATRINA.—It is
20 the sense of the Congress that—

21 (1) a voluntary moratorium on the payment of
22 both principal and interest, by those who are not in
23 a position to pay, on unsecured loans and other ex-
24 tensions of credit made or extended before August
25 28, 2005, including small business and consumer

1 loans, should be recognized by creditors for a 1-year
2 period beginning on August 28, 2005, with respect
3 to borrowers who as of such date resided in, or
4 whose businesses were located within, an area ad-
5 versely affected by Hurricane Katrina;
6 (2) creditors should refrain from negative re-
7 porting with respect to any loans described in para-
8 graph (1) to any consumer reporting agency during
9 the 1-year period described in such paragraph;
10 (3) during the 1-year period beginning on the
11 date of the enactment of this Act—
12 (A) all operators of automated teller ma-
13 chines should waive any fees or surcharges for
14 use of such machines by consumers who are not
15 customers of such operators; and
16 (B) all depository institutions and insured
17 credit unions should waive any fees or sur-
18 charges on consumers who are customers of any
19 such depository institution or credit union for
20 use by the customers of automated teller ma-
21 chines that are not operated by the depository
22 institution or credit union;
23 (4) during the 1-year period beginning on the
24 date of the enactment of this Act, it is vital that in-
25 sured depository institutions and insured credit

1 unions continue to provide financial services to con-
2 sumers displaced or otherwise adversely affected by
3 Hurricane Katrina, which includes the cashing of
4 Federal government assistance and benefit checks;
5 (5) during the 1-year period beginning on the
6 date of the enactment of this Act, depository institu-
7 tions should voluntarily waive any limitation on the
8 availability of funds deposited by consumers in the
9 form of insurance claim checks that is otherwise au-
10 thorized to be imposed under the Expedited Funds
11 Availability Act; and
12 (6) all creditors should waive any fees for late
13 periodic payments on any outstanding balance in
14 any credit card account under an open end consumer
15 credit plan (as such terms are defined in the Truth
16 in Lending Act) when the consumer proffers evi-
17 dence that the late payment was due to—
18 (A) an interruption of mail with respect to
19 the payment itself or the receipt by the con-
20 sumer of a billing statement; or
21 (B) the customer's inability to access funds
22 on deposit in any depository institution or cred-
23 it union.

1 **SEC. 702. FLEXIBILITY IN CAPITAL AND NET WORTH**
2 **STANDARDS FOR SMALL AFFECTED INSTITU-**
3 **TIONS.**

4 (a) IN GENERAL.—Notwithstanding section 38 of the
5 Federal Deposit Insurance Act, section 216 of the Federal
6 Credit Union Act, or any other provision of Federal law,
7 during the 5-year period beginning on the date of enact-
8 ment of this Act, the appropriate Federal banking agency
9 and the National Credit Union Administration may for-
10 bear from taking any action required under any such sec-
11 tion or provision, on a case-by-case basis, with respect to
12 any undercapitalized insured depository institution or
13 undercapitalized insured credit union that is not signifi-
14 cantly or critically undercapitalized, if such agency or Ad-
15 ministration determines that—

16 (1) the insured depository institution or insured
17 credit union maintains its principal place of business
18 within a qualified disaster area;

19 (2) the total assets of the insured depository in-
20 stitution or insured credit union as of August 27,
21 2005, was less than $500,000,000;

22 (3) the insured depository institution or insured
23 credit union derives more than 50 percent of its
24 total deposits from persons who normally reside
25 within, or whose principal place of business is nor-
26 mally within, a qualified disaster area;

1 (4) the insured depository institution or insured
2 credit union was adequately or well capitalized as of
3 August 28, 2005;
4 (5) the reduction in the capital or net worth
5 category of the insured depository institution or in-
6 sured credit union is a direct result of Hurricane
7 Katrina; and
8 (6) forbearance from any such action—
9 (A) would facilitate the recovery of the in-
10 sured depository institution or insured credit
11 union from the disaster in accordance with a re-
12 covery plan or a capital or net worth restoration
13 plan established by such depository institution
14 or credit union; and
15 (B) would be consistent with safe and
16 sound practices.
17 (b) DEFINITIONS.—For purposes of this section, the
18 following definitions shall apply:
19 (1) CAPITAL AND NET WORTH CATEGORIES DE-
20 FINED.—The terms relating to capital categories for
21 insured depository institutions have the same mean-
22 ing as in section 38(b)(1) of the Federal Deposit In-
23 surance Act and the terms relating to net worth cat-
24 egories for insured credit unions have the same

1 meaning as in section 216(c)(1) of the Federal Cred-
2 it Union Act.
3 (2) QUALIFIED DISASTER AREA.—The term
4 "qualified disaster area" means any area within Ala-
5 bama, Louisiana, or Mississippi in which the Presi-
6 dent, pursuant to section 401 of the Robert T. Staf-
7 ford Disaster Relief and Emergency Assistance Act,
8 has determined, on or after August 28, 2005, that
9 a major disaster exists due to Hurricane Katrina.

10 **SEC. 703. WAIVER OF FEDERAL RESERVE BOARD FEES FOR**
11 **CERTAIN SERVICES.**

12 Notwithstanding section 11A of the Federal Reserve
13 Act or any other provision of law, during the 1-year period
14 beginning on the date of the enactment of this Act, a Fed-
15 eral reserve bank shall waive or rebate any transaction fee
16 for wire transfer services that otherwise would be imposed
17 on any insured depository institution or insured credit
18 union that—
19 (1) as of August 28, 2005, was headquartered
20 in a qualified disaster area (as defined in section
21 702(b)(2)); and
22 (2) as of August 27, 2005, had total assets of
23 less than $500,000,000.

1 **SEC. 704. WAIVER OF CERTAIN LIMITATION ON CERTAIN**
2 **BANK INVESTMENTS TO PROMOTE THE PUB-**
3 **LIC WELFARE.**

4 (a) NATIONAL BANKS.—Investments described in the
5 first sentence of the paragraph designated "Eleventh" of
6 section 5136 of the Revised Statutes of the United States
7 (12 U.S.C. 24) that are made by a national bank in a
8 qualified disaster area (as defined in section 702(b)(2))
9 shall not be taken into account for purposes of any limita-
10 tions contained in such paragraph on the aggregate
11 amount of such investments.

12 (b) STATE BANKS.—Investments described in the
13 first sentence of the 23rd undesignated paragraph of sec-
14 tion 9 of the Federal Reserve Act (12 U.S.C. 338) that
15 are made by a State member bank in a qualified disaster
16 area (as defined in section 702(b)(2)) shall not be taken
17 into account for purposes of any limitations contained in
18 such paragraph on the aggregate amount of such invest-
19 ments.

20 **SEC. 705. EMERGENCY AUTHORITY TO GUARANTEE**
21 **CHECKS CASHED FOR VICTIMS OF HURRI-**
22 **CANE KATRINA.**

23 (a) FDIC.—

24 (1) IN GENERAL.—Subject to subsection (d),
25 the Federal Deposit Insurance Corporation shall es-
26 tablish, in accordance with emergency guidance

1 issued by the Board of Governors of the Federal Re-
2 serve System under subsection (d)(1), an emergency
3 program under which an insured depository institu-
4 tion may obtain, subject to subsection (d)(2), a com-
5 mitment from the Corporation to indemnify the in-
6 sured depository institution for any loss suffered by
7 the institution through cashing a check or share
8 draft that—
9 (A) is presented for payment by any indi-
10 vidual who, as of August 28, 2005, resided in
11 the State of Alabama, Mississippi, or Louisiana
12 in an area in which the President, pursuant to
13 section 401 of the Robert T. Stafford Disaster
14 Relief and Emergency Assistance Act, deter-
15 mined, on or after August 28, 2005, that a
16 major disaster exists due to Hurricane Katrina;
17 and
18 (B) is subsequently uncollectible,
19 in an amount not to exceed $2,000 for each such
20 check or share draft.
21 (2) SOURCE OF FUNDS FOR PAYMENTS.—Any
22 payments required to be made by the Corporation
23 pursuant to a commitment under paragraph (1) to
24 an insured depository institution shall be drawn

1 from funds available for such purposes under sub-
2 section (c).
3 (b) NCUA.—
4 (1) IN GENERAL.—Subject to subsection (d),
5 the National Credit Union Administration shall es-
6 tablish, in accordance with emergency guidance
7 issued by the Board under subsection (d)(1), an
8 emergency program under which an insured credit
9 union may obtain, subject to subsection (d)(2), a
10 commitment from the Administration to indemnify
11 the insured credit union for any loss suffered by the
12 credit union through cashing a share draft or check
13 that—
14 (A) is presented for payment by any indi-
15 vidual who, as of August 28, 2005, resided in
16 the State of Alabama, Mississippi, or Louisiana
17 in an area in which the President, pursuant to
18 section 401 of the Robert T. Stafford Disaster
19 Relief and Emergency Assistance Act, deter-
20 mined, on or after August 28, 2005, that a
21 major disaster exists due to Hurricane Katrina;
22 and
23 (B) is subsequently uncollectible,
24 in an amount not to exceed $2,000 for each such
25 check or share draft

1 (2) SOURCE OF FUNDS FOR PAYMENTS.—Any
2 payments required to be made by the National Cred-
3 it Union Administration pursuant to a commitment
4 under paragraph (1) to an insured credit union shall
5 be drawn from funds available for such purposes
6 under subsection (c).
7 (3) LIMITED EXTENSION OF CHECK CASHING
8 SERVICES.—Notwithstanding any limitation in sec-
9 tion 107(12) of the Federal Credit Union Act with
10 regard to field of membership, an insured credit
11 union may cash any check presented for payment by
12 any individual described in paragraph (1)(A).
13 (c) REIMBURSEMENT FROM FEDERAL RESERVE
14 SURPLUSES.—Section 7(b) of the Federal Reserve Act (12
15 U.S.C. 289(b)) is amended by adding at the end the fol-
16 lowing new paragraph:
17 "(4) ADDITIONAL TRANSFERS TO COVER CER-
18 TAIN RELIEF EFFORTS RESULTING FROM HURRI-
19 CANE KATRINA.—
20 "(A) IN GENERAL.—Subject to subpara-
21 graph (C), from the surplus funds of the Fed-
22 eral reserve banks maintained pursuant to sub-
23 section (a)(2), the Federal reserve banks shall
24 transfer to the Board of Governors of the Fed-
25 eral Reserve System for transfer to the Federal

1 Deposit Insurance Corporation and the Na-
2 tional Credit Union Administration, such sums
3 as are necessary to meet any payments required
4 under subsection (a)(1) or (b)(1). In the event
5 that the total amount of requests for indem-
6 nification received by the Federal Deposit In-
7 surance Corporation and the National Credit
8 Union Administration exceed the maximum
9 amount specified under subparagraph (C), the
10 sums transferred to the Federal Deposit Insur-
11 ance Corporation and the National Credit
12 Union Administration, respectively, shall be in
13 proportion to the amount of payments required
14 under subsection (a)(1) and (b)(1), respectively.
15 "(B) ALLOCATION BY FEDERAL RESERVE
16 BOARD.—Of the total amount required to be
17 paid by the Federal reserve banks, the Board of
18 Governors of the Federal Reserve System shall
19 determine the amount each such bank shall
20 pay.
21 "(C) MAXIMUM AMOUNT.—The total
22 amount transferred under subparagraph (A)
23 from all Federal reserve banks shall not exceed
24 $200,000,000.

1 "(D) REPLENISHMENT OF SURPLUS FUND
2 PROHIBITED.—No Federal reserve bank may
3 replenish such bank's surplus fund by the
4 amount of any transfer by such bank under
5 subparagraph (A).".
6 (d) EMERGENCY GUIDANCE AND LIMITATIONS.—
7 (1) IN GENERAL.—The Board, after consulting
8 the Federal Deposit Insurance Corporation and the
9 National Credit Union Administration, shall, upon
10 the enactment of this Act, promptly issue appro-
11 priate guidance—
12 (A) to carry out the purposes of this sec-
13 tion and administer the programs established in
14 accordance with this section;
15 (B) to reduce the incidence of fraud and
16 any other cause of loss to the greatest extent
17 possible, consistent with the purpose of this
18 Act;
19 (C) to require insured depository institu-
20 tions and insured credit unions to exercise due
21 diligence in determining the eligibility of any
22 check presented by any individual for indem-
23 nification under this section, including such
24 measures as verification of Social Security num-

1 bers and other identifying information as the
2 Board may determine to be practicable;
3 (D) to provide insured depository institu-
4 tions and insured credit unions with reasonable
5 guidance, in light of the emergency cir-
6 cumstances presented by Hurricane Katrina, so
7 as to meet the requirements for indemnification
8 under this section, including the sharing of in-
9 formation on checks that have been presented
10 for indemnification; and
11 (E) notwithstanding any Federal or State
12 law, to provide for the right of the Board of
13 Governors of the Federal Reserve System, on
14 behalf of the Federal reserve banks and
15 through the Federal Deposit Insurance Cor-
16 poration and the National Credit Union Admin-
17 istration, to recover from any insured deposi-
18 tory institution or insured credit union the
19 amount of any indemnification paid to such de-
20 pository institution or credit union with respect
21 to any check, to the extent of the amount so
22 paid, if the insured depository institution or in-
23 sured credit union collects on the check.
24 (2) COMPLIANCE WITH GUIDANCE CONDI-
25 TION.—The emergency guidance issued under para-

1 graph (1) shall require any insured depository insti-
2 tution or insured credit union seeking a commitment
3 under subsection (a)(1) or (b)(1) to demonstrate
4 that the institution or credit union is in compliance
5 with the guidance in such manner as the Board de-
6 termines to be appropriate and practicable.

7 (3) PER INDIVIDUAL PER INSTITUTION LIMITA-
8 TION.—No specific insured depository institution or
9 insured credit union may be indemnified for losses
10 in excess of $2,000 with respect to checks and share
11 drafts presented by any one individual.

12 (e) DEFINITIONS.—For purposes of this Act, the fol-
13 lowing definitions shall apply:

14 (1) BOARD.—The term "Board" means the
15 Board of Governors of the Federal Reserve System.

16 (2) INSURED CREDIT UNION.—The term "in-
17 sured credit union" has the same meaning as in sec-
18 tion 101 of the Federal Credit Union Act.

19 (3) INSURED DEPOSITORY INSTITUTION.—The
20 term "insured depository institution" has the same
21 meaning as in section 3 of the Federal Deposit In-
22 surance Act.

23 (f) RULE OF CONSTRUCTION.—No provision of this
24 section shall be construed as affecting any right or obliga-
25 tion of an insured depository institution or insured credit

1 union to take any action against any person in connection
2 with a fraudulent check, a fraudulent negotiation of a
3 check, or any other wrongful act.

4 (g) EFFECTIVE DATE.—

5 (1) IN GENERAL.—Subject to paragraph (2),
6 the provisions of this section shall apply to checks or
7 share drafts presented to an insured depository in-
8 stitution or an insured credit union during the pe-
9 riod beginning on August 28, 2005, and ending Au-
10 gust 28, 2006.

11 (2) LIMITED EXTENSION.—The period de-
12 scribed in paragraph (2) may be extended once for
13 an additional 180 days if—

14 (A) the Board, after consulting with the
15 Federal Deposit Insurance Corporation and the
16 National Credit Union Administration, deter-
17 mines that the continuing impact of Hurricane
18 Katrina on financial intermediation between
19 consumers and financial institutions, on pay-
20 ment networks, and on other forms of commu-
21 nication require an extension of the programs
22 established under this section in order to con-
23 tinue to meet the immediate needs of victims of
24 the disaster; and

1 (B) notice of such determination is pub-
2 lished in the Federal Register at least 5 days
3 before the end of the period described in para-
4 graph (1).

5 **SEC. 706. TECHNICAL ASSISTANCE FOR MINORITY INSTITU-**
6 **TIONS.**

7 (a) MINORITY DEPOSITORY INSTITUTIONS.—
8 (1) IN GENERAL.—The Federal Deposit Insur-
9 ance Corporation and the Director of the Office of
10 Thrift Supervision shall provide such technical as-
11 sistance to minority financial institutions affected by
12 Hurricane Katrina as may be appropriate to pre-
13 serve the safety and soundness of such financial in-
14 stitutions, prevent the insolvency of such institu-
15 tions, and enable the institutions to recovery from
16 the adverse financial impact of Hurricane Katrina
17 on the customers of the institutions, the assets of
18 the institutions, and any real and personal property
19 securing such assets.
20 (2) MINORITY INSTITUTION DEFINED.—For
21 purposes of this subsection, the term "minority fi-
22 nancial institution" has the same meaning as in sec-
23 tion 308(b) of the Financial Institutions Reform,
24 Recovery, and Enforcement Act of 1989.
25 (b) MINORITY CREDIT UNIONS.—

1 (1) IN GENERAL.—The National Credit Union
2 Administration shall provide such technical assist-
3 ance to minority credit unions affected by Hurricane
4 Katrina as may be appropriate to preserve the safety
5 and soundness of such credit unions, prevent the in-
6 solvency of such credit unions, and enable the credit
7 unions to recovery from the adverse financial impact
8 of Hurricane Katrina on the customers of the credit
9 unions, the assets of the credit unions, and any real
10 and personal property securing such assets.
11 (2) DEFINITIONS.—For purposes of this sub-
12 section, the following definitions shall apply:
13 (A) MINORITY CREDIT UNION.—The term
14 "minority credit union" means an insured cred-
15 it union—
16 (i) of which a majority of the share
17 draft account holders are predominately
18 minority; or
19 (ii) in the case of community develop-
20 ment credit union, the community served
21 by the credit union is predominantly mi-
22 nority
23 (B) MINORITY.—The term "minority" has
24 the same meaning as in section 308(b)(2) of the

1 Financial Institutions Reform, Recovery, and
2 Enforcement Act of 1989.

3 **SEC. 707. IMPLEMENTING KATRINA DISASTER RELIEF**
4 **THROUGH THE CDFI FUND.**

5 (a) AUTHORIZATION OF APPROPRIATIONS.—In addi-
6 tion to amounts appropriated to the Community Develop-
7 ment Financial Institutions Fund (hereafter in this sec-
8 tion referred to as the "Fund") for fiscal year 2006 to
9 carry out the purposes of the Community Development
10 Banking and Financial Institutions Act of 1994, there are
11 authorized to be appropriated to the Fund (which may be
12 derived by transfer from funds appropriated for "Disaster
13 Relief" in Public Law 109–62), such sums as may be nec-
14 essary for fiscal year 2006 to carry out such Act for the
15 purposes of, and in the manner provided in, this section.

16 (b) ASSISTANCE PROVIDED BY THE FUND FOR HUR-
17 RICANE KATRINA ASSISTANCE.—

18 (1) IN GENERAL.—Amounts appropriated pur-
19 suant to the authorization under subsection (a) shall
20 be available to the Fund under the Community De-
21 velopment Banking and Financial Institutions Act of
22 1994 for the purposes of such Act, including tech-
23 nical and training assistance, awards under the
24 Bank Enterprise Act of 1991, equity investments,
25 deposits, and other forms of financial assistance to

1 community development financial institutions, in ac-
2 cordance with paragraph (2).
3 (2) ADJUSTMENTS TO CRITERIA.—In providing
4 assistance under paragraph (1), the Community De-
5 velopment Banking and Financial Institutions Act of
6 1994 shall be applied with the following adjust-
7 ments:
8 (A) DESIGNATION OF ASSISTED AREAS.—
9 Notwithstanding section 107(b) of the Commu-
10 nity Development Banking and Financial Insti-
11 tutions Act of 1994, the Fund shall limit the
12 selection of community development financial
13 institution applicants for assistance pursuant to
14 this section to any financial institution that—
15 (i) is located in a Hurricane Katrina
16 affected area; or
17 (ii) demonstrates to the satisfaction of
18 the Fund that the financial institution has
19 the ability to provide capital, credit or fi-
20 nancial services within the Hurricane
21 Katrina affected area.
22 (B) WAIVER OF MATCHING REQUIRE-
23 MENTS.—In the case of an applicant with se-
24 vere constraints on available sources of match-
25 ing funds, the Fund may reduce or waive the

1 matching requirements of section 108(e)(1) of
2 the Community Development Banking and Fi-
3 nancial Institutions Act of 1994 for such appli-
4 cant for purposes of this subsection.

5 (C) WAIVER OF LIMITATIONS ON CERTAIN
6 FORMS OF ASSISTANCE.—The limitation con-
7 tained in section 113(e) of the Community De-
8 velopment Banking and Financial Institutions
9 Act of 1994 shall not apply to assistance pro-
10 vided under this subsection in accordance with
11 section 113 of such Act.

12 (D) APPLICATION OF BANK ENTERPRISE
13 ACT OF 1991.—In making assistance under this
14 subsection available in the manner provided in
15 section 114 of the Community Development
16 Banking and Financial Institutions Act of
17 1994, the Bank Enterprise Act of 1991 shall be
18 applied under section 114(a)(2)—

19 (i) by substituting "Hurricane
20 Katrina affected area", as defined in para-
21 graph (3), for "qualified distressed com-
22 munity"; and

23 (ii) with respect to life line accounts,
24 by taking into account only life line ac-

1 counts offered in an Hurricane Katrina af-
2 fected area.
3 (3) HURRICANE KATRINA AFFECTED AREA DE-
4 FINED.—For purposes of this section, the term
5 "Hurricane Katrina affected area" means any coun-
6 ty (as defined in section 2 of title 1, United States
7 Code) that—
8 (A) is within an area in which the Presi-
9 dent, pursuant to section 401 of the Robert T.
10 Stafford Disaster Relief and Emergency Assist-
11 ance Act, has determined, on or after August
12 28, 2005, that a major disaster exists due to
13 Hurricane Katrina; and
14 (B) has been designated by the Federal
15 Emergency Management Agency as an area in
16 which public assistance or individual assistance
17 is available as a result of Hurricane Katrina.

18 TITLE VIII—EXPANDED OPPOR-
19 TUNITY AND SMALL BUSI-
20 NESS PROVISIONS

21 Subtitle A—Expanded Opportunity

22 SEC. 801. REINSTATEMENT OF DAVIS-BACON WAGE RE-
23 QUIREMENTS.

24 Notwithstanding the proclamation by the President
25 dated September 8, 2005, or any other provision of law,

1 the provisions of subchapter IV of chapter 31 of title 40,
2 United States Code (and the provisions of all other related
3 Acts to the extent they depend upon a determination by
4 the Secretary of Labor under section 3142 of such title,
5 whether or not the President has the authority to suspend
6 the operation of such provisions), shall apply to all con-
7 tracts to which such provisions would otherwise apply that
8 are entered into on or after the date of enactment of this
9 Act, to be performed in the counties affected by Hurricane
10 Katrina and described in such proclamation.

11 **SEC. 802. INCREASED PROCUREMENT GOAL FOR CERTAIN**
12 **FEDERAL CONTRACTS FOR RECOVERY FROM**
13 **HURRICANE KATRINA.**

14 For purposes of section 15(g)(1) of the Small Busi-
15 ness Act (15 U.S.C. 644 (g)(1)), the Government wide
16 goal for participation by small business concerns owned
17 and controlled by socially and economically disadvantaged
18 individuals in Federal contracts for recovery and recon-
19 struction activities related to Hurricane Katrina shall be
20 15 percent.

1 **SEC. 803. LOCAL PARTICIPATION GOAL FOR PARTICIPA-**
2 **TION IN FEDERAL PROCUREMENT CON-**
3 **TRACTS IN AREAS AFFECTED BY HURRICANE**
4 **KATRINA.**

5 (a) PROCUREMENT GOAL.—There is hereby estab-
6 lished a Government-wide goal for procurement contracts
7 awarded to local businesses in any area affected by Hurri-
8 cane Katrina. For fiscal years 2005, 2006, and 2007, the
9 goal shall be 30 percent of the total value of all prime
10 contract and subcontract awards for each such fiscal year.
11 The goal established under this section shall be treated
12 and administered in the same manner as goals established
13 under section 15(g)(1) of the Small Business Act (15
14 U.S.C. 644(g)(1)).

15 (b) LOCAL BUSINESS DEFINED.—In this section, the
16 term "local business" means any business owned by a per-
17 son residing in or incorporated in any area affected by
18 Hurricane Katrina.

19 **SEC. 804. REQUIREMENT FOR HURRICANE RECOVERY-RE-**
20 **LATED CONTRACTS TO REQUIRE 40 PERCENT**
21 **OF CONTRACT WORKERS BE LOCAL RESI-**
22 **DENTS.**

23 (a) REQUIREMENT.—Any contract awarded by the
24 Federal Government for recovery or reconstruction activi-
25 ties to be carried out in areas affected by Hurricane
26 Katrina shall include a requirement that at least 40 per-

1 cent of the workers performing the work under the con-
2 tract be local residents.

3 (b) LOCAL RESIDENT.—For purposes of this section,
4 a local resident is a person who had a permanent residence
5 in the areas affected by Hurricane Katrina before Hurri-
6 cane Katrina struck.

7 **SEC. 805. REQUIREMENT FOR HURRICANE RECOVERY-RE-**
8 **LATED CONTRACTS TO INCLUDE FINANCIAL**
9 **INCENTIVES FOR CONTRACTORS TO MEET**
10 **GOALS SPECIFIED IN THE CONTRACTS.**

11 Any contract awarded by the Federal Government for
12 recovery or reconstruction activities to be carried out in
13 areas affected by Hurricane Katrina shall include a finan-
14 cial incentive or incentives for the contractor to meet any
15 goals specified in the contract, such as goals to award sub-
16 contracts to small businesses owned and controlled by so-
17 cially and economically disadvantaged individuals, to local
18 businesses, or to subcontractors that will use local resi-
19 dents to perform work under the subcontract.

20 **SEC. 806. APPRENTICESHIP AND OTHER REQUIREMENTS**
21 **FOR POST-HURRICANE RECONSTRUCTION.**

22 (a) APPRENTICESHIP PROGRAMS.—Any hurricane re-
23 construction contractor shall be required to utilize an ap-
24 prenticeship program certified under subsection (b) that
25 includes, as a part thereof, a pre-apprenticeship program

1 that helps prepare individuals for the apprenticeship pro-
2 gram and for the basics tests necessary to become an ap-
3 prentice.

4 (b) CERTIFICATION.—An apprenticeship program
5 may be certified for purposes of this section if such pro-
6 gram—

7 (1) is certified by a State employment services
8 authority or other local authority that oversees ap-
9 prenticeship and job training programs; or

10 (2) is registered with the Bureau of Apprentice-
11 ship and Training of the Department of Labor
12 under part 29 of chapter 1 of title 29, Code of Fed-
13 eral Regulations.

14 (c) DEFINITIONS.—In this section:

15 (1) The term "hurricane reconstruction con-
16 tractor" means a person or entity receiving Federal
17 funds provided under the Robert T. Stafford Dis-
18 aster Relief and Emergency Assistance Act (42
19 U.S.C 5121 et seq.), or party to a contract funded
20 under such Act, for repair or reconstruction in the
21 regions affected by Hurricane Katrina.

22 (2) The term "regions affected by Hurricane
23 Katrina" means a county or parish in Mississippi,
24 Alabama, or Texas, or a parish in Louisiana, where
25 a major disaster has been declared under section

401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170) as a result of Hurricane Katrina.

SEC. 807. RESTATEMENT OF FULL APPLICATION OF STATUTORY REQUIREMENTS OF EQUAL EMPLOYMENT OPPORTUNITY APPLICABLE TO CONTRACTS AND SUBCONTRACTS TO PROVIDE HURRICANE KATRINA RELIEF.

(a) CONTINUING NONDISCRIMINATION REQUIRED IN CONTRACTS AND SUBCONTRACTS TO PROVIDE HURRICANE KATRINA RELIEF.—The provisions of—

(1) Executive Order No. 11246 (42 U.S.C. 2000e–1 note), excluding section 204 of such order,

(2) section 503 of the Rehabilitation Act of 1973 (29 U.S.C. 793), excluding subsection (c) of such section, and

(3) section 4212 of title 38 of the United States Code,

shall apply with respect to contracts and subcontracts entered into to provide Hurricane Katrina relief, in the same manner as such provisions apply to contracts and subcontracts with respect to which the Secretary of Labor has not granted any waiver or any exemption with respect to any of such provisions.

1 (b) WAIVERS AND EXEMPTIONS VOID.—Every waiver
2 of, and every exemption from, the application of any provi-
3 sion of law referred to in subsection (a) granted by the
4 Secretary of Labor with respect to contracts and sub-
5 contracts to provide Hurricane Katrina relief, granted be-
6 fore the date of the enactment of the Act are void as of
7 the date of the enactment of this Act.

8 Subtitle B—Disaster Loans and 9 Small Business Relief

10 **SEC. 811. DEFINITIONS.**

11 In this subtitle—

12 (1) the terms "Administration" and "Adminis-
13 trator" mean the Small Business Administration
14 and the Administrator thereof, respectively;

15 (2) the term "Disaster Area" means an area
16 which the President has designated as a disaster
17 area as a result of Hurricane Katrina of August
18 2005; and

19 (3) the term "small business concern" has the
20 same meaning as under section 3 of the Small Busi-
21 ness Act (15 U.S.C. 632).

22 **SEC. 812. DISASTER LOANS AFTER HURRICANE KATRINA.**

23 (a) LOANS TO NONPROFITS.—The Administrator
24 may make a loan under section 7(b) of the Small Business
25 Act (15 U.S.C. 636(b)) (either directly or in cooperation

1 with a bank or other lending institution through agree-
2 ments to participate on an immediate or deferred basis)
3 to a nonprofit organization located or operating in a Dis-
4 aster Area or providing services to persons who have evac-
5 uated from a Disaster Area.

6 (b) INCREASED LOAN CAPS.—

7 (1) AGGREGATE LOAN AMOUNTS.—Except as
8 provided in paragraph (2), the aggregate amount of
9 all loans outstanding and committed to a borrower
10 under such section (except for loans under para-
11 graph (5) or (6) of such section) made by reason of
12 Hurricane Katrina, may not exceed $10,000,000.

13 (2) WAIVER AUTHORITY.—The Administrator
14 may, at the discretion of the Administrator, waive
15 the aggregate loan amount established under para-
16 graph (1).

17 (c) DEFERMENT OF DISASTER LOAN PAYMENTS.—

18 (1) IN GENERAL.—Notwithstanding any other
19 provision of law, payments of principal and interest
20 on a loan under section 7(b) of the Small Business
21 Act (15 U.S.C. 636(b)) to a borrower located in a
22 Disaster Area made before August 24, 2007, shall
23 be deferred, and no interest shall accrue with respect
24 to such loan, during the time period described in
25 paragraph (2).

1 (2) TIME PERIOD.—

2 (A) IN GENERAL.—The time period re-
3 ferred to in paragraph (1) is the one-year pe-
4 riod that begins on the latter of the following
5 dates:

6 (i) The date of the enactment of this
7 subtitle.

8 (ii) The date on which the loan is
9 made.

10 (B) EXTENSION.—The Administrator may
11 extend the time period described in subpara-
12 graph (A) for one year after the date on which
13 it would otherwise expire, if the Administrator
14 finds that such an extension is appropriate.

15 (3) RESUMPTION OF PAYMENTS.—Upon the ex-
16 piration of the time period described in paragraph
17 (2), the payment of periodic installments of principal
18 and interest shall be required with respect to a loan
19 for which payments are deferred under paragraph
20 (1) in the same manner and subject to the same
21 terms and conditions as would otherwise apply.

22 (d) REFINANCING DISASTER LOANS AFTER HURRI-
23 CANE KATRINA.—

24 (1) REFINANCING PERMITTED.—A small busi-
25 ness concern that is located in a Disaster Area or

1 was located in such an area as of August 24, 2005,
2 may refinance any loan made under section 7(b) of
3 the Small Business Act (15 U.S.C. 636(b)) that, as
4 of August 24, 2005, was outstanding as to principal
5 or interest, and the refinanced amount shall be con-
6 sidered to be part of the new loan for purposes of
7 this subsection and section 7(b) of the Small Busi-
8 ness Act (15 U.S.C. 636(b)).
9 (2) NO EFFECT ON ELIGIBILITY FOR OTHER
10 LOANS.—A refinancing under paragraph (1) by a
11 small business concern shall have no effect on the
12 eligibility of that small business concern for any
13 other loan under the Small Business Act (15 U.S.C.
14 632 et seq.).
15 (3) INTEREST RATE.—A loan under this sub-
16 section shall be made at the same interest rate as
17 economic injury loans under section 7(b)(2) of the
18 Small Business Act (15 U.S.C. 636(b)(2)).
19 (e) REFINANCING BUSINESS DEBT.—
20 (1) REFINANCING PERMITTED.—A small busi-
21 ness concern that is located in a Disaster Area or
22 was located in such an area as of August 24, 2005,
23 may refinance any business debt of that small busi-
24 ness concern that was outstanding as to principal or
25 interest as of August 24, 2005.

1 (2) PRINCIPAL AND INTEREST.—With respect
2 to a refinancing under this subsection, payments of
3 principal shall be deferred, and interest may accrue,
4 during the 1-year period beginning on the date of
5 the refinancing, and the refinanced amount shall be
6 considered to be part of a new loan for purposes of
7 this subsection and section 7(b) of the Small Busi-
8 ness Act (15 U.S.C. 636(b)).
9 (3) RESUMPTION OF PAYMENTS.—Upon the ex-
10 piration of the one-year period described in para-
11 graph (2), the payment of periodic installments of
12 principal and interest shall be required with respect
13 to a refinancing for which payments are deferred
14 under such paragraph in the same manner and sub-
15 ject to the same terms and conditions as would oth-
16 erwise apply.
17 (4) INTEREST RATE.—A loan under this sub-
18 section shall be made at the same interest rate as
19 economic injury loans under section 7(b)(2) of the
20 Small Business Act (15 U.S.C. 636(b)(2)).
21 (f) EXTENDED APPLICATION PERIOD.—Notwith-
22 standing any other provision of law, the Administrator
23 shall accept applications for assistance under this section
24 from small business concerns adversely affected by Hurri-
25 cane Katrina until one year after the date on which the

1 President designated the area as a disaster area as a re-
2 sult of Hurricane Katrina.

3 (g) NO SALE.—No loan under this section made as
4 a result of Hurricane Katrina may be sold.

5 **SEC. 813. NATIONWIDE DISASTER LOANS.**

6 (a) LOANS AUTHORIZED.—The Administrator may
7 make such loans as the Administrator determines appro-
8 priate under section 7(b) of the Small Business Act (15
9 U.S.C. 636(b)) (either directly or in cooperation with
10 banks or other lending institutions through agreements to
11 participate on an immediate or deferred basis) to a small
12 business concern, small agricultural cooperative, small
13 nursery, or small producer cooperative located anywhere
14 in the United States that demonstrates a direct adverse
15 economic impact caused by Hurricane Katrina, based on
16 such criteria as the Administrator may set by rule, regula-
17 tion, or order.

18 (b) DISASTER MITIGATION.—

19 (1) IN GENERAL.—Section 7(b)(1)(A) of the
20 Small Business Act (15 U.S.C. 636(b)(1)(A)) is
21 amended by inserting "of the aggregate costs of
22 such damage or destruction (whether or not com-
23 pensated for by insurance or otherwise)" after "20
24 per centum".

1 (2) EFFECTIVE DATE.—The amendment made
2 by paragraph (1) shall apply with respect to a loan
3 or guarantee made after the date of enactment of
4 this Act.
5 (c) TECHNICAL AMENDMENTS.—Section 7(b) of the
6 Small Business Act (15 U.S.C. 636(b)) is amended—
7 (1) in the matter preceding paragraph (1), by
8 striking "the, Administration" and inserting "the
9 Administration";
10 (2) in paragraph (2)(A), by striking "Disaster
11 Relief and Emergency Assistance Act" and inserting
12 "Robert T. Stafford Disaster Relief and Emergency
13 Assistance Act (42 U.S.C. 5121 et seq.)"; and
14 (3) in the undesignated matter at the end—
15 (A) by striking ", (2), and (4)" and insert-
16 ing "and (2)"; and
17 (B) by striking ", (2), or (4)" and insert-
18 ing "(2)".
19 (d) DISASTER LOAN ADDITIONAL AMOUNTS.—In ad-
20 dition to any other amounts otherwise appropriated for
21 such purpose, there is authorized to be appropriated to
22 the Administration $86,000,000, to make loans under sec-
23 tion 7(b) of the Small Business Act.

1 **SEC. 814. SMALL BUSINESS EMERGENCY RELIEF.**

2 (a) BUSINESS LOAN PROGRAMS.—Section
3 20(e)(1)(B) of the Small Business Act (15 U.S.C. 631
4 note) is amended—

5 (1) in the matter preceding clause (i), by strik-
6 ing "$25,050,000,000" and inserting
7 "$40,050,000,000";

8 (2) in clause (i), by striking "$17,000,000,000"
9 and inserting "$27,000,000,000"; and

10 (3) in clause (ii), by striking "$7,500,000,000"
11 and inserting "$12,500,000,000".

12 (b) GRANTS TO STATES ADVERSELY AFFECTED BY
13 HURRICANE KATRINA.—

14 (1) IN GENERAL.—The Secretary of Commerce
15 shall make grants to the States of Louisiana, Ala-
16 bama, and Mississippi to be used by appropriate
17 State agencies in accordance with this subsection.

18 (2) DISBURSEMENT OF FUNDS.—The Secretary
19 of Commerce shall make grants under paragraph (1)
20 in the most expeditious manner possible to the des-
21 ignated States, based on—

22 (A) the number of businesses directly dam-
23 aged or disrupted by reason of Hurricane
24 Katrina in the State;

25 (B) the number of residents displaced from
26 the State by reason of Hurricane Katrina;

1 (C) the number of jobs lost or disrupted by
2 reason of Hurricane Katrina in the State;
3 (D) the extent of economic disruption by
4 reason of Hurricane Katrina in the State; and
5 (E) the number of evacuees from any other
6 State by reason of Hurricane Katrina to whom
7 the designated State is providing assistance.
8 (3) USE OF FUNDS.—
9 (A) IN GENERAL.—Grants awarded to a
10 State under paragraph (1) shall be used by the
11 State to provide bridge grants and loans, which
12 may be made to any person located in a Dis-
13 aster Area who was directly adversely affected
14 by Hurricane Katrina, to assist such person in
15 covering costs until the person is able to obtain
16 loans through Administration assistance pro-
17 grams or other sources.
18 (B) REIMBURSEMENT.—A State may use a
19 grant awarded under paragraph (1) as reim-
20 bursement for any State funds used to provide
21 bridge grants or loans to any person located in
22 a Disaster Area who was directly adversely af-
23 fected by Hurricane Katrina before the date on
24 which the funds authorized under paragraph
25 (1) are disbursed.

1 (C) CRITERIA.—Notwithstanding any
2 other provision of law, in making bridge grants
3 and loans under subparagraph (A), the State
4 may use such criteria as the State determines
5 appropriate, and shall not be required to apply
6 eligibility criteria for programs administered by
7 the Department of Commerce.
8 (D) TERMS.—For any loan made by a
9 State under subparagraph (A)—
10 (i) such a loan may initially be a
11 noncollateralized, low-interest loan;
12 (ii) payments and interest on such a
13 loan may be deferred for at least 1 year
14 after the date on which the loan is made;
15 (iii) the balance remaining on such a
16 loan 5 years after the date on which the
17 loan is made may be forgiven entirely by
18 the State, if the borrower has continued to
19 operate during that 5-year period in a Dis-
20 aster Area; and
21 (iv) such a loan may be forgiven by
22 the State, under such terms as it may set,
23 if the borrower cannot repay such loan.
24 (E) ADMINISTRATIVE EXPENSES.—The
25 Department of Commerce may use not more

1 than $1,000,000 of the funds authorized under
2 paragraph (4) to administer the provision of
3 grants to the designated States under this sub-
4 section.

5 (4) AUTHORIZATION OF APPROPRIATIONS.—
6 There is authorized to be appropriated to the Sec-
7 retary of Commerce $450,000,000 for the Economic
8 Development Administration of the Department of
9 Commerce to carry out this subsection.

10 **SEC. 815. AUTHORIZATION OF APPROPRIATIONS FOR BUSI-**
11 **NESS COUNSELING.**

12 In addition to any other amounts authorized for any
13 fiscal year, there are authorized to be appropriated to the
14 Administration, to remain available until expended, for fis-
15 cal year 2006—

16 (1) $21,000,000, to be used for activities of
17 small business development centers pursuant to sec-
18 tion 21 of the Small Business Act (15 U.S.C. 648),
19 not less than $15,000,000 of which shall be non-
20 matching funds and used to aid and assist small
21 business concerns affected by Hurricane Katrina;

22 (2) $2,000,000, to be used for the SCORE pro-
23 gram authorized by section 8(b)(1) of the Small
24 Business Act (15 U.S.C. 637(b)(1)), for the activi-
25 ties described in subparagraph (B)(ii) of such sec-

1 tion, not less than $1,000,000 of which shall be used
2 to aid and assist small business concerns affected by
3 Hurricane Katrina;
4 (3) $4,500,000, to be used for activities of
5 women's business centers authorized by section
6 29(b) of the Small Business Act (15 U.S.C. 656(b))
7 and for recipients of a grant under section 29(l) of
8 that Act (15 U.S.C. 656(l)), not less than
9 $2,500,000 of which shall be non-matching funds
10 used to aid and assist small business concerns af-
11 fected by Hurricane Katrina, which may also be
12 made available to a women's business center whose
13 5-year project ended in fiscal year 2004;
14 (4) $1,250,000, to be used for activities of the
15 office of veteran's business development pursuant to
16 section 32 of the Small Business Act (15 U.S.C.
17 657b), not less than $750,000 of which shall be used
18 to aid and assist small business concerns affected by
19 Hurricane Katrina; and
20 (5) $5,000,000, to be used for activities of the
21 microloan program authorized by clauses (ii) and
22 (iii) of section 7(m)(1)(G) of the Small Business Act
23 (15 U.S.C. 636(m)(1)(G)) to aid and assist small
24 business concerns adversely affected by Hurricane
25 Katrina.

1 **SEC. 816. SMALL BUSINESS DEVELOPMENT CENTERS.**

2 (a) AVAILABILITY OF GRANTS.—The Administrator
3 shall make available grants under section 21 of the Small
4 Business Act (15 U.S.C. 648) to small business develop-
5 ment centers assisting small business concerns adversely
6 affected by Hurricane Katrina.

7 (b) WAIVER OF MAXIMUM GRANT AMOUNT.—For
8 each of fiscal years 2005 and 2006, the Administrator
9 may waive the maximum amount of $100,000 for non-
10 matching grants under section 21(a)(4)(C)(viii) of the
11 Small Business Act (15 U.S.C. 648(a)(4)(C)(viii)).

12 (c) ASSISTANCE TO SMALL BUSINESS CONCERNS IN
13 DISASTER AREAS.—

14 (1) The Administrator shall authorize any small
15 business development center, regardless of location,
16 to provide advice, information, and assistance, as de-
17 scribed in section 21(c) of such Act (15 U.S.C.
18 648(c)), to a small business concern located in a
19 Disaster Area.

20 (2) A small business development center that
21 provides counselors to a Disaster Area shall, to the
22 maximum extent practicable, ensure continuity of
23 services in the State it currently serves.

24 **SEC. 817. HUBZONES.**

25 Notwithstanding any other provision of law, a Dis-
26 aster Area shall be deemed to be a historically

1 underutlized business zone within the meaning of section
2 3(p)(1) of the Small Business Act (15 U.S.C. 632(p)(1).

3 **SEC. 818. SMALL BUSINESS BONDING THRESHOLD.**

4 (a) IN GENERAL.—Notwithstanding any other provi-
5 sion of law, for all procurements related to Hurricane
6 Katrina, the Administrator may, upon such terms and
7 conditions as the Administrator may prescribe, guarantee,
8 and enter into commitments to guarantee any surety
9 against loss resulting from a breach of the terms of a bid
10 bond, payment bond, performance bond, or bonds ancillary
11 thereto, by a principal on any total work order or contract
12 amount at the time of bond execution that does not exceed
13 $5,000,000

14 (b) DISCRETIONARY INCREASE.—The Administrator
15 may increase the maximum amount of a work order or
16 contract to which subsection (a) applies to $10,000,000,
17 at the discretion of the Administrator.

18 **SEC. 819. LOAN DEFAULTS.**

19 Notwithstanding any other provision of law, no loan
20 made before August 24, 2005, under subsection (a) or (m)
21 of section 7 of the Small Business Act (15 U.S.C. 636)
22 or under title III or section 503 of the Small Business
23 Investment Act of 1958 (15 U.S.C. 661 et seq.) for which
24 the borrower goes into default by reason of Hurricane
25 Katrina shall be considered a cost (as that term is defined

1 in section 502 of the Federal Credit Reform Act of 1990
2 (2 U.S.C. 622)) to the Administration for purposes of cal-
3 culating the subsidy rate for loans under subsection (a)
4 or (m) of section 7 of the Small Business Act or title III
5 or section 503 of the Small Business Investment Act of
6 1958, respectively.

7 **SEC. 820. BUDGETARY TREATMENT OF LOANS AND**
8 **FINANCINGS.**

9 (a) IN GENERAL.—Assistance made available under
10 any loan made or approved by the Administration under
11 this subtitle, subsections (a) or (b) of section 7 of the
12 Small Business Act (15 U.S.C. 636), or financings made
13 under title V of the Small Business Investment Act of
14 1958 (15 U.S.C. 695 et seq.), on and after the date of
15 enactment of this subtitle, shall be treated as separate pro-
16 grams of the Administration for purposes of the Federal
17 Credit Reform Act of 1990 only.

18 (b) USE OF FUNDS.—Assistance under this subtitle
19 and the amendments made by this subtitle shall be avail-
20 able only to the extent that funds are made available
21 under appropriations Acts, which funds shall be utilized
22 to offset the cost (as such term is defined in section 502
23 of the Federal Credit Reform Act of 1990) of such assist-
24 ance.

1 **SEC. 821. EMERGENCY PROCUREMENT AUTHORITY.**

2 (a) SMALL BUSINESS RESERVATION OFFSET.—Sec-
3 tion 15(j) of the Small Business Act (15 U.S.C. 644(j))
4 is amended by adding at the end the following:

5 "(4) For any contract involving the use of the special
6 emergency procurement authority under section 32A(c) of
7 the Office of Federal Procurement Policy Act (41 U.S.C.
8 428a(c)), the dollar ceiling of the small business reserva-
9 tion established in paragraph (1) shall be adjusted to
10 match the applicable amount of the simplified acquisition
11 threshold.".

12 (b) RETENTION OF SMALL BUSINESS SUBCON-
13 TRACTING.—Section 8(d)(4)(D) of the Small Business Act
14 (15 U.S.C. 637(d)(4)(D)) is amended—

15 (1) by striking "(D) No contract" and inserting
16 the following:

17 "(D) SMALL BUSINESS PARTICIPATION.—

18 "(i) IN GENERAL.—No contract"; and

19 (2) by adding at the end the following:

20 "(ii) EMERGENCY PROCUREMENTS.—

21 "(I) IN GENERAL.—For any contract that
22 otherwise meets the requirements of this sub-
23 section and that involves the use of special
24 emergency procurement authority under section
25 32A(c) of the Office of Federal Procurement
26 Policy Act (41 U.S.C. 428a(c)), the subcon-

1 tracting plan required under this subsection
2 shall be negotiated as soon as is practicable,
3 but not later than 30 days after the date on
4 which the contract is awarded.
5 "(II) PAYMENT.—Not more than 50 per-
6 cent of the amount due under any contract de-
7 scribed in subclause (I) may be paid, unless a
8 subcontracting plan compliant with this sub-
9 section is negotiated by the contractor.".

10 TITLE IX—TAX PROVISIONS

11 SEC. 901. HOME PURCHASE BY VICTIMS OF HURRICANE 12 KATRINA.

13 (a) IN GENERAL.—Subpart A of part IV of sub-
14 chapter A of chapter 1 of the Internal Revenue Code of
15 1986 (relating to nonrefundable personal credits) is
16 amended by inserting after section 25D the following new
17 section:

18 "SEC. 25E. HOME PURCHASE BY INDIVIDUALS DISPLACED 19 BY HURRICANE KATRINA.

20 "(a) ALLOWANCE OF CREDIT.—In the case of an eli-
21 gible homebuyer who purchases a principal residence in
22 the Hurricane Katrina disaster area, there shall be al-
23 lowed as a credit against the tax imposed by this chapter
24 for the taxable year an amount equal to so much of the
25 purchase price of the residence as does not exceed $5,000.

1 "(b) LIMITATION BASED ON MODIFIED ADJUSTED
2 GROSS INCOME.—
3 "(1) IN GENERAL.—The amount allowable as a
4 credit under subsection (a) (determined without re-
5 gard to this subsection and subsection (d)) for the
6 taxable year shall be reduced (but not below zero) by
7 the amount which bears the same ratio to the credit
8 so allowable as—
9 "(A) the excess (if any) of—
10 "(i) the taxpayer's modified adjusted
11 gross income for such taxable year, over
12 "(ii) $70,000 ($110,000 in the case of
13 a joint return), bears to
14 "(B) $20,000.
15 "(2) MODIFIED ADJUSTED GROSS INCOME.—
16 For purposes of paragraph (1), the term 'modified
17 adjusted gross income' means the adjusted gross in-
18 come of the taxpayer for the taxable year increased
19 by any amount excluded from gross income under
20 section 911, 931, or 933.
21 "(c) ELIGIBLE HOMEBUYER.—For purposes of this
22 section—
23 "(1) IN GENERAL.—The term 'eligible home-
24 buyer' means any individual if—

1 "(A) on August 29, 2005, the principal
2 place of abode of such individual (and if mar-
3 ried, such individual's spouse) was located in
4 the Hurricane Katrina disaster area, and such
5 principal place of abode was rendered uninhab-
6 itable by Hurricane Katrina, and
7 "(B) the principal residence for which the
8 credit is allowed under subsection (a) is located
9 in the same State as such principal place of
10 abode.
11 "(2) ONE-TIME ONLY.—If an individual is al-
12 lowed a credit under this section with respect to any
13 principal residence, such individual may not be al-
14 lowed a credit under this section with respect to any
15 other principal residence.
16 "(3) PRINCIPAL RESIDENCE.—The term 'prin-
17 cipal residence' has the same meaning as when used
18 in section 121.
19 "(d) CARRYOVER OF CREDIT.—If the credit allowable
20 under subsection (a) exceeds the limitation imposed by
21 section 26(a) for such taxable year reduced by the sum
22 of the credits allowable under this subpart (other than this
23 section and sections 23, 24, 25B, and 1400C) such excess
24 shall be carried to the succeeding taxable year and added

1 to the credit allowable under subsection (a) for such tax-
2 able year.
3 "(e) OTHER DEFINITIONS AND SPECIAL RULES.—
4 For purposes of this section—
5 "(1) HURRICANE KATRINA DISASTER AREA.—
6 The term 'Hurricane Katrina disaster area' means
7 an area determined by the President to warrant as-
8 sistance from the Federal Government under the
9 Robert T. Stafford Disaster Relief and Emergency
10 Assistance Act by reason of Hurricane Katrina.
11 "(2) ALLOCATION OF DOLLAR LIMITATION.—
12 "(A) MARRIED INDIVIDUALS FILING SEPA-
13 RATELY.—In the case of a married individual
14 filing a separate return, subsection (a) shall be
15 applied by substituting '$2,500' for '$5,000.'
16 "(B) OTHER TAXPAYERS.—If 2 or more
17 individuals who are not married purchase a
18 principal residence, the amount of the credit al-
19 lowed under subsection (a) shall be allocated
20 among such individuals in such manner as the
21 Secretary may prescribe, except that the total
22 amount of the credits allowed to all such indi-
23 viduals shall not exceed $5,000.
24 "(3) PURCHASE.—

1 "(A) IN GENERAL.—The term 'purchase'
2 means any acquisition, but only if—
3 "(i) the property is not acquired from
4 a person whose relationship to the person
5 acquiring it would result in the disallow-
6 ance of losses under section 267 or 707(b)
7 (but, in applying section 267(b) and (c) for
8 purposes of this section, paragraph (4) of
9 section 267(c) shall be treated as providing
10 that the family of an individual shall in-
11 clude only his spouse, ancestors, and lineal
12 descendants), and
13 "(ii) the basis of the property in the
14 hands of the person acquiring it is not de-
15 termined—
16 "(I) in whole or in part by ref-
17 erence to the adjusted basis of such
18 property in the hands of the person
19 from whom acquired, or
20 "(II) under section 1014(a) (re-
21 lating to property acquired from a de-
22 cedent).
23 "(B) CONSTRUCTION.—A residence which
24 is constructed by the taxpayer shall be treated

1 as purchased by the taxpayer on the date the
2 taxpayer first occupies such residence.
3 "(4) PURCHASE PRICE.—The term 'purchase
4 price' means the adjusted basis of the principal resi-
5 dence on the date such residence is purchased.
6 "(f) REPORTING.—If the Secretary requires informa-
7 tion reporting under section 6045 by a person described
8 in subsection (e)(2) thereof to verify the eligibility of tax-
9 payers for the credit allowable by this section, the excep-
10 tion provided by section 6045(e)(5) shall not apply.
11 "(g) BASIS ADJUSTMENT.—For purposes of this sub-
12 title, if a credit is allowed under this section with respect
13 to the purchase of any residence, the basis of such resi-
14 dence shall be reduced by the amount of the credit so al-
15 lowed.
16 "(h) APPLICATION OF SECTION.—This section shall
17 apply to property purchased after August 28, 2005, and
18 before January 1, 2007.".
19 (b) CONFORMING AMENDMENT.—Section 1016(a) of
20 such Code is amended by striking "and" at the end of
21 paragraph (36), by striking the period at the end of para-
22 graph (37) and inserting ", and", and by adding at the
23 end the following new paragraph:
24 "(38) to the extent provided in section
25 25E(g).".

1 (c) CLERICAL AMENDMENT.—The table of sections
2 for subpart A of part IV of subchapter A of chapter 1
3 of such Code is amended by inserting after the item relat-
4 ing to section 25D the following new item:

"Sec. 25E. Home purchase by individuals displaced by Hurricane Katrina.".

5 (d) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to taxable years ending after the
7 date of the enactment of this Act.

8 **SEC. 902. RELIEF THROUGH LOW-INCOME HOUSING CRED-**
9 **IT RELATING TO HURRICANE KATRINA.**

10 (a) INCREASE IN HOUSING CREDIT DOLLAR
11 AMOUNT.—For purposes of determining the State housing
12 credit ceiling of the States of Alabama, Louisiana, and
13 Mississippi for 2006 and 2007, section 42(h)(3)(C)(ii)(I)
14 of the Internal Revenue Code of 1986 shall be applied by
15 substituting "$3.70" for "$1.75".

16 (b) AUTHORITY TO WAIVE PERCENTAGE LIMITATION
17 TO TREAT HURRICANE KATRINA DISASTER AREAS AS
18 DIFFICULT DEVELOPMENT AREAS.—In the case of tax-
19 able years beginning in 2005, 2006, and 2007, any area
20 in the State of Alabama, Louisiana, or Mississippi located
21 within the area determined by the President to warrant
22 assistance from the Federal Government under the Robert
23 T. Stafford Disaster Relief and Emergency Assistance Act
24 by reason of Hurricane Katrina shall be treated as a dif-
25 ficult development area for purposes of section

1 42(d)(5)(C) of the Internal Revenue Code of 1986, not-
2 withstanding the percentage limitation in clause (iii)(II)
3 of such section.

4 (c) WAIVER OF FULL SUBSCRIPTION REQUIRE-
5 MENT.—In the case of the States of Alabama, Louisiana,
6 and Mississippi for 2005, 2006, and 2007, section
7 42(h)(3)(D) of such Code shall be applied without regard
8 to clause (iv)(I) of such section.

9 **SEC. 903. TAX EXEMPT BONDS FOR QUALIFIED GULF COAST**
10 **RECOVERY PROJECTS.**

11 Section 149(h) of the Internal Revenue Code of 1986
12 (relating to bonds that must be registered to be tax ex-
13 empt; other requirements) is amended by adding at the
14 end the following:

15 "(h) TREATMENT OF GULF COAST RECOVERY
16 BONDS.—

17 "(1) IN GENERAL.—Section 103(a) shall apply
18 to any qualified Gulf Coast recovery bond.

19 "(2) QUALIFIED GULF COAST RECOVERY
20 BOND.—For purposes of this subsection, the term
21 'qualified Gulf Coast recovery bond' means any bond
22 if—

23 "(A) the issuer reasonably expects that at
24 least 95 percent of the net proceeds of the issue

1 will be used for facilities in a qualified hurri-
2 cane disaster area,
3 "(B) the issue of which such bond is a part
4 would, without regard to the application of sub-
5 section (b) and section 146, otherwise meet the
6 requirements for excluding the interest on such
7 bond from gross income under section 103 and
8 applicable requirements of this part, and
9 "(C) if the aggregate face amount of bonds
10 of which such bond is a part issued pursuant to
11 such issue, when added to the aggregate face
12 amount of qualified Gulf Coast recovery bonds
13 previously issued by the issuing authority dur-
14 ing the calendar year, does not exceed such
15 authority's volume cap specified in paragraph
16 (4).
17 "(3) FEDERAL GUARANTEE.—For purposes of
18 this subsection—
19 "(A) FEDERAL GUARANTEE.—The Sec-
20 retary may guarantee the payment of principal
21 or interest with respect to any qualified Gulf
22 Coast recovery bond under such terms and con-
23 ditions as the Secretary may require, except
24 that in the case of a default of such bond, the
25 Secretary shall condition the granting of such

1 guarantee on the agreement by the State to a
2 repayment schedule (including interest) for
3 such bonds.
4 "(B) TREATMENT OF BOND AS TAX EX-
5 EMPT.—Subparagraph (b) shall not apply to a
6 qualified Gulf Coast recovery bond.
7 "(4) VOLUME CAP.—For purposes of this sub-
8 section, the volume cap for a State shall be—
9 "(A) in the case of the State of Alabama,
10 $10,000,000,000,
11 "(B) in the case of the State of Louisiana,
12 $20,000,000,000,
13 "(C) in the case of the State of Mis-
14 sissippi, $20,000,000,000, and
15 "(D) zero in any other case.
16 "(5) QUALIFIED HURRICANE DISASTER AREA.—
17 The term 'qualified hurricane disaster area' means
18 the portion of an area determined by the President
19 to warrant individual or individual and public assist-
20 ance from the Federal Government under the Robert
21 T. Stafford Disaster Relief and Emergency Assist-
22 ance Act with respect to which a major disaster has
23 been declared under section 401 of such Act by rea-
24 son of Hurricane Katrina.

"(6) SECTION 146 NOT APPLICABLE.—Section 146 shall not apply with respect to any bond issued under this subsection.

"(7) TERMINATION.—This subsection shall not apply to bonds issued after December 31, 2010.".

TITLE X—BANKRUPTCY

SEC. 1001. SHORT TITLE.

This title may be cited as the "Hurricane Katrina Bankruptcy Relief and Community Protection Act of 2005".

SEC. 1002. DEFINITIONS; WHO MAY BE A DEBTOR.

(a) CURRENT MONTHLY INCOME.—Section 101(10A)(B) is amended—

(1) by striking "and payments" and inserting "payments", and

(2) by inserting before the period at the end ", and payments to victims of a natural disaster on account of their status as victims of a natural disaster".

(b) NATURAL DISASTER; NATURAL DISASTER ZONE.—Section 101 of title 11, United States Code, is amended—

(1) by redesignating paragraphs (40A) and (40B) as paragraphs (40C) and (40D), respectively, and

1 (2) by inserting after paragraph (40) the fol-
2 lowing:
3 "(40A) The term 'natural disaster' means—
4 "(A) a major disaster, as defined in section
5 102 of the Robert T. Stafford Disaster Relief
6 and Emergency Assistance Act; or
7 "(B) a situation similar to such a major
8 disaster (as so defined), with respect to which
9 a determination is made in accordance with
10 State law that such situation exists.
11 "(40B) The term 'natural disaster zone' means
12 the geographical area included in the determination
13 of a natural disaster.".
14 (c) VICTIM OF NATURAL DISASTER.—Section 101 of
15 title 11, United States Code, is amended by adding at the
16 end the following:
17 "(56) The term 'victim of a natural disaster'
18 means a person—
19 "(A) whose financial condition is materi-
20 ally adversely affected by a natural disaster;
21 and
22 "(B) whose domicile, residence, or prin-
23 cipal place of business in the United States, or
24 whose principal assets in the United States, are
25 located in a natural disaster zone immediately

1 preceding the event that caused the natural dis-
2 aster exists.".

3 (d) WHO MAY BE A DEBTOR.—Section 109(h)(4) of
4 title 11, United States Code, is amended by inserting
5 "natural disaster," after "disability,".

6 **SEC. 1003. AMENDMENT TO CHAPTER 3.**

7 Section 362(b)(22) of title 11, United States Code,
8 is amended by inserting "(excluding a debtor who is victim
9 of a natural disaster)" after "debtor" the 1st place it ap-
10 pears.

11 **SEC. 1004. AMENDMENTS TO CHAPTER 5.**

12 Section 521 of title 11, United States Code, is
13 amended by adding at the end the following:

14 "(k) The Court may extend any time period specified
15 in this section as may be necessary if—

16 "(1) the debtor is a victim of a natural disaster;
17 and

18 "(2) the debtor's status as a victim of a natural
19 disaster necessitates such extension of time.".

20 **SEC. 1005. AMENDMENTS TO CHAPTER 7.**

21 (a) DEBTOR'S MONTHLY EXPENSES.—Section
22 707(b)(2)(A)(ii) of title 11, United States Code, is amend-
23 ed by adding at the end the following:

24 "(IV) In addition, the debtor's
25 monthly expenses may include the ac-

1 tual reasonably necessary expenses in-
2 curred as a result of being a victim of
3 a natural disaster.".
4 (b) LIMITATION ON CONVERSION OF CASE.—Section
5 707(b)(2) of title 11, United States Code, is amended by
6 adding at the end the following:
7 "(E) Subparagraphs (A), (B), and (C)
8 shall not apply, and the court may not dismiss
9 or convert a case under section 707(b), if the
10 debtor is a victim of a natural disaster.".
11 **SEC. 1006. AMENDMENTS TO CHAPTER 11.**
12 (a) CONVERSION OF CASE.—Section 1112(b) of title
13 11, United States Code is amended—
14 (1) in paragraph (2)(B)(i) by inserting ", in-
15 cluding a natural disaster" before the semicolon, and
16 (2) in paragraph (3) by inserting "(including a
17 natural disaster)" after "circumstances".
18 (b) WHO MAY FILE A PLAN.—Section 1121(e)(3) of
19 title 11, United States Code, is amended—
20 (1) in subparagraph (A) by inserting "(i)" after
21 "(A)",
22 (2) in subparagraph (C) by striking the period
23 at the end and inserting "; or",
24 (3) by redesignating subparagraphs (B) and
25 (C) as clauses (ii) and (iii), respectively, and

1 (4) by adding at the end the following:

2 "(B) the debtor is unable to meet the

3 deadline because of a natural disaster.".

4 (c) EXTENSION OF TIME FOR SMALL BUSINESSES.—

5 Chapter 11 of title 11, United States Code, is amended—

6 (1) in the table of sections by adding at the end

7 the following:

"1117. Extension of time for small businesses.", and

8 (2) in subchapter I by adding at the end the

9 following:

10 **"§ 1117. Extension of time for small businesses**

11 "Notwithstanding any other provision of this title, in

12 a small business case the court may extend any deadline

13 specified in this chapter if the court finds that such exten-

14 sion is—

15 "(1) necessary to protect the best interests of

16 the creditors and the estate; or

17 "(2) warranted by a natural disaster.".

18 **SEC. 1007. AMENDMENTS TO CHAPTER 13.**

19 (a) CONVERSION OR DISMISSAL.—Section 1307(e) of

20 title 11, United States Code, is amended by adding at the

21 end the following: "The Court may extend any time period

22 specified in this subsection as may be necessary if—

23 "(1) the debtor is a victim of a natural disaster;

24 and

1 "(2) the debtor's status as a victim of a natural
2 disaster necessitates such extension of time.".
3 (b) FILING OF PREPETITION TAX RETURNS.—Sec-
4 tion 1308 of title 11, United States Code, is amended by
5 adding at the end the following:
6 "(d) The Court may extend any time period specified
7 in this subsection as may be necessary if—
8 "(1) the debtor is a victim of a natural disaster;
9 and
10 "(2) the debtor's status as a victim of a natural
11 disaster necessitates such extension of time.".

12 **SEC. 1008. AMENDMENT TO TITLE 28 OF THE UNITED**
13 **STATES CODE.**

14 Section 1408 of title 28, United States Code, is
15 amended—
16 (1) by inserting "(a)" before "Except", and
17 (2) by adding at the end the following:
18 "(b) If a case under title 11 cannot be commenced
19 in a district court described in subsection (a) because a
20 person is the victim of a natural disaster (as defined in
21 section 101 of title 11), then a case under title 11 may
22 be commenced by such person in the district court for the
23 district in which such person resides.".

1 **SEC. 1009. EFFECTIVE DATE; APPLICATION OF AMEND-**
2 **MENTS.**

3 (a) EFFECTIVE DATE.—This title and the amend-
4 ments made by this title shall take effect on the date of
5 the enactment of this Act.

6 (b) APPLICATION OF AMENDMENTS.—The amend-
7 ments made by this title shall apply only with respect to
8 cases commenced under title 11 of the United States Code
9 on and after the date of the enactment of this Act.

10 TITLE XI—MISCELLANEOUS

11 **SEC. 1101. REIMBURSEMENTS.**

12 Upon the request of any government, organization,
13 individual, or other entity that provided rescue, housing,
14 or other services that would normally be provided by the
15 Federal Emergency Manangement Agency to a person or
16 persons heeding the Hurricane Katrina evacuation order
17 or to an evacuee from Hurricane Katrina (before, during
18 or after Hurricane Katrina), the Director of the Federal
19 Emergency Management Agency shall reimburse to such
20 government, organization, individual, or other entity the
21 cost of providing such services. The Director of the De-
22 partment of Homeland Security shall promulgate reason-
23 able rules, regualtions, and processes for such reimburse-
24 ment.

1 **SEC. 1102. TEMPORARY FLOOD INSURANCE BUY-IN PRO-**
2 **GRAM.**

3 (a) IN GENERAL.—The Director of the Federal
4 Emergency Management Agency shall make available
5 flood insurance coverage under the national flood insur-
6 ance program available for eligible structures, in accord-
7 ance with this section.

8 (b) SCOPE OF COVERAGE.—

9 (1) ELIGIBLE LOSSES.—Coverage may be made
10 available under this section only for a damage or
11 loss to an eligible structure, but not including any
12 contents thereof, from flooding resulting from Hurri-
13 cane Katrina.

14 (2) AMOUNT.—The amount of such coverage
15 made available under this section for an eligible
16 structure may not exceed the lesser of—

17 (A) the maximum amount of coverage that
18 may be made available for such structure under
19 the national flood insurance program; and

20 (B) the amount of coverage provided for
21 the structure, as of August 28, 2005, under the
22 policy for losses caused by wind or windstorm
23 (as referred to in subsection (c)(3)).

24 (c) ELIGIBLE STRUCTURES.—For purposes of this
25 section, an eligible structure is a structure that—

1 (1) sustained damage from flooding resulting
2 from Hurricane Katrina of 2005;
3 (2) is of a type (including residential properties,
4 business properties, and others) for which coverage
5 was generally made available under the national
6 flood insurance program as of August 28, 2005;
7 (3) is located in a covered disaster area (as
8 such term is defined in subsection (h));
9 (4) as of August 28, 2005, was covered by an
10 insurance policy for losses caused by wind or wind-
11 storm;
12 (5) is not located in an area that has been iden-
13 tified by the Director as an area having special flood
14 hazards (as such term is used for purposes of sec-
15 tion 102 of the Flood Disaster Protection Act of
16 1973 (42 U.S.C. 4012a)); and
17 (6) was not covered by flood insurance made
18 available under the national flood insurance program
19 at the time of such damage.
20 (d) PREMIUMS.—
21 (1) AMOUNT.—The Director shall charge, for
22 coverage made available under this section for an eli-
23 gible structure, premiums in the amount equal to
24 105 percent of the aggregate amount of premiums
25 that would have been charged, at the time, for cov-

1 erage for the structure under the national flood in-
2 surance program (for the type and amount of cov-
3 erage provided) for the 10-year period that ends
4 upon the date of purchase of such coverage.
5 (2) DEDUCTION FROM CLAIMS.—The Director
6 shall provide that a purchaser of coverage made
7 available under this section may pay premiums
8 charged for such coverage pursuant to paragraph
9 (1) by deducting such amounts from the amount of
10 any claims payable under such coverage.
11 (3) CREDITS TO NFIF.—There shall be credited
12 to the National Flood Insurance Fund established
13 under section 1310 of the National Flood Insurance
14 Act of 1968 (42 U.S.C. 4017) the following
15 amounts:
16 (A) Any premiums collected pursuant to
17 this section.
18 (B) From amounts appropriated pursuant
19 to subsection (i)(1), an amount equal to the
20 amount of any premiums charged for coverage
21 made available under this subsection that are
22 not collected by the Director as a result of the
23 operation of paragraph (2) of this subsection.
24 (e) CLAIMS.—Claims for damage or loss pursuant to
25 coverage made available under this section may be paid

1 only from amounts made available in appropriation Acts
2 pursuant to subsection (i). Amounts in the National Flood
3 Insurance Fund established under section 1310 of the Na-
4 tional Flood Insurance Act of 1968, including any amount
5 credited to such Fund pursuant to subsection (d)(3), shall
6 not be available for paying claims under coverage made
7 available under this section.

8 (f) REQUIREMENTS TO OBTAIN FUTURE COVERAGE
9 AND TAKE MITIGATION ACTIONS.—The Director may not
10 make coverage available under this section for an eligible
11 structure unless the owner of the structure enters into
12 binding agreements, contained in such deed restrictions as
13 the Director considers appropriate, to ensure that such
14 owner, and any future owners, will—

15 (1) at all times after purchasing coverage under
16 this section for the structure, in perpetuity, maintain
17 coverage under the national flood insurance pro-
18 gram, for any structures located at any time on the
19 same property on which, at the time of purchase,
20 such eligible structure is located, in an amount at
21 least equal to the lesser of—

22 (A) the value of the structure, as deter-
23 mined by the Director; or

24 (B) the maximum limit of coverage made
25 available with respect to the particular type of

1 property under the national flood insurance
2 program; and
3 (2) accept any offer to take mitigation actions
4 or activities made, with respect to the structure,
5 under a mitigation program under section 1323,
6 1361A, or 1366 of the National Flood Insurance Act
7 of 1968 (42 U.S.C. 4030, 4102a, 4104c).
8 (g) PREMIUM RATES FOR FUTURE COVERAGE.—In
9 establishing rates for flood insurance coverage, other than
10 coverage under this section, made available under the na-
11 tional flood insurance program, the Director shall not con-
12 sider, in any manner—
13 (1) any premiums charged or collected pursuant
14 to subsection (d);
15 (2) any claims paid pursuant to coverage made
16 available under this section; or
17 (3) any amounts appropriated pursuant to sub-
18 section (i).
19 (h) DEFINITIONS.—For purposes of this section, the
20 following definitions shall apply:
21 (1) COVERED DISASTER AREA.—The term "cov-
22 ered disaster area" means an area—
23 (A) for which a major disaster was de-
24 clared by the President pursuant to title IV of
25 the Robert T. Stafford Disaster Relief and

1 Emergency Assistance Act as a result of Hurri-
2 cane Katrina of 2005; and
3 (B) in which the sale of flood insurance
4 coverage was available under the National
5 Flood Insurance Act of 1968 as of August 28,
6 2004.
7 (2) DIRECTOR.—The term "Director" means
8 the Director of the Federal Emergency Management
9 Agency.
10 (i) AUTHORIZATION OF APPROPRIATIONS.—
11 (1) FOR CLAIMS PAYMENTS.—There are au-
12 thorized to be appropriated to the Director such
13 sums as may be necessary to cover all costs of flood
14 insurance coverage made available under this sec-
15 tion, including administrative expenses and claims
16 under such coverage.
17 (2) FOR MITIGATION ASSISTANCE.—There are
18 authorized to be appropriated such sums as may be
19 necessary, for the national flood insurance fund es-
20 tablished under section 1310 of the National Flood
21 Insurance Act of 1968 and for the national flood
22 mitigation fund established under section 1367 of
23 such Act (42 U.S.C. 4104d), for use only for mitiga-
24 tion activities under the programs under sections
25 1323, 1361A, and 1366 of the National Flood In-

1 surance Act of 1968 (42 U.S.C. 4030, 4102a,
2 4104c), as appropriate, for eligible structures.
3 (j) TERMINATION.—The Director may not enter into
4 any contract or policy for coverage under this section ex-
5 cept pursuant to an application for such coverage sub-
6 mitted to the Director before the expiration of the 90-day
7 period beginning on the date of the enactment of this Act.

8 **SEC. 1103. PROTECTION OF EXISTING RIGHTS OF MILITARY**
9 **PERSONNEL.**

10 Nothing in this Act shall be construed to restrict or
11 otherwise limit rights set forth in any local, State or Fed-
12 eral law or regulation affording rights and benefits to mili-
13 tary personnel or their families.

14 TITLE XII—ERADICATING
15 POVERTY

16 **SEC. 1201. FINDINGS.**

17 The Congress finds that—
18 (1) 8.2 percent of Whites, 11.8 percent of
19 Asians, 22.5 percent of Latinos, and 24.4 percent of
20 Blacks lived in poverty in 2003;
21 (2) the poverty rate was 24.7 percent for
22 Blacks and 21.9 percent for Latinos in 2004;
23 (3) the poverty rate is the highest in the com-
24 pletely rural counties (not adjacent to metro coun-
25 ties), with 16.8 percent of the population poor;

(4) the top 5 most impoverished States according to the Census Bureau are Mississippi, Kentucky, Alabama, Louisiana, and the District of Columbia;

(5) the Bureau of the Census established the poverty line for 2003 to be $14,680 for a family of three;

(6) extreme poverty is defined as people with income of less than one-half of the poverty level;

(7) 12,900,000 children under the age of 18 lived in poverty in 2003, and the number of children living in extreme poverty rose by 500,000 from 2002 to 2003;

(8) a poor child is more likely to leave school at the age of 16 with no qualifications than the average middle-class child;

(9) between 2000 and 2004 the real median earnings for female full-time, full-year workers declined by 2.3 percent and for male full-time, full-year workers declined by 4.4 percent;

(10) the average annual cost for attending a public university now equals more than 62 percent of the income of a working class family;

(11) each year, over 400,000 college-ready, low-income students do not pursue their college education because they cannot afford the cost; Whereas

1 homeless children face more barriers to school en-
2 rollment and attendance due to a lack of available
3 transportation, residency requirements, inability to
4 obtain previous school records, and a lack of clothing
5 and school supplies;
6 (12) the number of uninsured Americans rose
7 to 45,800,000 in 2004, 860,000 more than in the
8 previous year;
9 (13) the Bureau of the Census found 11.1 per-
10 cent of Whites, 18.7 percent of Asians, 19.5 percent
11 of Blacks, and 32.7 percent of Latinos had no
12 health insurance in 2003;
13 (14) the Bureau of the Census found 75.8 per-
14 cent of households with an income of less than
15 $25,000 had health insurance in 2003;
16 (15) the Bureau of the Census found 91.8 per-
17 cent of households with incomes of $75,000 or more
18 had health insurance in 2003;
19 (16) the number of Americans without health
20 insurance has risen for 3 consecutive years;
21 (17) homeless children are in fair or poor
22 health condition twice as often as other children and
23 have higher rates of asthma, ear infections, stomach
24 problems, and speech problems;

1 (18) the Department of Agriculture has found
2 that, in 2002, 34,900,000 people lived in households
3 experiencing food insecurity;
4 (19) food insecurity refers to having inadequate
5 access to enough food to fully meet basic dietary
6 needs to all times due to a lack of financial re-
7 sources;
8 (20) food insecurity and hunger rates have in-
9 creased in the United States for the third year in a
10 row;
11 (21) in 2002, the Department of Agriculture
12 found that 9.7 percent of households with incomes
13 below 185 percent of the Federal poverty line experi-
14 enced hunger;
15 (22) the Bureau of the Census survey on food
16 security has found those at greatest risk of being
17 hungry or on the edge of hunger live in households
18 that are headed by a single woman, a Latino or
19 Black, or with income below the poverty line;
20 (23) households with children experience food
21 insecurity at more than double the rate for house-
22 holds without children;
23 (24) the Bureau of the Census found that the
24 Federal Government's minimum wage is not enough
25 to live off of, yet a single parent of 2 young children

1 working full-time in a minimum wage job for a year
2 would make $10,712 before taxes, a wage which is
3 $3,968 below the poverty threshold set by the Fed-
4 eral Government;
5 (25) the Department of Labor records the un-
6 employment level at the end of 2004 as being 5 per-
7 cent for Whites, 10.2 percent for African-Americans
8 and 6.6 percent for Latinos;
9 (26) families with children are among the fast-
10 est growing segment of the homeless population;
11 (27) 39 percent of the homeless population are
12 children and an estimated 1,350,000 children will
13 experience homelessness in a year; and
14 (28) on January 20, 2001, President Bush
15 stated "In the quiet of American conscience, we
16 know that deep, persistent poverty is unworthy of
17 our Nation's promise. When there is suffering, there
18 is duty. Americans in need are not strangers, they
19 are citizens, not problems, but priorities, and all of
20 us are diminished when they are hopeless. I can
21 pledge our Nation to a goal, 'when we see that
22 wounded traveler on the road to Jericho, we will not
23 pass to the other side'.".

1 **SEC. 1202. SENSE OF CONGRESS.**

2 It is the sense of Congress that no later than six
3 months from the adoption hereof, the President should
4 present a plan to eradicate poverty in the United States
5 of America by the year 2015.

○

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NEWS RELEASE

FOR IMMEDIATE RELEASE
November 10, 2005

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CIVIL RIGHTS COALITION PRAISES CBC'S HURRICANE KATRINA RECOVERY, RECLAMATION, RESTORATION, RECONSTRUCTION & REUNION ACT

Statement of Wade Henderson, Executive Director of the Leadership Conference on Civil Rights

"The Congressional Black Caucus' Hurricane Katrina Recovery, Reclamation, Restoration, Reconstruction & Reunion Act (HR 4197) is a major step in the right direction toward rebuilding the Gulf Coast and helping its residents put their battered lives back together.

We applaud the CBC's leadership, responsiveness and vision. Gulf Coast residents will still be reeling from this tragedy long after hurricane stories fade from our front pages. HR 4197 is the kind of legislative initiative that will make sure our government keeps its promises to not only rebuild, but restore the Gulf Coast so that its citizens and economy can get back on their feet."

# # #

The Leadership Conference on Civil Rights is the nation's oldest, largest, and most diverse civil and human rights coalition.

Since its founding in 1950, LCCR has provided a powerful unified voice for the various constituencies of the coalition: persons of color, women, children, individuals with disabilities, gays and lesbians, older Americans, labor unions, major religious groups and civil liberties and human rights groups. Today, more than 50 million persons belong to the 180 organizations that form LCCR, and, while the organizations continue to advance their respective goals, inherent to their success is their membership in LCCR, the coalition that unifies and amplifies the voices of those who share a common vision of equal opportunity, justice and mutual respect.

FOR IMMEDIATE RELEASE
November 10, 2005

Contact: Barbara Burnham
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LISC Applauds Congressional Black Caucus' Hurricane Katrina Relief Legislation Citing the Integral Role of Resident-Led Community Based Organizations in the Rebuilding Effort

Washington, D.C. - Local Initiatives Support Corporation (LISC), the nation's largest non-profit community development support organization, today joined non-profit, religious and other organizations at a Capitol Hill news conference regarding HR 4197: Hurricane Katrina Recovery, Reclamation, Restoration, Reconstruction and Reunion Act of 2005. All 42 members of the Congressional Black Caucus (CBC) introduced the legislation.

Buzz Roberts, LISC's Senior VP for Policy and Program Development, noted, "I am encouraged that the legislation recognizes the comprehensive role that resident-led community based organizations can, and indeed must, play in rebuilding the Gulf Coast region".

HR 4197 authorizes $4.5 million in HUD Demonstration Act Funds, also known as Section 4, which provides seed capital that nonprofit community development corporations (CDCs) use to attract private investment for housing, economic development, and other community revitalization activities. HUD administers section 4 through LISC and other community development intermediaries.

"The federal government's response to Katrina should support well-established programs that allow communities and neighborhoods to rebuild, leverage private capital, and identify local priorities," Roberts added. "By including funding for Section 4, Community Development Block Grants and other essential community development funding, the legislation promotes the public-private partnerships that will ensure the long term viability of rebuilding communities."

About LISC

Local Initiatives Support Corporation (LISC) is dedicated to helping resident-led organizations transform distressed neighborhoods into healthy communities of choice and opportunity - good places to live, do business, work and raise families. Through mobilization of corporate, government, and philanthropic support, LISC has invested more than $6 billion in 300 urban and rural communities nationwide. LISC has helped community development corporations (CDCs) build more than 160,000 affordable homes and 25 million square feet of retail, community, and educational space - totaling nearly $14 billion in development. For more information, visit www.lisc.org. See http://www.lisc.org/whatsnew/press/releases/2005.09.09.0.shtml for more information on LISC's Hurricane response efforts.

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NAACP PRESIDENT BRUCE GORDON URGES SWIFT PASSAGE OF H.R. 4197 "THE HURRICANE KATRINA RECOVERY, RECLAMATION, RESTORATION, RECONSTRUCTION AND REUNION ACT OF 2005"
November 10, 2005

Good morning. My name is Bruce Gordon and I am the President and CEO of the NAACP our nation's oldest, largest and most widely-recognized grassroots civil rights organization.

I am here today to express our organization's strong support for H.R. 4197, the ***Hurricane Katrina Recovery, Reclamation, Restoration, Reconstruction and Reunion Act of 2005***, and to thank Congressman Mel Watt and all of the other CBC members, the victims of Hurricane Katrina represented here today, and the other organizations and individuals who contributed to and support this important legislation.

Under the leadership of CBC Chairman Mel Watt, H.R. 4197 is clearly the necessary legislative response to the comprehensive needs of hundreds of thousands of Americans of all races throughout the Gulf Coast region affected by the devastation of Hurricane Katrina. We further commend the CBC for it's stalwart leadership in advancing the legislative needs of the victims of Katrina as quantified in the African American Leadership Summit co-hosted by the NAACP, the CBC and many of the organizations represented here today at Howard University on September 14, 2005, shortly after this deadly hurricane ravaged our gulf coast region.

H.R. 4197 is designed to provide for the full recovery of the Gulf Coast region and for the reunion of families devastated by Hurricane Katrina. It is an omnibus bill in that it addresses a myriad of issues faced by Katrina victims from temporary relief and voting rights protection, to more long-term readjustment and recovery. It also includes a permanent rescission of some harmful policies that were

put into place immediately following the hurricane, such as the Administration's decision to waive all Affirmative Action requirements for federal contractors responding to the needs of the Gulf Coast area.

If the Gulf States are going to truly and fully recover from the devastation caused by Hurricane Katrina, then all sectors of the people who live in the affected areas need to be involved in, and be recipients of, the recovery effort.

Finally, H.R. 4197 expresses the sense of Congress that the President should, within the next 6 months present a plan to Congress and the public to eradicate poverty in the United States over the next 10 years.

The NAACP supported this concept prior to Katrina's devastation, and we hope that Congress and the President will aggressively pursue this goal even after the immediate crisis from Katrina is resolved.

Any genuine response to the devastation of Hurricane Katrina must directly benefit those most affected; the residents of the Gulf Coast area. We must also learn from the horror of Hurricane Katrina, and work to eradicate poverty and establish safeguards so that the impact of a natural disaster of this scope will never again be so severe.

Thus, on behalf of the NAACP I urge every member of this august body to co-sponsor and strongly support H.R. 4197.

I look forward to working with the congress and the Administration through our Washington Bureau to see that the Gulf Region is brought back to its full potential and that all of its residents are returned and restored.

National
Urban League

Empowering Communities.
Changing Lives.

FOR IMMEDIATE RELEASE

CONTACT: Ricky Clemons/212-558-5:
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NATIONAL URBAN LEAGUE PRESIDENT MARC H. MORIAL SUPPORTS HURRICANE RECOVERY ACT OF 2005 INTRODUCED BY THE CONGRESSIONAL BLACK CAUCUS

New York, N.Y. (November 4, 2005) National Urban League President and CEO Marc Morial issue the following statement regarding the Congressional Black Caucus' introduction of the Hurricane Recovery Reclamation, Restoration, Reconstruction and Reunion Act of 2005.

"The National Urban League expresses its unqualified support for the Hurricane Katrina Recovery, Reclamation, Restoration, Reconstruction and Reunion Act of 2005 (HR 4197) introduced today by th members of the Congressional Black Caucus. "

"Two months ago, within days after Hurricane Katrina struck, the National Urban League called for a Katrina Bill of Rights which guaranteed the right to recover, return, rebuild, work and to vote to the displaced residents of the devastated Gulf Coast region. We are gratified that HR 4197 includes many of the recommendations contained in the Katrina Bill of Rights, including voting rights guarantees, loca resident hiring goals, and a victims' restoration fund modeled on the 9/11 fund that Congress authorized immediately after the 2001 terrorist attacks."

"The National Urban League applauds the members of the Congressional Black Caucus for their leadership, commitment and foresight in protecting the rights of Katrina victims and for their advancement of the fundamental principles that will ensure that we rebuild the Gulf Coast region in a way that lives up to our highest ideal of equal opportunity for all. We urge Congress to take immediate and positive action to pass this important and historic legislation."

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National Urban League (www.nul.org) Established in 1910, The Urban League is the nation's oldest and largest community-based movement devoted to empowering African Americans to enter the economic and social mainstream. Today, the National Urban League, headquartered in New York City, spearheads the non-partisan efforts of its local affiliates. There are over 100 local affiliates of the National Urban League located in 35 states and the District of Columbia providing direct services to more than 2 million people nationwide through programs, advocacy and research

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