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SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2006

HEARINGS

BEFORE THE

COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

SPECIAL HEARINGS

MARCH 7, 2006—WASHINGTON, DC
MARCH 8, 2006—WASHINGTON, DC
MARCH 9, 2006—WASHINGTON, DC

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SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2006

TUESDAY, MARCH 7, 2006

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The committee met at 9:30 a.m., in room SD–106, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Specter, Bond, Gregg, Hutchison, Allard, Byrd, and Landrieu.

OPENING STATEMENT OF SENATOR THAD COCHRAN

Chairman COCHRAN. The committee will please come to order.

This morning, the Committee on Appropriations convenes a hearing to review the President's supplemental budget request. He has submitted a request of the Congress to appropriate $92,214,785,000 to supplement the funding that has already been appropriated for the administration in the regular annual appropriations bills for this fiscal year. Some of these funds are allocated to agencies and departments of the administration which have responsibility for recovering and rebuilding from the devastation caused by Hurricane Katrina and Hurricane Rita. That will be the focus of the hearing this morning.

Tomorrow we will have a hearing to review the budget request as it relates to other departments of the Government, specifically the Departments of State and Defense. Secretary of State Condoleezza Rice will be here, with other witnesses, to discuss the need for those funds. We are also going to have with us the Secretary of Defense and other witnesses to help discuss these issues so we can have a body of evidence and a record on which to support a decision as to what we should approve that the President has requested.

Today we are very pleased to have the Governors of the four States that were the most heavily impacted by the devastation of Hurricane Katrina, from Texas, Louisiana, Mississippi, and Alabama. We are very pleased to have each of you with us today.

In almost every instance, the local and State officials have had to bear the brunt of the responsibility for the continuing challenges that face the people who have been harmed and suffer from the results of these hurricanes. The Federal Government, however, has also been actively engaged as everyone knows, not only providing financial resources, but people on the ground. The Department of Defense has accounts that have been depleted. They will be replenished in these hurricane funds that will be approved. State and

local governments have had the National Guard forces, and others, involved. We've also seen a record amount of devastation to existing infrastructure—Government property and, of course, individuals' homes and businesses have been destroyed. There's never been a disaster that's hit our country that's more devastating than these hurricanes. So, we're confronted with the largest disaster recovery effort that the country has ever faced. And I, for one, am very impressed with the work that's been done under the leadership of these Governors to try to mobilize their resources, rally the people to dedicate our best efforts to rebuilding and recovering from this hurricane.

So, I'm pleased to welcome each of you here today, and thank you for your leadership and your continuing efforts to help recover and rebuild from this terrible storm.

I'm going to yield now to any other Senators who wish to make a comment or opening statement, and then go directly to statements and questions of the Governors.

Senator Specter, do you have any comments?

STATEMENT OF SENATOR ARLEN SPECTER

Senator SPECTER. Well, just a comment or two, Mr. Chairman. Thank you very much for convening these hearings.

I have been here awhile. I've never seen four Governors in one room at one time, which is a testament to the importance of this issue and this—the problem of the devastation has been extraordinary, and we want to be as helpful as we can.

You have an ambitious agenda, Mr. Chairman, going over the budgets of quite a number of departments. As I commented to you earlier, Judiciary is marking up on immigration, so I will not be able to be here tomorrow or Thursday for your sessions.

I would like to make just one brief substantive comment that relates to the Department of Defense budget, and also relates to the Department of Justice budget, Judiciary Committee jurisdiction. We're having quite a time in getting responses to questions as to what has happened with the electronic surveillance program. And we had the Attorney General testify. We're going to have him come back and testify again. But I want to put the administration on notice, and this committee on notice, that I may be looking for an amendment to limit funding to the electronic surveillance program, which is the power of the purse, if we can't get an answer in any other way. We had seven academicians testify before Judiciary last week, and that was a suggestion which was very prominent. If we cannot find some political solution to the disagreement with the executive branch, our ultimate power is the power of the purse, which comes from the Appropriations Committee and the Subcommittee on Defense. So, I just wanted to make that brief comment.

Thank you.

Chairman COCHRAN. Thank you very much.

Senator Bond.

STATEMENT OF SENATOR CHRISTOPHER S. BOND

Senator BOND. Thank you very much, Mr. Chairman.

I welcome the Governors here today. I would just say to my good friend from Pennsylvania, I hope we don't do something like cut off

the ability of our NSA to intercept calls from al Qaeda. As a member of the Intelligence Committee, I'm deeply involved in that, and I have been briefed, and I hope that we don't do anything like that.

But let me turn to the subject at hand here today. Back ages ago when I was Governor and we faced floods, tornados, pestilence, even a heavy dose of dioxin in a place called Times Beach that most people have now, blessedly, forgotten, but I never had the opportunity to testify before Congress. Governors were not treated quite as well then. But we know how important your role is in handling these disasters. We commend you for it. We want to hear what progress has been made. We know—as a member of the National Guard Caucus, I know how important the National Guard assets are. And I know the Governors have joined Senator Leahy, my co-chairman, and others, pointing out to the budget makers in the Pentagon that the National Guard not only is a national security asset, which does a—puts 40 to 50 percent of the boots on the ground in Iraq and Afghanistan, but with its civil defense role, or in—as the Army of the Governors, it has a vital role to play in these catastrophes. And we would urge you to continue to speak out, since you know how significant they are, that we have to have the Guard fully equipped. We sent one engineer battalion from Jefferson County, Missouri, to Louisiana. They were doing a great job. They said, "We need another one." They said, "Fine, we've got all the people there, but we don't have the equipment." And engineers, without trucks, without equipment, can't help much. And under the emergency assistance plan, we had the men and women ready to go, but they didn't have the equipment. And that, I think, is a serious shortfall.

The other thing I would say, quite seriously, we are all very much concerned and sympathetic. We want to help, as we can. We've heard too many reports about money not being well spent. And I, for one, believe that our constituents throughout the country, and, I believe, constituents in your State, would like to be sure that additional monies that we send would be sent in a manner where there are proper controls, proper utilization, and some assurance that there would be strict accountability to the taxpayers who are now looking at the billions of dollars and want to make sure that we don't see waste as we have seen in the past. I have heard from citizens in your States, saying, "We need help, but we also don't want to see it misspent."

PREPARED STATEMENT

So, Mr. Chairman, I'm going to be—I look forward to working with you and the other members to make sure that additional funds that we send are sent with proper controls and an assured accountability that they are spent—that the funds are spent on the efforts which we believe, and we agree, are needed.

I also have a small statement to be included in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CHRISTOPHER S. BOND

The Katrina Supplemental which was enacted on December 30, 2005 included, among the billions in emergency funding, some $11.5 billion for CDBG Unmet Needs funding, of which $6.2 billion has been allocated to the State of Louisiana, $5.06 billion to Mississippi, $74.4 million to Alabama, $82.9 million to Florida and

$74.5 million to Texas. None of these funds have been spent and no State has submitted a plan detailing how it will use these CDBG funds. If history is a beacon then its light will show us that these funds will likely be used poorly. However, these hearings, however, provide us with a pause to understand how CDBG emergency funds should and could be used; an opportunity to establish benchmarks and accountability requirements.

I support the use of the emergency CDBG funding for Mississippi and Louisiana, both of which suffered a tragedy of almost biblical dimensions, a tragedy that was overwhelming and unexpected in terms of scope. I have no complaints about the funds we have appropriated initially for Texas, Alabama and Florida, each of which suffered related losses. However, I am concerned about appropriating additional funding of $4.2 billion in emergency CDBG funds without any benchmarks for their use or accountability requirements. I recommend that Congress invest in additional IG resources to ensure all the emergency CDBG funds are used correctly and well. I also urge my colleagues that we only make $1 billion available at first of any additional CDBG funds with any remainder in reserve subject to release only when a State or jurisdiction meets certain benchmarks and goals, and only when fraud and abuse have been demonstrably contained.

I also urge that additional CDBG emergency funds be limited to Mississippi and Louisiana where the most damage, losses and deaths occurred. I plan to review all testimony and related information carefully before I make any final decisions on CDBG or other emergency funding.

Chairman COCHRAN. Thank you, Senator Bond.

The Senator from Colorado, Mr. Allard, do you have a statement?

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Well, thank you. Well, just a brief comment or two, Mr. Chairman.

First of all, I want to thank you for holding this hearing. I think it's a very important hearing. We have allocated somewhere around $87 billion now, and now we're looking at about another $19.8 billion request. And I think it's appropriate that we hear from the Governors, because they've been on the front lines. And I want to welcome you to this committee hearing.

You know, we're dealing with an emergency, and I've decided that emergencies are unique. Every one of them is different, and there are certain things that work with each emergency, and certain things that don't work. And I hope that you can share with us those things that are working and those things that aren't working so that we can learn from this emergency that we had with the hurricane, and hopefully avoid everything.

But I don't—I'm convinced that because of the uniqueness of emergencies, you can't be prepared for every emergency all the time. And I think sometimes you get criticized because you just didn't do something right. Criticism falls back and forth.

But I think we need to work at learning from our past mistakes. And your testimony here will be valuable, and that, I think, will be helpful in knowing how the money flow is working, and where your needs are, and where we're not meeting your needs. And if you see problems where we don't have enough accountability, I, for one, would very much like to hear where—we obviously don't want abuse and fraud. We want to keep that to a minimum, as much as we possibly can.

So, I'm looking forward to your comments.

And thank you, Mr. Chairman.

Chairman COCHRAN. Thank you, Senator.

The Senator from New Hampshire, Mr. Gregg.

STATEMENT OF SENATOR JUDD GREGG

Senator GREGG. Well, again, I want to join in thanking you, Mr. Chairman, for holding this hearing. I know this disaster is having a huge impact on you, personally, and on everyone who's here representing your States. And I admire Governors. You're where the rubber meets the road, and your decisions have impact. Sort of wish I still was a Governor, some days.

And I guess my question—and I know you're going to answer this—is, you know, the American taxpayer has stepped up and said, "We're willing to help you," and now we're going to be over $100 billion in that effort. And yet, what we hear back so often from your part of the country is, help isn't working the way you want it to work, and the money's not getting where you want it to go, and the response time is—remains slow, and reconstruction remains spotty. So, how can we do a better job? We want to hear how we can do a better job with these dollars, and assist you in doing that job. And we thank you for taking the time to come here today to tell us those things.

Chairman COCHRAN. Thank you, Senator.

The Senator from Louisiana, Ms. Landrieu.

STATEMENT OF SENATOR MARY L. LANDRIEU

Senator LANDRIEU. Thank you, Mr. Chairman.

But let me just welcome the Governors, and particularly, of course, my Governor from Louisiana, but to thank all of you Governors for working as a team to help rebuild America's only Energy Coast, a coast that's absolutely critical for the expansion of economic opportunity in this great Nation, a coast that's critical to the expanded trade opportunities for the world, as we build a more strong, and more just, global economy. And without the ports, Governor from Alabama through Louisiana, Mississippi, and Texas, it would not be possible.

And these two hurricanes, Mr. Chairman, were two of the worst to hit the country. And I know we've had some tough ones. Camille roared ashore right into your home State in my lifetime. And then, of course, Betsy was also tough. But we've had other hurricanes, Andrew and Hugo and others, that have roared through other parts of the country. But never have we seen two hurricanes this large in this amount of time, Mr. Chairman, and the flooding that ensued because of multiple breaks in levees throughout south Louisiana, particularly, but there was terrible flooding in other parts of the gulf coast.

And then, I think, to my colleagues I would, particularly to Senator Gregg and Senator Bond, who have raised this issue, what maybe separates these catastrophes from others is the significant amount of flooding and the 10 to 15 to 20 feet of water that sat for 2 weeks, in some instances, first by Katrina, then by Rita, in this area, and also, the critical nature of this gulf coast, how it is the real hub of the energy offshore oil and gas industry, and how we have to protect the billions of dollars of infrastructure that are at risk if we don't help to rebuild.

And the final thing, Mr. Chairman, I want to say in front of these Governors is, I want to thank you for your extraordinary

leadership in reshaping some of the administrative packages—Governor Barbour, you were very helpful, as well, and all the Governors—in reshaping an administrative package that gives these Governors and these local governments a chance to really get their feet back underneath them, to rebuild, and rebuild this gulf coast area in a stronger and smarter way.

PREPARED STATEMENT

And I hope, as we consider this next supplemental, that our focus of this committee will be not just sending more money to FEMA—that was never created to rebuild this gulf coast in the first place—to sending money through community development block grants, with accountability, money for levees, Chairman Bond, and flood control projects, and hopefully some revenue sharing of the billions of dollars that our States already contribute to this National Treasury to help secure this coast, Mr. Chairman, not just for the next few years, but for the centuries to come.

And I thank you for your leadership.

I have a longer statement to submit to the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR MARY L. LANDRIEU

I want to thank the governor of my home State of Louisiana, Kathleen Blanco, along with our friends and neighbors, Govs. Haley Barbour of Mississippi, Rick Perry of Texas, and Bob Riley Alabama, for testifying here today. Your presence is much appreciated.

As we all know, our four gulf coast States have much in common.

We contribute mightily to the Nation's energy supply. Our coast is a working coast. It is America's energy coast. Without it, our Nation would not have the ability to light its homes or to fuel its cars or to run its businesses. Without it, our Nation would be even more dangerously dependent upon foreign oil.

In addition to oil and natural gas production, these four gulf coast States provide vital ports for American trade, agriculture and commerce. We also provide strategically critical military personnel, defense installations and shipbuilding facilities that protect our Nation's security.

I'm sure all four governors here today would agree that we have much in common in so many positive, productive ways.

Since last summer, our States are bound by something else. We were hit by the terrible force of Hurricanes Katrina and Rita.

These were no ordinary storms. They were historic. The extent of devastation was Biblical. Our ravaged communities are struggling to recover. And it has been a long, difficult struggle, indeed.

I am thankful that this Congress has appropriated billions of dollars to the recovery of the affected States. I am also thankful that the administration included vitally needed funds for housing and levees in this Supplemental Appropriations Bill.

But rest assured, our work is not done. Far from it.

Thousands and thousands of our people remain homeless and displaced.

Thousands of our businesses are still closed and jobs lost.

College classrooms and hospital emergency rooms are shut.

People don't have reliable utility service.

Infrastructure is broken.

Neighborhoods and historic structures decay day by day.

Local governments are sinking deeper into debt. Essential services—such as police, fire, and sanitation—are absent in vast stretches of our State.

Louisiana simply does not enough the resources to handle these massive problems. We need a major national commitment to take action, and to take action now.

Unfortunately, much of the Federal spending committed to hurricane recovery has been spent through largely dysfunctional Federal agencies, such as FEMA. This money has not always been wisely or efficiently spent nor has it properly addressed urgent rebuilding needs.

While we hear much talk about the billions of dollars that have been spent by the Federal Government on Katrina and Rita, we rarely that few of those dollars have been used for rebuilding and the reestablishment of devastated communities.

That's why the $11 billion in CDBG funds we passed in December were so important to the rebuilding process and why the additional $4.2 billion now proposed in the administration's Supplemental Appropriations is so essential. They represent significant steps along the road to recovery.

Let me also stress that the $1.4 billion in the administration's Supplemental Appropriations proposed for levees and flood control is as essential to the rebuilding process as it is vital to the obvious life-and-death need to make our people safer.

People must have confidence that they will be safe and secure in their homes and in their businesses before they will invest in rebuilding. Strong levees and flood protection are essential to that confidence.

The more money the Federal Government puts into levees, flood control and wetlands restoration, the less money the Federal Government will ultimately have to spend on future hurricane rebuilding, storm damage recovery, and paying off flood insurance deficits.

While the $1.4 billion in levee and flood control supplemental appropriation is absolutely essential, and needs to be passed and implemented immediately, it is by itself not a comprehensive solution.

Protecting our people, our environment, our national security, our economy and our ability to provide the Nation with much of its energy supply requires long-term planning, integrated engineering and a clear, firm national commitment.

That is something we have yet to get.

That's why I'm working with other gulf coast Senators to develop a long-term revenue source to build levees and coastal protection. Such a revenue source would be reasonably related to each of our State's contributions to Federal oil and gas revenues produced off our coasts on the Outer Continental Shelf.

Creating this long-term revenue stream—whether it's in the form of revenue sharing or coastal impact assistance—would give Louisiana the ability to fund a responsible, comprehensive, integrated levee, flood control and coastal restoration plan.

With such a dedicated revenue stream, those of us from Louisiana would no longer have to come here, year after year, asking this committee and this Congress for emergency or piecemeal funding.

Thank you very much.

Chairman COCHRAN. Thank you, Senator.

The Senator from Texas, Ms. Hutchison.

STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. Thank you, Mr. Chairman. I, too, want to thank you for holding this hearing and for bringing in the four Governors who have had so much of an impact from these hurricanes.

I just want to say something general, because Governor Perry will talk about some of the specifics that have hurt Texas so much. But I think that we have tended, in Washington, at the FEMA, to treat these hurricanes as if they were hurricanes that we have dealt with over the past 30 or 40 years. And I don't think there has been enough adjustment for the unique circumstances of, for instance, a State like mine that has absorbed almost half a million people within a 2-week period and has incurred enormous costs that have not been reimbursed because they don't meet the bureaucratic words of FEMA, because the hurricane didn't hit Texas, it hit Louisiana and Mississippi and Alabama. And I think we need to make adjustments when a State such as ours are really good Samaritans. Our people took the evacuees in, took them into their homes. Our religious organizations came together to provide so much help. Yet, it wasn't nearly what was needed. And now, we're having to fight the bureaucracy for our fair share of the expenditures that were taken.

We are facing a school finance crisis in our State, and yet we are not being reimbursed for a third of the actual costs of educating the children that have come in from Hurricane Katrina. And then, when Hurricane Rita hit our east Texas coast, our east Texans are being treated differently from the Louisiana friends right across the border. Contiguous counties are getting different treatment and different reimbursement, even though Katrina affected these east Texas counties because they had absorbed the children into the schools, the healthcare needs and the housing needs of the Katrina evacuees.

So, my hope is, in the big picture, that we will be able to accommodate the needs of not only Texas, but every State that took evacuees in and absorbed a lot of cost from that. And I think that needs to be in the mix here. And I know that our Governor is going to make that point.

PREPARED STATEMENT

My heart goes out to all four of you for everything that you have been through from this once-in-a-lifetime, one-of-a-kind occurrence, I hope, that has affected all of our States, but in different ways. And I just hope that we will, in this big appropriation bill that we are holding a hearing on today, that we will try to meet the needs of all four States in the way that they need that help, so that if anything like this happens in the future, no State is going to worry that if they do the right thing, they are going to be left holding the bag.

Thank you, Mr. Chairman. I also have a statement to be included for the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Thank you Mr. Chairman. I too would like to welcome our distinguished panel here today, and I look forward to our discussion on how best to meet the needs of our fellow Americans affected by the hurricanes of last summer.

While we address the needs of those States which were physically impacted by the hurricanes, it is incumbent upon us to provide assistance to those States and cities which stepped up in a time of need and welcomed their neighbors from the Gulf Coast. All across the country, Americans opened their hearts and homes to victims of Hurricane Katrina. My home State of Texas proudly welcomed close to half a million evacuees from our neighbors to the East, only to have Hurricane Rita hit us 3 weeks later in our own backyard, creating a truly unprecedented set of circumstances and needs.

In response to these events, Congress passed three supplementals, aimed at addressing the devastation and destruction those hurricanes reaped upon our Gulf Coast. In the last supplemental, we created the Community Development Fund, an account comprised of $11.5 billion for Community Development Block Grants. These grants, which I strongly supported, were focused on providing disaster relief, long-term recovery, and restoration of infrastructure in areas impacted by the hurricanes in the Gulf of Mexico last year, areas such as Waveland, Mississippi; Mobile, Alabama; Houma, Louisiana; Fort Lauderdale, Florida; and Orange, Texas. I had hoped Texas would be able to rebound with assistance from this Community Development fund, but I was dismayed when Texas was allocated only $74.5 million, or less than 1 percent, of the Fund, considering that our damages and needs have been calculated to be in the multiple billions of dollars. In fact, Texas has estimated a need of over $1 billion for expenses related to Katrina evacuees alone.

My State, which honorably accepted close to half a million Katrina evacuees—who are still in our State—and which then suffered subsequent, substantial destruction from Hurricane Rita, continues to struggle with the recovery from this unique set of events. The impact on our State will last for years, and will be felt in our schools, hospitals and with our State and local law enforcement; however, Texas is not alone.

As Congress and this committee work to meet the needs of those States which were directly impacted by the hurricanes in the Gulf of Mexico last summer, we must not forget those across the country who have lent a helping hand in this national struggle as well.

One of the ways we can recognize the contributions of the many States that rose to the occasion in helping the victims from Hurricane Katrina is to ensure they receive all of the Federal support available. Many Federal programs are based on population estimates, and the Census Bureau's official population estimates program produces annual estimates for States, counties, and municipalities throughout the United States to appropriately direct population-based spending to the States in accordance with their population. Last December, the Census Bureau released the annual population estimates for the States; unfortunately, this data was based on population information as of July of last year, which means it does not encompass the extraordinary relocation of Gulf Coast residents as a result of Hurricane Katrina. In fact, the preliminary population estimates resulting from this highly unusual event will not be released until this coming December when the next State estimates are released. In the meantime, States which warmly welcomed displaced families are providing services for populations that have been underestimated.

I hope in the process of moving this supplemental, we can expedite an accounting for the relocation of Hurricane Katrina victims. Expedited population estimates will allow communities to better serve their citizens, will ensure Federal spending is aiding States assisting their fellow Americans, and ensure Federal dollars are flowing to the population.

Mr. Chairman, I thank you for this hearing, and I look forward to today's testimony.

Chairman COCHRAN. Thank you, Senator, for your comments and presence today.

STATEMENT OF HON. BOB RILEY, GOVERNOR, STATE OF ALABAMA

Chairman COCHRAN. Let me take each Governor, with an opportunity to make an opening statement, in alphabetical order as the States are before us—Alabama, Louisiana, Mississippi, and Texas.

And so, with that, Governor Riley, welcome to the committee. We appreciate you being here. And you may proceed with any statements you wish to make to the committee.

Governor RILEY. Thank you, Mr. Chairman. And thank you for holding this hearing.

This is a critical time in the gulf coast. And I want to first say thank you to the Congress, the House and to the Senators who have been so responsive. Alabama's gotten a total of, I think, $650 million so far. It's allowed us to begin to rebuild some of the infrastructure. We didn't have the level of devastation they had in Mississippi and Louisiana, but where it was, it was extensive, when you go into an area like Dauphin Island, and you see it basically blown away. Alabama has recovered. We have gotten all of the kids that came into our school system, they're in place today.

Alabama has the opportunity today, though, to do something fundamentally different than we've done before. This is what I'd like to talk to you about.

We went through four hurricanes in 14 months. During those 14 months, there are a lot of things that we've learned. And that's why I hope that Congress will allow us to take the lessons learned over the last couple of years—what the Senator said a moment ago, I hope it never happens again, either, but I'm not too sure that it won't.

We know now, by going through this with evacuation routes, by making sure that we have pre-deployments in place, we can save lives. Now, we've gone through four hurricanes—God's blessed us—but we haven't lost a person yet. It all comes down to being able

to be properly positioned with not only the materiel, but the manpower that we're going to need if and when it happens again. This is not like other disasters. We know when it's coming. We—it's programmable. We know what time it's going to be there, almost within the hour. And if we have the ability to take some of these funds and use it to buy generators, to preposition MREs, water, and get out of the commodity business that FEMA has been in for—I think we can do a better job with our commodities, probably, than FEMA can. Makes no sense to me to haul ice from New Jersey to Alabama, when we can haul ice from Alabama down to the Gulf Coast.

PREPARED STATEMENT

So, what I want you to consider today—again, thank you for everything you've done—but consider building a new type of model that all of the Governors have access to all of the funds that we're going to need to make sure that we're properly positioned for the next hurricane. We're 3 months away. And today, we need to be talking about, What are we going to do if and when this happens again? I think all of the Governors understand what the needs are. If we have the flexibility to go and develop our own State models, then I think we not only can save lives, but I think we can alleviate a tremendous amount of suffering.

[The statement follows:]

PREPARED STATEMENT OF HON. BOB RILEY

Mr. Chairman and distinguished members of the committee, 6 months after Katrina, signs of progress abound in Alabama. Damaged homes are being repaired and rebuilt, evacuees are finding more permanent housing options, and Alabama's economy continues growing. There are still pockets of damage, and life is still a long way from normal in places like Bayou La Batre and on Dauphin Island, but there's no doubt the people of Alabama are working hard to recovery, rebuild and renew their communities.

The progress that's been made and will continue to be made is impossible without Federal assistance. On behalf of the people of Alabama, and on behalf of those from our neighboring States who sought refuge in Alabama, I want to thank the members of this committee, the entire United States Congress and President Bush for their help. This Congress and the Bush Administration worked together and, within a few weeks of this devastating hurricane, passed laws that are helping the people along the Gulf Coast recover and are helping communities throughout the region rebuild.

Many members of Congress and many members of the President's Cabinet have made repeated trips to Alabama since Katrina to keep our citizens informed of the Federal response and to listen to our concerns. I believe that's critically important as our region continues its recovery, and I hope those visits will continue.

The amount of Federal assistance has been unprecedented and much-needed. Disaster aid for Alabama victims of Hurricane Katrina has totaled $590 million in the first 6 months after the storm. Nearly 36,000 individuals and families have received housing assistance totaling more than $85 million. About 30,000 residents have benefited from $35 million in aid for other essential needs. One hundred eight million dollars have gone for vital infrastructure costs, debris removal, emergency services, road and bridge repair and restoration of public utilities.

I know I join all the other governors here today in extending a special thank you to the individual members of our States' congressional delegations for their leadership on getting this assistance to our States.

And I also want to make sure to thank the American people, corporations and faith-based organizations who made generous contributions of both financial resources and their own labor to help our areas with emergency assistance and rebuilding needs.

Still, while the amount of assistance has been great, there are still needs that must be addressed. I'm pleased President Bush has kept this issue front-and-center and that he has proposed additional emergency funding of almost $20 billion to support ongoing hurricane recovery efforts. I also think it's very wise that the Presi-

dent's request includes measures designed to protect against waste, fraud and abuse of Federal assistance. I know all of us are committed to spending the taxpayers' money responsibly. Each report of waste, fraud and abuse of disaster assistance mars the good work that so many are accomplishing.

I look forward to discussing the President's emergency funding request with you today and with my fellow governors. Thank you.

Chairman COCHRAN. Thank you very much.

Governor Blanco.

STATEMENT OF HON. KATHLEEN BABINEAUX BLANCO, GOVERNOR, STATE OF LOUISIANA

Governor BLANCO. Thank you, Mr. Chairman and distinguished members of the committee. It's an honor to come before this committee that Louisiana's own outstanding Senator Mary Landrieu serves on. Thank you for your work that the committee has done over the past months to help Louisiana and the other States that have been involved in two hurricanes.

There is no greater issue facing Louisiana, as we speak, than the funding for levees and for housing. President Bush has added some money for our housing needs in Louisiana's appropriations request. And, of course, I want to be here to fully support that.

The immediate future and the hundreds of thousands of people who want to return home is now in the hands of this Congress. I greatly appreciate the President's initial funding request of some $1.5 billion for levees and his commitment of $4.2 billion for housing. The supplemental funding is critical if we are to construct a road home for our citizens who have been displaced. It's our ticket to rebuild, recover, and resume our productive place in our Nation's economy.

We have been waiting for this funding since President Bush made his moving speech on Jackson Square, in September. Please do not make us wait any longer, and please help to honor his commitment to our people.

Six months ago, Hurricane Katrina led to the catastrophic failure of our Federal levee system. This immense engineering failure sent water across our largest city for nearly a month. Our people relied, in good faith, on Federal flood maps and Federal levees. Imagine if your State's largest city was under water for a month. It's almost unthinkable.

As we were drying out, Hurricane Rita struck. Rita did to southwest Louisiana and to areas of Texas, what Katrina did to Mississippi. The combined devastation can best be described as a catastrophe of biblical proportions.

Katrina claimed over 1,100 lives in Louisiana alone. Together, Katrina and Rita displaced more than 780,000 people and destroyed the homes of over 200,000 families. An estimated 81,000 businesses were stilled, and 18,000 of our businesses still have not reopened.

I'd like to say a special word of welcome to Senator Byrd. Thank you for being here. And thank you, as I said, to the other members of the committee for your past help, sir.

FEMA estimates show that we had over 100,000 homeowner properties, a full 76 percent of the total homes, destroyed by flood waters. Nearly 70,000, a full 80 percent of our rental units, were destroyed by flood waters.

The Louisiana Recovery Authority worked with Chairman Don Powell, in the White House, to finalize our data. Chairman Powell subjected us, and our McKinsey & Company consultants, to a rigorous review of our compelling data.

I know you want to help all of the States. And I want you to do that. But I would ask you to avoid the temptation to chip away at our promised funding and divert it to the other States. I do not, for a minute, seek to minimize the needs of Mississippi, Alabama, or Texas. I think that all of our States are in great need. My heart goes out to our neighbors. They've been good to us. We depended on them in difficult days. And then their difficult days also came, especially on—after Rita, and Texas was—became involved not only as a caretaker State, but also as a victim.

I'm grateful for their warm response to our people, but Congress has the ability to appropriate funding to them without undermining the President's promise to us. Any amount less than the proposed funding would definitely jeopardize our recovery.

This Congress regularly appropriates billions of dollars to help people all over this world. Every month, American taxpayers spend billions for operations in Iraq and Afghanistan, and our troops are very deserving of this support. Surely, we can provide at least $1.5 billion to strengthen levees protecting American citizens. Surely, we can fund the $4.2 billion for American homeowners who want to return to Louisiana. And we want them to come home.

Safety is the first step in enabling Louisiana's families and businesses to return. Hurricane season is less than 3 months away. We must not delay investing at least the designated $1.5 billion in our levees.

Louisiana is working to improve our levee system. We've consolidated a 100-year-old system of levee boards to improve oversight and maintenance. Now we need Congress to make a lasting investment in a reliable levee system.

Second, it's absolutely imperative that we rebuild our houses.

Chairman Cochran, I want to say a special thanks to you for your personal intervention in securing the initial community development block grant funding. We are especially grateful for Louisiana's share. While very generous, this $6.2 billion leaves tens of thousands of our citizens stranded and homeless. The initial 54 percent share that Louisiana received from the CDBG funding does not allow us to enact a plan sufficient to address Louisiana's more than 75 percent share of the devastation.

I believe most of you know that our delegation embraced a bipartisan housing plan proposed by Congressman Richard Baker. The Baker bill would have bridged the gap between resources and unmet needs. When the administration sidelined the Baker bill, we returned to the drawing board. We had to. I went to the administration and said, "If not the Baker bill, then help us find an adequate solution." We fought hard for the additional $4.2 billion in CDBG funding that allowed us to announce our housing plan.

If our combined total of $12.1 billion in housing and hazard mitigation that comes from FEMA is realized, I will invest it in four key areas. One, the first area, is $7.5 billion to owner-occupied housing. The second is $1.75 billion to affordable rental properties.

The third is $2.5 billion to infrastructure. And the fourth is $350 million to economic development.

These funds will be spent in storm-damaged areas. We will demand the highest standards of accountability. And I know that's very important to all of you here on this committee. We have retained Deloitte & Touche to set up front-end controls and to thoroughly audit our investments. We will also hire our own internal auditor and investigative staff to root out fraud and abuse. Now, we have determined that every nickel of this money is going to be properly spent, where it's intended to be spent, and not wasted. And any fraud or abuse will be thoroughly prosecuted.

I want to invest the infrastructure funding to address our most critical needs that are not covered by FEMA funds. Here's one example. The State just helped to broker a partnership between LSU's medical school and the United States Veterans Administration to open a shared hospital. This partnership would explore activities for healthcare delivery in the greater New Orleans area. And I think you all know that our medical system has collapsed. As planning for this healthcare partnership continues, our infrastructure funding will help us to support this new facility.

Our housing plan provides a flexible package of four options for families. We'll help families that—in four ways—those who need repairs, those who need to rebuild, and those who need to relocate through a buyout program. For owners who do not want to reinvest in Louisiana, they will have the option to sell. I propose capping this assistance at 150,000 per homeowner. Our plan prioritizes rebuilding in Louisiana and is not designated to be a simple compensation program.

We must ensure that our communities of the future are not plagued with the blighted houses of the past. Our plan requires homeowners to rebuild safely and to mitigate hazards. For example, homeowners must comply with our newly enacted statewide building codes and with new FEMA flood map elevations if they are to be eligible for any of this money.

With nearly 70,000 rental units lost, our plan seeks to restore affordable rental properties. We'll invest in new mixed-income communities. Gap financing, seed funding, and other mechanisms will help rebuild affordable housing.

Mr. Chairman, I ask to submit for the record documents I have provided on our housing plan.

[The information follows:]

LOUISIANA RECOVERY AUTHORITY PRELIMINARY PROPOSAL—THE ROAD HOME HOUSING PROGRAM: A BLUEPRINT FOR BUILDING A SAFER, STRONGER, SMARTER LOUISIANA

HOMEOWNER PROGRAM DESCRIPTIONS

MARCH 5, 2006

1. INTRODUCTION

The Louisiana Recovery Authority (LRA) on behalf of Governor Kathleen Babineaux Blanco has drafted recommendations for using Federal, State and local resources to assist Louisiana's homeowners and renters who were displaced by hurricanes Katrina and Rita.

LRA is the planning and coordinating body that was created in the aftermath of hurricanes Katrina and Rita by Governor Blanco to plan for the recovery and rebuilding of Louisiana. The authority is working with Governor Blanco to plan for

Louisiana's future, coordinate across jurisdictions, support community recovery and resurgence and ensure integrity and effectiveness. Working in collaboration with local, State and Federal agencies, the LRA is addressing short-term recovery needs while simultaneously guiding the planning process for long-term recovery of housing, infrastructure, and the economies of the most-affected parishes.

1.1 Goals of The Road Home Housing Program

The Road Home Housing Program has nine overarching objectives:

—1. Get homeowners back into their homes or in locations nearby with particular attention to seniors, persons with special needs, and vulnerable populations;
—2. Restore pre-storm home equity to homeowners who want to return;
—3. Restore the stock of affordable rental housing in mixed-income contexts, where feasible;
—4. Rebuild in communities in ways that ensure safer and smarter construction;
—5. Support sound redevelopment and preservation plans of local governments;
—6. Rebuild according to new State codes and FEMA advisory base flood elevations;
—7. Empower local authorities to verify safety and reduce risks in rebuilding;
—8. Apply uniform criteria for assistance to all affected homeowners;
—9. Ensure resources are used with maximum efficiency and effectiveness.

1.2 Comments on The Road Home Housing Program

Comments can be submitted through the "Contact Us" section of the Louisiana Recovery Authority's website at http://LRA.louisiana.gov, or may be mailed to the following address: 525 Florida Street 2nd Floor, Baton Rouge, LA 70801–1732.

1.3 Basis for Recommendations

The recommendations are based on the best available information on housing needs, housing costs, potential public funding and the ability of the programs to leverage private resources. Funds available to finance the homeowner programs will come from a special appropriation of Community Development Block Grant Program funds and from FEMA Hazard Mitigation Funds. In addition to grants already appropriated, the State is seeking an additional $4.2 billion in CDBG funds.

If Federal agencies require changes to the State's plans or Congress does not provide additional, sufficient funding, Louisiana will be required to modify these proposed plans.

This document outlines proposed plans for the Homeowner portions of The Road Home Housing Program. Subsequent papers will describe programs for rental housing and development programs.

2. ASSISTANCE TO OWNER OCCUPANTS

2.1 Overview of Homeowner Program

According to FEMA estimates, approximately 115,000 owner-occupants lived in homes that were destroyed or suffered major or severe damage in the wake of storms Katrina and Rita. The Road Home Housing Program will make available approximately $7.5 billion to assist these homeowners.

Financial assistance and advisory services will be available for homeowners who wish to:

—*Repair*.—Rehabilitate their property up to the minimum standards of the program;
—*Rebuild*.—Construct new home on the same lot because repairs are too costly or cannot be made to be compliant with local codes;
—*Buyout/Relocate*.—Permit purchase of their home by the program and agree to resettle in other Louisiana communities; or
—*Sell*.—Voluntarily sell the home with no requirements to resettle or otherwise remain in the community.

The Homeowner Program is designed to achieve the overarching goals of The Road Home Housing Program. In addition, given the magnitude of the task, the diversity of the population to be served, and the importance of moving quickly, the program will strive to achieve balance among the following principles:

—*Fairness*.—Treating households in similar circumstances in a similar manner.
—*Simplicity and speed*.—Given the large number of homeowners to be assisted and their immediate needs, the program must provide resources in a way that minimizes bureaucracy and maximizes speed of delivering services.
—*Accessibility*.—Some owners will need little more than a phone number to call or address to visit to obtain assistance. Others will need help from professionals to make hard choices about their options related to repair, replacing or selling

their home. The program will endeavor to provide services to those who need a little extra help but provide streamlined processing for those who do not.

—*Accountability*.—We will make sure that our recovery plans are focused and sound and that every recovery dollar is spent wisely and accounted for honestly.

2.1 Eligibility for Homeowner Assistance

To be eligible to apply for assistance:

—The owner must have occupied the home as a principal residence at the time of the Katrina/Rita disasters;

—The home must be a single family property;[1] and

—The home must be categorized by FEMA as having being "destroyed" or having suffered "major" or "severe" damage.

The program is considering other requirements for home owner assistance including:

—Owners must be willing to sign a release so that information given to FEMA can be verified by The Road Home Housing Program;

—Independently from FEMA, owners must agree to verification of their ownership status and the amount of disaster-related damage to the home;

—Owners must swear to the accuracy and completeness of all information provided to The Road Home Housing Program under penalty of law;

—Owners must agree to bring their properties up to minimum rehabilitation standards and into conformance with the State adopted International Residential Building Code;[2]

—Owners must have been registered and been approved for FEMA Individual (Household) Assistance; and

—Owners must occupy the home for a certain period of time after the repairs, home replacement or relocation has occurred.

Making participation contingent on prior registration with FEMA provides a fair and disciplined way of establishing eligibility. It would permit program administrators to quickly identify who does and does not have a legitimate claim for assistance.

Making participation contingent on occupancy standards will ensure that in exchange for the significant financial investments provided to homeowners—investments that are likely to be substantially more generous than those provided to rental property owners—the homeowner remains in the neighborhood to help rebuild community institutions and restore the fabric of neighborhoods. Post-assistance occupancy requirements would require enforcement provisions such as making some portion of the financial assistance due and payable if the owner rents or sells during an agreed upon occupancy period.

2.2. Amounts and Forms of Assistance

Maximum Assistance

The maximum assistance for owner-occupants is currently proposed to be $150,000. The proposed ceiling assumes that:

—all Federal funds allocated to and sought for the program will be available; and

—estimates of likely demand for assistance derived from FEMA data are accurate.

If sufficient funds are not made available or demand exceeds estimates, the maximum amount of assistance per household will be lowered.

Homeowners are not always entitled to the maximum amount of assistance and in most cases The Road Home Housing Program will not provide 100 percent of the required financing. All homeowners will be required to contribute their insurance payments and some or all of their FEMA payments towards the cost of repairs or replacement. And, assistance will be tailored to homeowner's losses and needs. For example, a homeowner that suffered only 40 percent damage to the home may not receive as much repair assistance as an owner with 80 percent damage.

The amount of eligible assistance will be:

—Eligible Assistance = Lesser of: (a) Allowable Rebuilding Costs + Mitigation Costs − Insurance − FEMA Repair Payments, or (b) $150,000.

Forms of Assistance

Homeowners may receive one of two types of financing: a grant and a loan. The proportion of the financing that is structured as a grant and a loan will vary de-

[1] The State of Louisiana is considering how best to handle properties that include both owner occupied and rental units. The homeowner program is limited to single family properties, but other programs may address rental units with owner occupants.

[2] A number of communities have not yet adopted or implemented the International Residential Building Code. The State is committed to helping communities to adopt the code and implement it so that the requirements of this program can be met.

pending on a range of issues such as pre-storm value, pre-storm owner equity, and whether the property, if in a flood zone, was insured against floods.

A. For owners outside FEMA flood zones and for owners inside FEMA flood zones with a flood insurance policy in force at the time of the disaster.—The financing will be structured in two tiers.

—The first tier will be a Road Home Grant that is intended to restore the pre-storm value of the property. The Road Home Grant tier, up to the pre-storm value of the home at the time of the disaster, may be structured as a forgivable loan, at 0 percent interest.

The Road Home Grant = Pre-Storm Value − Insurance − FEMA Payments

—The second tier will be a Road Home Loan that provides the balance of funds needed for repair, rebuilding, or relocation. The Road Home Loan will be structured so that monthly payments are affordable to the homeowner. Such affordability determinations may take into consideration a spectrum of issues including, but not limited to age, disability, and income levels.

The Road Home Loan = Eligible Assistance − The Road Home Grant

If post-assistance occupancy requirements are incorporated in the program, and the home is sold, refinanced, transferred, or rented during a prescribed residency period—then The Road Home Grant and/or Loan would become due and payable, with guidelines for hardship exceptions.

When the sum of remaining pre-storm loans and the affordable loan portion of the assistance package exceed the market value of the home, policies may be developed to mitigate the impacts of "negative equity" positions on the home and homeowner by adjusting the repayment terms but not the maximum amount of assistance ($150,000).

B. For owners inside FEMA flood zones who did not have flood insurance in force at the time of the disaster.—The financing will be the same as above, except that The Road Home Grant portion of assistance will be reduced by 30 percent and the assistance provided as a loan will be increased by that amount deducted from the Grant. Owners in this category still will be eligible to receive up to the same maximum financial assistance at affordable terms as other homeowners. They will, though, have more responsibility for repaying the assistance than their neighbors who followed prudent practices for homes in flood zones and bought flood insurance.

2.3 Types of Assistance

Homeowners will have several options for using financial assistance.

Option 1: Repair

The amount of assistance provided for repairs will vary based on the degree of damage to the home, the need for hazard mitigation (for example, elevating the home), and the availability of insurance proceeds and FEMA compensation. For example:

—If an owner had already been fully compensated for damages, then no assistance would be provided.

—If a home was fully insured but requires additional funds for elevation, an owner might receive assistance of $15,000 or some other amount needed for work not covered by insurance.

—If an owner had no insurance and the home was 30 percent damaged, the assistance might be set at $50,000.

All repaired homes must comply with building codes and regulations, including the latest available FEMA guidance for base flood elevations. When local governments require it, repaired homes in historic districts will have to comply with additional design standards. At a later date, the program will publish minimum design and construction standards and provide technical resources to ensure that homes are rebuilt with features that meet or exceed minimum code and the latest available FEMA guidance for base flood elevations. These guidelines and resources will emphasize the benefits of—and practical ways to achieve—energy conservation, durability, mold mitigation, preservation of historic features, and other ways in which the housing stock can become better than ever.

The program will encourage owners to use the services of qualified professionals such as home inspectors and architects to assist them in specifying the repairs, getting bids from contractors and monitoring the work in progress.

Option 2: Replace

Where existing homes are beyond repair, or repairs cost more than a replacement home, many homeowners will choose to rebuild on the site of their former home. When owners rebuild they will be provided financial assistance up to a maximum of $150,000.

In accepting assistance, an owner must agree to reconstruct a home that complies with all codes and regulations, including the latest available FEMA guidance for base flood elevations. When local governments require it, new homes in historic districts will have to comply with additional design standards. At a later date, the program will publish minimum standards for replacement homes.

Financial assistance packages for individual owners replacing homes on-site may be based on factors such as the size of the household and additional costs of elevating homes when it is required. For example, maximum assistance for building a one-bedroom replacement home might be set at $100,000, with an additional allowance of $15,000 if it had to be elevated substantially. Maximum assistance of $150,000 might be offered for reconstructing a large home (for a larger family) that must be elevated substantially. An owner who received substantial insurance payments, and thus has less need for assistance, might receive only $20,000.

No discussions have yet been held with respect to existing mortgages. Some of the issues that may be negotiated with lenders include refinancing of existing debt and time extensions for repaying mortgages.

For replacement homes, other program administrative requirements are being considered. For example, in some or all cases, a registered surveyor may be required to provide a site plan indicating the property lines and the footprint of any new structures. The site plan will help assure compliance with local recovery plans, building codes, and zoning requirements.

Option 3: Relocate

When owners have homes that are severely damaged or destroyed and choose to relocate to an alternate, eligible location, they will be offered financial assistance up to the proposed maximum of $150,000 to purchase or build a different home. Assistance amounts will be established that enable owners to buy homes of modest construction and size in designated areas in Louisiana.

The relocation program will allow homeowners the option to repair, replace or buy a home in designated areas. The feedback to this proposed plan is expected to help determine the definition of a designated area for the purposes of relocations. If it is broadly drawn, it provides homeowners greater choice, but possibly creates a disincentive to for the homeowner's community's recovery. If a designated area is the more or less limited to the homeowner's community of origin, the program creates a strong incentive for community recovery, but homeowners seeking to rebuild or buy in new regions of the State could face barriers to doing so.

When owners choose the relocation option, they will generally be required to convey their original property to the State or another designated agency in exchange for assistance in purchasing a new home.

Holders of secured loans or other legitimate liens on the original properties may be required to "transport" the liens to the new home and/or to refinance the new home purchase, as a condition of the owners receiving assistance and the lien holders' security being restored.

Just as with replacement of homes on-site, the assistance amount will be based on the size and estimated cost of replacement homes plus assistance with the additional costs of elevating homes when it is required. For example, maximum assistance for relocating and buying a two-bedroom replacement home might be set at $120,000, with, for example, an additional allowance of $15,000 if the replacement home is located in a flood zone and therefore requires substantial elevation to meet existing or new flood map standards.

Option 4: Sale of Home

Some owner-occupants may choose none of the basic options: to repair, replace or relocate. In these instances, it is proposed that the State or its agent will—subject to the availability of funds—negotiate a purchase of the property up to the maximum amount of assistance, not to exceed 60 percent of the assessed pre-storm market value of the home. For these buy-outs to occur, a lien holder may be asked to write off a portion of the current outstanding principal balances of the loan or other lien. The State may consider provisions for an owner to sell his or her home on the open market, presumably for a price higher than the State would offer, and allowing the owner to assign rights to assistance. However, this raises complex issues of establishing equitable formulas for assistance, buyers' ability to finance both purchase and rebuilding, and administration.

The Rebuilding Program will not publish application forms or detailed descriptions of the process for receiving assistance until the comment period has ended and the State of Louisiana has determined the amount of Federal funds that will be available for all recovery programs.

2.4 Process for Receiving Assistance

When the program commences, eligible homeowners will be notified by mail and telephone to the greatest extent possible. Information also will be posted on public web sites as well as provided through other resources such as Housing Recovery Centers.

The State is making plans to develop and implement Housing Recovery Centers in strategic locations in order to maximize the benefits of the funding provided to Louisiana families. The Housing Recovery Centers will streamline the process by which the recipients can access hurricane recovery related products and services such as financial counseling, construction management and mortgage financing. In addition, the Housing Recovery Centers will help mitigate the potential for misunderstanding and abuse by providing standardized, structured and guided relationships between homeowners and service providers.

Centers will serve homeowners with advice and assistance as they navigate the process of rebuilding homes with financial and other assistance offered along the way. Centers will provide participating homeowners with financial counseling, contacts, cost estimates, rebuilding specifications and other information that will help these homeowners as they navigate the difficult decisions they will face in rebuilding.

2.5 Other Program Policies Under Consideration

Escrow of Funds.—To ensure that funds provided to homeowners are invested in housing, The Road Home funds will likely be placed in escrow accounts in the owner's name. The escrow accounts would be managed by financial institutions that are registered with the program. Escrow accounts would be subject to standard terms and conditions for releasing funds. There would likely be fees charged for managing the account and making payments. Rules and formulas will be set to guide the disbursement of funds to applicants who decide to opt out of the program, or to sell out his or her property before work is brought to completion.

Allowance for Owners' Pay-Downs of Mortgages.—Equitable policies and procedures will be put in place for compensation for instances in which an owner has used insurance or FEMA payments to pay down a mortgage or other lien, undertake construction work on the principal residence, or other pay other eligible expenses established by FEMA.

Owner Occupants Who Have Already Sold Their Principal Residence.—Equitable policies and procedures may be determined at a later date that may provide Rebuilding Program assistance to an owner who has sold a home and otherwise would have qualified for assistance. These policies and procedures are not yet determined.

Owners Who Have Started or Completed Repairs.—Assistance may be provided to owners who have already commenced or completed home repairs or the construction of replacement homes, so long as all the requirements of the Rebuilding Program are met. Policies will be set for discounting assistance amounts for any grants or below-market interest rate loans from government agencies that may have been received by an owner from for these purposes.

HOUSING IMPACT COMPARISON AMONG GULF COAST STATES—OWNER OCCUPIED AND RENTAL UNITS

	LA	Lousiana Parishes							
		Orleans	Jefferson	St Bernard	St Tammany	Calcasieu	Plaquemines	Cameron	Vermilion
Homes with flood damage:									
Homes in FEMA 100 yr. fl plain:									
Minor Damage	15,675	4,751	6,523	115	1,271	131	130	115	831
Major Damage	50,566	15,088	18,039	1,517	9,405	296	465	556	2,034
Severe/Destroyed	80,465	66,050	3,563	5,610	1,132	31	2,394	1,351	160
Subtotal	146,706	85,889	28,125	7,242	11,808	458	2,989	2,022	3,025
Homes outside 100 yr. fl plain:									
Minor Damage	6,809	2,639	1,278	399	766	135	153	13	108
Major Damage	15,749	6,585	1,014	4,336	2,779	153	284	28	95
Severe/Destroyed	22,033	12,266	320	8,085	101	7	1,026	7	21
Subtotal	44,591	21,490	2,612	12,820	3,646	295	1,463	48	224
MAJOR + SEVERE, FLOOD	168,813	99,989	22,936	19,548	13,417	487	4,169	1,942	2,310
Homes with no flood damage:									
Minor Damage	288,028	21,799	51,701	43	29,135	37,499	1,750	534	4,185
Major Damage	31,771	4,672	10,582	78	3,755	5,312	439	328	240
Severe/Destroyed	4,153	494	793	46	448	582	571	306	26
MAJOR + SEVERE, NO FLOOD	35,924	5,166	11,375	124	4,203	5,894	1,010	634	266
Subtotal	323,952	26,965	63,076	167	33,338	43,393	2,760	1,168	4,451
MAJOR + SEVERE, ALL	204,737	105,155	34,311	19,672	17,620	6,381	5,179	2,576	2,576
SEVERE/DESTROYED, ALL	106,651	78,810	4,676	13,741	1,681	620	3,991	1,664	207
TOTAL	515,249	134,344	93,813	20,229	48,792	44,146	7,212	3,238	7,700

HOUSING IMPACT COMPARISON AMONG GULF COAST STATES—OWNER OCCUPIED AND RENTAL UNITS

	Other States						
	AL	FL	MS	TX	AL, FL, MS, TX	LA/ (AL,FL,MS,TX)	LA/MS
Homes with flood damage:							
Homes in FEMA 100 yr. fl plain:							
Minor Damage	824	2,656	624	108	4,212	3.72	25.12
Major Damage	1,347	3,599	7,854	52	12,852	3.93	6.44
Severe/Destroyed	147	50	6,666	.....	6,863	11.72	12.07
Subtotal	2,318	6,305	15,144	160	23,927	6.13	9.69
Homes outside 100 yr. fl plain:							
Minor Damage	1,270	777	3,984	581	6,612	1.03	1.71
Major Damage	952	388	21,183	479	23,002	0.68	0.74
Severe/Destroyed	65	22	5,407	54	5,548	3.97	4.07
Subtotal	2,287	1,187	30,574	1,114	35,162	1.27	1.46
MAJOR + SEVERE, FLOOD	2,511	4,059	41,110	585	48,265	3.50	4.11
Homes with no flood damage:							
Minor Damage	51,593	237,953	154,390	127,118	571,054	0.50	1.87
Major Damage	937	17,770	16,739	9,992	45,438	0.70	1.90
Severe/Destroyed	236	1,370	3,537	1,526	6,669	0.62	1.17
MAJOR + SEVERE, NO FLOOD	1,173	19,140	20,276	11,518	52,107	0.69	1.77
Subtotal	52,766	257,093	174,666	138,636	623,161	0.52	1.85
MAJOR + SEVERE, ALL	3,684	23,199	61,386	12,103	100,372	2.04	3.34
SEVERE/DESTROYED, ALL	448	1,442	15,610	1,580	19,080	5.59	6.83
TOTAL	57,371	264,585	220,384	139,910	682,250	0.76	2.34

Addressing the Challenges of Recovery & Rebuilding from Hurricanes Katrina & Rita

***The Road Home* Housing Programs**
March 5, 2006

LRA Strategy For Rebuilding

- Pursue levee and coastal protection initiatives that maximize security in the quickest, most cost-effective manner
- Abide by new state building code and FEMA base flood advisory elevations
- Help communities identify and prioritize areas for investment and reconstruction through long-term community planning
- Prioritize mixed-income, mixed-use communities that encourage ownership
- Pursue policies to attract private sector investment
- Rebuild public buildings and infrastructure in secure areas using appropriate mitigation measures
- Prioritize mitigation funding and other state resources to help communities rebuild where and how they can do so safely
- Rebuild a strong and prosperous economy that provides sufficient jobs and restores economic growth to the region

Strategy for using resources to build back safer, stronger, and smarter communities that are true to the local aspirations

State and LRA Have 6 Objectives

- Prioritize rebuilding in Louisiana communities in a way that ensures a safer and smarter recovery
- Get people back in their homes in a way that protects their equity … home ownership is important
- Program criteria apply uniformly to all Louisiana homeowners.
- Local authorities should determine the safety of each neighborhood and community and pursue hazard mitigation to reduce risk
- Rebuild according to new state building codes and FEMA base flood advisory elevations
- Provide leadership and administration to ensure resources are used in most effective and efficient manner possible

2

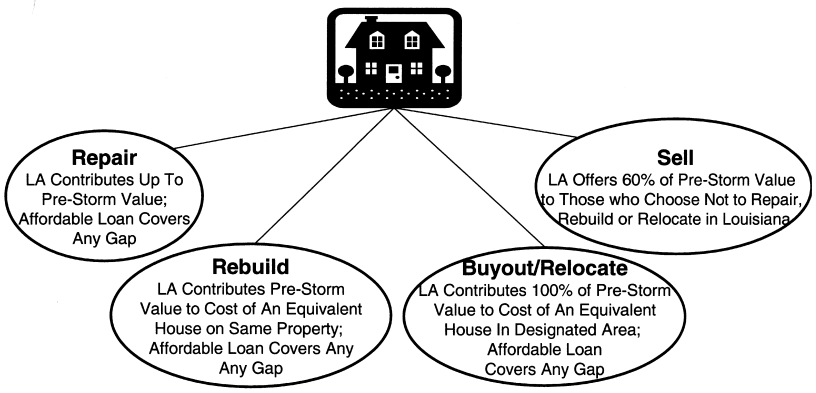
Proposal: *The Road Home* Housing Program

- **The Governor would like this to be the beginning of a public discussion about a statewide housing program.**
- **This program design is contingent on getting the additional $4.2 billion in CDBG funding.**
- **Local input is critical to the development of a program that is equitable and affordable, given the importance of rebuilding safely and the many constraints our communities face.**
- **If the total loss calculations are greater than the available funds, a pro-rata reduction will be applied.**
- **What follows is a PRELIMINARY concept for public review and comment.**

3

The Road Home Housing Program

Options for Dealing With a Damaged Home



In all cases, assistance will be capped at $150,000, and will be decreased by insurance and FEMA repair aid. The assistance (based on total needs) will further be reduced 30% if the original property was in the floodplain and had no flood insurance

4

The Road Home Assistance

Repair - Homes that need repair/mitigation. Louisiana contributes up to pre-storm value; affordable loan covers any gaps

Rebuild - Homes that can't be repaired, but can be safely rebuilt. Louisiana contributes up to pre-storm value for equivalent home; affordable loan covers any gaps

Buyout/Relocate - Owner chooses to sell an existing property to rebuild or relocate elsewhere in a designated area. Louisiana contributes 100% pre-storm value for equivalent home; affordable loan covers any gaps.

Sell - Louisiana offers 60% of pre-storm value to those who Choose not to Repair, Rebuild or Relocate in Louisiana

5

Cost and payment principles

- Assistance is capped at $150,000
- Homeowners without flood insurance who were in the floodplain will face a 30 percent penalty on funding cap
- Insurance and FEMA payments received for repairs will be counted against the calculation of total needs
- All programs are assignable on transfer of a free and clear title to a new owner after program inception date
- All money will be invested in Louisiana
- Homes had major or severe damage that was uninsured/uncompensated
- Cost-effective mitigation costs (elevations, hurricane shutters, etc) are allowable under the program cap
- Affordable loan packages will be incorporated into assistance

6

Repair

Qualifying properties:

- Were owner occupied at the time of the storm
- Had major or severe damage that was uninsured/uncompensated
- Repair costs must be less than cost of replacing home
- Historic preservation given special consideration

Assistance:

- Up to $150,000 for repairs
- A grant equal to the cost of the repairs or the owner's pre-storm home value, whichever is less
- Affordable loan packages will be provided for needs above the grant amount up to the program cap

7

Rebuild

Qualifying properties:

- Were owner occupied at the time of the storm
- Had major or severe damage that was uninsured/uncompensated
- Home cannot be repaired cost-effectively

Assistance:

- Up to $150,000 for replacement
- A grant equal to the cost of the replacement or the owner's pre-storm value, whichever is less
- Affordable loan packages will be provided for needs above the grant amount up to the program cap

8

Buyout/Relocate

Qualifying properties:

- Were owner occupied at the time of the storm
- Had major or severe damage that was uninsured/uncompensated
- Homeowner chooses not to repair or replace
- Must be cost-effective

Assistance:

- Up to $150,000 for relocation in designated area
- A grant equal to the cost of the new home or the owner's pre-storm value, whichever is less
- Affordable loan packages will be provided for needs above the grant amount up to the program cap
- Assistance is capped at estimated repair cost if repairs are feasible

9

Sell

Qualifying properties:

- Were owner occupied at the time of the storm
- Had major or severe damage that was uninsured/uncompensated

Assistance:

- Louisiana offers 60% of pre-storm value not to exceed $150,000 to those who choose not to repair, rebuild, or relocate in Louisiana

10

Cost and payment principles

- Assistance is capped at $150,000
- Homeowners without flood insurance who were in the floodplain will face a 30 percent penalty on funding cap
- Insurance and FEMA payments received for repairs will be counted against the calculation of total needs
- All programs are assignable on transfer of a free and clear title to a new owner after program inception date
- All money will be invested in Louisiana
- Homes had major or severe damage that was uninsured/uncompensated
- Cost-effective mitigation costs (elevations, hurricane shutters, etc.) are allowable under the program cap
- Affordable loan packages will be incorporated into assistance

11

The Road Home Funding Requirements

- **Program is designed to meet projected housing needs with available resources, including the $4.2 billion in funds proposed by the President last week.**
- **Total program costs projected to be $7 - 7.5 billion**
- ***The Road Home* has been modeled based on current information about housing needs and the projected cost of the program design**
- **Actual costs can only be determined through experience, and since resources are limited, funding will be utilized until exhausted**

12

Formula

Eligible Basis = Either: a) Rebuilding Costs + Mitigation Costs – Insurance – FEMA Repair Payments, Or b) $150K, Whichever Is Less

Penalty For No Flood Insurance = 30% (of grant amount before penalties)

Grant = (Amount Of Pre-Storm Value – Insurance – FEMA repair payments) x (100% – Any Penalty For No Insurance)

Affordable Loan Package = Eligible Basis – Grant

Total Assistance = Grant + Affordable Loan Package

13

Older Adult on Fixed Income

House in the flood plain must be replaced
Existing Home Value=$50,000
No mortgage
Income= $15,000/yr
FEMA payment=$10,500

Insurance = None

New $100,000 home:

$10,500 FEMA payment
$27,650 Grant
$61,850 Affordable loan package

Insurance=$20,000

New $100,000 home:

$20,000 Insurance payment
$10,500 FEMA payment
$19,500 Grant
$50,000 Affordable loan package

14

Fireman's Family

House outside the floodplain must be replaced
Existing Home Value = $100,000
Existing Mortgage = $60,000
Income = $35,000
FEMA payment = $10,500

Insurance = none

New $120,000 home:

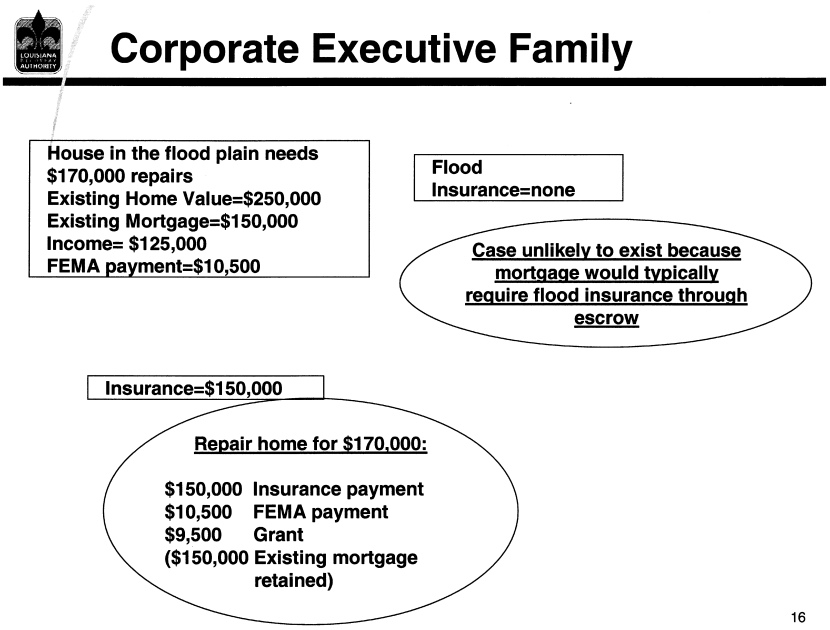
$10,500 FEMA payment
$89,500 Grant
$20,000 Affordable loan
($60,000 Existing mortgage)

Insurance=$60,000

New $120,000 home:

$60,000 Insurance payment
$10,500 FEMA payment
$29,500 Grant
$20,000 Affordable loan
($60,000 Existing mortgage)

15



PREPARED STATEMENT

Governor BLANCO. Louisiana is moving forward. We've already moved 18 times more debris than was taken from the World Trade Center site. I ask that you please consider our proposals very carefully. They've been carefully designed. And I believe they can stand up to a lot of scrutiny. And I appreciate your consideration.

[The statement follows:]

PREPARED STATEMENT OF HON. KATHLEEN BABINEAUX BLANCO

Chairman Cochran, Senator Byrd, and distinguished members of this committee, it is an honor to be here. Thank you for the work your committee has done on behalf of our State.

There is no greater issue facing Louisiana than the funding for levees and housing promised in the President's Supplemental Appropriations Bill, which I fully support. The immediate future of our State—and the hundreds of thousands of people who want to return home—is now in the hands of this Congress.

I greatly appreciate the President's proposed $1.5 billion for levees and $4.2 billion for housing.

The Supplemental funding will help construct a road home for hundreds of thousands of our displaced residents. It is our ticket to rebuild, recover, and resume our productive place in our Nation's economy. It enables us to implement our housing plan. You are the guarantors of the President's word. We have been waiting for this funding since his speech in Jackson Square in September. Do not make us wait any longer. Please honor his commitment to our people.

Six months ago, Hurricane Katrina bore down on Louisiana, leading to the catastrophic failure of our Federal levee system. This storm and the immense engineering failure sent water into almost every part of our largest city, where it sat for nearly a month.

Our people relied in good faith on Federal flood maps and Federal levees to protect their lives and property, and you have seen the unfortunate result.

Imagine—for a minute—if your State's largest city was underwater for a month. I can only hope that this experience is never repeated.

As we were drying out, Hurricane Rita struck. Rita was one of the most devastating storms in our Nation's history. Rita did to Southwest Louisiana what Katrina did to Mississippi. The combined devastation to our State is best described as a catastrophe of Biblical proportions.

The entire Gulf Coast suffered, but Louisiana bore the brunt of this disaster. Katrina claimed over 1,100 lives in our State alone. Together, Katrina and Rita displaced more than 780,000 people and destroyed the homes of over 200,000 families.

An estimated 81,000 businesses were stilled, and 18,000 of our businesses still have not reopened.

FEMA estimates show that we had over 100,000 homeowner properties that suffered major damage or were destroyed from storm surges and levee breaks. This is a full 76 percent of the total homes destroyed by the floodwaters.

Louisiana's rental properties were even more disproportionately impacted. Nearly 70,000 units were rendered uninhabitable. This equates to a full 80 percent of the rental losses from floodwaters.

The Louisiana Recovery Authority worked closely with Chairman Don Powell and the White House to reach a consensus on this compelling data. Chairman Powell subjected us, and our consultants from McKinsey & Company, to a rigorous review that should inspire confidence in our data.

I urge Congress to avoid the temptation to chip away at the promised funding and divert it to other States. I do not for a minute seek to minimize the needs of Mississippi, Alabama or Texas. My heart goes out to our neighbors.

I am grateful for their warm response to our displaced people. But Congress has the ability to appropriate funding to them without undermining the President's promise to us.

The data speaks for itself. Any shortfall in the proposed funding would jeopardize our recovery.

Please understand that we are not asking for a handout, but a hand-up to get our people back on their feet. History will judge us by how we respond to our own people's suffering with the resources of the greatest Nation on earth.

This Congress regularly appropriates billions of dollars to help people all over this world.

Every month, American taxpayers spend nearly $6.8 billion for infrastructure improvements, equipment and operations in Iraq and Afghanistan.

Surely, we can find a way to provide the $1.4 billion needed to strengthen levees protecting Americans citizens. Surely, we can fund the $4.2 billion for American homeowners who want to return home to Louisiana.

Safety is the first step in enabling Louisiana's families and businesses to return. Hurricane season is less than 3 months away. We must not waste another minute in putting the designated $1.4 billion to work strengthening our levees.

Louisiana has taken great strides to improve our levee system. We have:

—Consolidated a 100-year-old system of levee boards to improve oversight and maintenance, and to eliminate opportunities for corruption and cronyism.

—Created the Coastal Protection and Restoration Authority to provide State-wide oversight of levee boards and enforce a master plan for coastal and flood protection.

I have faith that these reforms will give Congress the assurances needed to make a lasting investment in a reliable levee system.

Second, we must rebuild our houses in order to bring families home. Chairman Cochran, thank you and this Committee for your innovation and diligence in securing the initial $6.2 billion in Community Development Block Grants.

This $6.2 billion, while generous, did not come close to solving our housing crisis. The initial 54 percent share Louisiana received from CDBG funding did not allow us to enact a plan sufficient to address Louisiana's more than 75 percent share of the devastation.

Our delegation embraced the Baker Bill, a bipartisan plan proposed by Congressman Richard Baker. The Baker Bill would have bridged the gap between available resources and unmet needs.

When the administration sidelined the Baker Bill, we returned to the drawing board. I went back to the administration and said: If not the Baker Bill, then help us find the resources to enact a more equitable solution.

We fought hard for the additional $4.2 billion in CDBG funding that allowed us to announce our housing plan. If our combined total of $12.1 billion in housing and hazard mitigation funding is realized, I will invest it in four key areas:

—$7.5 billion to owner-occupied housing;

—$1.75 billion to affordable rental properties;

—$2.5 billion to infrastructure; and

—$350 million to economic development.

All of these funds will be spent in the storm damaged areas. I promise Congress that these funds will be held to the highest standards of accountability. We have retained Deloitte & Touche to set up front-end controls and thoroughly audit our investment of taxpayers' money. We will also hire our own internal audit and investigative staff to root out fraud and abuse. We are determined to be responsible stewards of the Federal investment in our recovery.

I want to invest the infrastructure funding to address our most critical needs in health care, schools and colleges, and other areas of critical needs that FEMA funds do not cover.

Here is one example. The State just helped to broker a partnership between LSU and the United States Veterans' Administration to open a shared hospital.

This partnership would explore activities for health care delivery in the greater New Orleans area. As planning for this health care partnership continues, our infrastructure funding will help us to bring resources to bear in support of this new facility.

Known as The Road Home, our housing plan provides a flexible package of four options for families who want to return home. We will help families: Repair, Rebuild and Relocate through a Buyout.

For owners who do not want to reinvest in their Louisiana properties, they will have the option to sell.

I propose capping this assistance at $150,000 per homeowner. Our plan is not designed to be a simple compensation program. Our plan will prioritize rebuilding in Louisiana.

We must ensure that our communities of the future are not plagued with blighted homes of the past. The sell option ensures that citizens who do not want to reinvest in Louisiana still have the ability to sell.

Our plan requires homeowners to rebuild safely and to mitigate hazards.

Homeowners must comply with our new State-wide building codes, and with new FEMA flood map elevations.

With nearly 70,000 rental units lost, a component of our plan seeks to restore affordable rental properties in new mixed-income communities.

Gap financing, seed funding, and other mechanisms are under consideration as a way to influence the restoration of affordable housing.

Mr. Chairman, I ask to submit for the record documents I have provided to the committee on The Road Home housing plan.

Louisiana is moving forward. As one example, we have removed 18 times more debris than was taken from the World Trade Center site.

We are conducting a comprehensive review of lessons learned, and making necessary changes to our emergency preparedness plans.

We have taken over the failing New Orleans schools to create a school system that recognizes our children's potential.

Six months after Katrina and 5 months after Rita, Louisiana is turning the corner and moving towards a safer, stronger and brighter future.

With passage of the Supplemental funding, I predict the sounds of hammers and saws will ring through all of our communities as our homes are rebuilt. And not too long after that, we will hear the voices of children return to our streets. That will be a great day for America.

Thank you for standing by us to make this day a reality. This is an investment in our collective future that America can be proud to support.

Chairman COCHRAN. Thank you, Governor.

The materials that you asked be included in the record will be made a part of the hearing record.

Governor Barbour.

STATEMENT OF HON. HALEY BARBOUR, GOVERNOR, STATE OF MISSISSIPPI

Governor BARBOUR. Mr. Chairman and distinguished members of the committee—thank you. I haven't been around here much lately.

Mr. Chairman and distinguished members of the committee, thank you for the opportunity to join you today to discuss the worst natural disaster in American history, Hurricane Katrina.

First let me say, we, in Mississippi, greatly need, and genuinely appreciate, the generous Katrina appropriations package that you

passed in December and the President signed into law. Thank you. Thank you very much.

On August 29, Hurricane Katrina struck our State a grievous blow. Although the eye of the storm landed on the Mississippi/Louisiana line, that eye was more than 30 miles wide, and Katrina completely devastated our entire coastline, from Pearlington to Pascagoula. The miles upon miles of utter destruction are unimaginable, except to those, like many of you, who have witnessed it with your own eyes, on the ground.

But this hurricane wasn't just a calamity for the Mississippi gulf coast. Its impact extended far inland, with hurricane-force winds 200 miles inland from the gulf coast. In her wake, Katrina left literally tens of thousands of uninhabitable, often obligated homes. The Red Cross said 70,000 homes were uninhabitable. Thousands of small businesses were in shambles, dozens of schools and public buildings ruined and unusable. Highways, ports, railroads, water and sewer systems, all destroyed.

We can't recover and renew from a disaster of this magnitude without the help of others, and we are very grateful for the outpouring of support and generosity from across the country. It's been overwhelming. And, as I said, the financial resources authorized by this Congress and the President last December are essential.

We're moving forward, in Mississippi, making progress every day. But we have a mighty tall mountain in front of us. Katrina left more than 45 million cubic yards of debris in its wake, more than twice as much debris as left by Andrew, which was the previous recordholder, so to speak. We're removing it twice as fast as has ever been done before, already have cleaned up 35 million cubic yards. But we still have 10 million cubic yards to go. And we can't rebuild our infrastructure until we remove the debris.

We've installed temporary housing more quickly than has ever been done on such a large scale, with more than 36,000 travel trailers and mobile homes now occupied by more than 100,000 Mississippians. But as many as 6,000 more units of temporary housing are still needed.

Later, I want to talk to you briefly about other problems with temporary housing, and a proposed solution for this and for future natural disasters—future disasters.

Last fall, I worked with our congressional delegation on a bipartisan basis—and I want to thank you, Senator Cochran, for leading that—to craft a Federal assistance package which addressed our most urgent needs. The Congress responded with an unprecedented level of resources and flexibility. And, again, we thank you.

In Mississippi, we're setting up the systems to ensure accountability and successful implementations of the programs which you've funded. To address our biggest issue, housing, we'll use $4 billion of community development block grants to rebuild houses which were destroyed by the storm surge, therefore weren't covered by regular insurance. Other CDBG funds were used for water and sewer expansion, in that we anticipate many people on our coast will choose to move inland to get away from the storms. And we have to expand the infrastructure for them. We'll mitigate against large utility rate increases that would hurt our recovery, and for economic and community development.

The funding you provided in December makes our recovery and our renewal efforts possible in a multitude of areas that I'll just touch on. We're rebuilding our roads and bridges. We're providing workforce training opportunities to help meet the incredibly increased demand for construction-related occupations. We'll soon be able to provide financial relief to State and local law enforcement agencies, who are overwhelmed by new tasks and changes in population. We're helping our school districts, all of which—all of which—have been open since early November, and 151 out of 152 have been open since October 10. Ninety-nine percent of Mississippi schoolchildren are back in school in the county they were in school in when the hurricane struck, on August 29.

We're providing financial assistance to our universities and community college students. We're in the process of using new social service block grant funds to meet increased or unfunded human services needs and demands, such as childcare. We've begun a multiyear endeavor of restoring our environmental habitat and coastal protections.

People of Mississippi are grateful for this assistance. And we commit to you that we'll be good stewards of the taxpayers' money.

The President recently requested an additional $9.4 billion to replenish FEMA's Disaster Relief Fund, $1.3 billion for the SBA Disaster Loan Program, and $300 million for the Community Disaster Loan Program. I fully support these requests and hope that y'all will fund them.

The Disaster Relief Fund contains the financial resources to pay for the individual and public assistance programs the Federal Government's required to provide out of the Stafford Act. As of last week, more than $7.7 billion had been allocated to these activities in Mississippi out of this fund. Ultimately, we expect to receive somewhere between $15 billion and $17 billion of Stafford Act monies under the law that existed prior to Katrina. This fund has to be replenished so that the government can meet its obligations.

Same is true for the SBA account. Nearly 3,500 businesses and 20,000 homeowners in Mississippi have been approved for $1.7 billion in SBA loans. People are depending on these programs, so they have to be funded so the money will be there.

The Community Disaster Loan Program is essential. Many local entities, from cities and counties to water and sewer districts, have simply lost their tax bases. Property tax collections will be low to nonexistent in some counties and cities in Mississippi. So, we have to continue to look for ways to help these local governments.

In November, we presented the administration and the leaders of Congress with a plan for Mississippi to try to recover. Including the FEMA money we just discussed, $15 billion or $17 billion, it's about a $33.5 billion program. Now, y'all were very generous to fund much of that in the December package. There were three projects for which we did not request funding last fall, simply because they weren't ready. And our policy is, we're not going to ask you to give us money for something that we're not prepared to do and show you exactly how we're going to do it, how we're going to be accountable for it. Since then, two of those projects have further developed. And I ask Congress and the committee to consider them.

Both are integral transportation projects dealing with hazard mitigation, safety, economic community development.

First is the rebuilding and redevelopment of the Port of Gulfport, the entire infrastructure of which was devastated. The second is to relocate a railroad from right on the coast to move it farther inland. The third unfunded major program is the Environmental Restoration and Hurricane Protection Program. In the last supplemental, Congress approved $10 million to study the best ways to protect our coastline and restore coastal ecosystems. Some funding was provided to begin the restoration in coastal marshes and oysteries, but more will be needed in the future. We're not asking for that support today, because we want the studies to be completed so we can come back to you and say, "This is the best way to go forward."

As I mentioned earlier, temporary and permanent housing are the biggest issues on the gulf coast. In addition to the CDBG funds, we're dedicating almost all our Hazard Mitigation Grant Program allocation to rebuilding homes in such a way that they'll be better protected from future hurricanes. To better support this effort, I ask Congress to increase the funding cap for this program from 7.5 percent of total FEMA project costs to 15 percent, which had been the cap in the past.

For many Mississippians, permanent housing, though, is a long way away. The new supply will not meet demand for several years. When you lose 70,000 units of housing in a community of 400-and-something-thousand people, it will take years to rebuild.

Under the current law, too many Mississippians will be trapped in FEMA trailers, the Government's current default solution for temporary housing. These trailers are designed and built to be used recreationally, for a few weeks a year. They're campers. They're not designed to be used as housing for a family for months, much less years. Trailers don't provide even the most basic protection from high winds or severe thunderstorms, much less tornados or hurricanes. In addition, they're highly vulnerable to electrical and propane fires.

As I testified before the Senate Homeland Security Committee, the Federal Government needs more options for future hurricanes and large-scale disasters. The sole solution of the travel trailer is just not sufficient. Modular housing can be constructed quickly and efficiently, and, ultimately, we believe, cost the taxpayers less in construction and maintenance cost than a travel trailer. More importantly, modular housing, designed like the "Katrina Cottages" developed in the Mississippi Renewal Forum, provide a much better living environment for disaster victims. Occupants of a Katrina Cottage can use the cottage as a base from which to build a new permanent home, or can use it as simply temporary housing that can be taken away when a new home is built.

I propose to you that Congress invest in a pilot program to install modular housing in the place of travel trailers on the Mississippi gulf coast. Such a project would prepare the Federal Government for the temporary housing demands of the next disaster and can get 20,000 to 25,000 Mississippi families out of FEMA trailers. We won't be able to get them out by this hurricane season, and you will see enormous evacuations required once the hurricane

season starts, because of these travel trailers. But we can get it done this year.

Mississippi is moving forward in our recovery and renewal efforts, and we're not depending solely on the Federal Government. We're working to leverage the generosity of faith-based and nonprofit organizations to help meet the unmet needs of disaster assistance programs. And, to that end, our Mississippi Hurricane Recovery Fund is hosting a conference of nonprofits on the coast, this Thursday, from which, Mr. Chairman, we'd like to make a report to the committee, not for the purpose of asking you for more money, but to help identify the gaps for the committee and for the Congress as you look forward to future disasters and how the Stafford Act and other laws ought to be amended.

PREPARED STATEMENT

State and local governments in Mississippi are working together. And we're working with the private sector and the Federal Government to find solutions to our common problems. The private sector is the ultimate key to our renewal, and we're working as quickly as possible to recreate the infrastructure needed for that success. We depend on the Federal Government to help us rebuild that infrastructure. And we thank you very much for your help.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF HON. HALEY BARBOUR

Mr. Chairman and distinguished members of the committee, thank you for this opportunity to join you today to discuss the worst natural disaster in our Nation's history, Hurricane Katrina.

First, we in Mississippi greatly need and genuinely appreciate the generous Katrina appropriations package you passed and the President signed in December. Thank you.

On August 29, 2005, Hurricane Katrina struck our State a grievous blow. Although the eye of the storm landed at the Mississippi-Louisiana line, that eye was more than 30 miles wide, and Katrina completely devastated our entire coastline, from Pearlington to Pascagoula. The miles upon miles of utter destruction are unimaginable, except to those like many of you who have witnessed it with your own eyes, on the ground. But this hurricane wasn't just a calamity for the Mississippi Gulf Coast; its impact extended far inland with hurricane force more than 200 miles from the Coast.

In her wake, Katrina left literally tens of thousands of uninhabitable, often obliterated homes; thousands of small businesses in shambles; dozens of schools and public buildings ruined and unusable; highways, ports and railroads, water and sewer systems, all destroyed.

We cannot recover and renew from a disaster of this magnitude without the help of others. The outpouring of support and generosity from across the country has been overwhelming, and the financial resources authorized by this Congress and the President last December are essential.

We are moving forward in Mississippi, making progress every day, but we have a tall mountain in front of us. Katrina left more than 45 million cubic yards of debris, more than twice the debris left by Hurricane Andrew. We are removing it twice as fast as has ever been done, but 6 months after the storm, about 10 million cubic yards remain. We can't rebuild our infrastructure until we clear the debris.

We have installed temporary housing quicker than it has ever been done on such a large scale, with more than 36,000 travel trailers and mobile homes occupied by more than 100,000 Mississippians. But as many as 6,000 units of temporary housing are still needed. Later, I will talk about other problems with temporary housing and a proposed solution for this and future disasters.

Last fall, I worked with our Congressional delegation on a bipartisan basis, led by Senator Cochran, the chairman of this committee, to craft a Federal assistance

package which addressed our most urgent needs. The Congress responded with an unprecedented level of resources and flexibility. Again, thank you.

In Mississippi, we are setting up the systems to ensure accountability and successful implementation of the programs which you have funded.

To help address our biggest issue, housing, we will use $4 billion of Community Development Block Grants to help rebuild homes which were destroyed by the storm surge. Other CDBG funds will be used for water and sewer expansion, mitigation against large utility rate increases, and economic and community development.

The funding you provided in December makes our recovery and renewal efforts possible in a multitude of areas. We are rebuilding our roads and bridges. We are providing workforce training opportunities to help meet the increased demand for construction related occupations. We will soon be able to provide financial relief to State and local law enforcement agencies which are overwhelmed with new tasks. We are helping our school districts, all of which have been open since early November but whose local tax base is destroyed. We are helping the school districts who have displaced students to educate. We are providing financial assistance to our universities and community college students. We are in the process of using new Social Service Block Grant funds to meet increased or unfunded human service needs and demands, such as child care. We have begun the multi-year endeavor of restoring our environmental habitat and coastal protections.

The people of Mississippi are grateful for this assistance and we commit to you that we will be good stewards of the dollars provided by the American taxpayer.

The President recently requested an additional $9.4 billion to replenish FEMA's Disaster Relief Fund; $1.3 billion for the Small Business Administration's Disaster Loan Program; and $300 million for the Community Disaster Loan Program. I fully support these requests.

The Disaster Relief Fund contains the financial resources to pay for the individual and public assistance programs the Federal Government is required to provide under the Stafford Act. As of last week, more than $7.7 billion has been allocated to activities in Mississippi out of this fund. Ultimately, we expect this amount to increase to about $15 billion to $17 billion. This fund must be replenished so the Federal Government can meet its obligations.

The same is true for the SBA account. Nearly 3,500 businesses and 20,000 homeowners in Mississippi have been approved for $1.7 billion in SBA loans. People are depending on these programs and they need to be funded.

The Community Disaster Loan program is essential. Many local government entities, from cities and counties to water/sewer districts, have lost their tax bases. Property tax collections will be low to non-existent in some places. We must continue to look for ways to help keep these local governments solvent.

There are three projects for which I did not request funding last fall since they were not yet ready. Since then, two of the projects have further developed, and I ask the Congress and this committee to give them proper consideration. Both are integral transportation projects dealing with hazard mitigation, safety, economic and community development.

The first is the rebuilding and redevelopment plan of the Port of Gulfport, the entire infrastructure of which was destroyed. The second is to relocate a railroad from right on the coast to far further inland.

The third unfunded major program is the environmental restoration and hurricane protection program. In the last supplemental, Congress provided $10 million to study the best ways to protect our coastline and restore coastal ecosystems. Some funding was provided to begin the restoration of coastal marshes and the oyster reefs, but much more will be needed in future years. I look forward to working with you on this issue in the future.

As I mentioned earlier, temporary and permanent housing are the biggest issues on the Gulf Coast. In addition to the CDBG funds, we are dedicating almost all of our Hazard Mitigation Grant Program allocation to rebuilding homes in such a way that they will be better protected from future hurricanes. To better support this effort, I ask Congress to increase the funding cap for the this program from 7.5 percent of total FEMA project costs to 15 percent, which had been the cap in the past.

But for many Mississippians, permanent housing is far away because the new supply will not meet the demand for several years. Under the current law, too many Mississippians will be trapped in FEMA trailers, the government's current default solution for temporary housing. These trailers are designed and built to be used recreationally a few weeks a year; they are not designed to be used as housing for a family for several years.

The trailers do not provide even the most basic protection from high winds or severe thunderstorms, much less tornadoes or hurricanes. In addition, they are highly vulnerable to electrical and propane fires.

As I have testified to the Senate Homeland Security Committee, the Federal Government needs more options in future hurricanes. Modular housing can be constructed quickly and efficiently, and ultimately costs the taxpayer less in construction and maintenance costs. More importantly, modular housing designed like the "Katrina Cottages" developed in the Mississippi Renewal Forum provides a much better living environment for disaster victims. Occupants of a "Katrina Cottage" can use the cottage as a base from which to build their new permanent home.

I propose the Congress invest in a pilot program to install modular housing on the Mississippi Gulf Coast. Such a project would prepare the Federal Government for the temporary housing demands of the next disaster and can get 20,000 to 25,000 Mississippi families out of FEMA trailers.

Mississippi is moving forward in our recovery and renewal efforts. We are not depending solely on the Federal Government. We are working to leverage the generosity of faith-based and non-profit organizations to help meet the unmet needs of disaster assistance programs. To that end, the Mississippi Hurricane Recovery Fund is hosting a conference of the non-profits on the Coast this Thursday.

State and local governments in Mississippi are working together, with the private sector, and with the Federal Government to find solutions to our common problems. The private sector is the ultimate key to our renewal and we are working as quickly as possible to recreate the infrastructure needed for that success. The support of this committee is essential in that effort.

Thank you.

Chairman COCHRAN. Thank you, Governor Barbour.

Governor Perry, welcome. You may proceed.

STATEMENT OF HON. RICK PERRY, GOVERNOR, STATE OF TEXAS

Governor PERRY. Chairman Cochran, thank you very much. Senator Hutchison, members, thank you for the opportunity to address this committee.

And, like Senator Hutchison, I learned, at a very early age, that your word is your bond. And today I'm asking the Federal Government to live up to its word. Federal officials made a solemn commitment to reimburse the cost of housing, food, medicine to hundreds of thousands of victims of Katrina. And, less than 4 weeks later, when our State became the victim of a second devastating hurricane, more promises were made. But to date, promised Federal reimbursement, financial assistance, has been woefully inadequate.

First, we were promised that the Federal Government would develop and implement a national housing program for Katrina victims. And, after Rita, we were verbally assured by top HUD officials that Texas would receive hundreds of millions of dollars for housing and infrastructure needs. And the question is, then: "What has been delivered?" Financial aid that is a fraction of what was promised, less than 1 percent of all funds allocated by HUD through the community development block grants. Katrina victims left in hotels, left in those hotels with ever-changing eviction deadlines. And to date, there remains no viable or clear plan to return those victims to their home States.

Second, to offset unexpected education costs, we were promised by Congress a per-child reimbursement of up to $7,500 for evacuee students, including the 38,000 who are enrolled presently in Texas schools. Instead, we're being shortchanged between $2,000 and $3,500 per student.

Third, we were promised that Katrina and Rita victims would be treated equally by the Federal Government. Instead, Texans who were impacted by Rita are receiving less Federal assistance than the victims of Katrina. Now, try explaining that discrepancy to

folks over in Orange or Beaumont, Port Arthur. They were the first in line to welcome waves of evacuees coming into Texas. They triaged thousands, provided food, safe haven for those, those who came into the State with nothing but the clothes on their back—even opened their homes and their business to them. And then, after tragedy struck them, in the midst of helping all those folks, they saw their homes destroyed, their jobs lost, their lives turned upside down, Washington responded by providing them less, less than those whose lives they helped to save.

Rita seems to be the storm that no one in Washington wants to remember. But let me be clear, it's a storm that continues to take a toll. Seventy-five thousand homes were destroyed or damaged, about half of which were uninsured. Electric utility infrastructure across the region was crippled. I'm sure none of us here would like to do what local leaders in south Texas have had to do, and that is to explain to Texas victims of Rita why they have a separate food stamp line that provides less food for their families than the victims of Katrina, or, for that matter, why the Federal Government will pay only 75 percent of their debris removal costs, but 100 percent of the very same storm, living a few miles away in Louisiana.

These discrepancies cannot be explained, because they don't make sense. Mother Nature treated Rita victims on both sides of the border with equal wrath. And the Federal Government should treat Rita victims in both States with equal compassion, equal assistance.

This is not just a matter of fairness, it's a matter of true need. Texas victims of Rita are not just bearing the great financial burden that resulted from the second storm, but also the expenses they so willingly incurred to help victims of the first storm.

When Governor Blanco called me, on August 31, I didn't ask her how long her citizens would be displaced or what the plan would be to get them back home. I just said, "Send them on. We'll take care of them."

What ensued was the most massive domestic relief effort ever undertaken on U.S. soil. And if Washington hadn't promised us 1 cent—Senator Hutchison, you know Texans well—we would have done what we did, because you can't put a price on lives saved.

But the fact is, in the midst of a great tragedy, Washington did make a lot of promises. And if Washington gives short shrift to a Good Samaritan State like Texas, it'll send chills down the spine of any Governor asked to be a good neighbor in the future.

We still have 640,000 hurricane victims in our State. Our hospitals, our schools, our social services are under great strain. And I know you have a tremendous obligation to help rebuild Mississippi and to help rebuild Louisiana. But don't forget the State that continues to host so many of their citizens, the State that suffered its own catastrophic hurricane, the State of Texas.

Just yesterday, Federal coordinator of Gulf Coast Rebuilding, Don Powell, informed his Texas counterpart, Michael Williams, that we should not expect any additional help from Washington, because the damage that we sustained was caused mostly by wind, not by water. Perhaps helping only flood victims makes some sense to some, but I ask you to view the situation in the perspective of people whose lives were forever changed by these disasters. It

doesn't matter to them which force of nature leveled their home or school or business. All that matters is whether their government is going to supply the promised aid that they need desperately, to pick up the pieces of their shattered lives.

The $2 billion that I asked to be appropriated for Texas is conservative, it's critically needed and carefully documented in the Texas Rebounds publication that you have in front of you. It includes $322 million to rebuild homes badly damaged by Rita, $338 million so Texans can continue to educate tens of thousands of dislocated children, and nearly $500 million to restore utilities, rebuild critical government infrastructure, and repair vital first-responder equipment.

This report also provides specific details justifying additional Federal funding for public safety efforts, small business and workforce assistance, medical care for the sick and elderly, and transportation and other priorities. These funds are absolutely essential to ensure that not only Texas fully recovers from the 2005 hurricane season, but that the American people can place faith in the credibility of a Federal Government that keeps its word.

PREPARED STATEMENT

Our needs remain great, Mr. Chairman, and the rest of the Nation is watching carefully to see how Washington repays those who go to great length to help the victims of a national tragedy.

Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF HON. RICK PERRY

Thank you, Senator Hutchison. Chairman Cochran, members, thank you for the opportunity to address this committee.

Like Senator Hutchison and all of you, I learned at an early age that your word is your bond. Today I am asking the Federal Government to live up to its word.

Federal officials made a solemn commitment to reimburse our costs for providing housing, food and medicine to hundreds of thousands of victims of Katrina. Less than 4 weeks later, when our State became the victim of a second devastating hurricane, more promises were made.

But to date, promised Federal financial assistance has been woefully inadequate.

First, we were promised that the Federal Government would develop and implement a national housing program for Katrina victims, and after Rita, we were verbally assured by top HUD officials that Texas would receive hundreds of millions of dollars for housing and infrastructure needs.

What has been delivered so far? Financial aid that is a fraction of what was promised, and less than 1 percent of all funds allocated by HUD through Community Development Block Grants. Katrina victims left in hotels received ever-changing eviction deadlines. And to date there remains no viable or clear plan to return victims to their home State.

Second, to offset unexpected education costs we were promised by Congress a per-child reimbursement of up to $7,500 for evacuee students, including the 38,000 enrolled in our schools as of last month. Instead, we are being shortchanged between $2,000 and $3,500 per student.

Third, we were promised that Katrina and Rita victims would be treated equally by the Federal Government. Instead, Texans impacted by Rita are receiving less Federal assistance than the victims of Katrina.

Try explaining this discrepancy to people in towns like Orange, Beaumont and Port Arthur. They were the first in line to welcome waves of evacuees coming into Texas. They triaged thousands, provided food and a safe haven to those with nothing but the clothes on their backs, even opened their homes and businesses to them at their own expense.

And then after tragedy struck them in the midst of helping all these people—and their homes were destroyed, their jobs lost, their lives turned upside down—Washington responded by providing them less than those whose lives they helped save.

Rita seems to be the storm that no one in Washington wants to remember. But let me be clear: it's a storm that continues to take a great toll.

Seventy-five thousand homes were destroyed or damaged, about half of which were uninsured, and electric utility infrastructure across the region was crippled.

I'm sure none of us here would like to do what local leaders in Southeast Texas have had to do, which is explain to Texas victims of Rita why they have a separate food stamp line that provides less food for their families than the victims of Katrina. Or for that matter, why the Federal Government will pay for only 75 percent of their debris removal costs, but 100 percent for victims of the very same storm living a few miles away in Louisiana.

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But the fact is, in the midst of great tragedy, Washington did make a lot of promises. And if Washington gives short shrift to a Good Samaritan State like Texas, it will send chills down the spine of any governor asked to be a good neighbor in the future.

We still have 640,000 hurricane victims in our State. Our hospitals, schools and social services are under great strain. I know you have a tremendous obligation in rebuilding Louisiana and Mississippi. But don't forget the State that continues to host so many of their citizens, the State that suffered its own catastrophic hurricane, the State of Texas.

Just yesterday, Federal Coordinator of Gulf Coast Rebuilding Don Powell informed his Texas counterpart, Michael Williams, that we should not expect any additional help from Washington because the damage we sustained was caused mostly by wind, and not water.

Perhaps helping only flood victims makes sense to some, but I ask you to view the situation from the perspective of the people whose lives were forever changed by these disasters. It doesn't matter to them which force of nature leveled their home or school or business, all that matters is whether their government is going to supply the promised aid they need to pick up the pieces of their shattered lives.

The $2 billion I ask you to appropriate for Texas is conservative, critically needed and carefully documented in the Texas Rebounds report I have provided to this committee.

It includes $322 million to rebuild homes badly damaged by Rita, $338 million so Texas can continue to educate tens of thousands of dislocated children, and nearly $500 million to restore utilities, rebuild critical government infrastructure and repair vital first responder equipment.

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These funds are absolutely essential to ensure not only that Texas fully recovers from the 2005 hurricane season, but that the American people can place their faith in the credibility of a Federal Government that keeps its word.

Our needs remain great. And the rest of the Nation is watching carefully to see how Washington repays those who go to great lengths to help the victims of a national tragedy. Thank you.

Chairman COCHRAN. Thank you, Governor Perry.

Thank you all for your statements, they are very helpful and instructive. We appreciate having the benefit of your information and insight into how we can further respond to help ensure recovery and rebuilding is successful in these gulf State areas.

Senator Byrd, our distinguished ranking member on the committee—ranking minority member on the committee, is here, and I'm going to ask him if he has an opening statement. We're prepared to receive that at this time.

STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. Thank you, Mr. Chairman.

I thank you for calling this series of hearings on the President's emergency supplemental budget request for the wars in Iraq and Afghanistan, and for the Federal response to Hurricanes Katrina, Rita, and Wilma.

The President asked Congress to approve $92 billion in emergency spending, including $72 billion for the wars in Iraq and Afghanistan, and nearly $20 billion for the Federal response to the terrible hurricanes that struck the gulf States in August and September.

I think it's our duty to scrutinize the President's request, not only for what is in it, but for what was not requested. It is also our duty to review the policies and the operations of the Federal Government to make sure that funds that we approve are being well spent. And so, I commend my friend Chairman Thad Cochran for calling these hearings to begin that process.

We're hearing testimony, excellent testimony, from the four Governors whose States took the brunt of the most devastating natural disasters ever to strike the United States. When the terrorists struck the Twin Towers in New York City on September 11, I was chairman of this committee. In putting together the emergency funding bill for the response to the attacks, I told Senator Schumer and Senator Clinton to consider me the third Senator from New York. And I made good on that promise.

When Hurricanes Katrina, Rita, and Wilma hit the gulf coast, I told Chairman Cochran and Senator Landrieu that I would help them in every way that I could in responding to those terrible storms.

I renew that promise today to the four Governors. West Virginia has suffered through its share of tragedies, from devastating floods to the recent mine disasters. I am very sensitive to the ability of our Federal Government to prepare for, and to respond to, disasters promptly and with competence when our citizens are most in need. I'm also sensitive to the need for our Federal agencies to follow through with a sustained recovery effort. Sadly, many of our Federal agencies are no longer up to these fundamental tasks.

I've enjoyed the testimony—I think it's excellent testimony—of our witnesses. And I look forward to trying to be helpful and do what's right and best in moving forward.

Thank you, Mr. Chairman.

Chairman COCHRAN. Thank you very much, Senator Byrd, for your comments and for your important and valuable assistance to the work of this committee.

When I made the announcement about our plans for hearings to review the President's supplemental budget request, I mentioned that we would have administration officials coming before the committee tomorrow and the next day. Tomorrow's hearing is going to involve statements and questioning of the Secretary of the Depart-

ment of Homeland Security, Michael Chertoff, and the Secretary of the Department of Housing and Urban Development, Secretary Alfonso Jackson, and the Assistant Secretary, John Paul Woodley, of the United States Army Corps of Engineers. And then, on the following morning, we will hear testimony from the Secretaries of Defense, Donald Rumsfeld, Secretary of State Condoleezza Rice, the Chairman of the Joint Chiefs of Staff, Peter Pace, and the commanding officer of the Central Command in charge of operations in the Iraqi area, General Abizaid.

So, the committee has its work cut out for it to review and analyze and come to judgment as to what our recommendation will be to the Senate with respect to this supplemental budget request.

We've had a lot of unanticipated strains and stresses on the Federal budget, because of natural disasters, because of war costs in Iraq, and we're at a point now where we need the best support and cooperation from members of our committee and the Congress, working with the administration, to try to come up with the best decisions to protect our national security interests and to help ensure that the people who have suffered such grievous damage from these hurricanes will have hope that rebuilding and recovery will be a reality and not just a promise.

So, that's the goal that we have. That's the challenge that we have. And the support of the Governors and other local elected officials is essential in this effort, so your presence here today is very important to the committee and to our understanding what the needs are and what the challenges are, and how the Federal Government can be helpful to you in achieving the goals that we all share.

I know that we haven't had any questions from committee members now, but just statements, opening statements from the witnesses and members of the committee. And I'm going to yield to the distinguished Senator from Pennsylvania, who has other responsibilities, other hearings, this morning, for any questions that he might have. And I must say, I think we should be limited to a certain number of minutes each. I would—I'll say 10 minutes per Senator until we've all had a chance to ask the questions we want to answer—we want answered.

Senator Specter.

Senator SPECTER. Thank you very much, Senator Cochran.

And thank you, Governors, for coming in to testify. And we understand the enormity of the problem, and we want to be as helpful as we can.

We have competing considerations. We have a very, very tight budget, generally. So, that's our job, and we will do our very best.

In looking at the allocations in this supplemental appropriations bill, the question on my mind is: "How realistic are these figures?" And the best people to give us answers to those questions, at least part of the mix, are the Governors, who are intimately involved. I've taken a look, for example, at the Community Development Block Program, which is very materially cut this year, generally. Some 18 economic development programs have been folded into two, and the total allocations are reduced on our Federal budget from $5.3 billion to $3.36 billion. This supplemental appropriations request would provide $4.2 billion from community development

block grants for your needs on flood mitigation, infrastructure improvements, and property acquisitions or relocations. Now, that's an aggregate figure, and I don't expect you to be able to answer it as you're sitting here today. But I think it would be very helpful to this committee if you pooled your requests, itemized what you think is needed for those categories—flood mitigation, infrastructure improvements, and property acquisition or relocation.

Then, as to FEMA, there is disaster relief provided already in excess of $9 billion, $9.029 billion, in housing assistance, debris removal, public assistance, and individual and household assistance through the Disaster Relief Fund.

We've also provided some $669 million in community disaster loans.

The supplemental appropriations request calls for another $9.4 billion to FEMA and another $400 million for FEMA's Community Disaster Loan Program.

So, the question is: "What are the priorities?" We're dealing with four sovereigns here, four States, four Governors, a lot of cities. And we really need your input to tell us if those are realistic figures.

Then, on flood control and protection, the appropriations request in the supplemental here is for $1.36 billion. And this relates to you, Governor Blanco, for Louisiana, for the Corps of Engineers, $530 million to protect three drainage canals, $350 million for two closure structures along the inner harbor, $250 million for stormproof drainage, $170 million for levees and flood walls, and $60 million for an evacuation route.

And, here again, it's pretty hard for us to look at these figures and look at these characterizations and to know, well, what we really need to do.

So, my request to the four of you would be to tell us what your needs are and let us aggregate them and see if we're going to be doing the right thing, if we're in the ballpark.

Again, I tell you, we have a very tough budget coming up, generally—very, very difficult. The subcommittee which I chair, which has education and healthcare and labor, was shortchanged $8 billion last year. We had a $2 billion cut, and we took a hit of about $6 billion on cost of living. And the National Institutes of Health, which my subcommittee funds, are reportedly in a state of panic as to what they're going to be doing there. But we know the natural disaster has struck, and we know our responsibility, so we want to do what we can to meet your needs. But we have to know what they are, specifically.

I have no further questions, Mr. Chairman.

Chairman COCHRAN. Senator Hutchison.

Senator HUTCHISON. Yes, Mr. Chairman, thank you very much.

I would like to ask Governor Perry what it actually costs to educate a child in Texas.

Governor PERRY. Senator, thank you for your continuing support on this issue. And the—your question is a very important one, from the standpoint of the impact that this is happening—having on the State of Texas. And—it's approximately $7,500 per student when you look at the cost of the Katrina victims. And those students that have been brought into the State of Texas—there's some additional

costs there that we may not see on a daily basis—historically, prior to those students coming into the State of Texas. The——

Senator HUTCHISON. Is that trying to help them with a different curriculum and different——

Governor PERRY. Yes, Senator. There's just—you know, I mean, obviously, when you move from one State to another, there's some difference. And the fact of the matter is, there are a number of these students, who were not at grade level, that are having to have some extra considerations and focus on those students.

So, you know, somewhere between $6,000 and $7,500, of Federal dollars, is what—you have some local costs on top of that, also—I mean, the—you know, the dollars to—the complete amount of dollars, local and Federal, somewhere to the north of $9,000 per student in the State.

So, the fact of the matter is, there is a substantial amount of dollars that are being expended on these 38,000 students that we still have in the State. I think, Senator Hutchison, we were up close to 41,000 to 42,000 at the peak. Some of them have obviously gone back to Louisiana.

Senator HUTCHISON. So, the cost, to the school district, of educating a child, generally, is between $6,000 and $7,500? Or is it closer to——

Governor PERRY. That's Federal dollars——

Senator HUTCHISON [continuing]. Nine?

Governor PERRY. That's correct. I think what you'll find is that——

Senator HUTCHISON. You're talking now just Katrina——

Governor PERRY. Yes.

Senator HUTCHISON [continuing]. Evacuees, as opposed to just a normal——

Governor PERRY. Yes.

Senator HUTCHISON [continuing]. Student that lives——

Governor PERRY. Yes.

Senator HUTCHISON [continuing]. In Texas.

Governor PERRY. Yeah, it's my understanding that those students—that there's—and you have to look at the—you know, across the board, it's probably close to $6,000 per student, is going to be—is going to be pretty close. But we're seeing anywhere between——

Senator HUTCHISON. And then, what are you getting reimbursed by FEMA?

Governor PERRY. I believe I gave you those numbers in my remarks. I think, $2,500 to $3,000. Isn't that—$4,000?—$3,000 to $4,000 is what we're being reimbursed—$3,000 to $4,000—I'm sorry, Senator—is what we're being reimbursed. So, obviously, you know, somewhere between $2,500 and $3,000, even if we're working on the short end of that.

Senator HUTCHISON. So, you are in a deficit of in the range of $120 million to $150 million——

Governor PERRY. That's correct.

Senator HUTCHISON [continuing]. In today's standards.

Governor PERRY. That's correct.

Senator HUTCHISON. Let me ask Governor Blanco a question. FEMA estimates that 30 percent of the schools that were shut down because of Katrina will be up and running for the next school

year in September. What would—would your estimate agree with that, or are you more optimistic, or less optimistic?

Governor BLANCO. We are—excuse me—we are not able to strictly determine the exact number of schools that will come up, but we are opening them as the need arises. One of the problems in our inability to reopen the schools is, the housing stock is decimated. We have broken-down houses for—it's house after house after house after house, block after block after block, mile after mile, community after community. So, in some communities we have certainly opened up a number of schools.

The State is in the process of redesigning the schools in Orleans Parish. We have taken the underperforming schools into a recovery district, and we're reopening those schools under new terms, and hope that we can rebuild internally. But the physical plants, in many cases, have been totally destroyed. So, we're using existing plants that are up and running. And some schools—you know, or are operational as we speak.

We're working with demographers and trying to project into the future what exactly will happen with our student population. And watching all of these trends is speculative, in many cases, but it's the best information that we have at our disposal.

Senator HUTCHISON. I'm sure it's difficult for you, because people won't come back if they aren't going to have schools; and yet, you have to try to plan the schools around who's coming back. I know that's hard.

I was trying to also determine, from the States' standpoint who have evacuees, Texas being the largest, what they need to plan for. And I think looking at some of the deadlines, I'm looking at asking that we look at what our enrollment is of Katrina evacuees on September 1, or actually about August 18, when the schools open, to see if we can at least have an extension if we are going to have the Katrina evacuees continue in the school districts.

So, it—we do have to try to estimate, and FEMA has said 30 percent. And I guess we could just do it when we come to it, but we do need to extend the deadlines probably in this——

Governor BLANCO. Senator Hutchison, I have been very supportive of Texas and other States that have received our students, in their efforts to receive more Federal funding. We think that's critical.

We're anticipating approximately 30,000 students to enroll in our schools in August. That's of approximately 50,000. Many of them are all across the country. And, certainly, Texas has taken the lion's share. And we are extremely grateful for that. I mean, Governor Perry is my next door neighbor, and Texas is full of Louisianans, historically; and a lot of Texans come to Louisiana to live at various intervals, as well.

We have about 10,500 of our students currently enrolled in the disaster area. But, again, the disaster area is large and formidable.

Senator HUTCHISON. Could I just ask, Governor Perry, again, back on the CDBG grants, as you know, out of $11 billion in the last appropriation, Texas got $72 million. And I'd like to just ask you what you are using the CDBG grants for, and why it is that Texas needs more CDBG grants, and why you have not been able to get, from the grant requests that have been made, the amount

that you have said you are spending on Katrina and need for the future.

Governor PERRY. Senator, let me ask—answer your last question first. I have no idea why there was such a discrepancy between the amount of CDBG monies that went out. I think Louisiana received approximately $6.2 billion of those housing dollars, and Texas received somewhere between $72 million and $74 million. I mean, that is——

Senator HUTCHISON. Actually, even less than Florida.

Governor PERRY [continuing]. Huge discrepancy in those dollars. So—and, again, we have laid out in great detail for the committee, and for the public, the expenditures and the requests. And I want to say thank you to Michael Williams and to—if I could, just a moment—for the work that he and the other folks in Washington have done in putting—or, in Austin—putting this together, because it is a very powerful document that I think lays out clearly how we have spent our money and how—what our needs are in the future to appropriately get southeast Texas back into shape.

Senator HUTCHISON. What are you estimating that you would need?

Governor PERRY. Oh——

Senator HUTCHISON. And what would you spend it for?

Governor PERRY. We've—how much?—$367 million on housing, Senator Hutchison—$367 million on housing. That includes housing repairs and reconstruction in areas of—that were impacted by Rita, of approximately $322 million, and then we have another $45 million that would go for low housing—or, excuse me, low-income housing tax credits in those areas that were affected both by Rita and the influx of Katrina. Obviously, a lot of that into the Houston area, which is still under tremendous pressure. I'm sure you saw reports in both Newsweek and MSNBC this week about the continual pressure on the city of Houston, particularly on the law enforcement side and the costs that are being incurred there because of the continual impact of the Katrina residents.

Senator HUTCHISON. Thank you, Mr. Chairman.

Chairman COCHRAN. Thank you, Senator.

Senator Landrieu.

Senator LANDRIEU. Thank you, Mr. Chairman.

And since Senator Byrd wasn't in the room when I made my opening statement, I just wanted to, again, thank both of you—Senator Byrd, you, as well, with the chairman—for fashioning our last supplemental in a much more directed way to the States trying to help the Federal Government to understand that just sending more money to FEMA doesn't necessarily meet the needs of these four Governors. And, as Governor Riley so adequately said—and, I think, appropriately said—after all the hurricanes we've been through, these Governors most certainly are in a position to know how we can even do that better.

So, as we struggle to refocus, rearm, retool, reshape FEMA, let us follow the lead of these two chairs, these two leaders, to try to direct funding to you all in a direct way, through community development block grant funding, which gives, I think, each of you the flexibility you need to make the adjustments necessary, State by State. Because, as has been so eloquently said here, these two

storms are both enormous in their impact and devastation. What Texas has experienced is slightly different than Louisiana. Louisiana is a little different than Mississippi. Mississippi is different than Alabama. And, given the flexibility, with strong accountability, Mr. Chairman, I think the way that you two have structured this is excellent.

Let me try to hone in on this housing issue, because all four of you have mentioned—and particularly Governor Blanco, which I agree with—that housing is our No. 1 challenge, really, to try to make an inadequate insurance system that we have now really work, and whether, as Governor Perry said—or, I think it was—I'm not sure, I'm sorry—whether your home was destroyed by water or wind, it was destroyed, and it was your home. And whether it was worth $50,000 or $5 million, it was still your home, and it's destroyed, and it's gone. And the Federal Government has an obligation to try to help fill those gaps, particularly people who did have insurance, and particularly people who were—built according to the flood plain and still, in these catastrophes, lost their single largest asset.

So, if I could ask each Governor just to hone in again, for the purposes of this supplemental, what your request is, based on housing, through the community development block grant needs, starting with you, Governor Riley, and then Governor Blanco, just the housing portion that maybe you have prepared to ask us for of the community development block grant. Is it a couple of hundred million? Is it a billion? Starting with you, Governor Riley.

Governor RILEY. Senator, in Alabama, we had two communities, a part of Mobile County, that was absolutely devastated. It was a very poor community, a shrimping community, where people make their living off of a boat. We have $72 million now in block grants. That's where most of that's going to go. I would assume that that will cover most of the uninsured losses for the housing part in Alabama.

But, again, let me encourage you, anytime we have the option—and you're exactly right—to have any of this money come into the community, because the needs are so drastically different, we do need the flexibility in our States and with the community development block grant program. You're putting money into a structure that already exists. It already has most of the checks. It's something that we're used to working with. We have the flexibility, but it also gives you a level of protection that I'm not too sure you always get when you start—or originate a new program.

So, as we go through this process now, looking at each one of the housing requirements, looking at what the infrastructure cost is going to be for each one of our communities, for sewer, for water, for all of the things that were just totally devastated, that number may change. But with the $72 million now, and with some of the other monies that we've gotten over the last 6 months, we should be relatively close.

Senator LANDRIEU. Okay. So, you're not asking for any additional housing funding, but you're asking for the additional flexibility, should we be allowed to give you some flexibility, and how, if additional monies are provided, could be used.

Governor RILEY. Right. And we're going through the process right now, Senator, of taking applications for each one of these. Until they're in, until they're processed, we're not going to know exactly what that number is going to be. We've got $72 million worth to work with today. And then, in these communities, I think that unless——

Senator LANDRIEU. It might be sufficient.

Governor RILEY [continuing]. The infrastructure gets too high, then I think we may——

Senator LANDRIEU. You may be——

Governor RILEY [continuing]. Be close.

Senator LANDRIEU [continuing]. Sufficient.

Governor Blanco, I understand that we sustained anywhere from 65 to 75 percent of the housing damage of estimates that have come in from both storms, Katrina and Rita. And, of course, there was a formula in place in the last supplemental that shorted that somewhat. Could you, for the purposes of the record, state, based on Louisiana's housing loss of about 70 percent, 75 percent, what your housing needs are, so we can really keep that number in front of us as we try to build this bill?

Governor BLANCO. Thank you, Senator Landrieu.

We have published our proposed housing plan, as requested, as is necessary for us to move on and submit it to HUD. And after the public comment, we'll do so.

In Louisiana, it's almost—it's the most incredible thing that's ever happened to our State. As you know, we're all coastal States, and we've all weathered many, many hurricanes. And after Louisiana sustained two of the most severe hurricanes in gulf coast history, we ended up with actually over 500,000 homes that were at—had sustained some damage. We're not trying to accommodate all of those homes in our request, our additional request.

The first $6.2 billion also allows us the flexibility to help with some infrastructure, because communities' water systems and sewage systems and—well, and all the power systems, are down or were stilled. And so, the local communities need a tremendous amount of help just to be able to provide basic services to our citizens.

We went through a big exercise to identify the right kinds of numbers for an—for the additional request for help. We identified 168,000 homes that had major and severe flood damage. When we add the wind damage, the numbers rise. We worked with the administration, using FEMA numbers. We also had our own estimates. And the number of $4.2 billion just puts the package together, and we believe that now we could cover the uninsured losses. We can do gap funding——

Senator LANDRIEU. But I——

Governor BLANCO [continuing]. For a lot of——

Senator LANDRIEU [continuing]. Guess what I'm getting at is to try to get, for the record for this committee—because this is a big part of this supplemental—is to understand, between the four of you, that there's some general understanding or agreement that, of the housing dollars—Louisiana sustained, you know, 70 percent of the damage; Governor Perry, maybe you sustained, you know, 10 percent; Governor Barbour, you sustained 20 percent of the hous-

ing damage—so that as we allocate these housing dollars, we can make sure that, while we do recognize the damage has been somewhat different, we can be very careful in our allocation among these States, and not leave Texas out, not underfund Louisiana, not underfund Mississippi.

So, I don't want to take all of my time on this, but I'm going to ask Governor Perry and Governor Barbour if you would just submit to the record—and Governor Blanco—if you all could be in agreement of the percentage of housing damage, so, as we allocate these housing dollars, we can do it as fairly as possible, and not underfund anyone at the table, that would be helpful.

[The information follows:]

RESPONSE FROM HON. RICK PERRY

Texas has requested a total of $322 million in CDBG dollars. This amount represents roughly 2 percent of the $11.5 billion and $4.2 billion in CDBG dollars already appropriated and proposed to be appropriated in this bill. An analysis of Texas' "major" and "severe/destroyed" housing compared to the total from Hurricanes Rita, Katrina and Wilma indicates that Texas should be allocated between 4 percent and 20 percent of the total $15.7 billion, or $623 million to $3.14 billion, depending upon whether one relies on FEMA data, insurance data or IA registrations. To date, Texas has received an allocation of $74 million in CDBG dollars for hurricane related damage.

Texas believes that only "major" or "severe/destroyed" housing, as defined by FEMA, should be considered in allocating housing numbers. We have reviewed the "major" and "severe/destroyed" estimates upon which HUD relied in the previous allocation of CDBG dollars. We cannot comment on the accuracy of numbers in other States, but a comparison of those numbers with insurance reimbursement data collected by the Texas Department of Insurance indicates that HUD's data relating to Texas is irreparably flawed.

For purposes of evaluating the proper allocation to Texas, the amount should therefore be based on the most recent insurance reimbursement data, with damage projections for uninsured homes done on a county-by-county basis. After subtracting out the percentage of homes suffering only minor damage, Texas estimates that approximately 72,965 houses suffered major or severe damage, or 60,862 units more than estimated by HUD. While this difference is very significant, Texas is quite confident of its conservatism and relative accuracy. This number is based on actual losses paid by insurers as of February 1, 2006. The number is conservative based on estimates by insurers that the final paid loss total will likely double.

According to HUD, the sum of all housing on the Gulf Coast suffering "major" or "severe/destroyed" damage was 305,109 as of February 12, 2006. After adding in the additional losses in Texas, that number increases to 365,971. The 72,965 insured and uninsured housing units with major or severe/destroyed damage in Texas would constitute roughly 19.937 percent of the 365,971 units.

If one relies instead on total FEMA IA registrations, Texas would be allocated 27.14 percent, or $4.26 billion.

If one chose to rely only on HUD's flawed numbers for Texas, the number of housing units receiving major or severed/destroyed damage would total 12,103. Taken as a percentage of the 305,109 total, that number represents 3.967 percent of the total, or $623 million out of the $15.7 billion proposed to be allocated.

RESPONSE FROM HON. KATHLEEN BABINEAUX BLANCO

According to latest FEMA estimates, the number of housing units with minor, major, or severe damage was 515,000. The number of housing units with major or severe damage was 205,000. Over two-thirds of the housing damage in the major and severe categories occurred in Louisiana. Over three quarters of the flood damage occurred in Louisiana.

Damage estimates in total are estimated as follows:

—*Short-term relief (temp housing, human and emergency services)*.—$15 billion to $20 billion.

—*Damage to Infrastructure (housing, property, commercial, public facilities, roads, etc.)*.—$73 billion to $90 billion.

—*Levees—PreKatrina levels*.—$3 billion.

—*Levees—Category 5*.—$20 billion to $30 billion.
—*Estimated 5-yr economic loss*.—$50 billion to $70 billion.
—*Estimated 5-yr government revenue loss*.—$8 billion to $10 billion.
Note.—These numbers are not necessarily additive.

Housing Unit Damage Estimates as of February 12, 2006*

Louisiana Total Housing Unit Damage

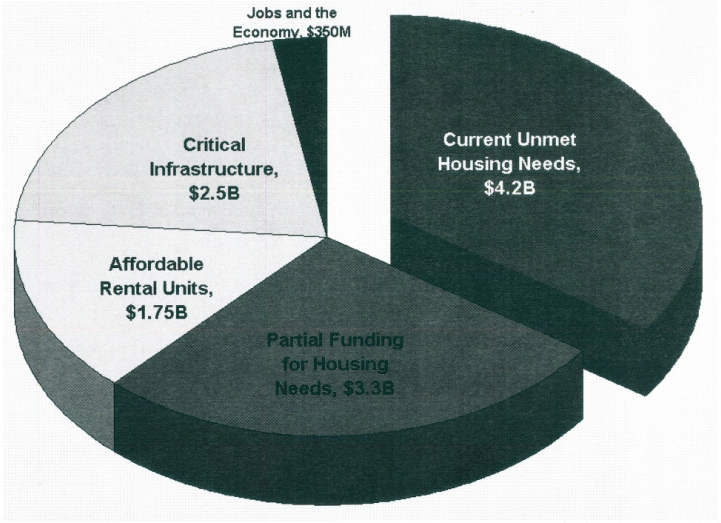
	Owner-Occupied Housing Units				Renter-Occupied Housing Units				
	Insurance Status				Type of Structure Unit Located				
	Hazard & Flood	Hazard Only	No Insurance	Owner Subtotal	Single Family	Multifamily (less than 10)	Multifamily (10 or more)	Renter Subtotal	TOTAL
Homes with flood damage									
Homes in FEMA 100 yr. fl plain									
Minor Damage	4,873	1,814	1,270	7,957	4,064	1,395	2,259	7,718	15,675
Major Damage	22,365	5,186	3,806	31,357	11,152	2,569	5,488	19,209	50,566
Severe/Destroyed	33,726	6,649	7,224	47,599	23,541	3,787	5,538	32,866	80,465
Subtotal	*60,964*	*13,649*	*12,300*	*86,913*	*38,757*	*7,751*	*13,285*	*59,793*	*146,706*
Homes outside 100 yr. fl plain									
Minor Damage	1,135	1,541	849	3,525	2,254	422	608	3,284	6,809
Major Damage	4,307	3,202	1,568	9,077	4,683	704	1,285	6,672	15,749
Severe/Destroyed	6,381	4,085	3,072	13,538	6,575	896	1,024	8,495	22,033
Subtotal	*11,823*	*8,828*	*5,489*	*26,140*	*13,512*	*2,022*	*2,917*	*18,451*	*44,591*
Homes with no flood damage (generally wind damage)									
Minor Damage	41,165	94,637	61,194	196,996	63,423	10,415	17,194	91,032	288,028
Major Damage	4,604	8,284	5,701	18,589	5,747	1,889	5,546	13,182	31,771
Severe/Destroyed	372	609	1,451	2,432	942	195	584	1,721	4,153
Subtotal	*46,141*	*103,530*	*68,346*	*218,017*	*70,112*	*12,499*	*23,324*	*105,935*	*323,952*
TOTAL	**118,928**	**126,007**	**86,135**	**331,070**	**122,381**	**22,272**	**39,526**	**184,179**	**515,249**
Census 2000:				1,125,135				530,918	1,656,053
Percent:				29%				35%	31%

FEMA Damage Level:	SBA Median Verified Loss:	N
Major:	$ 76,349	11,854
Severe:	$ 115,035	19,885

* See Methodology for explanation of how these damage estimates were calculated

** See Methodology for explanation of what SBA Median Verified Loss refers to

Louisiana has a large unmet need for housing assistance and recovery.



Total housing need is $7.5B (current $3.3B + $4.2B gap)

Safety is the highest priority of Louisiana's housing recovery. The $4.2B is imperative to build back safely and responsibly.

RESPONSE FROM HON. HALEY BARBOUR

No response was received from this witness.

Senator LANDRIEU. And let me ask, because my time is running out, maybe starting with you, again, Governor Blanco, but then I'd really like to hear from Governor Barbour and Governor Perry, part of our challenge is securing the coastal infrastructure, which is America's only energy coast. And, Governor Barbour, I commend you for your $10 million study, as we have put together great studies over the last couple of years about securing our coast and the ports that serve from Mobile to Beaumont to Houston, America's great energy coast. Have you all—Governor Blanco, could you just give a statement briefly about the need for—or the discrepancies between the funding for interior States on oil and gas revenues and how you see the significance of maybe using a portion of those monies to help rebuild the gulf coast? And then I'll ask Governor Barbour his thoughts about that.

Governor BLANCO. Well, the gulf coast States are oil-friendly States in Texas, Alabama, Mississippi, and Louisiana. And we definitely think that if we were able to receive our fair—what we consider a fair share of the Outer Continental Shelf royalty stream that goes straight to the Federal Government, that we wouldn't have to be here year after year asking for money to restore our coastline and to build hurricane protection installations. Those two items actually will go to a vote of our people to commit any monies that the Congress would allocate to Louisiana from the royalties to those two efforts, hurricane protection and coastal erosion.

And, again, let me just say that Louisiana is certainly amenable to a fair allocation based on the levels of destruction in CDBG funding. We think the $4.2 billion puts us where we need to be.

Senator LANDRIEU. Okay. Governor Barbour.

Governor BARBOUR. Senator, I'm all for getting—Louisiana getting whatever they need. I'm not capable of saying what percentage of the housing loss was in what State. I have read, in some publications, the idea that 70 percent's in Louisiana. I've seen figures that don't quite add up to that. So, I don't—I'm not an authority on that. I can tell you that the Red Cross tells us we lost about 70,000 units of housing in Mississippi. They were uninhabitable after the storm.

Yes, ma'am, we do need to get a fair share of the OSC revenue. I think all of us would agree with that, that we're not getting our fair share. I think it's very important, though, that the allocation among the States be based on a geographically fairly drawn division. But, yes, ma'am, we all recognize that they've been sucking the Gulf dry for a long time, and we ought to get our fair share.

Senator LANDRIEU. Governor Perry.

And thank you, Mr. Chairman, for——

Chairman COCHRAN. Yeah.

Governor PERRY. Let me speak to three things. First and foremost, I agree with Haley, that—I'm no expert on the percentage; and so, I wouldn't want to go on the record and say that we agree to anything—what I can be very specific about is, the housing needs today in the State of Texas are $322 million, of which $45 million of that is for the tax credits on the low-income side, as I have shared with Senator Hutchison earlier.

Let me look forward. I know I've talked a lot about looking back and—on what we feel like we did not receive from the Federal Government that was promised, but what all of these Governors have talked about—and I think it's very important—on March 28, the end of this month, in Corpus Christi, there will be a gulf cost symposium, of which we, or our representatives, will be speaking to the future of the gulf coast, particularly on preparation for the next natural disaster, which will occur, along the gulf coast. And it will be an opportunity to talk about these issues, of which you brought up, whether it's the dollars that are coming in off the Continental Shelf into those States, and how to more appropriately and fairly put those to use in protecting that very important petrochemical industry all along the gulf coast.

So, we stand prepared, not just to sit here and say we need more money, Mr. Chairman, which you've certainly heard a good dose of today, but we're also prepared to help the Federal Government make decisions about how to better prepare that gulf coast for the next disaster that will come, and the massive evacuations that will be required, and how to prepare those metropolitan areas for those types of activities.

Senator LANDRIEU. And, Mr. Chairman, since Governor Riley sits right next to Florida, would you give him 30 seconds to comment on this revenue-sharing piece, really quickly?

Governor RILEY. Well, Senator, I hope everyone in the United States gets an option to participate in the OCS funding, because I think we need to be drilling off the coast of Florida.

Senator LANDRIEU. I didn't want you to go that far, Governor Riley.

We've got a little deal going here.

Governor RILEY. As long——

Senator LANDRIEU. We——

Governor RILEY. As long as we have——

Senator LANDRIEU. I didn't want you to go that far.

Governor RILEY. As long as we have these four States producing most of the petroleum and most of the natural gas, absolutely we need it, because—what Governor Blanco said a moment ago—we fight, continually, erosion on our beaches. We fight for mitigating the damage that's caused by this. We do it all up and down the gulf coast. And if we are going to be the ones that bear the brunt of this in every instance, surely I think that we should be fairly compensated.

Senator LANDRIEU. Thank you.

Governor RILEY. But I do hope other States would have the opportunity to participate.

Senator LANDRIEU. Thank you.

Chairman COCHRAN. Thank you, Senator Landrieu.

Senator Byrd, do you have any questions of the witnesses?

Senator BYRD. Let me just say I appreciate Governor Perry's being here from Texas today. Your State is to be complimented for opening the doors to victims of Hurricane Katrina. I'm very proud of West Virginia's role in welcoming Katrina's victims, as well.

Our great Governor from West Virginia, Joe Manchin, is very concerned about the ability of West Virginia to cope with a mass evacuation. And we can be sure there would be a massive evacu-

ation from the National Capital Region if there were a terrorist attack here. With my support, he has been working to identify resources from the Department of Homeland Security for pre-positioning water, food, fuel, in the event of a mass evacuation to the West.

Governor Perry, you just lived through a mass evacuation before Hurricane Rita. Based on that experience, do you believe—do you believe it would be helpful to pre-position items such as food, water, fuel, medicine, and interoperable communications equipment to prepare for a future mass migration?

Governor PERRY. Senator Byrd, thank you for the question. And let—prior to answering that, let me just say one thing. Your Governor, Joe Manchin, was one of the first on the phone to Texas, as the Katrina victims were coming, offering his help from the citizens of West Virginia.

Senator BYRD. Yes.

Governor PERRY. And I want to publicly say to Joe, thank you for his passionate and compassionate outreach to all of us along the gulf coast. And our hearts are with him as he's gone through the tragedies that West Virginians have had.

Now, let me say that in the concept of preparation for a natural disaster, some you see coming. One of the good things about a hurricane is that you see it coming. A tornado or a flood, generally speaking, those occur almost instantaneously, whether it was the Space Shuttle disaster that happened in east Texas or, Senator Hutchison, the collapse—man-made collapse of the Queen Isabella Causeway. Those happened overnight. But with a hurricane, it is different, in the sense of, you have the knowledge of, fairly well, where it's going to strike, and what the needs are.

Since September 11, 2001, we've had over 150 different exercises in the State of Texas in preparation for a natural or man-made disaster, or, in some cases, these exercises combine the two or three, a nuclear event, a hurricane coming in, a flood, simultaneously. The preparation of those, Senator Byrd, in those exercises, is why the State of Texas, I think, was able to respond as well as it did. But the predeployment of resources, assets, is absolutely important.

What we've found in evacuating almost 2.5 million people from the Texas gulf coast was, the predeployment of resources, whether it's fuel, whether it's ice and water, whether it's those essentials that people are going to need—when you start moving 2.5 to 3 million people, it's not going to be an easy task.

Senator BYRD. No.

Governor PERRY. And what we learned during that process is that there are some things to more orderly put that into place. One of them is a legislative change that's going to be required in Texas that gives the Governor the authority to be able to mandate the evacuation of counties. Only a local county judge can do that, today. So, we're working on the coordination plans to be able to work with those local officials.

But predeployment is absolutely—whether it's prior to a hurricane coming in or, in the other direction, of which you have massive evacuations—and predeployment of assets and the associated needs of an evacuating force of people back the other direction.

Senator BYRD. All right.

When the terrorists struck New York City on 9/11, FEMA was immediately onsite and played a key role in helping New York City recover. Four years later, when the three hurricanes struck the gulf coast, FEMA was no longer up to the task. For the last 3 years, FEMA has been part of the Department of Homeland Security. I was not for that. Did you find any value added to your working with the Secretary at the Department level?

Governor PERRY. Well, let me, first and foremost, say that the activities of—whether it was FEMA, Homeland Security—one of the most important things I think all of us learned out of this is that leaving the Governors in charge of the National Guard, and letting those Governors be the chief executive officer of those States, is very, very important. I know there was a short-lived debate about moving the authority of those Guard members to Washington, DC, from the standpoint of presidential oversight. I—and I think we, as a whole, clearly and strongly stated that that needs to stay in the Governors' oversight, and the Governors' authority.

Day in and day out, our working relationship with FEMA—look, I don't think anyone will tell you that they got it close to being perfect. There were things that they did that were appropriate, that were timely. There were some massive gaps. And as we go back and analyze these, and flow the information to you and to those agencies, we'll be brutally honest with what we saw and how to improve that.

But obviously there were some breakdowns in communications. And here is one of those, Senator Byrd, that I think is very, very important for us to analyze and to cure before the next major disaster occurs, and that is, when a State operations center—these are the people that have been practicing these—either in exercises or real life——

Senator BYRD. Yes.

Governor PERRY. This is Jack Colley, and this is Steve McCraw at the State operations center in the State of Texas. They know what they're doing.

Senator BYRD. Right.

Governor PERRY. They have been working with Federal counterparts, with local counterparts, with first responsers for years. And when they say, "We've got to have an aircraft capable of taking 38 nonambulatory senior citizens out of Beaumont, Texas, at 10:30 in the morning," that aircraft needs to be there. And we shouldn't have to go through hours' worth of phone calling and follow-up. It ought to be a pretty simple process. And that, to me, was one of the great failures that we saw, was when someone at the State level that truly is at the position of knowing what the need is, it ought to be one phone call that Jack Colley at our SOC makes, and they ought to—the response ought to be, "Yes, sir, the aircraft is on the way."

Senator BYRD. Governor Blanco, did you find any confusion over who was in charge?

Governor BLANCO. Senator Byrd, I always felt that I was in charge of the National Guard, and that the National Guard from all 50 States, four territories, and the District of Columbia came to our aid. And I agree with Governor Perry, and I think every Gov-

ernor here and across the country will continue to say that Governors should maintain control of the National Guard. There's a very important reason for that. And the reason is that the National Guard is trained, and is missioned, to support local law enforcement, and DOD forces are not. DOD forces are, indeed, prohibited by that—for the—you know, prohibited from exercising that kind of authority.

In our case, it's very important to be able to back up local law enforcement. Even in a normal hurricane, we call out the National Guard for that very purpose. And in these subnormal experiences, it's even more critical, because we—we brought in some 48,000 to 50,000 members of the Guard from all across this country. We deeply appreciated that kind of support. It is the kind of support that we absolutely needed to have.

Senator BYRD. Governor Barbour, how about you?

Governor BARBOUR. Senator Byrd, I think the question was, Did we have any trouble telling who was in charge of——

Senator BYRD. Yes.

Governor BARBOUR [continuing]. Between the Department of Homeland Security and FEMA.

Senator BYRD. Yes.

Governor BARBOUR. My dealings were exclusively with FEMA and with the President, who—but FEMA was who we dealt with prior to the storm, and then probably until Friday after the storm—that our dealings, as far as the Department of Homeland Security, were none at any level except with FEMA itself. That changed after that period of time. But prior to the storm and through the first few days after the storm, we didn't have any direct dealings, that I recall, with the Secretary of Homeland Security or anybody other than the head of FEMA and the people who work for FEMA.

Senator BYRD. Governor Blanco, there was a failure at every level of government for preparing and executing a plan for evacuating the low income, the elderly, and the disabled from the disaster area. You know, we're only 3 months from the hurricane season now. What specific steps have you taken, in coordination with the Federal and local governments, to make sure that if there is a need for a mass evacuation this summer, the assets will be there to take care of the elderly, the disabled, the low-income people who do not have access to transportation?

Governor BLANCO. Senator Byrd, lessons learned tell us that the State needs to supplement and ensure that everyone is following the part of the plan that they agree to. We are in the process of going through an extraordinary period of analysis and implementation. For instance, nursing homes normally submitted their emergency plans to the local community leaders. But we have also now instructed them to send that to the State. We are not going to relicense nursing homes that don't have adequate plans. And, in the future, each nursing home will be contacted to make sure that they are following their emergency plans.

Now, having said that, I do want you to know that some nursing homes were contacted and offered buses and transportation for their clients, and refused that transportation. And we ended up

with big losses there. Those people are being prosecuted as we speak, and there are investigations going on.

So, we're going to make sure that we get more engaged in determining every level of need during any evacuation of the future.

Senator BYRD. The President has requested $530 million—$530 million—to modify the 17th Street, Orleans Avenue, and London Avenue interior drainage canals that were damaged by Katrina. The President also has asked for approval of $350 million to construct two closure structures along the Inner Harbor navigation canal and the Gulf Intracoastal Waterway. Does the State of Louisiana support each of these projects? And is the Federal Government forcing any of these projects on the State?

Governor BLANCO. I believe that the State of Louisiana does support each of these projects. These projects, we believe, will give us the right kind of flood protection and keep pressure off of our internal flood control canals.

Senator BYRD. The Corps of Engineers is committed to restoring the levee system to the pre-Katrina level of protection by June 1. Obviously, the pre-Katrina level of protection was not up to the awesome power of Hurricane Katrina. Do you believe the Corps is on track to make the June 1 deadline?

Governor BLANCO. We hope that the Corps is on track. They believe that they are, as we speak. There's a large amount of construction going on. And not only are they reestablishing the levees as they once were, but they're reinforcing them. And we hope that this new construction methodology will make them stronger.

Senator BYRD. Has your State taken a formal position on a more robust levee system?

Governor BLANCO. Yes, we have, Sir. Senator Byrd, we've had two special sessions, the first in which I created an authority that all levee boards would answer to, and the second was where we reorganized the levee boards in southeast Louisiana, in particular, and created two out of a multiple number of boards. We have—we're going to restructure them with professionals who have engineering and hydrology knowledge and such. And we also are going to focus very heavily on overall flood control measures. And we've taken the politics, we believe, out of the system, in as much as one can possibly do that.

We definitely understand the critical importance of our citizens feeling that they can rebuild in a safe environment, or return to a safe environment, where their homes have been heavily damaged.

Senator BYRD. Mr. Chairman, I thank these four witnesses for their excellent testimony.

Chairman COCHRAN. Thank you.

Senator BYRD. And thank you.

Chairman COCHRAN. Thank you, Mr. Chairman.

We have a vote occurring on the floor of the Senate, and time is about to expire on that vote. And so, I'm sorry that we don't have that much more time to deal with right now.

PREPARED STATEMENT OF SENATOR RICHARD C. SHELBY

But, Senator Shelby of Alabama, who is chairing a hearing the Banking Committee today, has submitted a statement for the record, and also some questions for the Governors. And, with your

permission, I'll submit those to you, and you can answer them for the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR RICHARD C. SHELBY

Mr. Chairman, thank you for holding this important hearing to discuss the proposed emergency supplemental spending request. I believe it is important that we have hearings such as these so that we can hear from those on the ground and learn what is actually happening in the States damaged by Hurricane Katrina.

Governor Riley, Governor Barbour, Governor Blanco and Governor Perry, thank you for taking time out of your busy schedules to share your views on the continuing and emerging needs as we begin the process of rebuilding the Gulf Coast. I want to take this moment to show my appreciation for your continual efforts to serve the people of your States.

To date Congress has sent over $87 billion in direct relief to the Gulf Region. These funds have been used for cleanup, repair and initial rebuilding of damaged infrastructure. I look forward to hearing your thoughts on the rebuilding process and what remains to be done. In particular, I am interested in learning what you believe should be provided by the Federal Government that is not covered by this supplemental request or has not been provided in previous funding bills.

To that end, I am especially interested in getting a detailed picture of the rebuilding efforts in place in each of your States. In particular I am interested in the specific plans in place that will guide your rebuilding efforts in those areas that were devastated by the storms.

I am hopeful that this hearing will help us better understand the continuing needs of your States and demonstrate to us in Congress the ongoing challenges facing the Gulf States. Not only do I want to hear what more we can do for you, I want to hear what you are doing for yourselves. What have you as executives of these great States done with the Federal funding that has been provided thus far? I also want to hear about the obstacles you are facing in directing this money to the key infrastructure and industrial centers that were hit the hardest. Elaborate on programs you have implemented in your States to address the needs of your citizens and the distribution of funds to the most needy among you.

As we continue this process of examining where taxpayer money can best be spent, let us not forget who we are working for, the people of these great States. They are the ones whose lives have been disrupted by this catastrophic event. Lost jobs, destroyed homes, and loss or separation of family members, are all realities of this storm. The need to repair infrastructure and get business up and running is vital. The Federal Government needs to help people help themselves.

Chairman COCHRAN. Now, I also want to ask a question about the tax situation. In these local governments—towns, counties—with businesses gone, houses gone, there is a desperate need for revenues that would otherwise be generated by sales taxes or real property taxes. And I'm sure the State is affected by that. The State governments are affected by that situation, as well. To what extent—and I'll just start with Governor Barbour—to what extent is tax policy affected? It was reported, for example, that Mississippi had cut taxes. What's the true story? Or is that true? And what is your reaction——

Governor BARBOUR. Let me——

Chairman COCHRAN [continuing]. To the local government——

Governor BARBOUR. Let me answer the second—let me answer your second question first, Senator.

Chairman COCHRAN. Okay.

Governor BARBOUR. At the very beginning of our legislative session, there was an effort to raise some taxes, lower some taxes, with the idea that it would be balanced. And that—I give deference to the people that proposed that, but they were wrong. It wasn't balanced. It would have resulted in a huge revenue loss. I vetoed that on January 18. It has not become law. There is—votes are not

there to override my veto. So, there was an effort. But, again, I think, to be fair to the people trying to do it, they thought it was revenue neutral until they really go to the facts. So, no, we have not reduced our taxes, reduced our revenue.

However, Katrina has reduced the dickens out of our revenue. Our local governments, our city governments, only have two sources of revenue, sales tax and property tax. And we have places now, like Waveland Bay, St. Louis, where there are no stores, and there is no property to tax. Waveland, every single structure, home, in Waveland was unhabitable. So, when they come to collect property taxes, there's nothing to collect on.

So, the Community Disaster Loan Program has been helpful. But, again, those are cities that are borrowing, that are not going to have any revenue for a couple of years. And so, yes, that is a very important thing.

The State, in many ways, is lending money to cities, we're paying for law enforcement, we're paying of their employees, to some degree. Y'all, thanks to your package in December, are paying hundreds of millions of dollars to our local schools, whose—you know, who get about 35 percent of their revenue from local taxes that are nonexistent.

So, yes, sir, it is a critical, critical issue. And thank you for looking for ways that the Federal Government can help.

Chairman COCHRAN. Governor Riley, do you have a response?

Governor RILEY. Mr. Chairman, in the area that was more dramatically impacted in the State of Alabama, we've had an ongoing problem trying to get shrimp boats back in the water so we can generate something. I mean, essentially we've shut the whole area down. As Haley said a moment ago, the State of Alabama's having to pick up the lack of revenues for all of these local services.

The biggest thing that we need to do, though, is get private industry to go back in, rebuild these, and open it back up. The limiting factor is creating the jobs. We create the jobs, everything else will fall in place.

Chairman COCHRAN. Governor Blanco.

Governor BLANCO. Senator Cochran, we had at least four parishes that were just totally shut down, 100 percent decimated. And that was Orleans, St. Bernard, Cameron Parish, after Rita struck, and Plaquemines. Those parishes had—have absolutely no revenue streams. And Orleans is trying to come back. You know, they're—it's painful, but slow. They are making progress, I would have to say. St. Bernard and Cameron are not.

And it did—in November, we thought that—our revenue-estimating conference thought that we would take a $1 billion hit on the State revenue stream, and that was extremely conservative. And, by law, I had to bring our budget into balance, so I made dramatic cuts in our State revenue stream, in our State expenditures.

And we've had a new revenue estimate, as of last week, and that—we've had some losses, but it's about half that much. And so, we're trying to reconstruct a budget now to reflect those new estimates.

We really won't know anything for sure until after the income tax—the Federal income tax date of April 15, because a lot of people pay their State income taxes after that time—at that time.

Chairman COCHRAN. Governor Perry.

Governor PERRY. Mr. Chairman, I'll be very brief. There's two things. You're absolutely correct. Those—that entire region of southeast Texas was devastated, from the standpoint of its tax base. Sales tax in the State of Texas, because we don't have an income tax—and we're not going to have one, either—I'll kind of go on the record here—but we use property taxes to pay for a lot of those county and school costs. So, all of those homes and businesses that were lost, that have been destroyed, those go off the tax record for some period of time, until they're put back on. So, both in the sales tax loss and in property taxes, a very, very negative impact.

And one other thing that you asked about that I'll wrap up with is that we are moving dollars around in the State to assist the city of Houston and the county of Harris with their law enforcement cost. And, again, that's one of the reasons that we asked for $18.7 million in law enforcement cost, public safety cost. The vast majority of that's going to be going into the Houston area, because of the impact that they've had on overtime, et cetera.

Chairman COCHRAN. Thank you very much.

Governor PERRY. Yes, sir.

Chairman COCHRAN. Senator Landrieu, you indicated you had another question. You're recognized.

Senator LANDRIEU. Thank you, Mr. Chairman. You've been very gracious with the time.

I'd really like to follow up your question by just asking if our staff would work with each of these Governors to get on the record the loss of revenue of the main counties and parishes, and they were affected—because I know that the city of New Orleans is—borrowed $240 million, which the Governor knows, as well, with no opportunity, or no ability, to pay it back in the near future. And the law, Governor Barbour, as you know, requires those monies to be paid back within 3 years.

I've heard the mayor of Waveland speak, and the mayor of Pass Christian speak. They're in no position to be able to pay those monies back that they've borrowed. Mississippi might be able to lend them money. But, since this is one of the largest cities in our State, it's very hard for our State to keep New Orleans, which is the biggest city, standing up, along with these two parishes.

So, Mr. Chairman, I thank you. I think you're onto a good point here. And I'd like to focus some attention on that. And we'll get the figures to you.

Thank you.

ADDITIONAL COMMITTEE QUESTIONS

Chairman COCHRAN. Thank you very much, Senator Landrieu, for your participation in this hearing, and all Senators who were here. We appreciate their being here. And the Governors, thank you. Thank you for your leadership, for being cooperative with the committee and helping us understand the needs for approval of an additional supplemental budget request that's submitted by the President.

[The following questions were not asked at the hearing, but were submitted to the witnesses for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HON. KATHLEEN BABINEAUX BLANCO

QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

Question. The President's fiscal year 2007 budget includes a proposal to consolidate currently 18 economic development programs into 2 programs—HUD's CDBG program and a Regional Development Account within Commerce's Economic Development Administration. In fiscal year 2006, Congress funded these 18 programs at a combined level of $5.3 billion. The fiscal year 2007 budget proposes only $3.36 billion for both programs—a reduction of nearly $2 billion below fiscal year 2006. I am aware that this Supplemental Appropriations request would provide $4.2 billion for the CDBG program to be used for flood mitigation through infrastructure improvements, real property acquisition or relocation, and other means to reduce the risk of future damages and loss in Louisiana.

Do you anticipate that the $4.2 billion will fully meet your needs for flood mitigation, infrastructure improvements and property acquisition or relocation?

Answer. With the additional $4.2 billion, Louisiana will be able to implement our housing plan fully and fund some key infrastructure repairs. The $4.2 billion request was determined in consultation with the Office of the Federal Coordinator for Gulf Coast Recovery using the latest data available from FEMA and HUD. Please note that many Louisiana homeowners will not be made fully whole due to caps on compensation and penalties for inadequate insurance, and that the infrastructure funds provided will cover some important infrastructure restorations but will not address the full long-term needs of our recovery.

Question. How would the proposed cuts to the CDBG program impact your ability to reduce risk of damage in the future?

Answer. The $2 billion cut to funding for economic development programs (the CDBG program and the Regional Development Account) proposed in the fiscal year 2007 budget would have an adverse impact on the State as a whole. Many of local governments use these dollars to provide necessary infrastructure, housing, and jobs to low and moderate income persons.

FEMA DISASTER RELIEF

Question. So far, Congress has provided about $9.029 billion in housing assistance, debris removal, public assistance and individual and household assistance through the Disaster Relief Fund. Additionally, Congress has provided $669 million in Community Disaster Loans, a loan program that will help keep essential services online in the hardest hit communities, including a $120 million loan approved for the City of New Orleans. It is my understanding that this Supplemental Appropriations request would provide an additional $9.4 billion to FEMA to continue to fund its disaster assistance and benefits programs and another $400 million for FEMA's Community Disaster Loan Program. This request more than doubles funding from FEMA going directly to households, individuals and local communities.

Have you, as Governors, identified and planned priorities on how to direct Community Disaster Loans and public assistance?

Answer. The State, through the Louisiana Recovery Authority (LRA), which I appointed, has taken an active role in promoting sound short- and long-term recovery planning at the State and local levels.

Dubbed "Louisiana Speaks," this effort is a multifaceted planning process to develop a sustainable, long-term vision for South Louisiana in the wake of the destruction caused by Hurricanes Katrina and Rita. The process emphasizes the development of plans based on sound land use practices and plans that remain cognizant of the hazards of rebuilding in areas made more risky by new flood guidelines. Reflective of this emphasis has been a series of resolutions by the LRA tying safety and security to recovery funding. Notably, the LRA approved an immediate allocation of $250 million in hazard mitigation funding to help parishes prevent damage from future disasters.

The community planning process accomplishes the following:

—Supports a deliberate and democratic process that relies on active participation;
—Empowers local communities to develop plans that meet individual needs;
—Establishes priorities at the local level to guide decisions;
—Supports communities with the best national planning experts working in partnership with local architects, planners, and engineers; and
—Provides a user-friendly interface to enable development of individual plans.

The goal of the long-term community planning process is to develop a comprehensive plan that integrates both parish plans (coordinated with the support of FEMA

technical assistance) and regional recovery plans. The LRA collaborated with planners from FEMA to develop a parish level planning process to address numerous recovery issues pertinent to the long-term recovery of severely damaged parishes. A total of 26 parishes throughout Louisiana were identified to participate in this planning process, which began in November 2005 and will close in April 2006.

The local planning process will serve as the foundation for State prioritization of public assistance projects. Local teams are proposing public assistance projects on the basis of the plans, and each must meet FEMA requirements for funding. Moving forward, we will be using a web-based tool where local plans and projects associated with those plans will be posted. The LRA will assign recovery value to these plans as a means setting priorities.

Louisiana Recovery Planning Day was an important part of the parish level planning process. On January 21, 2006, which was proclaimed Louisiana Recovery Planning Day by Governor Blanco, the Louisiana Recovery Authority (LRA) and FEMA's Long-Term Community Recovery (LT CR) team hosted 30 open houses throughout Louisiana and Southeastern States to provide Louisianans with an opportunity to express their needs and to help define a community-based vision for Louisiana's recovery.

The parish level planning process will result in the development of initial parish recovery plans, which will be used to set funding priorities for the recovery effort. The final plans will include a community baseline, a needs assessment, a recovery strategy including principles, vision, goals, a set of high value recovery projects and a strategic recovery timeline. The final section will describe opportunities for the integration of the local plan with regional and State-wide plans. The section will also include an inventory of local resources, government structures and describe the level of technical expertise needed to implement the plan.

FLOOD CONTROL AND PROTECTION

Question. The administration's supplemental appropriations request includes $1.36 billion for several U.S. Army Corps of Engineers flood protection projects in New Orleans and surrounding areas.

Are the amounts requested by the administration sufficient to meet the flood protection needs of New Orleans? In addition to the projects outlined in the administration's request, have any other flood control projects been identified as necessary to more effectively protect the City of New Orleans?

Answer. The Corps' Task Force Guardian effort is addressing those parts of the hurricane protection system that failed or were damaged during the storms. The $1.36 billion will address other weak spots that were identified in the system after the storm, substantially improving the hurricane protection, if not in elevation, in robustness and ability to survive and continue to protect the city and surrounding areas. In other words, the projects included in the $1.36 billion appropriation will make the protection system better than it was before the storm, but, ultimately, implementation of the coastal protection and restoration plan currently being developed by the Corps and the State will provide the long-term answer to robust, sustainable protection for the city and the entire coast.

We recently received word that another $4.1 billion is needed for the Corps of Engineers to certify the levees surrounding the metropolitan New Orleans region from a 100-year storm. I have requested that the Bush Administration immediately request these funds from Congress as they are essential to bringing our people home safely.

Finally, we have been working to secure an equitable share of Outer Continental Shelf revenues from Congress to fund a comprehensive coastal restoration program that will dramatically reduce the effects of storm surge from hurricanes on our coastal communities. This effort is absolutely essential yet is not addressed in the current supplemental.

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

Question. In addition to the transport of commerce, waters surrounding our States provide billions of dollars in economic impact to each of our States every year through revenue generated by commercial, charter and recreational fishermen and oystermen. What progress has been made to get these industries up and running again? What more needs to be done?

Answer. The State has implemented a small business bridge loan program that provides working capital for these industries, but there are a number of industry initiatives to assess the damage to the seafood industry and to help the industry recover.

In addition, the Louisiana Departments of Wildlife and Fisheries and Economic Development have been working independently on the issue of seafood industry impacts of the storms, as well as with a large coalition of 20 State and fishing organizations which are together known as the Louisiana Seafood Coalition. The coalition has developed and released a multi-phase strategic recovery plan. Independent of this private/public group, the National Oceanic and Atmospheric Administration (NOAA) has developed "A Plan for Recovering Gulf of Mexico Fisheries using an Ecosystem Approach." Finally, John Roussel, the Assistant Secretary for Fisheries from the Department of Wildlife and Fisheries, provided detailed testimony on March 21, 2006, before the U.S. House Committee on Resources, Subcommittee on Fisheries and Oceans regarding the impact to the industries and areas that need addressing to best bring about the industry's recovery. The reports from NOAA, DWF, and the industry all draw similar conclusions and recommend similar recovery strategies.

Damage to the infrastructure of the Louisiana seafood communities alone is estimated to be nearly $1 billion, and 6 months after the storms the Louisiana Department of Wildlife and Fisheries estimates that approximately 30 percent to 40 percent of the fishing fleet is back. In those areas where the infrastructure was completely devastated, estimates of the returning fishing fleet may be as low as 5 percent to 10 percent. Four of the largest fishing ports in the United States by landings are Empire, Venice, Cameron and Pascagoula-Moss Point—four of the hardest hit areas. While the resiliency of Gulf of Mexico fishermen is legendary, the devastation to the fishing communities is unprecedented and aid is needed to rebuild and sustain the infrastructure of this viable community.

Louisiana and NOAA's recovery plans were developed independently of each other with very similar results regarding the damage assessments and the needs of the industry. According to NOAA's estimate, the total funding need is $866 million.

The priorities needing to be addressed for fisheries are detailed by the industry as follows:

—*Rebuild infrastructure*.—There is an extraordinarily urgent need to reestablish the commercial and recreational fisheries infrastructure. Docks, marinas, launches, ice houses, fuel docks, and processing plants were decimated and are essential to returning to business. In many instances, utilities are either not available or inadequate.

—*Address housing needs of fishing families*.—Fishermen were disproportionately affected by the hurricanes since most of their homes were at or near the water's edge. Fishing communities such as Empire, Venice, Buras, Ycloskey, Hopedale, Delacroix, Lafitte, Cameron, and Intracoastal City were devastated by the storms. Fishermen have been slow to return to fishing as they seek temporary housing for their families and aspire to rebuild their homes.

—*Provide financial assistance to fishermen*.—Boats are the fishing industry's first unit of infrastructure and several thousand harvest vessels need to be repaired, and in many instances, replaced. Many of these vessels were uninsured and might eventually become a public liability and pose water pollution or navigation hazards. There is thus a need for assistance with vessel recovery, refloating and repairing. By combining LDWF trip ticket data with other procedures, Louisiana fishermen can be assisted financially and this would help jump start the recovery process. Fishermen also face a major financing dilemma since it's virtually impossible for them to obtain reasonable loans without collateral. Furthermore, it is impossible to obtain vessel insurance if the boat is not operating and a loan for repairs cannot be secured if the boat is uninsured.

—*Expand debris removal efforts*.—A marking and mapping initiative to identify sites should be initiated promptly. The Louisiana Department of Environmental Quality (LDEQ) is undertaking a program to remove vehicles and LDWF-registered vessels from right-of-ways. Simultaneously, the U.S. Coast Guard is removing approximately 1,500 vessels that are clogging waterways. But no provisions have been made for removals from private property. Consideration should also be given to revising rules governing programs such as those administered by Louisiana Department of Natural Resources—Underwater Obstructions Removal Program and the Fishermen's Gear Compensation Fund—to help compensate harvesters for gear and vessel losses stemming from storm debris. When possible, harvesters should be contracted to help with removal and cleanup activities.

—*Address labor problems*.—Passage of the storms has exacerbated the ongoing labor shortage faced by most sectors of the seafood processing industry. Processing operations in the entire region have been struggling for a number of years in this regard, but the post-Katrina housing shortage has severely aggravated the problem. In many instances, processors have had to pay for temporary

housing for their employees and these higher operating costs have not been recovered.

—*Compensate uninsured inventory and accounts receivable losses*.—Many of coastal Louisiana's cold storage and seafood processing operations suffered uninsured inventory and accounts receivable losses.

—*Affordable insurance for seafood processors will be needed once the rebuilding process gets underway*.—Such operations are by their very nature in close proximity to a waterway and thus pay higher insurance premiums.

—*Initiate a marketing campaign*.—The promotion of Louisiana seafood products is of extreme importance. Louisiana continues to battle negative consumer notions over the perceived quality and safety of post-hurricanes seafood products.

Question. All of our States rely heavily on our navigable waters for the transportation of commerce. Katrina and previous hurricanes have caused significant damage. Have the actions taken by the Army Corps of Engineers and the Coast Guard rectified this situation and restored commerce to our waterways?

Answer. The Army Corps of Engineers, U.S. DOT, and MARAD have substantially rehabilitated transportation of commerce following Hurricanes Katrina and Rita, except for the access to the inner harbor portion of the Port of New Orleans. Before the storm, 22 ships a week were calling at port in New Orleans. Today, there are between 22–25 ships, not including the cruise ships that have not yet returned.

The inner harbor is accessible only by two methods. The first, and most commonly used, means of access is through the Mississippi River Gulf Outlet (MRGO). The second means of access is through a system of locks connecting the inner harbor to the Mississippi River. The MRGO was substantially silted in by the hurricanes and is identified as one of the major causes of the storm surge which flooded St. Bernard Parish. The Corps has decided not to do any more maintenance on it because of the flood risk of MRGO. The other route into the inner harbor, the lock system, was built in the 1920's at a time when barges were much smaller than those currently used for water transportation. The lock system was authorized for replacement by Congress in 1956. However, the roughly $675 million necessary to complete the task has never been funded.

If the funding for the lock system is not provided by Congress, there are seven businesses which will be in jeopardy. They have been impacted because of their location on the inner harbor of the Port of New Orleans and the damage of the storms to river traffic on the MRGO. One thousand direct jobs and 8,000 support jobs are at risk. Two of the companies can be relocated along the Mississippi River, while another five are looking for alternatives. However, for those five companies, their cost of doing business in the inner harbor has increased substantially because of the storm damage and the need to transfer goods to smaller barges to get into the inner harbor.

The cost to assist the seven companies that are trapped as a result of the impact on the MRGO is $362 million.

Question. We have all heard serious concerns regarding proper management of Federal funds appropriated thus far. We as Congress must continue to conduct oversight of Federal agencies involved in the recovery process. What are you as Governors doing to ensure funds sent to your States are being used in an honest and efficient manner?

Answer. One of the principal functions of the LRA is to ensure the highest standards of integrity for all activities associated with the recovery and rebuilding of Louisiana. To support this, an Audit Committee was established to ensure best practices and procedures in the management of any funds received, expended, or disbursed by the LRA. The membership of the audit committee includes three LRA board members as well as a representative from two highly respected public interest organizations: the Public Affairs Research Council of Louisiana and the Council for a Better Louisiana.

As Louisiana moves to recover and rebuild in response to hurricanes Katrina and Rita, there will be millions of dollars of contracts for cleanup, demolition, and construction awarded in Louisiana. Many of these contracts may be disbursed through time-and-materials contracts rather than on a pre-negotiated fixed price, which increases the risk of fraud. In an effort to eliminate fraud and abuse, the State has endorsed the use of Independent Private Sector Inspectors General wherever possible for certain construction contracts with the State. Additionally, Deloitte & Touche, LLP, one of the big four accounting firms, was selected by Louisiana's Division of Administration, to provide accounting and forensic services in Louisiana's receipt and disbursement of FEMA recovery funds. The firm of UHY, LLP, a nationally licensed firm, was selected to perform an independent examination level assessment of the State's internal controls, processes and procedures over the receipt and disbursement of FEMA disaster recovery funds, as well as additional assistance in the

area of fraud detection, investigation, and mitigation. Contracts setting out the specific services to be provided by each are being developed. The LRA Audit Committee will receive any and all reports produced by the accounting firms engaged by the State, and shall present the reports' findings to the full Board.

The LRA has worked to ensure complete transparency of operations by fully complying with the State's Open Meetings law for all board and task force meetings and by posting all relevant information on the website, www.lra.louisiana.gov, including meeting agendas, minutes, presentations, press releases, and data figures.

To oversee the Federal CDBG funds, the OCD/DOA and the LRA will hire additional employees to carry out the administrative functions associated with the implementation and monitoring of the CDBG programs. The OCD has the staff expertise to train additional employees on the Federal and State regulations governing the CDBG program. The LRA has a mandate from the Governor and Louisiana Legislature to assure the coordinated use of resources for the recovery and to support the most efficient and effective use of such resources. The OCD and the LRA will work together to achieve this goal.

The State has a monitoring plan for the regular CDBG program and will develop a monitoring guide for staff and contractors for each program. The plan will be revised somewhat to accommodate the waivers given to the State and other provisions cited in the legislation. For example, the State has contracted with ICF to assist in the development of a monitoring plan for all housing-related programs. Particular attention will be paid to ensuring that the use of funds are disaster related and that funding allocated will not duplicate other benefits. The State also will ensure through its design of programs, application process, monitoring of recipients, and oversight by the LRA Board's Audit Committee that recipients are not receiving duplication of benefits and that funds are not used for projects or activities that are reimbursable by or for which funds have been made available by FEMA or by the Army Corps of Engineers and are abiding by State and Federal regulations. The State, drawing upon the resources of the LRA and under its guidance, will coordinate with FEMA, the Army Corps of Engineers, insurance companies, and other entities during the application process to ensure there is no duplication of benefits. Recipients will be asked to sign a waiver of their privacy rights so that the State can obtain the appropriate information from FEMA and all other Federal agencies.

The State has issued a Solicitation for Offers to provide program management services for the homeowner and rental programs. The SFO seeks the best available management firm to assist in the implementation of these programs. The State will have staff assigned to monitor the services being provided under the contract.

In addition to the accountability mechanisms that have been implemented in response to the hurricanes, the State has long had a number of processes and procedures in place to avoid fraud, abuse and mismanagement. The Legislative Auditor serves as the watchdog of public spending, overseeing more than 3,500 audits of State and local governments and their related quasi-public enterprises. Conducting independent financial and performance audits of the State's agencies, colleges, and universities, auditors find ways to improve government and identify critical issues to protect public resources and tighten government control systems. When necessary, auditors follow up on allegations of fraud, waste, or abuse. The Legislative Auditor will perform an annual audit of the DOA.

In addition, the State has an established Office of the Inspector General. The office's mission is to help prevent waste, mismanagement, abuse, fraud and corruption in the executive branch of State government without regard to partisan politics, allegiances, status, or influence. The Inspector General is appointed by the Governor.

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In addition, the State will hire an internal auditor who will be placed within the OCD to oversee the internal functions of this office. The auditor will report to the Commissioner of Administration and will make reports to the LRA Audit Committee as requested.

The State follows the State Procurement Code and all other sub recipients are required to follow Title 24 Part 84 and Part 85. The monitoring plan outlines the requirements that must be followed.

Question. In hindsight what is the most important action or actions that can be taken by the Federal Government on behalf of the affected citizens before and after a catastrophic Hurricane?

Answer. The most important action the Federal Government could take on behalf of the citizens affected by the catastrophic hurricanes would be to reform the Stafford Act to account for catastrophic events and to allow the flexibility to adopt common sense cost-saving measures that meet our needs. For example, the Stafford Act forces FEMA to purchase costly temporary housing, when the wiser investment might be permanent housing.

We would also ask the Federal Government to ensure our people will be protected by a strong sustainable levee protection and coastal restoration initiative. Louisiana residents and businesses must have the confidence to return home and invest in their communities. That confidence is built on a foundation of strong levees and coastal restoration. We can't have one without the other. We are counting on Congress to understand that this is essential to our recovery. In addition, we hope that Congress will investigate how such a massive miscalculation occurred.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

GENERAL BACKGROUND ON THE STATE OF LOUISIANA AND SUPPLEMENTAL REQUEST

Question. What evidence do you have that residents want to return to Louisiana? How did you arrive at your numbers? How can we be confident in these numbers?

Answer. While we cannot say definitively how many residents want to return, there is evidence to suggest that the majority intend to go back to their communities.

Based on estimates from the City of New Orleans, in consultation with the Census Bureau and the Centers for Disease Control, more than one half of the residents of Orleans Parish (181,000 out of 455,000) have returned. Many of those who have not yet returned are residing elsewhere in the metropolitan area or the State of Louisiana.

Also, according to research by GCR Inc. for the Louisiana Secretary of State's Office, 51 percent (or 71,000 out of 129,000) of Orleans Parish registered voters who have filed changed of address forms stayed within the metropolitan area.

Finally, a preliminary survey of displaced Louisiana residents supports the fact that more than 51 percent of residents are very or somewhat likely to return, with the majority of these in the likely category. This holds true for both those displaced in State and out of State.

The study, conducted by the LSU Manship School of Communication Public Policy Lab, with input from prominent New Orleans African American pollster Dr. Silas Lee and other research experts, is part of a larger effort to determine how displaced Louisiana residents want to see their communities rebuilt. The research team has already surveyed more than 2,000 Louisiana citizens, more than 600 of whom are displaced both in Louisiana and out of State in such locations as Atlanta, Houston and Memphis. The survey includes a balanced mix of race, income and geographic region by design.

While the survey is not yet finished, it is more than 90 percent complete.

Question. What is your back-up plan should the State receive a smaller amount from this supplemental, such as $2 billion? How fast do you anticipate you will go through these funds?

Answer. The Supplemental CDBG Action Plan amendment that has been approved by the LRA contains budgets for The Road Home Housing Programs at the

current level of funding and the anticipated level of funding, which assumes the additional appropriation of $4.2 billion. Under the current level of funding, the plan provides half of homeowners' uninsured damages.

Question. What are you doing to get people back from my State into yours?

Answer. Publicizing the progress of the recovery and the commitment by local, State and Federal leaders is our main strategy for encouraging displaced residents to move back to Louisiana.

I, along with the Louisiana Recovery Authority and the Office of Community Development, have launched a housing registry for The Road Home housing plan and devoted considerable resources toward publicizing the effort. Homeowners needing rebuilding assistance are urged to register via the web portal or toll-free line. A major advertising and public information campaign has been conducted throughout Louisiana and major cities outside of the State where the majority of displaced Louisiana residents reside.

The LRA has also partnered with non-profit organizations and other government agencies to launch www.LouisianaRebuilds.info, a web portal that contains links to services and other essential information that residents need to rebuild their lives. The portal, which was launched in February, had 2.5 million hits in its first week. A LouisianaRebuilds call center is also in development. A national media campaign is currently being developed to attract more displaced Louisiana residents to the portal.

In addition, the LRA and FEMA conducted 30 open house meetings in Louisiana and other States to provide information and collect input on rebuilding communities. The emphasis was on empowering residents to make decisions that will give them the confidence to return. Finally, an outreach effort surrounding long-term community planning will launch this summer.

Efforts are continuing at the State and national level to get displaced residents the information they need to reestablish themselves in Louisiana. We see this effort increasing as more resources become available. We will continue to work with non-profit agencies to raise private dollars for public information.

Question. What assurances do we have that genuine reform is taking place in Louisiana and that our investment will be well protected? In sum, how much money has the Federal Government provided to the State of Louisiana?

Answer. In a November special session of the Legislature, I pushed through the creation of the Coastal Protection and Restoration Authority. The CPR is charged with creating Louisiana's first comprehensive coastal protection plan. Only with a single agency overseeing coastal protection can we ensure the safety of our coastal communities.

The CPR is the single agency that coordinates all State, local and Federal agencies working on protecting our coastal communities.

In the second special session, I worked with the Legislature to reform an outdated, 100-year-old patchwork of New Orleans-area levee boards and replaced it with a system that will produce professionally and ethically sound governance.

The overriding goal is to further safety and confidence in the levee system. Katrina showed us all that the system of disjointed levee districts does not work for southeast Louisiana. These new boards will help us better protect our communities and our families.

These boards—overseen by engineers, hydrologists and other professionals—will focus exclusively on protection, inspection and operation.

Question. Will this supplemental appropriation cover your entire needs as it relates to housing?

Answer. Yes, although our homeowners will receive substantial assistance, we will not be restoring the full equity or pre-storm value to many homeowners.

Question. Did you reach out to any housing experts about the content and merits of this plan?

Answer. Yes. We have received pro-bono assistance from McKinsey & Company and Enterprise Community Partners, Inc., as well as paid consulting assistance from ICF, Inc. We have had meetings with national and local housing experts through the Louisiana Recovery Authority's housing task force, as well from the finance industry, in the actual design of our plan.

Question. How much additional funding will the State need for levee protection? For wetlands restoration?

Answer. Because they are so clearly inter-related, both the State and the Corps of Engineers are considering levee protection and wetlands restoration together, as an integrated function. Our earliest estimates were in the $30 billion to $40 billion range for both, but the on-going Category 5-Louisiana Coastal Protection and Restoration (CAT5–ACPR) report effort will describe an integrated plan for protecting Louisiana's coast and will include cost estimates for those projects. Many of the fea-

tures that were included in the initial estimate will also probably be in the CAT5–LACPR plan. The plan will also include many innovative solutions. As such, it is difficult to say at this point how much additional funding will be needed to protect and restore our coastal areas.

Question. What accountability measures have been put into place to ensure that Federal money is being spent as intended and spent wisely?

Answer. One of the principal functions of the LRA is to ensure the highest standards of integrity for all activities associated with the recovery and rebuilding of Louisiana. To support this, an Audit Committee was established to ensure best practices and procedures in the management of any funds received, expended, or disbursed by the LRA. The membership of the audit committee includes three LRA board members as well as a representative from two highly respected public interest organizations: the Public Affairs Research Council of Louisiana and the Council for a Better Louisiana.

As Louisiana moves to recover and rebuild in response to hurricanes Katrina and Rita, there will be millions of dollars of contracts for cleanup, demolition, and construction awarded in Louisiana. Many of these contracts may be disbursed through time-and-materials contracts rather than on a pre-negotiated fixed price, which increases the risk of fraud. In an effort to eliminate fraud and abuse, the State has endorsed the use of Independent Private Sector Inspectors General wherever possible for certain construction contracts with the State. Additionally, Deloitte & Touche, LLP, one of the big four accounting firms, was selected by Louisiana's Division of Administration, to provide accounting and forensic services in Louisiana's receipt and disbursement of FEMA recovery funds. The firm of UHY, LLP, a nationally licensed firm, was selected to perform an independent examination level assessment of the State's internal controls, processes and procedures over the receipt and disbursement of FEMA disaster recovery funds, as well as additional assistance in the area of fraud detection, investigation, and mitigation. Contracts setting out the specific services to be provided by each are being developed. The LRA Audit Committee will receive any and all reports produced by the accounting firms engaged by the State, and shall present the reports' findings to the full Board.

The LRA has worked to ensure complete transparency of operations by fully complying with the State's Open Meetings law for all board and task force meetings and by posting all relevant information on the website, www.lra.louisiana.gov, including meeting agendas, minutes, presentations, press releases, and data figures.

To oversee the Federal CDBG funds, the OCD/DOA and the LRA will hire additional employees to carry out the administrative functions associated with the implementation and monitoring of the CDBG programs. The OCD has the staff expertise to train additional employees on the Federal and State regulations governing the CDBG program. The LRA has a mandate from the Governor and Louisiana Legislature to assure the coordinated use of resources for the recovery and to support the most efficient and effective use of such resources. The OCD and the LRA will work together to achieve this goal.

The State has a monitoring plan for the regular CDBG program and will develop a monitoring guide for staff and contractors for each program. The plan will be revised somewhat to accommodate the waivers given to the State and other provisions cited in the legislation. For example, the State has contracted with ICF to assist in the development of a monitoring plan for all housing-related programs. Particular attention will be paid to ensuring that the use of funds are disaster related and that funding allocated will not duplicate other benefits. The State also will ensure through its design of programs, application process, monitoring of recipients, and oversight by the LRA Board's Audit Committee that recipients are not receiving duplication of benefits and that funds are not used for projects or activities that are reimbursable by or for which funds have been made available by FEMA or by the Army Corps of Engineers and are abiding by State and Federal regulations. The State, drawing upon the resources of the LRA and under its guidance, will coordinate with FEMA, the Army Corps of Engineers, insurance companies, and other entities during the application process to ensure there is no duplication of benefits. Recipients will be asked to sign a waiver of their privacy rights so that the State can obtain the appropriate information from FEMA and all other Federal agencies.

The State has issued a Solicitation for Offers to provide program management services for the homeowner and rental programs. The SFO seeks the best available management firm to assist in the implementation of these programs. The State will have staff assigned to monitor the services being provided under the contract.

In addition to the accountability mechanisms that have been implemented in response to the hurricanes, the State has long had a number of processes and procedures in place to avoid fraud, abuse and mismanagement. The Legislative Auditor serves as the watchdog of public spending, overseeing more than 3,500 audits of

State and local governments and their related quasi-public enterprises. Conducting independent financial and performance audits of the State's agencies, colleges, and universities, auditors find ways to improve government and identify critical issues to protect public resources and tighten government control systems. When necessary, auditors follow up on allegations of fraud, waste, or abuse. The Legislative Auditor will perform an annual audit of the DOA.

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RECONSTRUCTION

Question. The supplemental appropriations request asks for an additional $4.2 billion for housing. How did you come up with that amount? How would you use this money?

Answer. Working closely with the Office of the Federal Coordinator for Gulf Coast Recovery and using the best available information, an agreement was reached concerning the level of damage. Together, the LRA and the Office of the Federal Coordinator counted every house and key infrastructure component damaged as a result of the hurricanes to arrive at an appropriate figure. It was determined that $4.2 billion was the gap between Louisiana's housing and infrastructure needs and the funding already appropriated by Congress as illustrated in the attached graphic.

Question. What measures, such as new building codes, have been put into place since the hurricanes to ensure safety for people as they return home and rebuild?

Answer. In the 2005 First Extraordinary Session of the Louisiana Legislature, I proposed, and the Legislature adopted, the first State-wide building code for residential and commercial structures. When setting policy for distribution of rebuilding funds, the Louisiana Recovery Authority has made it consistently clear that no homeowner or parish will be eligible for funding until it demonstrates adoption and enforcement of the code, formally called the State Uniform Construction Code, as well as the latest advisory flood guidelines produced by FEMA. To assist the impacted parishes with fulfilling their responsibilities to enforce the new State Uniform Construction Code, the current proposed CDBG Action Plan amendment outlining The Road Home Housing Programs includes $11 million for enforcement activities.

Question. What is your position on the Baker Bill? Is this the last time you will be coming back to Washington for money? How many people do you estimate will take advantage of this plan?

Answer. The Baker Bill is a thoughtful alternative to support rebuilding efforts in Louisiana for both commercial and residential property. However, the State has developed this $7.5 billion housing plan as an alternative to meet the need. If the $4.2 billion is approved and allocated to Louisiana, then the State will not be coming back to Congress to ask for additional residential housing assistance. Over 123,000 Louisiana homeowners will be eligible for this plan, and it is anticipated that most of these homeowners will take advantage of the program.

Question. What other plans/options did you consider? Is this based on some other State's model that was successful? Why did it take this long to get this far with your plan?

Answer. There is no comparable model since this level of devastation has never occurred within our borders. However, we did consider rebuilding options used in New York following 9/11 and Mississippi's current housing plan.

Question. How are you equipped to deal with inquiries from those who want more information? What is your communications plan for reaching all those people dispersed around the country, many without computers and other resources?

Answer. I, along with the Louisiana Recovery Authority and the Office of Community Development, have launched a housing registry for The Road Home housing plan and devoted considerable resources to publicizing the effort. In addition to registration on a website, homeowners can call a toll-free call center. A major advertising and public information campaign has been conducted throughout Louisiana and major cities outside of the State where the majority of displaced Louisiana residents reside.

The LRA has also partnered with non-profit organizations and other government agencies to launch www.LouisianaRebuilds.info, a web portal that contains links to services and other essential information that residents need to rebuild their lives. The portal, which was launched in February, had 2.5 million hits in its first week. A national media campaign is currently being developed to attract more displaced Louisiana residents to the portal. An offline strategy utilizing grassroots communication through churches and other means is also being developed.

One example of grassroots communication was Louisiana Recovery Planning Day, in which the LRA and FEMA conducted 30 open house meetings in Louisiana and other States to provide information and collect input on rebuilding. The emphasis was on empowering residents to make decisions that will give them the confidence to return.

Efforts are continuing at the State and national level to get displaced residents the information they need to reestablish themselves in Louisiana. We see this effort increasing as more resources become available. We continue to work with non-profit agencies to raise private dollars for publicity.

Question. How easy will this plan be for folks to understand—especially those without a lot of resources or education? Will there be financial counselors available?

Answer. As part of the plan, Housing Assistance Centers will be established by our private sector contractor throughout the State and in locations elsewhere in the country to provide counseling and information to Louisiana citizens. These counselors will be equipped to help citizens at all education levels.

Question. How worried are you that folks will take the money and use it to move out of your State?

Answer. We are worried about this and have considered this possibility in our planning. Our plan includes a residency requirement, an incentive for those that rebuild or relocate within Louisiana, and reduces compensation for those that choose to move out of State.

Question. Hurricane season starts in 3 months. Will you be prepared?

Answer. The State has been working diligently to refine and improve upon all of our plans for the upcoming hurricane season and to rebuild our infrastructure and health care systems that have been severely damaged by the hurricanes. However, due to the weakened condition of the levees, the almost 250,000 people living in FEMA trailers and our greatly diminished health care system, we must rely on FEMA to provide assets for pre-storm evacuation and sheltering for general population and special needs individuals. Provided we are given the required assistance in a timely manner, we feel our State will be ready.

Question. What are your plans for rebuilding the ninth ward of New Orleans?

Answer. The State's role is also to provide an appropriate share of Federal and State resources so that each community is successful in its rebuilding. The State, through the Louisiana Recovery Authority, has required that all FEMA base flood advisories are followed in order for those communities to receive CDBG funding and

Hazard Mitigation Grant program funding to ensure that rebuilding will be done safely.

The State will not dictate rebuilding plans to the local level, though we continue to actively support locally-driven planning efforts in New Orleans and elsewhere with State, Federal and private resources. Recently, the State helped attract $3.5 million in Rockefeller Foundation grants to assist the city in its neighborhood planning efforts.

NATIONAL GUARD

Question. In this past special session of the Louisiana Legislature you had the position of Director of Emergency Preparedness moved from the Louisiana National Guard to your office. Have you appointed the person yet? Why did you move the position from the National Guard, especially since it seemed the Guard was one of the bright spots in the response effort? What type of person are you going to appoint to the position?

Answer. I have appointed an acting director, Colonel Jeff Smith. I agree that the National Guard was a bright spot in the response. As one of the lessons learned, we noted that the Guard had to focus on its operational role and feel that by taking away the responsibility of overall coordination, the Guard would be in a better position to improve on its response.

Clearly the individual appointed to this position should have extensive experience in emergency management or a related field. However, we know that response operations, while significant, are only a small part of the director's responsibility. The individual must be able to communicate effectively with local and State government officials and have the skill sets necessary to oversee the distribution of billions of dollars in Federal funds.

Question. There seemed to be so many unused volunteers during the Hurricane Katrina rescue effort. As there were hundreds of boaters lined up on Interstate 10, it would seem they could be used. What efforts are being made to ensure that volunteers are utilized in the upcoming Hurricane season? Have you begun working on a plan to close the gap on the initial response?

Answer. We certainly are deeply appreciative of all the volunteers that responded to one of the most catastrophic natural events in American history. The use of volunteers carries with it a responsibility, not only to insure the volunteers' safety, but also that of the victim. While we feel that the use of volunteers must be integrated into emergency response, we do not believe we should encourage individuals to self-deploy. We are reevaluating our plans to integrate our use of volunteers.

Question. It has been said that had Hurricane Katrina not happened, the State would not have been ready to respond to Hurricane Rita. Although the hospital evacuation went well and there were adequate military aircraft resources available, what are you doing now to ensure that airlift assets are being coordinated?

Answer. I strongly disagree with the assertion. It is very appropriate that the evacuation process was handled by the parishes of the State. The State coordinated the effective use of the pre-deployed Federal assets, and we believe that this should be a model for the future. We have requested that the Federal Government prestage aircraft capability for the 2006 hurricane season.

Question. Are you taking special precautions for Nursing Homes? Is your State Department of Health and Hospitals inspecting evacuation plans now for the upcoming hurricane season?

Answer. I have proposed legislation in the 2006 Regular Session of the Louisiana Legislature that aims to improve evacuation planning and processes from nursing homes in parishes susceptible to natural disaster.

HB 848 by Rep. Diane Winston requires that such nursing homes develop an emergency preparedness plan and submit the plan to the Louisiana Department of Health and Hospitals (DHH) by August 1, 2006. The bill creates the Nursing Home Emergency Preparedness Review Committee within DHH to review the findings of the emergency preparedness plan submitted to DHH.

The bill further requires that each emergency preparedness plan be reviewed and updated by the nursing home annually. By March 1 of each year, a summary of the updated plan must be submitted to DHH. Each summary of the plan must include and identify at a minimum:

—An evacuation site, verified by a written agreement or contract.

—A transportation company, verified by a written transportation agreement or contract.

—Staffing patterns for evacuation, including contact information for such staff.

Question. Governor, what measures have been taken by your State to ensure that Federal funds appropriated to Louisiana for hurricane recovery and rebuilding are spent wisely and honestly?

Answer. One of the principal functions of the LRA is to ensure the highest standards of integrity for all activities associated with the recovery and rebuilding of Louisiana. To support this, an Audit Committee was established to ensure best practices and procedures in the management of any funds received, expended, or disbursed by the LRA. The membership of the audit committee includes three LRA board members as well as a representative from two highly respected public interest organizations: the Public Affairs Research Council of Louisiana and the Council for a Better Louisiana.

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The State follows the State Procurement Code and all other sub recipients are required to follow Title 24 Part 84 and Part 85. The monitoring plan outlines the requirements that must be followed.

Question. How would those spending controls and procedures compare to how the Federal Government is spending its money through FEMA?

Answer. This is a question that would be more appropriately answered at the Federal level.

Question. Governor, within the housing program that you have outlined, are funds available for preservation of historic structures and housing?

Answer. The State does not explicitly reserve funds for historic preservation. However, home valuation will incorporate the historic value of structures. This is the value on which we base our assistance.

Question. Within the portion of the funds you are going to allocate for economic development, how will this be spent? What kind of economic catalysts will be provided in this plan to jump start community rebuilding?

Answer. Currently, we have $100 million dedicated to continuing our Bridge Loan program to provide gap funding for businesses awaiting SBA loans and insurance payouts. An additional $250 million will be used on other programs to provide small business loans, technical assistance, and workforce training initiatives so that the State's workforce has necessary assistance to sustain our struggling businesses.

Question. There has been an issue raised about how the housing money will be used should the supplemental appropriations be tied to hazard mitigation. Are you confident that such a hazard mitigation approach will enable Louisiana to encourage the rebuilding and reestablishment of communities—or will it simply take existing neighborhoods out of commerce by turning them into parkland?

Answer. We are confident that any required relocations will be done with community input in a safe and smart manner based on well considered community plans. Buyouts, elevations, and other mitigation efforts are key components of this program. However, requiring the entire $4.2 billion of proposed assistance follow the rules of the Stafford Act Hazard Mitigation Grant Program (MNGP) would severely impact our ability to implement "The Road Home" housing program we have designed because it would essentially require that $5.9 billion of funding be spent in

accordance with those narrow rules (counting the $1.7 billion from HMGP plus the $4.2 billion in CDBG).

Question. One of the chief benefits of the Baker Bill that was sponsored by Congressman Richard Baker and Sen. Mary Landrieu was that it would provide an aggregating mechanism to rebuild communities by reassembling land, cleaning it off and reselling it. Without the Baker bill, how can this be done through the CDBG funds you propose to use for housing?

Answer. The goal of Congressman Baker's proposal was to buy out individual homeowners on an aggregate basis, allowing for the wholesale redevelopment of neighborhoods. The goal of The Road Home Homeowner Assistance Program, on the other hand, is to support the rebuilding and resettlement decisions of individual homeowners by helping them get back into a home. The Road Home will rebuild neighborhoods by providing the most generous incentives to homeowners that choose to reinvest in impacted communities.

The Road Home does allow homeowners to sell their properties to the State and relocate elsewhere. It is the State's intention that property acquired through the housing program should be put back into the stream of commerce where it is safe to do so. Further, development plans for acquired land should be directed at the community or local level, such as by a local land management/development entity or unit of local government. The LRA will consider requests and approve plans for entities applying for land management authority.

Finally, as an additional way to jump-start development in the communities that lost the most housing, the proposed Action Plan amendment detailing The Road Home programs includes a Land Assembly component. The program will provide seed money to acquire multiple properties in good locations for replacement housing and "package" them for sale or grant to maximize further affordable housing development—for example, to developers using CDBG-supported LIHTC tax incentives to develop rental housing, to supportive housing developers, to self-help ownership housing developers, etc. This program component will operate only in those jurisdictions where:

—These activities are requested or supported by local governments; and

—Local governments have substantially engaged in the planning work required to target areas that are suitable for the development of replacement housing.

A total of $2,070,000 of CDBG funds are budgeted for capital to purchase residential properties as well as operating costs. The capital used to purchase properties will be recycled through sales of properties to developers.

Question. In terms of the housing piece that's tied to FEMA hazard mitigation, how will Louisiana and its local governments fund the 25 percent match required to use this funding?

Answer. Louisiana and local governments will meet the required State and local match through the use of available funds expended in compliance with the HMGP rules.

QUESTIONS SUBMITTED TO HON. RICK PERRY

QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

Question. The President's fiscal year 2007 budget includes a proposal to consolidate currently 18 economic development programs into 2 programs—HUD's CDBG program and a Regional Development Account within Commerce's Economic Development Administration. In fiscal year 2006, Congress funded these 18 programs at a combined level of $5.3 billion. The fiscal year 2007 budget proposes only $3.36 billion for both programs—a reduction of nearly $2 billion below fiscal year 2006. I am aware that this Supplemental Appropriations request would provide $4.2 billion for the CDBG program to be used for flood mitigation through infrastructure improvements, real property acquisition or relocation, and other means to reduce the risk of future damages and loss in Louisiana.

Do you anticipate that the $4.2 billion will fully meet your needs for flood mitigation, infrastructure improvements and property acquisition or relocation? How would the proposed cuts to the CDBG program impact your ability to reduce the risk of damage in the future?

Answer. We believe this question to be directed to Governor Blanco.

FEMA DISASTER RELIEF

Question. So far, Congress has provided about $9.029 billion in housing assistance, debris removal, public assistance and individual and household assistance through the Disaster Relief Fund. Additionally, Congress has provided $669 million in Community Disaster Loans, a loan program that will help keep essential services online in the hardest hit communities, including a $120 million loan approved for the City of New Orleans. It is my understanding that this Supplemental Appropriations request would provide an additional $9.4 billion to FEMA to continue to fund its disaster assistance and benefits programs and another $400 million for FEMA's Community Disaster Loan Program. This request more than doubles funding from FEMA going directly to households, individuals and local communities.

Have you, as Governors, identified and planned priorities on how to direct Community Disaster Loans and public assistance?

Answer. This funding was only allocated to Louisiana and Mississippi in the last round.

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

Question. In addition to the transport of commerce, waters surrounding our States provide billions of dollars in economic impact to each of our States every year through revenue generated by commercial, charter and recreational fishermen and oystermen. What progress has been made to get these industries up and running again? What more needs to be done?

Answer. In the Texas Rebounds document, Governor Perry requested approximately $150.0 million to offset agricultural and forestry losses. Among these losses is $15.0 million attributable to the fish and shellfish industry. Texas shrimp account for one-third of the total number of shrimp harvested from the Gulf of Mexico. Texas received $712,500 out of $25 million from USDA available to aquaculture shrimp producers affected by the 2005 hurricanes.

The fish and shellfish industry lost a significant number of boats, many of which were uninsured. These boats were owned outright by many families and had been passed down within those families. Since this business is primarily a cash business, many of these family businesses have not recovered and those families are requesting help from State and local governments for the first time.

Question. All of our States rely heavily on our navigable waters for the transportation of commerce. Katrina and previous hurricanes have caused significant damage. Have the actions taken by the Army Corps of Engineers and the Coast Guard rectified this situation and restored commerce to our waterways?

Answer. The Corps of Engineers and the Coast Guard worked together to get the ports up and running; however, additional funds are needed to fully restore the ports. In the Texas Rebounds document, Governor Perry requested $59.0 million to address unreimbursed damages suffered by the Jefferson County Navigation District as a result of Hurricane Rita. About $31 million was appropriated to begin repair of the Sabine-Neches waterway and jetties.

Immediately after the storm, the Corps of Engineers along with the U.S. Coast Guard, National Oceanic and Atmospheric Administration and Geological Information Service assessed the damage to the State's coast and shipping channels. The Sabine-Neches Waterway was opened to shipping 6 days after Hurricane Rita made landfall. The Corps of Engineers estimates that Rita placed more than 7.9 million cubic yards of shoaling (silt) material into waterways essential to commerce and industry along the Texas Gulf Coast.

Jefferson County is the home to the Ports of Beaumont and Port Arthur and is the main intersection for goods flowing through the Gulf Intercoastal Waterway (GIWW). Hurricane Rita destroyed the Navigation District's aging flood barriers, damaged jetties, deposited debris and hastened silting of area channels, threatening the flow of commerce through the region's ports and waterways.

The Beaumont portion of the waterway, which includes public and private terminals on about a 20-mile stretch of the Neches River from Beaumont south to the Rainbow Bridge, is the fourth-busiest shipping channel in the United States. Last year, the Neches River handled 85,540,979 tons of cargo, most of which was crude oil and refined petroleum products. Cargo handled by the public Port of Beaumont is also included in that total. The Port Arthur section of the Sabine-Neches Waterway last year handled more than 27 million tons of cargo. Much of our Nation's refinery capacity and petrochemical manufacturing is concentrated along the Sabine-Neches Waterway. Port of Beaumont suffered only moderate damage from Hurricane Rita. Within 4 days of the storm, the port was able to resume cargo operations.

The port loaded its first ship only 6 days after Rita, and full cargo operations resumed, when the port's grain elevator went back into service November 10.

Question. We have all heard serious concerns regarding proper management of Federal funds appropriated thus far. We as Congress must continue to conduct oversight of Federal agencies involved in the recovery process. What are you as Governors doing to ensure funds sent to your States are being used in an honest and efficient manner?

Answer. Almost all funds for the recovery effort are being directed towards State agencies. These agencies are issuing the funds through established grant programs. For money that flows through the State, these funds will be distributed and monitored in compliance with any and all Federal requirements and State laws. The State has extensive experience with most of these Federal funds and the mechanisms are already in place to ensure that Federal funds are spent for their intended purposes through those monitored grant programs. Additionally, most of our agencies have significant anti-fraud programs as a result of Governor Perry's anti-fraud initiative, including an aggressive Inspector General at the Texas Health and Human Services Commission. Finally, we will be accepting invitations to work with Inspectors General from Federal agencies such as the Department of Housing and Urban Development.

Question. In hindsight what is the most important action or actions that can be taken by the Federal Government on behalf of the affected citizens before and after a catastrophic Hurricane?

Answer. The most important reform the Federal Government can enact is to provide a single point of contact during a disaster so States do not have to navigate various bureaucratic mazes to get things done.

Federal resources are very important. Each Federal agency has a specific role and it needs to perform that role well. For example, FEMA, the Coast Guard, the Corps of Engineers and the military all have their own roles in a disaster that differ from State, local and faith-based and non-profit roles.

Advance planning and practice for hurricanes with State and local first responders ensures everyone knows their appropriate role and can act in a cohesive fashion during and after a disaster. Coordination and cooperation between the Federal Government, State and local governments, faith-based and non-profits is essential.

One of the most important activities after an event is for the Federal Government to fulfill its promises made to State and local officials prior to, during and after the disaster. State and local governments must have confidence that, when Federal disaster officials direct them to take action, the assured reimbursement is in fact authorized by that agency and will be forthcoming. There were promises made during Katrina and Rita to State and local officials and ultimately to local citizens that have not been kept. The fulfillment of these promises will affect States' willingness to help their neighbors in the future.

QUESTIONS SUBMITTED TO HON. HALEY BARBOUR

QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

Question. Do you anticipate that the $4.2 billion will fully meet your needs for flood mitigation, infrastructure improvements and property acquisition or relocation? How would the proposed cuts to the CDBG program impact your ability to reduce the risk of damage in the future?

Answer. This question seems to be directed to Governor Blanco.

Question. Have you, as Governors, identified and planned priorities on how to direct Community Disaster Loans and public assistance?

Answer. While the State of Mississippi is required to guarantee loans to local entities of government, the State does not decide how to direct these loans. Local governments apply to the Department of Homeland Security, and that Federal agency decides how to direct these loans. However, the State of Mississippi is providing technical assistance and support to our local governments and we are guaranteeing the loans, as required by Federal law.

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

Question. In addition to the transport of commerce, waters surrounding our States provide billions of dollars in economic impact to each of our States every year through revenue generated by commercial, charter and recreational fishermen and oystermen. What progress has been made to get these industries up and running again? What more needs to be done?

Answer. A key to restoring these vital industries is removing the debris caused by Hurricane Katrina from our coastal waterways. This debris causes significant waterway hazards. The Corps of Engineers and FEMA are working in cooperation with our State's Department of Marine Resources to remove this debris as quickly as possible, for which I am grateful.

For our fish, shrimp, and oyster populations to thrive, we must embark upon a significant environmental restoration effort to rebuild their habitats which have gradually eroded after many storms, especially Hurricane Katrina. With the assistance provided in the Supplemental of December 2005, we have begun on a small number of the necessary projects for reef and tidal marsh restoration. However, much more needs to be done. This should be an effort which addresses the entire gulf coast.

Question. All of our States rely heavily on our navigable waters for the transportation of commerce. Katrina and previous hurricanes have caused significant damage. Have the actions taken by the Army Corps of Engineers and the Coast Guard rectified this situation and restored commerce to our waterways?

Answer. They are working in partnership with the relevant State agencies to accomplish this mission, but the task has not been completed.

Question. We have all heard serious concerns regarding proper management of Federal funds appropriated thus far. We as Congress must continue to conduct oversight of Federal agencies involved in the recovery process. What are you as Governors doing to ensure funds sent to your States are being used in an honest and efficient manner?

Answer. As far as I am aware, the State of Mississippi is the first State that has ever undertaken a pre-audit process as ambitious ours. Before the State releases Federal public assistance funds, the State performs an audit of the project. Usually this audit happens several years after the initial obligation. It is our expectation that this will save local, State, and Federal Government much time, money, and trouble in the future.

In addition, we have developed internal and external controls on the innovative program the State is managing with the Department of Housing and Urban Development. HUD has had teams of auditors in the State at every stage of the process and we welcome their attention.

Question. In hindsight what is the most important action or actions that can be taken by the Federal Government on behalf of the affected citizens before and after a catastrophic Hurricane?

Answer. When local and State supply systems are strained beyond capacity, the Federal Government can provide resources to supplement local efforts, in accordance with the National Response Plan. These resources need to be sufficient and delivered quickly and in a fashion that is transparent to State officials who are responsible for coordinating the response effort.

QUESTION SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. If you all could be in agreement of the percentage of housing damage, so, as we allocate these housing dollars, we can do it as fairly as possible, and not underfund anyone at the table, that would be helpful.

Answer. I do not have any expertise on the amount of housing damage in other States.

Chairman COCHRAN. If you have any other comments or thoughts—we're going to miss a vote—and I don't think that's necessary if we can go to the floor now and cast that vote.

Governor RILEY. Mr. Chairman——

Chairman COCHRAN. Governor Riley.

Governor RILEY [continuing]. We don't have this opportunity very often to talk to the chairman. Two things coming up. We've got 3 months before we have to be prepared for the next hurricane season. I think all of us have developed plans that will help mitigate some of the damage that we've had before. I hope you will give us the flexibility to implement each one of the State's plans.

Second thing, while we've got you, as we make a determination this year about how you score homeland security dollars, I hope we don't ever get to the point that we take natural disaster out of that

mix, because we know that they're going to happen. I don't know if a terrorist will ever attack Alabama. We know a hurricane will. That is a——

Governor BLANCO. Amen.

Governor RILEY [continuing]. That is a large part of the money. And if we don't have the ability to factor natural disasters in, all of these gulf coast States will be at a disadvantage.

Chairman COCHRAN. Yeah. Thank you, Governor.

Governor RILEY. Thank you.

COMMITTEE RECESS

Chairman COCHRAN. Very thoughtful statement.

Thank you all for your cooperation with the committee.

The committee is recessed.

[Whereupon, at 11:30 a.m., Tuesday, March 7, the committee was recessed, to reconvene at 9:30 a.m., Wednesday, March 8.]

SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2006

WEDNESDAY, MARCH 8, 2006

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The committee met at 9:35 a.m., in room SD–106, Dirksen Senate Office Building, Hon. Thad Cochran (chairman), presiding.

Present: Senators Cochran, Domenici, Bond, Burns, Gregg, Bennett, Hutchison, Allard, Kohl, Murray, Durbin, and Landrieu.

OPENING STATEMENT OF SENATOR THAD COCHRAN

Chairman COCHRAN. The committee will please come to order. The committee convenes this hearing this morning to hear from witnesses from the administration, which include Mr. Michael Chertoff, Secretary of the Department of Homeland Security; Mr. Alfonso Jackson, Secretary of the Department of Housing and Urban Development; Assistant Secretary of the Army John Paul Woodley. We appreciate very much your being here.

We are considering the President's request for supplemental appropriations to fund the Federal Government's response to the disasters that occurred on the gulf coast of our country last year in the form of hurricanes. We have learned a great deal already about the response of the Federal Government, which has been very generous up to this point, and we appreciate the assistance and leadership provided by members of the administration in this recovery effort.

The President is requesting $19.8 billion to assist the region in its recovery from Katrina, Rita, and Wilma. Earlier appropriations that have been approved by Congress have been used to provide emergency assistance to the victims of the hurricanes, as well as funds for removing debris and rebuilding homes, businesses, schools, roads, bridges, and levees that were damaged or destroyed by the hurricanes.

I'm pleased that we have other members of the committee here this morning. I know there are conflicts in some schedules, particularly Senator Domenici, who's supposed to be chairing a hearing right now of another committee. And, at this point, I'm going to yield to Senator Domenici for any comments of questions he has, and then we will recognize other Senators for opening statements, and then proceed to hear from the witnesses.

Chairman COCHRAN. Senator Domenici.

STATEMENT OF SENATOR PETE V. DOMENICI

Senator DOMENICI. Thank you very much, Mr. Chairman. And thank you for being here this morning, Secretaries.

I have just a few moments. I will take just a few moments of the committee's time to discuss the levee situation, and then we'll revert back to you, Mr. Chairman, for your regular completion of the hearings.

There's been some discussion, Secretary Woodley, about whether we are constructing the levees adequately, and how we are going about doing it. I note the attendance of General Strock, the head of the Corps. Thank you for coming. We may need you in a moment. Who knows?

There have been press stories that contend that you're not using the right soil, and matters of that type. So, let me go right to that issue and ask you about the article that appeared in recent days questioning, No. 1, the design and the stability of the restored levee system. The Washington Post reported that National Academy of Science team had found that the levee repairs are likely to fall again, because they've been built on substandard soils.

Secretary Woodley, would you respond to this, with reference to the soils and exactly what you are doing to assure that the right soils are being used to reconstruct the levees?

Mr. WOODLEY. Yes, Mr. Chairman. Thank you so much for the opportunity to address that matter.

The reports are not coming with—in reference to your question—say that these reports are not coming from the National Academy of Science. All right? The National Academy of Science is involved in an independent review of the engineering studies that we have underway to determine the precise character of the performance of the levees in the incident for Hurricane Katrina.

There is a group from the National Science Foundation, which is a different organization entirely, that is doing work on this. And they are certainly very distinguished engineers, some of them from the University of California at Berkeley. And while there is—other than the—their practice that they have of releasing their correspondence with the agency to the press before they actually present it to the agency, we have a great deal of respect for them and their professional credentials, and intend to look very closely into all the concerns that they have addressed.

In particular, I personally—Lieutenant General Strock and I both—personally visited the work underway on the St. Bernard levee, which is the subject of these reports, shortly after the first report came out that substandard soils were being used. And I was very much impressed with the professionalism of the Corps personnel and with the dedication and professionalism of the contractors that were being employed. They indicated to me that the soils that they were using to construct the levees were very carefully tested as to their moisture content, their clay content, and they were, in every way, suitable for the purpose that they were being placed. Certainly, we have a great deal of concern about the quality control and quality assurance, and we will, having this new letter from this California group, we will take that very seriously, and we'll redouble our efforts to ensure that these are properly done.

But my personal observation, from walking the site—and I confess, not being an engineer, my personal observation's not worth a great deal, but—in this context, but I was accompanied at that time by the Chief of Engineers, and by many distinguished members of the Corps of Engineers, who have many years of experience in levee construction and design, and they believe that the materials being used are being carefully tested. I know for certain, for instance, that we are going as far afield as Alabama to bring in suitable materials by barge, at enormous expense, because, as is well know, the material—some of the materials available near—at or near the site are not suitable for construction of levees.

Senator DOMENICI. Well, Mr. Secretary, I very much appreciate this, but now we have to get something more specific than this, than your observations. I don't want your observations. I'm reading a news article that says, "Lieutenant General Carl Strock, head of the Corps of Engineers, told President Bush, in person in a briefing, that 100 miles of the 169 miles of the levees that were damaged have been restored." He repeated later for reporters at the White House, he said, "We are using the right kind of material. There is no question about it."

Now, do we need to get that authenticated or can you state that for the record?

Mr. WOODLEY. I will state that for the record.

Senator DOMENICI. Now, I wonder, Mr. Chairman, since this is a very big issue, could we ask the General to just step up and make that statement? I think that's the most important thing we're talking about.

Chairman COCHRAN. General, if you're available, we'd appreciate your taking a seat at the witness stand and responding to Senator Domenici's questions.

Senator DOMENICI. Thank you, Chairman.

General STROCK. Senator, I would be——

Senator DOMENICI. General, would you proceed to answer this entire question? First, has the President asked you about this issue?

General STROCK. Yes, sir, he has. He asked me if there was substance to that allegation that we're using substandard materials. And I told him, no, there was not, that we are fully confident with the materials we're using.

Sir, we have put over 1 million cubic yards of material on these levees. And I think that certainly somewhere within that, someone could go somewhere in the system and perhaps find some area where a small amount of unsuitable material might have gotten into it, particularly in the early days. But I have, as the Secretary said, been onsite myself. Granted, it's a relatively small section that I personally observed. And I have the assurance of my staff that we are very carefully controlling the quality of the material going in and the way it's being placed. And we're going in, after the fact, to ensure that the standards are being met.

The allegations that were presented were first presented to me formally last night in a letter from Dr. Seed from the University of California. And, for the first time, I have very specific locations and explanation of his concerns. We will take those on, sir, and we will go to those sites, and we will confirm or refute his concerns.

I do not have a reason to challenge the professor. He is a distinguished academician and is a very capable man. So, we must take his concerns seriously. And we'll do that.

Senator DOMENICI. So, what you're saying is, he may have found certain areas of testing where he found some materials that you are now going to go look and see what that means. But, overall, your position is, the levees are being built back with appropriate materials?

General STROCK. Yes, sir. That's correct. And, in fact, people on the site have told me, anecdotally, that some of the samples taken were from areas of rejected materials that were set aside and not intended to be used on the levee.

Dr. Seed does not agree with that. But we'll get into it, sir, and we'll determine exactly what he's concerned about.

Senator DOMENICI. Are you bringing materials from far away in order to meet your standards?

General STROCK. Yes, sir, we are. We're bringing materials from Mississippi, and, in some cases, far away from Alabama—as Alabama, by truck and by barge, because the materials clearly are a challenge in the area.

Senator DOMENICI. Thank you very much.

To date, Congress has provided you with $3.3 billion for the hurricane recovery. Approximately $2.7 of that have been directed toward Louisiana. What's the status of the recovery efforts with reference to a hurricane system in New Orleans and South Louisiana, Mr. Woodley? Would you be as brief as you could?

Mr. WOODLEY. Yes, sir. The repairs of the levees are very much underway. We expect to have all of the repairs of the damaged sections completed by June 1.

Senator DOMENICI. All right. What level of protection will be provided for New Orleans by the beginning of the hurricane season, which is now less then 3 months away?

Mr. WOODLEY. We believe that the levees that we'll provide at the beginning of the hurricane season will provide a level of protection equal to the authorized level of protection for the currently authorized projects.

Senator DOMENICI. And that's what?

Mr. WOODLEY. That is defined by the standard project hurricane for the—for each of the projects. And that is—it varies—each project has a different standard project hurricane. But in very—it's a very complex system, and I would have to provide that reach by reach and area by area, but it—because it differs from one area to another.

Senator DOMENICI. Back to where it was before the hurricanes?

Mr. WOODLEY. Yes, sir.

Senator DOMENICI. Mr. Chairman, I'll submit three other questions for the record, and I thank you very much for permitting me to get this in ahead of schedule.

Chairman COCHRAN. Thank you, Senator, for your being here and your leadership and participation in this hearing.

Senator Bond.

STATEMENT OF SENATOR CHRISTOPHER S. BOND

Senator BOND. Thank you very much, Mr. Chairman.

My colleague and copartner in the Treasury, Transportation, HUD appropriations bill is here, as well. I, unfortunately, have to be—supposed to be on the House side in 5 minutes, but since the THUD bill has so much importance, there's some things I want to get on the record.

The President's request is for over $4.5 billion for Katrina supplemental in our bill. And the subcommittee and the committee play a vital role in the recovery. The most recent supplemental provided $11.5 billion of CDBG unmet-needs funding. None of these funds have been spent, because no State has submitted a detailed plan on how we'll use CDBG funds, despite a period of some 6 months since Katrina. I'm very disappointed by the lack of efforts by States to produce comprehensive plans. Nevertheless, while no plan has been submitted for these CDBG funds, there is an extra $4.2 billion on the table for CDGB, ostensibly for Louisiana.

I don't believe this is any way to run a program. The American public expects planning and accountability and we expect results. I don't want the citizens of the gulf fantasizing on the prospect of unlimited billions of dollars, when we haven't had comprehensive plans of accountability and benchmarks.

That having been said, I'm pleased that the State of Mississippi has worked to develop a consensus plan and strategy that should be a model for other gulf States. And, while more needs to be done, I expect Mississippi to move forward with its plan very soon. Nevertheless, for every gulf State, we need a system to ensure these funds are well spent, reflect a comprehensive plan with strong public support, and that there is a system of accountability that will limit the risk of fraud and abuse.

In conclusion, I support the use of emergency CDBG funding for Mississippi and Louisiana, both of which suffered tragedies of almost biblical dimensions. I have no complaints about the funding we've already provided. Nevertheless, I'm very much concerned that senior staff at HUD may have advised Texas that it would be getting additional significant CDBG funds, even while the administration expressly limited those funds to Louisiana.

I strongly recommend that Congress invest in additional Inspector General resources to ensure all the emergency CDBG funds are used correctly and well. And I would also recommend and urge my colleagues that we only make $1 billion available initially in additional CDBG funds, with the remaining $3.2 billion in CDBG funds held in reserve subject to our release when the State meets certain benchmarks and goals, and only when fraud and abuse have been demonstrably contained.

I, again, urge the additional CDBG emergency funds be limited to Mississippi and Louisiana. I understand the State of Texas is seeking additional CDBG funds based on costs associated with taking on 400,000 or more displaced families. I know there are costs and burdens, but I need to be convinced that they should be compensated. Texas, in the best role of traditional Judeo-Christian charity, provided benefits, they took in displaced families who receive benefits, fill empty housing, and take on important jobs. And that should be part of the calculus, assuming the Federal Government should pay this—for the good works of the citizens of Texas.

I think it's time we get to being a good neighbor, and not a paid companion, if that is strictly charity.

Chairman COCHRAN. Thank you, Senator Bond.

Senator Murray.

STATEMENT OF SENATOR PATTY MURRAY

Senator MURRAY. Well, thank you, Mr. Chairman, for holding this hearing.

Secretary Chertoff, Secretary Jackson, Secretary Woodley, thank you for being here today to talk about the tragic situation in the gulf coast and what the administration now plans to do to rebuild and revitalize the communities that have lost so much and need, so badly, our help, and, importantly, today, to hear what you are doing to ensure that devastation of this magnitude never impacts another American community again.

And, frankly, I can't say I'm very surprised that we're sitting here today having this conversation. As the saying goes, "An ounce of prevention is worth a pound of cure," and, unfortunately, time and time again we have received budget requests from the administration that have failed to invest in our communities and our infrastructure and things that will ensure America's strength. The ounce of prevention just seems to be never a priority for this administration. And now I think we're all paying for the cure.

By failing to smartly invest here at home in our roads and in our levees and in our housing infrastructure and our ports and border protection, our country's strength has been undermined, and it has put our American communities at risk.

Hurricane Katrina made it crystal clear that if we do not make smart investments in our communities today, we risk disaster and greater costs in human life and in infrastructure and in economic loss down the line.

The question is whether we are wise enough to learn from this tragic lesson. If we continue to fail to properly invest in our ports and in our borders, in our crumbling infrastructure, in educating our children, energy independence, then we only set ourselves up for future emergencies and future hearings like the one we're having today.

I think it's time to change course, and I'm concerned that this administration's budget priorities and judgment are—have not changed. And I'm concerned that rhetoric has taken precedence over real action.

This administration expects Congress and the American people to trust them on security and preparedness matters. And whether it's the Dubai deal or intelligence issues or preparing our communities for natural disaster and possible attacks, I have to tell you, my constituents are seeing how they handled Katrina, and they are saying, "Why should we trust them?"

I think it's time to make our communities, our preparedness, and our security a real priority, because I believe that Americans deserve a government that shares our values and works to make this country strong again.

And, Mr. Chairman, I would just add that, as ranking member of Transportation and Treasury—and Senator Bond has left—I just want to raise one issue for this committee. Secretary Mineta was

not invited to this morning's hearing, because we don't—have not received any additional requests for hurricane assistance within the DOT. But in the last supplemental, we did provide $2.75 billion for highway emergency relief, and we believed that amount would be sufficient to cover all the pending disaster costs. But in talking with the Federal Highway Administration, it's become clear that a number of major projects that are associated with Katrina recovery, including the replacement of the I–10 bridge in New Orleans, as well as Federal bridges in Biloxi, will be a good bit more expensive than it was estimated last December. And it now appears that our appropriation at the end of last year may be at least $500 million short of what is needed.

So, I wanted to raise that issue with you this morning, Mr. Chairman, because it may be a matter that we need to address on this supplemental before we pass it.

Chairman COCHRAN. Thank you very much, Senator Murray, for your comments and participation in this hearing.

I did get a call, incidentally, from Secretary Mineta, yesterday, about the approval of funding—to go forward with some of these bridge reconstruction projects that you mentioned. But we will be paying close attention to the needs, and working with your subcommittee and others to try to be sure that our response is appropriate.

Senator MURRAY. Thank you. I appreciate that.

PREPARED STATEMENT OF SENATOR ROBERT C. BYRD

Chairman COCHRAN. Thank you.

Senator Byrd was unable to be here this morning for this hearing, but he has prepared a statement, and I will ask that his statement be included in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR ROBERT C. BYRD

Good morning. Today, we continue our series of hearings on the President's Emergency Supplemental Budget request for the wars in Iraq and Afghanistan and for the Federal Response to Hurricanes Katrina, Rita and Wilma. The President has asked the Congress to approve $92 billion of emergency spending, including $72 billion for the wars in Iraq and Afghanistan and nearly $20 billion for the Federal response to the terrible hurricanes that struck the Gulf States in August and September.

Our witnesses today are from the Federal agencies that are directly involved in the response to the hurricanes that so devastated the Gulf Coast in August and September. I commend the chairman for calling these hearings.

We have much to learn about the Federal response to Hurricane's Katrina, Rita, and Wilma. Clearly, the transfer of FEMA to the Department of Homeland Security 3 years ago has created confusion about the role of the Department, of FEMA, and of State and local governments.

I am very concerned about the decision of the Department of Homeland Security to separate the emergency preparedness function from the response and recovery functions.

When our marines go into battle, operational and preparedness planning is conducted by the Marine Corps, not some other agency of DOD. The Department of Homeland Security does not conduct preparedness planning for the Coast Guard. The Coast Guard conducts their own planning, and the Coast Guard performed brilliantly after the hurricanes. Similarly, the Department of Homeland Security does not do preparedness planning for the Secret Service.

Emergency managers at the Federal, State and local levels all know that to successfully respond to a major disaster, whether it is a natural disaster or a terrorist attack, requires coordinated preparedness planning, training and exercising. If Fed-

eral, State, and local emergency managers and first responders prepare and exercise together, they know each other and they know their respective roles. When a disaster strikes, emergency personnel do not have time to learn these roles on the fly.

Despite this, the Department of Homeland Security has stripped the preparedness function from FEMA. Moreover, the Department has starved FEMA, State and local emergency managers, and first responders of the funds necessary to do their jobs effectively.

Finally, Mr. Chairman, the President has chosen to limit his supplemental request to the costs of the wars in Iraq and Afghanistan and the response to the hurricanes. It is disappointing that he has chosen to request nothing for low income home energy assistance, for border security, for agriculture disasters, or for preventing or preparing for an outbreak of the avian flu. These decisions are regrettable.

I look forward to the testimony of our witnesses. Again, I thank the chairman for calling these hearings.

Chairman COCHRAN. Other Senators who have arrived, I will recognize for opening statements in the order in which the Senators arrived. And I think that being—Senator Hutchison is the next person who arrived.

Senator Hutchison.

STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. Thank you, Mr. Chairman.

Mr. Chairman, I feel the need to respond to Senator Bond. I think what he said was particularly harsh, and not at all fair or realistic. He seemed to indicate that he thought that we were asking for charitable contributions for the millions of dollars and hours that were put in by volunteers in Texas. That is not the case.

I would point out that Texas received $70 million in CDBG grant money out of $11 billion that was put forward. And Texas used all of its allocation for regular allocation purposes on Katrina victims after Katrina happened. And then Texas was hit with Rita. Texas is sitting right on the border with Louisiana, where Rita victims are getting a 90/10 Federal response; whereas, Texas is on a 75/25 reimbursement. Cleanup has been slow. They were not able to even get the electricity in many of these places, because they couldn't get the debris cleaned up.

There was an instant 3 percent increase in the State's population. Texas is the second largest State in America. We got one new congressional district in a 2-week period. And, in addition to the charitable outreach, which is not being asked for reimbursement, the police and overtime is estimated now to be in the hundreds of millions, and the crime rate has gone up in Houston, Texas, to a significant degree, and they are having to respond to that.

We have 38,000 schoolchildren still in the schools from Katrina evacuations. The reimbursement rate is $4,000, when the normal rate of cost for educating a child in Texas is $6,000. And if there are special needs, it is up to $7,500. And there have had to be many accommodations and help for the students, who were moving in under very trying circumstances and trying to fit into a whole new curriculum. So, Texas has absorbed that cost.

And, Mr. Chairman, I do hope that Texas gets some of the CDBG money. I really hope that equity is done. Because we shouldn't have to spend, on the Katrina evacuees, our regular allocation of CDBG money and not have that reimbursed. That is not fair.

I do not think that Texas has been treated fairly, because FEMA and the people making up these budgets are going by all of the past hurricanes and tragedies in this country. And by that standard, you would say: "What is the damage?" And you assess the damage that is to infrastructure. We have a situation in which Texas was not hit by Katrina, but we are absorbing enormous costs that should be the Federal Government.

So, I am going to ask questions of Secretary Chertoff and Secretary Jackson. I do believe that—I supported wholeheartedly when Missouri asked for hundreds of millions of dollars after the flooding the Mississippi River. I have supported the victims of California earthquakes and the victims of 9/11, in New York. And to all of a sudden take Texas out of the mix because we did not get Katrina, but we have 500,000 in population that we are providing healthcare, education, and housing for, is, in my opinion—it's beyond unfair, and it is not the spirit of America, nor is it the spirit of Congress.

And, Mr. Chairman, I object vociferously to the comments of the Senator from Missouri. And I hope that is not the will of this committee or the will of the United States Senate.

Thank you.

Chairman COCHRAN. Thank you, Senator.

Continuing to recognize Senators in the order in which they appeared for opening statements, I now recognize Senator Bennett.

STATEMENT OF SENATOR ROBERT F. BENNETT

Senator BENNETT. Thank you, Mr. Chairman.

I have some questions of the witnesses, which I will ask when we get to that point.

I have one overall reaction to this whole thing, which I hope the witnesses can help us deal with, and that's the fundamental question of who's in charge. We have overlapping jurisdictions, which are, in some circumstances, unique to America, in that we have an elected mayor, we have an elected Governor, we have appointed Cabinet officers in a variety of departments, all of which have jurisdiction and problems. But the impression I get—and I can very clearly be wrong here—but the impression I get is that there is not very much coordination going on here.

And everyone has a desire to blame someone else for the problem, "It's all FEMA's problem." If you want to get proof of that, just turn on the late-night comedians and David Letterman and Jay Leno and John Stewart will make it very clear, it's all FEMA's problem.

There are some who say, "Well, it's all Governor Blanco's problem. Louisiana has not requested. Louisiana has not implemented. Louisiana has not coordinated in a proper way."

And there are those who pick up on some somewhat unfortunate comments of Mayor Nagin and say, "Well, it's all his problem."

I recognize that this is an unfair comparison, but it, nonetheless, comes to mind. When we put on the Olympics in Salt Lake City, we had local jurisdictions, we had State jurisdictions, we had Federal jurisdictions, and we had the International Olympic Committee to deal with. And somehow we solved all of those jurisdictional challenges and did not have a security incident in what was

perhaps the highest profile international event after 9/11, where the opportunity for al Qaeda or someone else to strike initially appeared to be fairly high. And it was very clear that there was somebody in charge. Now, the somebody would shift from circumstance to circumstance, but the baton of who was in charge was always properly handed off. This was declared an event of national significance—I've forgotten what the proper term of art was—because the President was there at the opening ceremonies, the Vice President was there at the closing ceremonies, and the Secret Service was very much in charge in that period of time, so that everyone else, even though they all had their own responsibilities, took their orders from the Secret Service.

I went into the command center dealing with intelligence overseas, and there were a variety of intelligence services there. The CIA was there. The DIA was there. There were intelligence services from other countries there. I don't want to get into all of the classified information. But it was very clear who was in charge. I was a little bit bemused; it was an attractive, relatively young, pleasant young woman. But she was from DIA, and DIA was in charge. And everyone else deferred to this young woman. Hollywood would not have cast her in that role, but she obviously knew what she was doing. And everything worked.

We're asking—being asked to appropriate a very large sum of money, and I'm willing to vote for it, as I was willing to vote for the earlier sums of money. But Senator Domenici's questions and some of the answers are somewhat reassuring. I'm delighted to have the General come forward and make it clear that at least when it comes to levees, he's in charge, and he knows what he's doing. That is, he knows that there is criticism, he has dealt with the criticism, he's going after sources. And that's reassuring.

The overall challenge of rebuilding New Orleans is huge, and I can understand a sense of difficulty with it. But I would hope the witnesses would help—come forward with an understanding of who should be in charge, so that when we appropriate this money, we're not appropriating this money into a black hole. We're putting this money into someone's hands, and the lines of responsibility between the Governor and Secretary Chertoff and Secretary Jackson and so on should be a little clearer, I would hope, as a result of our testimony here, so that when the late-night comedians get going about how incompetent everybody is, we're in a position to say, "Wait a minute. This is the structure."

Structure, somebody in charge, is just as important as money. And I hope we can get to that point in this hearing.

Chairman COCHRAN. Thank you very much, Senator Bennett.

Senator Burns.

STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. Thank you, Mr. Chairman.

I guess, you know, listening to the conversation this morning—and this is a good, big chunk of change—I want to say to Secretaries Jackson and Chertoff that we hear of all of the charity money that was sent to organizations down there for relief and to help human beings down there. Do we have an accounting of how

much money was sent down there, where it went, and how it was spent?

You know, we look at that, and we hear how great the numbers are. Then we hear that a lot of that was insured. How much insurance money was down there? Had people bought insurance to build back their houses or their properties in case of a situation like this?

We never get those numbers together so that we can estimate the cost. And I think it goes back to what Senator Bennett said: There hasn't been one person down there kind of running the show, and it's hard to get information.

This is a very charitable country we live in. I mean, I wrote a check and sent down there. It wasn't the Red Cross, it was another organization. But, nonetheless, do we ever take a look at that accounting on what happens to that money and where it's placed? That's my question here to this committee. I don't mind appropriating money to help people out, but I think we also have to understand that there's a lot of moving parts down there.

And some of the relief was done by private donors, who would take care of a lot of relief of the human suffering that went on. And none of us has ever seen devastation in this country like the magnitude that was. And I think we just have to ask those questions before we start taking the taxpayers' money, after they've already sent a check down there. They sent one check. Now we're going to ask them for another one to come to through the Federal Government to do the same thing.

I may sound hard and cold, but I think that's the way we have to look at it, too.

Thank you very much.

Chairman COCHRAN. Thank you, Senator.

Senator Allard.

STATEMENT OF SENATOR WAYNE ALLARD

Senator ALLARD. Well, Mr. Chairman, I, again, would like to thank you for these series of hearings. I'm, personally, finding them most helpful in understanding—we heard from the Governors yesterday, and I'm looking forward to hearing from the panel this morning, Secretary Chertoff and Secretary Jackson and Assistant Secretary Woodley, hearing your perspective on what's happening and how things are progressing down in New Orleans.

I want to join in with the rest of the chorus here, in that, you know, I'm looking for a plan of action. I don't see anybody coming up with what they want to see New Orleans and the Louisiana Delta look like 10 years from now, or 20 years from now. And I would assume that most of that is a function of local government. If it is, are we helping, working with them to provide the resources they need? Are we assisting them so that property owners, businesses, local communities surrounding—so all the States that are involved can be joined together in a united effort? I hope that we can hear some of those comments made from your testimony.

There's no doubt this was the most serious, most severe crisis we've faced in this country, as far as a natural disaster is concerned. There is an area down here where they're prone toward hurricanes. And if we don't do this right, we'll be looking at it again.

And I think we need to recognize that. And, again, I think if we had a plan, I think many of us would feel more comfortable in allocating more resources. I voted to give the $100 billion or so, and now we've got another $20 billion that's being requested. And, again, I'd feel, with the rest of my colleagues, more comfortable if we just could see how this was being spent. And I hope that an effort is being made to keep track of those costs. There's bound to be some waste, but we need to keep it down to a minimum.

Thank you, Mr. Chairman.

Chairman COCHRAN. Thank you, Senator Allard, for your statement and participation in this hearing.

Senator Durbin.

STATEMENT OF SENATOR RICHARD J. DURBIN

Senator DURBIN. Thank you, Mr. Chairman. I thank the witnesses who have appeared.

DHS' EMERGENCY PREPAREDNESS AND RESPONSE TACTICS

Secretary Chertoff, on September 3, some 6 days after the briefing from Mr. Mayfield, you and several top officials in the Bush administration held a press conference in Washington to tell America and the world what had been done, and what would be done, to respond to Hurricane Katrina, what has been characterized as the greatest natural disaster in our Nation's history. At the press conference, you said, and I quote, "The United States, as the President has said, is going to move heaven and earth to rescue, feed, shelter, and restore the life and health of the people who are currently suffering."

Mr. Secretary, 6 months later, many of Katrina's victims are still suffering, still without homes, still without jobs, still without basic healthcare. All of them, and all of us, are wondering when this nightmare is going to end. Not only has our Government and FEMA failed to move heaven and earth, we haven't been able to move FEMA trailers to the right location.

It's important that we're holding this hearing today. My colleagues, Senator Landrieu, Chairman Cochran, and our other colleagues from the gulf coast State, have told us about the many unmet needs of Katrina survivors, not only in that region, but now those scattered across the country. We need to hear what America is prepared to do to help these members of America's family who are still suffering, 6 months after Katrina. We need to ensure that the catastrophe within the catastrophe, the preparation and response to the hurricane, never happens again.

We knew, before Katrina hit, that it was going to cause massive damage. We now know that the President, that you, that others in the administration were warned in advance, by the Director of the National Hurricane Center, that Katrina would do massive damage to the gulf coast, and, quite possibly, the levees protecting New Orleans. We've all seen the videotape, Director Max Mayfield, August 28, and I quote, "I don't think any model can tell you with any confidence right now whether the levees will be topped or not, but that's obviously a very, very grave concern."

Despite that explicit warning, administration officials, from the President on down, repeatedly insisted, in the days after Katrina, that no one anticipated the breach of the levees.

At the same press conference I referred to on September 3, 6 days after the briefing by Director Mayfield, you said, and I quote, "Overflow from the levee, maybe a small break in the levee, the collapse of a significant portion of the levee leading to the very fast flooding of the city was not envisioned."

You insisted, and I quote again, "I think that this major breach—not merely an overflow, but this major breach of the levee, while something itself that might have been anticipated coming together, I think, was outside of the scope of what people, I think, reasonably foresaw."

Mr. Secretary, if 9/11 was a failure of imagination, Katrina was a failure of leadership. I hope that we won't quibble over words here. Whether the levees were topped, breached, overflowed, the result was the same, and it was predicted. New Orleans would flood, and innocent people would die. FEMA knew this, not just from Director Mayfield's warning, but from the Hurricane Pam exercise conducted in 2004. That exercise predicted that a storm of Katrina's strength would cause storm waters to flow over the top of the levees, not simply breach them, and kill up to 60,000 people in the New Orleans area.

So, Mr. Chertoff, I'd like to ask you to explain your statements of September 3, including, and I quote, "This is really one in which—I think, was breathtaking in its surprise, and I will tell you, really, that perfect storm of combination of catastrophes exceeded the foresight of the planners, and maybe anybody's foresight."

Like people all over the country, I was stunned and angry by our government's failure to adequately prepare for, and respond to, Hurricane Katrina. The continued mistakes in the 6 months since Katrina have only increased our concerns about the ability of your Department to respond to any disaster, whether it's caused by terrorists or by nature.

There is evidence of life in New Orleans. There is evidence of the resurgence of the human spirit of that great city. It is encouraging to see people struggling and trying to get back on their feet, trying to get back in their homes, trying to reopen their business, trying to restore that wonderful city to its station of pride in American history. But I think we all have to concede, that great American city is on life support, and it's happening on your watch.

Instead of indignation and determination from this administration, too often we sense resignation and more bureaucratic doubletalk. We need serious and experienced emergency managers, who listen to the warnings of their professional staff, and act on those warnings.

With the start of a new hurricane season only a few months away, and the continued threat of a terrorist attack—we are told that those threats are always with us—we don't have a day to waste.

Thank you, Mr. Chairman.

Chairman COCHRAN. Thank you, Senator.

We are pleased to welcome, again, our witnesses at this morning's hearing. We have received written statements from each of our witnesses, and these statements will be printed and placed in the record in full. And we invite you to make any summary comments or other statements that you would like to make at this point, and then we will have an opportunity to have questions of the witnesses.

I'm pleased to start with Mr. Michael Chertoff, Secretary of the Department of Homeland Security.

Welcome, sir.

STATEMENT OF HON. MICHAEL CHERTOFF, SECRETARY, DEPARTMENT OF HOMELAND SECURITY

Secretary CHERTOFF. Thank you, Mr. Chairman. And thank you, members of the committee.

DHS' EMERGENCY PREPAREDNESS AND RESPONSE EFFORTS

I do have a longer statement, which I'll ask to have placed in the record, but let me just summarize and make a few observations.

And let me just begin by responding very briefly to Senator Durbin's comments of a couple of moments ago, recognizing that if he chooses to ask me questions, we'll have opportunity to amplify.

You know, I always feel a little bit of a twinge when I have to let the facts get in the way of a good argument. But, in this case, the facts do get in the way of a good argument.

The difference between "topping" and "breaching," Senator, is a world of difference. And it's a world of difference in physics. When you top a levee after a storm surge, once the surge is passed, that stabilizes the amount of water that's held in the bowl that's been topped. When you break a levee, then the water continues to flow in until you hit physical equilibrium with the outside source of water—in this case, Lake Pontchartrain. And I can tell you that, for those who have looked at this issue—and I've certainly spent a lot of time looking at it—had we merely had overtopping, this would have been a catastrophe, but a lesser catastrophe. I can also tell you, since you talk about the Hurricane Pam planning process, that planning process, which began in 2003 under this administration, has been credited by the leadership of the State with resulting in a pre-storm evacuation of approximately 80 to 90 percent of the people, which was significantly better than expected. And without in any sense minimizing the terrible devastation and loss of life of 1,200 people, when you consider that in comparison with the 60,000 people who were predicted as deaths under the Hurricane Pam exercise, I have to say that does require us to pause and reflect a little bit about the fact that some things were done very well.

I'm acutely aware of the fact that there were delays in getting evacuations, and frustrations involved in getting physical control and situational awareness of what went on in the city, but I also think you have to look at the fact that we had 40,000 rescues, which, even if you look at the Coast Guard segment of this, was more than six times the rescues in a week that—as compared to the prior year.

You have to look at the fact that we have put $6.7 billion in housing. We had the largest mass migration in American history, with the exception of the Dust Bowl. But the Dust Bowl took place over a period of decades, and this took place over a matter of 3 or 4 days.

We, at the height of our dislocation, had more than 700,000 households receiving apartment rental assistance. We sheltered hundreds of thousands of people, and we put them in hotels. We removed 77 million cubic yards of debris from the coast, which is more than the combined total of the 9/11 attacks and Hurricane Andrew.

You know, we've gone through a period of a lot of blame assessment, but when you stand back and look at this in context, the lion's share of the blame goes to the storm. This was, short of a hydrogen bomb, about as big a storm as possible.

And let there be no mistake about it, on Sunday, the Sunday—the day before landfall, everybody knew—and I think that we—no one has ever suggested to the contrary—that the potential here was catastrophic. And that's why we painstakingly reviewed, in the course of that now oft-discussed videotape, all of the assets that had been pre-positioned, the millions of meals ready to eat, the millions of gallons of water, the transportation resources that were poised and ready to be mobilized. That's why I specifically asked whether the Department of Defense, with all the resources of the military, had been fully engaged, and was personally assured, on a videotape, that that had been done, and it was shown, actually, the DOD representative in the room.

So, I think we have to, as we evaluate what happened, make sure that our evaluation is rested on facts, rather than, sometimes, supposition or mischaracterization.

2006 HURRICANE SEASON PREPARATION

I do agree with this, though. We are 90 days away from hurricane season. In addition to the possibility we could have another huge catastrophic hurricane, we have to recognize that right now Mississippi and Louisiana are in the middle of reconstruction. That means we have partly-built homes, partly-built buildings, and people are not going to be in the kind of shelter that they would normally expect to be in. And, as much as we want to accelerate that process, something I have said, and I will say again repeatedly and repeatedly and repeatedly over the 90 days to come, we have to work to make sure we have special evacuation and emergency plans in place to deal with what could be other catastrophic hurricanes this summer.

I have sent people down to meet with the local emergency officials. I expect that the FEMA Director, I expect our preparedness Under Secretary, and I expect myself personally to go down to make sure that we have had a very candid series of conversations with Governors and mayors and emergency managers, to make sure they've candidly assessed their capabilities; that we have a look at the plan, that if the plan needs to be adjusted, it gets adjusted; and that if there is a shortfall, we get an honest statement of the shortfall, so we can then turn to Federal assets to make the adjustments that are necessary, going forward. I think if we do

that, we're going to put ourselves in the position we need to be. It's going to require that we not become complacent; to the contrary, that we engage all of our organs of power—Federal, State, and local—to getting ourselves prepared.

KATRINA SUPPLEMENTAL

Let me take a moment, however, to speak about the supplemental, which I think is an important element of moving forward to continue this process of moving heaven and earth to get people back to where they need to be, recognizing that heaven and Earth are not going to be moved in a day, or even 6 months or 1 year. It's going to be a process that will require steady application of resources in a way that is accountable and prudent.

We've allocated billions of dollars now for human services, housing, disaster unemployment insurance, for public assistance, which means rebuilding the infrastructure, whether it be roads or public buildings; logistical support for FEMA operations; community disaster loans to allow afflicted communities to meet payroll and their other responsibilities; as well as millions of dollars to allow us to replace damaged infrastructure and resources that were consumed in the course of our response.

This supplemental request continues necessary elements of this assistance to continue to move forward. Nine point four billion dollars of the $9.9 billion that are requested for DHS are focused on the Disaster Relief Fund, which should take us through what is necessary to complete the reconstruction and recovery, in terms of those programs that are part of FEMA's responsibility. And that's going to include continued housing for hundreds of thousands of people, completing the process of getting them trailers, paying for emergency rental assistance for hundreds of thousands of people, as well as making sure they have other aid that they are entitled to have under the Stafford Act. It includes $400 million additional in funding for community disaster loans, additional money for communications equipment and staffing, so we can get that down there in the event of another hurricane or another emergency, as well as additional money for Coast Guard, Customs and Border Protection, and the Office of Inspector General, to make sure those components continue to carry out their responsibilities.

We are very interested in accountability. We're very interested in making sure we can move forward.

Sometimes people observe that we have a little bit of a messy system of government here. It's one that the framers, in their genius, foresaw as necessary to disperse power. We have a lot of power in the State governments, a lot in the local governments, and a lot in the Federal Government. But they are not all under one unitary czar.

I do think that on the Federal level, we have now got ourselves well coordinated. Not only do the Cabinet Secretaries regularly coordinate, but we have a Federal coordinator who reports regularly to the President about what we're doing, making sure that we are marshaling all our resources.

PREPARED STATEMENT

I think we're going to have to continue to work with the Governors and the mayors to make sure that—sometimes they're making tough decisions that need to be addressed if we're going to spend this money wisely.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF HON. MICHAEL CHERTOFF

Mr. Chairman, Senator Byrd and members of the committee, I am pleased to appear before the committee to present the Department of Homeland Security's supplemental funding request that will further strengthen recovery efforts, continue to deliver services to Gulf Coast disaster victims and provide for continued recovery of DHS facilities and staff impacted in the region. I would like to thank the committee for the support provided through the previous supplemental appropriations. To date, we have received over $36.9 billion in net appropriations for response and recovery efforts associated with Hurricanes Katrina, Rita and Wilma and have accomplished a lot with those funds. Before beginning to outline our request, I would first like to provide additional background on the disaster and some of the Department's activities to date.

SCOPE OF DISASTER AND ACTIVITIES

The scope of the damage caused by Hurricane Katrina is unprecedented—with some 90,000 square miles of impacted areas—an area larger than Great Britain and 3.5 times the area inundated by the Great Mississippi flood of 1927.

Katrina also forced an estimated 770,000 people to seek refuge in other parts of our country, representing the largest displacement of Americans since the great Dust Bowl migrations of the 1930's.

The Coast Guard rescued 33,000 people—six times higher than the number of rescues in all of 2004. In addition, Federal Emergency Management Agency (FEMA) coordinated the rescue of more than 6,500 people and for the first time deployed all 28 of its Urban Search and Rescue teams for a single event. The combined rescues performed by these two agencies total almost 40,000—more than seven times the number of people rescued during the Florida hurricanes in 2004.

U.S. Customs and Border Protection (CBP) performed over 1,428 missions, which included 672 law enforcement, 128 search and rescue, 78 recovery, 444 hurricane relief, and 97 other logistical support missions. During operations, CBP saved over 328 lives; provided food, water and other supplies to thousands of people impacted by the hurricanes; and donated well over $20 million dollars in seized goods and humanitarian aid. The Transportation Security Administration (TSA) flew in hundreds of air passenger screeners and Federal air marshals to supply ad hoc security during the massive airlift of storm evacuees from New Orleans. TSA processed thousands of evacuees. More than 22,000 people were flown out of New Orleans on military and civilian aircraft; in a single day at the Houston airports, more than 50,000 passengers were screened—nearly double the traffic on previous peak days.

As of February 28, 2006, FEMA has committed $6.7 billion to housing and other needs assistance to hurricane victims in the Gulf Coast, an amount that more than doubles the combined total of Individuals and Household Assistance Program (IHP) dollars given for six major U.S. natural disasters occurring since 1992. More than 700,000 households have received apartment rental assistance under FEMA's Individuals and Households Assistance Program ($1.7 billion committed). Through February 28, 2006, approximately 69 percent of the debris caused by the storms has been cleared in Mississippi; 55 percent in Louisiana. A total of 77 million cubic yards of debris have been removed from the Coast, overtaking the amount of debris from the September 11, 2001 attacks and Hurricane Andrew combined—by 20 million cubic yards.

SUPPLEMENTAL FUNDS HAVE BEEN USED

To date, Congress has provided $36.6 billion in supplemental funds to FEMA's Disaster Relief Fund (DRF) to support response, relief, and recovery activities in the wake of Hurricanes Katrina, Rita and Wilma. Given the unprecedented scale of the damage and the Federal response, the administration expects FEMA to make full use of these funds for programs authorized by the Stafford Act. With the long-term

recovery efforts continuing, DRF allocations may reach nearly $40 billion over the next few months.

Nearly $31 billion (78 percent) of that amount has already been allocated to major program areas including human services (housing, disaster unemployment insurance, counseling services and other needs assistance); public assistance (including public infrastructure costs, State run debris removal, and emergency assistance to States for responder overtime, search and rescue, evacuations, and emergency sheltering operations); and mission assignments to other Federal agencies, including the Corps of Engineers, Department of Defense, and Environmental Protection Agency.

In addition, funds have been used to support FEMA operations in the affected States, including logistical support such as travel, transportation, temporary staff, communications, and support contracts; to purchase water, ice, food, tents, and other materials for victims and responders; and for long-term deployment of urban search and rescue teams. To date, over $4 billion has been allocated for these activities.

To support essential local government operations, Congress authorized $1 billion of loan authority for the Community Disaster Loan Program (CDL) in the Community Disaster Loan Act of 2005. The CDL program provides loans to local governments who experience at least a 5 percent loss of annual revenue during the year the disaster occurred. The maximum loan amount is 25 percent of the local government's annual operating budget or the total anticipated revenue loss during the current year and subsequent 3 years, whichever is less. Funds provided under the CDL program have supported essential local government operations, including law enforcement, fire department schools, and public sanitation functions.

Based on the level of interest expressed by potential applicants in Louisiana and Mississippi, FEMA allocated $700 million to Louisiana and $300 million to Mississippi. To date FEMA has approved over $539 million in loans in Louisiana and over $91 million in Mississippi, with additional applicants still likely to apply. Loan processing is continuing at both the State and Federal level.

In addition to providing funding to FEMA's Disaster Relief Fund and for the CDL program, the Congress has provided funding for other DHS agencies to support repair, rebuilding and replacement of equipment and facilities damaged in Hurricanes Katrina, Rita, and Wilma.

The Coast Guard received a total of $206.5 million in emergency supplemental funds for Hurricanes Katrina and Rita.

These funds have supported immediate, incremental logistical costs for personnel affected or responding to Hurricanes Katrina and Rita, including costs for temporary assigned duty, loss of uniforms, medical expenses, activation of Coast Guard Reservists, civilian overtime, and the issuing of Permanent Change of Station orders to affected personnel. These funds also addressed the infrastructure costs needed to make temporary repairs to severely damaged facilities requiring long term support, to make permanent repairs to minor damaged facilities and Coast Guard infrastructure, to replace and restore lost navigational aids, repair or replace severely damaged Coast Guard small boats, and replace lost or destroyed Coast Guard property at facilities affected by Katrina and Rita in Florida, Alabama, Mississippi, Louisiana, and Texas.

To support longer term needs of the Coast Guard as a result of damage suffered, the Congress also provided funding to initiate permanent recapitalization efforts to all severely damaged or destroyed Coast Guard facilities and other programs directly affected. Specific funding allocation includes:

—$13.5 million to rebuild Station Gulfport, MS;

—$9.8 million for survey and design work associated with the Integrated Support Command (ISC) New Orleans relocation and reconstruction at the NASA facility in Michoud, LA, including master plan development, geotechnical survey work, environmental assessment, design document specifications and government travel;

—$17.375 million for Sector New Orleans construction and repairs;

—$10.2 million for the recovery of maritime distress communications infrastructure; and,

—$20.2 million for damages and equipment loss associated with the first two National Security Cutters (NSCs) under construction.

CBP received $34.5 million in Public Law 109–148. Of that amount, $13.4 million is being used to replace property, such as scientific/lab equipment, aircraft, boats, vehicles and communication equipment. In addition, $10.4 million provided is being used to re-establish CBP presence on the Gulf Coast in temporary modular building and new leased facilities. The final $10.7 million supported critical information technology (IT) equipment replacement, such as voice and data infrastructure replacement, tactical communication replacement of repeater stations that support radio

communications, replacement and repair of non-intrusive inspection equipment at the ports, as well as a mobile scientific lab.

Finally, Congress provided other supplemental funding that has supported the work of the Office of the Inspector General, equipment replacement and personnel relocations for the U.S. Secret Service, U.S. Immigration and Customs Enforcement and the Office of Grants and Training.

STEWARDSHIP OVER RESOURCES PROVIDED

We take seriously our obligations to protect the taxpayer against waste, fraud and abuse. Indeed, we have implemented specific controls in the wake of Hurricane Katrina to protect the taxpayer. Our efforts to manage controls are coordinated by our Katrina Internal Controls and Procurement Oversight Board—which was established as a taskforce on waste, fraud and abuse to ensure that proper controls are in place to manage the response to and recovery from Hurricane Katrina. Participants include or are represented by the following offices: the DHS Under Secretary for Management, Chief Financial Officer, Chief Procurement Officer, Office of the General Counsel, DHS Inspector General and FEMA.

We have actively engaged in a partnership with the Office of the Inspector General—including involving this Office upfront in our activities instead of just relying on after-the-fact audits. With funding provided by the Congress in the last supplemental appropriation, we are actively recruiting additional financial management and procurement staff for FEMA in order to bolster their ability to provide essential program management and oversight.

CURRENT SUPPLEMENTAL FUNDING REQUEST

In total, the current request for the Department of Homeland Security totals $9.9 billion. As you would expect, almost all of this funding, $9.7 billion in budget authority, is sought to support continued recovery of the Gulf Coast through the Disaster Relief Fund and the Community Disaster Loan program.

In the current request, the Department is seeking $9.4 billion for the Disaster Relief Fund. Together with funding provided to date, this request will fund current estimates of Disaster Relief Fund needs for the disaster declarations issued for Hurricanes Katrina, Rita and Wilma along with currently estimated fiscal year 2006 funding needs for other ongoing disasters. It is important to note that this does not include any costs for any potential new major event.[1]

For the Community Disaster Loan Program, our request seeks $400 million in additional loan authority, bringing our total commitment to $1.4 billion for this program. The State of Louisiana has surveyed potential applicants in the State and estimates that there is critical need for an additional $400 million to meet the cash flow needs of disaster-impacted communities over the coming months.

In addition to the request for FEMA's Disaster Relief Fund and Community Disaster Loan program, the supplemental request seeks a total of $75 million in additional funding for FEMA communications equipment and additional staffing. For additional staffing, a total of $5 million is sought to enable FEMA to hire 60 additional permanent staff this year. These additional staff will support FEMA activities across the spectrum of FEMA's programs, including Readiness, Mitigation, Response, and Recovery, both at headquarters and in the field. The supplemental request also seeks $70 million to support FEMA's efforts to reconstruct and improve existing public alert, warning and crisis communications systems in the Gulf region.

For the Coast Guard, our request totals $69.5 million. This funding will support 200 Coast Guard Reservists recalled to active duty for 6 months, including pay, temporary duty logistics support and per diem associated with the 200 Reservists directly supporting the Gulf region's recovery. Coast Guard Reservists have been a tremendous asset directly supporting all aspects of Coast Guard response and recovery efforts in the entire Gulf region. Keeping these dedicated Coast Guard Reservists on active duty in the greater Gulf region is critical during the third and fourth quarter as we continue with these historic recovery efforts as well as focus on next year's hurricane season, beginning in June.

Of the requested $69.5 million for the Coast Guard, $62.2 million supports Phase II of the ISC New Orleans relocation and reconstruction in Michoud, Louisiana, due to the catastrophic damage by Hurricane Katrina and its associated flooding, as well as relocation of salvaged equipment from the current ISC New Orleans site.

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[1] It should be noted that the formulation of FEMA's normal Disaster Relief Fund budget estimate for any given fiscal year uses a 5-year rolling average of disaster costs less the costs of major events. This methodology is used to estimate the annual President's Budget request for the Disaster Relief Fund.

Finally, our request seeks $29.5 million for U.S. Customs and Border Protection (CBP) and the Office of the Inspector General. Funds sought for CBP will support repair of damaged facilities in New Orleans, LA and Gulfport, MS. Resources requested for the Office of the Inspector General (OIG) provide an additional $13.5 million to be transferred to other Federal OIG offices to support, investigate, and audit recovery activities related to Hurricane Katrina and other hurricanes of the 2005 season.

CONCLUSION

While work still remains to ensure the Gulf Coast fully recovers from the devastating damage inflicted by the 2005 hurricane season, substantial progress has been made. We will continue to work with the Congress to ensure these efforts continue.

Thank you for inviting me to appear before you today. I am pleased to answer any questions you may have.

STATEMENT OF HON. ALPHONSO JACKSON, SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Chairman COCHRAN. Thank you, Secretary Chertoff.

Secretary Jackson, welcome to the hearing, sir. You may proceed.

Secretary JACKSON. Thank you.

Good morning, Chairman Cochran and ranking member and the distinguished members of the committee.

I sit before you today to outline the reason why the Bush administration is requesting additional funds for the State of Louisiana. This funding request, along with all of the past and future funding requests, is aimed at fulfilling the promise that President Bush made to the people of Louisiana when he said, "We will do what it takes, we will stay as long as it takes, to help the citizens rebuild the community and their lives."

As the Secretary of Housing and Urban Development, it is my responsibility to carry out the administration's housing policy. Because of our mission, our expertise, our resources, HUD will continue to play a central role in the relief effort.

Nearly 8,000 public housing units in Louisiana were affected by the hurricane. In New Orleans alone, Hurricane Katrina displaced 8,000 section 8 voucher holders. Without a doubt, this storm took a terrible toll on the community that we serve.

Additional funds that the Bush administration is requesting would help rebuild the lives of people that choose to remain in, or return to, New Orleans. These funds would also go to help thousands of families who had not received HUD assistance before the storm, but need temporary assistance to rebuild their lives. Thousands of people want to return to Louisiana, but can't, because they have no home. They want to get back to work, they want to put their children back in school.

The funds that the Bush administration is requesting would not only help rebuild the lives of families that HUD already serves, it would also help to rebuild more than 100,000 homes across southern Louisiana. This money would be used strictly for flood mitigation activities, such as buyout, relocation, rebuilding the residential properties, and related infrastructure. The Bush administration today is requesting $4.2 billion, and it is asking that the money be put into the Community Development Block Grant program, because of the program's great flexibility.

The Community Development Block Grant program is the right program for the funds, for two main reasons. First, community de-

velopment block grants would allow the local leaders to fashion their community strategy. The people of Louisiana know how to rebuild their community better than we do in Washington. Second, because HUD's broad experience with housing gives us the expertise to review Louisiana's plans to ensure that the plan minimizes the future risk to property and life, we expect Louisiana to develop a comprehensive and expert plan for using the monies, but we also want to retain the ability to distribute the funds based on a sound proposal.

By transmitting the funds through the Community Development Block Grant program, the people of Louisiana will have flexibility to provide mortgage assistance to those who need it, to make repairs to existing homes, and to elevate housing that is at risk of future flooding.

The Bush administration developed this request in light of three factors. The first is the need to mitigate Louisiana's current damages. Second is the need to mitigate Louisiana's future risk of flooding. And third is that Louisiana's mitigation needs are unique.

First, Mr. Chairman, Louisiana faces a very unique mitigation of current housing and infrastructure damage. Governor Blanco has told the Louisiana legislature that $5.6 billion of the $6.2 billion of Community Development Block Grant funds already allocated to the State will go directly to assisting homeowners and develop affordable housing in that State. But that still leaves a significant need to repair and replace infrastructure.

Second, Mr. Chairman, Louisiana faces a unique need for mitigation of future risk of flooding. It would not make sense to rebuild Louisiana just the way it was. This could involve moving public facilities or buying out property owners in—or not rebuilding in certain areas. It could also involve rebuilding houses on stilts or meeting more stringent building-code standards. It would be left to the State and the local government to decide which mitigation measures are best suited for this situation. Example, what areas to be bought out, to leave open, whether to use funds or rebuild on stilts, or other entities. The Community Development Block Grant program provides the local flexibility needed to make the decisions wisely.

Third, Mr. Chairman, the concentration of damage is unique to Louisiana. In Louisiana, the damage is often concentrated so much in some areas that it's simply no infrastructure left to support the rebuilding process. This makes the challenge much more difficult.

Let me give you an example. Even in Louisiana, 75 percent of the public housing units that were damaged were in New Orleans. That's 7,100 out of 9,500 damaged units in Louisiana. Mr. Chairman, if we can count the damage to all types of housing statewide, nearly 90 percent of it occurred in the metropolitan area of New Orleans. That puts Louisiana at a special disadvantage, because private investors are not likely to go into the area where there is the kind of intense infrastructure damage, unless they know the resources are available to leverage their investments.

The $6.2 billion expenditure already allocated to Louisiana still leaves another $5.9 billion in total mitigation needs for Louisiana—$4.8 billion for housing that was severely damaged or destroyed, and $1.1 billion for other infrastructure. We estimate that FEMA

can provide $1.7 billion in mitigation funds for Louisiana. Thus, Louisiana still needs $4.2 billion for mitigation. And that is why the President is requesting $4.2 billion today.

We are confident that Louisiana is developing a sound plan for using these funds. The administration has worked closely with Louisiana and New Orleans officials, to assist them in developing a proposal that will meet the State and the city's needs, and target the rebuilding efforts to support the flood mitigation. Subject to the proposed appropriation, the State of Louisiana will submit a plan for the use of the $4.2 billion for flood mitigation activities.

In addition to the $4.2 billion I've already mentioned, we request, in addition, $202 million to continue the Disaster Voucher Program. That $202 million will help hurricane evacuees not just from Louisiana, but also from other States damaged by the hurricane. These funds would be added to the $390 million already provided for the disaster vouchers by Congress in December, and enable us to further assist people for 18 months.

But our request does more than add funds. First, it would also broaden the language of the law so that HUD can assist families not covered under the initial $390 million. Second, the request would also provide, after the first right of return had been given to all households in any HUD-assisted development located in the city of New Orleans, an owner may then offer any remaining vacant dwelling units to city employees for a period not to exceed 12 months. This would allow an owner to assist in housing the city's first-responders, regardless of income, age, or evacuee status.

PREPARED STATEMENT

In conclusion, Mr. Chairman, ranking member, and distinguished members, this request that I am bringing before you today reflects the findings of the people who are in the best position to evaluate the housing needs of Louisiana—but, more specifically, Southern Louisiana. Six months after the initial evaluation of damages, the real extent of devastation is very clear. President Bush made a promise to the people of the gulf coast that he would do whatever it took to help them rebuild. This request represents the best effort to make good on that pledge.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. ALPHONSO JACKSON

Good morning, Chairman Cochran, Ranking Member Byrd, and distinguished members of the committee.

I sit before you today to outline the reasons the Bush Administration is requesting additional funding for the State of Louisiana.

This funding request, along with all past and future funding requests, is aimed at fulfilling the promise that President Bush made to the people of Louisiana when he said: "We will do what it takes, we will stay as long as it takes, to help citizens rebuild their communities and their lives."

As the Secretary of the Department of Housing and Urban Development, it is my responsibility to carry out the administration's housing policies.

Because of our mission, our expertise, and our resources, HUD will continue to play a central role in the relief effort.

Nearly 8,000 public housing units in Louisiana were affected by the hurricane. In New Orleans alone, Hurricane Katrina displaced nearly 8,000 Section 8 voucher holders. Without a doubt, this storm took a terrible toll on the communities that HUD serves. The additional funds the Bush Administration is requesting would

help rebuild the lives of the people that choose to remain in or return to New Orleans.

The funds would also go to helping the thousands of families who were not receiving HUD assistance before the storm, but need temporary assistance to rebuild their lives.

We have been having an ongoing dialogue with the elected representatives in Louisiana. They have described their needs to us.

Thousands of people want to return to Louisiana but can't because they have no homes. They want to get back to work. They want to put their children back in school.

The funding the Bush Administration is requesting would not only help rebuild the lives of the families that HUD already serves.

It would also help to rebuild more than 100,000 homes across Southern Louisiana. The money would be used strictly for flood mitigation activities, such as buyouts, relocation, and rebuilding of residential properties and related infrastructure.

The Bush Administration is requesting $4.2 billion. And it is asking that the money be put into the Community Development Block Grant fund because of this program's great flexibility.

CDBG is the right program for these funds for two main reasons: First, CDBG would allow local leaders to fashion their community strategies—the people of Louisiana know how to rebuild their communities better than we do in Washington. Second, because HUD's broad experience with housing gives us the expertise to review Louisiana's plans to ensure that the plan minimizes future risks to property and life.

We expect Louisiana to develop a comprehensive and expert plan for using the funds. But we also want to retain the ability to distribute those funds based on sound, smart proposals.

By transmitting the funds through our CDBG program, the people of Louisiana will have the flexibility to provide mortgage assistance to those who need it, to make repairs to existing homes, and to elevate houses that are at risk of future flooding.

The Bush Administration developed this request in light of three factors:

—the first is the need to mitigate Louisiana's current damages;

—the second is the need to mitigate Louisiana's future risk of flooding;

—and the third is that Louisiana's mitigation needs are unique.

First, Mr. Chairman, Louisiana faces a unique need for mitigation of its current housing and infrastructure damages.

Governor Blanco has told the Louisiana legislature that $5.6 billion of the $6.2 billion dollars in CDBG funding already allocated to the State will be directed to assist homeowners and to develop affordable housing.

But that still leaves a significant need to repair and/or replace infrastructure.

Second, Mr. Chairman, Louisiana faces a unique need for mitigation of its future risk of flooding.

It would not make sense to rebuild Louisiana just as it was.

This could involve moving public facilities, or buying out property owners and not rebuilding in certain areas. It could also involve rebuilding houses on stilts or to meet more stringent building code standards.

It will be left to State and local governments to decide which mitigation measures are best suited to their situation, e.g., what areas to buy out and leave open, whether to use funds to rebuild "on stilts," and so on. The CDBG program provides the local flexibility needed to make these decisions wisely.

Third, Mr. Chairman, the concentration of the damage is unique in Louisiana.

If damage is spread out, even if there is a lot of it, then infrastructure remains and people remain to build back the damaged areas.

But in Louisiana, the damage is often concentrated so much in some areas that there is simply no infrastructure left to support the rebuilding process. This makes the challenge much more difficult.

Let me give you just one example of that: Even in Louisiana, 75 percent of the public housing units that were damaged were in the City of New Orleans. That's a 7,100 out of 9,500 damaged public housing units in Louisiana.

Mr. Chairman, if you count damage to all types of housing State-wide, nearly 90 percent of it occurred in the Metro New Orleans area.

That puts Louisiana at a special disadvantage, because private investors are not likely to go into an area with that kind of intense infrastructure damage unless they know that other resources will be available to leverage their own investments.

The $6.2 billion dollar expenditure already allocated to Louisiana still leaves another estimated $5.9 billion in total mitigation needs for Louisiana: $4.8 billion for housing that was severely damaged or destroyed, and $1.1 billion for other infra-

structure. We estimate FEMA can provide about $1.7 billion in mitigation funds to Louisiana.

Thus, Louisiana still needs $4.2 billion for mitigation, and that is why the President is requesting $4.2 billion.

We are confident that Louisiana is developing a sound plan for using these funds.

Chairman Don Powell has worked closely with Louisiana and New Orleans' officials to assist them in developing a proposal that will meet the State and city needs, and target rebuilding efforts to support flood mitigation.

Subject to the proposed appropriation, the State of Louisiana will submit a plan for the use of the $4.2 billion for flood mitigation activities.

In addition to the $4.2 billion I have already mentioned, we are requesting an additional $202 million to continue the Disaster Voucher Program, or DVP.

That $202 million will help hurricane evacuees, not just from Louisiana, but also from the other States damaged by the hurricanes.

These funds would be added to the $390 million already provided for DVP by Congress in December, and enable assistance for 18 months.

But our request does more than add funding:

First, it would also broaden the language of the law so that HUD-assisted families not covered under the initial $390 million would be covered.

Second, the request would also provide that after the first right of return has been given to all households in any HUD-assisted development located in the City of New Orleans, an owner may then offer any remaining vacant dwelling units to city employees for a period not to exceed 12 months. This would allow an owner to assist in housing the city's first responders regardless of income, age, or evacuee status.

In conclusion, Mr. Chairman, Mr. Ranking Member, and distinguished members, the request that I bring before you today reflects the findings of the people who are in the best position to evaluate the housing needs in Louisiana, but more specifically, Southern Louisiana. Six months after our initial evaluations of the damage, the real extent of the devastation has become clearer.

President Bush made a promise to the people of the Gulf Coast that he would do whatever it took to help them rebuild their lives. This request represents the administration's best efforts to make good on that pledge.

Thank you for your time. I will be happy to answer any questions you may have.

Chairman COCHRAN. Thank you, Secretary Jackson. We appreciate your being here and the statement you've provided to the committee.

Secretary Woodley.

STATEMENT OF HON. JOHN PAUL WOODLEY, ASSISTANT SECRETARY, CORPS OF ENGINEERS—CIVIL, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE—CIVIL

ACCOMPANIED BY LIEUTENANT GENERAL CARL STROCK, CHIEF OF ENGINEERS, CORPS OF ENGINEERS—CIVIL, DEPARTMENT OF THE ARMY, DEPARTMENT OF DEFENSE—CIVIL

Mr. WOODLEY. Mr. Chairman and distinguished members of the committee, I'm John Paul Woodley, Jr., Assistant Secretary of the Army for Civil Works. I'm pleased to testify before the committee today on requested supplemental funding to support the Army Corps of Engineers activities related to strengthening the hurricane protection system in and around New Orleans, Louisiana.

I am accompanied by Lieutenant General Carl Strock, chief of engineers, who will assist me, as he, indeed, already has, in answering any technical questions you may have.

Immediate repairs and damage assessments of the New Orleans levees were well underway in September 2005, when President Bush pledged the full support of the Corps of Engineers to State, city, and parish officials in working to rebuild a stronger and better New Orleans. Shortly after Katrina, Lieutenant General Strock established the Interagency Performance Evaluation Task Force, or IPET, to provide objective and definitive answers about the design

and performance of the existing system, and thereby inform the decisions that must be made about the future system.

External peer review of all IPET activities and reports is being provided by the American Society of Civil Engineers. Both the IPET and the American Society of Civil Engineers external review panel are comprised of some of the most highly regarded national and international experts from Federal, State, and local government, from academia, and from private industry. In conducting their comprehensive study, these experts are using the most advanced scientific methods and tools available.

In addition to the IPET effort, an independent panel of multidisciplinary experts, also drawn from the public and private sectors and from academia, was convened under the auspices of the National Academies of Science to provide independent review of these reports, and issue separate findings and recommendations to me.

Immediately after the storm, the Corps set about repairing the damages sustained by the hurricane protection system. My direction and challenge to the Corps was to repair the hurricane protection system to its pre-storm condition before the next hurricane season. To date, about 45 percent of the damaged levees have been repaired, and 85 percent of the city's pumping capacity has been restored. The Corps is well on track to meet the commitment to have New Orleans' flood protection system repaired to its pre-Katrina condition by June 1, 2006.

Mr. Chairman, in repairing to pre-storm conditions, we are not delaying the construction of identified design weaknesses. Corrections and improvements to the original design are being implemented as soon as we have actionable information. For example, the Corps has determined that the levees and flood walls that currently parallel the city's three outfall canals leading to Lake Pontchartrain will not perform to design levels without major reconstruction. Therefore, rather than rebuild the flood walls as they were originally designed, the Corps is installing temporary gates and pumps on each canal until a more permanent solution can be constructed.

In many areas, settling and subsidence have reduced the system to something less than its designed height. The urgent supplemental funds already provided not only will allow the repair of hurricane-induced damages, but also will allow the Corps to restore the entire system to its design height. We expect this effort to be completed by September 1, 2007.

With that as background, I am today asking you to support our recommendation for $1.46 billion in additional measures that will make the New Orleans hurricane protection system stronger and more reliable. While these measures do not further increase the height of the system, they will better protect it from the kinds of failures that produced catastrophic flooding during Hurricane Katrina.

The six improvements proposed are, first, permanent pumps and closures for the three New Orleans outfall canals, for $530 million; second, two navigable closures on the inner harbor navigation canal, for $350 million; third, storm-proofing of interior pump stations in Orleans and Jefferson Parishes, for $250 million; fourth, selective armoring of levees and flood walls throughout the system,

for $170 million; fifth, incorporation of non-Federal levees in northern Plaquemines Parish, for $60 million; and sixth, restoration of critical areas of coastal wetlands and ecosystems, for $100 million.

These six recommendations and all estimates of costs for work, both underway and anticipated, are based upon what we know at the present time. I have great confidence in this request. However, because we are planning and executing this work under a compressed timescale, we—there may be a need to adjust and refine these projects. Also, the ongoing studies I previously mentioned may provide new information that could result in additional recommendations, possibly to restore the New Orleans hurricane protection system projects to original design standards, or possibly to provide additional protection.

Ordinarily, Mr. Chairman, I would not approach the Congress with this type of request without a full analysis of potential alternatives and evaluation of benefits and costs that support the selection of the recommended measures. However, the exigencies of this emergency compel me, and my confidence in the Corps allows me, to make this recommendation without all the analytical underpinnings that we would normally have available.

As always, I commit to full transparency of our efforts and will work with all interested parties, including this committee, to ensure that the Corps's intent is fully understood, appreciated, and approved by the Congress.

PREPARED STATEMENT

Mr. Chairman, this Nation has just experienced the most devastating hurricane season in its history. I'm proud of the work of the Corps' civilian workforce and military officers to restore protection to New Orleans. It's a testament to their selfless service and their unwavering sense of duty.

Thank you very much for the opportunity to appear before you this morning.

[The statement follows:]

PREPARED STATEMENT OF HON. JOHN PAUL WOODLEY, JR.

INTRODUCTION

Mr. Chairman and distinguished members of the committee, I am John Paul Woodley, Jr., Assistant Secretary of the Army (Civil Works). I am pleased to testify before your committee today on the supplemental funding to support the United States Army Corps of Engineers' activities related to strengthening the hurricane protection system in New Orleans, Louisiana and its vicinity. My testimony today provides a brief background and update for the Committee on the Corps' efforts to repair and rebuild the hurricane protection system for New Orleans. In addition, I will provide details on features that will strengthen the existing system.

BACKGROUND

There are more than 350 miles of levees in the southeast Louisiana area. About 169 miles of this system sustained damage from Hurricane Katrina, including 41 miles that sustained severe damage. The third urgent supplemental appropriations bill, enacted as Public Law 109–148, included appropriations to repair, rebuild, and rehabilitate previously authorized projects damaged by Hurricanes Katrina, Ophelia, Rita, and Wilma. To date, the Corps has received $3.3 billion in emergency supplemental appropriations to address the impacts of the 2005 hurricane season. One billion, two hundred million dollars of these funds are being used to address impacts from Hurricanes Katrina, Rita, Ophelia and Wilma and for other purposes in Florida, North Carolina, Alabama, Mississippi, Texas and parts of Louisiana outside of

New Orleans. The balance, $2.1 billion, is sufficient to repair the hurricane-damaged components of the New Orleans area hurricane protection system to their authorized design heights by June 1, 2006; to restore undamaged levees and floodwalls to their authorized design heights by September 1, 2007; and to accelerate completion of unconstructed portions of authorized projects, with completion expected by September 2009.

All estimates of costs for work underway and anticipated are based upon the best available information, existing knowledge and known circumstances. Ongoing studies may provide new information that could result in additional recommendations for work necessary to restore the New Orleans hurricane protection system projects to their original design standards and for the additional measures the administration has requested to address the main causes of the catastrophic flooding that occurred during Hurricane Katrina.

I believe it is important for the committee and the public to fully understand the efforts we are making to gain the information needed to inform prudent decisions for hurricane protection for New Orleans and the Louisiana coastal areas. Following landfall of Hurricane Katrina on 29 August 2005, Secretary of Defense, Donald H. Rumsfeld, directed the Secretary of the Army, Dr. Francis J. Harvey, to convene an independent panel of national experts under the direction of the National Academies of Science to evaluate the performance of hurricane protection systems in New Orleans and the surrounding areas. I directed the National Academies to assemble a multidisciplinary (e.g., engineering, atmospheric sciences, etc.) panel drawn from the public and private sectors and academia. The purpose of the panel is to assist the office of the Assistant Secretary for Civil Works (ASA (CW)) in conducting a forensic investigation of the performance of U.S. Army Corps of Engineers (USACE) projects during Hurricane Katrina.

The Chief of the U.S. Army Corps of Engineers formally established the Interagency Performance Evaluation Task Force (IPET) on October 10, 2005, to provide credible and objective scientific and engineering facts to answer questions about the performance of the New Orleans hurricane and flood protection system during Hurricane Katrina. The IPET is examining and providing forensic analysis on the performance of the entire storm damage reduction system in New Orleans, helping us to understand the failures that occurred, to understand other components of the system that may have been degraded in their capacity to protect against future storms, and to understand where the system performed successfully. The IPET is developing information on risk and reliability of the system as it will be after the Corps completes the repairs. The Corps is acting on a real-time basis to incorporate findings into both its interim repairs and its long term restoration and improvements to the system.

The American Society of Civil Engineers is providing external peer review of IPET activities—referred to as the External Review Report (ERP). Both the Corps IPET and the ASCE ERP teams are comprised of some of the Nation's most highly regarded engineers and scientists from government (Federal, State, and local agencies), academia and private industry. These experts are using some of the most advanced scientific and engineering methods and tools in their comprehensive study.

The National Academies Committee on New Orleans Regional Hurricane Projects is performing an independent review of the IPET and ASCE reports and will issue separate findings and recommendations to me. The findings of the National Academies panel will be subject to peer review process before being released under the imprimatur of the National Academies of Science.

The IPET product will include four reports. IPET Report 1, publicly released on 10 Jan 2006, provided the strategy for implementing their performance evaluation and provided interim status. IPET Report 2 is scheduled for release March 10, 2006 and will provide a progress report on implementation with interim results. IPET Report 3, scheduled for May 1, 2006, will provide a structural performance assessment for the hurricane protection system. IPET Report 4, scheduled for June 1, 2006, will be the final performance evaluation report for IPET. All information is being made publicly available to the greatest extent possible.

The IPET Report 1 was reviewed by the ASCE External Review Panel (20 Feb 2006) and the National Academies Committee (21 Feb 2006). All comments pertaining to IPET will be addressed in future IPET reports. National Academies review comments on IPET reports are provided directly to the Department of the Army. ASCE review comments on IPET reports are provided to LTG Carl Strock, Chief of Engineers.

The National Academies review of the IPET work will produce three reports. A preliminary letter report was issued February 21, 2006, to ASA (CW) providing an assessment of IPET Report 1. An interim report will be issued near the midpoint of their study (tentatively 1 June 2006) with the final comprehensive report summa-

rizing the IPET and ERP reports scheduled to be released tentatively in September 2006.

At the same time, on a parallel path with the IPET and National Academies studies, Congress authorized and appropriated funds for a 2-year, $20 million Louisiana Coastal Protection and Restoration Project to identify options for increasing the level of hurricane storm protection for New Orleans and coastal Louisiana. Planning and organization for this study is now underway. It will incorporate all information developed by other studies. As directed, the Corps is preparing an interim report, with a final report of recommendations and alternatives due December 30, 2007.

The Louisiana Coastal Protection and Restoration Project has been referred to as the "Category 5" study, but I caution the committee and the public about the use of such terminology and measures when making decisions about the kinds and size of structures to build for storm protection. Storm category classifications, which are based on sustained wind velocities, are general categorizations best used to inform the general public about the expected level of destructiveness associated with a storm so that individuals and officials can make decisions about how to protect themselves and their property, such as whether or not to evacuate. Hurricane and storm damage reduction levees and similar structures, however, are designed to specific storm surge and wave criteria based on the modeled effects of a statistically-selected "design storm for the protected area." While sustained wind velocity is one measure that has an effect on surge and wave heights, many other factors are critically important, as well. These include storm characteristics such as forward speed, radius, barometric pressure, tidal factors, the bottom depth in front of levees, and more. A storm with Category 5 wind velocity characteristics could well be less destructive to a storm protection system than would a storm with Category 3 wind velocity but with other more unfavorable storm characteristics. The Louisiana Coastal Protection and Restoration Project will incorporate all these factors to study the means to provide a higher level of protection.

REPAIR OF THE HURRICANE-DAMAGED COMPONENTS TO ORIGINAL DESIGN STANDARDS

The Corps is well along with the task of repairing and restoring the hurricane protection system to its design height. We are on track to restoring damaged elements of the system by June 1, 2006. While circumstances compel immediate construction, the Corps is striving to make use of the best information currently available—and new information as it develops—to restore projects to their design heights, as directed by the Congress.

In New Orleans East, along the Inner Harbor Navigation Canal, or IHNC, flooding resulted from the overtopping of floodwalls and levees. The Corps has completed about one-third of the necessary repairs to the floodwalls and levees in this area.

On the Orleans East Bank, three drainage canals provide rainwater drainage from the interior of the city into Lake Pontchartrain. The Corps has determined that the canal levees and floodwalls will not perform to design levels without major reconstruction and strengthening, and better protection can be provided by installing closure structures at the outfall ends—at or near Lake Pontchartrain. For that reason, the Corps is implementing interim closure plan for these drainage canals that includes installation of temporary gates and pumps by June 1, 2006, until a more permanent solution can be constructed. The installation of temporary gates and pumps is about 15 percent complete at this time. The temporary gates can be opened and closed to protect the canals from storm-induced surges from Lake Pontchartrain. The pumps will move water into the lake even when the gates are closed, which will occur only when water levels in Lake Pontchartrain reach an elevation of 7 feet above sea level. Only once during the past 74 years (during Hurricane Katrina) has Lake Pontchartrain reached that level, and it has only risen to 6 feet above sea level three times during the past 74 years.

In Plaquemines Parish, repair of the levee system is about 65 percent complete and is on schedule.

In St. Bernard Parish, repair of the levees along the Mississippi River Gulf Outlet is about 65 percent complete and is on schedule.

RESTORATION OF UNDAMAGED LEVEES AND FLOODWALLS

In addition to the repair of the hurricane-induced damages, the Corps is working to restore undamaged levees and floodwalls to their authorized design heights by September 1, 2007. The foundation conditions in the area cause components of the hurricane protection system to settle and subside over time. The Corps is working to return 27 miles of levee in Plaquemines Parish; 5.5 miles of levee and 2,700 linear feet (lf) floodwall in New Orleans East; 4.3 miles of levee and 2,500 lf of floodwall in Jefferson Parish East; and 5.2 miles of levee and two floodgates in St.

Bernard Parish to what engineers call "design grade and required section." Funds have been provided for this purpose and the work is proceeding on schedule.

ACCELERATED COMPLETION OF AUTHORIZED PROJECTS

With funding included in Public Law 109–148, the Corps is also accelerating completion of unconstructed portions of six previously authorized projects in south Louisiana. These include New Orleans to Venice, Larose to Golden Meadow, Grand Isle, Southeast Louisiana (Interior Flood Damage Reduction), Lake Pontchartrain and Vicinity, and West Bank and Vicinity. The Corps will be constructing the remaining portions of these authorized Federal hurricane protection levees, floodwalls and other features to the current design grade and required section. The accelerated schedule is expected to result in their completion by September 2009.

STRENGTHENING THE HURRICANE PROTECTION SYSTEM

Mr. Chairman, the work I have just described is critical to providing hurricane protection to the New Orleans area, but additional measures are necessary to make the system stronger at its current level of protection, so as to better protect these works from the kinds of catastrophic failure that resulted from the Katrina storm surges. On February 16, the administration asked Congress to support an additional $1.46 billion in funding for improvements to southeast Louisiana's hurricane protection system. If approved, the proposal would pay for permanent pumps and closures for New Orleans' three outfall canals; improvements in protection along the Inner Harbor Navigation Canal through construction of two navigable closures that would help prevent storm surge from entering the IHNC area; storm-proofing authorized interior drainage pump stations in Jefferson and Orleans Parishes; selective armoring for critical portions of the New Orleans levee system; incorporation of Plaquemines Parish west bank non-Federal levees into the Federal levee system; and restoration of critical areas of coastal wetlands and ecosystems needed to improve long-term hurricane and storm damage reduction.

Ordinarily, I would not approach the committee with this type of request without the full analysis of all potential alternatives, including NEPA compliance and evaluation of benefits and costs that would lead to the selection of those measures. The exigencies of this emergency compel the Corps, as an institution, and me, as the Assistant Secretary, at the direction of the President, to make this presentation without all of the full analytical underpinnings normally provided at this time. Nevertheless, I have confidence in this request is because it is based on the work of the Corps Mississippi Valley Division, in general, and the New Orleans District, in particular, whose knowledge of these systems is unparalleled in the Nation, as well as the aforementioned forensic investigation. Also, I want the committee to understand that because we are executing this work under such a compressed time scale, there may be a need to adjust and improve the precise structures that are under development. As always, I commit to full transparency of our efforts and will work with all interested parties, including Congress, to ensure that the Corps' intent is fully understood. A brief description of these six recommended improvements follows.

FIRST: PERMANENT PUMPS AND CLOSURES FOR NEW ORLEANS' THREE OUTFALL CANALS

Temporary pumps and gates will be replaced by permanent closure structures and three new permanent pumping stations, one each at the outfall ends of the three drainage canals (17th Street, Orleans Avenue, and London Avenue in Orleans Parish). The drainage canals are part of the hurricane protection system and carry stormwater from the interior of the protected area to the lake. Modifications will also be made to the outfall canals and the existing levees and floodwalls. The closure structures will prevent storm surge from entering the canals from Lake Pontchartrain, and will eliminate the need to provide parallel protection. The pump stations will convey water from the canals to the lake. The closure structures and new stations will be constructed across the current alignment of the outfall canals and will serve as part of the hurricane protection front along the lake shore. They will be designed to resist storm induced surge and wave forces and will be fitted with appropriate backflow protection systems. Since they will have to work in concert with the multiple existing stations that currently discharge into the canals, control and monitoring systems will be required at both the new and existing facilities. The stations will limit the water levels in the existing outfall canals while discharging to the lake under the most adverse conditions. The pumping capacities of the new 17th Street, Orleans Avenue and London Avenue stations will be 12,500 cubic feet per second (cfs), 3,700 cfs, and 9,480 cfs respectively, to match that of the existing feeder stations. There was no such pump capacity at the time of Hurricane Katrina

since the canals had been designed to be evacuated by gravity. The funding needed for this measure is $530 million.

SECOND: NAVIGABLE CLOSURES FOR THE IHNC

Hurricane Katrina severely damaged portions of the I-walls along the IHNC and the Gulf Intracoastal Water Way or GIWW. The existing floodwalls along the IHNC are 1–3 feet below the required design grade due to subsidence. A review of the design of the existing walls has resulted in the determination that they cannot be restored to their authorized level without significant reconstruction. However, the preferred option is to prevent surge from entering the canal area by constructing flood gates that would also pass navigation. This would require two structures that prevent storm surge from entering the IHNC. One structure would be located at Seabrook where the IHNC enters Lake Pontchartrain. The other structure would be located west of the GIWW's intersection with the Mississippi River Gulf Outlet. These structures would be closed only when a storm threatens to enter the IHNC. The funding needed for improved protection along the IHNC is $350 million.

THIRD: STORM-PROOFING PUMP STATIONS

At least 34 pump stations were considered damaged and non-operational in Hurricane Katrina. With funding of $250 million, the Corps would provide protection against both hurricane force winds and surge to authorized drainage pump stations within the hurricane protection system in Orleans and Jefferson Parishes. Features include strengthening of structures, elevation of pump drives and switch gear, conversion of electrical equipment, provision of back-up power, and waterproofing. Some or all of these features would be applied at each site, as appropriate.

FOURTH: SELECTIVE ARMORING

Armoring levees and floodwalls will help make them resistant to damage from overtopping and is intended to prevent failure of the structure when the design storm is exceeded. Storm events that cause limited or minor overtopping will likely result in less flooding in the protected area. This combined with improvements in pumping capacity could result in reduced flood damage. In lieu of armoring the entire system, selective armoring of levees and floodwalls could be accomplished to achieve some of the benefits at a reduced cost. The administration has proposed that armoring should be placed at such critical areas as pipeline crossings, the backsides of levees and floodwalls most exposed to storm surge, and areas where floodwalls transition to earthen levees. The funding needed for selective armoring is $170 million.

FIFTH: INCORPORATION OF NON-FEDERAL LEVEES

Plaquemines Parish is a long and slender parish that extends approximately 60 miles north to south and approximately 2 miles in width of developable lands. The parish is separated by the Mississippi River forming a west bank and an east bank with a vast amount of wetlands on both banks beyond the "back levee" protection system. The parish is "the end of the boot" in Louisiana, protruding into the Gulf of Mexico, and is subject to devastation due to tidal and hurricane events on both banks of the river. One major 4-lane transportation artery exists on the west bank and is the only route available that spans the entire north/south 60 mile distance. This route, being only several feet above sea level, is subject to flooding when the "back levee" system is overtopped during events on the order of a 10-year return interval.

The protection of this "low lying" artery is critical to the daily success of Plaquemines Parish given that it serves 12,000 residents and numerous workers including 8,200 oil production workers as they travel to their 5,400 residential structures, several schools and critical facilities, 32 commercial structures, and 60 industrial structures. The protection of this artery is vital to provide a safe and efficient evacuation route due to emergencies including frequent high tide conditions, hurricanes and other events. If this artery remains unprotected it could result in the catastrophic loss of life and property damage combined with an increase in State and local emergency costs, an increase in subsistence and lodging costs for residents and trapped workers, reoccupation costs by homeowners, and restoration costs to business and industry.

The Corps has constructed the New Orleans to Venice hurricane protection levee system, which extends along a good portion of the west bank, but a 23-mile "break" in Federal protection exists from Oakville, LA to the north to St. Jude, LA to the south. This "break" not only jeopardizes resident's lives in the immediate area but

compromises the safety and integrity of the "low lying" highway rendering it impassible. In an attempt to reduce the frequency of flooding along this 23-mile reach, a non-Federal levee exists, but is frequently overtopped during the hurricane season. It provides less than ideal protection and is considerably smaller than the Federal levee located on the remainder of the west bank. This 23-mile area, serviced by both a low elevation levee and a low lying evacuation route, places the safety and well being of all residents, workers, visitors, and others at risk during a hurricane or tidal event equal to or greater than a 25-year event. With $60 million in funding, we propose to incorporate the non-Federal levee into the New Orleans to Venice hurricane protection project and improve the levee to Federal design standards. The operation and maintenance, repair, replacement and rehabilitation of the levee, once raised to federal design standards, would be the responsibility of non-Federal interests. This is consistent with the requirements of existing law for Corps hurricane and flood damage reduction projects.

SIXTH: RESTORATION OF CRITICAL AREAS OF COASTAL WETLANDS AND ECOSYSTEMS

The administration has also requested $100 million to fund activities related to the restoration of natural coastal features that will help reduce the risk of storm damage in the greater New Orleans metropolitan area. Barrier islands and coastal marshes can provide a natural buffer against some storm surges. The coastal wetlands restoration activities must be integrated with hurricane and flood damage reduction and other development infrastructure. With the funds we have requested, the Corps would modify the Caernarvon diversion project. The structure at Caernarvon is authorized only to pass fresh water for management of salinity and to support oyster propagation. The project can be modified to allow the operation of Caernarvon diversion to enhance freshwater, sediment, and nutrient delivery to the wetlands of southern St. Bernard and Plaquemines Parishes which will support restoration of this storm ravaged area. The funds could also be used for ecosystem restoration projects that would restore marshland in the immediate vicinity of New Orleans. Tidal inflow well in advance of storms fill Lake Pontchartrain via three inlets, the Rigolets, Chef Pass, and Seabrook. Marshes act as dampers to this early inflow. Continued wetlands loss south of these inlets allows for more rapid inflow of tides reducing the storage capacity of the Lake in advance of hurricane surges. Restoring or preserving marshes south of Lake Pontchartrain can reduce the volume of inflow prior to a hurricane surge. This may result in lower stages in the lake and a higher potential of protecting from levee failure. We believe important work to repair openings into marshes that occurred along the various navigation, oil and gas and other channels is of high priority.

CLOSING

Mr. Chairman, this Nation has just experienced the most devastating hurricane season in its history. Many of the Corps employees, contractors and others that are working on recovery operations and on the repair and restoration of the hurricane protection system were personally impacted by the storms. I am proud of the work of the Corps' civilian workforce and military officers to insure that protection is restored to New Orleans. It is a testament to their selfless service and their unwavering sense of duty.

This concludes my statement. Again, I appreciate the opportunity to testify today. I am pleased to answer any questions you may have.

Chairman COCHRAN. Thank you, Secretary Woodley.

And thank you all for being here and providing us with your statements as we begin this hearing.

I'm going to ask that we undertake to limit ourselves, in the first round of questioning, to 10 minutes. Each Senator would be recognized for up to 10 minutes. And then we will have a second round, if that is needed.

TEMPORARY HOUSING

And I want to start by asking Secretary Chertoff specifically about some of the issues that were raised at yesterday's hearing, when we had the four Governors from the affected States before the committee. One of the issues that was brought up by Governor Barbour during his testimony was suggesting that consideration be

given to more substantial housing for the hurricane victims who had been displaced from their homes, but who were being given access to trailers, that he described as really recreational vehicles, which were not designed to be family housing units. These people living in those temporary units might be there for some time, and that this might be particularly dangerous with a new hurricane season coming on, but not just from hurricanes, but a thunderstorm or just unusually high winds could do damage and put those people in jeopardy.

I wonder if any consideration is being given to providing alternatives for those who appear to be in need of housing that goes beyond a few weeks or even a few months. He brought up a modular housing-unit alternative, which he called "Katrina Cottages," which had been on display and suggested by some who are able to provide this new kind of housing.

Secretary Chertoff, what is your reaction to that? And I'll ask Secretary Jackson the same question.

Secretary CHERTOFF. Well, first of all, I share the Governor's concern about temporary housing and its ability to withstand another hurricane. In many instances, of course, the trailers are requested by people who want to put them on lots so they can rebuild their own houses, and it may not be practical to put a mobile home, for example, which is a larger structure, on a lot, if you're going to rebuild.

We've actually tried, and we continue to try, to suggest and induce people to use mobile homes as alternatives, where it's safe to do so. That might require, in some instances, elevating it above a flood plain. Sometimes, the reaction we get back is that communities don't want to have large mobile-home parks, or congregations of mobile homes. And so, we get resistance.

As far as modular housing, again, I think we're certainly open to consider anything. We found, early on, given the huge demand, literally hundreds of thousands of displaced people, that there was simply a capacity issue. People wanted to have housing immediately, and we had to get the housing which was most quickly available in the marketplace as fast as possible. But we have also looked at alternatives such as putting people in rental housing that exists, rehabilitating housing. We are somewhat constrained by the requirements of the Stafford Act. I don't think the Act allows us to build permanent housing for people. It limits the amount of money for repair or rehabilitation. And that's one of the constraints that may have an impact on our ability to offer other kinds of houses.

We've tried as hard to push the bounds of the Stafford Act as far as the lawyers will let us do, in order to come up with alternatives. And we will continue to do so. At the end of the day, it may require us to consider whether we want to change some of the boundaries that are in the law.

Chairman COCHRAN. Secretary Jackson.

Secretary JACKSON. Mr. Chairman, I think we are presented with two problems, and understandably so. First is that most people do not want to move, even though their home has been destroyed. And, second, if they want to move, they do not want to move very far away from their home. So, it presents a unique dilemma. In

that dilemma, we can either try to find temporary shelter in and around where they are, or to provide them with trailers.

What I've been able to discern as I travel both Louisiana, Mississippi, and Alabama, is, many of the people are pleased with the trailer, but they have serious concerns that they might not withstand a hurricane. But I think that was denoted almost from the very inception, when they went into the trailer.

The other part is very intriguing. When we met with the different Governors, we suggested that each Governor get a group of people and bring them together, the best experts, to design for them. We called it a charette. And the charette came up with the best way to design on the coast, the best way to design inland, in New Orleans and other places. I must tell you that Governor Barbour immediately convened a charette. Governor Riley really didn't think that he needed one, in the sense that he was not as—damaged as bad as Mississippi and Louisiana. To date, I don't think that Louisiana has convened a charette. They convened a group, which they called—the Governor called a group—I don't know the name—remember the name. And the mayor had a group convened. That was not a charette. A charette is to design a community—and I've suggested this both to the Governor and to the mayor—to design—to get a group—a charette, to design a community that can withstand the storm. And, if you have the storm, that can easily be cleaned up, that can be done.

Now, with the kind of storm-resistant housing that you're talking about, it's already been implemented in Florida. Florida has done it. And if you remember last year, the houses that were standing after three major hurricanes were those homes that had been built to withstand hurricane strength and immediately could be cleaned up after the water had entered them. I think that can be done. And I think that the Governor of Mississippi is moving very quickly toward that. I hope that the Governor and the mayor will—in Louisiana—will do the same thing.

EMERGENCY INTEROPERABLE COMMUNICATIONS SYSTEM

Chairman COCHRAN. Thank you.

One other issue that was raised in the hearing yesterday was Governor Riley's comments about having better interoperable communications in an emergency to facilitate local and State and Federal officials being able to talk to each other and work in a more effective way together.

Is there a plan, based on lessons learned from this experience, to either have a national interoperable system, or a regional interoperable system? What is the Department of Homeland Security's view of what needs to be done now in response to that suggestion?

Secretary CHERTOFF. Mr. Chairman, I think the Governor is right. And the issue wasn't even really interoperability, it was operability. Nothing—I mean, all the cell towers were down. There were satellite communications, but often the power ran out, the batteries ran out. And even satellite communication is imperfect.

This supplemental actually contains a request for, I think, approximately $70 million to allow us to acquire what are called COWs and SOWs, which are, if I remember the acronym correctly, cell-based vehicles and switch-based vehicles, which you can actu-

ally drive into an afflicted, and they are essentially self-contained units that can be used as relays for people to communicate with a large number of cell phones or radios. These are exactly the kind of capabilities which would allow local and State officials to be communicating, even if all the other communications were knocked down. And to the extent we can get funding for this kind of equipment done as quickly as possible, we can start to get—acquire the equipment and get it into position before this hurricane season.

We're doing some additional things, as well, in the Department. We're trying to build capabilities for this hurricane season that would allow us to use aircraft or Coast Guard cutters as relays for radio communications. And we're also equipping our own reconnaissance teams to go in with self-contained packs of communications that would allow reachback into headquarters at operations centers.

So, all of these things are part of an integrated plan to build basic operability, as well as interoperability, in an area where communications have been wiped out.

Chairman COCHRAN. Thank you very much.

I'm going to recognize other Senators now, and will do so in the order of appearance before the committee.

Senator Hutchison.

Well, I'm sorry, Senator Murray. I didn't see you come back in the hearing room.

Senator MURRAY. I have been here the whole time.

Chairman COCHRAN. I know.

FEMA'S FAILURE TO ADEQUATELY MANAGE HOUSING SUBSIDIES

Senator MURRAY. Thank you, Mr. Chairman.

FEMA's performance in assisting Katrina victims with housing was extraordinarily poor. Federal judges were required, several times, to intervene to—so we would prevent thousands of families from being displaced from the hotels they were in, with no place to go. One judge referred to FEMA's actions in reference to its subsidy of hotels and motels as, "notoriously erratic and numbingly insensitive." The court found that, "FEMA's actions discriminated against victims based on the grounds of economic status, and violated the intent of Congress to provide for an orderly and continuing means of assistance and alleviate the suffering of those most affected by Hurricane Katrina." Now, those were the judge's words, not mine.

Even the White House has recognized these failures in its own report. The White House recommended that HUD, instead of FEMA, be designated as the lead Federal agency for providing temporary housing.

Secretary Jackson, when is HUD formally going to take over this responsibility?

Secretary JACKSON. I think that's a very fair question, but in response I will say that it's in the hands of Congress. The Stafford Act clearly requires that FEMA does that. So, if the Stafford Act is repealed or changed, then I think we can. But, otherwise, I have to defer to my colleague, because that's the authority that you've given him.

Secretary CHERTOFF. Let me respond, Senator. First of all, let me say—discuss the issue of hotels. I have to begin by saying that when a judge says, well, we discriminated on the basis of economic status, I think the Act itself, in terms of determining eligibility for certain kinds of funding, discriminates based on economic status. If a wealthy attorney from New Orleans is displaced, and requires housing, but has an income of $1 million a year, it strikes me that we ought not, as a matter of economic status, have the Federal Government pay for that attorney's hotel room.

The story——

Senator MURRAY. So, in the middle of——

Secretary CHERTOFF [continuing]. Tells you——

Senator MURRAY [continuing]. In the middle of the crisis, you're going start asking people what their income and assets are?

Secretary CHERTOFF. Not in the middle. But I will tell you, Senator, that 3 months after the crisis, I think we do have to ask those questions. And if we don't, we get exactly the kind of report we got from the Government Accountability Office, that complains that we were overspending in some instances on hotels.

And I think you've put your finger on exactly the dilemma. I think I owe it to the committee to be very forthright about what that dilemma is. In the immediate month, or even 2 months, after a crisis like this, we do basically focus on meeting needs, and we don't ask a lot of questions about economic status or eligibility, because you first have to save lives. And that's always been our philosophy. And I will tell you, Senator, that it will continue to be our philosophy.

But as you get into month 3, 4, 5, and 6, it is fair to start asking questions about eligibility. If you don't do this, we're going to get stories about people who didn't actually lose their home, because they were in Jefferson Parish or another parish, but decided that they wanted to be in a hotel for a while longer.

Senator MURRAY. Well, Mr. Secretary, not to interrupt you, but I just have a few minutes, and I just am very concerned that the judges themselves found that victims were discriminated against. I think this is an issue we need to look at. If Congress needs to act, then I think it's something we need to look at, if the recommendation is that it is under HUD and can be better managed.

But since I just have a few minutes, I do—and I know that the Senator from Texas is here; she'll probably ask the same question—but as the ranking member on the subcommittee that oversees the funding for HUD, I do want to ask you, Secretary Jackson—because Texas Governor Perry told this committee, yesterday, that when he agreed to accept thousands upon thousands of Katrina victims from Louisiana, he was, and I quote what he said, "Verbally assured by top HUD officials that Texas would receive hundreds of millions in housing assistance."

Now, to date, Texas has not—has received less than $75 million. And a lot of other States that took Katrina victims, including my home State, haven't received a dime. There is no funding in your pending supplemental request for these States, either.

So, I want to know from you: Did you personally make commitments to Governor Perry? And, if not, who in your Department did?

Secretary JACKSON. I did not speak with Governor Perry regarding that issue right after Katrina. But what we did say is this, according to my colleague, is that States that made this effort would be reimbursed. And I must tell you today that Homeland Security and FEMA have reimbursed Houston and the other cities very well. Have we reimbursed them completely? No. But to say that they have not been reimbursed is not true, because I just came back from Houston. Mayor White has been reimbursed by FEMA.

So, I am saying to you, I'm not sure how this——

Senator MURRAY. Well, most specifically, I'd like to find out why you have not had a supplemental—funding request within this supplemental for those costs for those States.

Secretary JACKSON. We don't have to have a supplemental. FEMA has reimbursed the cities for the monies that they've output to help house the persons. And that has been done very well.

Senator MURRAY. All right. Well, I think the question is: what are they going to be reimbursed for, what was promised to them, and whether or not that has occurred. And I will—I know the Senator from Texas will probably ask questions, too, but I think that's a question that this committee needs to explore and have a handle on as we look at this supplemental.

REDUCTION OF STATE AND LOCAL EMERGENCY DISASTER PREPAREDNESS FUNDING

In my last minute—few minutes here, I just want to ask Secretary Chertoff—and I know this hearing is all about the supplemental. And that's important. But many of us are wondering what lessons your Department and the administration learned after Hurricane Katrina. State and local preparedness funding has been cut, across the board, in the President's budget request—port security grants, first-responders, traditional Coast Guard missions, emergency management grants. I thought that we would learn a lesson from Katrina that we have to have those kinds of things in place, so I was really surprised to see the President's budget cut a great deal of that.

One example is the Emergency Management Performance Grant Program. That is the backbone of the Nation's emergency management system, and provides funding for all of our local emergency management offices across our country that they critically need.

Under the President's budget request, in 5 years, the 50–50 Federal/State/local match has become an 80 percent burden on State and local agencies. Now, when we put that burden on State and local agencies, if they, for whatever economic crisis or reason, don't have the funds, the rest of us end up paying for the disaster if it occurs. And that's what we're seeing here with this supplemental.

And I would like to find out why DHS is proposing increasing the gap between the Federal commitment and that being made by States and local government emergency management programs.

Secretary CHERTOFF. To answer briefly, I think that, first of all, the particular funding item on the emergency management grants, I think, is identical to what we proposed last year. I think Congress ultimately appropriated about $10 million more.

But I think the issue for us is that we are trying to move away from specific line-item grants into more general grants that have

specific capabilities through which States and localities actually have a real opportunity to meet these needs. But it also gives them the flexibility to determine whether they have more of a need in another area.

I mean, a perfect area is port grants. In 2006, we have port grants, and we have individual infrastructure grants. In fact, the President's budget in 2007 rolls all those up into a single grant program, the Targeted Infrastructure Protection Program, and then adds $200 million in additional funding. So, we actually increase funding that's available.

Senator MURRAY. Well, Mr. Secretary, as you well know, the Commandant of the Coast Guard—and we've diverted from the question that I've asked—asked for $7.3 billion for port security grants, because of what we required our ports to do. And yet, the administration has asked for just shy of, I think, $70 million—$45 million, which is incredibly short funding.

But let me go back to this question, because this is critical. We will have more disasters in the future. There's no doubt about it. I worry about what's going to happen in 90 days again to our coastal States in the South when the hurricane season comes back. Yet, we are not even providing the dollars; we're telling local emergency management agencies across the country that the Federal Government is backing away from their commitment to make sure these communities have planned and prepared for these disasters, so they can be ready. Your administration is asking to change this 50–50 grant to 80 percent burden on local and State agencies, I think, right at the wrong time. It's a philosophical disagreement with you, but I will tell you that if we put that on local and State governments, who, economically, can't afford it, don't have the funds to do it, and don't prepare, we're going to be back here with another supplemental next year, and the year after, and every year after, from whatever emergency hits this country.

Secretary CHERTOFF. Well, if I could just briefly respond, just so we're clear on it. And I think I've said it before. I'm certainly going to say it again. And I agree with you that we have to be very mindful of the 90 days. But let me tell you what we are doing. I just talked about the $70 million in emergency communications funding——

Senator MURRAY. Well, my specific question is: Why is the administration backing away from a commitment to make sure that these local communities have the disaster planning in place they need?

Secretary CHERTOFF. And I guess my answer is, we have put $50 million into the budget—of course, that's 2007, so it's probably going to kick in after hurricane season—precisely for the planning you're talking about. As we speak, we have teams working to plan, with all the 50 States, on disaster planning, precisely addressing the issue you're talking about. We began the first stage of that, and completed the assessment on February 10, I think it was. We've got teams working down there now. I have talked to General Clark, who would be the military commander who would be responsible for disaster response on DOD's part, about the fact that we are going to be getting with the emergency managers, particularly in the gulf, and very specifically working with them on the planning

and the capabilities, and that we'll be prepared to step in with Federal capabilities if there's a shortfall. So——

Senator MURRAY. Whether it's an earthquake in my community or a hurricane, we need to make sure that our communities have these planning grants and are ready, Mr. Chairman.

Thank you.

Chairman COCHRAN. Time has expired.

Senator Hutchison.

LOCATION OF KATRINA EVACUEES

Senator HUTCHISON. Thank you, Mr. Chairman.

Mr. Secretary Chertoff, can you tell me how many Katrina evacuees went outside of the State of Louisiana, and where those people are today?

Secretary CHERTOFF. I don't have the—I'm sorry—I don't have the number right in my head. I think at one point in time, we had well in excess of 1 million people who moved. I can tell you, based on the numbers of rental assistance, we probably at a—I mean, some of those came back very quickly—we probably had over 700,000 who were displaced for some period of time. And I would estimate that there are probably—and this is a real estimation — 400,000 or 500,000 that are probably still out of their homes.

Most of them, I think, remained in Louisiana, but I think in terms of the State that has had the largest number of evacuees, far and away it's got to be Texas.

Senator HUTCHISON. Do you have a calculation of how many are in Texas and other States?

Secretary CHERTOFF. We do. I don't have it at the top of my head, but I could probably get it for you pretty quickly.

[The information follows:]

KATRINA EVACUEES OUTSIDE OF LOUISIANA

Attached you will find a chart outlining the number of applicants that have registered for FEMA assistance and their current mailing address is different than their damaged residence by State (this report includes the number of LA evacuees still in the State but who are now residing in a different zip code than their damaged residence).

APPLICANTS LIVING OUTSIDE THEIR DAMAGED ZIP—DR–1603–LA—3/16/2006

Current Mailing State	Apps
AK	191
AL	14,366
AR	8,808
AZ	1,987
CA	13,172
CO	2,998
CT	756
DC	780
DE	206
FL	20,117
GA	31,315
HI	147
IA	668
ID	163
IL	5,263
IN	2,035
KS	842
KY	1,773

APPLICANTS LIVING OUTSIDE THEIR DAMAGED ZIP—DR–1603–LA—3/16/2006—Continued

Current Mailing State	Apps
LA-dz[1]	299,860
MA	1,711
MD	2,933
ME	248
MI	3,090
MN	1,237
MO	4,063
MS	29,328
MT	135
NC	4,943
ND	48
NE	510
NH	196
NJ	1,711
NM	755
NV	1,599
NY	4,298
OH	2,754
OK	3,034
OR	936
PA	2,135
RI	307
SC	2,448
SD	87
TN	12,526
TX	148,114
UT	508
VA	4,324
VT	120
WA	1,682
WI	1,314
WV	377
WY	96
Totals	643,014

[1] dz = Current zip and damage zip is different.

Senator HUTCHISON. Well, let me just ask you, if it is FEMA's goal to determine where the people are from all of the requests that you're getting for aid, and to continue to monitor that as we go through the next year, or until the end of this year and, particularly as it relates to education, into the next school year, are you—is that a goal?

Secretary CHERTOFF. Yes. I mean, the way we monitor—and, as I said, and I want to be clear, we have the numbers, I just don't have them off the top of my head—we do—the whole point of registering people and getting authorization codes was to allow us to track people. And we track them through their continued requests for aid and assistance, which we supply through a number of programs. I mean, obviously if someone does not want aid and assistance, then they're going to drop off the radar screen. So, we will continue to monitor that over the next year as we continue to provide people who are—to what they're entitled to, in terms of assistance. Some of those will, hopefully, in the near future be moving back home, and then they will be in a different situation.

ECONOMIC PROVISIONS FOR KATRINA EVACUEES OUTSIDE OF LOUISIANA

Senator HUTCHISON. Is it the intention of FEMA to provide for the people who continue to be displaced, by the person, rather than by the State?

Secretary CHERTOFF. Generally, we do two kinds of different programs. Public assistance operates through the States. There was a period of time—which is rapidly coming to a close, as a matter of law—under which we did give some individual assistance by giving money to the State to reimburse the State for what it did. But I think legally our ability to do that is rapidly ending. And our individual assistance generally goes directly to the individual—actually, the household—under the various programs.

The one thing we have done, and it's particularly noteworthy in Texas, is with respect to Houston. Houston, because it entered into a large number of leases, requested a greater level of, let's say, visibility into how we were handling rental reimbursements. And so, we agreed to enter into an arrangement to let them become our agent for purposes of paying the rents, even though those are technically under individual assistance programs. We also, in this supplemental, propose language that would allow us to pay for the cost of utilities, although that's not normally permitted under the Stafford Act, because I think Houston had an unusual amount of burden. I can actually—I actually have the figures now. I think we now have approximately 90,000—a little under 95,000 households are currently in Texas receiving rental assistance. And we have other large numbers—I think there's 300,000-plus got in Louisiana, and significant numbers in other parts of the country. It appears, here—actually, Mississippi—I think Mississippi has 115,000.

Senator HUTCHISON. I would like for you to get back to me and tell me if that is accurate, because my numbers show that 32 percent of the applicants for some kind of Katrina help are residing outside the State, which would be approximately 344,000 people.

Secretary CHERTOFF. I think we have 600,000—the total have here—and we'll verify it—is a little under 650,000 total number of rental assistance recipients, which ought to be households. And, of that, a little over 300,000 is in Louisiana. So, that—and 115,000 in Mississippi. So, if I do the math in my head, it suggests around 200,000 to a quarter of a million are outside the two afflicted States. But I'll have somebody verify that.

[The information follows:]

ECONOMIC PROVISIONS FOR KATRINA EVACUEES OUTSIDE LOUISANA

FEMA provides assistance to disaster victims as individual applicants, or heads of households, who have registered with FEMA for help. The assistance that has flowed through many other States was for sheltering costs undertaken by the States (under Section 403 of the Stafford Act) immediately following the disaster. This was a temporary measure until we could establish our relationship with the registered applicants. That relationship is delineated in the Individuals and Households Program (IHP—Section 408 of the Stafford Act) which provides various forms of help (rent, repairs, other needs) as needed by the individual applicant.

Individuals register for help based on their previous location within the disaster area. The verification of their previous residence in the disaster area qualifies them for consideration for assistance. For example, either homeowners or renters whose previous home has been damaged or destroyed may receive such assistance.

Senator HUTCHISON. Two hundred thousand to 250,000 outside the Mississippi and Louisiana.

Secretary CHERTOFF. Correct.

Senator HUTCHISON. And Mayor White announced an agreement with you to cover evacuees for the rest of this year. Is that correct?

Secretary CHERTOFF. That's correct.

CDBG GRANTS

Senator HUTCHISON. Mr. Secretary Jackson, we've talked about the CDBG grants. And, of the $11 billion, Texas has gotten $70 million. And I want to ask you what your plans are for helping the communities, such as Houston, which we've mentioned already, but all of the communities with large evacuee populations in other States, as well as Texas, for their housing needs.

Secretary JACKSON. We are relegated to helping those persons who are on some form of public assistance, whether it's public housing, sections 8, 202, or 811. And what we did in the process is—initially we had the Katrina vouchers, now we have the disaster vouchers—but eventually those persons who are already certificate holders, those certificates will transfer to them wherever they are, whether they're in Houston, Dallas, or wherever. Those persons in public housing, we will still have to subsidize the city of Houston if they continue to reside in some form of public housing. And that, in essence, will have to be taken away from the allocation that we give to Louisiana, because those units are no longer being used.

So, clearly, no city will be burdened with taking up the payment without being reimbursed by HUD; because those persons would be in on the program if they had remained in New Orleans.

Senator HUTCHISON. So, it will go to the person——

Secretary JACKSON. Yes, it will.

Senator HUTCHISON [continuing]. In your instance.

Mr. Secretary, the Governor testified—of Texas—yesterday that it costs approximately $6,000 to educate a student in Texas. And special-needs students go to about $7,500, of which there are a number. In the 38,000 schoolchildren in Texas, there are a number that do have special needs. So, the Governor estimates that Texas is losing approximately $120 million to $150 million just in this school year already, because the reimbursement rate is $4,000, not $6,000 and not $7,500.

ECONOMIC IMPACT ON STATES HOUSING ADDED KATRINA EVACUEES

My question is, Is FEMA looking at the actual costs? Are they doing any kind of study that would give actual reimbursements for the cost of educating, particularly in areas where there are concentrations of Katrina evacuees?

Secretary CHERTOFF. I believe I'm correct in saying, Senator, that I don't think the Stafford Act allows reimbursement for expenses like school expenses, things of that sort, increased burdens of a noninfrastructure nature. I think we did cover, and are continuing to cover, through March, certain of those kinds of expenses as emergency assistance. But——

Senator HUTCHISON. The——

Secretary CHERTOFF [continuing]. I think——

Senator HUTCHISON [continuing]. Stafford Act was amended, however, in the last supplemental.

Secretary CHERTOFF. Well, I—but what I think is—I'm—and, again, I'm going to let the lawyers have the final word on this—I don't—my understanding is that, past a certain point, in terms of the emergency, the ability to use the Stafford Act, as opposed to another program, to fund things like overtime for police or additional education expenses, is limited. I think if—I mean, the question that's presented is whether one wants to change the model of reimbursement in this disaster, or in—generally in disasters, to cover costs that occur when people move to other parts of the country and put a burden on other parts of the country, and then how long you want to do that for. I mean, at some point, you know, do people actually become citizens of another State?

So, that's my understanding. If my understanding of the law is incorrect, I will certainly let you know. But——

Senator HUTCHISON. Let me just end by saying that I would so appreciate if FEMA would acknowledge and look at the unusual situation of the large number that have gone to the States outside; 10,000, you can absorb; 38,000 is another issue. My State is having a special session, because they cannot get enough money to fund their schools properly, and they are under a court order to add more money for the schools. And yet, the Federal Government is not reimbursing for the cost of the added Katrina evacuees, when our citizens are going to have to have raised taxes to meet a court order for adequacy of school funding.

I wish FEMA would—and I would ask you if you would consider looking at the unusual situation of the large number of evacuees in our State.

Secretary CHERTOFF. First of all, let me say this. I think Texas did a magnificent job stepping up to the plate here. And I am really acutely aware of the burden—the intangible burden that this movement—large movement of people has placed on the State.

So, I want to separate two things out. We—not only am I delighted to, but I am, in fact, looking and discussing with people inside the administration, How do we deal with the issue of a major catastrophe where there's a huge burden shifted on other States? And I want to continue to do that and work with Congress in figuring out: How do we—how are we fair about this and actually not penalize other States for doing it?

On the other hand, I have to still live within the existing law as it is now. So, I'm not going to break the law in order to do something, even if I think it would be a good thing to do. What I will do, though, is look at whether we need to come back and talk about changes in the law or other adjustments, because it would—I would not want to leave you with the impression that I don't fully understand and appreciate, having seen what a great job the Governor did and the mayors did in stepping up to the plate, that they shouldn't have to pay a price for that.

So, I mean, you make a very fair point, and I think it's a matter we have to really address.

Chairman COCHRAN. Time has expired.

Senator Bennett.

Senator BENNETT. Thank you very much, Mr. Chairman.

There's been enough looking backward in this hearing. I thank you, Secretary Chertoff, for your response to some of the comments that were made.

I want to look forward and back to my opening statement: Who's in charge? Secretary Jackson, you said that, "The people of Louisiana know how to rebuild their community. Louisiana will produce the plan." Do you have veto power over the plan? I'm talking future now. We're talking this supplemental money now. We're——

Secretary JACKSON. Yes.

Senator BENNETT [continuing]. Not rehashing old circumstances.

Secretary JACKSON. Right.

Senator BENNETT. Do you have veto power over what Louisiana decides they want?

Secretary JACKSON. I think the legislation that you passed allocating the $6.2 billion gives a great deal of flexibility to Louisiana, Mississippi, Alabama, and Texas. But, at the same time, I'm mindful of the fact that GAO, the Inspector General, is going to expect me to monitor the money, the same as we did with the Lower Manhattan Corporation in New York City. And we did a very good job. So, it is clear to me that I'm going to make sure that the money is spent in a very productive manner. If not, then we will let not only the chairman of the committee, but Congress, know. And I've said that, specifically, to the Governors, that the money's not going to be allocated and you can spend it as you want to without any accountability. Because, in the end, I'm going to be held accountable for it. And I think that if you look back at what occurred in New York City, we did a tremendous job. In fact, we ended up recouping—and I don't mean in the sense we took it back; it was unused—I think some $400 million that came back to us, because we did monitor it extremely well.

Senator BENNETT. I think one of the major challenges here is making the decision as to what exactly is going to be rebuilt, and what is not.

Secretary JACKSON. I think, Senator, in that case what President Bush has said is that we're there to augment; we're not there to dictate. But clearly I have made my position known to both the Governors, to the mayors in the respective cities, as to how I perceive certain areas. And I think in my opening statement, I said that if they choose to rebuild, there are ways to do it. And I think it's important to look at those ways to do it. But first—the first thing is that we must shore up the levees. And that's what we're doing first. Then we have to decide how we rebuild in those specific areas. But I will not go in, because of what the President has said to the Governors, and dictate, "This is the way that I believe you should build."

Now, I think the next question you'll probably ask: Do I have some perspectives on where they should or should not build? Yes, I do. But the point is, that's just my perspective.

Senator BENNETT. Sure. I understand that. And this goes back to Secretary Chertoff's comments about the way the Founding Fa-

thers set this up in such a way as to divide responsibility. But we're back to the—the question was raised, the difference between "topping" and "breaching." The Army Corps of Engineers, if you look back in history, doesn't have a really good record of making wise decisions on how to handle water. The Mississippi flood of 1927 exposed a series of wrong decisions that had been made over a period of decades about levees. And I'm happy to appropriate money to help people who are in trouble, but if we're going to appropriate money, and then rebuild in a place that the laws of physics say doesn't make sense for people to live in, building a city 10 feet below sea level does not strike me as, inherently, basically a good idea.

Secretary JACKSON. I agree with you——

Senator BENNETT. Now——

Secretary JACKSON [continuing]. Senator.

Senator BENNETT. And——

Secretary JACKSON. You won't get a debate or an argument with me on that.

Senator BENNETT. Okay. Well, you know, that comes back to my fundamental question. Who's in charge? Who's—is there somebody who can say, "Yeah, you get to decide, but we're not going to fund"——

Secretary JACKSON. You——

Senator BENNETT [continuing]. At some point, if somebody makes a really stupid decision—I'm not saying that the Governor will, but if somebody makes a really stupid decision, in the name of nostalgia, that, "We want to rebuild this neighborhood just like it was," maybe Katrina said to us, "You don't want a neighborhood there."

Secretary JACKSON. Well, in that case, I can tell you, you will hear the hue and cry from me——

Senator BENNETT. Okay.

Secretary JACKSON [continuing]. Because I have made it very clear to the mayor of New Orleans, it is he and the Governor's decision, but we will have input in it. And it does not make sense to build where there's a possibility that this might happen again. And I think that the present mayor and the Governor has been pretty receptive to that. I mean, they've——

Senator BENNETT. Okay.

Secretary JACKSON [continuing]. Got a lot of pressure on them to rebuild exactly where we had the problems. But I think they've resisted very well, to be very honest, in their stand.

Senator BENNETT. Okay. I guess, ultimately, Mr. Chairman, we're in charge, in the sense that we would deny the funds if we decided that the plan, going forward, didn't make sense.

Secretary CHERTOFF. If I could just add something, Senator, that might be helpful, this will come up in one other way, where we will have—if we're disciplined about it, and even tough-minded, we will have a real influence. There will be advisory-based flood elevations coming out in March. There will be flood maps coming out later this year that will indicate the elevation to which people will have to build within a designated flood zone in order to get flood insurance. That should drive prudent building. There will be, I predict,

pushback. And so, I—if we hold to the science, and we're disciplined about it, that's going to be important.

Senator BENNETT. Thank you.

We have those problems everywhere. We have mud slides in Utah, because people build in a hillside that isn't stable, and we have a heavy water year, and the homes all slide down to the bottom of the valley. And then, when it dries out, they want to go back and build their homes there again.

And you say, "No." You just don't do that. That's kind of human nature.

Every Governor that testified said, "I'm very sympathetic to the needs of my fellow Governors, but don't shortchange my State." Now, that's both predictable and natural. How do you make decisions about priorities between States? We heard complaint that you're not spending enough, that the President's budget is not spending enough. And then, when we go down to the floor in another context, we will hear complaints that we're all drunken sailors and we're overspending everything. Somebody has to make some priority decisions. Ultimately, I guess, for the President's budget, that decision is made at OMB. I have served in the executive branch, and I know how the best intentions at the departmental level sometimes get shot down elsewhere.

But the ultimate decision still constitutionally resides with us. And how do you make priorities between States? And can you give us any guidelines, as we have—when we have to make those decisions?

Secretary JACKSON. Well, I think—if you're talking about the supplemental, I think that the language was very clear as to what you wanted us to do. You said, "Look at those areas that's most devastated in the most catastrophic way." And looking at it that way, it was clear where the monies should be divided, between, basically, Louisiana and Mississippi.

I'd like to reiterate that even when the monies are allocated, we have the responsibility to make sure it's spent well. So, that's our task. We looked at the language that you gave us in the supplemental and divided the money accordingly.

But it's important to understand, Senator, that we don't know if it's enough money, or not enough money, until they start spending it.

Senator BENNETT. Yeah.

Secretary JACKSON. Everybody keeps saying they don't have enough money. Let's spend some of the money first, and see what we get from spending the money. And then, if you don't have enough, then come back and talk to us. But right now, they're saying, "We don't have enough money." We know that the $4.2 billion that we're asking for today will augment what we've already given, the $11.5 million—to make sure that we address the needs of Louisiana. But let Louisiana get started. I think it was alluded to a few minutes ago, Mississippi has a plan in before us. We're evaluating the plan. We're still waiting on Louisiana's plan.

Senator BENNETT. Yeah.

Secretary JACKSON. So, I would suggest they do exactly what the Governor has done in Mississippi, bring all of the mayors, the county commissioners, together, sit down and submit a plan, so

that we can actually respond to that plan and say, "Let's go forward."

Senator BENNETT. Okay, thank you.

I note, Mr. Chairman, that your State suffered the equivalent of Hurricane Andrew, which, prior to Katrina, was the worst hurricane disaster we've ever had, which means all of the things in place for an Andrew-level disaster were exhausted in Mississippi, and then Louisiana was a bonus, beyond that. I think we need to keep that in mind as we examine all of the efforts of these good people.

Chairman COCHRAN. It's a very good point, thank you.

Senator Gregg.

Senator GREGG. Thank you, Mr. Chairman.

And I want to thank the witnesses for their work. It's a incredible challenge. This is a catastrophe of proportions which this country has never had to deal with before, and we haven't dealt with it as well as we should have. But I know that there's been a sincerity of effort on the part of the Secretaries who are here today.

THREAT-BASED FUNDING FOR EMERGENCY PREPAREDNESS AND RESPONSE TACTICS OUTSIDE OF THE GULF STATES

I'm interested in going back to the question which was raised by Senator Murray to you, Secretary Chertoff. She was essentially saying that she doesn't believe there's enough money in the funding stream for, I guess, first-responder and planning purposes relative to disasters outside of the gulf States. And so, maybe you could review with us how you're approaching that, especially relative to threat. Because I think one of the issues here, as I understand, is that some States are going to get less money, because you've decided to fund based on threat, but the funding is actually fairly constant, or actually being increased.

Can you go over those numbers for us?

Secretary CHERTOFF. Sure. I would say, actually, we find based on a risk. Threat is a part of risk, but it's not all of risk. Risk is measuring consequence, vulnerability, and threat, and putting them into a matrix in which you are able to assess what is the highest risk based on all those factors.

We also, obviously, operate within the constraint of certain programs. And the State Homeland Security Grant Programs have certain parameters and requirements. The Urban Area Security Initiatives focus on cities. The budget item for targeted infrastructure protection focuses on infrastructure.

That means that each program has to operate within the parameters of what Congress lays down. At the same time, sometimes what's not available in one program is available in another program.

The general philosophy is this. First of all, with the amount of money that's proposed in the President's budget, we're talking about ultimately over $17 billion, with a "b," in grant funding that would go to our various programs to help States and localities.

Senator GREGG. Seventeen——

Secretary CHERTOFF. Billion. That would be up to—spending from 2002 fiscal year to 2007 since we started, after 9/11, a total of $17.1 billion. That, by the way, does not consider the fact that

we often support some of these issues with other kinds of funding. For example, if you want to deal with the issue of ports, as I testified about earlier, we've probably, since 9/11, spent a total of $10 billion on ports—not all in grants, but specific items for Coast Guard and Customs and Border Protection. Because the money we spend doesn't only come in grants to States and localities, but it comes in money we spend directly for services we provide as a matter of Federal resources.

When we come to the grants, the general philosophy is this. We ought to be spending on capital investment, training, and equipment, things which allow the States to get essentially the additional help they need to put themselves in a position to prevent and respond to risks. What we generally don't want to be doing is paying for personnel costs, because then what we are doing is paying salaries for people that we don't employ, which is, I think, from a budgetary standpoint, probably the most perilous course to go down.

We also recognize the fact that, of the $17 billion I've talked about, we've got a lot of money in the pipeline. And I want to echo what Secretary Jackson said. Sometimes we need to see the results of spending before we start to just shove more money into the pipeline. So that for this budget, although I think the total amount of money that we are proposing to spend on grants is less than last year, we're doing it mindful of the fact that there's over $5 billion that is awaiting drawdown.

Senator GREGG. And that's first-responder money?

Secretary CHERTOFF. No, that's all money under the programs. But a lot of that——

Senator GREGG. But the $17 billion includes first-responders.

Secretary CHERTOFF. Correct. And that's money which is available for first-responders—not for salaries, but for equipment and training.

We have spent literally billions directed in various first-responder programs for new equipment and things of that sort. And I will tell you, Senator, that I have had conversations with mayors who are—will not dime out in the hearing, and they basically told me they've got the equipment they need, they've got the training they need. What they would really like us to do is pay for their personnel. And I think that is a line that—although we have sometimes crossed in certain circumstances, that's a line that, if we really jumped over, would open the door to having the Federal Government pay for basically all the law enforcement and first-responder salaries in the country, and that would be a huge philosophical change.

TSA PASSENGER FEE AND CAPITAL INFRASTRUCTURE OF BORDER SECURITY FUNDING

Senator GREGG. I appreciate that. And I appreciate your clarifying that. I think it's important.

Can I move on to another subject? I have been attempting to address the issue of border security, and specifically the issue of the capital infrastructure of our border security—the planes for the Customs, which are in serious disrepair, the unmanned vehicles, the physical facilities, the training facilities, the—to try to get a

$1.2 billion initiative here which would pick up the capital items, knowing that the operating budget is coming, down the road.

Initially, it was in last year's Defense bill. It was taken out when—the ANWR was taken out. It seems to me that in the $70 billion in this bill that's being asked for national defense, the purpose of which is to fight terrorism, that defending our borders and making sure we have adequate capital facilities necessary to support the people who are on the ground, the boots on the ground and the technology we need in order to give them the information they need in order to protect the border, especially the southern border, is just a logical extension of the war on terrorism, as integral a part as the war on terrorism as anything else we're doing, and that it should have been included in this supplemental that was sent up. Why wasn't it?

Secretary CHERTOFF. Well, of course, I think we envisioned that, in the 2007 budget, there is a significant amount of money——

Senator GREGG. No, Mr. Secretary, the 2007 budget is—we don't want to get into that, because it's a hollow budget, and we don't want to get into that. I want to know why it wasn't included in this supplemental, when it should have been.

Secretary CHERTOFF. I think what I would say to you, Senator, is this. I'm well aware of the obstacles to some of the funding in the budget based on the fee. I still think the fee is the right idea. And certainly the total amount of spending in the budget, I think, is correct, and does put us in a much stronger position in border security. Now, if it were to turn out that the funding for that budget were not available, then I guess, you'd have to say, "Well, is there an alternative basis?" But at least based on what we've got now, in terms of going forward, what our plan is, in terms of——

Senator GREGG. Well, Mr. Secretary, I'm almost tempted to say I'm going to make you live with it. You're going to get a budget that's $1.4 billion less than what you sent up, because you sent up a fee that was already rejected last year by the Congress. You send up a supplemental that doesn't include the funding you need for the capital items, when you're spending $70 billion in this supplemental on fighting terrorism. And where I—you know, I mean, I really should probably just say to the chairman, "Give me the allocation that this administration sent up, and then ask the people of this country whether it's appropriate."

Secretary CHERTOFF. Let me say this to you, Senator——

Senator GREGG. It's irresponsible not to have included in this supplemental that capital item, because if we don't pay for it in this supplemental, first off you're going to get significantly less, because we don't have the fees to cover your operating costs, and then you—you just won't be able to do that—those capital items, because they aren't paid for in your base budget.

Secretary CHERTOFF. Let me try to put it this way. And I understand where you're coming from on this. I think the amount of money that we seek to spend in the 2007 budget is the right amount of money. I think the suggestion you're raising is that the money may not be funded because of the fee. And obviously if the fee were not funded, we would have to find some other way to fund that level of spending, which is the right amount of spending.

I guess my reaction—and I'm still enough of an outsider in Washington—on the fee is this. Although I've been told it's a march up San Juan Hill to try to get the fee, and I may not be able to succeed in the march, although I'm certainly going to try this year, at the end of the day it's in our power, if we think the fee is the right thing to do, to get the fee. I think Congress originally envisioned the fee when it passed the legislation that set up TSA. I think it's the right thing to do. When people say—you know, I hear critics say, outside, "Well, you know, it's politically unrealistic," well, I mean, sometimes we have to take——

Senator GREGG. Well, the fee is—Mr. Secretary, the fee is a straw dog, because the increase in the fee is not going to go to airline security, it's going to go—what we're looking at is border security that doesn't deal with airlines. We're looking at buying more planes, buying more unmanned vehicles, putting in place the training facilities, and hiring 1,500 new agents, and adding 1,000 or 2,000 new detention beds, none of which is an obligation of the person getting on an airplane and flying from here to there.

Secretary CHERTOFF. Well——

Senator GREGG. If you want to put in a fee that's related to this, you should have said, "I want to charge 50 cents for everybody coming across the Mexican border or across the Canadian border." But you didn't. So, the quid pro quo doesn't exist, and what you've done is put us in a position of having to either underfund the Department or take money from somebody else who has legitimate need for these dollars, because you have basically sent up a budget that's hollow.

And I guess my question was: When you had the opportunity to straighten this out with the supplemental, and $70 billion on the table for fighting the war on terrorism, why didn't you say, "Well, there's the opportunity. Let's do the—at least the capital cost of this Department there?"

Secretary CHERTOFF. Well, first of all, I obviously agree with you——

Senator GREGG. I mean, it's more appropriate to fighting this war on terrorism that we address the immediate needs on the border—or it's equally important—as it is to restructure the Army, which is a core obligation of the Army, and not an emergency event.

Secretary CHERTOFF. I certainly agree with this. I certainly agree these are critically important capital items. I agree with that. I agree with you that these capital items do relate to protection of our national security, because it is critical to the war on terror. I think the issue that you've raised about: What is the right funding source?—I guess all I can say is, although the fees in question—I mean, money is fungible. And maybe what you're saying to me is that if we don't get the fee filled, we ought to just basically take it out of TSA and say to the airlines, there'll be longer lines and more delays and that they basically will be visiting the consequences of the lack of a fee on the airlines.

I understand the difficulties of this issue, Senator. And I guess what I can close by saying is, there's no doubt that the capital expenses are important. The budget envisions those—that money should be spent. So, I mean, I don't think there's a quibble about

that. It is related to national security. I think the issue we're dealing with here is how Pollyanna-ish I am in believing we can get the fee through. And I think we'll—certainly it is legally possible to get the fee through, and in vision with Congress. And I hope that that is the approach that can work, as opposed to another approach.

Chairman COCHRAN. The time is expired.

Senator Allard.

I'm—also call your attention to the fact that we have a vote occurring on the floor, and the second bells have rung.

Senator ALLARD. Well, I—and then you're going to recess the committee, I guess. So, I don't have much time. And I'm just going to briefly make this comment with Secretary Woodley.

I noticed in your comments you were very careful about saying "repair to preexisting conditions on the levees." I thought that was carefully worded. Does that mean that when you rebuild the levees, they're not going to be any stronger than what they were, necessarily? Or they may be just that—in some cases, they may be just as strong as they were before, when there may be greater requirements for them. Does it mean that the levees are no higher than what they were before? And does the end result mean that those levees, that were designed for a category 3, when they're rebuilt, remain a category 3, and we haven't done anything to meet the challenges of a category 4 or 5 hurricane?

Mr. WOODLEY. Senator, the levees are not designed to a category 3, 4, or 5 hurricane, because that is not a—those categories are not significant or useful as design criteria. Our particular—the current authorized work that's being undertaken is being authorized—or is only able to return the levees to their authorized condition. Each one has an authorized level that we are not——

Senator ALLARD. Who sets that authorized level?

Mr. WOODLEY. The Congress does.

Senator ALLARD. So, we—in legislation, we said that each levee—and there's different levees within here—we set the conditions for each one of those individual levees——

Mr. WOODLEY. Yes, sir.

Senator ALLARD [continuing]. Regardless of what the science may dictate it?

Mr. WOODLEY. Oh, I'm sure that it was very carefully regarded, in terms of its science. I have no interest in criticizing your actions, sir.

Senator ALLARD. Well, you know, I'm a little bit appalled here, Mr. Chairman. I mean, here we are setting standards, and we're putting them in legislation, and then, you know, maybe our technology changes, maybe conditions change in this area, and we're—set it here in Washington. It seems to me like we ought to let the experts in the field say, "What—is it safe to meet the conditions and the threats to—of a hurricane 3, 4, or 5," and then apply that same standard to all of them. I'm kind of appalled at this.

I think we ought to look at some legislation that would turn it back into the hands of the experts, and not have those mandates on it. And that's one of the issues I wanted to cover.

IMPROVEMENT OF FEMA MAPS

The other one, I wanted to cover with you, Secretary Chertoff—on our maps. And I think that FEMA could do a better job on their maps. And I also think that when they give their figures, they say, "Well, we have a certain percent of the population all taken care of." And they're not talking about the percent of the country they've gotten done, land mass. And I think that there are cheaper ways of doing those maps. And you just said, in your comments, that you're going to wait until March or May or some later month to get the maps. You know, the maps have already been done down there. And I don't understand why you don't have them.

And so, I think that that—we need to look at the agency, FEMA, which is doing those maps. And I think maybe there might be some efficiencies that can happen there.

And that's all I had, Mr. Chairman. I'm sorry that I don't have more time to pursue both of these issues, because of the votes that are pressing on the floor.

Chairman COCHRAN. Thank you, Senator, very much.

I'm going to have to go to the floor and vote, as well as Senator Allard. I don't know whether you—have you already voted?

Senator LANDRIEU. No, I don't have much time.

Chairman COCHRAN. Well, you don't have any time left. And I haven't asked a question that I need to ask.

I'm going to—first of all, rather than ask a question, I'll just make this comment.

Secretary Jackson, we appreciate very much your cooperation in permitting the use of Community Development Block Grant funds, and the program itself, as a means to get funds into the hands of the victims so they can make progress in recovering and rebuilding and overcoming the terrible disasters of these hurricanes. It shows a flexibility in government administration, I think, that is worthy of praise, and I wanted you to know how deeply we feel about that, and how we recognize you had a large part to play in that, as well as the Department of Homeland Security and the President and the White House itself.

So, in the part of this request that you've submitted to us, you're asking for additional funds, over and above what we've already appropriated in the past, for that very purpose. But I'm convinced that it's working in Mississippi, and it's going to work in Louisiana, with the good efforts of local officials and—but you're going to have to monitor it. I—you know, I—and you admitted that. You—that's part of your responsibility.

Do you feel as though you have enough resources to do the job of monitoring and making sure that the funds are being spent as they were intended and authorized by law?

Secretary JACKSON. Yes, I do, Mr. Chairman.

Chairman COCHRAN. Okay.

The Senator from Louisiana.

Senator LANDRIEU. Mr. Chairman, as you know, I was in a markup all morning on the Energy bill, on a very important set of bills for Louisiana and the gulf coast, which is why I wasn't here earlier. And I also understand we have less than 1 minute or 2 left on a vote. But I do have an extensive list of questions, as you gentlemen

can imagine, from Louisiana and the gulf coast, and a great deal of comments. I will submit that in writing.

I thank all three of you for your work, but there is a great deal more work that has to be done, whether it's levees, housing, or communications, mitigation issues, Mr. Secretary.

And I look forward to working with all of you, and thank the chairman for his leadership.

Chairman COCHRAN. Thank you very much, Senator Landrieu. We appreciate your contribution to the hearings yesterday, as well as your continued involvement helping making the decisions about how much funding we need to make available.

ADDITIONAL COMMITTEE QUESTIONS

But we want to be responsive to the request the President has made for additional funding. The President is asking for over $19 billion for just the hurricane relief effort funding here, and a substantial amount more—$72 billion—for other needs that are pressing at the Department of Defense and the Department of State. We are aware of that.

[The following questions were not asked at the hearing, but were submitted to the Departments for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

QUESTIONS SUBMITTED BY SENATOR CHRISTOPHER S. BOND

GENERAL COMMENT FROM THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ABOUT THE DATA USED TO RESPOND TO QUESTIONS

As you know, many of the questions from the committee relate to the extent of damage to assisted housing units and HUD's estimated demand for disaster voucher program (DVP) assistance as a result of Hurricanes Katrina and Rita.

To place the answers into context, we want to make clear that several different sources of data are used to answer the questions and the differences in the data sources will explain differences in unit counts. Answers to the questions below only refer to the impact of Hurricanes Katrina and Rita. The data sources are:

—*(1) FEMA Individual Assistance registrant information, including unit inspection data, matched to the Social Security Numbers of tenants of assisted housing (Vouchers, Public Housing, Project-Based Section 8, Section 236, Section 202, Section 811).*—These data allow for a direct comparison of damage to occupied housing units across all of HUD's programs. These data are also comparable to previously released data on the extent of damage to all housing units affected by the disaster (http://www.dhs.gov/interweb/assetlibrary/GulfCoast_HousingDamageEstimates_021206.pdf).

The FEMA data are useful for measuring likely demand relative to current take-up for the DVP program and an overall discussion of how the disasters affect the affordable housing stock overall, including units occupied by voucher households.

They are not as useful for determining the exact impact of the storms on public and assisted housing units because (1) they only reflect occupied units and (2) they lump units into only three broad categories of minor, major, and severe damage. More detailed and comprehensive inspections are required to assess the full extent of damage incurred by individual public and assisted housing developments.

—*(2) Housing Authority of New Orleans (HANO) direct inspections and cost estimates.*—HANO was the largest housing authority to be substantially affected by Hurricane Katrina. At the time Katrina struck, only 5,167 of the 7,100 HANO public housing units were occupied. The FEMA data above only report on occupied units. HANO's direct inspection reflects development-level inspections for all 7,100 units plus a substantial number of units under development at the time of the storm. The data on extent and type of damage to each development includes the estimated cost to repair.

—*(3) Other affected PHAs in Mississippi and Louisiana*.—HUD conducted phone surveys of all housing authorities in the affected areas to determine the extent of damage. Housing authorities provided preliminary assessments of their damage based on either visual inspections or more thorough inspections. Specific estimates from insurance adjusters and contractor bids are just now being developed and are not available yet for this analysis.

—*(4) Privately-owned multifamily insured and assisted housing units.*—After Hurricanes Katrina and Rita struck, the Department immediately initiated its damage assessment protocol and process for all HUD-assisted properties (including the senior and disabled housing) in the affected areas. The process included initial telephone assessments (both of the physical plant as well as the status of the residents) within the first week of the disaster, followed by physical site visits to the properties receiving moderate to severe damage and subsequent individual meetings with each owner to discuss the repairs, rehabilitation or rebuilding of the property. The Department has completed all site visits and has commenced meetings with the property owners. As with the public housing assessments, these estimates are based on damage to the developments in total and do not categorize individual units in the development as having minor, major or severe damage.

Question. Secretary Jackson, for the record, please identify all damage in the Gulf States to HUD-assisted housing, including all public housing, section 8 housing, section 202 housing, section 811 housing, HOPWA and housing assisted with HOME and Homeless assistance. Does HUD have a plan to address these housing needs? Where will the fund come from? Is there a schedule for rehab and are there projects that will be demolished?

Answer. As noted above, this response is preliminary. Most of the housing authorities and private owners are just now getting very detailed cost estimates to repair the damage, including how much will be covered by insurance and how much will not.

Using data from surveys of public housing authorities, 23,206 public housing units sustained damage. Housing authorities report 716 public housing units were destroyed. In the properties sustaining damage, 12,249 of the public housing units were occupied as of March 10, 2006. It should be noted that the term "damaged" has varied meaning, ranging from minor damage (missing shingles, broken windows) to severe damage (uninhabitable, complete gutting of unit needed). Unit assessments of damaged/destroyed units in the Katrina-impacted areas are continuing and the numbers reported to date will change. For plans to rebuild public housing please see question 10.

Using the data from a telephone survey of multifamily property owners in Alabama, Louisiana, and Mississippi and on-site inspections of the developments with severe damage, 7,487 units were in properties with modest damage and 14,349 units were in properties with major/severe damage or destroyed. Owners report 9,019 residents are relocated as a result of damage. For plans to rebuild the multifamily assisted stock please see question 10.

We have some limited information on damage to homeless facilities. In the New Orleans Continuum of Care, of the approximately 2,781 homeless housing units supported prior to Hurricane Katrina, approximately 268 were HUD funded for either Acquisition or Rehabilitation or both. Only 1 of the 10 HUD-funded homeless facilities is currently habitable, 1 has been completely destroyed, 4 are under rehabilitation and the remaining 4 are waiting for funding for rehabilitation. In total, New Orleans hopes to be able to replace about 75 percent of its homeless housing by June 1, 2006, using non-HUD resources including insurance claim funds.

Interim reports from the other Gulf States and Continuums indicate that the impact of the loss of homeless facilities was even greater because the inventory in each community was smaller and their locations made them even more vulnerable. Current levels of rebuilding are not equal to the urban locations. HUD will begin a detailed assessment in those areas starting the week of March 27.

HUD's Office of Special Needs Assistance Programs provided technical assistance to homeless providers in the Gulf States by transporting computer hardware in the days immediately following the hurricanes to enable them to account for clients and access HUD financial systems.

The HOPWA program deployed technical assistance staff in September to work along the Gulf Coast in response to Hurricanes Rita and Katrina in the affected areas of Louisiana, Mississippi, Texas, and Alabama. The initial loss of 38 dedicated units of HIV-specific housing in New Orleans has been the primary focus of the City of New Orleans and technical assistance providers. To date, 8 of the units have been restored, an increase in 15 units of housing through a HOPWA Competitive program grant has been achieved, and repairs and rehabilitation on another 32 units

are underway with the goal of completion by July 1. In addition, the City of New Orleans will likely introduce a new Tenant Based Rental Assistance program through HOPWA for an additional 50 units on July 1, 2006, and another 50 units on January 1, 2007. The 15 dedicated units of HIV-housing outside of New Orleans in Mississippi and Alabama re-opened immediately with limited damage. In Florida, 10 units were severely damaged in the City of West Palm Beach, and 3 units were severely damaged in Key West. The HIV/AIDS housing providers are poised to partner with all other special needs developers to utilize the supplemental Community Development Block Grant disaster recovery funds as well as Housing Tax Credits appropriated to assist in recovery efforts.

HOME funds are distributed to States and local governments that make the funding decisions; therefore, we do not know which specific HOME-assisted properties were damaged as a result of Hurricane Katrina. We have notified the CPD field offices in the impacted States that HUD would entertain waivers of HOME requirements depending upon the extent of damage.

Congress approved and the President signed into law (December 30, 2005) $11.5 billion in disaster recovery funds through the Community Development Block Grant Program to assist the Gulf Region in the rebuilding process. Further, on February 16, 2006, President Bush requested an additional $4.2 billion for Louisiana because of its unique needs to mitigate against future flood risks. While such funds are managed by the States, it is anticipated that a major portion of the disaster recovery funds would be used to replace the pre-Katrina housing inventory for all of the affected areas. The $11.5 billion in CDBG disaster recovery funds may be used to rehabilitate or replace damaged housing and public facilities, including facilities operated by homeless providers. The five Gulf States were each required to develop an Action Plan for Disaster Recovery addressing how the funds will be used and each State will individually administer their share of these appropriated funds based on their Action Plans. All five States have submitted Action Plans to HUD; the State of Mississippi's Plan has been approved and the award announced on April 3, 2006. The States included their homeless needs assessments for individuals and families in their respective Plans. There is no rehabilitation or demolition schedule in place at this time.

Question. Does HUD need additional S&E in order to meet its responsibilities with regard to CDBG and rebuilding the Gulf? What are the specific job responsibilities and what accountability requirements has HUD put in place?

Answer. As you know, the Congress has appropriated $11.5 billion so far and is now considering a request for an additional $4.2 billion in disaster recovery assistance. Funding of this magnitude requires that HUD be able to ensure that it is used properly and as intended for the rebuilding of communities in the Gulf Coast States. In order to handle this tremendous workload, HUD identified approximately 12 positions and believes that the Department can absorb the additional costs from our fiscal year 2006 Salaries and Expenses account. The positions include Community Planning and Development Specialists, Financial Management Analysts and a Program Support Specialist. HUD is hoping to attract applicants with specialized experience in CPD programs and disaster recovery efforts. HUD recruited for some of these positions, which are located both in Headquarters and in each of the States impacted, on the Office of Personnel Management's USAJOBS website, as well as in local newspapers and industry newsletters. More than 800 applications were received. HUD is reviewing applications now and expects to make job offers shortly. Going forward, proper oversight will involve at least this level of staffing, as well as significant travel and other costs to maintain accountability through compliance monitoring, technical assistance, oversight and to train staff.

Question. What additional CDBG funds does Texas need? Texas claims it should receive an additional $2 billion to care for displaced families. What is HUD's assessment of these funding needs, especially as compared with increased rental units, increased jobs for low-income families and other funds these families received from FEMA? Please provide data on the economic benefit to Houston and Texas in filling vacant housing units, jobs and other benefits from the infusion of FEMA- and HUD-related funds?

Answer. The State of Texas issued a report entitled, "Texas Rebounds 2006 Hurricane Needs Report". The report covers a broad range of funding needs, totaling $2 billion in request; HUD has focused its assessment on Texas' housing request of $322 million. HUD has reviewed the housing request of the report and finds that HUD data support some but do not support other of the unmet housing needs documented in it. It is important to note, however, that most of the housing request is associated with uninsured damages due to Hurricane Rita, while only a modest portion is associated with the costs for evacuees.

Most of the damage caused by Hurricane Rita for which Texas is seeking funding is due to the effects of scattered wind damage. In particular, Texas is requesting assistance related to scattered uninsured housing damage, an increase of the Federal share on payments for infrastructure repairs, and reimbursing private utilities for the damage that they have already repaired (in lieu of raising rates). These needs are very different than those in Louisiana and Mississippi, which experienced concentrated damage due to flooding and storm surge, and overall damage impacting high percentages of all housing units in the States as compared to relatively low percentages of total housing impacted in Florida and Texas. HUD's formula allocation of the $11.5 billion in fiscal year 2006 CDBG disaster funds was targeted much more toward the unexpected flooding damage in areas not in flood zones and the concentrated damage associated with Hurricanes Katrina and Rita.

In the area of housing, Texas claims that 75,000 homes had major damage or were destroyed, and that 40,000 of those were uninsured. In general, HUD's analysis of FEMA Individual Assistance inspection data finds only 12,103 units in Texas with major or severe damage, of which 4,810 were uninsured owners and an additional 1,921 were single-family rentals (which we assume to be uninsured). See HUD's Office of Policy Development and Research table on housing unit damage due to Hurricanes Katrina, Rita, and Wilma at: http://www.dhs.gov/interweb/assetlibrary/GulfCoast_HousingDamageEstimates_021206.pdf. The difference between 75,000 and 12,103 may only be definitional, however, since (a) HUD's data show 140,000 units in Texas having some damage (mostly minor), and (b) HUD agrees with the Texas' estimate that $322 million is likely needed to repair damaged uninsured housing. It should be noted, however, that HUD estimates Florida's uninsured housing damage at greater than that of Texas.

Texas is also asking for $45 million in LIHTC allocation to construct or rehabilitate approximately 7,700 affordable rental units. HUD is concerned that an increased allocation of LIHTC for Texas would result in more overbuilding in a rental market that continues to have high vacancy rates even after taking in Hurricane Katrina evacuees. HUD believes that the LIHTC funds are unlikely to be useful for repairing damaged rental units because most of those were single-family units that are very difficult to serve with LIHTC. The biggest component of costs for evacuee services is in the area of health care and education, costs that we would expect to come from programs other than CDBG.

Question. What are the out-year costs for section 8 assistance in the Gulf?

Answer. In line with the 2006 Department of Defense Appropriations Act, we have identified the 19 PHAs that received the most significant damage from Hurricane Katrina and/or Hurricane Rita. For these 20 PHAs, we have calculated the costs based on the current Section 8 assistance. The out-year costs are adjusted by applying the Annual Adjustment Factor.

The following table summarizes the 19 most severely impacted PHAs and each Agency's section 8 assistance:

HA Code	HA Name	CY 2006 Prorated Housing Assistance Funding—Housing Assistance Payments	CY 2006 Prorated Admin Fee
LA001	NEW ORLEANS HOUSING AUTHORITY	$63,415,296	$4,173,275
LA005	LAFAYETTE (CITY) HOUSING AUTHORITY	5,867,870	734,915
LA012	KENNER HOUSING AUTHORITY	3,038,122	282,798
LA013	JEFFERSON PARISH HOUSING AUTHORITY	13,075,512	1,292,804
LA024	BOGALUSA HOUSING AUTHORITY	358,966	42,099
LA031	MAMOU HOUSING AUTHORITY	52,038	8,978
LA046	VINTON HOUSING AUTHORITY	128,906	21,601
LA063	SULPHUR HOUSING AUTHORITY	414,378	52,365
LA067	ST LANDRY PARISH HSG AUTHORITY	1,969,105	303,100
LA075	PONCHATOULA HOUSING AUTHORITY	178,134	26,283
LA101	DENHAM SPRINGS HOUSING AUTHORITY	388,845	66,279
LA129	RAPIDES PARISH HOUSING AUTHORITY	1,000,499	126,758
LA132	AVOYELLES PH. POLICE JURY, SEC. 8 HSG. AGENCY	370,705	53,170
MS004	MERIDIAN HOUSING AUTHORITY	597,920	64,149
MS005	HA BILOXI	1,015,906	98,602
MS030	HA MISSISSIPPI REGIONAL NO 5	4,727,757	654,846
MS040	MISS REGIONAL H/A VIII	23,342,726	2,545,069
MS057	HA MISSISSIPPI REGIONAL NO 7	3,871,036	559,007

HA Code	HA Name	CY 2006 Prorated Housing Assistance Funding—Housing Assistance Payments	CY 2006 Prorated Admin Fee
MS107	Long Beach	109,666	11,938
	TOTAL	123,923,387	11,118,036

Question. Has HUD looked at the needs of the HUD IG in preventing fraud and abuse? What does the IG need? What additional funding needs does HUD have with regard to administering HUD funding? Please identify by program and staffing all transfers of resources to ensure disaster relief is used efficiently.

Answer. Traditionally and in this case, HUD has not opined on the needs of the IG, instead leaving that up to the IG to independently determine its needs. The Department notes, however, that the President has requested $13.5 million in the recent Katrina supplemental for various Inspector Generals, including the HUD Inspector General. The funds are requested in an overall central pot to be distributed by the Inspector General of Department of Homeland Security. The Department has taken great care to ensure that management of Federal funds, and in specific the management of Hurricane related relief funds, includes deliberate efforts to prevent fraud and abuse (to include attention to additional needs the HUD IG may determine appropriate). The Department's focus on housing response and recovery related to Hurricane relief is properly aggressive, all the while, we have not lost sight of our responsibilities to ensure that we are vigilant about ensuring that HUD funds are being used properly and for the purposes for which they are intended. It is imperative that none of HUD's funds are misused or wasted. You should know, that as requested by OMB, HUD has provided a procurement and internal funds control plan and will continue to report on and update this plan. Further, we have issued a memorandum to all HUD contracting personnel and purchase cardholders that provide guidance to govern purchases in response to Hurricane Katrina and other rescue and relief operations.

Question. How many beneficiaries of HUD-assisted housing in LA and MS have been relocated post-Hurricanes Katrina or Rita?

Answer. Immediately prior to Hurricanes Katrina and Rita, a large number of households evacuated from the likely impact areas. Many of those that evacuated were only out of their homes a short time, returning to the homes with no or relatively minor damage. Over time, households continue to return to their homes when told that the units are habitable.

As noted in the introduction to this letter, HUD has used several data sources to answer these questions. Those data sources include matching HUD records against FEMA data as well as surveys of our public housing authorities and multifamily property owners. On the issue of number of households relocated, these sources do not reconcile. The most consistent data we have on relocation comes from HUD's data matching to FEMA's registrant data. If those families are now being served by KDHAP or DVP, we have very certain information about their current relocation status. If not, we can only speculate. The table below provides an estimate by State and HUD program of the number of HUD-assisted households in housing units that experienced damage according to FEMA records. We speculate that households most likely to experience long-term displacement are those households in units that experienced major or severe damage. These homes require substantial repairs just to make them habitable. In Louisiana, this is 12,641 while in Mississippi it is 2,168.[1]

Program Type	Occupied Units with Minor Damage	Occupied Units with Major/Severe Damage
Louisiana:		
Section 8 Vouchers	6,796	6,844

[1] A survey of the private multifamily-assisted stock indicated that 8,278 households were relocated in Louisiana and 741 in Mississippi. This is much greater than the number of seriously damaged multifamily assisted units identified with the FEMA data. At this point, we have not been able to reconcile the data matching results on FEMA damage against the survey results from the multifamily owners.

Program Type	Occupied Units with Minor Damage	Occupied Units with Major/ Severe Damage
Section 8 Project-Based	1,711	1,660
Section 202	59	95
Section 811	29	37
Public Housing	3,018	3,699
BMIR	58	14
Section 236	168	259
Homeless and Special Needs Families	12	33
TOTAL	11,851	12,641
Mississippi:		
Section 8 Vouchers	3,488	1,175
Section 8 Project-Based	1,284	271
Section 202	12	6
Section 811	2	.....
Public Housing	1,406	710
BMIR	3	.....
Section 236	7	5
Homeless and Special Needs Families	4	1
TOTAL	6,206	2,168

Source: HUD data matched to FEMA 2/12/06 extract.

Question. Where are displaced families living now (number by city and State)? Please include those that have been relocated to vacant PH units in other cities, served by Section 8 or other HUD aid in other cities, and who have received KDHAP emergency rental assistance. Also include those that are currently receiving housing assistance from a city or State through FEMA's 403 "public assistance" program.

Answer. Most of the assisted families initially displaced by Hurricanes Katrina and Rita have returned to their homes, even if the homes incurred minor damage. An exact count on the number of families still displaced is a function of what HUD knows and what HUD can surmise based on the available data. What HUD knows is that households referred to the KDHAP program were most certainly displaced, it was a condition for program participation. For households not yet referred to the KDHAP program but had major or severe damage, they are probably also displaced. The table below shows the total households who had either been offered a KDHAP/DVP voucher as of March 8 or whose units had major or severe damage according to FEMA inspections, broken down by both where they had lived pre-Katrina/Rita and the last known address from the KDHAP program or FEMA's data. The "FEMA Rental Assistance" category refers to individuals whose FEMA's data system shows had received a FEMA rental assistance payment since 11/1/2005. The Other or Unknown category reflect FEMA registrants whose units had major or severe damage, with FEMA's last known address different than their unit's damaged address. We do not have information on the number of HUD assisted households served by FEMA's 403 "public assistance" program.

Last Known Address State/Type of Assistance	Pre-Katrina/Rita Home State				
	Total	AL	LA	MS	TX
AL: KDHAP-DVP	419	187	168	64	.....
FEMA rental assistance	77	11	41	25	.....
Other or Unknown	112	23	66	23	.....
Total	608	221	275	112	.....
AR: KDHAP-DVP	117	.....	111	5	1
FEMA rental assistance	51	1	49	1	.....
Other or Unknown	101	.....	95	6	.....
Total	267	.....	255	12	.....
CA: KDHAP-DVP	145	1	127	17	.....
FEMA rental assistance	42	.....	35	7	.....

Last Known Address State/Type of Assistance	Pre-Katrina/Rita Home State				
	Total	AL	LA	MS	TX
Other or Unknown	68	.....	62	6	.....
Total	254	.....	224	30	.....
FL: KDHAP-DVP	165	1	115	49	.....
FEMA rental assistance	59	.....	34	25	.....
Other or Unknown	57	.....	41	16	.....
Total	280	.....	190	90	.....
GA: KDHAP-DVP	1,532	12	1,337	183	.....
FEMA rental assistance	132	.....	116	16	.....
Other or Unknown	139	.....	119	20	.....
Total	1,791	.....	1,572	219	.....
LA: KDHAP-DVP	4,612	.....	4,577	34	1
FEMA rental assistance	716	.....	704	11	1
Other or Unknown	1,064	.....	1,044	18	2
Total	6,392	.....	6,325	63	4
MS: KDHAP-DVP	1,507	.....	379	1,128	.....
FEMA rental assistance	501	.....	77	424	.....
Other or Unknown	646	.....	105	541	.....
Total	2,654	.....	561	2,093	.....
TX: KDHAP-DVP	6,724	1	6,608	99	16
FEMA rental assistance	646	.....	560	6	80
Other or Unknown	1,023	.....	946	22	55
Total	8,392	.....	8,114	127	151
Other States: KDHAP-DVP	891	1	746	144	.....
FEMA rental assistance	234	1	186	45	2
Other or Unknown	377	.....	313	63	1
Total	1,502	2	1,245	252	3
TOTAL: KDHAP-DVP[1]	16,112	203	14,168	1,723	18
FEMA rental assistance	2,458	13	1,802	560	83
Other or Unknown	3,587	23	2,791	715	58
Total	22,140	223	18,761	2,998	158

[1] The total number of individuals referred to KDHAP/DVP as of March 8 was 17,260. This difference is due to data matching issues between the FEMA and KDHAP/DVP files.

Question. What is the income and employment profiles of these HUD beneficiaries, prior to Hurricane Katrina, to provide a complete sense of the demographic make-up of residents served by HUD (for instance, many of the anecdotes argue that many of the public housing residents were employed in the hospitality/restaurant industry)?

Answer. Based on the 6 months prior to Katrina, there were approximately 1,500 new records entered into the PIC system for Louisiana, which showed an average annual tenant income of $8,400. This is very close to the State-wide income average of all existing voucher tenants, which is $8,847. This is well below the 30 percent of median income State average for a family of four of $12,500 for the entire State. In contrast, PIC data shows the existing average tenant annual income in Mississippi for the same time period to be $9,046. For the 6 months prior to Katrina, there were approximately 900 new records entered into the PIC system showing an annual tenant income of $8,000. This is also significantly less than the 30 percent of median income State average for a family of four at $11,600.

The Department does not keep employment occupational data for any voucher or public housing recipients but recommends relying on BLS data for close approxima-

tion. Based on the Department of Labor's Bureau of Labor Statistical (BLS) data from November 2004, the New Orleans MSA showed approximately 11 percent employment in the BLS labor category of "Food Preparation and Serving Related Occupations" while the State of Louisiana as a whole had 9 percent engaged in the same labor category. BLS data for Mississippi shows the Biloxi-Gulfport-Pasacagoula MSA at almost 12 percent in the "Food Preparation and Serving Related Occupations" with the State of Mississippi showing slightly above 8 percent in the same labor category.

Question. How many public and assisted-housing developments were damaged by the storm/by flooding? Please provide this information as to the number of units by city and parish/county?

Answer. Using data from surveys of public housing authorities, 23,206 public housing units sustained damage. Housing authorities report 716 public housing units were destroyed. In the properties sustaining damage, 12,249 of the units were occupied as of March 10, 2006. It should be noted that the term "damaged" has varied meaning, ranging from minor damage (missing shingles, broken windows) to severe damage (uninhabitable, complete gutting of unit needed). Unit assessments of damaged/destroyed units in the Katrina-impacted areas are continuing and the numbers reported to date will change.

The following chart identifies the damage in the States of Alabama, Mississippi and Louisiana for the Public Housing portfolio.

HURRICANE DAMAGED UNITS

	No. Destroyed Units	No. Damaged Units
LOUISIANA		2,411
MISSISSIPPI	316	1,183
ALABAMA		4,438
FLORIDA		6,821
TEXAS		1,228
NEW ORLEANS	400	7,125
Total Units	716	23,206

Using the data from a telephone survey of multifamily property owners and onsite inspections of the developments with severe damage, 7,487 units were in properties with modest damage and 14,349 units were in properties with major/severe damage or destroyed. Owners report 9,019 residents are relocated as a result of damage.

The following chart identifies the damage in the States of Alabama, Mississippi and Louisiana for the HUD-assisted multifamily portfolio including (Section 8, Section 202, and Section 811):

State	Properties with Modest Damage	Units with Modest Damage	Properties with Severe Damage or Destroyed	Units with Severe Damage or Destroyed
Alabama	20	1,386	19	1,790
Louisiana	15	1,749	74	9,312
Mississippi	41	4,352	26	3,247
TOTALS	76	7,487	119	14,349

Question. What are the current HUD plans for these properties? What portion will be renovated, demolished and rebuilt, or not replaced at all? For properties that HUD does not plan to replace, what is the rationale? What funds or new flexibilities are needed to support such activities, after accounting for available insurance payments?

Answer. *Public Housing*.—Plans to rebuild public housing are locally driven. PHAs will evaluate damage and make a determination on the viability of the damaged units. PHAs are also filing claims with their insurance carriers. Insurance reimbursements will be the primary source of funding for repairs and replacement of public housing damaged by Hurricane Katrina. To assist the PHAs in their recovery efforts, the Department has taken the following steps.

Awarded $29.7 million from the Capital Fund Reserve for Emergencies and Natural Disasters to PHAs in the Gulf Coast region during fiscal year 2005. These awards exhausted the fiscal year 2005 Capital Fund Reserve and were made to

PHAs in the Gulf Region within several weeks of the disasters. As mandated by Congress, HUD may only provide funding for emergencies and natural disasters if there are appropriated funds available from the Federal fiscal year in which the event occurred. Currently, no other Capital Fund disaster assistance is available for PHAs affected by Hurricane Katrina.

Provided technical assistance to PHAs in the impacted area. HUD and contractor staff are working with housing agencies to conduct physical needs assessments, complete insurance applications, procure services to repair units, and submit applications for various public and private resources.

Will permit combining voucher funding with public housing funding. HUD will soon issue guidance to PHAs in the most heavily impacted areas of Louisiana and Mississippi to combine calendar 2006 voucher funding and public housing funding to assist families who were receiving housing assistance under the United States Housing Act of 1937 immediately prior to Hurricane Katrina or Rita and were displaced from their housing by Hurricanes Katrina or Rita. This combining of funds was authorized by section 901 of the Department of Defense Appropriations Act, 2006, (Public Law No. 109–148).

In addition, the rehabilitation of public housing is an eligible use of the Katrina CDBG funds, including the $11.5 billion appropriated and the additional $4.2 billion in the pending request. State and local officials can decide on whether or not to use CDBG funds for this eligible activity.

Multifamily Assisted.—The Department's goal is to repair, rehabilitate or re-build these affordable housing units as soon as possible with an emphasis on preservation of units. The Department has been and will continue to meet with each owner and lender (if applicable) to determine next steps in repairing, rehabilitating or rebuilding the projects. The Department conducted a group meeting with owners and managers of damaged properties on January 27 in New Orleans. Owners learned about loans, grants and other programs available to assist in their rebuilding from HUD, SBA, FEMA and State agencies. The Department anticipates conducting more meetings of this nature in the future.

The owner is responsible for developing a plan that includes a work write-up, cost estimate and identification of sources of funds to pay for the work to be completed. HUD is requiring that those plans be reviewed and approved by the Department.

The Department does understand from the owners that they are experiencing difficulties with insurance companies regarding damage assessments and the amount of insurance proceeds that is delaying the efforts to complete the necessary plans to submit to the Department. We are requesting that owners develop a secondary plan in the event insurance proceeds are not forthcoming in a timely manner.

For the States of Mississippi and Alabama, a majority of the owner plans submitted to and reviewed by HUD to date indicate that the owners are completing the repairs or attempting to obtain financing to do rehabilitation or rebuild the projects. For the State of Louisiana, the Department is encouraging owners to repair, rehabilitate or rebuild the projects but has not yet reviewed enough plans to know what portion of the units may not be replaced.

The Department's goal is to work with the owners and lenders to repair, rehabilitate or re-build these affordable housing units to the greatest extent possible and as soon as possible. If an owner chooses to prepay the mortgage and there are no use restrictions or project-based rental assistance, the Department has no authority to require the owner to replace the units. However, the Department is working very diligently with the owners and lenders to ensure that the housing is replaced.

Rehabilitation and rebuilding decisions must also consider factors external to the actual building itself. Those external factors are many, but several of the principal ones are availability of infrastructure, number of families that will be returning to the disaster area and the number that have permanently relocated elsewhere, the community redevelopment plans and flood mitigation requirements. The Department is taking an active role with each owner in dealing with these issues.

Question. What is the status of the current staff at HANO and other housing agencies in the region? If operations remain dispersed, what are the plans for creating capacity to implement such plans?

Answer. All HANO operations and staff are now centrally located in New Orleans. Other Public Housing Agencies (PHAs) in the region who were impacted by the hurricane have resumed operations. However, due to the devastation many PHAs experienced, housing operations are centered on damage assessment, procurement of services to repair damaged units and tenant outreach. PHAs are expending an enormous amount of time surveying damaged units, creating detailed cost estimates and drafting specifications for repairs. The lack of qualified contractors has also hindered housing agencies' ability to repair or rebuild units in an expeditious manner. Additionally, tenant outreach efforts have increased as residents begin to migrate

back to their communities. The increase in procurement and tenant outreach is occurring while many housing agencies have experienced staff shortages due to the lack of housing in the Gulf Coast region.

QUESTIONS SUBMITTED TO THE DEPARTMENT OF HOMELAND SECURITY

QUESTIONS SUBMITTED BY SENATOR JUDD GREGG

DHS INSPECTOR GENERAL

Question. Please provide a breakdown of the $13,509,539 in supplemental appropriations requested for the Department of Homeland Security Office of the Inspector General (IG).

What level of funding is requested to be transferred to each department or agency IG outside of DHS?

Answer. The funding requested is to be transferred as follows:

IG	Amount
DOD	$325,868
DOJ	500,000
DOL	2,000,000
DOT	1,200,000
ED	1,500,000
EPA	1,050,000
GSA	541,625
HHS	2,669,846
HUD	3,000,000
SSA	277,200
USDA	445,000
Total	13,509,539

Question. What level of funding is requested for the DHS IG?

Answer. DHS IG did not submit a funding request, $15 million was already provided in a previous supplemental.

Question. How do these amounts compare with dollars identified to be needed by each IG to support hurricane-related audit activities?

Answer. The breakdown of the $13,509,539 requested as listed in the answer above and in the chart below has been identified as what will be needed by each IG to support hurricane-related audit activities. While the department has information about each agency IG request to support hurricane-related audit activities, that information is considered pre-decisional and not releasable.

IG	Amount
DOD	$325,868
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SSA	277,200
USDA	445,000
Total	13,509,539

Question. Why is the administration proposing the DHS Inspector General transfer appropriations to other Federal Inspector General offices rather than proposing supplemental funds be directly appropriated to each of the Department IGs supporting this effort?

Answer. Prior to Hurricane Katrina, the President's Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency (PCIE/ECIE) had established a Homeland Security Roundtable based on their collective experience after the 9/11 attacks and their clear need to coordinate activities on critical, cross-cutting home-

land security challenges. As the lead agency for the Homeland Security Roundtable, DHS IG became a natural fit to lead the hurricane recovery oversight effort. Because of the many cross-agency roles and issues involved in the Hurricane relief efforts, the Federal Inspector Generals (IGs) wanted to facilitate coordination and achieve consistent reporting in order to effectively oversee the billions in recovery dollars. Therefore, rather than proposing several supplemental requests to directly appropriate funds to each IG supporting this effort, we believe that requesting a supplemental appropriation for DHS IG, as the lead agency, was an effort to expedite the funding and ease the related administrative burden of numerous funding proposals while assisting with inter-agency coordination and where appropriate, leveraging of people, resources, and time.

USCG PAY PARITY WITH DOD

Question. Why is the Coast Guard being forced to absorb the entitlement costs associated with the housing allowance and evacuation of personnel and dependents within its base when supplemental appropriations have been requested and provided to DOD for these costs?

Answer. The Coast Guard supports the President's supplemental appropriations request submitted to Congress. The Coast Guard works with the Department of Homeland Security, Department of Defense (DOD) and the Office of Management and Budget (OMB) to ensure that equitable resource allocation concerning parity with DOD are presented to the administration.

The Coast Guard is required by Title 37 of the U.S. Code and the Joint Federal Travel Regulations to pay the same personnel entitlements as DOD.

Question. What are you doing to ensure the Coast Guard is treated equitably with DOD?

Answer. The Coast Guard works closely with DHS, Department of Defense (DOD) and the Office of Management and Budget when seeking funding parity with DOD.

Question. Why have the shipbuilding needs of the Coast Guard, and its vital Deepwater project, not been addressed in the supplemental request as have the shipbuilding needs of DOD? (I understand that post-Katrina the "cost of doing business" in the shipbuilding industry has gone up dramatically.)

Answer. The enacted Third Katrina Supplemental (Public Law 109–148) included $74.5 million for the Coast Guard's Acquisition, Construction and Improvement Appropriation of which $20.235 million was allocated for the Deepwater Project. This supplemental funding was for direct hurricane damage impacts to National Security Cutters No. 1 and No. 2, currently under construction in Pascagoula, MS, and include the cost of damage to material, equipment and facilities, as well as schedule delays.

The $20.235 million for Deepwater damages directly associated with Katrina was allocated as follows:

—main control system $4.0 million;
—rework labor $3.8 million;
—cable assemblies & connectors $2.2 million;
—joiner equipment $1.8 million;
—powered operated valves $1.4 million;
—ship service generator $1.2 million;
—exhaust plume cooling system $1.15 million;
—auxiliary piping $1.0 million;
—steel $0.8 million;
—HVAC ducting $0.6 million;
—switchboards $0.6 million;
—A/C equipment $0.5 million;
—prime mover exhaust ducting $0.45 million;
—TACAN antennae $0.375 million; and,
—hangers, hydraulic systems, control valves $0.36 million.

FEMA DISASTER RELIEF FUND REQUEST

Question. Cost estimates for recovery of the gulf coast have never been reliable for it depends on many complex factors. Why now does the administration feel $9.4 billion is an adequate funding level for Hurricane Katrina?

Answer. Cost estimates for disaster recovery are dependent upon a number of factors, including: final damage estimates; continuing and changing needs of disaster victims; and analysis of how Federal funds can be best utilized to meet those needs. The administration wants to have the best information available, but in some cases estimates are still "moving targets." To ensure disaster relief funding continues un-

interrupted, the administration has requested $9.4 billion to satisfy FEMA's funding requirements under the Stafford Act for Hurricanes Katrina and Rita.

Question. What are the specific assumptions the administration is using to determine the $9.4 billion?

Answer. The funding estimate was developed based on projected needs for the Disaster Relief Fund to satisfy FEMA's Stafford Act requirements for the areas in the gulf affected by last year's devastating hurricanes. DHS and OMB worked with FEMA, which consulted with its field offices and State and local officials to develop estimates of need and eligible requirements.

Question. Can you provide the longer-term recovery estimates used to determine this level of funding?

Answer. DHS and OMB worked with FEMA, which consulted with its field offices and State and local officials to develop longer-term estimates for individual and public assistance needs in their communities.

FEMA HOUSING POLICY

Question. Within the President's $9.4 billion request for the Disaster Relief Fund, there is some funding set aside for housing assistance. What is the actual funding level requested for housing?

Answer. FEMA is projecting a total need of $15 billion for Individual Assistance programs of which housing assistance is a large part. The requested $9.4 billion for the Disaster Relief Fund is expected to cover remaining housing needs as well as other remaining costs anticipated for the hurricanes.

Question. How was this funding level determined?

Answer. All projected funding needs are determined by working with program offices, field personnel, and State and local officials to determine eligibility under the Stafford Act.

Question. Governor Barbour and Governor Blanco stated housing is one of their top priorities for revitalizing their States. Why is there not a comprehensive housing strategy in place nearly 6 months after Hurricane Katrina hit the gulf coast?

Answer. Under the Stafford Act, FEMA is charged with providing eligible disaster victims with temporary housing. Our mission is to ensure that applicants have a safe and secure place to live while they develop permanent housing plans. FEMA is fulfilling its temporary housing mission for the gulf coast area by providing housing in the form of mobile homes, travel trailers, limited repair and replacement funding, and rental assistance. Currently, 100,274 mobile homes and travel trailers are occupied. FEMA has provided approximately $2.5 billion for repair, replacement, and rental assistance, as of March 8, 2006.

In recognition of the scope and depth of long-term recovery and reconstruction challenges across the gulf coast, on November 1, 2005, the White House appointed Mr. Donald E. Powell as Coordinator of Recovery and Rebuilding in the Gulf Coast Region. As the Coordinator of Federal Support for the Gulf Coast, Mr. Powell is responsible for coordinating the development of a comprehensive gulf coast long-term recovery plan, as well as policies and programs for the mid- to long-term Federal support of recovery and rebuilding efforts in the region. He is also responsible for coordinating Federal involvement in support of State and local officials on issues ranging from economic development to infrastructure rebuilding.

In addition to providing temporary housing, FEMA is supporting Mr. Powell's efforts by continuing to provide leadership for long term recovery efforts and FEMA program oversight at both the field and headquarters level. FEMA headquarters leadership is provided by the Director's office, through the newly created position of Deputy Director of Long Term Recovery. DHS/FEMA has worked with Chairman Powell's staff, along with representatives from the Department of Housing and Urban Development, on housing policies that support long-term recovery plans on the gulf coast.

The Deputy Director provides Agency leadership and oversight for FEMA's ongoing gulf coast recovery efforts and will continue to coordinate closely with Mr. Powell and his staff. Federal leadership at the Joint Field Office is provided by the Federal Coordinating Officers and directly supported by staff, including Planning and Emergency Support Function No. 14 (ESF No. 14), Long-Term Community Recovery, under the National Response Plan. FEMA is also hiring locally based staff to continue program implementation activities independent of current and future FEMA disaster operations.

The leadership structure outlined above will continue to evolve to reflect recovery needs and the expanding management and oversight capabilities of State and local officials.

OFFICE OF FEDERAL COORDINATOR FOR GULF COAST REBUILDING

Question. What has the Office of Federal Coordinator for Gulf Coast Rebuilding accomplished since its establishment on November 1, 2005?

Answer. Late in the summer of 2005, Hurricane Katrina tore through an area of the gulf coast equivalent to the size of Great Britain. A few weeks later, Hurricane Rita followed Katrina's path into the Gulf of Mexico and then made landfall on the coast of Texas and Louisiana. In the aftermath of Hurricane Katrina, President George W. Bush created the Office of the Federal Coordinator for Gulf Coast Rebuilding (OGCR) by Executive Order 13390. Donald E. Powell was charged by President Bush to coordinate Federal support for the long-term rebuilding efforts and his office is housed within the Office of Policy at DHS.

Mr. Powell's job is to work closely with people on the ground to identify and prioritize the needs for long-term rebuilding. He then communicates those realities to the decision makers in Washington, and advises the President and his leadership team, on the most effective, integrated, and fiscally responsible strategies for a full and vibrant recovery. Overall, Mr. Powell's role is to provide thoughtful and coordinated Federal support to the affected areas.

The President has laid out clear guidelines which emphasize that the vision and plans for rebuilding the gulf coast should come from the local and State leadership, not from Washington, DC. Rebuilding should not become an exercise in centralized planning. If Federal bureaucrats determine the path of rebuilding, local insight and initiative will be overrun and local needs overlooked. Mr. Powell has been using those guidelines to address the issues related to long-term rebuilding on the gulf coast and has already accomplished a great deal.

Safety—Levees

Everyone who has visited the devastated areas of the gulf coast knows that safety is the top priority for the residents of the affected region. The President agrees that public safety is the most critical part of long-term rebuilding in that area. People must feel that there is adequate hurricane protection before they can make their decision to return—whether as a resident, a business owner or both.

In December, the President asked Congress to authorize his $3.1 billion commitment to make the hurricane protection system that surrounds the New Orleans area stronger and better. During the appropriations process, a portion of that $3.1 billion request was redirected to other uses along the gulf. In response, the President has included, as a part of his recent supplemental request to Congress, another $1.46 billion for the addition of flood gates and pumping stations to interior canals, selective armoring of levees, the initiation of wetlands restoration projects, and additional storm-proof pumping stations. Mr. Powell was recently with General Strock touring the levees and he receives regular updates from the U.S. Army Corps of Engineers on their progress.

Community—Housing

After the administration made its commitment to rebuild the levees stronger and better, the next issue on the minds of the people of the gulf coast was housing. As a part of the DOD reallocation, Congress set aside $11.5 billion in Community Development Block Grant (CDBG) funds for the gulf coast. These funds will be used by the States as they implement their plans to assist homeowners in the areas affected by Hurricanes Katrina and Rita.

The unique flood vulnerability of Louisiana extends the issue of safety beyond the levees. Safety is also about the home. As we build the hurricane protection system stronger and better, we must also allow the States to rebuild the housing stock in a safer and smarter manner that protects the lives and assets of the people of Southern Louisiana. In order to meet the unique needs of Louisiana, the President has requested $4.2 billion in CDBG funds for Louisiana, as a part of the recent supplemental, to address its plans for future flood mitigation to protect housing and infrastructure. These funds will be available once each State submits a detailed plan to the Federal Government outlining its use of the funds.

Economy—Economic Development

The President, along with Congress, has also been mindful about the renewal of the region's economy. The role of the Federal Government in restoring the traditional industries of the region (i.e., tourism, seafood, and energy sectors), and attracting new industries, is to rebuild stronger hurricane protection, to assist in the renewal of the housing stock, and to create strong incentives, which will allow the private market to participate in the renewal of the region. At the end of 2005, the President signed into law the Gulf Opportunity Zones Act (or GO Zones). This legislation, providing approximately $8 billion in tax relief over 5 years, will help revi-

talize the region's economy by encouraging businesses to create new jobs and restore old ones. Some of the principal provisions within the Gulf Opportunity Zone Act of 2005 include tax-exempt bond financing for both residential and non-residential property, changes to the low-income housing credit, bonus depreciation, and expensing for certain demolition and clean up costs, just to name a few. Simply put, this law renews businesses, rebuilds homes, and restores communities.

In the affected area, the Small Business Administration (SBA) has adapted and ramped up its capacity in order to provide loans and working capital to small businesses and families. Small Business Administration disaster loans provide vital low-cost funds to homeowners, renters, and businesses to cover uninsured disaster recovery costs as well as loans for the working capital needs of businesses affected by disasters. Since last year's hurricanes, SBA's Disaster Loan Program has approved over $6.4 billion in disaster loans to over 92,750 homeowners, renters, and businesses along the gulf coast. Given SBA's ongoing commitment to small business owners in this region, it is imperative that Congress approve the $1.25 billion for SBA's Disaster Loan Program and $400 million for Community Disaster Loans requested in the current supplemental.

The financial services sector in the region is also doing its part to provide capital. When Hurricanes Katrina and Rita hit the gulf coast, they impacted the operations of at least 280 financial institutions, with 120 of these institutions headquartered in the 49 counties and parishes in Alabama, Louisiana, and Mississippi designated by FEMA as eligible for individual and public assistance. Similar to other sectors of the gulf coast economy, financial institution facilities and employees experienced damage and disruption. While financial results to date do not yet provide a clear picture of the full effects of the storms, recent financial results provide some indications of how the institutions may be reacting and adjusting to the effects of the hurricanes. Post-hurricane data reveal that a number of institutions operating in areas hit hard by Katrina are moving fairly aggressively to build loan loss allowances and experienced a pick-up in charge-off rates. All institutions remained "well capitalized" or "adequately capitalized," and liquidity for most of the institutions also remains strong. While the prospects for the financial institutions most affected will depend, in large measure, on the efforts underway to rebuild and revitalize the communities, local bankers remain cautiously optimistic and are not predicting any bank failures.

Workforce development will also be critical to long-term economic security. Secretary of Labor Elaine L. Chao and Donald Powell attended a meeting in December 2005 with the President, labor leaders, civil rights groups and business associations to discuss workforce initiatives and overall employment issues facing the region. We tasked those leaders with devising a plan to prepare the workers of the region for the future of the gulf coast economy. That plan was recently completed and they look forward to implementing the program on May 1, 2006, in New Orleans. The objective is to help prepare residents of the gulf coast to fill as many jobs in the region as possible. For starters, they have set an ambitious goal of training 20,000 new workers for careers in construction and skilled trades by the end of 2009. The Federal Government will continue to work to make the gulf coast a great place to invest, to do business, and to live.

Question. Is the Federal Coordinator, David Powell, in charge of coordinating the different policy and funding streams for the long-term rebuilding efforts in the gulf coast across all the Federal Government and State and local governments?

Answer. Mr. Powell's job is to work closely with people on the ground to identify and prioritize the needs for long-term rebuilding. He then communicates those realities to the decision makers in Washington, and advises the President and his leadership team, on the most effective, integrated, and fiscally responsible strategies for a full and vibrant recovery. Overall, Mr. Powell's role is to provide thoughtful and coordinated Federal support to the affected areas. In that role, Mr. Powell is focused on maximizing the Federal investment in the region by assuring that it addresses the most pressing needs, receives appropriate oversight, and leverages, but does not duplicate, other funding streams.

LESSONS LEARNED AND UPCOMING HURRICANE SEASON

Question. There have been several reports released on the lessons learned from Hurricane Katrina. Given the fact hurricane season will be upon us in 3 months, will we have ample opportunity to implement any of the recommended changes to the Federal Government or will be still be in the lessons-learned phase?

Answer. DHS worked aggressively to ensure that we are prepared for the next hurricane season. As an urgent matter, DHS and FEMA, working with our partners in other Federal and State agencies, identified certain priority milestones based

upon last year's experience. We expect to meet these critical preparedness goals in June, the start of the hurricane season and many of the lessons learned will be implemented as part of that preparedness effort. Some of the larger and more detailed lessons leaned will not be implemented in the short time frame before hurricane season. DHS has also begun a longer-term implementation process with the intention of internalizing all of the lessons learned challenges as rapidly as possible.

Within the Preparedness Directorate, the Office of Grants and Training (G&T) has initiated the design, development, conduct, and evaluation of Hurricane Preparedness Exercises for the Eastern Seaboard, gulf coast, and Caribbean Basin. Through this effort, the Preparedness Directorate's Office of Grants and Training (G&T), in partnership with FEMA, will conduct regional tabletop exercises in FEMA Regions I, II, III, IV, and VI, with participation from Federal, State, territorial, tribal nation, local, non-governmental organization, and private sector stakeholders. To initiate the effort and to ensure full coordination with other preparedness planning efforts being conducted at the Federal level and within the participating FEMA regions, G&T conducted a data call of all current and planned hurricane preparedness efforts and events. The information was compiled into a matrix and analyzed to deconflict events with the Hurricane Preparedness Exercises and identify opportunities for synchronization. G&T also conducted an analysis of the Federal after action reports to identify the core capabilities that will be examined during the exercises. Further, FEMA's draft 2006 Hurricane Response Concept of Operations (CONOPS) serves as the baseline document for the exercise scenarios and discussions. The primary goals of the Hurricane Preparedness Exercises were to validate the changes that had been made to plans, policies, and procedures at all levels of government as a result of the lessons learned from Hurricanes Katrina and Rita and to identify any additional immediate, high-priority coordination and preparedness improvements to be implemented prior to June 1.

Question. Who will be responsible for implementing these recommendations?

Answer. Many of the recommendations are cross-cutting recommendations that affect several Federal agencies, as well as State, local, tribal, and territorial first responders. Within the Department of Homeland Security, our Preparedness Directorate and FEMA, with assistance from our Policy Directorate are leading our implementation planning efforts. Those efforts will be coordinated across the Federal Government through the Homeland Security Council and with our State, local, tribal, and territorial partners through the Office of Grants and Training.

CONTROLLING WASTE, FRAUD AND ABUSE

Question. The DHS Inspector General and GAO have found several internal weaknesses at FEMA which has cost the Government and taxpayer hundreds of millions of dollars due to questionable contracts and fraudulent claims. What are you doing to strengthen internal controls within FEMA?

Answer. DHS is doing the following to strengthen internal controls within the Agency.

DHS/FEMA has established an Integrity Board for the purpose of providing a forum for senior managers to work together to ensure that adequate financial and procurement controls exist. Participants include: the DHS Under Secretary for Management, DHS/FEMA CFO, DHS/FEMA CPO, DHS General Counsel, FEMA Director of Operations and DHS OIG (advisory).

In addition, a procurement oversight team is reviewing all sole source contracts over $25 million dollars. The review team verifies the price competition or cost analysis used to derive the contract prices.

FEMA has established a requirement for 100 percent acceptance of goods and services by FEMA technical staff before payment is made. The person accepting the services must verify that the invoiced services and amount are consistent with the contract requirements.

FEMA assessed internal controls by contracting with Price Waterhouse and Coopers (PWC) to review internal controls over mission assignments (MA), Individuals and Households Program (IHP) and over asset management (AM). PWC provided a GAP analysis and recommendations to improve controls. The program offices have been tasked with identifying recommendations that can be implemented by June 30 and prioritized implementation after June 30, 2006.

FEMA has establish a Senior Management Council made up of senior managers of FEMA programs and support offices to establish controls that are overseen by CFO, but owned by the program managers. At the initial briefing held March 21, 2006. Following the meeting a draft Internal Control Committee Charter was distributed for review and comment.

The Senior Management Council will establish a Senior Assessment Team made up of FEMA staff from program and support offices to develop consolidated Corrective Action Plan (CAP) and a complete entity level assessment tool.

DHS/FEMA has contracted with PWC to develop sample test plan for Katrina programs greater that $10 million. PWC was provided 2005 and 2006 expense data including Individuals and Households Program (IHP), mission assignments (MA), Grants, and Vendor payments. PWC provided initial test plan samples on March 17, 2006. They will identify which payments need to be reviewed as part of their April 30, 2006 report. FEMA will execute sample plan to identify improper payments.

Question. What can be accomplished to strengthen FEMA prior to the start of the hurricane season on June 1, 2006?

Answer. FEMA's highest priorities to improve its response capability for the upcoming hurricane season include: increased capacity to register disaster victims and provide timely assistance to eligible applicants; improving logistical controls and awareness by procuring, pre-positioning, and tracking of essential commodities and supplies; improving guidance for debris removal; improving situational awareness and coordination between the DHS National Operations Center (NOC), the DHS/FEMA National Response Coordination Center (NRCC) and FEMA field offices; improving communications capabilities; and, ensuring the readiness of FEMA's disaster workforce. In addition, FEMA is in the process of implementing recommendations from internal DHS/FEMA after action reports from Hurricane Katrina to improve financial management and internal controls.

Question. Why is there no funding requested to improve information technology which would allow for a better tracking system of client information or tracking of logistics?

Answer. Under Disaster Relief, FEMA is supporting a logistics tracking system. This system, called Total Asset Visibility (TAV), is a new system that tracks disaster commodities. FEMA is currently planning to implement the first phase of this tracking initiative prior to this year's hurricane season. This initiative will enable FEMA to perform logistics, warehouse management, and provide broad based disaster support by combining inventory management and warehouse management with GPS satellite tracking devices to give logistics personnel and trading partners real-time visibility regarding the location of certain disaster relief commodities.

NATIONAL FLOOD INSURANCE FUND

Question. The administration has proposed a legislative change which would amend the Department of Homeland Security Appropriations Act, 2006, in order to allow the National Flood Insurance Fund to pay sufficient interest on the amounts the program has borrowed from the Treasury. What is the maximum amount the Department is proposing will be required to pay back interest to the Treasury on these borrowings?

Answer. FEMA currently estimates that the National Flood Insurance Program (NFIP) will make the following schedule of interest payments to the Treasury through fiscal year 2007.

[In millions of dollars]

	Amount
3/31/2006	180
9/30/2006	400
3/31/2007	534
9/30/2007	578

The NFIP currently collects $2 billion annually in premiums, which is not sufficient to meet simultaneously ongoing operational expenses, to make future flood insurance claim payments, and to service the more than $1 billion in interest payments. There is no reasonable scenario of flood insurance premium increases that would eliminate the need for additional borrowing in future fiscal years. Therefore, these increases in interest payments will continue indefinitely in fiscal year 2008 and subsequent years.

Question. Why is the administration proposing to make this change on an appropriations bill and not through legislation submitted to and approved by the Senate Banking Committee, which has authorization jurisdiction over the National Flood Insurance program?

Answer. The Department of Homeland Security Appropriations Act of 2006 allows the National Flood Insurance Program (NFIP) to pay up to $30 million in interest payments in fiscal year 2006. An interest payment of $180 million is due at the end

of March for monies borrowed as a result of Hurricane Katrina. The NFIP would like to be timely in the payment of this interest. For these reasons, the change to the amount of allowable interest that can be paid in fiscal year 2006 has been proposed in the supplemental appropriations bill.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

COAST GUARD AND BORDER SECURITY

Question. Why is the Coast Guard not part of the Secure Border Initiative?

Answer. The Secure Border Initiative (SBI) is a comprehensive program designed to integrate border, coastal, and interior enforcement efforts eliminating cross border violations. Coast Guard activities and programs are closely aligned to the goals and objectives of SBI and will play a critical role in SBI's success, but are not directly part of the SBI effort.

Coast Guard is coordinating requirements and standards for its Command 2010/ Secure Ports Initiative with SBInet as part of DHS-wide effort to establish common systems, information sharing, operational pictures, and command center functions.

COAST GUARD MISSION IN IRAQ

Question. If the President's request is approved, over $1 billion will have been appropriated for the Coast Guard to support operations in Iraq. Please provide a detailed list of costs associated with the funding appropriated to date and requested in this supplemental.

Answer. The table below details the Coast Guard cost categories for Global War on Terrorism (GWOT) supplemental funding received from fiscal year 2003 through fiscal year 2005, and the requested funding levels for fiscal year 2006. Supplemental funding was provided either via a transfer from the Iraqi Freedom Fund, the Navy, or appropriated directly to the Coast Guard. Supplemental funding support is primarily for the Coast Guard Operating Expenses (OE) appropriation; however, in fiscal year 2005, Acquisition, Construction and Improvement (AC&I) appropriation received supplemental funding for select patrol boat reconstitution.

The $201.6 million requested in fiscal year 2006 supports the incremental costs associated with the operations and in-theater deployment and logistical support of six 110-foot Patrol Boats and the crews to operate and maintain them; two deployed Port Security Units (PSUs); one PSU detachment deployed to Guantanamo Bay, Cuba for anti-terrorism security; and Coast Guard Reserve support for strategic ports of embarkation and strategic ports of debarkation during military out loads. Funding also covers the Coast Guard share of the retroactive death gratuity benefit per the fiscal year 2006 DOD Authorization Act and $500,000 for the Coast Guard Intelligence Program.

[In millions of dollars]

	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006 (Req)	Total
Operation Iraqi Freedom (OIF) Cost Category					
Pay and Personnel Support Costs (OE)	225.00	46.30	110.50	78.80	460.60
Operating Support Costs (OE)	123.00	12.70	19.10	26.90	181.70
Transportation, Depot Level Maintenance & Reconstitution (OE)	52.00	9.20	20.30	26.80	108.30
Contingency Operations (OE)	.....	12.00	31.40	42.20	85.60
Other Costs (OE)	.....	.....	30.60	26.90	57.50
110-Foot WPB Reconstitution (AC&I)	.....	.....	49.00	.....	49.00
OIF Total	400.00	80.20	260.90	201.60	942.70
Operation Liberty Shield Cost Category					
Pay and Personnel Support Costs (OE)	150.00	.....	.....	.....	150.00
Operating Support Costs (OE)	25.00	.....	.....	.....	25.00
Transportation, Depot Level Maintenance & Reconstitution (OE)	5.00	.....	.....	.....	5.00
Port Security Assessment Earmark (OE)	38.00	.....	.....	.....	38.00
Merchant Mariner Documentation Earmark (OE)	10.00	.....	.....	.....	10.00

[In millions of dollars]

	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006 (Req)	Total
Enacted Liberty Shield Supplemental Rescissions (OE)	.....	(71.00)	.....	(15.20)	(86.20)
Liberty Shield Total	228.00	(71.00)	.....	(15.20)	141.80
Total Coast Guard GWOT Costs	628.00	9.20	260.90	186.20	1,084.30

Question. How long will a Coast Guard presence to support operations in Iraq be required?

Answer. Coast Guard presence to support operations in Iraq will continue until the Commander, U.S. Central Command or the Secretary of Defense determines the Coast Guard's portion of the mission is complete.

Question. What impact does this long-term presence have on Coast Guard operations and the Deepwater program?

Answer. Coast Guard operations in Iraq impact Coast Guard operations domestically, contributing to the patrol boat gap currently being experienced by the service.

Question. What does the Coast Guard plan on doing with the assets deployed to Iraq, and has the need to repair or replace those assets been incorporated into the long-term Deepwater plan and related budgets?

Answer. The Coast Guard plans on returning these assets to the United States when the Commander, U.S. Central Command or the Secretary of Defense determines their mission is complete. Deepwater replacement plans include the replacement of the six patrol boats currently deployed at the end of their service lives.

CHEMICAL SECURITY

Question. In January, the Government Accountability Office reported that approximately 15,000 facilities produce, use, or store more than threshold amounts of chemicals identified by the Environmental Protection Agency (EPA) as posing the greatest risk to human health and the environment if accidentally released in the air. How many of those facilities have voluntarily put in place security measures to prepare against terrorism?

Answer. The exact number of chemical facilities that have voluntarily put in place security measures to prepare against terrorism is not known. This is one of the many reasons the Department believes that comprehensive chemical security legislation, giving DHS the authority to regulate security at chemical facilities, is needed. A large number have been very responsible in taking steps to elevate their security, including the 150 chemical companies that belong to the American Chemistry Council (ACC), representing approximately 80–90 percent of U.S. chemical production by capacity. Implementation of the Responsible Care® Security Code (RCSC) is mandatory for all ACC members.

Other chemical trade associations have developed similar security requirements for their member companies. Typically, smaller, specialty, or batch chemical manufacturing facilities belong to these other chemical trades associations. Chemical sector industry associations, like the Synthetic Organic Chemical Manufacturers Association, the National Paint and Coatings Association, and the National Association of Chemical Distributors, mandate similar voluntary security requirements for their member companies. These voluntary security requirements are tailored to specific chemical sub-sectors, rather than the bulk chemical manufacturing focus of RCSC. For example, the Chlorine Institute formulated a detailed chlorine-specific security regime that is mandatory for all of their members.

As I said in my March 2006 remarks before the ACC, "The fact of the matter is that although large numbers of the chemical companies that operate in this country have been very responsible in taking steps to make sure that they are elevating their own security, we have to recognize that not all chemical companies have done that. And all the industry, in fact the whole country, is hostage to those few who do not undertake the responsibility that they have to make sure security is at an appropriate level."

Question. How much has been spent by the industry and on what types of security improvements?

Answer. The American Chemistry Council (ACC) estimates its members spent $2 billion securing their sites in the 15 months following September 11 and an additional $1.1 billion toward security in 2004. These resources have been used to conduct vulnerability assessments, develop security plans and procedures, and make in-

vestments in physical and cyber-security improvements for facilities of concern. The investments include: tighter access controls, better surveillance, new process controls and equipment, enhanced crisis management and emergency response procedures, better information/computer security, and more stringent employee background checks.

Beyond voluntary self-reporting by industry, the Department has little insight into the chemical sector's security spending. This is one of the many reasons the Department believes that comprehensive chemical security legislation, giving DHS the authority to regulate security at chemical facilities, is needed. Without this authority, the Department has limited visibility into the security efforts of the chemical sector.

COMMITTEE RECESS

Chairman COCHRAN. Tomorrow, we will have a hearing and examine closely the war costs that are being requested for funding, and we will look forward to that, and we will resume our meeting of this committee for that purpose tomorrow.

But this hearing is now recessed.

[Whereupon, at 11:45 a.m., Wednesday, March 8, the committee was recessed, to reconvene subject to the call of the Chair.]

SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2006

THURSDAY, MARCH 9, 2006

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The committee met at 9:32 a.m., in room SD–106, Dirksen Senate Office Building, Hon. Thad Cochran (chairman) presiding.

Present: Senators Cochran, Stevens, Domenici, Bond, Burns, Bennett, Craig, Brownback, Allard, Byrd, Leahy, Mikulski, Kohl, Murray, Dorgan, and Durbin.

STATEMENT OF HON. CONDOLEEZZA RICE, SECRETARY, DEPARTMENT OF STATE

OPENING STATEMENT OF SENATOR THAD COCHRAN

Chairman COCHRAN. The committee will please come to order.

We appreciate very much the attendance at this hearing, of Secretary Rumsfeld, Secretary Rice, General Peter Pace, General Abizaid, to discuss the President's budget request for supplemental appropriations to fund diplomatic and military operations.

We appreciate having the benefit of statements that you have submitted. And rather than begin our committee hearing with statements from Senators, we will have an opportunity to ask questions of each of you, and so I suggest that we proceed directly with your statements, and then we'll have an opportunity to discuss the request.

I would ask Secretary Rumsfeld to begin. Oh, you would defer to Secretary Rice? I'm happy to do that.

Secretary Rice, you may begin.

Secretary RICE. Well, I would have been happy to have Secretary Rumsfeld begin, but I'm happy to start.

Thank you very much, Mr. Chairman, and thank you to the members of the committee, for receiving us in this format. I think that it demonstrates the importance that we attach to the deepest cooperation between the Department of State and our political and diplomatic activities, and the Department of Defense and our military activities. We believe that both are necessary to win the war on terrorism and to develop stable democracies that can give people hope that can supplant the ideologies of hatred that led people to fly airplanes into our buildings on September 11.

This is a hearing on the supplemental, and I wanted to just begin with one word about why the requests are here in a supplemental, and then to just briefly talk about a few of the areas for

which we're requesting funding. I have a complete statement, but I will not read that statement, Mr. Chairman, but I would like to ask that it be entered into the record in its entirety.

Chairman COCHRAN. Without objection, it's so ordered.

Secretary RICE. Mr. Chairman and members of the committee, natural disasters and the course of war do not take into account our budget timelines and practices. And it's, therefore, necessary——

Chairman COCHRAN. Sergeant at Arms, please restore order. The committee will come to order.

Madam Secretary, you may proceed.

Secretary RICE. Thank you.

Natural disasters and the course of war don't take into account our budget timelines and practices, and it is necessary, therefore, in the course of what is a very dynamic process, in places like Iraq and Afghanistan and the regions in which we are dealing, to sometimes make requests that are out of the normal budget cycle. As Secretary Rumsfeld has said in his testimony, the enemy is changing and adapting, and we must do that, too. Sometimes we are adapting to changes that the enemy has made, sometimes we are responding to humanitarian crises that come along unplanned for, and sometimes we are responding to new opportunities that emerge in what is a very dynamic world.

The supplemental request before the Congress has a request for funding that will advance our security and economic and political goals in Iraq and Afghanistan, target urgent humanitarian relief and peacekeeping efforts for Darfur and southern Sudan, provide emergency food aid for Africa, and earthquake relief and reconstruction for Pakistan, and launch democracy promotion activities for Iran. I would like, briefly, to just speak to each of these, Mr. Chairman.

In Iraq, we are seeing side-by-side contradictory processes in the continuation of violence, which we acknowledge, but, at the same time, a political process that is well underway in which most Iraqis believe their future interests can be accommodated. The Iraqis have had three elections in 1 year, and they are now in the process of the formation of a permanent government, but they still face a very determined enemy—an enemy that would like to see that political process halted so that Iraq might devolve into chaos and conflict.

Our military is doing a very fine job of both training Iraqis to take on this fight themselves and continuing operations against the enemy. The contribution that we believe that we can make, in the State Department, to this counterinsurgency effort is to recognize that any counterinsurgency—any insurgency—must be defeated not just militarily, but also politically.

And so, the funding that is requested on Iraq is for the effort to support counterinsurgency operations and stabilizations operations in the following ways:

First of all, to build central government capacity for the Iraqis, national capacity in their ministries. They must be able to administer services themselves. They must be able to have a reasonable ability to deliver services for their people. It is no surprise that these are bureaucracies and ministries that have needed to be com-

pletely reformed as Iraq moves from a dictatorial society, one in which ministers were political choices of the dictator, one in which capacity was not the issue, and efficiency and effectiveness were not the issue, but political loyalty, and in which we found ministries that, indeed, have very little modern capacity to govern. The Embassy, working with the Iraqi Government, has been developing a plan for ministry assistance—ministry assistance teams. And that is represented here in the supplemental request.

Second, Iraq is finally moving from a more centralized state—where everything happens in Baghdad—to one in which the constitution grants considerable authority to the provinces. We think that this is, in fact, a very good thing. We have put together a set of provincial reconstruction teams that will support the development of provincial leadership, government, and capacity, and also that can contribute to the counterinsurgency effort by establishing provincial governance, provincial infrastructure programs, once an area has been cleared of the insurgency. We have already funded, from our own resources, some of these teams, but we will need follow-on funding to continue to roll out a provincial reconstruction team structure that will allow us to be close to the action as the insurgents—as the terrorists—are defeated, to build provincial capacity and infrastructure capacity at the local and provincial level.

There is also a relatively small infrastructure sustainment element here. This is not—and I'd like it not to be misunderstood as such—another effort to bring more infrastructure money of the kind that we had in the almost $20 billion that was requested and approved by Congress some years ago; but, rather, we believe that the investments that we have made need to be sustained with maintenance and operations. We are encouraging the Iraqis to build that into their budgets over time.

This budget—this supplemental—would also support Afghanistan. The issues there are debt forgiveness, refugee assistance, and some reconstruction efforts, in terms of power. It would support the Pakistan reconstruction efforts where, because of the issue of timeliness, we, in some cases, actually had to move funds around in order to be timely in support of those efforts after the Pakistan earthquake, but also to fulfill the pledges that the United States has made to Pakistani reconstruction.

Finally, I'd like to just mention that we are also requesting humanitarian relief and peacekeeping for the dire situation in Darfur and in southern Sudan.

Finally, Mr. Chairman, I'd like to say just a word about the request here for democracy promotion money for Iran. We may face no greater challenge from a single country than from Iran, whose policies are directed at developing a Middle East that would be 180 degrees different than the Middle East that we would like to see develop. This is a country that is determined, it seems, to develop a nuclear weapon, in defiance of the international community that is determined that they should not get one. It is a country that is the central banker for terrorism, whether that terrorism is in southern Iraq or in the Palestinian territories or in Lebanon. In all of those cases, Iranian support for terrorism is retarding, and, in some cases, helping to arrest, the growth of democratic and stable governments. Iran, of course, has a terrible human rights effort—

and a country in which an unelected few are frustrating the desires and wishes of the Iranian people for democracy.

We have proposed a $75 million package that would allow us to broadcast more effectively in Iran, better messaging for Iran. We have proposed money that would be used for innovation in our efforts to reach the Iranian people through Web sites and modern technology. We have also proposed that we would be able to support nongovernmental organizations that can function in Iran, and, in many ways, most importantly, to improve and increase our educational and cultural outreach to the people of Iran.

PREPARED STATEMENT

I want to say, Mr. Chairman, that there is nothing more important, as we try and make certain that the Iranian Government recognizes that it will be isolated if it continues down this path, that we not isolate the Iranian people. These programs are, in many ways, critical to not isolating the Iranian people. We do not have a problem with the Iranian people. We want the Iranian people to be free. Our problem is with the Iranian regime, and these programs are intended to help us reach out to them.

Thank you very much, Mr. Chairman, and I will be glad to take questions after the other statements.

[The statement follows:]

PREPARED STATEMENT OF SECRETARY CONDOLEEZZA RICE

Mr. Chairman, members of the committee, it is a pleasure to appear today in support of the President's fiscal year 2006 supplemental appropriations request. The President has requested a total of $4.229 billion for International Affairs programs operated by the State Department and USAID.

The Supplemental request will allow the United States to:

—Advance security, economic and political goals in Iraq and Afghanistan;
—Target humanitarian relief and peacekeeping to Durfur and Southern Sudan;
—Provide emergency food aid for Africa and earthquake relief and reconstruction for Pakistan; and
—Launch democracy promotion activities for Iran.

Mr. Chairman, let me speak frankly. Natural disasters and the course of war do not take into account our budgeting rules and practices. As we all recognize, it is difficult to predict far in advance the course of events in war or its aftermath, not to mention the devastation of an earthquake, tsunami or hurricane.

There has been considerable debate over the past years about the way to fund natural disasters, the war in Iraq and the other conflicts related to the Global War on Terror. Some in Congress have argued that these activities should not be funded by supplemental appropriations, but should be included in annual funding through an amendment to the baseline budget requests. Others have argued that including these requests in the annual budget or through a budget amendment would artificially increase the baseline budget, and that when these requests inevitably decline, the perception among our allies and foes alike will be that the United States is withdrawing from the global community in favor of isolationism.

Arguments can be made on both sides. But let me be clear: the resources we are requesting are funds which we urgently need. We can debate the modalities, but the essential point, the point that should rise above all other concerns, is that the President is requesting these funds because we need them, and we need them now.

IRAQ

Let me now touch on the main items in the President's request and then I will be pleased to answer your questions. For Iraq, the President has requested $3.2 billion to begin the transition to Iraqi security, economic and political self-reliance. Without these funds, key programs will end as the Iraq Relief and Reconstruction Fund (IRRF) monies are spent.

—$1.6 billion of this request is to fund the U.S. mission in Iraq, including embassy staffing, logistics, and security, as well as operating expenses of USAID.

These funds provide the necessary operating monies to continue the robust U.S. diplomatic presence in Iraq.

—$1.6 billion of this request is to support and improve Iraqi self-reliance; complement Iraqi and U.S. military efforts against the insurgents through focused political and economic stabilization programs in key strategic areas; help Iraqis protect and sustain their infrastructure; and build Iraqi capacity at the national and provincial levels. This request grows directly out of the three prongs of the President's strategy for victory in Iraq. Success in Iraq requires progress on all three tracks of the National Strategy for Victory in Iraq—security, economic and political.

The three tracks are fundamental to our counter-insurgency campaign and our effort to help Iraqis build a democratic, stable and prosperous country that is a partner in the war against terrorism. Each of these tracks is vital for success, and each is necessary if the others are to succeed. This committee is well acquainted with the security track. This request complements the $65.3 billion request for DOD funding and continues the State Department's support for counter-insurgency operations through the expansion of Provincial Reconstruction Teams (PRTs). It is vital that once towns and cities are cleared of insurgents, the immediate needs of their people—including services and governance—be addressed. This is an aspect of what we are seeking to do with the PRTs.

The second track is the economic track. Congress has already provided roughly $20 billion for the economic reconstruction of Iraq. These funds have helped to modernize and to bring back online Iraq's critical infrastructure, including oil, water, and electricity. These funds have achieved much, but as we all know, they have not achieved all that was initially envisioned. A substantial portion of these funds has gone to supporting Iraqi security forces prior to the creation of ISFF and meeting the security needs of reconstruction workers and the infrastructure, which both have been repeatedly attacked by insurgents. We are in the process of obligating the last of these funds for infrastructure reconstruction. The supplemental request before you has two purposes: first, it provides funds to maintain the infrastructure that has been rebuilt and second, it trains Iraqis to manage their infrastructure needs themselves.

The third track is the political track. Here we aim to build Iraq's capacity to manage its own affairs. This complements our efforts to turn over to Iraq the responsibility for its own security and its own economic well-being. These funds will train Iraqis to effectively manage the key government ministries including, and especially, the finance ministry and the oil ministry. The latter is responsible for over 95 percent of Iraq's revenues. This part of the President's three pronged strategy is essential if we are to achieve a full transition to successful Iraqi self-government.

AFGHANISTAN

We are requesting $112.5 million for Afghanistan, a country that has made tremendous strides in the past several years. Afghanistan has held a series of elections in which turnout has been remarkable. Afghanistan has taken steps to expand its own ability to address challenges from insurgents and Afghanistan has seen tangible economic and social progress. But serious problems remain. The President's request speaks to four critical issues. First, it provides funds for several critical power projects which are essential to Afghanistan's economic development. Second, it provides emergency assistance to help re-settle the growing number of Afghans who are returning to Afghanistan. Third, it provides for the extraordinary security and related operating costs for U.S. diplomatic and aid personnel working in Afghanistan. And finally, it authorizes and provides $11 million in funding for debt relief for Afghanistan. The United States has led a multilateral debt relief effort, and this action will help leverage far greater relief from other creditors.

SUDAN

The President is requesting $514 million for Sudan. These funds mainly support two different, but important activities. First, we are seeking funds to address the desperate humanitarian needs of the people of Darfur and other parts of Sudan, including the South. I know that a number of members of Congress, including members of this committee, have seen the urgency of this situation firsthand. These funds will provide food, water, shelter and other basic necessities to counter the very real famine and dislocation which is facing so many refugees and others in Sudan.

The second purpose for which we seek urgent support is to expand peacekeeping activities in Sudan. The United States has joined in providing financial support for the African Union Mission in the Sudan (AMIS). AMIS has had success in dimin-

ishing organized violence in Darfur. Yet the African Union is stretched thin, and we are seeking to fold it into a United Nations mission that is better equipped to deal with the multi-faceted challenges of peacekeeping in Darfur. These funds are urgently needed to help reduce the bloodshed that is now occurring at the hands of government-supported militias and rebel groups in Sudan.

IRAN

The President has also requested $75 million in supplemental funding for promoting democracy in Iran. Mr. Chairman, we prepared our budget request for fiscal year 2006 in the months soon after President Mahmud Ahmadi-Nejad was inaugurated as President of Iran. Since his inauguration he has referred to Israel as a "disgraceful blot" that should be "removed," and he has called the Holocaust a "fairy tale." He has purged Iran's foreign service of its experienced diplomats and replaced them with ideologues and hard-liners. The Iranian government has consolidated control over all branches of its government and is ratcheting up its internal information and counterrevolutionary operations. We cannot afford to wait through the current U.S. budget cycle before responding with a countervailing message.

For that reason the President has requested $75 million for democracy promotion activities. As we aim to isolate the government of Iran because of its defiance of the international community over its nuclear program, it is all the more important that we make clear to the Iranian people our commitment to their well-being. Of the President's request, $50 million will be dedicated to radio and television broadcasts into Iran. These funds will enable us to expand considerably our direct communication with the Iranian people. The balance of the funds will support public diplomacy, educational and cultural exchanges, and other democracy promotion programs.

Mr. Chairman, other funds in the request will reimburse monies used to respond to the disastrous earthquake in Pakistan; to repatriate Liberians in the wake of the recent successful presidential election in Liberia; and to fill gaps in our ability to provide food aid to refugees, particularly in Africa.

In conclusion, let me reiterate the importance of this supplemental funding request. The continuity of funding through the fiscal year 2006 request, the supplemental before you now, and the fiscal year 2007 request is critical to our success in Iraq and Afghanistan. We simply cannot afford to fail in these places. The United States will be judged by whether we set in motion a process in which the people of the Middle East become democratic citizens and friends of the United States, or whether the region descends into chaos and autocracy. The stakes could not be higher. These requirements and the other urgent needs addressed in the supplemental request call for your prompt and positive consideration.

Mr. Chairman, this is clearly a time in the life of our Nation when we need good people and good policy, as well as sufficient funds to support the full range of our diplomatic efforts. The President's supplemental funding request for the Department of State will help our diplomats, many of whom risk their lives each day, to do their jobs in Iraq, Afghanistan, Sudan and around the world. I appreciate the opportunity to appear before this committee today.

I would be pleased to answer your questions.

Chairman COCHRAN. Thank you very much, Madam Secretary, for your statement and your cooperation with our committee.

Secretary Rumsfeld, you may proceed.

STATEMENT OF HON. DONALD H. RUMSFELD, SECRETARY, DEPARTMENT OF DEFENSE

ACCOMPANIED BY:

GENERAL PETE PACE, CHAIRMAN, JOINT CHIEFS OF STAFF, DEPARTMENT OF DEFENSE

GENERAL JOHN ABIZAID, COMMANDER, U.S. CENTRAL COMMAND, DEPARTMENT OF DEFENSE

Secretary RUMSFELD. Thank you, Mr. Chairman, members of the committee. I appreciate this opportunity to join Secretary Rice in discussing the President's supplemental budget request for Iraq, Afghanistan, and the war on terror.

A joint appearance by the Secretary of State and Secretary of Defense is unusual. That we're doing so, I think, does indicate how

much the success depends on our Departments being linked together in addressing the challenges that face our Nation.

CONTENT OF SUPPLEMENTAL

Let me first outline a few of the details of the Department's portion of the supplemental request.

The President's requested $65.3 billion to fight and win the war on terror in Afghanistan and Iraq. This supplemental includes priorities such as paying for ongoing deployments and operations by U.S. forces in Afghanistan and Iraq, some $34.7 billion; continuing to develop Afghan and Iraqi security forces, $5.9 billion; countering the threats posed to our troops by improvised explosive devices, $1.9 billion; continuing the important transformation of the U.S. Army into modular brigade combat teams, $3.4 billion; repairing and replacing damaged or destroyed equipment, $10.4 billion; and reimbursement for the cost of the military response to the earthquake in Pakistan, some $60 million.

To underscore the importance of this request, and discuss some of the particulars, I'm joined by General Pete Pace, the Chairman of the Joint Chiefs of Staff, and General John Abizaid, the Commander of the U.S. Central Command.

We've been asked, on occasion, why the war costs are included in supplemental requests rather than in the Defense Department's annual budget. And it's a fair question. As Secretary Rice suggested, the traditional annual Federal budget takes up to 12 months to formulate. It takes another 8 or 12 months to pass Congress. And then it takes another 12 months to execute it, a total of something like 2.5 to 3 years. Needless to say, in war circumstances on the ground change quickly, the enemy has a brain; it's continuously changing and adapting their tactics.

Bridge and supplemental appropriations are, of course, put together much closer to the time the funds will actually be used. This allows considerably more accurate estimates of costs, and, importantly, much quicker access to funds when they're needed, without having to go through reprogramming contortions where we're forced to rob other accounts and distort good business practices.

PROGRESS IN IRAQ

The task is this. We're engaged in what promises to be a long struggle, a conflict which requires that we transform the way the military, and, indeed, our Government, operates. The extremists, though under constant pressure and on the defensive, still seek to bring their terror to our shores and to our cities and to all who oppose their views. These enemies cannot win a single conventional battle, so they challenge us through nontraditional asymmetric means, using terror as their weapon of choice.

Their current priority is to prevent the successful emergence of a democratic government in Iraq, and, indeed, in Afghanistan, as well, and to try to force the United States and our coalition partners to abandon those nations before they're fully able to defend themselves. They're skillful at manipulating the media. Of course, one of the principal goals of their attacks is to make our cause look hopeless.

But consider the larger picture from the enemy's standpoint. They tried to stop the Iraqi national elections in January, 1 year ago, and they failed. They tried to stop the drafting of a constitution, and then the referendum on the constitution, October 15, and they failed. They tried to stop the Iraqi national elections last December 15, and they failed. And now, obviously, they attacked the Golden Dome Shrine in Samarra, in their latest attempt to incite a civil war and to try to stop the formation of the new Iraqi Government; and, thus far, they are failing at that, as well.

QUADRENNIAL DEFENSE REVIEW

The Defense Department has drawn lessons that have helped guide us in making adjustments in the period ahead. These lessons and principles have been incorporated into the Quadrennial Defense Review (QDR), which was recently submitted to Congress. Those lessons and the decisions from the Quadrennial Defense Review will be incorporated more fully in the President's budget to be presented next year, in fiscal 2008.

The QDR recognized that, in this struggle, many of our enemies operate within borders of countries with whom we're not at war. It's clear that the challenge posed by these violent extremists will not be overcome by any one department or by any one country. To succeed, it will be essential to help partner nations and allies develop their capabilities to better govern and defend themselves.

This emphasis on partner-building capability is at the heart of the efforts in Iraq and Afghanistan, as well as in several smaller-scale training and equipping operations in places like the Republic of Philippines and Georgia.

Our investments and policies should reflect these new requirements. Last year, Congress, helpfully, provided some authority to provide money to train and equip security forces of partner nations, but we will be requesting, in our new budget, that authorities be strengthened and expanded.

When other nations and partners can shoulder greater security burdens within their borders and around the globe, it's far less likely that U.S. troops will be called on at what is always considerably greater cost in both blood and treasure to our Nation. For example, it costs about $90,000 per year just to sustain a U.S. servicemember in theater. That's opposed to about $11,000 to sustain an Afghan soldier, or $40,000 to sustain an Iraqi soldier.

I was concerned yesterday to learn that the House Appropriations Committee has cut $1 billion out of the $5.9 billion request for sustaining and supporting Iraqi and Afghan security forces. In my view, that is clearly an enormously important thing for our country to be doing, and it unquestionably is cost effective.

The United Nations peacekeeping operation in Haiti is one example of the benefit of empowering partner nations. A recent Government Accountability Office study found that if the United States had to conduct the Haiti mission on our own, without the major help of other nations, it would have cost the U.S. taxpayers almost eight times as much in dollars, to say nothing of the added stress on our forces.

I think it's also important that we not complicate efforts to build useful relationships with nations that can aid in our defense. In

the past, there's been a tendency—occasionally for good reason, and sometimes, in my view, for not-good reason—to cut off military-to-military relationships when a particular government did something that we, understandably, did not approve of. This happened some years ago with respect to our relations with both Indonesia and Pakistan, two of the largest and most important Muslim countries in the world. And today they're valuable allies in the war on terror. A result has been the equivalent of a lost generation in relationships between U.S. military and the militaries of their countries, in terms of friendships, contacts, relationships, and understanding between the U.S. military and their militaries, relationships that we've had to start up again—try to start up again, almost from scratch, in the wake of September 11.

It's a complicated issue. I understand that there's arguments that are appropriate to be made on both sides of it. But I mention it, because I think it's something that we need to think very carefully, because, as a result of some of those actions, the United States is looked at as a less than perfectly reliable friend and ally.

Since then, we've made progress in forging stronger ties—with those two countries, and also with India, in particular—to confront the threat posed by violent extremism.

INTERAGENCY COOPERATION

I've mentioned the importance of closer cooperation between Cabinet departments and agencies, and Secretary Rice has discussed some specific provisions for the Department of State that are in the supplemental request, and which will clearly enhance our partnerships in Iraq and Afghanistan.

The State Department requests are intended to help Iraq and Afghanistan transition to self-reliance by increasing the capacity of these still-fragile democracies to govern their people and to provide the needed services for them, services that, let there be no doubt, undermine support for terrorists and that reduce stress and danger to our men and women in uniform.

Mr. Chairman, the tasks ahead are not easy. They're never easy in a time of war. There is always differences and debate and proper discussion. It's interesting, I recently visited the Truman Library, in Independence, Missouri. And, of course, he was the Commander in Chief at the dawn of the cold war. The institutions and policies and programs that came into being under his watch included the Marshall Plan, the Truman Doctrine, NATO, the Department of Defense, the Central Intelligence Agency, the World Bank, and so many others. With the perspective of history, the many new institutions and programs created during the Truman years may seem, to people not rooted in history, as part of a carefully crafted, broadly supported strategy leading inevitably to victory in the cold war.

But, of course, things were not like that at all. In fact, those days, there were heated disagreements. Yet, together, our national leaders, both political parties, got the big things right. They understood that a cold war had been declared on our country, on the free world, whether we liked it or not, that we had to steel ourselves against an expansionist enemy, the Soviet Union, that was determined to destroy our way of life.

Though this era is different—and it is different, to be sure—and though the enemy today is different, as we understand fully it is—nonetheless, that is our task today. We have to fashion some new approaches that will enable us to partner with other countries if we're to defeat this peril that faces us.

PREPARED STATEMENT

Mr. Chairman, with the help of the Congress, we will provide the American people with the needed security in this dangerous and still uncertain new century.

Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF SECRETARY DONALD H. RUMSFELD

Mr. Chairman, members of the committee, I appreciate the opportunity to join Secretary Rice in discussing the President's supplemental budget request for operations in Iraq, Afghanistan and the Global War on Terror.

A joint appearance of the Secretaries of State and Defense is unusual. That we are doing so today indicates how much success in this Global War on Terror is linked to the capabilities and resources of these two departments.

The security challenges facing our Nation in this new century do not, after all, exist in neat bundles that can be easily divided up between departments or agencies.

DOD SUPPLEMENTAL REQUEST

Let me first outline a few of the details of the Department of Defense's portion of the President's supplemental request.

The President has requested an appropriation of $65.3 billion for this department to fight and win the War on Terror in Afghanistan and Iraq. This supplemental request includes priorities such as:

—Paying for ongoing deployments and operations by U.S. forces in the Afghanistan and Iraq theaters ($34.7 billion);
—Continuing to develop Afghan and Iraqi security forces ($5.9 billion);
—Countering the threats posed to our troops by Improvised Explosive Devices ($1.9 billion);
—Continuing the important transformation of the U.S. Army into modular brigade combat teams ($3.4 billion);
—Repairing or replacing damaged or destroyed equipment ($10.4 billion); and
—Reimbursement for the cost of the military response to the terrible earthquake in Pakistan ($60 million).

To underscore the importance of this request, and discuss some of the particulars, we are joined by:

—General Pete Pace, Chairman of the Joint Chiefs of Staff; and
—General John Abizaid, the Commander of U.S. Central Command.

We have been asked why war costs are included in supplemental requests, rather than in the annual Defense Department budget. It is a fair question.

But it is a question that has been answered dozens of times, including by Secretary Rice in her submitted testimony to this committee.

The traditional annual Federal budget takes up to 12 months to formulate, then it takes another 8 to 12 more months to pass Congress, and then it takes still another 12 months to execute—a total of close to 3 years. In war, circumstances on the ground change quickly. The enemy has a brain—and is continuously changing and adapting their tactics.

Bridge and supplemental appropriations are put together much closer to the time the funds will actually be used. This allows a considerably more accurate estimate of costs, and, importantly, much quicker access to the funds when they are needed, without having to go through reprogramming contortions where we are forced to rob other accounts and distort good business practices.

THE TASK

Mr. Chairman, we meet today with our country engaged in what promises to be a long struggle—a conflict which requires that we transform the way the military, and indeed the U.S. government, operates.

The extremists, though under constant pressure and on the defensive, still seek to bring their terror to our shores and to our cities—and to all who oppose their views. These enemies cannot win a single conventional battle, so they challenge us through non-traditional, asymmetric means, using terror as their weapon of choice.

Their current priority is to prevent the successful emergence of democratic governments in Iraq and Afghanistan, and to force the United States and our Coalition partners to abandon those nations before they are able to fully defend themselves.

They are skillful at manipulating the media. Of course, one of the principal goals of their attacks is to make our cause look hopeless.

But consider the larger picture—the view from the enemy's perspective:

—The terrorists tried to stop the Iraqi national elections a year ago—and they failed;

—They tried to stop the drafting of, and the referendum on, the new Iraqi Constitution—and they failed;

—They tried to stop the Iraqi national elections on December 15 for a permanent Iraqi government—and they failed again; and

—They attacked the Golden Dome Shrine in Samarra in their latest attempt to incite an Iraqi civil war and to try to stop the formation of the new Iraqi government—and thus far they are failing at that as well.

It is crucially important that we continue to help the Iraqi people move forward on the political, economic and security tracks so that we can see this important mission through to completion. And that we and our Coalition partners use all elements of national power to help the Iraqi people defeat the terrorists in their country.

PARTNER CAPACITY

The Department of Defense has drawn lessons that have helped guide us in making adjustments for the period ahead. These lessons and principles have been incorporated into the Quadrennial Defense Review (QDR), which was recently submitted to the Congress. Those lessons and the decisions in the QDR will be incorporated fully in the President's budget to be presented next year for fiscal year 2008.

The QDR recognized that in this global struggle many of our enemies operate within the borders of countries with whom we are not at war. It is clear that the challenge posed by violent extremists will not be overcome by any one Department, or by any one country.

It will require the cooperation of a number of our departments and of a great many nations to successfully disrupt terrorist cells and prevent the proliferation of dangerous weapons.

And to succeed, it will be essential to help partner nations and allies develop their capabilities to better govern and defend themselves. This emphasis on building partner capability is at the heart of our efforts in Iraq and Afghanistan, as well as in several smaller-scale training and equipping operations in places like the Republic of Georgia and the Philippines.

Our investments and policies should reflect these new requirements. Last year, Congress helpfully provided authority to more quickly train and equip the security forces of partner nations, but we will be requesting that these authorities be strengthened and expanded.

When other nations and partners can shoulder greater security burdens within their borders and around the globe, it is far less likely that U.S. troops will be called on—at what is always considerably greater cost, in both blood and treasure, to our Nation.

For example, it costs approximately $90,000 per year to sustain a U.S. service member in theater, as opposed to about $11,000 to sustain an Afghan soldier, or $40,000 for an Iraqi soldier.

The United Nations peacekeeping operation in Haiti is an example of the benefit of empowering partner nations. A recent Government Accountability Office study found that if the United States had had to conduct the Haiti mission on its own—without the major help of partner nations—it would have cost the U.S. taxpayers almost eight times as much in dollars, to say nothing of the added stress on our forces.

So it is in the best interest of our country to provide whatever support we can to those departments and agencies working to help other nations take on a still greater share of the costs for our collective defense.

It is also important that we not complicate efforts to build useful relationships with nations that can aid in our defense. In the past, there has been a tendency to cut off military-to-military relationships when a particular government did something we did not approve of. This happened some years ago with respect to our relations with both Indonesia and Pakistan—two of the largest and most important

Muslim countries in the world, and today, valuable allies in the War on Terror. A result has been the equivalent of a "lost generation" of friendships, contacts, relationships and understanding between the U.S. military and their militaries—relationships that we have had to try to start again, almost from scratch, in the wake of September 11.

Since then, we have made progress towards forging stronger ties with these and other new partners around the world—India in particular—to confront the threat posed by violent extremism. It is important to keep this in mind the next time we may be tempted to sever military relationships, that could prove crucial to the defense of the American people.

INTER-AGENCY COOPERATION

I have mentioned the importance of closer cooperation between our Cabinet departments and agencies. And Secretary Rice has discussed some specific provisions for the Department of State that are included in the supplemental request, and which will enhance our partnerships in Iraq and Afghanistan.

The State Department requests are intended to help Iraq and Afghanistan's transition to self-reliance by increasing the capacity of these still fragile democracies to govern their people and provide needed services for them—services that undermine support for the terrorists and that reduce the stress on—and danger to—our men and women in uniform.

I should also mention Secretary Rice's proposal to support the aspirations of the Iranian people through expanded broadcasting. I believe that this proposal—and others like it that can help to spread the message of freedom—deserve the support of the Congress.

Though the focus of this hearing is on the supplemental budget request, I would draw attention to important programs funded in the State Department's regular annual budget that are also of direct benefit to our Nation's security.

These programs include:

—The International Military Education and Training Program (IMET);
—Civilian stabilization and reconstruction capabilities;
—Foreign Military Financing (FMF); and
—The Global Peacekeeping Operations Initiative, that will help less-developed countries train, so they can send peacekeeping forces to potential crisis spots.

CONCLUSION

Mr. Chairman, the tasks ahead of us will not be easy. They never are in a time of war.

I recently visited the Truman Presidential Library in Independence, Missouri. President Truman of course, was the Commander-in-Chief at the dawn of the Cold War. The institutions, policies and programs that came into being under his watch included:

—The Marshall Plan;
—The Truman Doctrine;
—NATO; and
—The World Bank, to name just a few.

With the perspective of history, the many new institutions and programs created during the Truman years may seem, to people not rooted in history, as part of a carefully crafted, broadly supported strategy, leading inevitably to victory in the Cold War.

But of course, things were not that way at all.

In fact those were days of heated disagreements. Yet together, our national leaders, of both political parties, got the big things right. They understood that a Cold War had been declared on our country—on the free world—whether we liked it or not. That we had to steel ourselves against an expansionist enemy, the Soviet Union, that was determined to destroy our way of life.

Though this era is different, and though the enemy today is different, that is our task today. We must fashion new approaches to enable us to work more efficiently across agencies and departments in ways unimagined before, and to partner with other nations, if we are to defeat this peril to our way of life.

Mr. Chairman, with the help of the Congress we will provide the American people with the security they need in this dangerous and uncertain new century.

Chairman COCHRAN. Thank you, Secretary Rumsfeld.

RECONSTITUTING EQUIPMENT

We'll now turn to General Pace for any opening comments you would like to make.

STATEMENT OF GENERAL PETE PACE

General PACE. Mr. Chairman, Senator Byrd, members of the committee, it's my great privilege to sit before you as a representative of your Armed Forces, and, on behalf of all the women and men in uniform, to say thank you for your strong bipartisan support not only in the allocation of resources to your Armed Forces, but in your visits to the troops in the field and your visits to the hospitals. It makes a difference, and we thank you for that.

We'd also like to take an opportunity to say thank you to the men and women who are protecting us as we sit here today—they are doing a fabulous job—and to their families, who stand silent watch at home. The families serve this country as well as anyone who has ever wore the uniform. We owe them a great debt of gratitude.

Today I'd like to just touch on four specific topics and then go to your questions.

First, with regard to reconstituting equipment, the total 2006 funding for reconstituting equipment is $18.2 billion. That includes $7.8 billion in the bridge fund and $10.4 billion in this supplemental request. It goes to replenish Humvees and trucks and helicopters and Bradley fighting vehicles and all the things that we have been using, getting damaged, wearing out, in the prosecution of this war. But the money is not being used to reset the old force. With the benefit of the recently conducted Quadrennial Defense Review, we are buying and resetting the force that we need for the future. For those things that are in the inventory that we will need for the next 10–15 years, we are refurbishing those. But, in other cases, where there is a better item for the Armed Forces to be able to use in the future, that's what we will do—Ospreys, for example, instead of helicopters; 7-ton trucks for the future, instead of the older version we've had for 20 years. Those kinds of decisions are being made based on solid analysis.

Second, with regard to force protection equipment, total 2007 funding for force protection equipment is $5.1 billion. That includes $2.5 billion in the bridge fund, plus $2.6 billion in this request. When you add that—add that to the $3.8 billion that you have already allocated, and we have spent, through fiscal year 2005, you can see that the amount of energy and resources applied to force protection for our troops has been enormous. Examples: 988,000 sets of individual body armor have been purchased; 13,000 up-armored Humvees have been purchased; over 40,000 other wheeled vehicles have had armor added to them.

And as new items come along that are better than what we have, you have resourced us, and we have been able to get it. So, for example, we started the war with only about 2,000 sets of the small-arms protective inserts for body armor, because it was an experimental piece of gear at the time. It proved its worth, and you quickly funded, and we were able to quickly get to the field, that

item for each and every soldier, sailor, airman, marine, and civilian in theater.

While that was being done, our industry came up with the enhanced version, which is even more protective. And that has been fielded. Side armor that has been developed will now be fielded—it has been fielded, as of this month. So, as industry is able to produce better equipment and armor, you have given us the resources, and we have gotten to the field, as quickly as we can, those resources.

Clearly, force protection—the best force protection is to have fewer troops in the field, in combat. And the enormous progress made this year by the Iraqi armed forces, in their capacity to control their own territory, has made it possible for us to go from 17 brigades, recently, down to 15 in Iraq.

TOTAL FUNDING

Third, defeating the improvised explosive devices (IED). Total funding in 2006 for that amounts to $3.3 billion—$1.4 billion in the bridge fund, $1.9 billion in this supplemental. It buys things like jammers and detection devices. It helps us test those. It helps us train, with those, in the deserts here, before we send our troops overseas.

There is no silver bullet in this regard. But the combination of tactics, techniques, and procedures that are taught to our soldiers and marines, based on lessons learned in the field, the technology that is being funded, has been funded, and is requested to be funded through this supplemental, combined, will give us the best opportunity for our forces to succeed against IEDs in the field.

Back in 2004, the United States Army stood up a task force specifically focused on IED defeat. That quickly grew to a joint task force, which then came underneath the Department of Defense. And within the last couple of months, U.S. Army retired General Monty Meigs has come on to take the lead of that task force, reporting directly to the Secretary of Defense, so that we can get the value and the benefit of the entire joint force kludged together as quickly as possible and brought to the field to help reduce casualties.

There has been an increase in the number of IEDs that we have found before they have exploded, and a decrease in the number of casualties per explosion. That means that a lot of that work that's being done, and a lot of the resources that you have allocated, are having positive effect. But we have a lot of work to do in this regard, and we appreciate your support.

Last, with regard to Army modularity, total 2006 funding for Army modularity is $5 billion—$1.6 billion in the bridge fund, and $3.4 billion in the supplemental. This is allowing the United States Army to transform at the same time that it is fighting in combat. It is taking 33 brigades that were embedded in divisions and were not independently deployable, and transforming those and building those up to 42 brigades that are deployable independent of each other. It's taking the National Guard that has 15 enhanced brigades, and building those to 28 fully modularized brigades, manned and equipped to be able to enter the battlefield independently, as well.

When you take a look, then, at rotations, this will not only increase our Army's combat capability, but will also decrease the stress on the force. With the 42 active brigades and a rotation base of 1 year out and 2 years back, we can have 14 active brigades in the field indefinitely. On the Reserve side, with 1 year out and 5 years back, of the 28 Reserve brigades, we can have 4 to 5 in the field all the time, if the Nation were to need it.

This gives us 18 to 19 brigades that are sustainable for as long into the future as we need to, and the rest of the force available to surge, if needed. To put that 18 to 19 in perspective, you currently have 15 brigades in Iraq, and 3 brigades, going to 2 brigades, in Afghanistan. So, we have 18, going to 17, right now. So, if we had to, into the future, sustain the force that is currently deployed, we could do so, based on the Army's modularity plan.

Significantly, beginning in fiscal year 2007, modularity funding for the United States Army moves into their baseline budget; and in the fiscal year 2007 budget, it's $6.6 billion for Army modularity in the baseline budget.

Mr. Chairman, thank you, sir.

Chairman COCHRAN. Thank you, General Pace.

General Abizaid, we would appreciate hearing from you.

STATEMENT OF GENERAL JOHN ABIZAID

General ABIZAID. Well, thank you, Chairman Cochran, Senator Byrd, members of the committee. Thanks for the opportunity to be here. Most importantly, thanks for your steadfast support of the young men and women in the field whose sacrifice, courage, and professionalism are unequaled.

We've come a long way in both Afghanistan and Iraq; however, the fiscal year 2006 supplemental funds will help us to address the many challenges and threats that we'll face in the coming year.

ISLAMABAD

I just came out of the field. I was in Islamabad yesterday, Afghanistan, the day before that, and spent a couple of days in Iraq, as well. So, my impressions coming out of the field are fairly fresh.

I do know that the achievement of our national strategic goals in both Iraq and Afghanistan require a balance of security, governance, capacity-building, and economic development to create an environment that eliminates the root causes of the insurgency.

The supplemental provides the necessary resources to support our strategy by funding the Commander's Emergency Response Program, and—which includes funds for both the armed forces and police of Iraq and Afghanistan.

In the supplemental, we're requesting $3.7 billion to further develop Iraq's security capacity to secure their country while carrying out a campaign to defeat the terrorists and neutralize the insurgency. Previous appropriated funds have enabled the ISF to continue to increase capability and self-reliance, with the aim of taking ownership of their country's security.

Initial training and equipping of personnel and combat units in the defense forces is over 80 percent complete, while training the—and equipping of police forces is over 60 percent complete. There are over 100 Iraqi army and special operations forces battalions

conducting counterinsurgency operations, compared with only 5 in 2004. The Iraqis are making good progress, with 49 Iraqi defense force battalions now controlling their own battlespace, with coalition forces in a supporting role. We didn't have any doing this last year. Iraqis are in the lead in about half the precincts in Baghdad. And, again, we didn't have any doing this last year. This was accomplished, certainly, in part, because of the funds that you provided us in last year's supplemental.

We are requesting some funding for Iraqi security infrastructure, and we believe that failure to complete these critical infrastructure projects could seriously delay the ability of the Iraqis to fully engage the counterinsurgency fight, take control of their battlespace, and maintain operational readiness. Some of the infrastructure costs are associated with tactical changes on the ground that our commanders believe will greatly improve Iraqi capability to secure difficult parts of the country. Iraqis are investing fully 16 percent of their 2006 budget for their security forces, and we are confident that, over time, they will contribute more and more to the cost of full equip-and-training of their own forces.

In Afghanistan, we are requesting $2.2 billion to continue developing the Afghan national security force capability so that they can secure and stabilize their country while executing the campaign to defeat and prevent a safe haven from being established there by the terrorists. These funds will provide assistance to organize, train, and equip the police and military to assume a greater role in providing their own security. I think it's important for the committee to understand that, in both Afghanistan and in Iraq, local security forces take on the brunt of the fighting and the brunt of the casualties. Assistance to the security forces will include the provision of equipment, supplies, services, training, and infrastructure repairs and construction. The ministry of interior forces, to include the border, highway, and national police, will eventually become the front line of defense in the current—in the counterinsurgency fight in Afghanistan. But after 25 years of war, these forces have largely had to make do with temporary stations, some of which are partially destroyed.

The funds requested in the supplemental will allow these security forces to continue to provide increased security, to support reconstruction, and allow for private-sector development in economic, educational, and health reform.

COMMANDER'S EMERGENCY RESPONSE PROGRAM FUNDING

We're also requesting an additional $423 million in the supplemental for a Commander's Emergency Response Program to support the commanders on the ground. CERP is one of the most effective counterinsurgency tools that we have, and your continued support is vital to their success.

CERP funds are intended to respond immediately to urgent requirements for humanitarian relief and reconstruction efforts. The provisioning of equipment, such as electrical generators to support critical infrastructure and large-scale civic cleanup and construction activities, employs many local nationals. And, as you know, one of the reasons for the insurgency being fueled in Iraq and Afghanistan is the large number of unemployed angry young men on

the streets. Getting the angry young men off the streets is very important to our efforts to fight the counterinsurgency. CERP enables commanders the ability to make a difference, on a daily basis, and it's having an immediate, and a positive, effect.

The fiscal year 2006 supplemental request supports operations and programs that will help facilitate the important transition of more responsibility of the security to local forces. Whether through facilities, equipment, and training funds for Iraq and Afghanistan's security forces, CERP funding resources for enhanced force protections and counter-IED capabilities, or support for our coalition partners, whose efforts in Iraq and Afghanistan remain vital, these funds will assist United States, coalition, Iraqi, and Afghan forces in making continued strategic advances in both places. Such funds will also help us address the many challenges and threats that we face in those countries in the upcoming year.

Success in Iraq and Afghanistan are key to our success in the broader war against the dark ideology and methods of al Qaeda. We must remember the vital roles played by our friends and partners in the region, especially in the Arabian Gulf. Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates, Oman, Qatar all cooperate with us in this fight against a common enemy. They all share, in common with us, the need to protect resources flowing through the Arabian Gulf.

I'd like to bring to the committee's attention that the United Arab Emirates, in particular, has been especially steadfast in their support of our efforts.

Mr. Chairman, thank you, again, for the opportunity to be here. Thanks for your continuing tremendous support of our troops on a difficult mission. Our commanders in the field believe in our success and in the success of our Iraqi and Afghan partners.

Chairman COCHRAN. Thank you very much, General Abizaid.

Let me begin by asking Secretary Rice about the status of our construction of facilities for the Department of State and those who are working in the mission in Baghdad. We had an interesting debate about whether those funds were important enough to be included in a previous supplemental. And they were included. I was pleased to see that we were able to fund that activity, which was requested by the administration. What is the status of that now? And how does this billion dollars in the supplemental, for operation, maintenance, security, fit in with the previously appropriated funds we have provided?

Secretary RICE. Thank you, Senator.

The plan for the Baghdad Embassy is on track, in terms of time. I meet with General Williams at least once a month to track this, because we were grateful to the Congress for appropriating the funds so that we could accelerate the building of an Embassy in Baghdad. I think we all know that our people in Baghdad are living in conditions that are very difficult—in a lot of temporary housing, trailers, and the like—and in areas that we are very concerned about security, although we're doing everything that we can to make them secure. We undertook to do this project in about 24 months. We are on course to complete the Embassy in that period of time.

We've had to employ very aggressive methods to try to get this done in that period of time, including keeping a lot of people onsite in order to not have security issues associated with it. But I can report that it is on schedule.

The money for operations and maintenance that is represented here in the supplemental is because operating in a war zone is very costly. We operate in a very difficult security environment. Our spend rate for the operations and maintenance of our existing Embassy needs to be funded now, for the rest of the year, in order to be able to continue our operations in Baghdad. So that's the split, but the appropriation for the Embassy itself we were very grateful, and I believe we're on schedule.

Chairman COCHRAN. Also included in the request is $1.5 billion for economic support funds to assist Iraqi government ministries. What do you hope to accomplish with the funds if we approve this request? What's your assessment of the capabilities of Iraq to carry out government functions and to carry out their governmental responsibilities?

Secretary RICE. Thank you, Senator.

There are three elements to this, but I'll describe the most important two—in this request for capability for the Iraqi government. To pick up on something that General Abizaid mentioned, what we have to do is to build the Iraqis' capacity to deal with the many problems that they face. Obviously, their ministries have to be capable. We assess that the ministries are highly variable right now in their capability, and I don't think that there are any that are really up to speed, in terms of procurement practices, the ability to actually hire effective people. Sometimes it's a matter that the "ministries" are "a minister" and really very little else, and you're really developing, in some of these ministries, a civil service corps.

We have, as a part of this, a substantial training element for Iraqi civil servants, including an effort to improve the anticorruption efforts. That is a major problem in some of these ministries, especially ones that are associated with natural resources. The funding will help us, at the central level in Baghdad, to make these ministries capable. We believe that's a program that will span over a couple-or-so years to try and make those ministries capable of delivering the day-to-day governance of the country.

There is a second element, which is very important to us, which is at the provincial level. The Iraqi constitution will finally devolve authority to the provincial level. And we recognize that the closer that governance is to the real issues and real needs of the people, the better. And so, at the provincial level, we are also working to develop better capability.

There are provincial leaders who have not even tended to communicate very much with Baghdad, because Baghdad was the source of everything. They are now going to have to start to deliver for their people on the ground.

Also, as a part of that provincial effort, we have employed provincial reconstruction teams. They're different than what we have employed in Afghanistan. Those have a very special character. But the ones in Iraq are really aimed at some areas in which there has been a strong insurgency, where the insurgency has been defeated,

and where we now need to build that provincial leadership capability and infrastructure, at the local level, so that the insurgents don't come back. That's the program for about $1.5 billion. It's really to build Iraqi capacity, which is, frankly, lacking. This is something that dictatorships don't worry about. Saddam Hussein left, really, not very much in the ability of the Iraqis to really govern themselves.

Chairman COCHRAN. Some of the funds requested in this submission include Afghanistan programs, some economic support funding for activities there. What progress are we making, to help develop the same kind of thing you have mapped out for Iraq, in Afghanistan? Are we learning lessons in Afghanistan that can be translated into activities in Iraq to accelerate our progress there?

Secretary RICE. We are, indeed, learning important lessons in Afghanistan. One of the important lessons is that the reach of the central government into the provinces is one of the major problems in Afghanistan. We will use some of the lessons that we've learned in Afghanistan as we structure the outreach into the provinces in Iraq.

In Afghanistan, of course, we are quite a bit further along, and we have been working for some time, as have certain coalition partners, to try to develop ministry capability in Afghanistan. Afghanistan also had the advantage that a number of people are returning to Afghanistan, people from the diaspora. If you go to Afghanistan, you will meet many Afghan Americans who have actually gone back, to try and help train Afghans in civil functions.

But we need to continue to support Afghanistan. It's not there yet. It is a success story. There is no doubt that, despite the continued efforts of the Taliban to destabilize the country, Afghanistan is becoming a functioning government at the center and in most of the provinces.

Some of the monies that are here, for debt forgiveness, for refugee assistance, are really next-step efforts with Afghanistan. And the reason that they are here in the supplemental is that these are really very much near-term costs that we're going to face in Afghanistan.

Chairman COCHRAN. Another inclusion is one for U.N. peacekeeping missions activities in Darfur, Sudan. The question I want to ask is: Do you anticipate getting United Nations or other allied organizations to support this? The African Union, for example. What progress is made in enlisting support activities from others?

Secretary RICE. We believe strongly, Mr. Chairman, that there needs to be a blue-helmeted force in Sudan—in Darfur. This is not to say that the African Union mission has not been effective or successful. It has been. But it has run the limits of what it can do. We now face a potential increased crisis, because the situation in Chad is feeding an increased conflict problem in western Sudan.

It is also the view of a number of our European colleagues and Kofi Annan that there should be a U.N. mission. It will also be more sustainable than simply trying to fund the African Union mission.

We are making some progress. Deputy Secretary Zoellick is in Europe as we speak, in consultations with the Europeans and also with the African Union on getting an African Union request for the

United Nations to go forward with this blue-hatting mission. Assistant Secretary for Africa, Jendayi Frazer, is in Libya as we speak, talking to the Libyans about the same thing. We have a very active diplomatic effort, and it is our view that we will be able to get this done. We need to have the funds available when the blue hatting takes place.

Chairman COCHRAN. Thank you very much.

We appreciate, very much, Senator Byrd being here, and other members of the committee. My intention was to recognize other Senators in the order in which they came, but I'm going to make an exception in Senator Byrd's case and call on him at this point for any statement or questions he may make. And with the permission of the committee, we will follow the 10-minute rule. Each Senator will have an opportunity to ask questions or make statements for up to 10 minutes, and then we will have a second round if that's available to us.

Senator Byrd.

Senator BYRD. I thank you, Mr. Chairman.

And it is a privilege to hear the testimony of these very distinguished witnesses concerning the President's supplemental appropriations request for the wars in Iraq and Afghanistan, two different wars.

By any measure, the size of the numbers associated with these two wars is staggering. The Congressional Research Service reports that the wars in Iraq and Afghanistan have cost U.S. taxpayers $369 billion so far. That number will increase by $72.4 billion because of this supplemental request, not to mention the $50 billion proposed for next year's budget.

Assuming this supplemental request is approved, total funding for the war in Iraq alone will reach an astounding $320 billion. This comes at a time when our deficit is estimated to be $357 billion and our national debt is rapidly approaching $9 trillion. Those numbers are almost incomprehensible in their enormity. But the figures that are understood by all American taxpayers are—all Americans—are the losses of our brave servicemembers on the battlefield. In Iraq, 2,297 troops have been killed, more than 17,000 wounded. In Afghanistan, 216 servicemembers have given their lives. Our hearts are with all of those who have suffered losses in these wars, and we pray for the safe return of all the young men and women who are currently in harm's way.

The Congress is considering this supplemental request to continue military operations in Iraq as a cloud of peril and uncertainty hangs over the nation. In recent days, Iraq has only narrowly missed descending into an all-out civil war, and top administration officials acknowledge that the threat of civil war is still very real.

The Congress and the public have a right to know the administration's plans for Iraq before scores of additional billion dollars—billions of dollars are spent in that war. The funds requested by the administration could very well be the funds being spent if our troops find themselves in the middle of a civil war in the coming weeks and months. Congress cannot close its eyes, cross its fingers, appropriate more money, and just hope that the administration knows what it is doing in Iraq. It is alarming that parts of this supplemental request ask Congress to do just that.

The supplemental asks for more flexibility for the Secretary of Defense to transfer funds, at his discretion. It asks Congress to exempt our troops' training programs from longstanding laws that prohibit assistance to human rights abusers. It asks for more reconstruction and—for Iraq—without a firm plan how it will be used. And the supplemental asks for billions more for the war, without presenting any idea of when our troops may be coming home.

Mr. Chairman, we need straight answers to these questions, and I certainly am grateful to you for calling this hearing.

Iraq continues to teeter on the brink of an all-out civil war. Even our Ambassador to Baghdad is continuing to speak of Iraq as a Pandora's box of ethnic and religious tensions that could provoke even greater violence.

Secretary Rumsfeld, what is the plan if Iraq descends into civil war? Will our troops hunker down and wait out the violence? If not, whose side would our troops be ordered to take, in a civil war?

PREVENTING CIVIL WAR IN IRAQ

Secretary RUMSFELD. Thank you, Senator Byrd.

General Abizaid is here, of course, and he can add a comment or two, but as you correctly suggested, there is a high level of tension in the country, sectarian tension and conflict. As you also correctly said, it is not in a civil war at the present time, by most experts' calculation. General Casey and General Abizaid have been impressed by the work of the Iraqi security forces and the fact that they have stepped forward and assumed the responsibility for the conflict that has occurred, thus far. Needless to say, they've had some support from our forces, but the Iraqi security forces have been very much in the lead in dealing with it.

In addition, fortunately, the Iraqi government leaders, and leaders in the country of a nongovernmental nature, have, almost to a person, stepped forward and urged calm, and argued against retaliation, thus far. And that has been a calming effect.

So, unless—General Abizaid, do you want to add anything?

SECTARIAN TENSIONS

General ABIZAID. No, I think the only thing I'd want to add, Mr. Secretary, is that there's no doubt that the sectarian tensions are higher than we've seen, and it is of great concern to all of us. On the other hand, the role played by Iraqi security forces after the Samarra bombing was quite professional. They did a good job. It's my belief that the security situation in the country, while changing in its nature from insurgency toward sectarian violence, is controllable by Iraqi security forces and multinational force forces.

It's also my impression that we need to move quickly to a government of national unity. I regard the current problem as more a problem of governance than security. But, of course, they mutually affect one another.

Senator BYRD. Mr. Secretary, how can Congress be assured that the funds in this bill won't be used to put our troops right in the middle of a full-blown Iraqi civil war?

Secretary RUMSFELD. Senator, I can say that certainly it is not the intention of the military commanders to allow that to happen.

And, to repeat, at least thus far, the situation has been such that the Iraqi security forces could, for the most part, deal with the problems that exist.

I think it's important to underline the point that General Abizaid made. The situation, to the extent that it's fragile and tense, is as much a governance issue as it is a security issue. The need is for the principal players in that country to recognize the seriousness of the situation and to come together to form a government of national unity that will govern from the center, and to do it in a reasonably prompt manner. And that will be what it will take, in my view, to further calm the situation. And they have a period of weeks to get that done, and they are—as we all read in the press and see on television, they're debating, they're discussing, they're politicking, they're going through that process. And, to some extent, it's a relatively new experience for most of them.

Senator BYRD. That is true, Mr. Secretary. Is there any plan to respond to a civil war in Iraq?

Secretary RUMSFELD. The plan is to prevent a civil war, and, to the extent one were to occur, to—from a security standpoint—have the Iraqi security forces deal with it, to the extent they're able to.

Senator BYRD. Do you feel that there would be a request to respond to a civil war in Iraq?

Secretary RUMSFELD. I don't know that I'd characterize it that way.

Senator BYRD. How can we avoid it?

Secretary RUMSFELD. The work that is being done today by the Ambassador, and by the Embassy, to bring the political parties together to form a government is the principal thing that needs to be accomplished to avoid it. And that is what the Ambassador and his team, as well as General Casey and his team, are working very diligently to do.

Senator BYRD. Mr. Secretary, recent media reports indicate that one in five soldiers and marines returning from Iraq have reported mental health problems, yet the supplemental request for mental health for the VA is zero. The request for the military specifies only $68 million for screening and assessment. I ask this question of you or General Pace, or both. How can the Defense Department and the VA effectively coordinate efforts to meet the long-term needs of these veterans with such a sparse and uneven funding effort?

General Pace. General Abizaid—General Pace.

General PACE. Thank you, sir.

Sir, as I understand it—and I will get the numbers for you—but as I understand it, there is provision in the baseline budget to transfer money from the Department of Defense to the Department of Veterans Affairs for all the things that Veterans Affairs does for us. And they do an enormous amount for our troops.

I also know that—at the installation level, that we have family support groups that help not only the returning soldiers and marines, but their families. There are hotlines and groups that are headquartered here in Washington and throughout the Army and marine structure, primarily to be able to provide support to those families.

[The information follows:]

Each Service reimburses the Department of Veterans Affairs (VA) for both casualty and disability benefits. Although there is not a provision in the baseline budget to transfer money from the Department of Defense to the VA, this year's supplemental requests $900 million for VA reimbursement. The $900 million in reimbursement to the VA includes $400 million for Service members' Group Life Insurance (SGLI) claims in excess of the baseline level and $500 million for Traumatic-SGLI.

Senator BYRD. What long-term mental health services——

Chairman COCHRAN. The gentleman is a minute over.

Senator BYRD. Yes, thank you. I thank the chairman. Thank you.

Chairman COCHRAN. The time of the Senator has expired.

Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman.

I'm glad we're having this hearing. I'm interested in the things requested and some of the things not requested; I notice in the supplemental there are some areas where, even though the agencies requested money, it's not in there. One that concerns me very much is $60 million to continue what I believe is a very cost-effective program in Iraq, USAID's Community Action Program. Four U.S. NGOs are doing it, spending only $15 million each. In fact, some of the funds are used to assist Iraqis who have lost family members in the conflict, through a program named after a young American woman who was also killed there, Marla Ruzicka. And they've restored basic services, they've created jobs, and I've been told by commanders in the field that these funds have been helpful to our military over there.

I want to help strengthen Iraq's provincial councils, but that will take time. If we're going to shut down programs, let's pick some of the ones that are not working—not one that has been a success and the Iraqi people appreciate. Mr. Chairman, I want to work with you and Senator McConnell to find the money needed to continue the Community Action Program.

Second, is Liberia and Haiti. They've recently elected new leaders. They face daunting challenges. Secretary Rice, you and the First Lady were in Liberia for the inauguration of Ellen Johnson-Sirleaf, the first woman African head of state. I shared the pride you had in that, but in the supplemental there's only a very small amount for returning refugees. We should be doing more to help that government. You know, it cost us an awful lot of money in Liberia and Haiti because of the failures of past governments. Let's help avoid repeating those failures.

Secretary Rumsfeld, you mentioned the cost effectiveness of U.N. peacekeeping mission in Haiti, but this supplemental has no money in it for that peacekeeping mission, even though it's obviously needed.

The supplemental does include $51 million for refugees. In fiscal year 2006, the administration requested $893 million. Congress provided only $782 million, so we're about $60 million too low on that, not just for Sudan, but for many other countries around the world.

I mention these as areas because a lot of money is left out that everybody knows we need, and then the Congress has to figure out how to find the money.

Secretary Rumsfeld, you did mention the limitation in aid to the Indonesian military. Of course, during that period they were behaving like a criminal enterprise, involved in all types of corruption

and killings of political dissidents and so on. If this country stands for something—and I believe it does—we have to show that there are limits on the help we will give.

Mr. Secretary, when you came in here this morning, I mentioned something to you. I've written several letters. I got back a letter that didn't answer questions. That is about the Talon program. We learned, from the press, not from our own Government, that a number of peaceful protest groups, like the Quakers, have ended up in the Department's database. And I'm worried about the Department spying on citizens that goes beyond any reasonable or legal means of protecting Defense Department personnel or installations. I worry we're getting back into the COINTELPRO days of Vietnam.

My letters asked for specific things. In one—it should have been very easy to answer—is the press right that there was surveillance of citizens in my home State of Vermont? Now, I would think that a Senator who's been here for 31 years ought to be able to get an answer to a simple question like that. For months, everybody's refused to answer my question. So, I'll ask you. Did they conduct surveillance of citizens in Vermont?

TALON PROGRAM

Secretary RUMSFELD. Senator, I'm told that the Department of Defense did not conduct any investigations of the domestic activities of persons in Vermont, nor did it target any groups in Vermont for the collection of intelligence.

Apparently, the Department of Defense did receive two reports that came to it from the Department of Homeland Security, and they were reports about protests, or potential protests, against DOD recruiters by Vermont groups. Subsequently, the report came to the Department of Defense, the Army personnel generated a report based on that information—that they had not generated, themselves—and placed it into the database.

The first Talon report contained information about a potential protest action against military recruiters attending a career fair function on March 8. In an unidentified——

Senator LEAHY. March 8 of what year?

Secretary RUMSFELD. Oh, I'm sorry, of 2005.

Senator LEAHY. Thank you.

Secretary RUMSFELD [continuing]. In an unidentified Vermont town. Two participating groups were named in the report. The second report focused on a protest at an Army recruiting office in Washington, DC, and also noted that another protest was planned that day at an Armed Forces Recruiting Center in Williston, Vermont, but no group was mentioned.

So, what happened was——

Senator LEAHY. So, the press account, that Quakers were under surveillance by the Department of Defense is inaccurate.

Secretary RUMSFELD. I didn't see the press report; therefore, I would not want to characterize it.

Senator LEAHY. But if there was a press report that said that Vermont groups were under surveillance by the Department of Defense, such a press report would be inaccurate.

Secretary RUMSFELD. Yeah, I'm——

Senator LEAHY [continuing]. Inaccurate.

Secretary RUMSFELD [continuing]. I'm reluctant to heave charges around.

Senator LEAHY. I'm not making charges. I mean, that's a simple——

Secretary RUMSFELD. Well——

Senator LEAHY [continuing]. Yes or no.

Secretary RUMSFELD. Well, it isn't, for me.

Let me explain this program. The program is for the purpose of force protection of the United States military facilities in the United States of America, which is a legal obligation of the Department of Defense, to protect their forces and their bases. So, they have a program that allows information to be sent to them that raises questions about possible threats to their bases. If that information comes in, and is not evaluated, it sits there.

Senator LEAHY. Okay. Mr. Secretary, that's not my question. The question is: If there was a report of surveillance of Vermont groups protesting the war, in Vermont, by the Department of Defense, that report is inaccurate, yes or no?

Secretary RUMSFELD. I would have to see the report. I have read to you the fact that some reports about Vermont groups came into the Department, but they were not originated by the Department——

Senator LEAHY. Well, I——

Secretary RUMSFELD [continuing]. Of Defense.

Senator LEAHY. Yeah, I should point out there are a number of Quakers, some older than you and I, who peacefully protest once a week in Vermont on the war. There are some——

Secretary RUMSFELD. Sure.

Senator LEAHY. There are some in Vermont who do not support the war in Iraq. And——

Secretary RUMSFELD. The——

Senator LEAHY [continuing]. If the intent is to surveil them, you could save your time, I'll speak against the war on the floor, and you can just take it off C-SPAN and save your money.

I want to mention the situation in Darfur. Because Senator Cochran spoke about this. A lot of people called for more—Secretary Rice, for more peacekeeping troops in Darfur. The administration does not support that. I see this as genocide. The African Union peacekeepers are incapable of performing some of the basic functions. There seem to be no consequences for attacking civilians. You've read the same reports I have.

Now, the $161 million you've requested in the supplemental for peacekeeping in Darfur will cover our share of sustaining the current inadequate number of troops. It doesn't do anything to help pay for the doubling of U.N. troops, even though the President has acknowledged that's needed. Do we need more money?

Secretary RICE. Senator, I think, for now, we believe that this an appropriate amount of money for the coverage of the U.N. peacekeeping force that is likely to be available in this period of time. We would authorize the U.N. peacekeeping force in the Security Council. There would then be an effort to actually raise that force. We believe that this funding from the supplemental can help us with the first stages of this process.

Senator LEAHY. But let——

Secretary RICE [continuing]. We certainly will need to have our contribution be adequate to cover the peacekeeping force.

Senator LEAHY. Let me ask just this, and then you can add to your answer. Can we stop the genocide in Darfur?

Secretary RICE. Well, Senator, I hope that we can stop the violence and the genocide in Darfur. That's certainly what we are attempting to do. There are really three prongs to this policy.

We do, in fact, favor both a U.N. peacekeeping force and an expansion of the numbers of peacekeepers that are now on the ground. One reason that we want to go to a blue-hatted force is that we believe we would have a more sustainable way to attract enough forces to have a doubling of the force in Darfur. So, we do favor that.

We also favor, as the President has said, a role for NATO in the planning and logistics and support to that force. General Jones is working within NATO to see what we can do to effectively bring that NATO piece into it.

We want a more robust peacekeeping force in Darfur. The President himself has spoken to that. But it's going to require more than a peacekeeping force in Darfur to end the violence there. It is also going to require an effort at a peace agreement between the parties. And we are spending a lot of time in the Abuja talks trying to bring a peace agreement between the parties.

We also, Senator, are trying to make certain that the Comprehensive Peace Agreement for the agreement between the south and the north is fully implemented, because that ended a civil war that killed millions of people, over decades.

So, there are many pieces to our policy in Darfur, but we do favor a more robust peacekeeping force for Darfur.

Senator LEAHY. Thank you, Mr. Chairman.

Chairman COCHRAN. Thank you, Senator.

Senator Stevens.

Senator STEVENS. Thank you very much.

And I—we commend all of you. I'm glad to see you take the time to come and justify these requests.

I must say, though, Mr. Secretary, I'm worried about the sustainability of the level of funding for the Department when we've had so many supplementals now, in addition to the annual budgets, during this period. The chairman of the Budget Committee believes that these monies are fungible and that they're flowing back and forth between the funds that we put into the regular bill and the supplemental. There's hardly any way to track where the money's going.

Let me tell you, for instance, right now, in the 2006 bill, we've funded monies to train the Afghan police forces in the State Department appropriations bill. This supplemental requests money for that purpose in the Department of Defense supplemental. Now, that's an indication of the fungibility.

Why is it in the Defense bill now, when, in the regular bill, it was in the State Department bill?

AFGHAN POLICE TRAINING

Secretary RUMSFELD. Well, I'll start, and Secretary Rice can comment.

Historically, training for police has been considered part of the Department of State's activity. They've had an office that engaged in that. And in the case of Iraq, the Department of State had the responsibility for the training and equipping of Iraqi police up to——

Senator STEVENS. This is Afghan, now. This is——

Secretary RUMSFELD. Oh——

Senator STEVENS [continuing]. This separates out Afghan's police forces from——

Secretary RUMSFELD. Okay.

Senator STEVENS [continuing]. State Department in the regular bill, and puts in the supplemental for your Department.

Secretary RUMSFELD. Okay, the principle is the same. The State Department had the responsibility for Afghanistan. And in a discussion between the Department of State and the Department of Defense, it was agreed that it would be appropriate, since we were staffed up to deal with the ministry of defense security forces there, that we assume that responsibility for Afghanistan.

Originally, under the Bonn process, I believe the German Government had had the initial responsibility. But to make sure we got the job done and could begin reducing U.S. military forces, the Department of State asked us to assume that responsibility with our people, and that is now currently the case. The Department of Defense has that responsibility in Afghanistan, and I believe that's the reason for the changing in the funding.

Senator STEVENS. General Abizaid, there's $2 billion in this supplemental for infrastructure projects for Iraq and Afghanistan security forces. We have already funded 77 military base projects, 345 police facilities in Iraq. And now, this is $2 billion more. Will this fully fund the infrastructure requirements for security forces in Iraq and Afghanistan now?

AFGHANISTAN

General ABIZAID. Senator, I can't tell you, for Afghanistan, whether it fully funds it or not. I think Afghanistan, there will be continuing requirements, because the infrastructure conditions there are so abysmal.

Senator STEVENS. Well, General, they were funded through the Iraqi Reconstruction and Relief Fund in the past. This time, $2 billion goes into your budget.

General ABIZAID. I can't answer the question about where they went into various different locations in the budget.

Senator STEVENS. Well, I'm asking the question, because, you know, we really don't—when we get these monies as they come in on this—a supplemental request basis, we don't get the continuity of, really, reporting that we would get if we handled it through the regular bill.

What about the IEDs? We've put up $2.9 billion, to date, for the IED counterthreat to try and establish it. We have now, in this bill, I understand it, a new permanent organization for that purpose,

and there is a request in this supplemental for another $1.9 billion. I'm sure we all fear IEDs. But is this new organization now to take over the total funding of—expenditure of funds to defeat the IED threat?

General PACE. Sir, I'll try to answer that, if I could.

General Meigs' organization does now have responsibility for the Department of Defense, reporting directly to the Secretary, for all things that have to do with IED defeat.

Senator STEVENS. He will spend this money that's in this——

General PACE. He will——

Senator STEVENS [continuing]. Supplemental?

General PACE. He will make recommendations to the Secretary of Defense for disbursement of the funding in this supplemental, yes, sir.

Senator STEVENS. Thank you.

To date, we have provided—and the President, of course, has requested—we've approved $31.7 billion for equipment repair and maintenance, procurement and depot maintenance. This is now another $19.6 billion for that purpose. We saw some of that when we visited Fallujah. We saw the up-armoring of the major trucks but this is an extremely expensive process when it's done in country there. How long do you plan to pursue emergency supplemental funding for the restitution of these vehicles? Some of it's not even done in country, I understand. Who can answer that question?

REPLACING EQUIPMENT

Secretary RUMSFELD. The broad approach of the Department has been that as equipment is used, either destroyed because of combat or exhausted because of use at a higher level than normally would be the case in a training environment, it will be replaced by supplementals. Now, you have to put a caveat on that, because instead of replacing everything exactly the way it was, people are replacing things the way they ought to be. So, if you have a next-generation, for example, up-armored Humvee, and you damaged an old Humvee, you would replace it with a new—a later-generation Humvee. And the goal, the intent, of the Department of Defense, and, I believe, the Office of Management and Budget, Senator Stevens, is to continue with supplementals for war costs, which clearly that would be categorized as a war cost.

Senator STEVENS. Mr. Secretary, we provided $8 billion for equipment procurement, and $4.1 billion in the bridge fund that was attached to the annual bill for 2006. This supplemental puts $19.6 billion more into that same account, now, for 2006. Plus, there is a bridge fund, going into 2007.

Now, what I'm asking, really, is, how—we're going to review that procurement account in the regular bill for 2007, but here we've got $50 billion standing over our head, which is a bridge fund, going into 2007, which you will spend for the same thing we're reviewing now. I, again, say we have very little ability to deal with this. I, for instance, don't understand why this money would be spent here in the United States to buy new equipment, other than in terms of the regular bill. But it——

Secretary RUMSFELD. Well——

Senator STEVENS [continuing]. This is—I understand this may have been destroyed over there, but you're buying the new equipment here. Now, we have difficulty following these budgets through, Mr. Secretary, and I think that's what's bothering the Budget Committee now, in terms of this funding. These are enormous amounts of money that's going into this procurement and restitution accounts.

Have you got a watchdog on that activity?

Secretary RUMSFELD. I'm told that there have been something like 31,000 pages of budget justifications that have been provided when you combine the regular budget and the bridge and the supplemental.

Senator STEVENS. We have not had any justification for this supplemental, Mr. Secretary. We had that discussion with Ms. Jonas yesterday. But we'll go into it later.

Let me ask one last question, General Abizaid. And I think it's very important to this Senator. How important is the Port of Dubai to the war effort right now?

PORT OF DUBAI

General ABIZAID. Well, the Port of Dubai is very important to the war effort, Senator.

Senator STEVENS. Can you explain why?

General ABIZAID. Well, it's one of the largest ports in the region. A tremendous amount of equipment that ends up in the war zone ends up transiting through there. U.S. Navy aircraft carriers can use it, and do use it. It's a port of call for our servicemen and women. I think it's one of the largest in the world, if not the largest in the world.

Senator STEVENS. What percentage of the activities that you would supervise goes through the Port of Dubai?

General ABIZAID. It's hard to say what percentage of the activities, but clearly the Port of Dubai is essential for the defense of the Arabian Gulf.

Senator STEVENS. Thank you, Mr. Chairman.

Chairman COCHRAN. Thank you, Senator.

Senator Mikulski.

Senator MIKULSKI. Thank you, Mr. Chairman.

Mr. Chairman, I would like to thank you for the way you've structured this hearing, to have the Secretary of Defense, the Chairman of the Joint Chief, the General in the field, and our Secretary of State at the table. I think it is a very good way to have done this.

I see this as a year of transition, particularly in Iraq. And in that year of transition one of the questions will be, in addition to the policy, support, and passion for our troops, is: How are we going to continue paying the bill, along the lines that even Senator Stevens has asked?

My question goes to Iraq oil. When we were going into the war, we were assured that we wouldn't have to worry about how big the bill was, because we were going to be there on a short-term basis, and that Iraqi oil would pay the bill for reconstruction. My question is: Where are we in terms of Iraqi oil? Who controls it's distribution and marketing? Is it flowing? When will it flow? And

then, what about the issues of corruption and the impact on ethnic conflict?

And I'd turn to anyone at the table, Mr. Secretary, Dr. Rice, how would you like to address that? But it's: Where are we with the oil? When is it going to start to pay the bill? What about corruption? And what about its reliability as a future revenue stream?

Secretary RICE. Thank you, Senator. Perhaps I should start, and then if anyone would like to add——

First of all, Iraq is a country that we believe should one day be able to sustain its own expenses, because it does have this great natural resource. It is in that sense in contradistinction to Afghanistan, which does not have resources of that kind.

There have been two problems with the oil industry. One is a significant under-investment in the oil industry during the period of time of Saddam Hussein. Even though the Iraqis were producing about 2 to 2.5 million barrels per day, and exporting about 1.3 million barrels a day, it was doing it on a very creaky infrastructure. Indeed, some of the investments that we made as a part of the IRRF funding, the Iraqi reconstruction funding that was provided by the Congress, was to increase the capacity, in the near term, of the Iraqis to produce. It is also the case that the Iraqis have been looking at ways to have investment laws that will make it possible to get some foreign assistance with technology and the like for their oil industry, because one of the problems with the oil industry under Saddam Hussein was, it was isolated from the best of technologies, although they have very great——

Senator MIKULSKI. Madam Secretary, I've got about 5 more minutes.

Secretary RICE. Yes, I'm sorry.

Senator MIKULSKI. So, are they producing it?

Secretary RICE. They are producing, currently at below the prewar range of 2 to 2.5 million barrels, largely because of problems in inefficiency in the management of the oil industry—and we've worked very hard with the Iraqis on that piece of it—but also the interdiction by insurgents of the oil pipeline in the north, which has been transferring 400,000 barrels a day and that has essentially been shut down.

What we're doing about this is we are working with the Iraqis to improve their coordination of the oil industry. We are working with the Iraqis to improve security for the oil pipeline. And it is our hope that—we would be able, by the end of this year—as you said, this is a transitional year——

Senator MIKULSKI. The end of the calendar year, Madam Secretary?

Secretary RICE [continuing]. Yes, the end of the calendar year—to be able to see crude production at about 2.8 million barrels a day, and exports at about 2.2 million barrels.

Senator MIKULSKI. But that's pretty slim, isn't it?

Secretary RICE. No, it would be more than Iraq was producing before the war.

Senator MIKULSKI. And what would be the revenue generated of them?

Secretary RICE. What they are counting on in their projections right now is about $1.6 to $1.8 billion.

Senator MIKULSKI. So, it would begin to pay the bill.

Secretary RICE. So, they would be——

Senator MIKULSKI. But who in this national government of unity that we all hope sticks together—who controls the oil? Is it the oil ministry? Is it through the prime minister? And then, the tools against corruption—because this seems to be an endemic problem in the region.

Secretary RICE. It is an endemic problem in the region, and we have worked very hard with the Iraqis so that they don't fall prey to some of these problems. But there is significant corruption in the system, at this time.

They have created a commission to deal with corruption, openness in government, declaration of assets, and similar kinds of reforms. Oil production is now under the control of the state oil company and the oil ministry. But I think you will see the Iraqis look also at innovative ways to think about the oil resource over the next several years so that they can get it closer to the people and less centralized in the government. But right now it follows the normal pattern in that region. It's state-owned oil.

Senator MIKULSKI. I want to get to questions on Afghanistan—but having the pleasure and honor of being one on the Defense Appropriations Subcommittee, when we get into Defense appropriations I'm going to come back, other than through this supplemental, to ask about guarding the infrastructure and transitions.

Iraq has an asset we need, which is oil. Afghanistan has an asset we don't want, which is opium. This, then, takes me to Afghanistan and the real need for a success story there, the backing of, truly, a democratic movement at all levels, the return of the diaspora. The Karzai family in the diaspora resides in Maryland. We're proud of their efforts.

I'm concerned about the opium issue. No. 1, what are we doing to control it? And, No. 2, is the opium money funding terrorism and insurgent activity both in Afghanistan and in the region? And could you share with us the ways we could perhaps provide a more muscular support to Afghanistan in this area. Because I feel if we lose control of opium, we lose control of Afghanistan. Is that a good analysis?

Secretary RICE. Senator, I think the single most important threat to Afghanistan now, in a strategic sense, is probably the opium trade, because it has not only the effect of—that you mentioned, of funding terrorists, but it is a source for people who are then able to threaten the central government, threaten people in the provinces. And so, we've been very attentive to the opium problem.

It's a multipronged approach that we're taking. One is that the Karzai government believes very strongly that public education is important. Afghans have been growing poppies for a long time. People have to be dissuaded. Second, it is very important that there be alternative livelihoods for the farmers who are told not to plant. We have significant programs and are enlisting, also, the help of others, including the British, who have the lead on this area. Third, we are working to help the Afghans train forces that are particularly effective at this special kind of law enforcement/paramilitary operations. We're having some success in getting those forces into place now. Finally, the criminal justice system has

got to be able to penalize people who engage in the opium trade. You will find that in our 2007 request—not in the supplemental, but in our 2007 request—there is considerable money for civil justice and a rule-of-law efforts in Afghanistan.

Senator MIKULSKI. Now, will that be in the foreign ops request?

Secretary RICE. This would be in the foreign ops request.

Senator MIKULSKI. So, that's where we should really look to provide assistance, on an ongoing basis.

Secretary RICE. That's right.

Senator MIKULSKI. Now, I have to ask you about the Polish visas. As you know now, coming back to Afghanistan, Poland will play the lead role in leading the NATO forces in Afghanistan. It's just what we had hoped for, with the expanded NATO and the coalition. As you know, it continues to be a prickly issue with our country. Senator Lugar and I are trying to focus it even more on a student/public exchange, kind of a Fulbright-style type of exchanges. Can you bring us up to date on where we are on cracking that?

And I want to thank you for the very collegial cooperation of your staff in working with us.

Secretary RICE. Thank you, Senator.

We really do want to try to solve this problem, for Poland and for a number of other important allies who are now members of the EU, but are not capable of being a part of the Visa Waiver Program. For instance, you and I personally have discussed a visa roadmap program with the Poles to try to get them to the metrics that we take to determine who can be a part of the Visa Waiver Program. I think the Poles believe that we are making progress on that. Our Ambassador certainly does.

We also want to make sure that students from this region can come to the United States. Margaret Spellings and I recently held a university summit to try to encourage foreign students to come. We'd like nothing better than to have more of them from East Central Europe. Our staffs are working together to try to find ways that we can do this.

We have to keep this a worldwide standard so we can't have special exceptions to the program. But we are working very hard to see what we can do for students.

Senator MIKULSKI. No, and I appreciate that we can't have exceptions. But there are exceptional allies, those that are truly embracing the responsibility sharing—we often use burdensharing, but responsibility sharing in peace and stability. Poland's role now in Afghanistan, an ally like South Korea, is crucial in what they're doing in the region. We don't want to make exceptions, but there are exceptional allies——

Secretary RICE. Absolutely.

Senator MIKULSKI [continuing]. Carrying exceptional responsibility. And I think that should be acknowledged—almost like a veterans preference. I'm working on it.

Secretary RICE. Thank you, Senator.

Senator MIKULSKI. Thank you very much.

Chairman COCHRAN. The Senator's time is expired.

Senator Kohl.

Senator KOHL. Thank you, Mr. Chairman.

Secretary Rumsfeld, this is the fourth time that you've come before our committee for emergency funds for the war, $445 billion thus far. America has paid a high price in dollars, and, most importantly, in the lives of American soldiers. And now we find ourselves in a position no great country should ever occupy; namely, that we don't control the events that determine the success of the war, or even the safety of our troops.

You've been telling the American people that the situation in Iraq is not that dire, but, Mr. Secretary, with all due respect, and speaking for a majority of the American people, that is hard to swallow.

From the beginning, the administration's Iraq strategy has been an amalgamation of misdirection and missteps. Intelligence about weapons of mass destruction has justified—that justified our invasion, as we know, was wrong. We went to war with no plan, beyond the initial few weeks of military action. The estimates of the number of troops needed to accomplish the mission were too low. And now we are in Iraq, with public support waning, American casualties continuing to mount, and no apparent timetable or plan for turning Iraq back to the Iraqis and bringing our troops home.

Mr. Secretary, a bipartisan majority of the Senate has agreed that 2006 needs to be a year of transition toward a successful conclusion of—to our involvement in Iraq. Senator Levin has suggested that the Shi'ite, Sunnis, and Kurds are all counting on the U.S. presence to keep the country from falling into civil war. He argues that we should use that leverage to motivate the Iraqis to make the necessary compromises to achieve the broadly based political settlement that is essential for defeating the insurgency, that we should tell the Iraqis that if they fail to reach a solution by the timetable that they have set forth, then we will consider a timetable for the reduction of U.S. forces. Can you comment, Mr. Secretary, on that option?

TIMETABLE FOR IRAQ

Secretary RUMSFELD. First, Senator, you're quite correct that the intelligence with respect to the weapons of mass destruction has not proven to be the case. The comment you made that there was no plan with respect to the war, I'll let General Pace, who was the Vice Chief at the time, and General Abizaid, who was the Deputy CENTCOM Commander, comment on that, because there were plans.

Third, with respect to the timetable question, it's a difficult one. And you've put your finger point on it. The implication of your question, I think, is correct, that it is important that the Iraqi people and the Iraqi government officials understand that it is their country, they are going to have to run that country, they're going to have to build that country, they're going to have to fashion a government that is acceptable to a broad range of people in that country, and their security forces are going to have to provide security for an environment that will permit that.

The next step of it is the hard part. The idea of saying to them, "or else, this is going to happen, on this basis," it seems to me, given the variabilities of the situation on the ground, given the uncertainties as to the role that—the damage, I should say, or the

role—that some of their neighbors play with respect to their situation, my personal view is that it is not useful, in the context of their current political situation, to do anything other than what we have said, which is that we are training and equipping their forces to take over those responsibilities, and, as their forces stand up, we will pass responsibility to them, as we have been doing—we've closed some 30 bases, or passed them over to the Iraqis already, we're passing over pieces of real estate every month—and as that happens we will continue to pass over to them and either shift the emphasis of our forces or reduce our force levels, as we've been doing.

But to tie it to a tight timetable, I'm reluctant to suggest that.

Senator KOHL. I appreciate that. And Senator Levin used a point—the word "consider." He did not say "either/or—if you don't do it, we will be gone," but at least to tell them that, "This is the time for you all to come together, put aside your differences, and form a government of unity, which you have said is absolutely essential." But what would be destructive in any way by saying publicly to them that, "If you do not, then we have the option to consider a timetable for the reduction of our forces?" Not even to "eliminate it," not even to "leave"—to "consider a timetable for the"—doesn't that form of leverage at least bring some pressure to bear on them to put aside their differences? If they don't think we're ever going to leave—which some of them may be believing, Mr. Secretary, that we'll be there as long as it takes—then the pressure on them to reconcile their differences is almost nonexistent.

Secretary RUMSFELD. Oh, I don't think so. I think there is pressure on them to settle their differences. They have everything to lose. If they're not able to put together a government in a relatively short period of time, they are facing a very difficult situation for all of the people involved in governance in that country.

Senator KOHL. Well, do they face the situation that, if they don't, that we are prepared to consider a timetable for the reduction of our forces?

Secretary RUMSFELD. Well, I think that they probably know that we are considering a timetable, but it's not a calendar timetable, it's based on conditions on the ground, it's based on the pace at which we're successful in training and equipping their forces. And, I must say, having a Senator from Michigan or Wisconsin saying what you're saying is not a problem. Switching it over and having it said directly by the President of the United States to them, it seems to me, runs the risk of playing into the internal political dynamics that are going on, because the—there are people in that mix who don't want us there right now. Let's face it. The Iranians don't want us there, and the Iranians have a lot of influence in that situation. They have a lot of people they talk to, and so forth. And I don't think the idea of strengthening the hand of those people who do not wish the Iraqi people well is a good idea for the President.

Senator KOHL. Okay.

General PACE. Senator——

Senator KOHL. One——

General PACE. May I——

Senator KOHL. Yes, go ahead, Mr. Pace.

TROOPS IN THEATER

General PACE [continuing]. Just clarify on one point, sir, because it's important for me to stand up to my responsibilities, and that has to do with the numbers of troops in theater. I've been the Vice Chairman or the Chairman since October 1, 2001. Tom Franks—General Tom Franks, General Abizaid, sitting next to me, General George Casey, in theater, are the ones who have made the proposals for the troop size that was needed to get the job done. Those proposals have come up to us at the Joint Chiefs, all six of us sitting, collectively, in the tank, reviewing those numbers. We have agreed with the numbers that the field commanders have come up with. We have recommended those numbers to the Vice—to the Secretary and to the President. It is the military experience and the military judgment to find the right balance of the size of the force. So, the size of the force that is there is based on uniformed experience——

Senator KOHL. I was referring to what was there originally. I'm not referring to the troops in the theater at this point. My question referred where we were, back at the time that we made our initial assault.

General PACE. Yes, sir. And all those numbers, I—every single one of those numbers, sir, is a—has been a uniformed analysis and——

Senator KOHL. The only point I was making is that it turned out that the number was insufficient to pacify the country. But—I mean, that's the only—and that's really—it's hindsight, but it's a matter of somewhat well-established fact.

Mr. Secretary, one more question. In a recent poll, over 70 percent of the U.S. troops in Iraq thought the United States should pull out over the next 12 months. Presumably, since they are there on the ground, they know what is going on, as well as the risks, and they have concluded that it doesn't make sense to stay more than approximately 1 year. This is not the press or political opposition raising concerns about our mission or our chances of success, this is the—these are the men and women in a position to know best what the situation is on the ground.

Does that assessment by them make you any more open to providing a plan or a timetable for winding down our involvement in the war?

POLL OF TROOPS IN IRAQ

Secretary RUMSFELD. I've not seen the poll. I've heard it referred to. I doubt it. I doubt the poll. My experience is quite different. I don't know, maybe General Abizaid has experience, and he might want to comment. But I visit the troops regularly. I visit the ones that are there, the ones that are back here, the ones that are in the hospitals. And it just doesn't compute. And so, I'd have to see the poll and try to understand it.

I would add, however, that I think there isn't anyone who has served, or is serving in Iraq, who may serve in Iraq, who has that as their first choice. They don't want to be there. We have no desire to be in Iraq, as a country. We're not there for their oil, we're not

there for their water, we're not there to occupy their land. They're over there to perform a service, and they're doing it brilliantly and deserve our gratitude, as I know you know, Senator, and all of this committee has felt. But if someone came up to someone and said, "Gee, do you want to be in Iraq next year?" the answer is, "Heck no." They don't want to be there. But they sure as heck do want to perform the job, do the job. They know it's noble work. They're proud of what they're doing. They believe in what they're doing. And I doubt the poll.

John.

TROOPS IN IRAQ

General ABIZAID. Well, I'm not familiar with the poll, other than I saw it in the newspaper. I don't know how it was conducted, Senator. But clearly some of our troops are on their second, and some of them even on their third, tour in Iraq. And they know, clearly, that, as you said, this is a year of transition, and they want to get the tools into the hands of the Iraqi armed forces so that they can take the lead in the counterinsurgency fight. And that's precisely what General Casey intends to do. So, our troops are anxious to have them fight their fight, but they're also realistic about it. They know that they're going to require some backup from us for some time, and, at this particular point, while we're still looking for a government of national unity to form, it's difficult for us to say what we're going to do here militarily.

But I think the confidence of the troops in the field about the job that they're doing, and, indeed, the confidence that they have about how the Iraqi security forces are developing, is pretty good.

Senator KOHL. Thank you.

Chairman COCHRAN. The time of the Senator is expired.

Senator Bond.

Senator BOND. Thank you very much, Mr. Chairman.

And, Mr. Secretary, thank you very much for that last answer. Having just returned, about 45 days ago, from the region with a small CODEL, I can tell you that that is what we're hearing from the troops in the field. And I would say, to my colleague from Wisconsin, that I endorse what the Secretary has said. The leaders—Sunni, Kurd, and Shi'a leaders with whom we met have gotten the message. They have the message. We carried the message. And I know, and will not discuss, what messages have come from other areas, but they know they have to have a national unity government, because—and right now, after the bombing in Samarra, which has the—either the handiwork—the fine hand of either al Zawahiri or the Iranians to foment civil strife, they have seen and stepped from that precipice. They know they have to get back.

But I would say, to General Pace, I personally am very delighted to hear about the personnel—personal protection for the marines and soldiers in Iraq and in theater. And it's vitally important. We're moving forward with the anti-IED activities.

But the interesting thing that I heard as I have talked to a lot of boots on the ground, enlisted and low-ranking officers, their biggest complaint is not that they're in Iraq, not that they're suffering casualties—their biggest complaint is that nobody is recognizing the accomplishments they make, the progress they are making.

Frequently heard word is, on a certain TV network, "If it bleeds, it leads." Only the casualties are showing up. And their frustration is that the American people are not hearing that they are accomplishing the military mission. And they are less worried about the IED exposure and the casualties than the failure for us to be able to get the message across that they are accomplishing their mission.

General Abizaid and General Pace, do you hear those same things from the field?

PROVINCES

General PACE. Sir, absolutely. And it would be very interesting to take a map of Iraq and lay down where the attacks are, and then—which is mostly in 4 provinces—and the other 14 provinces—and then lay down where the reporting is being done from to see what the opportunity is to have a balanced picture of what's going on. I'd suspect that there's very sparse numbers of individuals looking for stories inside the 14 provinces that are in very, very good shape and making the progress we would expect, and that there's more in the places where there are bombs going off that are the kinds of things that catch people's attention.

Senator BOND. General Abizaid.

General ABIZAID. Senator, what I would say is that the growth of the Iraqi security forces, in particular, and the army, in particular, has been nothing short of breathtaking. In April 2003, I was in Baghdad. You couldn't find an armed Iraqi, unless it was somebody shooting against us. Today, 200,000-plus people are in the Iraqi security forces fighting for their country. The commander of the Iraqi 6th Division was assassinated the other day. General Casey went to his funeral, and he told me that the outpouring of grief, and also gratitude, to that man for leading that division was absolutely unmistakable.

So, the story of Iraqis fighting for their country is one that we never quite hear. They're taking casualties at three times the rate of our troops. And the work that our troops have done to build that army and the work that our troops do to be embedded with their units is really one of the untold stories of the war. And it's the key to success, by the way.

Senator BOND. Thank you very much.

Moving to a question that Senator Stevens raised, unfortunately the issue of Dubai Ports may become an issue in this supplemental. And I—we've heard from General Abizaid. General Pace, I'd like to ask you and Secretary Rumsfeld, on the record: Has the United Arab Emirates—has the government been a valuable ally? Are they committed in the war on terror? Are they taking steps to improve security for our forces and our troops? Are they a reliable ally? And is it essential that we maintain good relationships with the UAE?

UAE

General Pace.

General PACE. Sir, the short answer is, yes, sir.

Senator BOND. Could you state it——

General PACE. I will——

Senator BOND [continuing]. In your own words——

General PACE. I will. You—yes, sir, I'd be——

Senator BOND [continuing]. For quotation purposes?

General PACE. I'd be happy to, sir.

Sir, military to military, we could not ask for better partners in that region, as you've already heard—the ports that are available to us, more U.S. Navy ships visiting, and operating out of, and being repaired in, those ports than any other ports in the world other than those here in the United States of America; their airfield and the ability to fly the kinds of missions that we fly from there in support of both Iraq and Afghanistan and the Horn of Africa, significant benefit to us; an air combat training range that they allow us to use, significant to us; in many other ways that I cannot talk about in front of this microphone, where they have been very, very solid partners with us. In every way that we have needed them to help us militarily, they have responded favorably. And as you look to potential problems in the future in that region, the United Arab Emirates location and capacity will be critical to our ability to succeed.

Senator BOND. Thank you, General.

Mr. Secretary, you might have a thought on that.

UNITED ARAB EMIRATES SUPPORT

Secretary RUMSFELD. Well, I do, Senator Bond, and I thank you for asking.

I certainly agree with General Abizaid and General Pace. From day one, they have been helpful to us. From 9/11 on, before we ever entered Afghanistan to go after the al Qaeda and the Taliban that had killed 3,000 Americans, that country has provided direct assistance to the global war on terror.

Today they are providing a hospitable environment for U.S. military personnel, for ships, in a secure environment—as General Abizaid said, probably as many ship visits as any port in the world. And the White House, I know, is working with the Congress to try to find a way to sort through this issue in a manner that's acceptable. And that's appropriate. And it's understandable that the issue was raised, but I think it would be a mistake if people went away with the impression that this country is in any way anything other than very helpful to us in the global war on terror.

Senator BOND. Mr. Secretary, I share your view very strongly. I know we've asked for a 45-day review so everybody can be comfortable with it. I would tell my colleagues I hope we can do everything possible not to address this prematurely before everyone has had a chance fully to investigate and understand how important this relationship is.

Let me move on to another question that was actually touched on by my colleague from Maryland, Senator Mikulski. In visiting Afghanistan, as well as Iraq, we found a great need for civil affairs assistance in strengthening Afghanistan. And in some areas the progress was very good. They even wanted more lawyers. As a recovering lawyer myself, I said, "The more lawyers we can send them, the better." But the one thing they didn't have—and this is something the Defense Department is not set up to do—they didn't have people who could help them with agriculture, getting—bringing their agriculture up to speed, even starting Ag credit oper-

ations. They cut down the pomegranates to grow poppies, and we need to have some bridge assistance to allow them to eliminate the poppy field and replant the pomegranates. But I was very distressed, and I wrote to you, Madam Secretary and Secretary Rumsfeld, as well as Secretary Johanns, to ask if we could bring together a better operational situation to provide agriculture assistance. And I suggested the—that the—my university, in Missouri, has a great agriculture extension program. Senator Mikulski is ready to volunteer Maryland's Agriculture Extension Service. I believe we have resources around this country that are not available through USAID, and, in my letter to you of January 31, I asked for your comments on how we can help make this work. And I'd appreciate your comments, Madam Secretary and Secretary Rumsfeld, if you have anything you wish to add.

Secretary RICE. Thank you, Senator.

First of all, we do have agricultural programs in both Afghanistan and Iraq, including a request for $84 million for agriculture assistance in Iraq in 2007. And we're continuing agriculture programs in Afghanistan. But I take the point that agricultural extension programs do something a little bit different than we do through USAID.

And we are now taking a more comprehensive look at the Afghanistan—I'll call it the "how to build an economy" problem, because it is true that right now the thing that people grow most is poppy. We need people to grow other crops. That is why the Afghan government has focused a great deal on alternative livelihoods programs. Those are run mostly through USAID, but we certainly will look at agricultural extension as a part of that.

The other piece is that we would like to see some other countries get involved, also, in helping to build this piece of the Afghan economy. We talked, for instance, with the Indians, when we were in India, about similar kinds of programs.

But I take the point. And I appreciated, very much, your letter, and we're looking into it.

Senator BOND. Thank you.

Chairman COCHRAN. The time of the Senator has expired.

Senator Bennett.

Senator BENNETT. Thank you very much, Mr. Chairman.

Madam Secretary, I have to wear my hat as chairman of the Agriculture Subcommittee of this committee, and ask you the appropriate agriculture questions so that we get this on the record.

This supplemental request includes $350 million for food aid under Public Law 480 title II, which is administered by USAID. And it's my understanding the money would be primarily for African countries, $150 million for the Darfur region of Sudan, and an additional $75 million for southern Sudan.

Could you briefly describe the current food-aid needs in Sudan, and tell us if these funds are sufficient to meet those needs, or do you expect that there will be another supplemental with respect to this sometime later this year?

Secretary RICE. Well, thank you, Senator.

Everything that we can foresee, to this point, is covered in this supplemental request for food aid for the Darfur region and for southern Sudan. Obviously, these are the kinds of crises that some-

times take a different turn. We're watching very carefully the situation in west Darfur, where humanitarian assistance has been difficult to get in, because of difficulties with Chad and problems on that border.

But assuming that we can maintain the levels of security that we need to make it possible to make the food assistance available, and humanitarian assistance available, this is what we think we would need to deal with the humanitarian problem in Darfur and in the south.

The south is very often underrepresented in our discussions, but I think we should not lose sight of the fact that this was an area that went through decades of civil war. Millions of people were killed in this civil war. There is still a problem with transportation of food in that region. And so, we are using food assistance, but hoping to be able to do more also in the transport of that food around the country.

This is what we think we need at this point, but I would be the first to say these humanitarian situations in war zones can sometimes take a different turn.

Senator BENNETT. Thank you very much.

HORN OF AFRICA

General ABIZAID. Madam Secretary, if I could just add something to that, Senator, the Central Command has a small command in the Horn of Africa.

Senator BENNETT. Yes.

General ABIZAID. And the level of food insecurity there is really the No. 1 problem out there. It spawns terrorism, it spawns instability. And the more we can do to help out there, through the use of the good services of that small command we have there, the better we'll be.

Senator BENNETT. Thank you.

Going from that to the question that Senator Mikulski pursued having to do with oil revenue to be able to finance the reconstruction of Iraq, one of the problems, of course, is security, as the folks in the insurgency recognize that they can destabilize the country as much by interrupting the oil revenue as they can by the other more—what we might consider more traditional military kinds of attacks.

General Pace, General Abizaid, whichever, it's wonderful that the Iraqi forces are standing up and trying to provide the level of security that we need in Baghdad and in the other areas, the four provinces you referred to that are aflame. Are you satisfied, or have you an opinion about their ability to secure the oilfields so as to bring the oil revenue to the point where Iraq can make a much bigger contribution to the economic challenge of their own reconstruction?

General ABIZAID. Well, Senator, let me take that question.

The situation with regard to oil flow throughout the Arabian Gulf, and not just Iraq, is one that I think we all need to carefully consider. The attack the other day on the Saudi Arabian oilfield at Abqaiq was an attack by al Qaeda, and there's a stated intention by al Qaeda to continue efforts to attack the oil infrastructure, not just in Iraq, but throughout the region.

Senator BENNETT. Yes.

General ABIZAID. And so, we do take this very seriously, as do all the countries in the region.

With regard to the security situation in the Iraqi oilfields, in particular, we have built a number of battalions known as security infrastructure battalions. We've looked at them. We aren't altogether satisfied with their organization and what has to be done to make them more effective. So, in the security arena, we are working hard to integrate them more fully into the overall defense structures in the country. And that will help a lot.

But part of the insecurity of the oil has to do with bad infrastructure that's in terrible state of disrepair, it has to do with economic conditions where it becomes advantageous to smuggle oil, it has to do with a lot of corruption and criminal activity, and tribal activity, as well.

So, it's a complicated issue. Can the Iraqis solve it? Yes, the Iraqis can solve it. They'll need some help from us, in terms of training and posturing, but I'm confident they'll get it under control.

Senator BENNETT. Do you feel there's been progress made?

General ABIZAID. Well, there are days when there's a lot of progress, and then there are days when there's no progress. But, in general, we're moving in a direction where Iraq will more and more have control over its resources, providing governance comes together, along with the security and the economic activity.

Senator BENNETT. The one thing about Iraq that has always interested me is that prior to Saddam Hussein it was not a "petrostate." That is, oil was important, but the economy was producing income from other activity besides oil. Iraq was a net exporter of food before Saddam Hussein destroyed the agriculture sector. What's going on with respect to rebuilding that kind of economic activity, something unrelated to oil? Petrostates, by their nature, tend to be instable. Great Britain has a lot of oil in the North Sea, but they're not dependent on it, and that balanced economy is very important to their stability.

Yeah, we've got to focus on governance, we've got to focus on security, and we've got to focus on getting the oil revenue back, but if we're going to have the kind of Iraq that we want to have, long term, what activities are going on? And maybe this is not within the purview of the Defense Department, but—Secretary Rice, you're nodding.

Secretary RICE. Yes.

Senator BENNETT. Someone comment on what can be done to create the other areas of economic activity that will keep Iraq from being a petrostate and create the kind of stability that we need?

Secretary RICE. Thank you, Senator.

The reason I'm nodding is that I think you've put your finger on something very important about Iraq. It has not only oil, it has water, and it has very good agricultural lands. A combination of Saddam Hussein's polices——

Senator BENNETT. And productive people.

Secretary RICE [continuing]. And productive people—the combination of Saddam Hussein's policies, and then, frankly, the Oil-for-Food Programme, which depressed the internal market by essentially importing everything, and then the war, drove a lot of

people off the land, because the land was no longer productive. It not only would help the economy to get the agricultural lands going again, but it would help employment, because it was a fairly labor-intensive agricultural sector. And so, we recognize that link.

We have requested—there are agricultural programs going on currently—$84 million for agriculture in Iraq in 2007. Some of the funding for these small projects in the provincial efforts would probably also be agricultural in nature. So, I think you've put your finger on it. This is a country that does not have to depend simply on oil. It can be a quite diversified economy. And we want to support that.

Senator BENNETT. Thank you.

I want to associate myself, just for the record, with Senator Bond's attitude with respect to Dubai Ports World. And I hope we, in the Senate, can calm down the passions that have been stirred in the House and elsewhere with respect to the ports deal. I do think the administration can be faulted for the way this was announced and handled, but that doesn't mean that the substance of the deal was a bad deal from the beginning. And I hope we can let cooler heads prevail and recognize that we have an ally there whom we do not need to denigrate on television in an effort to chase the ratings game.

Thank you, Mr. Chairman.

Chairman COCHRAN. Thank you, Senator.

Senator Allard.

Senator ALLARD. Mr. Chairman, I think that Senator Burns has a problem with, and wants to ask questions. And I—is it possible—is he after me?

Chairman COCHRAN. Yes.

Senator ALLARD. Is it possible for you to yield to him, and then I can follow after him?

Chairman COCHRAN. You surely may.

Senator ALLARD. Thank you. I yield to the Senator.

Chairman COCHRAN. Senator Burns.

Senator BURNS. Thank you very much. And thank you all for coming. I've got a couple of questions and a comment.

You will not reach the potential in your agriculture until you have land reform and put that land into private ownership where they—and they'll take care of it. It is the same with the oil. The sooner they move that into private corporations and they start collecting royalties and everything like that—that system has served this country very well, and it can serve them.

But, you're right, they've got two rivers, two great irrigation systems, they've got dry-land farming. I've been over there and looked at it. But you've got to have land reform, Madam Secretary, in order to do it.

And then, you know, when we're successful in this whole thing, I think our transportation and communications corridor that will run from Tel Aviv to Kuwait City will develop an economic culture that's different than they've ever known before, and that has a tendency to spread among the Middle East. It could be the key to the Middle East peace process. And so—but those things have to fall in place before it really happens.

On this supplemental, I'm concerned about one thing. In the movement of money, we continue to move off-budget. And I'd like to see a little more on-budget. I think the American people deserve that, Secretary Rumsfeld. And, for right now, I know we know we're investing in new weapons systems. We're trying to restructure our—the way we—our military looks. I applaud you on that. But we're at a time when we've got to win this war, and it's going to be won on the ground, and it's going to be boots. And I have a feeling that we move too much money around, and we don't put our money, kind of, where we really need it.

This committee needs assurances that we're putting it in the—I understand we've got a new kind of IED now that's out there that we have to—we've got the garage door deal, I think I was reading about, like that. But I—for us to get a handle on it and to understand where the—where our money's going, the investment on the people on the ground, where this—because this war is not going to be won—because we already control the air, we control the sea, but it's going to be with the folks that are on the ground. And that sort of concerned me.

Now, I've never been a green-eyeshade guy, as you well know, but I think it's—we have to take a look at that and see where this—these dollars are going.

Would you want to comment on that? And I realize we're investing in new systems, but maybe we'd better slow up and take a look at that, and put our money kind of where our action is.

INVESTMENT IN GROUND FORCES

Secretary RUMSFELD. Senator, if you take the budget and the supplemental, and look at the investment that's being made in ground forces, it is substantial, it is significantly higher, it is a reflection of the concern you've expressed, and certainly our understanding, that not only do we need to see that we invest properly in ground forces, but we also need to see that we invest in ground forces in a way that they're able to successfully, on behalf of our country, deal with the kinds of asymmetric and irregular challenges that we are facing today, and that we very likely will face for the foreseeable future.

Senator BURNS. Well, that's—you know, and—but it will allow us—and it would kind of take—it would answer some of the questions that Senator Byrd has. We're on budget, we can handle it. But the emphasis should be winning the war on the ground. And, you know, there's no doubt—now, if those folks who believe that we're spending a lot of money there taking on terror at the stem, need we remind folks of what the cost of 9/11 was, and what it cost this country to recover not only from the lack of economic, but what it did to us—we found out that our economy was very fragile. And so, we're going to have to make this investment on the war on terror, whether we make it there or here, because I have a feeling they're going to follow us wherever we go. We might get comments from the generals.

WAR ON TERROR

General ABIZAID. Sir, you—I agree 100 percent with what you said about having to invest in the war on terror. This issue of im-

provised explosive devices, suicide car bombs, and vests, is, unfortunately, with us for a long time. The more we invest now in trying to figure out how to detect and neutralize this threat, the better off we'll be in the years to come. This asymmetric threat has moved from Iraq to Afghanistan, it'll move to other places. It's certainly with us for a while. It is very well organized and networked, and it's made easier to spread through the Internet and through the way that global communications work today. So, the notion that we can isolate it in a particular country on a particular battlefield at a particular time is incorrect. It's with us for the long term, and investing in technologies against it now is absolutely essential.

General PACE. Sir, I would say that you are spot on with regard to focusing our resources. And that's, for example, by General Meigs, in this new assignment, is going to be so helpful to that process. The money that's in the supplemental request will allow him to focus all of our efforts, tied into General Abizaid and General Casey's efforts in the theater, to be able to do things like learn the lessons, and then, out at Fort Irwin in California, for the Army, and Twentynine Palms, California, for the Marine Corps, be able to train to those lessons, understand that we're facing a thinking enemy. They will respond to the way that we change our tactics, techniques, and procedures. And we are going to need to be able to, inside of a very short loop, discover what their new approach is, determine how to defeat it, change our tactics, techniques, and procedures, train our soldiers and marines to those standards, and get on about our business, sir.

Senator BURNS. I thank the chairman, and I'll yield back the rest of my time. And I was concerned about the poll over there. I think if we'd have taken a poll in the English Channel on June 6, 1944, not very many of us would have liked to have been there either. And so, the poll is a little misleading. But the young men and women that we've got coming back to Montana are truly terrific people, and they "get it." They really get it.

Thank you, Mr. Chairman.

COST OF 9/11

Secretary RUMSFELD. Senator, I just would thank you for bringing up the cost of September 11. There were never any perfect calculations made. The only one I ever saw suggested that it was not just 3,000 lives, but it was hundreds of billions of dollars, the cost of that day, in the impact it had on our economy. And the cost to impose that damage on our country was probably hundreds of thousands of dollars, is all, to put together that attack, maybe a few million.

So, we do have to remind ourselves of the enormous cost of an event like that, and how important it is for our country to invest to see that we prevent that from happening again.

Chairman COCHRAN. Thank you, Senator Burns.

Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman.

Before I get into my questions, I just wanted to take time to thank all of you for your service to our country. I mean, this is obviously a time when we're facing a lot of difficult situations, and I, for one, appreciate your leadership and the effort that you've

been putting out. I know you put in countless hours making sure that our country is safe and secure and to try and deal with issues that are coming up today that could create a problem in the future. And these are different—these are really difficult policy questions.

I want to ask a brief question on the port management deal with the United Arab Emirates. Now, the other questions have been focusing on, you know, their—What kind of allies are they? But the issue that's before the Congress is: Is our port security at risk in this country with their management? And my question to you, Secretary Rumsfeld is: Did you have an opportunity to get involved in that process? And, if you did, did you see any concerns—do you see any concerns now—as far as that company, which is state-owned, operating port security?

PORT SECURITY

Secretary RUMSFELD. Senator, as I understand the CFIUS process, there is a committee that involves six or seven departments and agencies——

Senator ALLARD. Yes.

Secretary RUMSFELD [continuing]. And six or seven offices in the White House.

Senator ALLARD. Yes.

Secretary RUMSFELD. That committee, the individuals representing the departments considered it carefully, made a decision. I was not aware of it. It was not considered something, from a security standpoint, that was elevated to my level. And I have since gone back and reviewed their work and concluded that they made the right decision.

The security situation would not change. It would still be handled, as I understand it, by the United States Coast Guard. Coast Guard's part of the Department of Homeland Security, so I'm responding a little out of my lane here. But the same people would be engaged as the people that are engaged today.

And, back in my lane, the reality is that the ports that our United States military ships use in their country are, we believe, sufficiently secure that we're happy to use them, to an extensive extent. General Abizaid's commented on it. General Pace has commented on it. And I think it's fine, for an issue of this importance, to have a 45-day review, and for the Congress and the House and the Senate to consider, with the executive branch, to make sure that it was reviewed in an appropriate way.

But if you're asking me—from my standpoint, am I comfortable with it from the standpoint of the security of the United States, the answer is yes.

Senator ALLARD. Yes. Now, on the 45-day review, I guess if we don't do the 45-day review, how do we—how can we be assured that, you know, we don't have any security lapses?

Secretary RUMSFELD. I guess you can never be assured you're not going to have a security lapse, regardless of who's managing some aspect of a port. We know that there's going to be no change—as I understand it—there's going to be no change in who will be handling the security. It'll be the United States Coast Guard.

Senator ALLARD. Yeah, it's a—I—and I understand that. But I guess when you have a company like that, there is information

they deal with that could be important to a terrorist; for example, arrival times and departure times of ships, and manifests, and those kind of things. And I guess that's where my security concerns come, is the information that could possibly be made available to terrorists.

But I gather from your comments that you're comfortable with their management in that regard.

Secretary RUMSFELD. I am comfortable that the process looked at the security aspects from the standpoint of the Department of Defense, and that they made the correct decision in supporting it.

Senator ALLARD. Yeah. You know, the—maybe I should pose this to both Secretary Rumsfeld as well as Secretary Rice, but I was rather astounded about this—how strong a statement was made by Iran's chief representative at the International Atomic Energy Agency yesterday, where he, frankly, seemed to threaten the United States by saying that there would be harm or pain if the United States Security Council imposed sanctions on Iran. So, the question comes up: Does Iran pose a significant threat to the United States, at this point in time? And how does this change if they develop a nuclear weapon?

Secretary RICE. Thank you, Senator.

Iran, indeed, does pose a considerable challenge and threat to our interests in the region. They do so with their role in Lebanon, through the terrorist organization Hezbollah, and by their increasing association with Syria to try and destabilize that area. They, of course, fund some of the Palestinian terrorist groups; and, therefore, make it more difficult to imagine a peace between Israel and the Palestinians. As both Secretary Rumsfeld and I have spoken to before, there are concerns about Iranian activities in southern Iraq, and support there for militias and for terrorists.

They already pose, I think, a significant challenge, and even threat, to our interests. They also, of course, are of concern to many of our allies in the region, that their activities might be aimed, ultimately, at destabilizing the entire region.

If you can take that and multiply it by several hundred, you can imagine an Iran with a nuclear weapon, and the threat that they would then pose to that region. It is why the United States, along with, now, a very strong coalition of states in the international community, have determined that Iran must not be allowed to get a nuclear weapon.

I think that the rhetoric that you're seeing from the Iranians exposes their own concern that they are now isolated and that the world is very much against them on this issue. They would like to make this an issue between the United States and Iran. That's why, I think, they spoke about threatening the interests of the United States. But it, in fact, is not an issue between the United States and Iran, it is an issue between Iran and the international community, as exhibited by the substantial vote in the Board of Governors to report the Iranian dossier to the Security Council, including states like India and Russia.

So, it is not that Iran does not have the ability to try and cause harm, but I think that if you look at the long run, we cannot be deterred by Iranian threats, because an Iran with a nuclear weapon would be such a much more dire threat to our interests that I

think we have to do whatever we can to join with the international community to stop them.

Senator ALLARD. I'm asking myself—I'm sure you've asked yourself—this question: What else can we do to dissuade them from pursuing nuclear weapons, or act as an advisory to the international community, since we're dealing with the international community, to dissuade them from going with nuclear weapons? And perhaps you can respond, Secretary Rice. Maybe Secretary Rumsfeld has some thoughts on that. I'd like to hear it.

Secretary RICE. We certainly believe that our case is going to be stronger, our ability to deal with this, when we're in the Security Council. Because the Security Council has at its disposal instruments that the International Atomic Energy Agency Board of Governors does not. For instance, the Security Council can put a state under chapter 7 resolution and compel a state to cooperate with the International Atomic Energy Agency.

I think we also will want to look at what other measures are available. We have, from time to time, used asset freezes against states. We've used visa restrictions, as an international community, on leadership. There are a number of possible steps that could be taken. But I think we'll take this one step at a time.

Right now, Iran is facing the reality that the regime will be isolated in the international system.

I might just note, Senator, that already the effect of that and the prospect of Security Council referral has caused a number of financial institutions to decide that they don't want to deal with the Iranians, for reputational reasons. I think people may start to take a second look at whether investments in Iran are really a good idea, under the circumstances. The pressure that you can bring on a state once it is brought to the Security Council is considerably greater than what we can do now. And I think we continue to look for other ways, with our allies. We're always going to be stronger in this if we are doing it with other members of the international community. And I think, so far, we've been effective at bringing others along.

Senator ALLARD. Secretary Rumsfeld, do you have a comment?

Secretary RUMSFELD. I have nothing to add.

Senator ALLARD. Okay.

I have 16 seconds, and I've got the caution light, and my time's running out, Mr. Chairman, so thank you for my opportunity to ask some questions.

Chairman COCHRAN. Thank you, Senator.

Senator Dorgan.

Senator DORGAN. Mr. Chairman, thank you very much.

The—a couple of questions have been asked, and the implication of the questions and answers seem to suggest that our ability to continue to use the ports at the United Arab Emirates might be connected to our willingness to allow a UAE-owned company to manage our ports. I assume that's not the case. If this—if the Congress or the President or this country decided that we will not allow a United Arab Emirates-owned company to manage our ports, if that's our decision—and I think it will be—I assume that doesn't mean that we cannot continue to use the UAE ports.

Would you respond to that, Madam Secretary?

Secretary RICE. Well, Senator, I can't speak to what might happen in the future. I think the point that is being made here is simply that the UAE has been an excellent ally, and that, in fact, whether it is with our military operations or efforts that we're making in terrorist financing, this has been a state that has been responsive to our calls to join the war on terrorism.

I was just in Abu Dhabi, and I can tell you that, for them, the way that this is handled, and the language around it, is very important. I think it is important to say that the UAE is an important ally, that whatever the process is, whatever goes on over the next 45 days, or whatever the outcome of this is, that we treat this state like a valued ally, that we speak of this state as a valued ally. So, I think that is what is being said here. I can't judge what may or may not happen in the future.

Senator DORGAN. I understand that, but you saw the vote yesterday in the U.S. House. I think it was Congressman Lewis, the chairman of the committee, offered an amendment to the emergency supplemental in the House. I think the vote was 60 to 2, or 62 to 2. There's great anxiety about this. I believe, and would offer such an amendment in the Senate deliberations, as well, so that we could go to the conference with the same amendment.

I—but, having said that, I don't—I just didn't want there to be a misimpression. I don't think anybody is really saying that the condition of our being able to use UAE ports in the future is that we would allow them to manage our ports now. I assume that's not a condition. You don't expect that to be the condition.

Madam Secretary, I accept your proposition that we ought to be respectful of allies that are helping us, but I don't think there ought to be a connection between being willing to allow them to manage our ports and us to use their ports.

Secretary RICE. I think this is an issue of respect for an ally, and how they are treated——

Senator DORGAN. I understand.

Secretary RICE [continuing]. And how they are talked about, and that the language we use, however people feel about the particular deal, is such that we remember that this is an ally.

Senator DORGAN. But I do think that the bill will come from the House with the amendment, and it likely will come from the Senate. I intend to offer the amendment, so that we can have an amendment that is identical to the House amendment.

Having said that, let me go, just for a——

Secretary RUMSFELD. Well, could I——

Senator DORGAN. Yes.

Secretary RUMSFELD [continuing]. Comment?

Senator DORGAN. Yes, of course.

PORT SECURITY

Secretary RUMSFELD. You're correct, no one here said anything that should imply that we know what their reaction would be. The other way of saying that is, we don't know what their reaction would be. And they are a valued ally. And they do sit at a strategic spot in the Arabian Sea, where an enormous fraction of the world's oil moves. And we ought to be, as the Secretary of State said, sensitive to that. And, frankly, I would hope that the Senate would not

pass an identical amendment, and that it wouldn't even be offered, because it seems to me that this is an issue that, as a number of people have suggested, people ought to step back, take a look, analyze it, take some time, and think it through very carefully, and try to understand what the actions and reactions might be.

Senator DORGAN. Mr. Secretary, thank you.

Mr. Secretary, I'd like to ask you about the LOGCAP Program. "60 Minutes" did a piece about the Halliburton Corporation and the contaminated water supply of a base called Ar Ramadi. And that information has been sent to you. We've had whistleblowers come to us about that. I want to just give you a couple of facts about it and ask—there's money for the LOGCAP contract in this request, $1.75 billion, at least, as I understand, which is the Halliburton contract. The folks that work for Halliburton—one of whom still works for Halliburton—have said that, at Ar Ramadi, the nonpotable water, which was used by the troops for showering and brushing teeth and making coffee and shaving and so on, had two times the normal contamination of untreated water from the Euphrates River—twice the contamination of the untreated water from the Euphrates River. And the water expert at Halliburton who discovered this told company officials that they would have to notify the military. They—he said, "They told me it was none of my concern and to keep my mouth shut."

There's an internal Halliburton document, which I have, that says the following—and, by the way, both the Defense Department and Halliburton deny this ever happened. This was disclosed on "60 Minutes", this series of events, and they—both the Defense Department and Halliburton deny it happened. This is an internal Halliburton document I have, and it reads as follows—and this is from the fellow that was in charge of water supply in all of Iraq—"This event should be considered a 'near miss'"—"as the consequences of these actions could have been very severe, resulting in mass sickness or death." This is an internal memorandum from the company that denies this circumstance happened.

I know, Mr. Secretary, you and others care a great deal about our troops, want to do the right thing, but you also know there are substantial public questions being raised about the misuse of these funds in large sole-source, no-bid contracts, including this issue, which would have problems with respect to the health of our troops. The $1.75 billion in the LOGCAP contract that's in this request, how can we be sure that we're not going to see the same press reports about misuse and waste that we've seen in the past?

HALLIBURTON CONTRACTING OVERSIGHT

Secretary RUMSFELD. Well, Senator, we've talked about this before from time to time, and I guess the answer—the honest answer is, no one can ever be sure on something like that.

You know the concern and the care that the people in the Department of Defense have for the employees, civilian and military, of the Department of Defense. We care deeply about their health, their well-being, and their success.

This question of contaminated water is something that obviously would cause great concern to the Department. The Army is looking at it. They are aware of the allegations, but they are unaware of

anything that would substantiate that something like that happened. I don't doubt for a minute the internal document you have, that somebody believes that happened.

Senator DORGAN. Not just internal documents, employees and former employers, who worked for the company, who were there, who were in charge, who said it happened.

Secretary RUMSFELD. Yeah. And yet, there were not numbers of people who got sick, to my knowledge.

Senator DORGAN. No, you're absolutely right about that.

Secretary RUMSFELD. Right.

Senator DORGAN. At least there is—there are not known to be people who were——

Secretary RUMSFELD. Right.

Senator DORGAN [continuing]. Affected or sick. I'm just telling you that the internal document, however, from the Halliburton Corporation, says this event should be considered a "near miss", "as the consequences of these actions could have been very severe, resulting in mass sickness"——

Secretary RUMSFELD. Yeah.

Senator DORGAN [continuing]. "Or death". And this——

Secretary RUMSFELD. Well, no one——

Senator DORGAN [continuing]. From a company that denies it happened.

Secretary RUMSFELD. And no one even wants a near miss, you're quite right. And I would be happy to take a copy of the document and go back to the Army and see if they, in fact, are aware of that.

Senator DORGAN. The—I received, yesterday, from the Inspector General, a letter saying that they plan to initiate an audit to review the entire issue.

But the only reason I ask the question is, I'm—and I'm not suggesting that you don't, in every way, care deeply about the circumstances the troops face. I'm not—I would not suggest that. But I think the things that we see in the newspaper, the whistleblowers that come forward that talk about these issues, I think it ought to persuade everybody to be a tiger to try to find out: What are the facts and how do we deal with it? Because when we do have big sole-source, no-bid contracts out there, boy, I'm telling you, it invites waste, fraud, and abuse, and there is plenty of it. I won't go through the recitation, but I've sent you——

Secretary RUMSFELD. Yeah.

Senator DORGAN [continuing]. A good number of letters about it. And it is not in question. The fact is, these are whistleblowers who were involved in it, who reported it, some of whom got fired for reporting it.

Secretary RUMSFELD. It is something that requires vigilance and prompt and harsh steps at any occasion where something is found that would even approximate something like you've described.

I would say one other thing. I can't believe this, myself, but my staff handed me something that says that the Special Inspector General for Iraq Reconstruction has said that the progress made in the reconstruction program is noteworthy. He said, "The positive results achieved in the reconstruction program are impressive."

Now, that does not sound like they're perfect, to me. It sounds like they were over here, and they've improved somewhat, which I find reassuring, if, in fact, this is correct.

Senator DORGAN. Mr. Chairman, thank you for convening a panel like this, allowing us to ask these questions. I appreciate very much the four of you appearing here today.

Chairman COCHRAN. Thank you, Senator.

Senator Domenici.

Senator DOMENICI. Thank you, Mr. Chairman.

Let me just say—I only have a couple of minutes, because I'm supposed to be at the Budget Committee to vote at 12:15, for about 15 votes in succession. So, excuse me for being brief.

But on the sole-source issue that's being raised, I just want to ask, Mr. Secretary: Why do we use sole-source contracts? I would assume it isn't because we want to be nice to somebody. There must be some reason it has to happen, some justification. That's just a question that's prompted by his questioning of you.

SOLE-SOURCE BIDDING REQUIREMENTS

Secretary RUMSFELD. There are. There are a set of rules and requirements. Some things require bidding, some things don't. And sometimes if there's an ongoing relationship with some organization, there may be a sole-source contract that fits the regulations. I'm sure if they did not, that it would not have been done.

Senator DOMENICI. So sole-source contracting is being done pursuant to existing regulations, rules, and laws. Is that correct?

Secretary RUMSFELD. Indeed.

Senator DOMENICI. Whomever the contractor is.

Do any of you know—maybe the generals—do you have an impression of what would happen to our efforts in Iraq if the UAE told us we couldn't use their ports—we couldn't use their ports for anything anymore? What would happen?

PORTS

General Abizaid.

General ABIZAID. Well, sir, first of all, the—as the Secretary said, they haven't made any sort of threat whatsoever about doing anything differently with regard to whether or not they get this contract or not. But I can tell you that the UAE is vital to the defense of the Arabian Gulf, the continued flow of resources, and our missions in Iraq and Afghanistan.

Senator DOMENICI. General, I did not intend to put them, or you, on the spot, but it's pretty obvious to this Senator that we are taking some big risks up here, and we'd better know what we're doing. And that's the reason I asked the question.

From what I know, they're not going to do that, because they are our friends, apparently; but if they did, I think I would say it would be a disaster, in terms of what we—whether we could conduct the affairs of the United States Government and our allies in that area. Do I see your head nodding, or not, in that regard?

General ABIZAID. I'd—I say that their role is vital to——

Senator DOMENICI. Vital.

General ABIZAID [continuing]. Our defense.

General PACE. Yes, sir. And I would agree with General Abizaid. Their role is vital, and they have been, since we began thinking about going into Afghanistan, and through today, very, very dependable partners.

Senator DOMENICI. My other question is really kind of beyond your jurisdiction, but perhaps you have read or learned: Do you know how many foreign companies and/or corporations have permits and/or licenses to operate at United States ports? Does anybody have any idea how many hundreds there are? Secretary of State, do you know?

Secretary RICE. I don't.

Senator DOMENICI. Any of you generals know? Secretary?

Well, I'm going to just speculate that it's far more than a couple of hundred permits to do exactly what the Dubai World Port company is trying to do, corporations and countries operating within our port system. There are more than a couple of hundred that are foreign. China is one, is it not? Do you all know that? They have one, don't they? Yes? I would think maybe those people who want to stop this kind of action might add to their amendment that maybe we should kick China out, maybe they shouldn't be running a port. I don't know. Maybe that would be a good amendment to put the question before the House.

Madam Secretary, on the India proposition, which isn't relevant today, but it's a major, major breakthrough, in terms of your negotiations for an international agreement, can you state for the record, and publicly here, those countries, major countries that are part of the international nonproliferation agreement, who supports it? Does Britain support what you're doing—what we're doing?

Secretary RICE. Thank you, Senator.

Britain supports this. France supports it. Russia supports it. We have had other states say that they believe they support the deal, in principle, like Australia. I think you will find that others will come onboard as they know more about it.

Senator DOMENICI. How about the IAEA?

Secretary RICE. Director General Mohamed El Baradei, on the day of the deal, made a statement that said that this was an important deal for India, but also an important deal for the nonproliferation regime, because it brings India into the mainstream of the nonproliferation regime, and that the IAEA would, therefore, be able to access the Indian programs in a way that it has not been in the past.

Senator DOMENICI. Let me close just by saying to the two generals that are here, I have not had an opportunity to visit with you over foreign countries as much as I would like, but I do follow carefully, and I do commend both of you, and particularly you, General Abizaid, for the terrific job you're doing. And I know we don't make it as easy as we might from time to time, but I think you have a deep understanding of democracy and know what's going on. We try our best. Thank you for everything.

Thank you, Mr. Chairman.

Chairman COCHRAN. Thank you, Senator.

Senator Durbin.

Senator DURBIN. Thank you, Mr. Chairman.

I thank the panel. Thanks to all of you for your service to our country, especially those in uniform, for what you have sacrificed to make our country safe.

Secretary Rumsfeld, we had a vote in the Senate last year about whether or not this would be a year of transition in Iraq, whether there would be some significant change in what we have seen in the past. And the vote was authored—a resolution authored, rather, by Senator Warner, and the vote was overwhelming, it was 79 to 19 for a year of transition.

As I listen to what you've said in answer to questions, and read your testimony, and look at the budget request, I do not detect in there that there's any anticipated significant change, in terms of troop deployment in Iraq. If I'm wrong, I hope you will correct me, but I'd like to ask you directly: Do you believe that by the end of this fiscal year, that we can withdraw a significant number of American troops from Iraq and bring them home?

TROOP WITHDRAWAL

Secretary RUMSFELD. Senator Durbin, that's, of course, a question that will be recommended by General Abizaid and General Casey, depending on their assessments of the situation on the ground in Iraq, and to the President, and the President will make a decision. It would be ill-advised for me to make a prediction.

I do think that there are some points that have been made here that are highly relevant. General Abizaid has commented on the importance of the governance piece of it. And the stability in that country and the confidence, or lack of confidence, that the various sectarian elements in the country have in the fairness of whatever government evolves from this election that took place January 15 will have an effect on that. And they have done pretty well. I mean, they had an election January 15. It was successful. They had a referendum. They drafted a constitution. It was successful, October 15. They had an election, December 15. And now, obviously, the insurgents and terrorists are trying to cause a civil war. And so, they've attacked the Golden Dome Shrine, and they're trying to create sectarian conflict.

I don't think they're going to be successful. I don't know. Nobody knows. But if the government gets formed, and if our success with the Iraqi security forces continues, which is notable, that they have been able to manage, very effectively, those elections—10 or 12 million people voted, at risk to their lives in some cases, and God bless them for it—if the Iraqi security forces continue to do the kind of job they're doing, then there's no doubt in mind but that we're going to be able to reduce some troops.

Senator DURBIN. Mr. Secretary——

Secretary RUMSFELD. I wouldn't want to use your phrase, of "significant," because then we'd get into a debate, "Well, what's significant?" And I don't know.

Senator DURBIN. I think "significant" is when the son or daughter of someone that I represent knows that their son or daughter is not going to be activated, is not going to have to serve, or may come home sooner, or may not go for another period of service. And I would just say to you that what you've told us, in reference to the strength of the Iraqi forces and the conditions on the ground

in Iraq, is similar to what we were told last year. We have now lost over 2,300 of our best and bravest, and have 15,000 to 17,000 wounded soldiers. I think what the Senate was saying to the administration was, we want this year to be different. And measuring it as a difference would mean bringing our troops home.

Now, I know you don't want to signal how many are leaving and what day they're leaving, but if, at the end of this year, there are still the same numbers of boots on the ground, as we've said over and over here, then I don't think our message was delivered effectively to this administration.

We hear, every time you appear, that the Iraqis are just getting stronger and stronger, in terms of their security forces. There are conflicting reports, you know, about how ready they are to stand and fight. I think you know that. I'm sure you've been prepped for this. Some of the reports that we receive measuring stability and security in Iraq suggest that the number of battalions that are prepared at level one have reduced from one to zero. There were more battalions prepared to stand and fight, as long as we're with them. But it doesn't give me confidence that I can say to the people I represent, "Yes, this will be a year of transition. Yes, your sons and daughters are not likely to be activated in the Guard units again. Yes, they are likely to come home." And so, I think that the message we tried to send—I hope it was delivered—but the testimony today doesn't suggest to me that this is going to be a year in transition. I hope I'm mistaken. I hope that it does turn out to be such a year.

Secretary RUMSFELD. Senator Durbin, first thing to remember, it seems to me, is critically important. Every single person serving over there is a volunteer. Every single man and woman, soldier, sailor, marine, airman volunteered. They put their hands up and they said they wanted to serve our country. They're not there under duress. They're not there under conscription. And that is critically important to remember. And they're darn proud of what they're doing. And they're doing a superb job.

Second, with respect to the Iraqi security forces, there have been a lot of people parading around denigrating the Iraqi security forces for the last 2 years. And they're wrong. The Iraqi security forces are doing a good job. Are they perfect? No. Are they going to be the same as ours? No. Is it equally good between the ministry of interior police forces and the ministry of defense forces? No. But in net, are they doing a good job? You bet they are.

Their success is going to be dependent upon having a government that they have confidence in, a government that puts in ministers that are capable, ministers that are not going to consider their ministries the spoils of an election, but they're going to consider their ministries something to be governed from the center and to be fair to all elements, all sectarian elements in that country.

I think that the Iraqi security forces, if a government is formed, and if it's a government that puts in capable ministries, will demonstrate that they can continue on the path they're on of assuming more and more responsibility, and it will, in fact, work.

Senator DURBIN. Mr. Secretary, let me say, at the outset—to suggest that I want the soldiers to come home safely is not denigrating their valor or devotion to this country.

Secretary RUMSFELD. I was talking about the Iraqi security——

Senator DURBIN. You first——

Secretary RUMSFELD [continuing]. Forces having been denigrated.

Senator DURBIN. The first point you raised was about the volunteerism——

Secretary RUMSFELD. They are all volunteers.

Senator DURBIN [continuing]. Of our soldiers. And I will acknowledge that point. But I think we both have a solemn obligation to bring them home safely as quickly as possible.

Secretary RUMSFELD. Well, of course we do.

Senator DURBIN. And if raising that question causes you to question whether or not I understand why they're there, or the type of people that are there, that's wrong. I do know the people that are there. I've met them in Iraq. I've met them at home. I've attended the funerals, and I've met their families. We all understand that, on both sides of this table.

And, second, the proof positive the Iraqi security forces are as good as you say is when American troops can come home. That's proof positive. Every year, we hear about growing numbers and growing capabilities. And yet, 138,000 of our best and bravest are still there, in danger, today. There is a sense about this country that this war has gone on for 3 years, and now it's time to see the transition that the American people are looking for, where the Iraqis take responsibility for their own safety and their own future. And that's the point that was made by a vote of——

Secretary RUMSFELD. We all agree——

Senator DURBIN [continuing]. Seventy-nine——

Secretary RUMSFELD [continuing]. With that.

Senator DURBIN [continuing]. To 19 in the Senate.

Secretary RUMSFELD. We all agree with that.

Senator DURBIN. Let me talk to you about the soldiers who are coming back, too. And I think Senator Byrd has raised this point earlier. Some of them come back with some serious wounds that are very visible, and some with serious wounds that are not visible. I have really focused on this whole post-traumatic stress disorder situation. It appears to me to be a much larger problem with this war than it's been in other conflicts. Maybe it's more open now. Maybe people have courage to talk about it openly now. But I'm not certain that we are dealing with the reality of it, as I go to meet with the soldiers that have returned, go to the veterans' facilities. Do you sense that we are engaged with a more serious problem now when it comes to the psychological scars that these soldiers are bringing back than we have in the past?

MENTAL HEALTH OF RETURNING SOLDIERS

Secretary RUMSFELD. I don't think the answer to that question is known for sure. I think that there is a much greater sensitivity to the issue in this conflict than possibly in previous conflicts. And that's a good thing.

Senator DURBIN. It is.

Secretary RUMSFELD. But that may be one of the reasons why it seems to be a significant issue that needs to be addressed.

I know that each of the services is engaged in mental health services that they provide in the theater, that they provide back here, and that they're arranging with the Veterans Administration, to provide at a point where somebody may be transferred.

It is something we're concerned about and we are addressing.

General Pace might want to comment on that.

HEALTH SERVICES

General PACE. Sir, we have initiated several programs, both in conjunction with the Veterans Administration and on our own. Specifically, as units come home now there is a process by which they are—they and their families are counseled on things to be mindful of, things to look for, and then told how to get plugged into the assistance if those kinds of things start to show themselves after the soldier's gotten home.

Senator DURBIN. I applaud you for that, General. And I would just say, in closing that I ran into a situation where a Guard unit from Illinois went to Camp McCoy, as they were being mustered out and sent home. And, of course, they were anxious to get home as fast as possible. And they were asked, "Have any problems?" And they said, "Nope. Wanna go home." They went home. And they did have problems. When they got home, they acknowledged it.

And so, I think we're in a situation here where I'm glad to hear that you're making that extra effort. I think we really need to.

Thank you, Mr. Chairman.

Chairman COCHRAN. The time of the Senator has expired.

Senator Byrd has asked to have some additional time for questions. Secretary Rice, if you need to go to the White House, please feel free to——

Secretary RICE. Thank you very much.

Chairman COCHRAN [continuing]. To leave.

Secretary RICE. I appreciate it very much.

Chairman COCHRAN. Thank you very much for your cooperation in attending this hearing today.

Secretary RICE. Thank you.

Chairman COCHRAN. Senator Byrd.

Senator BYRD. Thank you, Mr. Chairman.

Rumors continue to swirl about a potential attack on Iran if there is no diplomatic solution to be found in the coming months to Iran's suspected nuclear program. I believe that an attack on Iran, either by the United States or another country, would risk triggering a regional war. I also think that we also already have our hands full in Iraq.

Vice President Cheney, in the Philadelphia Inquirer, on March 8—and I read from the Inquirer, "Vice President Cheney said, yesterday, that conditions in Iraq were improving steadily, but the American Ambassador in Baghdad has said the U.S. invasion opened a Pandora's box of ethnic and religious violence that could inflame the entire Middle East. Ambassador Zalmay Khalilzad told the Los Angeles Times, in an interview published yesterday, that the potential is there for a full-scale civil war in Iraq. Khalilzad, a highly regarded diplomat, warned that a victory by Islamic ex-

tremists in Iraq would make the Taliban in Afghanistan look like child's play. Vice President Cheney, on the other hand, speaking in Washington, expressed firm resolve, 'Our strategy in Iraq is clear. Our tactics will remain flexible. And we'll keep at the work until we finish the job.' "

Secretary Rumsfeld, bearing in mind the Vice President's saber-rattling comments about Iran on Tuesday, do you contemplate that any funds in this supplemental appropriations request will be used to plan an attack on Iran, or that any funds in the supplemental will be used to carry out an attack on Iran?

IRAN

Secretary RUMSFELD. Senator Byrd, I know of no plans to attack Iran, if that's the thrust of the question. I'm not going to get into what the Department of Defense plans for, but it is a responsibility under law for the Department of Defense to consider a variety of contingencies, and be prepared to deal with them, should the Congress and the President request it.

With respect to attacks on Iran, I would reverse it. At the present time, Iran is inserting people into Iraq and doing things that are damaging and dangerous to our forces there. And clearly in the event we are successful, through intelligence, of locating people, Iranians, in Iraq that are engaged in acts against our forces, we certainly would take—our forces would take—the appropriate steps to stop them.

Senator BYRD. Well, I think that the response is generally along the line of responses that I received when I asked, a few years ago, if we had any plans to go into Iraq. So, I'm not surprised that that would be the response.

I'm interested in pressing this question once more. Will any funds in this supplemental appropriations request be used to plan or to carry out an attack on Iran?

Secretary RUMSFELD. I don't know how I could answer it any better than I did.

General Pace, do you want to see if you can respond in a way that is more fulfilling?

FUNDS

General PACE. Sir, the answer is, no, sir, with inside the borders of Iran. But if there are Iranians fighting against us in Iraq, then, of course, we would treat them like the enemy in Iraq.

Senator BYRD. Do you anticipate that they would be fighting us, that the Iranians would be fighting us in Iraq?

General PACE. We know that they have provided some munitions, some weapons, and that there are some agents, Iranian, in Iraq. I do not know the intent with regard to the battlefield.

Senator BYRD. Would you repeat that last, please?

General PACE. I do not know the intent with regard to the battlefield, as to whether or not the Iranians in Iraq intend to participate in battle, sir.

Senator BYRD. Well, I would think that, based on what we've seen and heard thus far and what the situation is there, that we might expect—we might expect such an attack.

Secretary RUMSFELD. Senator, I think that probably would be a misplaced expectation. It's rather clear that the United States and the European countries and the countries of the world are, as Secretary Rice indicated, on a diplomatic path. They're doing everything they can figure out to work with Iran and try to avoid having Iran develop nuclear weapons. They're doing it bilaterally, they're doing it multilaterally, they're doing it through the United Nations and the International Atomic Energy Agency, the IAEA, and it seems to me the path is rather clear.

Senator BYRD. What was that last comment, please?

Secretary RUMSFELD. It seems to me the path that they're on is rather clear.

Senator BYRD. I think the path they're on is somewhat clear, but it's not to be gainsaid that an attack on Iran, either by the United States or another country, would risk triggering a regional war, when we already have our hands full in Iraq. So, I suppose—might assume that any funds in the supplemental appropriations request would be used in such an event with respect to a plan or an attack on Iran. I can only assume that from the answers.

Thank you, Mr. Chairman.

Chairman COCHRAN. Thank you, Senator Byrd.

Senator Stevens, any further questions?

Senator STEVENS. Well, no. I just wish more people would talk about why we're there.

I don't know if you noticed that the new National Geographic talks about, and has, a genocide article, "Genocide in the 20th Century." And it talks about the Kurdish women and children that were found in mass graves that had been shot with AK–47s. When we were over there, we heard all sorts of talk about what was over there. And very few people talk about that anymore, why we're there.

They also don't talk about the fact there's been no 9/11 since we've been there. We have preserved our freedom here by taking on the enemy there. And I think we're there—and we know why we're there. My people at home know why we're there. And I know why the young men and women of Alaska have volunteered to go there.

So, I do decry the attacks on us for doing our job. And I congratulate all of you for doing the job. I have great admiration for you and for the members of the Defense establishment now. And I support what you do, and I intend to support this bill.

The last comment I'd make is, our committee, the Commerce Committee, has looked into the problem of the contract that's being reviewed for 45 days. It's a contract to take over, from the British, a British company, a contract that's been outstanding for some time. There are similar contracts for Los Angeles, for Seattle—not for this same outfit, but they are not managing the port, they're managing a function within the port. And they do not manage security.

And the people of the country have been alarmed over the charges that we're, somehow or other, turning over the security of our ports to a foreign company, which is not true. And I just wish, somehow or other, we could get some understanding of that fact.

This has turned into a political issue, an overwhelming political issue. We saw it on the floor last night. We're going to see it on this bill. Let's see how far we go to stop this bill with that amendment. And I'm sad to see that our friends in the House have passed that amendment, because I intend to oppose that amendment when it gets to the floor. We may or may not win. But I do think it's wrong to pursue this in the concept that somehow or other that company is trying to "manage a port" or a series of ports in the United States. They'll be dealing with the longshoreman function.

And I took our committee up—we flew over the Port of Los Angeles. It's an enormous port. And it has a series of contracts with foreign companies managing various functions within that port. But they do not manage that port.

And I think that we're wrong to have these questions that this contract is to take over the management of ports in the United States. It's not true. And someone has got to stand up and say that it's not true. And I intend to do that.

Thank you very much.

Senator BYRD. Mr. Chairman, may I just——

Chairman COCHRAN. Thank you, Senator.

Senator BYRD [continuing]. Add one postscript?

Chairman COCHRAN. Senator Byrd.

Senator BYRD. I do not—I, for one, do not subscribe to the suggestion that we are avoiding an attack on us on our soil by being involved in a war in Iraq. I did not believe it at the time we entered that war. I voted against such an entry. And I believe the same today. I think that if the—if and when they do decide to attack us, even if it is on our soil, they'll do it. They did it before, they'll do it again.

Chairman COCHRAN. Thank you very much, Secretary Rumsfeld, General Pace—

Would you like to respond?

General PACE. Senator, thank you. I appreciate your indulgence, sir.

I wanted to make absolutely sure that my answer to Senator Byrd is as precise as possible, because I'm not sure that his—what he said after I spoke, that I was understood.

I believe you asked, Senator, is any of the supplemental funding in this bill going to be used to either, plan an attack against, or conduct an attack against, Iran, inside of Iran?

Senator BYRD. Yes.

OPERATIONS

General PACE. The answer to that question, sir, is: No, sir. It will be used for operations in Afghanistan, operations in Iraq, and operations in the global war on terror, sir.

ADDITIONAL COMMITTEE QUESTIONS

Chairman COCHRAN. Thank you very much, General Pace, General Abizaid, and Secretary Rumsfeld for your participation in this hearing. We appreciate your service, your outstanding caliber of leadership for our military forces and our civilian forces in the Department of Defense and the Department of State.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO SECRETARY DONALD H. RUMSFELD

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

Question. The fiscal year 2007 budget request calls for expanding funding for new weapon systems like the F/A–22, which runs at a quarter billion dollars per copy; the DDX destroyer that, when the costs of R&D are factored in will cost $10 billion per ship; the Army's Future Combat System, whose cost grows by the month and has recently been estimated to cost $160 billion.

And yet this fight that we are in is not a fight for "aerial dominance" requiring stealth fighters, we are not facing armored columns of Russian tanks, or fleets of enemy submarines. We are facing insurgents.

This "long war" is a "boots on the ground" engagement. This is a war of corporals, and sergeants. Soldiers are being asked to find and kill the enemy—without killing civilians—speak foreign languages, understand alien cultures, and build nations. I would hazard that more emphasis should be directed at producing more capable military service members, augmented with the tools and technology available right now, rather than visionary weapons of the future.

How does this supplemental request address our immediate requirements for building more capable service members now?

Answer. The fiscal year 2006 supplemental request for the global war on terrorism helps build more capable service members now by including:

—$2.6 billion for force protection for deployed forces, which will keep our military fighters less vulnerable and therefore more capable of prevailing in combat.

—$7.2 billion to reconstitute equipment, including major overhaul and replacement of equipment lost or expended in battle—which helps meet the immediate needs of our military members.

—$3.4 billion for Army Modularity, which will make our "boots on the ground" forces more capable of finding and killing the enemy, and more flexible for deployment wherever needed.

NATIONAL GUARD EQUIPMENT SHORTAGE

Question. Since the beginning of the War in Iraq, equipment availability problems before deployment and replenishment upon return has been an issue for our National Guard forces.

According to the National Guard Bureau, the problem continues to worsen across the country, as a great deal of Guard equipment comprised of approximately 64,000 items valued at more than $1.2 billion, has either been destroyed or left in Iraq. According to a GAO report published in October 2005 at the request of the Congress, the U.S. Army "does not have a complete accounting of these items or a plan to replace the equipment."

Because Army National Guard units have had to turnover vital items such as helicopters, trucks, radios, and night vision goggles to incoming units in Iraq, it leaves the Guard in the U.S. incapable of fully carrying out emergency operations in the event of a crisis. Leaving equipment in a theater of operations makes sense, given the open-ended nature of our missions, but I am concerned that our Guardsmen have their unit equipment replenished in order to be prepared for emergencies or enforcement of national security at home.

Does this supplemental address this immediate equipment shortage problem? Is there a priority in replacing/fielding equipment needed for Homeland Security or Disaster Relief to National Guard units?

Answer. The fiscal year 2006 supplemental contains $1.85 billion in new equipment for the Army National Guard (ARNG) including the following:

—$356 million for Bridge to Future Networks;

—$187 million for SINCGARS (radios);

—$189 million for improved HF radios;

—$157 million in Family of Heavy Tactical Vehicles (FHTVs)/Family of Medium Tactical Vehicles (FMTVs); and

—$95 million for Night Vision Devices.

In addition, the ARNG received $700 million in National Guard and Reserve Equipment Appropriations and $312 million in normal appropriations in Title IX of the fiscal year 2006 Appropriations Bill to procure the following:

—$315 million for FMTVs;

—$160 million for Joint Node Network;
—$16 million for Night Vision Devices;
—$15 million for SINCGARS;
—$30 million for UH–60 Blackhawks; and
—$28 million for Small Arms.

The Army is committed to the Homeland Security and Disaster Relief missions even as we fight in Iraq and Afghanistan. Equipping the ARNG is a key element of the Army Equipping Strategy. When we began the war, the program for ARNG equipment was $5 billion from fiscal year 2005–2011, now it is $21 billion. The Army is committed to having a Guard that is as well equipped at home as it is when deployed with the latest technology.

FIELDING EQUIPMENT NOW

Question. We understand our responsibility to get our service members the best possible equipment. Given that we are engaged now, it is central to that responsibility to get them the best equipment as soon as possible. They are in harm's way now. The common sense answer to getting the best equipment to our soldiers as quickly as possible can be summarized with three points:

—Effective implementation of Commercial off the Shelf (COTS) products.
—Evolutionary "spiral" development of existing systems to incorporate new technologies and bridge to the next generation of systems.
—Delaying or re-thinking revolutionary jumps in technology by prioritizing number 1 and 2.

How much of this supplemental request provides existing technologies and equipment to troops that are deployed now in the GWOT or about to deploy?

Answer. The fiscal year 2006 supplemental request for the global war on terror funds the most pressing, immediately needed requirements of our military members, and generally we have to rely only on existing technologies and equipment to meet those requirements. Still, we continue to scrutinize and develop new technologies that might help us meet war-related requirements—e.g. to defeat improvised explosive devices (IEDs).

VOTING

*Question.*We have hundreds of thousands of troops deployed overseas. How is the Department making positive steps to ensure that we improve the process to make sure that these heroic Service men and women are not disenfranchised in the upcoming election?

Answer. The importance of voting is being emphasized at every level of command in the Department. The Federal Post Card Application, the Federal Write-in Absentee Ballot, and the Voting Assistance Guide have been automatically distributed to all units, both CONUS and OCONUS. All of these materials are also available online at the Federal Voting Assistance Program (FVAP) Web site.

Furthermore, the FVAP is conducting training workshops worldwide for military Voting Assistance Officers, educating them and giving them greater knowledge of their role, giving more military members and dependents the opportunity to request and cast an absentee ballot.

The FVAP is working proactively to address and educate Local Election Officials about the Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA), voting in advance of the election. The FVAP staff is addressing meetings of national election organizations, training local election officials at State-wide meetings, and updating information for Local Election Officials via the FVAP Web site. Local Election Officials are being encouraged to send out absentee ballots early enough so that they can be voted and returned by the State deadline for counting; provide a State write-in ballot, when applicable; and provide simple ballot marking and return instructions with absentee ballots, including instructions to return the voted ballot by e-mail or fax, where authorized.

Additionally, FVAP's Electronic Transmission Service (ETS) enables local election officials to transmit and receive election materials via fax or e-mail to/from Uniformed Services members and overseas citizens. The ETS can forward the documents as either a fax or e-mail, whichever the local election official decides will best serve the voter. Election officials transmit election materials to Uniformed Services members and overseas citizens via fax through the ETS toll-free number or via e-mail as an attached Portable Document Format (PDF) file. The ETS delivers materials as a read-only file just as they are received regardless of completion, legibility, or accuracy.

The availability of electronic transmission of forms as an alternative to mail has greatly expanded in the last 5 years. The number of States permitting fax delivery

of blank absentee ballots has increased from 23 to 34 Sstates. The number of States permitting fax return of voted ballots increased from 17 to 24 States. At the same time, the Department has increased the number of toll-free fax numbers available to Service members and overseas citizens worldwide from numbers in two countries to toll-free numbers in 51 countries.

Some States and counties have also taken the initiative to allow the e-mailing of blank and voted ballots. North Dakota, Mississippi, South Carolina, Florida, Virginia, Wisconsin, some counties in Montana, and Washington, as well as Chicago/Cook County, Illinois (and Missouri for the 2004 election) have sent ballots by e-mail, accepted voted ballots by e-mail, or both.

EMERGENCY?

Question. Mr. Secretary a major issue in the congressional debate on funding continuing military operations and reconstruction in Iraq and Afghanistan is whether requested funding meets the test of being designated as "emergency" requirements. During the fiscal year 2005 appropriation deliberations, several Members of Congress put DOD on notice that they will look closely at future supplemental proposals.

Following up on this notice, how is DOD ensuring that all supplemental budget requests are for emergency needs?

Answer. As a key element of the process of preparing supplemental budget requests, our DOD leadership and officials from the Office of Management and Budget scrutinize all proposals to endure that they truly are for emergency needs. We are confident in defending the fiscal year 2006 supplemental as funding only emergency requirements.

NATIONAL GUARD END STRENGTH

Question. The QDR initially proposed to reduce the authorized level of Army Guard and Reserve from 350,000 to 333,000—a 17,000-man reduction.

Now that the Army Guard and Reserve end strength is staying at or near 350,000, can you tell me where the funds are coming from to fund this change from your original budget request?

Answer. The Army is committed to funding the Army National Guard up to the 350,000 strength level in fiscal year 2007 and is in the process of identifying sources to meet this commitment.

COST OF OPERATIONS IN WAR ON TERROR

Question. Since 9/11, the Congressional Budget Office estimates that the administration has allocated more than $360 billion for military operations and reconstruction in Iraq and Afghanistan, a number that includes "emergency" and "bridge" funding. DOD's is currently spending about between $4 billion and $7 billion per month in Iraq and Afghanistan.

DOD has not provided an overall explanation of the administration of these funds by specific operation or by mission. Last year, the GAO found that DOD had "lost visibility" on more than $7 billion appropriated for the War on Terror. Furthermore, it is clear that regular budget and war-related spending are not properly segregated. It would be an understatement to say that Congress's visibility into war spending has been obscured.

How will DOD demonstrate separation between your transformation/modernization and its war-related spending?

Answer. The Department can distinguish between transformation/modernization and war-related spending. The DOD has an accounting system implemented by the Defense Finance and Accounting Service (DFAS) to separately capture and report on a monthly basis the costs of contingency operations like Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF). This system excludes the costs of baseline costs like transformation and modernization initiatives. The obligations and expenditures of funds for transformation and modernization, along with annual operating accounts, are reported in the monthly DFAS DD–1002 accounting report.

QUESTION SUBMITTED BY SENATOR TOM HARKIN

PAY

Question. In the numerous articles written about these pay problems, Department of Defense officials have repeatedly insisted that the problem is being fixed. There has been a tendency on the part of Department officials to blame amorphous "sys-

tems" instead of holding leaders accountable. We are now told that there are finance personnel at Landstuhl and Walter Reed Medical Centers checking wounded soldiers into the computer as soon as they arrive at those hospitals, but surely greater measures are needed to adequately remedy the tracking problem. And, of course, flagging soldiers in a computer as wounded doesn't resolve the larger issue of there not being enough finance personnel to support the pay system in resolving wounded service members' pay problems.

So my question is—given the importance, the morality, and the force-multiplying qualities attendant to paying our war heroes all that they are entitled to in a timely manner, why do these problems persist, and who should be held accountable for subjecting our wounded troops to these unacceptable problems with receiving their pay? Who within DOD has been charged with correcting these "systemic" problems, and when do you expect them to have these problems resolved?

Answer. We know that the root cause for many of the pay problems is the lack of an integrated personnel, pay and medical system that records daily duty status of service members and provides consistent information as soldiers proceed from combat zone through medical evacuation to their next duty assignment. Despite this shortfall, the services are now partnering with the Defense Finance and Accounting Service to coordinate the flow of information related to battle injured and non-battle injured service members who served in a combat zone. The primary goal for this action is to minimize adverse impact on pay and entitlements.

The processes for managing this information have been tailored by each service based on their respective personnel administration procedures. Despite procedural variances, the actions common for all services begin by identifying injured service members upon arrival at the medical treatment facility. Once identified, the information is provided to the finance community who reviews the service members' pay and entitlements for accuracy. These accounts are placed in a special handling status and closely monitored until the service member is returned to duty or separated from the service. If an in debtedness is discovered during this process, a request for relief is initiated.

While an integrated system that allows us to update a service member's status in both personnel and pay records is our ultimate solution, the procedures we are now following have made a difference.

QUESTION SUBMITTED BY SENATOR HERB KOHL

INCREASED FUNDING

Question. As of today, the existing domestic tent manufacturing industrial base is being jeopardized through lack of consistency in funding and orders. Currently, the majority of all planned tent purchases (56 percent) are for the Modular General Purpose Tent System (MGPTS). There are only two U.S. companies qualified to supply the MGPTS to our armed forces. Current funding and inconsistent orders threaten to close down one of these qualified domestic suppliers which would leave the government with only a single-source supplier for the most demanded tent system of our Armed Forces. With the lack of a competitive industry, our troops out in the field will not be assured of high quality, domestically produced tents as they serve our country in Afghanistan, Iraq and around the world.

Mr. Secretary, will you commit to maintain this important part of our industrial base, by providing substantially increased funding within the Department for military tents and shelters through funding received in the fiscal year 2006 Emergency Supplemental Appropriations and the fiscal year 2007 Defense appropriations?

Answer. The Department of Defense (DOD) is committed to the maintenance of the domestic tent manufacturing industrial base. In fiscal year 2006, DLA anticipates issuing $160 million in orders to this industrial base, of which 23 percent is projected for Modular General Purpose Tent Systems. On March 14, 2006, the Defense Logistics Agency (DLA) met with representatives from this industrial base through a trade organization known as the United Status Industrial Fabrics Institute (USIFI) to discuss customer demands and future requirements.

In response to the House Armed Services Committee Report (108–491), page 298, to accompany the "National Defense Authorization Act for Fiscal Year 2005," requesting a report outlining actions that may be taken to promote a more consistent requirement for tents and to assist the small business industrial base in meeting surge requirements, the DLA provided a copy of the industrial base study it had recently conducted for tents to the Chairmen of the House and Senate Armed Services Committees. The basic finding of this report was the need, beginning in fiscal year 2008, for Long-Term Contracts with a Minimum Sustaining Rate (MSR) to

maintain a warm industrial base for this commodity during periods of low peacetime demands.

At this time MILSPEC tents are being purchased at a level above the need for a MSR for this industrial base. However, this situation will be closely monitored and should demands decline at an even greater rate than we now anticipate, we will revaluate the situation to assess the need to seek additional appropriated dollars for MSR contracts.

CONCLUSION OF HEARINGS

Chairman COCHRAN. You can be assured that this committee is going to carefully review and analyze this request for supplemental funding for the war on terror. We have a record of supporting the administration's requests to protect the security interests of this country along with the safety and security of American citizens. I have no doubt that this committee will report out a bill that does just that in time for it to be useful and to help ensure that security is a reality.

The hearing is recessed.

[Whereupon, at 12:35 p.m., Thursday, March 9, the hearings were concluded, and the committee was recessed, to reconvene subject to the call of the Chair.]

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