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POST-KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEDERAL EMERGENCY MANAGEMENT AGENCY'S CONTINUING EFFORTS IN THE GULF COAST AND RESPONSE TO RECENT DISASTERS

(111–12)

HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND
EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

FEBRUARY 25, 2009

Printed for the use of the
Committee on Transportation and Infrastructure

U.S. GOVERNMENT PRINTING OFFICE

47–867 PDF WASHINGTON : 2009

For sale by the Superintendent of Documents, U.S. Government Printing Office
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February 24, 2009

SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Economic Development, Public Buildings, and Emergency Management

FROM: Subcommittee on Economic Development, Public Buildings, and Emergency Management Staff

SUBJECT: Hearing on "Post-Katrina Disaster Response and Recovery: Evaluating FEMA's Continuing Efforts in the Gulf Coast and Response to Recent Disasters"

PURPOSE OF THE HEARING

On Wednesday, February 25, 2009, at 10:00 a.m., in room 2167 of the Rayburn House Office Building, the Subcommittee on Economic Development, Public Buildings, and Emergency Management will hold a hearing on the status of the recovery from Hurricane Katrina in the Gulf Coast as well as recovery efforts involving more recent disasters in Texas and Kentucky. The hearing will focus on overall disaster recovery programs being provided by the Federal Emergency Management Agency ("FEMA") and will concentrate on housing policy, and problems and solutions regarding rebuilding public infrastructure.

BACKGROUND

Hurricane Katrina made landfall on August 29, 2005, and proved to be the costliest natural disaster in American history. The storm had a massive physical impact on the land, affecting 90,000 square miles, which is an area the size of Great Britain. Under the authority granted to the President in the Robert T. Stafford Disaster Relief and Emergency Assistance Act ("Stafford Act"), the President declared a Major Disaster in the states of Louisiana and Mississippi on the date the storm made landfall.

Hurricane Ike made landfall at Galveston, Texas on September 13, 2008. The President declared a Major Disaster on the same day the Hurricane hit. Hurricane Ike caused widespread damage and power outages in east Texas and the Houston area.

In January and February 2009, several states were hit with severe winter storms and flooding, commonly known as the ice storms, which caused widespread power outages and destruction, with major impacts on citizens and communities in Missouri, Tennessee, Oklahoma, Arkansas, and Kentucky. The President declared Major Disasters in Kentucky (February 5), Arkansas (February 6), and Oklahoma, Missouri, and Tennessee (February 17) in conjunction with these sweeping storms.

Status of Recovery

Louisiana

The Gulf Coast is still recovering from Hurricanes Katrina and Rita. As of the end of 2008, FEMA's federal assistance for the response and recovery effort to Hurricanes Katrina and Rita in Louisiana totaled more than $13.7 billion in individual assistance, public assistance, and hazard mitigation grants.

In the aftermath of Hurricane Katrina, approximately 92,000 families were housed in travel trailers and mobile homes. In 2007, 29,166 families remained in these temporary housing units. During 2008, 23,334 families were transitioned to more permanent housing. FEMA utilized case management services to assist residents on a one-on-one basis, provide rental and relocation assistance, and to provide referrals to voluntary agencies for help with getting furniture, utility assistance, and clothing. As of January 2009, approximately 4,800 temporary housing units continue to be in use in Louisiana.

At the end of 2008, according to FEMA, the agency had obligated approximately $7.4 billion in public assistance funding. Louisiana distributed about $4 billion of that amount. The remainder ($3.4 billion) is still available for eligible applicants. Louisiana has not distributed almost all of the $1.47 billion in Hazard Mitigation Grant Program funds made available by FEMA. In addition, there are billions of Community Development Block Grant funds available to help supplement the public assistance dollars and projects to continue Louisiana's recovery.

Mississippi

To date, FEMA has assisted 274,760 individuals and families in Mississippi through the Individuals and Households program, totaling nearly $1.3 billion, for recovery from Hurricanes Katrina and Rita. Of this amount, 216,558 individuals and families have been approved for Housing Assistance totaling more than $851 million and 134,912 Mississippians have been approved for more than $416 million in Other Needs Assistance.

Currently, according to FEMA, 2,500 temporary housing units (travel trailers and mobile homes) remain in service; more than 40,400 units have been deactivated. Approximately 2,800 Mississippi families have moved from FEMA temporary housing to Mississippi Cottage units. The Mississippi Cottage program was developed through the Mississippi Alternative Housing Program and is funded by a $280 million federal grant.

FEMA has obligated approximately $2.8 billion for various public assistance infrastructure damage projects caused by Hurricane Katrina, including:

- $700 million for land-based debris removal;
- $855 million to repair public utilities;
- $602 million to repair or replace public buildings;
- $392 million for emergency protective measures;
- $72 million to repair roads and bridges;
- $1.3 million to repair water control devices such as ditches and irrigation channels;
- $158 million to repair and restore public recreational facilities such as state parks; and
- $105 million to meet the costs of administering the Public Assistance grants.

In addition, $900 million was made available in Direct Federal Assistance funds to the U.S. Army Corps of Engineers for the land-based debris removal mission.

Texas

In the aftermath of Hurricane Ike, which struck Texas along its upper Gulf Coast on September 13, 2008, FEMA has assigned $1.5 billion in federal and state assistance with more than $412 million allocated for public assistance funding and debris removal costs.

Further, $495 million in disaster assistance has been identified and approved for housing, disaster-related needs, and disaster unemployment assistance for individuals and families affected by the Hurricane. According to FEMA, the agency has provided temporary manufactured housing for nearly 3,500 applicants or 95 percent of the applicants eligible for direct housing assistance. Affected citizens continue to have access to nine FEMA/State Disaster Recovery Centers, which offer face-to-face assistance. FEMA claims nearly 154,000 visits have been made to these recovery centers.

Kentucky

According to FEMA, hundreds of volunteers from at least 25 organizations in 15 states are helping Kentuckians affected by the ice storm that began on January 26, 2009. In the immediate aftermath of the storm, nearly 700,000 people were without power and over 7,000 utilized FEMA shelters.

FEMA has agreed to provide the following financial assistance:

- 75 percent or more of the eligible costs for removing debris from public areas and for emergency measures taken to save lives and protect property and public health;
- 75 percent or less of the approved costs for hazard mitigation projects undertaken by state and local governments to prevent or reduce long-term risk to life and property from natural or technological disasters; and
- Direct federal assistance through a mission assignment to another federal agency - upon request of the state - when the state and local government certify they lack the capability to perform or contract for the requested work. The state must agree in advance to reimburse FEMA for the appropriate non-federal share of the work including the overhead of the federal agency assigned the task.

FEMA's Recovery Programs

FEMA's major programs for disaster recovery are the Public Assistance Program and the Individual Assistance Program, also known as the Individual and Households Program. The Public Assistance Program is authorized primarily by sections 403, 406, and 407 of the Stafford Act[1]. This program reimburses state and local emergency response costs and provides grants to state and local governments as well as certain private non-profits to rebuild facilities. The Individual Assistance program is primarily authorized by section 408 of the Stafford Act[2]. The program provides assistance to families and individuals impacted by disasters. The assistance available includes housing which includes money for repair, rental assistance or "direct assistance". Direct assistance includes the provision of trailers and mobile homes. This section also authorizes the "other needs program" which provides grants to mostly low-income families for loss of personal property, as well as disaster-related dental, medical, and funeral costs to individuals regardless of income. Other Individual Assistance programs authorized by the Stafford Act include: unemployment assistance (authorized by section 410)[3], disaster food stamps (authorized by section 412)[4], disaster legal services (authorized by section 415),[5] and crisis counseling (authorized by section 416)[6]. In the wake of Hurricane Katrina, FEMA also administratively created a case management program relying on existing authority including section 701(b) of the Stafford Act[7].

Section 404 of the Stafford Act[8] authorizes the Hazard Mitigation Grant Program ("HMGP"). HMGP is an important part of the recovery effort. HMGP provides for grants to state and local governments for measures which are cost effective and reduce the risk of future damage, hardship and loss from all hazards.

Congress enacted significant changes to the Stafford Act in light of the many lessons learned from Hurricane Katrina in the Post Katrina Emergency Management Reform Act (Title VI of P.L. 109-295). However, these changes were not retroactive to Hurricane Katrina and as a result do not provide for additional assistance for the recovery from Hurricane Katrina in Louisiana or Mississippi.

In order to address the outstanding recovery needs, the Committee reported H.R. 3247, the Hurricanes Katrina and Rita Recovery Facilitation Act of 2007, which passed the House on October 29, 2007. H.R. 3247 was crafted based on testimony at a Subcommittee hearing on May 11, 2007 by Members of the Mississippi and Louisiana delegations and is designed to provide additional Federal relief targeted to those states and, if enacted, would have been applicable to the relief efforts in both Louisiana and Mississippi.

Specifically, this bill: increases the Federal in-lieu contribution for alternate projects from the current level of 75 percent to 90 percent; authorizes the FEMA Administrator to include Gulf Coast recovery efforts under a public assistance pilot project authorized by the Post-Katrina Emergency

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[1] 42 U.SC. 5170b, 5172 and 5173
[2] 42 U.S.C. 5174
[3] 42 U.S,C; 5177
[4] 42 U.S.C. 5179
[5] 42 U.S.C. 5182
[6] 42 U.S.C. 5183
[7] 42 U.S.C. 5201(b)
[8] 42.U.S.C. 5170c

Management Reform Act (P.L. 109-295); permits the use of third parties to review and expedite public assistance appeals through the use of alternative dispute resolution procedures; allows the use of temporary housing for volunteers assisting in the recovery and reconstruction efforts in the Gulf Coast; allows FEMA to use a simplified procedure, under which small projects are permitted to proceed based on estimates, for projects up to $100,000, an increase from the current level of $55,000; authorizes re-interment of remains in private cemeteries; and waives the requirement that certain certifications in the hazard mitigation grant program occur prior to commencing projects.

PRIOR LEGISLATIVE AND OVERSIGHT ACTIVITY

The Committee and Subcommittee have held numerous hearings dealing with Hurricane Katrina recovery issues:

- "FEMA's Response to the 2008 Hurricane Season and the National Housing Strategy" (September 2008)
- "Moving Mississippi Forward: Ongoing Progress and Remaining Problems" (June 2008)
- "Legislative Fixes for Lingering Problems that Hinder Katrina Recovery" (May 2007)
- "FEMA's Preparedness and Response to ALL Hazards" (April 2007)
- "FEMA's Emergency Food Supply System" (April 2007)
- "Post-Katrina Temporary Housing: Dilemmas and Solutions" (March 2007)
- "Disasters and the Department of Homeland Security: Where Do We Go From Here?" (February 2006)
- "Legislative Proposals in Response to Hurricane Katrina" (November 2005)
- "A Vision and Strategy for Rebuilding New Orleans" (October 2005)
- "Recovering after Katrina: Ensuring that FEMA is up to the Task" (October 2005)

In the 110th Congress, the Committee reported H.R. 1144, the Hurricanes Katrina and Rita Federal Match Relief Act of 2007, to provide significant relief for communities devastated by Hurricanes Katrina, Rita, and Wilma. In addition, the bill focused on unaddressed concerns since the occurrence of these disasters. An amended form of the legislation was included in the Emergency Supplemental Appropriations bill that was signed by the President on May 25, 2007 (Public Law 110-28). The Committee reported H.R. 3247, the Katrina and Rita Recovery Facilitation Act of 2007, which passed the House on October 29, 2007, but the Senate took no action on the bill. The Subcommittee also collaborated with the Committee on Financial Services on H.R. 1227, the Gulf Coast Hurricane Housing Recovery Act of 2007, to ensure Louisiana's ability to use its Hazard Mitigation Grant Program funds for its Road Home program. This bill passed the House on March 21, 2007.

WITNESSES

Mr. David Garratt
Acting Deputy Administrator
Federal Emergency Management Agency

Mr. James W. Stark
Assistant Administrator
Gulf Coast Recovery Office
Federal Emergency Management Agency

Mr. Paul Rainwater
Executive Director
Louisiana Recovery Authority

H. Rodger Wilder
Immediate Past President, Gulf Coast Community Foundation
Mississippi

Judge Gary Logsdon
Grayson County Judge/Executive
Kentucky

HEARING ON POST-KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEDERAL EMERGENCY MANAGEMENT AGENCY'S CONTINUING EFFORTS IN THE GULF COAST AND RESPONSE TO RECENT DISASTERS

Wednesday, February 25, 2009

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:00 a.m., in Room 2167, Rayburn House Office Building, the Honorable Eleanor Holmes Norton [Chairwoman of the Subcommittee] presiding.

Ms. NORTON. We are pleased to welcome our witnesses to this second hearing devoted to our post-Katrina evaluation of the Federal Emergency Management Agency, or FEMA, to assess FEMA's progress as the Nation's only disaster response agency.

We will examine progress not only in Louisiana and Mississippi, where FEMA's failings have been documented by our Subcommittee and many others, but also in Texas, which recently saw major damage from Hurricanes Gustav and Ike, and in Grayson County, Kentucky, declared a major disaster county by President Obama after recent ice storms devastated the midsection of our Country.

Hurricane Katrina was a disaster of mammoth proportions, but its major lesson went well beyond its scope and uniqueness and the failures of FEMA in 2006. Katrina teaches that FEMA must be nimble enough to move quickly before and after any Stafford Act emergency or disaster.

The Country cannot be assured that FEMA is always prepared without frequent oversight by our Subcommittee which began in the 110th Congress. Gustav, Ike and this year's ice storms all provide markers by which to measure FEMA's progress and disaster response and recovery agencies.

We want to look at outstanding issues in Louisiana, Texas, Mississippi and Kentucky. In Louisiana, there are still public assistance projects awaiting disposition by FEMA. In Texas, there are continued challenges with remaining storm debris and with providing housing in the coastal areas. In Kentucky, although initial reports seemed to indicate a satisfactory response by FEMA, we need to understand the expectations concerning FEMA's assistance

to local counties and whether they were indeed met in Kentucky and throughout the Midwest.

Today, we will be particularly interested in FEMA's housing, in rebuilding public infrastructure and in case management services during the three plus years of recovery in Louisiana since Katrina.

We remain particularly concerned about the backlog of large infrastructure projects that have been delayed in the aftermath of Katrina. The Sewage and Water Board of New Orleans' main facility, an essential component of city infrastructure, of any city anywhere, is still not protected after the disaster because of protracted negotiations over the definition of mitigation.

Whatever the legitimate differences between Louisiana and FEMA, there is no excuse for failure to devise a way to come to agreement, to use millions upon millions of available funds that have been appropriated by this Congress to repair an essential part of the New Orleans infrastructure which remains, as a result, vulnerable to natural disaster today.

Moreover, there are many public assistance infrastructure issues in municipal systems across the State still waiting on FEMA and an agreement to proceed. The rebuilding of Charity Hospital, an essential part of the New Orleans health infrastructure, and the rebuilding of the criminal justice infrastructure in New Orleans are stalemated.

Why have projects of great priority stalled or slowed for all these years?

Why does Louisiana currently have 4,135 projects determined to be in dispute due to excessive delay, overt disagreement or other factors with 2,894 of these projects currently valued between $55,000 and $500,000 for a total value of approximately $500 million and 1,241 projects currently valued at an amount over half a million dollars for a total of—listen to this amount—$3.7 billion waiting for somebody to come to an agreement about how to spend it and not getting to the people of the State?

We note that some of these projects are likely shovel-ready and amount to a huge amount of already appropriated money in stimulus funds for the State of Louisiana. It is unconscionable to allow these projects to wait while at the same time we are sending new stimulus funds to the States including Louisiana while these major projects could be putting people to work now on the most vital infrastructure for the State.

This backlog of 100 percent federally-funded projects is so serious that out of justifiable outrage at years of stalemate Senator Mary Landrieu inserted into the stimulus bill a binding arbitration clause for FEMA projects over $500,000 to expedite the recovery efforts from Hurricanes Katrina and Rita in the Gulf Coast Region.

Although the new binding arbitration requirement raises other issues that would likely cause further delay, I am working with Senator Landrieu on a good compromise that I assure you will emerge soon. We will not tolerate this another month.

At the same time, we see some successfully completed infrastructure projects such as the New Orleans Police Department headquarters. However, with such clear deficiencies, such terrible delay, it is particularly disappointing that the Senate itself did not act on H.R. 3247 in the 110th Congress which contained provisions that

specifically addressed many of the public assistance and infrastructure problems.

For example, the bill authorizes the FEMA Administrator to include Gulf Coast recovery efforts under the Public Assistance Pilot Program authorized by the Post-Katrina Emergency Management Reform Act, and H.R. 3247 permits the use of third parties to review and expedite public assistance appeals and allows FEMA to use simplified procedures under which small projects are permitted to proceed on estimates for projects up to $100,000.

With more than $3 billion in projects held up by disputes, however, the time for pilot projects is over. We will require a third party dispute resolution within the government for FEMA that we believe will meet the challenges and the concerns of all involved.

In June of last year, we had hearings on Mississippi which is still recovering from Hurricane Katrina as well and is working with FEMA to replace and repair public infrastructure and to address mitigation issues for any new construction along the Gulf Coast.

Mississippi also had service management problems for disaster victims. According to the U.S. Census, when Hurricane Katrina made landfall, Mississippi had the highest poverty rate in the United States, only increasing the necessity and importance of recovery services.

We need to know whether Mississippi is now meeting the many challenges that were laid out in our previous meeting and whether FEMA has been instrumental, as required, in helping the State to meet those challenges.

At the Mississippi hearing, the Subcommittee received compelling testimony from case managers and service providers concerning FEMA's recovery efforts in areas of Mississippi that lost city halls, fire stations and schools. In many areas, most standing structures were reduced to concrete slabs.

I flew over the affected Mississippi counties shortly after Katrina and saw firsthand large areas that quite literally had been blown away.

At our June hearing, we learned of systemic contracting problems. Again, here, they arise in Louisiana, again going back to Hurricane Katrina and again hampering recovery efforts in Mississippi as I have just described in Louisiana.

Congressman Bennie Thompson of the State called for "mechanisms of dispute resolution for contracts."

Congressman Gene Taylor reminded us, also of Mississippi and the Member whose district was particularly struck by Katrina, reminded us of the necessity for timely payments and keeping the Nation's word.

Long-term housing needs and solutions continue to stymie both FEMA and HUD.

We must crack this structural problem FEMA apparently has everywhere with appropriated dollars tied up, stalemated and unspent and the failure, therefore, to meet the needs of disaster victims as mandated by Congress. That is why we are developing a required third party resolution within the government to break this open and free these billions of dollars for the people of Mississippi and Louisiana.

I am, frankly, outraged to hear that there is this much money piled up over so many months, and nobody from FEMA has come to this Committee with anything approaching a question, much less a solution, to these funds.

We are especially anxious also to get an understanding of FEMA's efforts in Kentucky after the ice storms. Speaker Nancy Pelosi, Chairman Jim Oberstar and I met with Midwestern House Members during the ice storms this month to see how we could be more helpful. Kentucky and the Midwest will continue to receive this attention from the leadership of the House, our Committee and this Subcommittee.

Again, we thank our FEMA representatives and witnesses from Louisiana, Mississippi and Kentucky for preparing testimony today to help the Subcommittee continue to ensure that the Agency is up to the challenge of meeting disasters anytime, anywhere in our Country.

I am pleased to ask our Ranking Member, Mr. Diaz-Balart, if he has any opening remarks.

Mr. DIAZ-BALART. Thank you, Madam Chairman.

Let me first thank you for holding this important hearing today on disaster response and recovery and to evaluate FEMA's continued efforts in the Gulf Coast and, frankly, their response to recent disasters. Again, I want to thank you for your leadership.

As a Member representing the State of Florida, unfortunately, we are a State that sees a lot of hurricanes, and so I appreciate the important role that FEMA plays in disaster response and recovery.

Now when State and local resources are, frankly, overwhelmed and communities are just trying to figure out how to recover and rebuild from a major disaster, FEMA is the one that provides the resources and expertise that help those communities get back on their feet and try to continue to evolve and prosper. FEMA plays a crucial role in disaster response and recovery. That is exactly why FEMA must be quick and nimble, as the Chairwoman said, and lead Federal response and recovery efforts on behalf of the President of the United States.

Following Hurricanes Katrina and Rita, we saw serious problems with FEMA's preparations, their response and their recovery, among other problems as well not only of FEMA, but we are dealing with FEMA today.

Now there have been improvements since we passed the Post-Katrina Act. There are still deeper problems that still persist, I think. The sluggish decision-making created by FEMA's lack of autonomy, I think, undermines its mission. So, whether FEMA remains under DHS or not, its autonomy clearly must be strengthened.

FEMA is buried in this large department that has, I think, eroded its ability to be quick and to be agile and nimble, and this has resulted in unnecessary delays that impact the States and the communities that count on FEMA's assistance after a disaster.

It has been more than three years since Katrina and Rita hit the Gulf Coast, and many of those communities, as the Chairwoman has just stated, particularly in Louisiana, are still struggling to re-

cover from those disasters. We know that that is going to take some time.

And since that time, there have been other disasters including Hurricanes Ike and Gustav and the recent ice storms that impacted Kentucky and a number of other states.

Now the ice storms, by the way, are something that as a Floridian we do not have a lot of experience.

Ms. NORTON. That is all you don't have.

Mr. DIAZ-BALART. That is right. Exactly as the Chairwoman says, that ice storms are probably the only disaster that we don't have in Florida.

But they left more than 700,000 homes and businesses in Kentucky without power, and ice-encrusted debris prevented many of those rural areas from even seeking assistance. So this ice storm is considered the worst natural disaster in the history of Kentucky, and I can only imagine its scope.

Now I am pleased to see that Judge/Executive Gary Logsdon—I don't know if I pronounced your name, sir. With a name like Diaz-Balart, I should be able to deal with yours rather easily.

But from Grayson County, Kentucky, he is with us here today. He will provide this Committee with his input and observations regarding FEMA's response and recovery, and I know that Mr. Guthrie will be introducing him later on. So thank you, sir.

I understand that he has been the chief executive of this county for some time and should be able to provide us with key insight into this topic as I am sure that ice storms are not the first disaster that his county has had to deal with, but I understand it is the largest one in the State's history. So, as a Floridian, I am actually very interested in learning something absolutely new for me.

When FEMA was transferred into the Department of Homeland Security, it was unfortunately stripped of many of its functions and authorities. The failed response to Hurricane Katrina was an unfortunate and yet, I would probably say, predictable consequence of FEMA's diminished capabilities.

Following Katrina, this Committee and the Select Katrina Committee conducted a full investigation and a review of the government's preparations for the response of Katrina, and in 2006, as a result of those investigations, we drafted and passed into law the Post-Katrina Emergency Management Reform Act to improve the government's response to all types of disasters, not just hurricanes.

While many of those provisions have been implemented, many have not, including very key provisions like HSPD-8, HSPD-5 and the National Response Framework have yet to be revised to reflect the changes mandated by this legislation that I just spoke of. So, again, inconsistent policies and slow decision-making are just some of the symptoms of the problems that we have with the bureaucracy because FEMA is buried into this huge DHS department.

Hurricanes Ike and Gustav were the first real tests following the reforms, the first real tests for FEMA following those reforms, and it is clear that there have been some improvements. I would say many improvements in FEMA's response. However, there were still areas, such as transitional housing, that clearly need further work.

Now, unfortunately, after the aftermath of Katrina, we can still see that there are many years, many years still I guess or a lot of

things that still have to be fixed, and there are things, and the Chairwoman talked about that extensively and in great detail. I think we all share her sense of I don't know if the right word is frustration or indignation or just lack of patience.

While FEMA's Direct Housing Assistance Program and HUD's Disaster Housing Assistance Program have been extended, there, frankly, is no real strategy that has been developed to address the long-term housing issues in Louisiana.

In addition, earlier this month, Ranking Member Mica hosted a roundtable requested by Congressman Cao of Louisiana on the ongoing problems with the public assistance programs and billions of dollars of delayed public infrastructure projects. The Chairwoman was talking about that a little while ago. So I hope FEMA can update us today on the efforts to speed these projects up.

By the way, Representative Cao is not here because he is in the hearing in Homeland Security where the Secretary of Homeland Security is testifying.

The Chairwoman also mentioned that the Senate was successful in including language in the recent stimulus bill that would require binding arbitration to settle these disputes. As the Chairwoman also said, that provision does raise some serious issues, maybe some legal issues and policy implications.

So I am hopeful that a solution can be found. I am very optimistic that it will be found. I know that the Chairwoman, as she stated, is looking at that aggressively, trying to come up with a solution to free up much needed assistance to the State and to local communities in Louisiana.

The overarching issue, obviously, is that we must ensure that FEMA has the necessary authority, the tools, the resources and the nimbleness to effectively and efficiently carry out its vital mission, obviously, that we all depend on. To the extent that there are problems, we must work together to identify them and to find real workable solutions.

FEMA's mission is so critical. It is critical to saving lives and rebuilding devastated communities recovering from major disasters. So, obviously, when FEMA fails, everybody loses, the whole Country loses.

So I look forward to hearing from the witnesses on these and other issues.

At this time, Madam Chair, I would respectfully ask unanimous consent that a written statement submitted by Representative Scalise of Louisiana be entered into the record.

Ms. NORTON. Without objection, so ordered.

I will ask now if any Members have any opening remarks.

Mr. Shuler of North Carolina?

Mr. SHULER. Madam Chair, I don't have any comments at the moment right now.

Ms. NORTON. Ms. Markey.

Ms. MARKEY. Yes. Thank you, Madam Chair.

I am very glad that we are here today to discuss and evaluate FEMA's efforts in the Gulf area.

I have witnessed the importance of FEMA's funding in my own district. Last May, a tornado struck in the town of Windsor, Colo-

rado. The tornado was a mile wide at times and damaged nearly 1,000 homes.

FEMA offered assistance that included grants for temporary housing and home repairs, low cost loans to cover uninsured property losses and other programs to help individuals and businesses recover from the effects of the disaster.

Representing a district that has also experienced a natural disaster, I have glimpsed tragedy albeit on a different scale. We have a responsibility to help people whose lives were destroyed by these storms, and I look forward to hearing about the progress that is being made in the region.

Thank you.

Ms. NORTON. Thank you very much, Ms. Markey.

Could I ask Mr. Guthrie if you have any opening remarks?

Mr. GUTHRIE. Yes, ma'am. Thank you, Madam Chairwoman.

I appreciate the opportunity to be here today and for this hearing and particularly, and I will introduce later, Judge Logsdon. And judge, in Kentucky, that is county, sometimes county judge like a county executive or a mayor of a county. We refer to him as judge. But I appreciate the opportunity.

I will tell you, Madam Chairwoman, I bet I spoke a dozen or more times in the district work period, and every time I mention the meeting the Speaker hosted in her office and the fact that you were there and the fact that Chairman Oberstar was there and told the people that I represent that I believe this sped up the emergency declaration that came from the President because of the meeting and your cooperation. So I thank you for that, and it is important that we do work together on these issues.

The ice storm, when you first think about it, as the Ranking Member said, what is an ice storm or how does it cause such a calamity? Well, just the weight of ice.

In one area alone, the area that Judge Logsdon represents, there is a friend of mine who works for the electrical co-op, and over 1,700 electrical poles came down. Some areas in Congressman Whitfield's district, some utilities had 3,400 or more poles that came down.

The debris, the trees that are everywhere, it took them six days to cut down a path to get to a lady's home, an elderly lady that was in a home. They went down to see that she was okay, but it took six days just to cut to her home.

The thing about storms, though, you see the best in people, the local officials. The first couple of days when I got home from here, I went to Judge Logsdon's emergency operations center and others, and you saw sheriffs and judges and local officials and volunteer firemen. They were out day to day, helping neighbors, and everywhere you went churches would bring food to people, and you would see the local officials on the ground.

I said, this just shows how good people can be to each other, and I just want to praise the people in our area for that.

But it is devastating. When you think of hurricanes and you think of other issues, you see them more because it is not one limb at a time breaking over time that brings down all the power. It is just a full force all at one time.

But it has been completely devastating. Our local officials have worked hard.

And I just want to say again, and I will talk more when Judge Logsdon has the floor, but I just want to say, Madam Chairwoman, just how much it meant to us to work together.

Now that I see the Chairman is here, Chairman Oberstar, I thank you from that meeting in the Speaker's office. I think that sped up the emergency declaration we had. I remember your comments specifically in that meeting were very helpful, and I shared them with people in my community.

I want to appreciate that and look forward to Judge Logsdon on the next panel.

Thank you.

Ms. NORTON. Thank you very much, Mr. Guthrie.

In fact, the whole notion of ice storms I think illustrates just what FEMA has to be. You have to be able to go from the Gulf Coast and hurricanes to ice storms in a second. That is what we expect. It is what the American people expect.

We have been graced by the Chair of the Committee, and I would certainly want to ask him if he has any opening remarks.

Mr. OBERSTAR. Thank you, Madam Chair.

I was, regrettably, as is always the case, dealing with other of the Transportation and Infrastructure Committee children, other Subcommittees' needs.

I just want to express on behalf of Chair Norton and myself and, I expect, Mr. Mica and, very likely, Mr. Diaz-Balart that today I am going to be introducing a bill to reestablish the independence of FEMA as an effective, nimble response agency outside of the Department of Homeland Security, with a standing on its own as it once had when it was a very effective agency.

Putting it in Homeland Security, Mr. Young, then Chairman of the Committee, and I vigorously opposed the idea in a meeting with the President.

Mr. Shuster, former Chairman of this Committee, vigorously opposed tampering with FEMA. He found that it was a very responsive agency in his district and in his role as Chair and in other places in the Country.

I actually am responsible for creating FEMA as such from the old civil defense agencies in the 1980s after a hearing, when I chaired the Subcommittee on Investigations and Oversight, and complaints from a wide number of Members on both sides of the aisle about the proposed regulation of the then Reagan Administration to reduce the Federal share to 25 percent in only a handful of cases and zero in most cases with a quaint parochial view that disasters are local in nature and don't have entail a national obligation.

Republicans, Democrats, Federal agencies, State and local entities were furious about that.

And after extensive hearings, then Ranking Member on the Committee Mr. Clinger of Pennsylvania and I, together, drafted a bill, and I gave the bill to the lead advocate who was not a Member of our Committee but a Member of the House to introduce and to be its advocate. He said, why me? I said, well, you have the guts to stand up to your own administration and advocate for a fair funding formula which we have crafted now in this legislation and that

will be forthcoming in this new program that we will Federal Emergency Management Administration.

Later, that Member of Congress became the first Secretary of Homeland Security, Tom Ridge. Now it is interesting how these things come full circle at times.

I think in his heart Tom Ridge would have preferred that FEMA stay separate, but we are going to reestablish its separateness and its independent status and reaffirm what all of you practitioners at the local level know.

This agency has to respond quickly. It has to be in concert with the community. It has to spring from the communities and has to understand and coordinate effectively. That is what we are going to do with this legislation.

Thank you for your testimony today.

Ms. NORTON. Thank you very much, Mr. Chairman.

Now Mr. Cao of Louisiana.

Mr. CAO. First of all, I would like to thank Chairwoman Norton for holding this important hearing, for the continuing of this Subcommittee's attention to post-Katrina recovery especially in the Second Congressional District.

And I would also like to thank today's witnesses from FEMA and from the LRA for being here to discuss their efforts with respect to the recovery needs of the Second Congressional District. I know that I have been pushing them in the last several weeks, and we have held several hearings prior to them being here. So I appreciate their being here again with respect to this hearing.

I am also encouraged by President Obama's State of the Nation Address last night in which he focused on recovery, and I was encouraged by his campaign promises to make right the delays in rebuilding New Orleans.

I am asking the President to keep to his commitments and was pleased by his action last Friday to extend a White House Office of Gulf Coast Recovery which is responsible for overseeing the rebuilding of those States affected by the storms of 2005 and since.

And I recently came from the hearing just a few minutes ago with respect to the new Secretary of DHS, Secretary Napolitano, and I am encouraged by her emphasis on leadership and transparency especially with respect to FEMA.

Based on some of the hearings and some of the investigations that we have been doing, I found that there is a lack of leadership and a lack of transparency with respect to the TRO office there in our district. I believe that some of this inefficiency, some of this lack of leadership and lack of transparency might be some of the main problems in the recovery process, the obstacles that we are facing, and I hope to address some of these issues to overcome these obstacles.

With that, I would like to welcome the speakers, the witnesses for being here, and I give the floor back to the Chairwoman. Thank you very much.

Ms. NORTON. Thank you, Mr. Cao.

Now let us move on to the witnesses.

Let us hear first from the Acting Deputy Administrator, Mr. Garratt, then Mr. Stark of the Gulf Coast Recovery Office of FEMA

and, finally, from Mr. Rainwater, the Executive Director of the Louisiana Recovery Authority.

Mr. Garratt.

TESTIMONY OF DAVID GARRATT, ACTING DEPUTY ADMINISTRATOR, FEDERAL EMERGENCY MANAGEMENT AGENCY; JAMES W. STARK, ASSISTANT ADMINISTRATOR, GULF COAST RECOVERY OFFICE, FEDERAL EMERGENCY MANAGEMENT AGENCY; AND PAUL RAINWATER, EXECUTIVE DIRECTOR, LOUISIANA RECOVERY AUTHORITY

Mr. GARRATT. Madam Chair, thank you.

In the interest of time, I am going to forego opening remarks and defer to my colleague, Mr. Stark.

Ms. NORTON. Mr. Stark.

Mr. STARK. Good morning, Chairwoman Norton, Chairman Oberstar—I guess he has left—Ranking Member Diaz-Balart and other distinguished Members of the Committee.

My name is Jim Stark, and I am FEMA's Assistant Administrator for Gulf Coast Recovery. I am a career civil servant, having joined FEMA after a 28-year U.S. Coast Guard career. I have been a Gulf Coast resident for 12 years and have lived in New Orleans, Louisiana for the past 6. Thank you for inviting me to appear.

I am joined today by David Garratt, Acting Deputy Administrator for FEMA. We are pleased to be here with you today to update you on our recovery efforts from Hurricanes Katrina and Rita and discuss our perspective on the long-term prospects for the Gulf Coast.

As you know, in 2005, Hurricanes Katrina and Rita struck the Gulf Coast of the United States, causing unprecedented and catastrophic damage to property, significant loss of life and public infrastructure and the displacement of tens of thousands of people from their homes and communities.

Nearly three and a half years after the hurricanes, the Gulf States continue to press forward and make progress toward recovery. The recovery is not without its challenges as the magnitude of these storms caused extraordinary level of destruction.

FEMA continues to be an integral part of that recovery. Our recovery focus in the Gulf Coast is in the areas of individual and public assistance and hazard mitigation grant programs.

Much has been said about the methods and ways in which FEMA has provided assistance across the Gulf Coast following the 2005 hurricane seasons. In each of these areas, FEMA has seen successes and challenges.

While we readily acknowledge that we could have done some things better, we must not lose sight of the fact that nearly three and a half years later, after the most damaging storms in American history, nearly 95 percent of those whose homes were impacted by the disaster have returned to their pre-disaster housing or have moved on to other long-term, permanent housing solutions, $10.5 billion has been obligated to Mississippi and Louisiana to rebuild public infrastructure and close to $500 million has been obligated to Louisiana and Mississippi for hazard mitigation projects to lessen the impact of future disasters on those States' populations.

FEMA's Individual Assistance Programs are at the forefront of our recovery efforts. Over the past three years, FEMA's Individual Assistance Program Specialists have worked hand in hand with voluntary and faith-based agencies as well as State and other Federal agencies to meet the needs of hundreds of thousands of people impacted by the hurricanes.

Over the course of the disaster, FEMA housed more than 143,000 families in travel trailers and mobile homes. The total number of households currently living in temporary housing has decreased to just over 6,600 with about 288 residing in hotels across the Gulf Coast. Every occupant residing in FEMA-provided temporary housing or hotels or motels has been offered an alternative, and we are working with each of them to find a permanent housing solution that meets their needs.

The primary challenge for the Individual Assistance Program going forward is to work with those remaining families being housed by FEMA. Travel trailers and mobile homes are intended only as short-term emergency solutions to fill the need for housing. Clearly, FEMA and our Federal, State and local partners recognize how important it is both to those affected families and the communities in which they live to expedite the transition of these individuals into more permanent and stable housing.

Another vital and visible component of a State's recovery is the Public Assistance Program. FEMA has been extremely active in working with the States and local governments to restore and rebuild public services and facilities.

While there has been some deserved criticism of this program, it is important to note that, though funded by FEMA, the State administers the PA Program. Local governments and other eligible applicants receive their funding through grants managed by the States.

FEMA has prepared a project worksheet for every project that the State and local governments have identified to us. Preparing the project worksheets and reaching agreement on the eligible scope of work and cost estimates is a collaborative process that requires attention to detail at each level: applicant, the States and FEMA. It often requires more time to complete than any of us would like.

FEMA has obligated over $10.5 billion in public assistance to the Gulf States, $7.5 billion to Louisiana and $2.9 billion to Mississippi.

Once obligated by FEMA, the States, as the grantee, control the pace of disbursements to the applicants. To date, Louisiana has disbursed $4.1 billion of that $7.5 billion. Mississippi has disbursed 1.6 of the $2.9 billion.

There are sometimes disagreements between FEMA, the applicants and the State about the extent of disaster-related damages to facilities. Many of the facilities damaged by Katrina and Rita suffered from years of deferred maintenance and sometimes neglect. However, the Stafford Act only authorizes FEMA to reimburse applicants to repair disaster-related damages.

In some cases, FEMA must amend or prepare alternative versions of a project worksheet to revise the scope of work or cost estimate when more information becomes available pertaining to

the repairs or replacement of those buildings. At the request of the State of Louisiana, FEMA developed and provides a system of ongoing versions during the life of a Public Assistance Project to help applicants with cash flow problems and to meet State and local contracting requirements.

This process, jointly developed with Louisiana's Governor's Office of Homeland Security and Emergency Preparedness, was meant to speed the process and clearly delineate roles and responsibilities. However, it has become cumbersome and needs to change. Currently, we are tracking over 1,400 projects that require an amendment or version update.

To assist us in accelerating the review process needed to verify the scope of work or a cost estimate, FEMA has suggested in our last meeting with Congressman Cao and others that a joint FEMA-State policy technical team review and make determinations together rather than conduct separate reviews of these version requests for completeness of information and eligibility.

Hazard Mitigation Grant funding is made available to States following a disaster to fund cost-effective projects to mitigate against future disaster damages. This program is not designed for immediate response but as a long-term solution to reduce risk from flooding and other hazards.

In Louisiana, over 1.4 billion is expected to be available under the Hazard Mitigation Grant Program for Hurricanes Katrina and Rita. FEMA has obligated $349 million in Federal funds for approved HMGP projects and State management costs thus far in Louisiana.

In Mississippi, approximately $393 million in Hazard Mitigation Grant funding is available to the State. FEMA has obligated $150 million in HMGP funds to Mississippi.

The Administration, the Department of Homeland Security and FEMA are committed to the recovery and rebuilding of the Gulf Coast. FEMA's Gulf Coast staff will remain an active and engaged partner until the job is finished.

Through our Transitional Recovery Offices, we have highlighted many new initiatives that have contributed not only to the recovery of the Gulf Coast but have also contributed to the retooling and improvement of FEMA. These initiatives and our lessons learned will help to improve the effectiveness of FEMA's programs in future disasters.

While finding housing for the many displaced households and repairing damaged and destroyed infrastructure has been and will continue to be a challenge, FEMA remains committed to providing or coordinating continued assistance to the victims of Hurricanes Katrina and Rita. Together with our Federal, State, local and voluntary agency partners, we will continue to pursue assistance solutions that will effectively and compassionately help individuals and communities recover and reestablish their way of life.

I will be happy to answer questions now.

Ms. NORTON. Thank you, Mr. Stark.

Mr. Rainwater.

Mr. RAINWATER. Thank you, Chairwoman Norton and Ranking Member Diaz-Balart.

Chairwoman, I just want to say thank you on behalf of the citizens of Louisiana for all of the hard work you have done. You and I had actually spoken on the phone once when I was Senator Landrieu's legislative director, and I just wanted to say that your passion for Louisiana is known by many.

I just want to say thank you and also to Congressman Cao for jumping into the fray so quickly. Your hard work is evident, sir, and we appreciate that as well.

I also want to thank the Congress and the generosity of the American people for the money that they have invested in the State of Louisiana. We believe it is a good investment, and we are working hard to make that investment worthwhile.

I want to talk to you just a little bit about the scale of the disaster and the reorganization, some progress that we have made and then some issues that obviously we will be talking about.

I don't know of any other State that has suffered such destruction in the last three years or that faces as many complex rebuilding issues. In context, the combined impact of Hurricanes Katrina and Rita is the largest disaster in history. Measured only in terms of Stafford Act funds, it is larger than the next largest disaster which is the attack on America on September 11th, 2001, by 4 times and is larger than the remaining top 10 disasters combined.

From Hurricanes Katrina and Rita alone, Louisiana has more than 1,400 unique applicants in the Public Assistance Program. There are another 700 applicants eligible for assistance as a result of Hurricanes Gustav and Ike which we are still recovering from.

For Hurricanes Katrina and Rita, almost 22,000 individual projects have been identified as eligible for repair or replacement, and there have been more than 45,000 total project worksheets and versions written and obligated. The numbers are staggering as the process is staggering as well.

In the State of Louisiana, when Governor Jindal took over in 2008, we looked at our processes and decided that we needed to reorganize. So the Governor appointed me as the Executive Director of the Louisiana Recovery Authority, the Executive Director of the Office of Community Development which manages all Community Development Block Grant money and also the Governor's Authorized Representative to the Federal Emergency Management Agency responsible for public assistance and hazard mitigation for a total budget of about $22 billion.

What this did is it made one person responsible for the recovery because there was a point at which in the State of Louisiana there were three different organizations pointing fingers at each other and then back at FEMA and HUD. And the Governor said, no more.

So now we have one person, myself, for better or for worse, who is responsible for the recovery in Louisiana, and I work with HUD and with FEMA to work through these issues.

Now with the reorganization, we also looked at our processes and found that the State of Louisiana was taking 45 to 60 days to pay out invoices through the FEMA Public Assistance process. It was taking too long. As you know, businessmen, have a 30-day billing cycle, and they need their payments quick.

We looked at the process and worked very closely with FEMA to do this. Literally, now when an invoice comes from local government to the Governor's Office of Homeland Security and Emergency Preparedness, it takes between four and ten days to cut that check, and that has been an average. I check it weekly, and I brief the Governor on it about every seven days.

We have actually put out about $708 million through that process.

We also, in January of 2008, set about to reset our relationship with the Federal Emergency Management Agency. We were tired of the finger-pointing. We sat down in February and had a summit, went through 15 issues and wanted to work collaboratively with FEMA.

I will tell you, Chairwoman, that we have had mixed results. There are things that we have made progress on, but there are many, many other things we have not, and one of those is scope alignment. The single biggest issue bogging down our recovery in Louisiana is the scope alignment process in the Public Assistance Program.

It is the basic tenet of any construction project. That is in order to plan properly and ensure completion, you must know how much the project will cost and be able to provide adequate funding. This is common sense but not common practice for the FEMA Public Assistance Program, which more often than not undervalues project worksheets, leading to months of negotiations that widen the scope of work and write a new version of the project worksheet.

While this process labors on, the applicant, a local or State government entity, can only move forward if he or she has the cash flow and willingness to risk doing the work for which FEMA may never ultimately reimburse the applicant. We have many, many examples, and when you hear the number, 4,000, that is what we are talking about.

Now the most famous of these projects affected by scope alignment is the Medical Center of Louisiana at New Orleans commonly known as Charity Hospital. The State and FEMA have been actively engaged in negotiating the scope of eligible damages to the hospital for more than three years.

Hurricane Katrina completely destroyed Charity, and until last month FEMA offered a paltry $25 million for repairs. After three and a half years, FEMA increased the funding for the project to $121 million but still fails to acknowledge the actual eligible damages to the facility itself.

Another example is an African American university in New Orleans, southern University of New Orleans, where cabling of the electrical system had to be replaced campus-wide at the cost of approximately $3.3 million because the underground conductors of this low voltage system were submerged in salt water for three weeks.

No professional, no contractor, no building inspector, including FEMA's electrical engineers, would certify an installation reusing the existing salt waterlogged cable. However, FEMA including its electrical engineer, refuses to pay for the obviously eligible project replacement.

The threat associated with not replacing this system is enormous and obvious to anyone. So it is very difficult to understand why this work is considered ineligible since it was under water for three weeks and had salt water in it.

In addition, FEMA has provided for a 1,500 student temporary facility. The current enrollment is 3,000.

Another example is at Tulane University. The Howard Tilton Library is a government documents repository, and its repair is $30 million project to elevate the library that FEMA refuses to fund despite its own staff making the recommendation to pursue the elevation.

The university went out and hired an architect and an engineer to do the work, and then later on the work was de-obligated, meaning the university has to foot the bill. So all the documents remain in storage, and the library remains on temporary HVAC since Hurricane Katrina.

The school also has partial or complete eligibility reversals on its Alumni House and the McAlister Auditorium.

The issues we face in Louisiana are extraordinarily complicated with Hurricanes Katrina, Rita, Ike and Gustav. What we look for now is flexibility and a true partnership with FEMA.

Now just several other matters, just very quickly: One of our biggest issues, obviously, is we are asking that the Federal Government look at the 100 percent Federal cost share for Hurricanes Gustav and Ike because no State has experienced such catastrophic losses in such a short period of time. Paying even a 10 percent match on these costs could stifle our recovery further.

Granting Louisiana 100 percent Federal cost share for these storms would be a shot in the arm of our recovery and rid our State of the huge financial burden that we are currently working through.

One other issue, the delay of the release of the flood plain maps in Louisiana, called DFIRMS, which Louisiana requested in December of 2008, FEMA is using these maps which have not been formally accepted to deny funds for Public Assistance Projects and further delay the recovery. Currently, we estimate that 45 infrastructure projects, including schools, have been de-obligated because of the DFIRM map issue, totaling a number of about $258 million.

I do want to say this, Chairwoman. I do appreciate the partnership we have had and the progress we have made with FEMA. I have met numerous times with Dave Garratt, the Acting Administrator, and Jim Stark, our Regional Transition Office Director down in Louisiana, and I do appreciate them.

We have attempted, since I have been here in January of 2008, to quantify our issues with FEMA and sit across the table and work through them.

But, as you know and as you hear from many, many, many applicants in Louisiana, there is an amazing amount of frustration on their part by the de-obligations that have occurred after universities, after local governments have gone out and spent money on projects just to have them de-obligated and, obviously, the frustration with the gap in funding between $1.5 billion and $2 billion to move those 4,000 project worksheets forward.

Thank you, Chairwoman. I look forward to your questions.

Ms. NORTON. Thank you, Mr. Rainwater.

I am going to begin asking questions. Many Members do want to come back and vote.

I was interested, Mr. Garratt, although your testimony is joint with Mr. Stark and although the Disaster Directorate has the most hands-on, presumably, experience in how to manage recovery, that you chose not to speak to this issue. Would you like to speak to it?

I mean that is what you were before you became the Acting Administrator. Isn't that the case?

Mr. GARRATT. Acting Deputy Administrator, ma'am, yes, I was the Deputy Assistant or am the Deputy Assistant Administrator for Disaster Assistance.

Ms. NORTON. Well, perhaps you can begin by telling us what you have done, what steps FEMA has taken in light of the more than $3 billion in projects that are held up in the State? What steps have you taken or are you taking to, in fact, allow those projects to proceed?

Mr. GARRATT. I will be happy to address that, Madam Chair.

I paid very close attention to your opening remarks, and you mentioned several times the absence of a solution to deal with this backlog of Public Assistance Projects. You indicated that there was no excuse for the inability to come up with a way to resolve these outstanding issues.

And I would in fact argue that there is a system and has been a system in place for many years for resolving Public Assistance issues. We call that our multilevel appeal process, and that multilevel appeal process is designed to, once and for all and authoritatively, resolve these issues so that they can move forward.

Right now, even though there are some thousand or more projects that are said to be languishing in a state of limbo out there, we only have 31 appeals that are actually in our system that we are adjudicating right now.

Ms. NORTON. Mr. Garratt, in light of the billions of dollars stalled in the State, would you agree that that multilevel appeals process is not effective today to handle the major disaster issues in Louisiana?

Mr. GARRATT. By now means, Madam Chair. I would say, in fact, it has been extraordinarily successful when it is actually used. In fact, for the Gulf Coast States, for those appeals that have gone through our process, the appellants have enjoyed a nearly 40 percent approval rate on appeals that have gone through the process.

Ms. NORTON. So all we need to do is people who have some money waiting for them to simply file some papers.

Mr. Rainwater, would you agree that the appeals process is effective in dealing with this money and that the present process is sufficient to the challenge?

Mr. RAINWATER. Chairwoman, thank you for your question.

We worked very closely with FEMA to revamp the appeals process, and we appreciate their willingness to do that.

The problem is that sometimes there is a lack of a decision to even get to an appeal, and that is where the dispute comes in. When you have numerous projects, worksheets that you are reversioning or looking at the estimated cost of, and you can never,

you go back and forth in a process that never even gets you to a point where you are ready to appeal.

Ms. NORTON. Mr. Garratt, you have seen this yo-yo process. Have you ever questioned in your mind why so few of the issues get to the point of appeal?

Has anybody in FEMA even considered another way to deal with this or begun to develop any new approaches in light of the large amount of money?

Mr. Garratt and, for that matter, Mr. Stark, are you simply willing to let the amounts of money continue to pile up, now at more than $3 billion, until somebody in Louisiana gets his act together and appeals? Do you really think that is the problem, that is the source of the problem?

Mr. GARRATT. Madam Chair, the source of the problem is that both FEMA and the State, on a number of very complicated, very complex Public Assistance Project issues have honest disagreements about what is and what is not eligible.

Ms. NORTON. Let's stop right there because that I accept. That, I truly accept, that the government and the State would have disagreements. I would expect the State to want more, and you are supposed to be a good soldier with the government's funds.

When you see impasse after impasse develop, do you think that the congressional mandate to proceed with these projects is in fact being recognized? I mean how many?

Let me ask you because you seem to say your answer—Mr. Stark, is it your answer as well? I don't want to leave this only to Mr. Garratt.

But it is your answer that until, because I want to hear this, until somehow the State of Louisiana finds a way to proceed even though there are differences that need to be worked out before you can appeal, is it your view that the present system is in fact sufficient to meet the challenge raised by the more than $3 billion outstanding that is hung up?

Mr. GARRATT. If what you are referring to, Madam Chair, is the recent legislation that required the establishment of an arbitration panel.

Ms. NORTON. I certainly am not. In fact, I made clear in my own testimony. As a lawyer, I can understand some of the issues involved there.

We have to set up. The President has to set up a set of people to arbitrate, and I indicated to you that I am working on something to resolve that. But in order to resolve it, I have to get to what the problem is.

Now your testimony is inconsistent with Mr. Rainwater, and I wanted you all at the table because I would like to reconcile this. Is it your testimony that no new mechanism?

Leave aside binding arbitration. I believe that that is not the mechanism, and I don't even want to suggest what the mechanism is. I am looking for a mechanism.

So I am asking you, are you satisfied with the existing appeals process as the mechanism to resolve this $3.4 billion that is stalemated or, if you are not satisfied with it, do you have any suggestions that we should take under advisement before we mandate upon the Agency how to resolve it, because we really are open? We

are just flabbergasted. We are looking for ideas from those who are on the ground who have had to deal with this issue.

Now if you are in denial about it, that is why you have the Senator putting in binding arbitration. Although I see problems with that, the problem remains how you are going to deal with the $3.4 billion, and I am open. If you have a way to deal with it, then I want to hear it because I don't want to jump forward with a way from Washington if there is a way that you are working right now to solve this problem.

Mr. GARRATT. Madam Chair, over time, over many disasters, the Public Assistance appeals process has worked and worked very well.

It does take some time. Appellants have up to 60 days to submit an appeal. There is a 90-day period to review and adjudicate that on the first appeal level. Then they have an opportunity to re-appeal that.

Ms. NORTON. Mr. Garratt, I am going to take that as a yes, you are satisfied with the system because you are repeating.

Mr. GARRATT. Well, ma'am, if you don't mind.

Ms. NORTON. I mean Mr. Rainwater said—and you are not even speaking to the issue he raised—before you even get to the appeals, which is why he says there have been so few, there are certain steps that have to be taken, certain agreements that have to be made and he said they have not been made. Could you speak to that?

Mr. GARRATT. Madam Chair, the appeals process works. It may not work fast enough for everyone who is interested in a very quick decision. It is not designed to provide a very quick decision. It is designed to provided thoughtful, deliberate review of those appeals and come back with the right decision if that system is used, and any Public Assistance conflict in the field can be appealed at anytime.

Ms. NORTON. Look, thank you, Mr. Garratt.

Is that your answer, Mr. Stark? Let me let you respond before I go to Mr. Rainwater.

Mr. STARK. Yes. Thank you, Madam Chairwoman. I agree with Mr. Garratt on his description of the appeal process.

What we try to do, however, prior to having to go to appeal, is to set up a process where we could resolve disputes having to do with scope alignments and cost estimating. We did that at the request of the State a little over a year ago in full recognition that in many cases some of our project worksheets were undervalued. There are some real good reasons for that, but regardless, if a project worksheet was undervalued, we needed to get to the right amount of money regarding the eligible work, the cost estimate and the scope of work, the scope of the contract to complete that eligible work.

Unfortunately, what we haven't come to is a collaborative way to sit down at the table across from each other and work that out.

What we have done is come up with our estimates, and we send them over to Mr. Rainwater and his staff, and his engineers look at them and then send them back over to us.

My proposal is that we sit down with a group of technical experts—in fact, Paul and I came up with this together—technical

and policy experts to go through a prioritized listing and get through the 4,000, the 1,500, the 2,000, whatever the number may be quickly.

Now let me also explain a little bit.

Ms. NORTON. Have you done any of that?

Mr. STARK. We have not.

Ms. NORTON. Excuse me?

Mr. STARK. We have not done that as of yet.

Ms. NORTON. I appreciate, Mr. Stark, that you at least have answered my question. I wasn't asking to be educated on the appeal process. I was asking why the decision itself, which would have to be appealed, was stalled.

Mr. Rainwater, you heard both Mr. Stark and Mr. Garratt, and therefore I would like you now to respond to whether you think what Mr. Stark is suggesting is a viable way to move these, whether you agree with Mr. Garratt that the appeal process after all is a deliberative, thoughtful process. So what in the world do you expect? There are going to be delays.

I mean I am a lawyer. I am used to delays in the process.

So that is his answer.

What is your answer?

Mr. RAINWATER. Chairwoman, if you bear with me just for a second, what I would like to do is go back and give you an example.

I mean we have spent a lot of time in the State looking at our own processes, and one of those processes that we admitted early on that we had systemic issues with was our Road Home Program. Basically, it had a dispute resolution process, and it had an appeals process. We recognized at the State that the dispute resolution process was not working because you end up in an negotiation with a homeowner back and forth to a point where you could get nowhere.

I got rid of the dispute resolution process, and I set up two appeals processes. I set up an appeals process at the contractor level with our contractor and then a State appeals process.

And I also increased staff. Recognizing the large nature of what we were dealing with in our Road Home Program, we needed additional employees on staff and increase the number of decision-makers and decentralize it to a point where people could make decisions.

What I have told the Federal Emergency Management Agency, Mr. Garratt and Mr. Stark and other senior leaders at FEMA and Homeland Security is that you have to look at the large, the scale of this disaster and the systems that we have designed, although they work great.

I was an emergency manager back in the nineties, and I worked a flood in Lake Charles, Louisiana, where 50 homes were damaged. The Stafford Act works great there, and the processes work great, and FEMA works great in that particular situation.

But this is so large and complex. What we have asked for is a system that looks very different than what we have right now because it is moving too slow, not at any fault of the people that are involved, but the design of the system and the design of the process itself just doesn't work.

Ms. NORTON. The system you are talking about involved individual homeowners.

Mr. RAINWATER. Individual homeowners, 70,000 cases of individual homeowners that we worked through. Last year, we got out literally 33,000 grants last year and had 25 outreach, not just outreach, work sessions where I brought policy people and operational folks together in a room out in communities with computers, laptops, policy manuals, and we worked through issues.

Now not everybody is happy, obviously. As you know, Ms. Chairwoman, it is always difficult to work through some of those issues.

I have asked FEMA. Jim and I have talked about doing this same thing. Let's get our operational folks together, our policy folks together, and let's go out and work with the applicants, one on one, just like we did with homeowners. We are talking about a lot less, obviously. It is about 1,400 applicants.

Go out to a mayor or parish president. Go to Tulane University where they are having the fight. Go to SUNO and get our folks to create a tiger team of policy and operational people who can work through these issues, case by case by case, and let's set a time line and a goal for ourselves to get that done and answer back to Congress about what we have been able to accomplish.

Ms. NORTON. I don't know. I am going to ask Mr. Cao if he has any questions.

I can tell you this much. First of all, I absolutely applaud, Mr. Rainwater, your looking at the system and saying: Wait a minute. This doesn't work. I am in charge here. So why not try something else?

Really, that is my complaint with FEMA, and I am not sure why that hasn't. They have looked at you have done and have approved it. I don't know why something that might fit this could not have been also developed.

But I warn you that with binding arbitration already in the bill, this is not something we would have ourselves done, but we may be well past the time. There has been a loss of confidence.

When the money gets that high and we are sending money out to the States, I am not sure we would have needed to send any money to Louisiana or certainly not very much.

I am not sure that you would have agreement on the part of the Senate and, frankly, if it hadn't been started yet, I don't have much confidence based on the past record that somehow or the other there is going to be a system worked out that the Federal Government, namely FEMA, would agree.

Mr. Cao.

Mr. CAO. Thank you, Madam Chairwoman.

I was wondering whether or not you can continue with the questioning for me to allow me to go vote, and I will be right back?

Ms. NORTON. Was it again a vote?

Mr. CAO. Yes. There are two more series of votes. They are five-minute votes, each.

Ms. NORTON. We certainly would want you to have the opportunity, so not to worry.

We are in a little dialogue here. If I sound spirited, I am not angry. I am looking for a solution. I have to say, the amount hits me in the face hard.

Let me get down to some of the details. Let's take the estimates provided by the State for Charity Hospital where the analysis was provided by RSMeans, an estimator that apparently FEMA relies on often. Why did you, Mr. Garratt or Mr. Stark, you, FEMA, refuse to accept that estimate this time?

Mr. STARK. Madam Chairwoman, we did look closely at the RSMeans estimates. We also looked at reports provided by the State of Louisiana regarding the condition of Charity Hospital both before and after the storm.

Ms. NORTON. Could I just stop you? Mr. Rainwater, would you have accepted the RSMeans estimate?

Mr. RAINWATER. Yes, ma'am. When we got here in January of last year, one of the things that the Governor and I decided we would do in working with LSU is to make sure that we had two good estimates. We had two done. One by RSMeans and one by Butch and Knievel, we accepted.

In fact, we have had three studies done, three separate, independent studies done on Charity Hospital by engineers and architects that basically show us that the damage is beyond 50 percent.

Ms. NORTON. As I say, I am trying to figure out. Okay. Louisiana would have accepted it, your guy. You don't accept it. Why?

Mr. STARK. We don't because it is not estimating the scope of work to repair eligible storm-related damages. The estimates provided by RSMeans were to bring the hospital back to a level that it wasn't at before the storm and to repair other damages that weren't storm-related.

Ms. NORTON. Well, just a moment. You told them what to do.

Mr. STARK. No. No, we did not. Our estimates are the one we accept. We did not tell them to do that estimate the way they did.

Ms. NORTON. So you didn't tell RSMeans. They were just looking at the overall damage?

Mr. STARK. That is our position, yes, ma'am.

Ms. NORTON. But if they are your estimator.

Mr. STARK. Well, anyone can estimate a scope of work once you tell them what that scope of work is.

Ms. NORTON. But don't you use them to estimate what the scope of damage is?

I mean isn't that the whole point? Am I missing something here?

Mr. STARK. I believe so, Madam Chairwoman, respectfully. I think the point is we have asked our estimators to estimate what it would cost to fix a certain scope of work, and that is the eligible storm-related damages.

Ms. NORTON. Let me stop you. Did you ask RSMeans to do that estimate?

Mr. STARK. I am not sure if we used RSMeans for the initial estimate. I would have to check with that.

Ms. NORTON. Well, what is the point of RSMeans then?

Mr. STARK. That is one of the estimators we use in a variety of projects. The State, I think they are right in doing this. Bringing up, bringing in an estimator whom we work with often and respect and understand is the right move, but I think they brought them a different package to estimate.

Ms. NORTON. Okay. So if you have different estimates and grown-up people here, how do you resolve that?

Mr. STARK. Well, we are at the point now where we have looked through the three reports, one of which, by the way, recognized $158 million of pre-storm repairs that needed to be made to the hospital to bring it back to standards.

We have looked at those reports, looked at those estimates, looked at our several walk-throughs of the building with our engineers and came up with the estimates that we have finally written in a project worksheet and presented to the State. That is the $150 million number that is now on the table.

Ms. NORTON. Mr. Rainwater, what is the status then with the State?

Mr. RAINWATER. Chairwoman, right now, I mean obviously we are working through our appeals.

I mean there are a couple things I think. When we sat down and talked about, and literally what I have tried to do in each one of these programs that we run—there are about 26 of them—is look at it and say, and the Public Assistance Program obviously is one and it is large, and look at it and say, okay, is there something wrong with what we are doing?

So we hired RSMeans because we thought to ourselves, and I think it was logical, that this is the same estimator that the Federal Government uses to estimate damages and expenses in repairing a building. And so, we hired RSMeans, and then we hired another firm, Butch and Knievel to make sure that we had some sort of checks and balances in the system.

We try to be very reasonable about the way we approach these issues, and we try not to be combative about it. We just want to provide information and do what is best for the State of Louisiana and the citizens of New Orleans in rebuilding Charity.

So we hired RSMeans to take a look. They came back with the $492 million number.

We are going to appeal the number. We don't agree with the Federal Emergency Management Agency's review of the estimations themselves. It brings up issues, for example, the failure to protect the facility after the storm. As many people know, the city was in disarray at the time and we were hit by two storms within three weeks, Katrina and Rita.

Now FEMA did provide $20 million to the State of Louisiana to help them protect, to help us protect the facility, but that wasn't done until about six months later. So we had cash flow issues.

There was damage caused by the storm that FEMA believes was deferred maintenance. Obviously, we disagree because LSU sent its facility plan and control folks into the building itself to look at it and saw mold and mildew building up in the system weeks after the storm had occurred.

So we disagree with their assessment, and we are going to work through the formal appeals process. We are establishing the appeal in such a way that if we lose the appeal, LSU has said and our Office of Facility Planning and Control has said that we will go to court over the issue because it is a huge issue to the City of New Orleans and the rebuilding of the health care system in New Orleans itself.

Ms. NORTON. Precisely. See, I would expect that almost always, perhaps not always, but almost always the State and FEMA would

disagree. When it comes to real money, there is going to be disagreement.

Then the State is going to have to decide whether to appeal. Sometimes it will appeal, and sometimes it won't.

I am concerned with the initial stage since I have been convinced by what you have said that the appeal process is okay, but something else must be wrong.

Let me ask you, Mr. Garratt and Mr. Stark, was Charity Hospital more than 50 percent damaged by the storms?

Mr. STARK. In our estimation, the answer is no.

Ms. NORTON. Mr. Rainwater, that is where the difference lies then, I take it.

Mr. RAINWATER. Yes, Chairwoman, that is where the difference lies.

Ms. NORTON. But this one is ready for appeal.

Mr. RAINWATER. Yes, ma'am, but it took us and it is an example because it took us three and a half years to get there.

Ms. NORTON. Yes, and it is a hospital.

Mr. RAINWATER. Yes, ma'am.

Ms. NORTON. Oh, heaven's help, it is a hospital, and that is what our concern is. You notice I am not asking as many questions about what appears to be going better, homes, even though there is a bureaucracy there.

I am concerned about the basic infrastructure of the city, and I am concerned about another storm, frankly, and being caught with sewers and the like unstarted because of these appeals. There will be no patience in the Country for that, and that is why I am looking for a mechanism for an initial decision.

I think the appeals, how long do they take, Mr. Garratt? How long does it? How would you estimate that an appeal itself would take?

Mr. GARRATT. I would say if it goes through both appeal levels, it will take approximately six months, maybe a little longer.

Ms. NORTON. Now, see, that doesn't bother me. Maybe it is because I am a lawyer, but it doesn't bother me in large part because of what Mr. Rainwater said, the nature of the beast you are dealing with, the largest storm and the most complicated recovery in the history of our Country.

But how long has it been? We are at the stage. Is it the beginning stage of appeal?

All right. How long did it take us? When did this start?

Mr. RAINWATER. Chairwoman, if I could, when we got here. Actually, it started right after the storm.

When we got here in January of 2008, the Governor and I sat down and said, okay, what are our priorities? And, obviously, Charity Hospital was the number one priority for the recovery.

Then we said, okay, so are we right in the fact? Do we believe it was actually 50 percent damaged or not?

So we sat down with our FEMA counterparts. They obviously disagreed.

So we said, let's have two studies done. We had the two studies done. We presented the studies. It has taken us a year.

In December of last year, Deputy Secretary Paul Schneider with Homeland Security, Chief Operating Officer Admiral Harvey John-

son, Director Jim Stark at the Transitional Recovery Office and General Doug O'Dell came to the Governor's office with myself and our Health and Hospitals Secretary, Alan Levine, and sat down and presented us the $150 million Public Assistance Project. It took almost three years to get to that point where you got to the 150, obviously, a sort of the settlement offer if you use that term loosely. Here is what we can pay for.

And so now, we are in the process of writing our appeal to that project worksheet that they presented to us which, by the way——

Ms. NORTON. Who? Let's talk about who is in charge of that appeal.

Mr. RAINWATER. Right now, the State of Louisiana is working that appeal.

Ms. NORTON. Now who makes the decision?

Mr. RAINWATER. With the State of Louisiana?

Ms. NORTON. No. Who is the decision-maker? Is there any conflict of interest in that system?

Mr. GARRATT. The first appeal will go to the regional administrator, in this case in Denton, Texas at Region 6.

The second appeal comes up to FEMA headquarters and is resolved by the Assistant Administration for Disaster Assistance.

Ms. NORTON. Now you say 40 percent of these appeals are, in fact, won?

Mr. GARRATT. I am saying, thus far, for the appeals that have been submitted for Mississippi and Louisiana, the number I think is over 40 percent have been resolved either in whole or in part in favor of the appellant.

Ms. NORTON. Do they then get, as is often the case in court, one of the most wasteful things we do in the litigation system is we let everybody go through trial and then after everybody has spent everybody's money, then we resolve the case as it is about to go to decision? Is that what happens in this appeals process?

Mr. Rainwater or Mr. Garratt or Mr. Stark, was there a decision by the decision-maker because apparently it came out okay?

Or let me ask Mr. Rainwater. I don't expect the State not to want as much money as it can, but Mr. Garratt characterizes these appeals producing a satisfactory result. Would you agree with that?

Mr. RAINWATER. Yes, Chairwoman. I mean the State has.

I mean we look at the appeal first, and we don't send up appeals that we don't think have merit. Not all appeals are afforded by the State of Louisiana. We go back to local applicants, and we tell them that your appeal doesn't really have any basis.

Ms. NORTON. Are you satisfied enough that you agree with that 40 percent?

Mr. RAINWATER. Yes, ma'am, so far. Yes, ma'am.

Ms. NORTON. So it looks like there is a mechanism, and it looks like FEMA does have. I am just basing this on your testimony, even though it is within the Agency as you might expect, that the system is not inherently unfair.

Were these decisions on the merits or were these decisions of the kind I just indicated where essentially the parties get together at the point of decision and essentially resolve the matter by coming to some kind of compromise?

Mr. RAINWATER. Chairwoman, these were appeals that went up through the process. Some of those appeals, I don't know what the numbers, but we actually have the ability to do an oral appeal now which is one of the things that we worked on in February of last year, and we just felt that.

Ms. NORTON. Excellent. Is that because some things are fairly small? How could you do an oral appeal?

Mr. RAINWATER. Chairwoman, what happens is, I mean, some of those things are so important to a mayor or a parish president or a university president that we felt like it was important that they be afforded the opportunity to either come down, either have the FEMA official come to Louisiana or the State or local official come to Washington, D.C. to make that appeal in front of someone, to bring their case.

And so, we think it has worked very well. The applicants are very happy. They feel like there is some transparency there where an applicant can argue their case in front of someone, so they know who that decision-maker is.

As you know, being an attorney, I mean, you want to be able to argue in front of a judge. And so, that is what we heard from our applicants.

Ms. NORTON. Are most of these resolved at the local level or do you have to go all the way up to the Supreme Court, as it were?

Mr. GARRATT. Ma'am, once it is in the appeal process, then an appeal will be rendered or an appeal decision will be rendered on that. So I am not aware that most of these are resolved before the appeal is ruled on. However, there are instances throughout the Nation where final appeals are, in fact, litigated afterwards.

Ms. NORTON. Mr. Rainwater, in your testimony, you mention setting up a streamlined appeals process. Did FEMA endorse the idea of a streamlined process? Did they participate in setting up such a process?

Mr. RAINWATER. Chairwoman, we haven't gotten to that point of the streamlined process. That is one of the things that I mentioned earlier about the scale of this and presentations to prior senior FEMA leadership in trying to provide and make sure that the Transitional Recovery Office and everyone up and down the chain has the information.

Ms. NORTON. So by streamlined process, you mean what, Mr. Rainwater? What would be different?

Mr. RAINWATER. A process a little bit more robust. A bigger pipe, you might say, to take on more appeals.

But remember, ma'am.

Ms. NORTON. You mean like more staff for the appeal?

Mr. RAINWATER. More staff, yes, ma'am.

But remember the challenge really is at that dispute area in trying to get the decisions.

Ms. NORTON. I am not going to forget that, despite Mr. Garratt trying to change the subject on me to focus on something that, I am very pleased to say, works.

And, by the way, while we have been very tough on FEMA, I ought to say and I do want to say this for the record the point of a hearing, in my judgment, is to solve outstanding problems. Frankly, if FEMA had brought this to us, and that is what I have

always urged them to do, we are willing to engage in that problem-solving process with you.

But I do want to put on the record that when Gustav began, I called Mr. Paulison who was then the Administrator. I said, this is it, Mr. Paulison. Are these people going to be evacuated? Can you assure me?

It was over a holiday. I had to find him through some contorted mechanism. Are these people going to be rescued or are we in for another Katrina?

And he assured me that every living soul would be rescued.

And guess what. The rescue, the evacuation in Texas, we have not had lots of complaints about. As we evaluate the Agency, nothing could be more important than the fact that these people got out as they did not in Louisiana. That shows improvement as far as we are concerned.

I am sorry Mr. Paulison isn't here to be congratulated, but he knows how pleased we were at that.

That was a very big marker. The reason I count it as a big gain for FEMA is that Gustav and Ike weren't planned. That was another very major storm, and it looks like the folks got out. We had some problems in Texas we will hear about, but the major problem that the whole Country judged FEMA by was in fact basically cured, it would appear, in Texas.

All I am trying to do with the appeals process, Mr. Garratt, is to not tackle with what may work and only with, as Mr. Rainwater keeps leading us back to, what apparently is responsible for the holdup of the $3 billion funds.

Let me ask you this, Mr. Rainwater. Do you believe that the holdup of the money basically is in Washington or do you think the holdup is really on the ground?

Mr. RAINWATER. Chairwoman, if I could answer that by going back to the response because I think there are similarities here.

I worked in the evacuation of the City of New Orleans during Hurricane Katrina, Rita, Ike and then Gustav. The Governor deployed me. When I am not doing recovery work, I am a Lieutenant Colonel in the Guard, and the Governor embedded me with Mayor Nagin and his staff for 14 days. What we all recognized is that we needed to do things differently, and so he gave me operational authority on the ground in working with the city and working directly with FEMA National and Region 6.

Region 6 brought its folks over, embedded it in the Governor's Unified Command. I was embedded with Mayor Nagin. We were able to make decisions. At Union Passenger Terminal, we evacuated almost 18,000 people, and we did that by making tough decisions on the ground, quickly.

My point is this. If you take the response and then you overlay it over the recovery, you are almost in the same situation. We have to look at the recovery, this recovery—Katrina, Rita, Ike, Gustav—differently than we have done other recoveries because the scale and complexity of it is just different and it needs a different set. Sort of, look through it with different glasses basically.

Just as we did, we thanked FEMA for their strong response to Gustav and Ike. We had a good partnership. Mr. Stark and I were

able to work through some issues very quickly on the recovery side because he was engaged as well from the response side.

And so, coming out of that, what we said is that: Look, let's renew our partnership. Let's get together on these sorts of issues.

Very frankly, what we feel like is that we have been bogged down in these sort of discretionary policy decisions. The Stafford Act, I mean in a catastrophic event, it is very difficult to work through just because of the processes themselves, but it does give discretion to the regional administrators to work through issues.

And so, our point is this, and we have shared this with Secretary Napolitano's Chief of Staff, Jan Lesher, and others, and I have spoken to this with Jim and Mr. Garratt, and that is if you have a Transitional Recovery Office, then let the Transitional Recovery Office make the decisions and only allow for the most egregious issues with the State. If the State of Louisiana, if you think I am trying to get over on you, then take it to Washington but not every decision.

Ms. NORTON. Yes, it looks like the stumbling block may be in Washington. You have to let people do what they do best.

Mr. Garratt and Mr. Stark, I congratulated Mr. Paulison, but I am well aware that you deserve part of that congratulations and, as Mr. Rainwater just indicated, for what happened in Louisiana as well as Texas.

Now that he is back from voting, I am going to be voting anytime. Soon, I hope. But meanwhile, we were able to keep the hearing going.

I do want to say before I pass over to Mr. Cao, who is on the ground and I am sure will have truly pertinent questions, that what you have said, the theme of your testimony, Mr. Rainwater, is the theme of the post-Katrina laws we passed. Congress looked at Katrina and passed post-Katrina legislation, one piece of legislation not yet passed in the Senate. It had as its thesis: Katrina was so different that we will amend the Stafford Act with Katrina alone.

The reason we did that was that FEMA didn't move. We thought FEMA had the authority to move, but just to make sure they understood we passed these laws.

The whole theory here, both of the laws that include everyone and especially the laws that exempted, that took on Gulf Coast alone, was that this is one of a kind at least for the time being. Everybody else, get back. We are going to allow FEMA to operate in this way. It came out of testimony from the Members who begged for short cuts, who even at that point were telling us that the money wasn't being spent.

So if you hear me pulling my hair out, it is because even legislation seems not to have resolved that.

I am going to ask my good colleague from Louisiana to indicate his questions.

Mr. CAO. Thank you, Madam Chair.

Mr. Jim Stark, Mr. Garratt, if I receive one complaint from the State, I might have issues concerning whether or not reasonable people can disagree. But when I receive complaints from the State, from the Archdiocese of New Orleans, from Tulane, from SUNO, from almost every agency that I have encountered, the City of New

Orleans, there is an issue here with respect to how the offices function down there in Louisiana.

And in recent days, I have become aware of some serious problems in the TRO office in Louisiana, in New Orleans, more specifically. My staff and I are investigating these claims as is CBS News which is due to air a preliminary segment in tonight's news.

These problems that we uncovered concern whether: Number one, the number of staff in the TRO office is adequate. Two, there are significant claims of equal employment opportunity abuses. Three, sexual harassment. Four, discrimination. Five, nepotism. Six, cronyism. Seven, ethics violations.

Can you explain to me some of these problems, Mr. Stark or Mr. Garratt?

Mr. STARK. Congressman Cao, first, let me thank you for your visit last week. I was very pleased. Even though we have invited Members to visit our office, you are the first to come, and I thank you for stopping by to talk with our people.

The problems that you just enumerated came to light last week, and we have immediately responded by bringing down a climate assessment team from Washington to take a look at those serious allegations, which I personally am very concerned about.

I am concerned about every one of our employees at the TRO in Louisiana. I am concerned about their well being. These are employees who live in Louisiana. They are helping their neighbors recover, and they need to be treated with respect and be taken care of.

Each one of those allegations that you brought up is being investigated fully. We look forward to the response from the climate assessment team that just went down there.

Mr. CAO. Now after speaking to some of your employees, they have conveyed to me that the FEMA office has basically lost its focus in rebuilding, that somehow senior staff members are just out for themselves.

And speaking to other employees, they are telling me that they are very, very unhappy down there and that the office is run out of fear rather than to address the needs of the people.

What has happened to cause your office to lose its focus, Mr. Stark?

Mr. STARK. I don't agree with that statement that our office has lost its focus. Our office is focused on partnering with the State and the local governments to rebuild the State, and I don't agree with that statement.

As I said, the climate assessment team is there to find out what the climate, the work employment climate is with our people, and we will take necessary steps to correct it.

Mr. CAO. I agree with Madam Chair that there are discrepancies in testimony between you and between Mr. Rainwater.

And I also sense the same discrepancy when I speak with you where I am not sure whether or not there are misrepresentations or what have you. But you are telling me that the State is not reaching out. The State is telling me that you are not reaching out. The city is telling me that you are not reaching or your office is not reaching out.

So who is not communicating to one another? Is it your office that is not communicating with the State and the city or is it the State and the city that are not communicating with your office?

Mr. STARK. As I said in my testimony, Congressman Cao, I feel that the way to resolve these issues is a collaborative process, and, quite frankly, we have not always had that collaborative process.

In dealing with some applicants, we have been denied access to facilities that we needed to get into to make certain estimates on damage, damage repairs and estimates of disaster-related damages. We are working through that with the State and with the individual applicants. We have tried to reset or recalibrate our focus on that.

I think as we work through the very specific project by project disagreements in collaboration rather than, as I said before, we come in with our position and throw it over to the State, and then months later they come back, and months later we come back. We need to sit down now and solve these hard problems. All the easy ones are solved.

Mr. CAO. Now you just told me that some of these problems came to the surface within the past week. There are allegations of sexual harassment that has been going on for almost a year. So, how can you tell me that these problems only surfaced within the past week?

Mr. GARRATT. Let me just in here, if you don't mind, Mr. Stark.

About a week and a half ago, we at headquarters were notified by the Director of our EEO office, Pauline Campbell, that she had received word that there was an uptick in issues at the TRO in terms of equal opportunity issues.

We asked her at that time to investigate that. We asked her to form a tiger team, to send that team down there immediately to essentially do what Mr. Stark described which is a climate assessment. Let's go down there and get some feedback on whether such conditions exist and whether we need to do a more robust and thorough investigation.

Well, that climate assessment team is still down there. They have been down there for a week and a half. They have been doing a number of interviews. And the purpose of that team is to come back and inform the leadership of FEMA what the status is down there and make recommendations on what we need to do next.

We take this very seriously, and we are planning to tackle that.

In terms of specific allegations of sexual harassment against any employees, those exist throughout FEMA. We process a large number of EEO complaints and other complaints throughout the FEMA body throughout the course of a year. They certainly exist in the TRO. Those are always investigated, and they are always investigated quickly through our standard existing EEO process.

So if there are any sexual or allegations of sexual harassment anywhere in FEMA, rest assured that the EEO architecture is investigating them. When the report comes back on those investigations, action as required will be taken to deal with it.

Mr. CAO. Mr. Garratt and Mr. Stark, I hold in my hand here a detailed description of the Charity assessment which is around 18 pages. The property is valuated at $490 million. My house is valuated at approximately $350,000. It was damaged by flood and wind,

similar to Charity Hospital, because of Katrina. And I can tell you that my insurance adjuster provided me with a thicker adjustment than what I am holding here.

Now this adjustment shows $129 million in damages. Yet, your statement says that the Stafford Act does not allow FEMA to compensate for damages not caused, not related to disasters. Yet, in the process of dealing with settlements with the State, you offer $150 million to the State while these documents only show $129 million.

It seems to me that there is certain discretionary decisions can be made with respect to the Stafford Act. So why is this insistence on the inflexibility on the limitations of the Stafford Act when you, yourself, are making decisions contrary to what the Act is doing or is saying?

Mr. GARRATT. In terms of the decision that was made regarding the $150 million, FEMA had identified some number of damages that they had determined were related to the disaster, directly related to the disaster.

There was some number of other damages that were the result of or could have been the result of or, in the estimation of FEMA, were the result of failure to properly secure that facility and prevent additional damage from occurring following the disaster.

FEMA program staff looked at the information and made a determination that X amount of this was within that preventable category and should not be reimbursed and X amount of that could potentially have been unpreventable. It was a subjective call. It was made by DHS leadership.

They looked at the existing body of information related to that damage that was in that gray category in their estimation and made a judgment call that we are going to give the benefit of the doubt to the State on this particular damage, and that is how we got up to 150. They essentially gave the benefit of the doubt to the State on those damages.

Mr. CAO. I am sorry. What was your last statement? I am sorry. I didn't hear it because of the bell.

Mr. GARRATT. The determination to bump up the figure to $150 million resulted in a DHS leadership determination that a portion of the damages that we could not validate as being disaster-related could potentially be disaster-related and gave the benefit of the doubt to the State on whether they were or were not disaster-related.

Mr. CAO. So this really brings me to the question of allegations that decisions are being arbitrarily made with respect to damage evaluations, and it really asks me to question whether or not these decisions are being arbitrarily made.

There are a lot of recovery issues in the Second District, and I am not sure whether or not the problems are here with how you all operate, with respect to your staff, who is making decisions.

Let me ask you a question. Who makes the final PA decisions? Is it you or is it Mr. John Connolly?

Mr. STARK. Mr. John Connolly is the Public Assistance Officer. He usually makes those final decisions unless it comes to a point where—it is my actual signature, but I usually pass his decisions on as the Public Assistance Officer.

Mr. CAO. What qualifications does he have with respect to these decisions and how they are evaluated?

Mr. STARK. He has been a Public Assistance Officer in FEMA for, I believe, over 15 years.

Mr. GARRATT. Let me add onto that. We sent Mr. Connolly down to the Gulf Coast specifically because he is regarded as one of the premier Public Assistance experts in FEMA. He comes out of Region 3, out of Philadelphia, lots of experience, but he was sent down there specifically to replace the existing Public Assistance Officer at the time and to get that operation back on track from a Public Assistance perspective.

Mr. CAO. And can you tell me how many times has Philadelphia been damaged by a hurricane?

Mr. GARRATT. I can't tell you how many times Philadelphia has been damaged by a hurricane, but we can certainly, I think, provide you the probably large number of hurricane disasters that Mr. Connolly has responded to before he was sent down to Hurricane Katrina.

Ms. NORTON. Mr. Cao, I am going to hold this until you come back in any case so that Mr. Guthrie can get in some questions, and I know you all have to go to vote again. Why don't you do that? You then can run to vote and don't worry I have a lot of questions while you are gone.

Mr. CAO. Thank you very much.

Ms. NORTON. Mr. Guthrie.

Mr. GUTHRIE. Thank you, Madam Chairwoman.

First, let me just, if it is okay, have a point of privilege. My father just came in. He is up here to watch the speech last night, and he came in the back of the room. So I appreciate that he is able to be here.

So we are going from the Second District of Louisiana to the Second District of Kentucky, I guess I would say.

First, I just want to say Colonel Kadesch who is the FEMA officer or head of the effort down in Kentucky, I met him the other day. I think he is doing a great job. And the FEMA employees that I have been around have all been professional and have worked hard and have missed as much sleep as a lot of our local officials, working, as you will hear from Judge Logsdon shortly.

I guess a couple of questions. I was going to, hopefully, have Judge Logsdon speak first and then maybe ask some questions because I know what he is going to talk about.

One, just how do you work through this issue when Katrina was coming? I remember it. I remember Governor Barbour getting on TV, saying this is Camille. He said, don't say Cat 5. Say Camille, and people will understand it.

So I know you guys were working to get ready.

The ice storm, I know my wife was coming to D.C. when it hit and said, we have to get out of town because we have a storm coming. We didn't see it coming as bad as it was and the damage that it was until it hit.

So in order to get prepared and get people on the ground, how do you react?

What kind of procedures do you have, say we didn't see this coming—a tornado would be the same situation—and deploy assets quickly? Is there a way that you speed up the process in that?

That was some of the concerns, getting assets on the ground quickly. That was one of our issues, not that your employees weren't working hard, just getting in there in a quick way.

Mr. GARRATT. Happy to answer that.

By the way, I would like to also compliment the State of Kentucky. As you know, Acting Administrator Ward visited the State of Kentucky, and all of the reports that we have received from Mr. Kadesch and others indicate that your guys performed exceptionally well down there.

I think as you reported earlier in your remarks, as you began to characterize the nature and scope of the response and how well your citizenry and the elements of the response, how Kentucky responded to that, all reaffirmed by our own folks down there who think you did a fabulous job.

In terms of how we respond to a disaster, we have the ability to pull the trigger immediately on resources from any number of venues in the United States. We have logistics centers where we store products. We have teams that are ready to go at a moment's notice including Incident Management Assistance Teams who are on alert all the time.

Once we are aware of an incident and once we are aware of a potential incident, we have the ability to begin moving assets to deal with that, and we will either do that proactively because we make a determination that it is necessary to begin pushing assets there because we recognize that they are likely to be needed or we will do it if a State asks us to preposition those assets. Either way, we have the capability to move quickly.

So it will either be a unilateral determination or it will be in response to a request from the State.

Mr. GUTHRIE. And then one of the things I am sure we are going to hear from the Judge when he speaks is just generator capacity. I know we are going to do an after-action review and try to how can we do things better.

But our water systems, people were losing water and had boil water advisories because the water systems went down.

And I believe there were instances of generators coming in that weren't the right applicable generator for that facility. I think Colonel Kadesch has talked about doing an inventory. And then maybe some of the local people didn't have the ability to hook to the generators or coming and they didn't work. So I mean that is the concern, that how do we preposition our assets just in general in certain areas so when these unexpected kind of storms hit they are available.

Then just one other thing I am kind of tying to that because I know we are going to have to go vote, just contracting and flexibility. Maybe we hold you to that by statute. I am not sure.

But I know a road contractor talked to me. Matter of fact, Judge Logsdon kept calling to get backhoes, and they kept bringing backhoes. Then when you start looking at reimbursement for that, well, they were not an approved contractor. These guys were down there.

And I know people take advantage, and we have to protect the taxpayer dollar, but if there is some way we can have on the spot decisions to get assets in, the local assets to clear roads. Like I said, it took six days to get to one particular lady's home, and she lived way off the beaten path.

But if they can react quickly and just be more nimble, I think that is what we would like, I would like to hear, if there is something is we need to do here in order to make your job so you can act more quickly.

So I guess my questions are getting to just explaining getting assets in the right place at the right time and how you can bring local people who have the assets on board to FEMA in a quick way as well.

Mr. GARRATT. We are interested in both of those.

Let me tackle the last one first, and that is in terms of the ability to contract quickly for debris removal. We are very interested in the ability of States to be able to do that. We stood up a contractor registry to specifically identify those contractors who have the ability to do that in States across the United States.

If there are concerns about your ability to have preexisting contracts and whether they will support reimbursement, then we will be happy to work with you out of Region 4 to make sure contracts that any of your jurisdictions have set up in advance for any type of debris removal are valid contracts and will be supported through reimbursement.

Let me address the generator issue because we recognize that was an issue in Kentucky, and I think we both have a part to play in that, Kentucky and FEMA in that regard.

We package these generators in what we call 50 packs, and they are normally assorted sizes in those 50 packs. We can shoot those out quickly. We can get them somewhere, and we know that some number of those generators will meet your needs but maybe not all of those generators.

In this particular case, what we found was fewer of those generators in those 50 packs ended up meeting your needs than was ordinarily the case. And so, what we need to do is come up with a better way of packaging these generator packs or have the ability to immediately develop such generator packs based on what your actual needs are and send them to you so we are not in a situation where we have generators that we do not need.

What also would have helped was if we had complete full assessments of all of your critical facilities and knew exactly sort of generator was required and what would be needed to set that up. We didn't have that when we came in.

The Corps has recognized that, the Army Corps of Engineers. FEMA, we have that on our plate, and what we want to do is work with the State of Kentucky to fully assess all of those critical infrastructures and know exactly what the requirements are.

So, in the future, if we are faced with another situation like this, we are going to come in with the right generator, we are going to go right to the place where it needs to be installed and we are going to know exactly what is going to be required to get that installed. So that should eliminate the problems in the future.

Mr. GUTHRIE. Well, thank you. I know we are going to go vote, so I will be back shortly. But I do want reemphasize that every one of your employees that I dealt with was extremely professional, very caring, very hardworking, and I really appreciate their efforts.

We just need to make sure if we are hamstringing you to get assets in the right place or if there are better ways to plan as you just said with the generators. I am glad that you took note of that, and Colonel Kadesch has talked about what you are describing.

I just want to bring that out for the record. I appreciate that. People were going several weeks without power. So we were all getting kind of frustrated in working to try to help them.

But again I will close with I appreciate the effort of your employees on the ground.

Thank you.

Ms. NORTON. Thank you, Mr. Guthrie.

I want to clarify on the appeals process. How, if at all, is the Department of Homeland Security bureaucracy involved in the appeals process?

Mr. GARRATT. The appeals process takes place entirely within FEMA, ma'am.

Ms. NORTON. So it does involve anyone in DHS bureaucracy.

Mr. Rainwater?

Mr. RAINWATER. If I could, Chairwoman, what had happened with Charity Hospital is it got a lot of visibility in the prior administration, and there was some conversation about who was going to manage that. So Deputy Secretary Paul Schneider and Secretary Chertoff got with Secretary Leavitt in Health and Human Services and started to sort of devise a plan to kind of work with us in sort of a broader sense because we were looking at different ways to get to that $492 million. To their credit, I think they were trying, and Chief Operating Officer Harvey Johnson, Admiral Johnson, was trying to be creative about the way they approached this.

That is where Homeland Security was involved in that one issue, but they haven't been in involved in any of the appeals. From time to time, they will get involved in the dispute piece as we raise issues up like Charity and Tulane University and others, but typically the official system rests between the State and the Federal Emergency Management Agency.

Ms. NORTON. I guess they saw this, as you say, high profile Charity Hospital notion. So that is important to note that FEMA is it, and I will have more questions on that in a moment.

But let me try to get to the bottom of this valuing projects, this undervaluing as the State would say, valuing as FEMA would perhaps say because the Committee has heard, of course, repeated complaints about undervaluing projects.

Who does FEMA employ to do the estimates? How are they monitored, checked or somehow verified?

Mr. GARRATT. Ma'am, we employ contract firms that support us under our Public Assistance, Technical Assistance contracts. These are A&E firms, for the most part, employees who are engineers or are expert in the type of assessments and evaluations for the type of structure that they are responsible for assessing.

So, generally it is done by individuals who are practitioners in the field, but they are contractors.

Ms. NORTON. Now, Mr. Rainwater, do you believe that these professionals consistently undervalue the scope and estimates of projects any more than one might expect as to differences between FEMA and the State?

Mr. RAINWATER. Chairwoman, I have spent a lot of time talking with our architects and engineers at the State level.

Our Office of Facility Planning and Control is where the rebuilding of universities and other things takes places, and it is the largest Public Assistance applicant in the history of FEMA. It is run by an architect, and he will tell you that many, many times the folks that he is sitting across the table are not architects and engineers, and he relayed to me.

Ms. NORTON. Who are they?

Mr. RAINWATER. In this particular case, it was a person that understood the Public Assistance policy but didn't understand the engineering estimating piece.

Ms. NORTON. Excuse me. These are contractors?

Mr. RAINWATER. Yes, ma'am. In this particular case, I think it was or it was a temporary employee with FEMA. I think what they call a core employee, someone that is on for two or three years, and I don't want to speak to that.

Ms. NORTON. Well, wait a minute. I am talking about who does the technical work, this undervaluing of projects with the scope and estimate problem. Are you saying the contractor is not using experts like architects and engineers?

Mr. RAINWATER. Chairwoman, in our estimation, in some cases, that is not happening.

I mean, again, one of the issues. I am a liberal arts major. I am not an engineer and architect, but I do know that our Facility Planning and Control folks and the folks that local governments hire are engineers, architects who work with local governments quite often.

There was an incident just recently where our Facility Planning and Control, a certified architect, was having a conversation about estimates with someone who had a graduate degree in English.

Although I think it is great to have a graduate degree in English because I have graduate work in English myself, but I am not in any way qualified to sit across from an architect and engineer and debate about whether or not Charity Hospital or any other or a fire station or a police station should be built at a certain cost. I rely on the experts to do that.

And so, it has been something that we have worked through, and it raised as an issue that we needed more technical folks on the ground.

Ms. NORTON. I am going to have to allow Mr. Garratt and/or Mr. Stark to reply to this statement by Mr. Rainwater that it is possible to have a contractor of the Federal Government doing scope and estimate work who is not an architect, engineer or other similar expert. Is that the case?

Mr. STARK. Well, Madam Chairwoman, I am not sure that Mr. Rainwater said that. What I heard him say is that his chief architect or his head of FP&C was in a conversation with someone.

Ms. NORTON. Well, let's clarify. We are sitting here at the same table.

Mr. STARK. That is the first I have heard this.

Ms. NORTON. Okay, well, we are sitting here at the same table for a reason. I ask that instead of seriatim hearing witnesses, that they help us by sitting together.

Now would you clarify, Mr. Rainwater? Are you talking about somebody who your architect is talking to who is a contractor who is in charge of this issue and he is having to talk with this person who is not a technical expert?

Mr. RAINWATER. The Deputy Director of our Office of Homeland Security where our Public Assistance sits, who is a civil engineer, has told me on numerous occasions he has had conversations with people that were contractors who are not technical people. They might have experience in construction.

But I mean, again, Chairwoman, it is the narrow sense in which we are even having this conversation, that if our chief architect would even be having a conversation with a person about a technical issue who has a graduate degree in English, why isn't he talking to an engineer or an architect?

Ms. NORTON. Now, see, Mr. Stark, that is the question. So now you have clarified the question.

Mr. GARRATT. I also may have contributed to a misunderstanding here. What I said earlier was that we employ architecture and engineering firms to provide the personnel who make up our PA tech contracts. I did not necessarily mean to imply that every single person who is supporting these contracts is either an architect or an engineer.

What they are are experts. They are folks who have been hired by these firms and may have expertise in a lot of the unique subject areas, roads, bridges, for example. So they are hiring individuals. They may train the individuals, but they may not be an engineer or an architect.

Ms. NORTON. Well, why is the Federal Government paying money for people who are not technical experts that sit on the other side of people who are?

I mean after all you are having to contract. What is the advantage to the Federal Government in facing people who are experts with people who are not?

Mr. GARRATT. I am going to turn over to Jim here in terms of this specific instance, but I am not aware that this is a systemic problem at all.

Ms. NORTON. Well, he said, on numerous occasions. That is why. On an occasion, then we could ask you to correct.

But, Mr. Rainwater, you are saying? And repeat it so we have on the record what the testimony is, and we can get the response from the Agency.

Mr. RAINWATER. Chairwoman, I think it really is about consistency and making sure that the Federal agency has the right number of technical people involved in the Public Assistance process so that on a consistent nature, if we are going to be this narrow about it, that they are talking with our technical engineers, civil engineers and architects at the local and State level are talking to technical people when we get into conversations.

I understand that you are going to have Public Assistance policy contractors involved. I have no problem with that. We have our

own Public Assistance policy folks involved as well that are contract, and they help us work through the policy issues of Public Assistance. That is not what I am complaining about.

But when we get to a point where we are talking about the nuts and bolts of a building or the cost, then what I expect is an engineer to be talking to an engineer.

And if on my part, on the State's part, if I don't have a technical person or if I find out I don't have a technical person making that argument, then shame on me, and I will fix that very quickly.

Ms. NORTON. Well, I have to have a conversation with the appropriators because either FEMA has the technical experts in-house or FEMA is contracting with technical experts. Now my problem is whether we are wasting the government's money because it seems to me the State has an advantage, and it also has a reason not to agree with the contractor if the contractor doesn't look like he is somebody who has the technical background to make the decisions.

I see two problems there, and I think if the appropriators see it they will make the required correction to make sure that Federal money goes to people who are qualified to sit across from the State and local people and in no instance are using people who don't have the requisite qualifications.

Now you said, Mr. Garratt, you didn't think this happened very often. That is why I had Mr. Rainwater to indicate how frequent this was, and I see another structural problem. I don't understand why.

Why in the world, since you are paying these people, would you not look for people who will assure the government that they, that the contract will be handled exclusively by people with the requisite technical expertise as a part of the RPF and the awarding of the contract? Why would you not do that?

Mr. GARRATT. Madam Chair, I will still hew to the belief that by and large, 99.9 percent of the time, we have the right people in the right place dealing with and representing Public Assistance issues and functions when they are out in the field.

Are there going to be instances when someone is not available or we have a general Public Assistance person dealing with an expert? There certainly are going to be instances like that.

If, in fact, this is a systemic problem, we want to fix this as much as you want this fixed. I am not aware that that is the case. These sound to me like isolated cases, but we are certainly willing to look into this and see if this is more than an isolated problem and if, in fact, it represents more of a systemic issue.

Ms. NORTON. Well, I tell you, you didn't see any problems with the appeals process either, and I am about to ask a question on that, Mr. Garratt. I don't see any reason to defend a process simply because it is a process.

Now Mr. Rainwater didn't have any reason to bring this issue up, and I don't know how to resolve it except one way. Since you say 99 point whatever, 1 percent,, there is no problem, well, you will not mind appropriation language for that 1 percent that says: Under no circumstances may a contract be let to a contractor who cannot guarantee that the Federal Government's decisions are being made toe to toe, technical person to technical person.

They will have to devise the language, but since you say it happens and most of the time it is not a problem, I am sure you won't mind the language.

I am going to ask one question before I pass it back to Mr. Cao. I simply have to get your answer, Mr. Garratt or Mr. Stark, to the examples in Mr. Rainwater's testimony.

Remember, I am trying to find out if the appeals process works. If you think I am concerned about $3.4 billion outstanding just sitting there because nobody has found a way to make a decision, what is even worse, it seems to me, are at least some of his examples.

Explain to me a government process that you would stand behind that, for example, in the Recovery School District. I am looking at Page 8 and 9 of Mr. Rainwater's testimony. In the Recovery School District, of all places, a school district, they spent a million dollars on architectural engineering fees that were reversed after they spent the money. You said, okay and no okay.

Then you go on to the Vermilion Parish where you said, okay, go ahead and then no okay. De-obligated the entire amount, $3.4 million. De-obligated the entire amount, he says, leaving the fisheries and evacuation route unprotected for future hurricanes.

Or let's go to Westwego, approved, the full replacement of city hall and the city police station for approximately $7 million. Acting in good faith, they went ahead and did what you do when you get approval. FEMA later recanted their eligibility determination and de-obligated approximately $6.5 million.

I want to give you an opportunity to respond to these very specific examples of decisions made, money, in most of these cases, spent, going back to the locality or the State, saying: We recant. We were wrong. We are not giving you the money after all.

Explain yourselves.

Mr. GARRATT. I will let Mr. Stark talk about the specifics of the individual cases that you mentioned.

However, in terms of recanting, we make mistakes, Madam Chairman. We make mistakes when we are out in the field. When we are evaluating thousands and thousands of projects, we recognize that there is going to be opportunity for mistakes.

We have a multilevel review process for every project that comes into the field, and in fact it is the obligation of those who conduct that multilevel review to make sure that that project is, in fact appropriately scoped, that the work is eligible, and if they notice that there is a problem it is to identify that, and it is up to us then to rectify that problem.

We think that overall we do a pretty good job of scoping these.

Ms. NORTON. So that if there is a mistake on the part of the Federal Government, notice the number of mistakes here, who should eat it is the disaster area which didn't have any money in the first place, which is why they need it. They should somehow, even though on the good faith of the Federal Government they have gone ahead.

You are really saying you think that is a fair process, because after all we have a number of appeals. So what in the world are you saying?

Mr. GARRATT. Ma'am, what I am saying is that we have an obligation to look for and catch our own mistakes, and if we catch a mistake it is to rectify that mistake. Now in a situation where no——

Ms. NORTON. If you make a mistake, I am sorry. If you make a mistake, then you think that the burden should go entirely to the disaster area which has no money and not you to even deal with some of your own mistake?

You are here saying that in Louisiana where people don't have any money in the first place, which is why they have come to you, if you have made a mistake, the burden is on them because you have made a mistake and there is nothing that they should expect from you because you have made a mistake? Is that your testimony, Mr. Garratt?

Mr. GARRATT. What burden are you referring to, Madam Chair?

Ms. NORTON. I am talking about the burden of the people having started on the good faith decision of the Federal Government and then the Federal Government coming back after they started to spend money and saying, it is all wrong, we are not giving you the money.

Who should bear the burden of that mistake, Mr. Garratt?

Mr. GARRATT. I would agree with you that the Federal Government should bear the burden of a mistake when it makes one and it has a financial implication on those that they are supporting. I absolutely agree with you.

Ms. NORTON. Mr. Rainwater, these terrible examples, who bore the burden in these examples in your testimony?

Mr. RAINWATER. Chairwoman, the local school district. In that particular case, the Recovery School District I mean, for example, yes, ma'am. I mean it is the local government.

In some cases, we on the State level have taken some of the community development block grant money that you have provided to us and tried to fill gaps through what we call a FEMA Ineligible Pile which is about $270 million of disaster community development block grant to try to fill those gaps where it doesn't work.

If I could, Madam Chairwoman, I think this is where the Stafford Act doesn't work, and I don't think it is a fault of Mr. Garratt or Mr. Stark or some of the folks at FEMA.

I mean the Stafford Act I don't think ever saw the largest disaster in history coming at, and I don't think it is designed in a way to allow people. Obviously, there are folks on the ground from FEMA and others that are concerned that they are going to be held liable at some point in time for decisions that they make, and so I really think it is something that we need to look at.

Ms. NORTON. You know what, Mr. Rainwater? I have news for you. They could fix this right now. If I found myself making one mistake like this, reneging on the work, I would not blame it on the Stafford Act.

Let me tell you what I would do. I would look at my appeals process instead of coming before the Committee and saying there is nothing wrong with it because obviously this went upstairs some place and they turned around the people on the ground.

Since you can change your own appeals process, which you set up in the first place, I would begin to say: Wow, I must never do

this again. I must never do this to a school board. If I do so, I must at least try to find some way to compromise the difference.

So one thing I want to know is whether or not anybody at FEMA has thought of making appeals at the local level and asking headquarters to embed itself right there on the ground so that you would not have the complicated appeals process which looks more like a Federal appeals process.

I don't accept what you are saying, Mr. Rainwater. I understand it, but it is not as if this is an appeals process which we said you must use.

So I am asking you, Mr. Garratt. This appeals process that you think works so well, don't you think that there is something that could be done to bring headquarters there so we are not making an appeal to the Supreme Court and putting the burden on the people who are there to somehow rest on your mistake and error?

And if it is a problem, as Mr. Rainwater says, with perhaps the Stafford Act, don't you think somebody would have come to this Committee and said, oh, God help us because this is the process we are caught in?

I have received no such message. I didn't know about this outrage until this hearing. So I am trying to find out what can I at least do with the appeals process so that if headquarters of FEMA has to be involved, then would help?

Instead of going upstairs to Washington, to in fact have someone on the ground and say that person on the ground who is embedded, now we have let's say a streamlined appeals process. It is over and done with. That is final. You can proceed, Miss School District or infrastructure district and do it and not fear that the word of the Federal Government will be broken.

Could you not fix this appeals process by bringing people down to the ground?

Mr. GARRATT. Madam Chairman, I am not sure what part of the process you think would be fixed by doing that.

Ms. NORTON. The multi-tiered appeals process. I assume that this went up somewhere in the heavens and was turned around.

Mr. GARRATT. The point I am trying to make——

Ms. NORTON. If that is not the answer and you acknowledge this is unfair to the district, how would you fix it, sir?

Mr. GARRATT. First off, in terms of locating headquarters personnel down at the local level to adjudicate or be involved in adjudication of appeals, the actual adjudication process, making a decision is done following what is a tremendous amount of research into that appeal.

It is part of that validation and research effort. It is what we talk about, that thoughtful, deliberative review of what that appellant submits. It often involves pages and pages of documentation and pictures, and what is often required is that to adequately assess that appeal and the merits of that appeal we essentially need to go out and reinvestigate all the parts of that. Having someone down at the local level is not going to eliminate or speed that part up.

Ms. NORTON. Okay, Mr. Garratt. Once again, you don't have any solution. You like it the way it is. I don't. The Committee doesn't.

And again, you, yourself, can see that it is not very fair to go to people who have no money and say, well, there is nothing we can do about it because, after all, these appeals are 40 pages and it is our process.

See, that is the problem I am having here. Do you concede that you, yourself, could change the process or are you stuck with it?

Mr. GARRATT. Well, it is a process that is out of regulation. So in a sense that the regulation can be revised, yes, ma'am, I would say we are stuck with the process that is proven to work over the years.

Ms. NORTON. Well, Mr. Garratt, I am going to let you rest on that, given the fact that you apparently accept the notion that since it is an appeals process that works as far as you are concerned, there is nothing can be done, leaving localities holding the bag that way.

And guess what. When we get that kind of testimony——

Mr. GARRATT. The process works, Madam Chair, when it is used.

Ms. NORTON. Sorry?

Mr. GARRATT. I want to make the point that when the appeals process is used it works. If it is not used, it doesn't have an opportunity to work.

Ms. NORTON. Well, so the reason for this, Mr. Rainwater, is that the appeals process wasn't used. I thought they had the go-ahead.

Mr. RAINWATER. Madam Chairwoman, I don't think the appeals process is set up for 4,000 disputes. It is not.

Ms. NORTON. Well, why did these people proceed?

Mr. RAINWATER. In this particular case, this is an unresolved issue. And in this particular case, what happened is——

Ms. NORTON. No. I am talking about the several cases that you submitted in your testimony.

Mr. RAINWATER. Yes, Chairwoman.

Ms. NORTON. All involve people who apparently had word from FEMA to proceed and then FEMA came back and said, stop. That is what I am trying. Is that the case? I mean that is what you testified.

Mr. RAINWATER. Yes, ma'am. But my point is this, Madam Chairwoman. We are still trying to work through that issue because the Recovery School District believed by policy folks in FEMA that we could still work it out. We haven't gotten there as far as an appeal.

There are numerous. There are hundreds of cases, and I spend a lot of my days talking to mayors, parish presidents, Recovery School District, Paul Pastorek, the State Superintendent of the Schools and others about these sorts of issues that we just can't seem to plug through.

Ms. NORTON. I tell you what, we are not talking just about delay. We are talking about not just costing the Federal Government money. We are now talking about costing localities money. That, I have had it and when I get testimony like your testimony.

I don't know, Mr. Stark, if you have any different testimony. But Mr. Garratt's testimony is an invitation to this Committee to fix it since you have not come forward with any way to fix something that leaves the locality holding the bag for a FEMA mistake.

Mr. Cao.

Mr. CAO. Thank you, Madam Chair, and I would like to echo the concerns that you have conveyed in this hearing today, that while our children are not having adequate educational facilities, while our elderly are not having adequate health care, while our city is being ravaged by crimes, we are dealing with appeals and we are dealing with recants.

I know that problem also was suffered by Tulane University when they carried out a project, hoping to get reimbursements from FEMA and FEMA recanted on the recommendations that Tulane follow. But I believe that some of the issues concerning Tulane University have been addressed in the past weeks. Is that correct, Mr. Stark?

Mr. STARK. Yes, Congressman Cao. Some of those issues at Tulane have certainly been addressed, and we are still awaiting some documentation of additional costs that Tulane may have occurred in design, architectural designs based on bad advice from FEMA that may be eligible.

If I may take the opportunity to try to correct the record a little bit on the very specific issues that were just brought up by the Chairwoman regarding Mr. Rainwater's testimony.

In fact, at the RSD school, some of those A&E costs are eligible, but we have not received an invoice or documentation of those costs, and we look forward to working with the State as the grantee and the RSD as the applicant on those.

Vermilion School has been obligated $6 million for replacement. I would like to work with the LRA to clarify their position that only $800,000 is left.

On the Timbalier, I think I said that right, Island, that is the responsibility of another Federal agency. In this case, we believe that the EPA is the primary agency responsible for funding the restoration of an offshore island.

The City of Westwego, in fact, we made a mistake. We measured the building wrong, and under those calculations it looked like it was eligible for a replacement. In fact, under the correct calculations, it was eligible for repair. Those repairs have been made and funded by FEMA.

Mr. CAO. I have just a couple more specific questions concerning the Archdiocese and SUNO.

First and foremost, in connection with the Archdiocese, it has been alluded to the fact that there are a couple projects. One is the Ville Ste. Marie Project that has been held up by FEMA. I believe the project is like 16 or 17 million dollars in the Lower Ninth Ward. Can you inform me with respect to the progress of that particular project?

Mr. STARK. Are you referring, Congressman, to St. Mary's Academy?

Mr. CAO. I have here as Ville Ste. Mary. I am not sure what that refers to. Well, what is the St. Mary's Academy, Mr. Stark?

Mr. STARK. It is also a school in the Lower Ninth Ward, a Catholic girls' school that we have approved $4.4 million for the replacement of the faculty house. It turns out that under the Stafford Act regarding private non-profits, certain portions of buildings that are related to strictly religion, in this case the housing of the nuns, is not eligible for replacement, and we actually have to back that out.

As far as the allegation that we de-obligated the entire amount, I believe that is just not true.

Mr. CAO. What about the Ville addition? Are you familiar with that?

Mr. STARK. I think that is what we are talking about, sir.

Mr. CAO. That is the nuns' housing?

Mr. STARK. Yes, sir.

Mr. CAO. Now why is it not a purview of FEMA to address some of the issues concerning non-profit organizations?

Mr. STARK. That is the reading of the regulation and the law, sir.

Mr. CAO. Could you quote to me those regulations, first and foremost, with respect to the appeals process that Mr. Garratt has mentioned that is in regulations? I would like where those regulations are if you can quote me on that and these regulations that you are spewing out to us here. I would like to have specific sites where my staff can look at these regulations to see whether or not they are well founded.

Mr. STARK. Absolutely, we can provide that for the record, Congressman.

Mr. CAO. Mr. Rainwater, with respect to the FEMA Cottages, can you provide me with the progress of the FEMA Cottages?

Mr. RAINWATER. Yes, Congressman Gao.

With regards to the Alternative Housing Pilot Project, the Governor directed me to take that program from the Louisiana Housing Finance Agency last year. Basically, it is a grant of $74 million to build 500 cottages.

One of the challenges, and I will say in this particular case Randall Kinder, who is actually the program manager with FEMA, has worked very closely with us, and he understood very well the nature of what I had taken over, and that is a very complex program, and has worked extremely closely with us. I am very thankful to him for what he has done because, to be very frank with you, we couldn't have worked through the complexity of these issues and the challenges we are having, especially after getting hit with Ike and Gustav and delaying the movement or the building of those programs.

We, currently, are going to be building Katrina cottages or these cottages at Jackson Barracks in Lafourche, Westwego, Baton Rouge, Louisiana and the City of Lake Charles.

Originally, we, the State, under the former administration, had looked at large group sites. When we got there in January of 2008, what we decided is that what we needed to do is look at infill, and so we began to work towards doing that.

We are making progress. We have started construction in Baton Rouge, Louisiana, construction in Jackson Barracks outside of New Orleans. We are in the process. In fact, it will be 91 units in Jackson Barracks, 42 in Baton Rouge, 100 at Lafourche, 27 in Westwego and 100 at NORA, New Orleans Redevelopment Authority.

We are in the process, and we think that infrastructure will be complete at Jackson Barracks in March of 2009 and at Westwego in April of 2009.

Housing construction, again, has begun in Jackson Barracks. We believe that end construction in Jackson Barracks could be as early

as July of 2009 and then in Baton Rouge in June of 2009, Lafourche, in August-September of 2009 and Westwego, August of 2009 and then in Lake Charles, September, NORA, September.

We have been talking with FEMA about the possibility of an extension depending on what happens with weather, obviously, and the fact that we were delayed by about 60 days by Ike and Gustav. What I have told my team is that we need to show progress. We understand the importance of showing progress in building those cottages, and so I mean I think we are well on our way with that project.

Mr. CAO. Thank you.

Madam Chair, I don't have any more questions. Thank you very much.

Ms. NORTON. Thank you very much, Mr. Cao.

Mr. Guthrie, have you any questions further questions for these witnesses?

Mr. GUTHRIE. No further questions, Madam Chairwoman.

Ms. NORTON. Thank you very much.

We have kept these witnesses for some time. While we have been tough on FEMA, we have also tried to give credit where credit is due. It seems to me if you ask me what would be the most important thing FEMA had to show to show that it had made progress, it would be the evacuation that Mr. Rainwater says and that we understand from officials in Texas that did in fact occur.

Our concern here is, frankly, at least a concern of this Chairperson is being confronted for the first time with such large amounts of Federal funds unspent.

I do want to say to you, I know there is a change in the administration. I mean Mr. Stark says he is a civil servant.

I do want to say once again, we can't help the Agency if the Agency doesn't bring issues to our attention. Then we will try to work with the Agency to try to suggest ways to do it. We will do what we did in the Post-Katrina Act and other legislation still waiting in the Senate to be passed. We will try to fix it by legislation.

We will make you understand that if you fix it, we do not consider it a violation of the Stafford Act if that is in fact the case. If the Subcommittee says that you have our word, nobody goes back on that.

Our frustration comes when we hear about problems like this only as we prepare for a hearing and have not had any advance notice so that we could have begun to think through a solution in partnership with the Agency.

I enjoy working in partnership. If we have to become adversarial, then of course that is what we have to do. We much prefer to hear from you early and often.

I congratulate you on the evacuation work you did on the Gulf Coast in the latest very major disaster, and I thank you for your testimony.

Could I call the next witnesses?

Our next witnesses are Gary Logsdon who is a Grayson County Judge and Executive, Grayson County, Kentucky and H. Rodger Wilder, the Immediate Past President of the Gulf Coast Community Foundation.

You have the advantage, Mr. Logsdon, of having one of your Members on our Committee. I would very much want to give him the opportunity to introduce you to the Committee.

Mr. Guthrie.

Mr. GUTHRIE. Thank you, Madam Chairwoman.

I just want an opportunity to introduce to the Committee, Judge/Executive Gary Logsdon. Of course, the term, judge, in this role in Kentucky is a county executive or from previously in our testimony like a parish president. So we appreciate him being here.

Judge Logsdon's county was one of the most decimated or damaged counties in Kentucky, probably one of the most in the entire area of Arkansas, Missouri and Kentucky. I went to see him and his operations center and how hard he worked on that, and he had some ideas.

I thought once we had this hearing, it gave us the opportunity to have a witness, and I thought Judge Logsdon would be able to really explain from the local level and the local perspective, interacting with FEMA and just the storm damage assessment and reaction in general.

He has been Judge/Executive since 1993, and I really appreciate him being here.

Ms. NORTON. Thank you very much, Mr. Guthrie.

Well, let us begin with Judge Logsdon.

TESTIMONY OF GARY LOGSDON, GRAYSON COUNTY JUDGE/EXECUTIVE AND H. RODGER WILDER, IMMEDIATE PAST PRESIDENT, GULF COAST COMMUNITY FOUNDATION

Judge LOGSDON. Thank you, Madam Chair.

Thank you, Congressman Guthrie, for allowing us the opportunity to be here and for your coming down and visiting with us during hard times.

I am not here to point fingers or anything like that. I am here to state a few things of how our community and others surrounding us were in during a state of emergency.

On Tuesday, January 27th, the ice storm began. Power outage began. By the end of the day, the county was 100 percent without power. The county lost at least 1,700 utility poles.

Began to set up shelter at the Grayson County High School on the following Wednesday, January 28th. All food donated by school system. The shelter was run on generators for five days until 2/1/09. All county and city water plants were running on generators.

Thursday, January 29th, one gas station setup to run on generators to provide fuel to emergency vehicles and the public. Approximately 25 National Guard arrive with no vehicles for transportation.

Leitchfield Sewer Plant regained power on Thursday night. Shelter set up at Clarkson Elementary School to provide warm meals. All food donated by school system. Local radio station finally regained power on Thursday night. Hospital regained on Thursday afternoon, all but one building.

The next day, Friday, January 30th, Leitchfield Utilities' water plant regained power. Ran on generators for a total of four days under a boil water advisory for 24 hours. Due to water system struggles, factories were requested not to begin work until Monday,

February 2nd, 2009. Caneyville Elementary shelter set up to provide warm meals. All food donated by the school.

The next day, Saturday, January 31st, 170 occupants spent the night at Grayson County High School shelter. Centre on Main, that is our chamber of commerce, opened to hand out food, water and necessary supplies. Eastern portion of Grayson County without water still. One hundred additional National Guard troops arrive with vehicles.

Sunday, the next day, February 1st, Leitchfield Sewer System still has some lift stations running on generators. Having to move generators around in order to make sure lift stations do not run over. National Guard provided two water buffalos to Eastern Grayson County residents.

The following day, Monday, February 2nd, 2009, Grayson County High School shelter closed and occupants were relocated to Potter's Hope local church. National Guard began 100 percent door to door search for welfare checks on Grayson County residents. WRECC reporting approximately 40 percent of power restored. Grayson County Water District still running on generators. Hospital has 100 percent power.

The following day, Wednesday, February 4th, 2009, debris removal site opened.

The following day, Thursday, February 5th, WRECC reporting approximately 65 percent of power restored. Peanut butter recall.

The following day, Friday, February 6th, nine days after the incident, when FEMA came with generators. Closed Potter's Hope. Remaining occupants went to hotels, and some went to Cave City shelter where we were able to close the shelters due to sending some personal heaters so we could get them back in their homes.

The following day, Monday, February 9th, Grayson County Schools and our local Christian Academy resumed their normal schedules. Garbage collection services resumed their normal schedules.

Notes: 49,172 meals were handed out to Grayson County residents during the storm; 5,000 gallons jugs of water were handed out; 48,310 bottles of water were handed out; 3,460 donated to residents for kerosene, propane or fuel to run generators and heaters. Total estimated cost of storm is $1.2 million, not counting our co-op utilities company.

One of the questions is, do we have local representation with FEMA?

Madam Chair, thank you.

Ms. NORTON. Thank you, Mr. Logsdon. That is a good question for us, and we will take it up.

Mr. Wilder.

Mr. WILDER. Good afternoon and also thank you for allowing me to come here today to speak to you and to the Committee for hearing us.

By way of introduction, I am Rodger Wilder. I am an over 32-year resident of the Mississippi Gulf Coast, one of the founding members of the Gulf Coast Community Foundation, and from April of 2006 until November of 2008 I took over the operation of the Gulf Coast Community Foundation.

The Community Foundation during that period of time, with the help of a lot of donations, was able to make grants in excess of $30 million to people on the Mississippi Gulf Coast primarily for hurricane recovery, organizations and individuals. Much of that was directed to housing redevelopment.

I want to say a special word of thanks to Congress for the support that you have given to the folks in the States of Mississippi and Louisiana and Texas and Alabama. We are eternally grateful for what you have done for us.

I am also thankful to the other agencies like FEMA for what they have done.

And, finally, I want to say thank you to the literally hundreds of thousands of people who came to the Gulf Coast following Katrina to help us, who brought with them materials, money, literally hundreds of millions of dollars in money, who had such a tremendous outpouring of generosity and support. It literally would not have been possible for us to have recovered had it not been for their generosity.

Mr. Guthrie, I noted your comments earlier this morning about the generosity of people. My faith in my fellow human beings has been renewed and reinforced and elevated to a tremendously high level as a result of what I have experienced after the storm.

I sat through the storm, and I have been involved or try to be involved in the recovery process primarily in the housing area since then. It is my understanding that you all would like to know a little bit about what is going on at least in the recovery.

I have not had a lot of contact with FEMA, but I have had a lot of contact with trying to get people back into homes. I can tell you that we are well on the way to recovery, but our recovery is by no means over.

We still have people in FEMA trailers and in what we call Mississippi or MEMA cottages. By and large, the people who are in the FEMA trailers are the more difficult, the most difficult to place in permanent housing.

Our biggest problem now is the cost of housing. We do not believe that we have a problem with the availability of single-family homes, but we do have an issue with the availability of affordable rental. Following the storm, cost of rental has gone up such that many people cannot afford. Many of the people who are still in housing supplied by FEMA cannot afford to get into permanent housing because it is just too expensive.

One of the big costs that contributes to both rental and single-family ownership, the high cost of single-family ownership and rental is the insurance issue. Insurance costs are driving those costs up to the point that it is costing two and three hundred dollars a month more than it did pre-Katrina, and that in turn is just making the rental property not affordable to the low income folks with whom my organization primarily dealt.

We need Section 8 vouchers. We need more Section 8 vouchers to help get those people out of the FEMA cottages, the FEMA trailers, into rentals.

I will mention briefly we have the alternative housing project, what we call the Mississippi cottages, the MEMA cottages. I think those have worked well. We have about 2,800 of those on the

Coast. The issue that we have now is whether or not those will be allowed to remain permanently, and we hope that in certain locations it will.

Briefly, I want to offer some suggestions not as a criticism of what has happened in the past but as a way of responding to another large-scale natural disaster. We will have another Katrina. There will be another disaster of that magnitude.

We, on the Coast, measured everything by Hurricane Camille in 1969. People lost their lives because they said Katrina was the worst we have ever suffered. It will never be that bad, and they drowned.

People in Camille lost their lives because they said the same thing about the 1947 hurricane.

We will have this again, and we will have to deal with it again. And so, we can say that this is the worst, but it will not, I am afraid, be the worst in history.

As we go forward, I think there needs to be more collaboration in advance and after the fact between the non-profit communities and FEMA. I think we need to do a post-disaster review, bringing together all of these organizations and seeing what worked and what didn't work.

I think there needs to be an ongoing established relationship between FEMA and the non-profit communities in the future so that when the next disaster occurs we won't be going down there and meeting new friends for the first time.

I agree with many of the comments that I heard from this task force, that there needs to be an agency strike force. They need to put folks on the ground who can make decisions and then stick by them so that we are not, and this doesn't apply just to FEMA. I have to tell you that I think all government agencies in a disaster need to have something like a general on the ground who can make those things happen. They can make the calls, and they can stick by them.

And, finally, I think that FEMA needs to spend a little bit of money. It is really just a piddling amount of money to set up and keep going these long-term recovery centers that they recommended we set up following the storm that were to coordinate the activities of the non-profit communities. They got little funding, and they struggled to get their feet under them. With a little bit of help, they could have done a lot more good than they have.

The non-profit community on the Coast, to date, has rehabbed or rebuilt literally thousands of housings. I think we need to be working more closely with organizations like FEMA on the front end than we have. And that is not a criticism. That is an observation based on the fact that this was a substantial disaster.

Again, I appreciate the opportunity to speak with you. Be happy to answer any questions, and I ran way over.

Ms. NORTON. Thank you very much. This has been very, very interesting and useful testimony.

I am going to go first to Mr. Guthrie this time.

Mr. GUTHRIE. Thank you, Madam Chairwoman.

Thanks, Mr. Wilder, for coming. It is nice to hear local stories of how people react and have to react, and it is good to hear that.

But with Judge Logsdon, could you kind of just walk us through briefly? You knew that the storm came, it hit, and then you assessed the damage and realized it was major. It was a national emergency.

Because we are really interested in how the FEMA part of it interacted and how that went with FEMA through the first couple of days until you got everything working, how that interaction between you locally. I know you went through the State with the Governor and FEMA.

Judge LOGSDON. Yes, Congressman and Madam Chair.

When we declared a state of emergency back in 1994 or somewhere right there close, we had an ice storm, and it was an ice storm that was nothing like what we had this time. It was ice on roads. It was no power lines or anything.

So we didn't focus anything like what was coming. We didn't have an idea that we were going to get this. So we woke up that morning, and it was popping trees and popping lines and it was devastating ice everywhere.

So we went on. We declared a disaster. We set our EOC up in our emergency management headquarters, and you know we have a shelter in the courthouse. I said, you know, let's open our courthouse because we can get us 15 cots and we can put 20 people in that courthouse.

Well, right quick, when they started coming in, we opened our high school which we had that available also. So they started coming in our high school, and we were getting calls, and we hadn't seen anyone from Red Cross.

We went to our local Wal-Mart. Their electric was off. The lights were out. They said, look, we will write down what you all need. You all make a list. We will make a list, but you all can pay us when you get done.

So we went into Wal-Mart. We bought around eight to nine thousand dollars worth of food. We took it out to our shelters, and we set them up and started gathering people and getting them in with volunteers of our community working together. So we still hadn't seen Red Cross either or heard from FEMA.

So we went on several days, doing. Every elected official. We had magistrates that would get out and haul constituents in and different folks with needs. It got pretty hectic for the first few days, but we all focused on saving lives, and that is what our main goal was, and we did that. We helped everyone.

Like I said, it went to about the ninth day. We heard FEMA was going to send us some generators. They sent two, but there was a group. They wouldn't let anybody hook them up, and there was a group of electricians came and sat one whole day waiting for somebody to show up with them, but they didn't show up. I think that was the eighth day.

Well, we got on the phone, and we got to renting generators from other places: Louisville, Bowling Green, everywhere that had one available. So we did. We found a few and got our sewer plants going.

We only had one generator in the community, and I know it goes back to our preparedness, and we are focusing on our own preparedness too. It was the one that did the sewer plant in Clarkson.

So we had to use it, to take it to the bulk plant. We only have one bulk plant in our community, to get us fuel so that we could have our emergency vehicles and our county and city vehicles running to go and transport people. So we did that.

Then the sewer was backing up. So we had to juggle it, but we did do it. It was something that taught us a lot.

But going back to the FEMA side of it, it is just that I heard a Congressman say a while ago when do you activate or when do you all move when there is a disaster declared, and that is just one of my questions also.

We kept on working together. Our school was down for about two weeks. They were out of school. We used three schools for feeding people and shelter.

We didn't lose any lives because of this ice storm, thank the Lord, and we were blessed.

But we did a lot generator renting, juggling, and one of the focuses that could help us is if FEMA, if we could get some generators for these facilities that are in need, like our water, sewer, and we had a local radio station that we relied on.

We only have one radio station in our little community, and it was real vital when it came to letting people know that there is a disaster because the first day everybody knew there was a problem. Then their power went out. So there wasn't any communication.

The only little communication they had was Bluegrass Cellular phones. All of our officials and cities are on Cingular. We were down.

But we all worked together. We kept our calmness, and we kept our faith, and we turned something that we all learned a lot.

Mr. GUTHRIE. Thanks.

So the FEMA part, we just need them there quicker. We need more coordination, I guess, when they come forth. And they did say they are looking at the generator situation and a couple other things.

So I appreciate your testimony.

No further questions, Madam Chairwoman.

Ms. NORTON. Thank you very much, Mr. Guthrie.

That is very instructive, Judge Logsdon, what you said.

Let me just say, I do not think a county ought to have to buy generators for infrequent events. That is what, classically, FEMA is for. It is a lot of money, and these are these great big hoggish things. So that goes to preparedness.

We will have to find out more about the generator issue. That is when we met with the Speaker, that was an issue that came up time and time again.

Now let me. I was intrigued by your testimony. It was very good testimony, very fact-driven testimony.

You said, and here I am looking at the outline you provided the Committee. On Wednesday, that is the second day, all food donated by school system. You say again on Friday, the 30th, all food donated by school system. All I can say is thank God for the school systems.

That, again, is a classic FEMA function. The theory is if it a national disaster is declared in your county by the President of the

United States, that two things you are not going to have. You are not going to have energy, and you are not going to have food.

Why did FEMA indicate it did not have food when it came on those first few days?

Judge LOGSDON. Madam Chair, I don't know that answer because we never saw any food. The only thing that we saw was——

Ms. NORTON. Ever?

Judge LOGSDON. Not that I am aware of, any FEMA food. We had some MREs that came.

Ms. NORTON. MRE.

Judge LOGSDON. Army.

Ms. NORTON. Like they have in the Armed Services.

Judge LOGSDON. Meals ready, yes, and they had the peanut butter.

Ms. NORTON. Who gave you those?

Judge LOGSDON. They come through I think Red Cross and maybe the National Guard, those MREs, and they had peanut butter that we had to break into them and get the peanut butter that was in the little packages, that had salmonella in it, and get those out.

But the food, we absorbed all that the schools had, and then they knew that this thing was going to last. So they opened their freezers, and we got to use their food, and that is really a great asset that brought us through.

Ms. NORTON. Very troubling. Very, very troubling that there was no food available except it happened that you could get it through the school system providing food.

You also said in your testimony, it looked like the National Guard was trying to do the best they could because you say 25 National Guard arrived, but there were no vehicles. You mean to transport people from place to place like to the schools to get the food and stuff like that?

Judge LOGSDON. Yes, Madam Chair.

Ms. NORTON. How did they get there? By the way, Judge Logsdon, how did they get there?

Judge LOGSDON. Well, they drove their personal vehicles, and we furnished gas for their personal vehicles, the 25 that were there, until they found out that they could not use their personal vehicles. So they stopped.

Ms. NORTON. Did the Governor declare them to be available to you?

Judge LOGSDON. We have a Guard unit, a nice Guard unit in our community, in Grayson County.

Ms. NORTON. Right in the county?

Judge LOGSDON. Right in the county, a nice facility, and these were local Guardsmen, and they said. They stood the first couple days, just doing nothing. Then they said, we can't do this. It was bothering them.

So, finally, that following Saturday, they sent them 100 more, and then finally they sent four Hummers. One of the Hummers, when he started it, he dropped the transmission. So it left us three Hummers, and so then they got on the line and started getting more troops with more vehicles. But it was around four or five days before we saw any vehicles with the full Guard.

Ms. NORTON. One of the things we are concerned about is the relationship between the National Guard. It looked like, look, they saw some problems to be done. They were even locals. So they got out there and did what they could even with their own local vehicles. That is one reason I love the Guard.

I love my Guardsmen. They are always ready for us, and we lament the fact that so many of them are gone.

But you said early in your testimony, you asked a question, who is supposed to be the local representative to FEMA? That, I thought, was a penetrating question, Judge Logsdon.

To what extent was the State of Kentucky, which has its own emergency disaster system, involved with the county?

Judge LOGSDON. Madam Chair, the State pretty much took care of the State. On a local level, we had our county and we were not only battling the power lines that were falling with over-ice, we were battling the streets were nothing but ice, and our salt trucks were running continuously, trying to salt roads and get people where they could even get there once we cut them out.

So we did ask the State to try to get some salt, and the State came back and said that they weren't letting any counties have any salt. If we ran out of salt, pretty much, we were out of salt.

Ms. NORTON. Because they just didn't have enough?

Judge LOGSDON. They had a lot of salt, but they weren't releasing it to the county.

Ms. NORTON. You don't know why?

Judge LOGSDON. No, they didn't give no answer.

Ms. NORTON. We will have to find out, because, again, FEMA, it seems to me, could have coordinated that or had some salt, and I am not sure. We will have to find out what the answer to that is. Judge Logsdon, I was interested in your notes: 49,122 meals were handed out to Grayson County residents during the storm; 9,000 gallon jugs of water were handed out; 48,810, or thereabouts, bottles of water were handed out. My question is by whom?

Judge LOGSDON. Local citizens, local people; and right at the end, Red Cross came in to help out. But this was done by our local churches, our local volunteers. It was done by elected officials; the community.

Ms. NORTON. You know, I am trying to find traces of FEMA somewhere here. I see the National Guard—I am talking about in Kentucky. I see the National Guard, and my hat is off to them. I hear the school system. I hear the Red Cross, a private organization. Where was FEMA? At what point did you see or was there any indication that FEMA was involved in this ice storm, where the President of the United States had declared a national emergency?

Now, I am not sure when—Mr. Guthrie will make me understand when it occurred. It wasn't the first day, but certainly by the end of the time that you were passing out all this stuff it had been declared. Where was FEMA? Did you see FEMA?

Judge LOGSDON. Madam Chair, a representative came through, but they were passing through, they said, and they just passed through. And we were on the phone trying to get help, and then we called our Congressman and he came down and he got on the

phone, and there again he got the thing rolling to where we got help.

But it was about the ninth day before we saw any real action of help, and that was the generators, and then they were smaller, and by that time we couldn't sit there and just wait, wait, wait, or we would have had a disaster, worse than a disaster.

Ms. NORTON. So what did you do rather than wait for the generators?

Judge LOGSDON. We went to renting to other counties, going to Louisville. We went to Louisville, Bowling Green, and Nashville, everywhere we could possibly get one that had those generators. Our local rock quarry, they do under-mine, they had a large generator that they run their mine with, and they let us use it to run our shelter for our high school. It had about 500 people in it at one time.

Ms. NORTON. It sounds like, Judge Logsdon, the county was saved by self-help.

Judge LOGSDON. Yes.

Ms. NORTON. And I am including the Guard in that. Have you been reimbursed for the meals, the water, the other services that the county provided or was the State providing?

Judge LOGSDON. Madam Chair, we are keeping up with all documentation, all paperwork. As of right now, we have not been reimbursed. You know, as a small local government of a population of 24,000, our budget is not very big. There again, we would like to ask FEMA, if there is any way, on immediate relief for funding such as that, because it would be a great help. And I am speaking for the city, also; their budget is not large either. So it would be a great help.

Ms. NORTON. Mr. Guthrie had a question before I go on to Mr. Wilder.

Mr. GUTHRIE. Judge, a point on that. So if you are going to spend $1 million, your 13 percent would be $130,000. The President has approved 75 percent, and we are looking for a waiver. If we could do the waiver, there is a provision they could waive the first seven days of costs that would be 100 percent covered by the Federal Government, and I think that would be helpful, because there are a lot of rural counties, particularly Judge Logsdon's, that are in that situation.

Another one has got about 130,000, 140,000 if they have to pay locally, which really puts a strain on their budget. So I am just encouraging that we go in that direction. I know we talked about that in the meeting with the Speaker, and I appreciate your help on that.

Ms. NORTON. Well, just let me say for the record, right now, Judge Logsdon, that I know I can get Mr. Guthrie to work with me. We don't know a State—in fact, the statistics show that 50 States are losing jobs. That is why there had to be a stimulus package in the first place. The record shows that people are laying off vital personnel.

That is why there were State stabilization funds. Who, after all, work for the State? Cops, nurses. Now, I can't imagine that a count of 24,000 people was in a position to pick up any of FEMA'S costs, and particularly not after the President of the United States has

declared the same kind of national emergency that was declared, after all, in Louisiana following Katrina. So if Mr. Guthrie will work with me, I say to you that we will do all we can not only to see that you are reimbursed, but quickly reimbursed.

What bothers me is the state of the economy leaving anybody—I couldn't stand it in the last witnesses, that there was money that could be spent. Well, I certainly can't stand it that you spent money in this economy and have not been reimbursed.

Mr. Guthrie?

Mr. GUTHRIE. I greatly appreciate that offer to help, and I certainly will work with you to do that. That would mean a lot to our communities; not just in Kentucky, but Arkansas and Missouri, as well.

Ms. NORTON. We don't mean to leave you without questions, Mr. Wilder. Indeed, I understand your concern about the relationship between FEMA and the nonprofit community. We are going to make inquiries about whether or not there can be some more systematic relationship. They do have a relationship with larger nonprofits—Catholic Charities, the Red Cross and so forth—but you appear to be a vital community foundation, and we will certainly be back to you about that relationship. I don't think that would be hard to do. After housing, what would you say is the most sought after service that case managers in your organization provide advice concerning?

Mr. WILDER. Probably—and I have to say this is just a guess, because I don't know the direct answer to your question. But I suspect it is home furnishings, because not only did folks on the Gulf Coast lose their homes, but most of them, many of them lost everything they owned, including a bed to sleep in and clothes to wear. So I would say that probably home furnishings are the second most needed thing.

I might also add that following the storm, we have had a serious uptick in mental health problems, as you might imagine, having to put that many folks into travel trailers. Not criticizing the travel trailers, because they needed someplace to live, but they stayed there for a long time because, unlike other disasters where there was a place for people to go and get out of the disaster area, we were confined or stuck in the devastation and had to stay there for a long time. So mental health was a big issue. I think it still is a big issue down there.

Ms. NORTON. Have you been assured that the trailers where people continue to reside are not the trailers that have the formaldehyde and the other problems?

Mr. WILDER. I have not heard in recent months any criticism or concern about that. There was, as you know, Madam Chairwoman, there was that concern a year or so ago, but as it stands now, I believe that problem has essentially been resolved.

Ms. NORTON. Now, of course, the root problem, as you said, was housing. Now, had to have been extensions. I am informed that FEMA'S extension on its housing program is only for 60 days. Have you been, or any of those you serve been, informed of whether that will be extended?

Mr. WILDER. Well, I saw an email this morning that suggested that that might be extended until June. It is a little longer than

60 days, I think, but not much longer. And the problem, as this Subcommittee knows, is what do you do with them? I mean, you can kick them out of what they are in, but where are you going to put them?

And as I said before, the issue of affordable housing is critical to, I think, the New Orleans area, and it is certainly critical to the Mississippi Gulf Coast area. The cost of housing, both rental and single family ownership, has risen to the point that people simply cannot afford it. We now also have this residential credit crisis that is going on, so even if some of these families could afford the rental or, excuse me, to buy the home, the monthly payments on the home, they can't get credit. So we have been trying to address those issues, but they are extremely difficult issues to deal with.

Ms. NORTON. Mr. Wilder, we have some information that the local government is opposed to allowing the cottages that you spoke of in your testimony to be permanently affixed to lots. Would you describe what the problem is? Who is the local government? What is the county, what is the locality?

Mr. WILDER. I think there are only two or three localities at this point, local governments, which have agreed to allow the Mississippi cottages to be placed permanently.

Ms. NORTON. And what would be their opposition in light of the——

Mr. WILDER. Their opposition is the concern—I think they equate FEMA trailers to Mississippi cottages, and they are not. There is a huge difference between the two. The Mississippi cottages—there are three kinds, as you know, there are one, two, and three bedroom units. Those are very well built—I have to tell you they are lot better houses than I grew up in—and they are good alternatives. But the local governments seem to be concerned that, over a period of time, those cottages will become slums, and that seems to be the primary opposition.

Ms. NORTON. This is very troubling.

Mr. WILDER. We are making some progress. I don't want to trouble you too much. I am hopeful that we are going to be able to work out with some of them.

Ms. NORTON. Well, at least this doesn't look like a FEMA problem; it looks like a local government——

Mr. WILDER. It is a local government problem.

Ms. NORTON.—for its own people, who has not decided. Again, if you are getting the government to give you some housing has nothing in common, I must say, with a trailer. They would rather have the trailers there, because, you know, you have to almost ask. You say these people have no place to go and you also mention Section 8 vouchers in your testimony. Suppose more Section 8 vouchers were available, somehow we could get more Section 8 vouchers there. Would there be available housing even in that circumstance?

Mr. WILDER. There are currently being constructed apartment complexes. Some of them are affordable; some of them are government subsidy programs. So, yes, I believe there will be. Unfortunately, the cost of that housing is still—even the lower cost of that housing is still more expensive than some of the lowest income, disabled, and elderly can afford, and that is a problem.

Ms. NORTON. Mississippi has got to face the fact that these people are, as it were, now charges of the Federal Government, and if they are disabled or extremely low income people, we have got to find a way, it looks like, to work with the State in this case so that people face the facts about these people.

At some point, this is the kind of thing, when it lingers and lingers, somebody writes a big story, and this time it looks like it will be that the State of Mississippi is allowing their disabled people or very low income people just to languish in trailers. At least there is some affordable housing in these cottages. And, again, I will say to you we will look into the Section 8 vouchers notion with HUD and with the Administration.

Mr. WILDER. If I may, Madam Chairwoman.

Ms. NORTON. Yes, please.

Mr. WILDER. Let me make certain that you don't misunderstand what I am saying. We are, in Mississippi, attempting to make an effort to get these folks into good, affordable housing. It has been difficult. It has been difficult because of the scope of the disaster, because a lot of the lower priced rental and residential property was destroyed.

We in the nonprofit community have done a lot to restore that. Our primary focus has been working with the very low income, the disabled, the elderly, the single parent families; and the State is also attempting, I believe, to do something. They have several programs that are underway. To be honest with you, sometimes, as you expressed earlier today, the red tape of the Federal Government can be awfully red, and we are having some trouble working our way through all of those red tape issues.

Ms. NORTON. Well, we were very distressed at the last hearing on Mississippi. We had what I thought was really terrible testimony both from the local officials and from the State of Mississippi. We had to intervene in order to get the FEMA, I guess it was, housing program extended from Congress, because it was another one of those cutoffs. I hate to see people go through this and yet I sympathize with the State also. After all, housing is a market commodity. So we will have to look further.

I did not understand you to be saying anything differently from what you have just described. It is inherent in the Mississippi situation, the scope of the disaster, and the sheer unavailability, but we had to intervene to get it extended, and maybe it is going to come up again.

Mr. Garratt, would you take the seat? I appreciate that you are here again. Would you like to say something about, first, the FEMA cottages? It looks like you are willing to let them be permanently affixed to the ground, but they have not been. Then I would like you to ask about this extension for 60 days and whether FEMA intends to ask for yet another extension in light of the testimony you have heard from Mr. Wilder.

Mr. GARRATT. Yes, Madam Chairman. First off, I think Mississippi has done a fabulous job with the Mississippi cottage program. They stood them up in pretty much record time, populated them very quickly with deserving disaster victims, and has done a very good job of managing that program. I know that they are

working with their local jurisdictions to try to get them to accept them permanently.

I will reinforce what Mr. Wilder said; they are impressive temporary structures, but, in fact, they are much more than a temporary structure, and I think this whole pilot program that Congress authorized is going to bear some excellent fruit for us in this regard. So, yes, we support that and we will stand behind them in that regard.

Ms. NORTON. And, of course, they now have trailers as the alternative. So I can understand people not wanting trailers, but these are little cottages. You know, even when people don't want people who are usually not in their community, if you are disabled or elderly, normally, people, you can get public funding for housing. So I appreciate what you are saying, Mr. Garratt.

Now, the extension that I asked Mr. Wilder about?

Mr. GARRATT. There are no plans, at this stage, to extend beyond May 1st. As you know, the Secretary announced that there would be a 60-day extension, but at this stage no decision has been made to extend beyond that date.

Ms. NORTON. So what do you think should be done with these most difficult to place residents on May 1st if there is no extension?

Mr. GARRATT. Let me back up just a little bit, Madam Chairman. What I would like to do is just paint a little context here for how we got to where we are.

As you know, these are individuals who are largely in travel trailers, and you know the issues and the background behind the travel trailers; they are very small, and the idea that we have had families living in these very small travel trailer conditions now for approximately three and a half years is problematic for us, as I am sure it is problematic for the State of Mississippi, is that is no environment to be living in for that period of time. These are designed for recreational use, they were never designed to be used for this period of time.

FEMA has, over the course of the last year, offered every one of these residents a minimum of three apartment opportunities, apartments that are at or near the FMR; and when they were initially offered these opportunities, they would have been fully subsidized under the DHAP program at the time. They rejected that. In many cases these families rolled the dice, these households rolled the dice, electing to stay where they are, in a fully subsidized travel——

Ms. NORTON. Because they want to go to where they originated, is that it?

Mr. GARRATT. A number of issues, Madam Chairman. Some of them, the apartments aren't as close as they would like to where they are now. All of them would be within 30 to 50 miles, these apartments, of where their travel trailer is, but in many cases they rejected it.

Another reason that they were rejected was that they recognized that the subsidy in the apartments was going to end at some point. In other words, it was designed to step them down to become self-sufficient, and some of them elected to stay in a fully subsidized travel trailer rather than having to begin paying a portion of their own rent down the line.

We recognize that they are very low income, but at this stage of the game we think it is time to demonstrate some resolve in this regard, and for those individuals who have been reluctant to take that step to self-sufficiency, we think it is time to draw a line in the sand and help them in that regard.

Ms. NORTON. Even if they had to be subsidized. I think you are right. We can't let people believe that the subsidy is going to continue forever. I have serious concerns for some of these people, and it is all casework management. People do have to understand that FEMA is a disaster agency, not permanent housing. This is not HUD.

And some of these people may qualify for HUD. A whole lot of folks in this Country, after a disaster, get to live where they never thought they would live or wanted to live. But this has to do a lot with case management, and talking some turkey to people and then seeing who really has a problem and who does not, and whether or not they can be subsidized where they are if their concern is very low income and not wanting to use that.

Remember, some of these people were living with somebody, like the daughter or the son or someone else, so the whole notion of giving a portion of their income for some of them would, of course, be seen as a horrific hardship. But, again, with the proper case management, allowing people to understand where you see that there really is available housing, even if it is not where they want to, here I am with Mr. Garratt.

Mr. GARRATT. I just would like to follow up on the case management. We have a good partnership with the State of Mississippi in that regard. We have been funding a case management pilot program in the State of Mississippi. They have been doing a very good job with that. We recently authorized Mississippi a no-cost extension on that case management program through June, or at least until June 1st, so that that will take them beyond the May 1st day and to continue working that. And we are hopeful, at the end of that case management pilot, we are going to learn some lessons from Mississippi and be able to potentially apply that to a national model.

Ms. NORTON. Again, Congress had to intervene then in order to get the case management extended. But this hearing is important, because obviously the first thing you do is sympathize with the person who finds out late; and we don't want to find this out in April if it is supposed to go out in May.

But we do need to know what Mr. Garratt has told us. It looks like some of these people would never leave that trailer, even if your Section 8 voucher was available, even if that new housing that you see being constructed came available. And, again, that is a terrible thing that someone has to face, but it was terrible to go to a trailer in the first place. I am not sure I want anybody to get used to that, if that is what is happening here.

Mr. Wilder?

Mr. WILDER. Madam Chairman, I absolutely agree with you. We don't want people remaining in the FEMA cottages any longer than they have to. It is not good for them; it is not good for the community. So I agree with Mr. Garratt that we need to get those folks out. The point that I was making did not necessarily relate just to

the people who were in the FEMA trailers. We have many other low-income need housings other than what you are talking about here. So what I directed my attention to was not only that small group that is still in the FEMA cottages, but also the broader low-income group, many of whom are not now receiving FEMA benefits.

Ms. NORTON. Well, the Government's responsibility is for the ones in the FEMA cottages and the ones in the trailers, and it looks like endless extensions do not help us to in fact reduce that need.

Mr. Garratt, I am going to ask you if you would provide the Subcommittee with how many move out after the extensions. For example, we have had multiple extensions, so if we could have figures that show us how many were in these trailers—and for that matter, I suppose, cottages, although we should look at them separately—and then what the movement was after the extension, it would give us some notion of whether people are essentially regarding these as, look, I think I would rather stay here.

Because I do not think the Subcommittee would condone that if there were available housing and if, for example, as I feel motivated now, we were able to get more Section 8 certificates there. If one part of the Government is keeping people housed and there is another part of the Government—and these are, as you know, quite scarce—with Section 8 vouchers, my priority would be that the Section 8 vouchers go to the ones who are dependent on the Government entirely. So that is something I am asking staff to look into.

Finally, Mr. Garratt, I think I ought to give you the opportunity to respond on the Kentucky ice storm, because I kept looking for FEMA at all and couldn't much find it. What is your view of where FEMA was? Heard National Guard; heard the meals; heard the water. Didn't hear any response from FEMA, even in terms of reimbursement, despite the fact that Grayson County was declared a national emergency. Would you like to respond to that?

Mr. GARRATT. I would actually have a difficult time responding, Madam Chair, since I was actually out of the chamber here through most of that discussion. So not being privy to what was being said—and I apologize for stepping out——

Ms. NORTON. Well, that's all right. Mr. Guthrie and I have agreed together to work to get some reimbursements. It is interesting, Judge Logsdon did not bring us a bunch of complaints, he brought us an extraordinary set of facts, and he indicated who provided what; that the food was provided by the school system, the water—so the usual question is, okay, who paid for this. And we learned that the county itself paid for it, apparently not even the State.

He also asked a very probing question: what is the relationship between a local community, like a county, and FEMA. Without asking you to respond, we said we would look into that because we are not sure where the State's responsibility was here either and where FEMA'S should be. We were concerned that in his rendition of the facts we did not hear about FEMA. We did hear, of course, about the generator, but even that caused some problems.

As you heard in my opening remarks, what I am concerned with is the FEMA be—this may seem unfair, but it is not considering

the mission of the agency—wherever, whenever FEMA is nimble enough to get there. A lot of your problem has been this has not been the best funded agency in the United States, but these are matters that Mr. Guthrie and I will be bringing to your attention.

Mr. GARRATT. No, I would just like to answer one, if I understand that, and that is if a county, if a jurisdiction, if a city incurs costs taking care of its citizens in a federally declared disaster, if they are providing food at shelters, those sorts of activities are reimbursable under the Stafford Act and they can be reimbursed for those once they fill out a project worksheet to get reimbursed for that.

We are beginning the kickoff meeting process in Kentucky. We are actually still just completing PDAs in some of the counties in Kentucky. All of that will inform subsequent add-on decisions. But bottom line is those are eligible costs, they can be reimbursed. There is a process for getting reimbursed. Right now that reimbursement rate is at 75/25.

Ms. NORTON. Well, Judge Logsdon told us he runs a tight ship. They were keeping record of every cent they paid.

Judge Logsdon, have you submitted those bills to FEMA, since you are eligible now for national disaster aid?

Judge LOGSDON. Madam Chair, I think we were the first county, to the best of my memory, that declared a state of emergency, the first one, and we have been compiling those. I think since then our emergency management coordinator has talked with some of the FEMA representatives, and what we are hoping for is there immediate relief on payment, where a lot of times it takes like a year to get your money reimbursed. We are just hoping that there is something like immediate relief up front.

Ms. NORTON. Mr. Garratt, this is a county. I wonder if there is any way that some advanced payments can be made based on the records they have, of payments that are not in dispute because they have the records to show.

Mr. GARRATT. Yes, ma'am. We can do an expedited PW. It is called immediate needs funding. We can do that for CAT-B, and it will provide up to 50 percent of the estimated costs of that in advance. Then we will reconcile that down the line. So that is an existing policy we have. They have to request that. But we are certainly willing and prepared to do that.

Ms. NORTON. That is what a hearing should be all about. Problem solved.

Judge Logsdon, don't leave this room before you have made the appropriate arrangements, because Mr. Guthrie and I will be following up with you and with Mr. Garratt.

I want to thank all of our witnesses. If we asked a lot of questions, it is because we are trying to understand. I don't want anyone to misunderstand my tone. I come to this more as a trial lawyer than as a nice Member of Congress, but I am really a nice Member of Congress. I am always open to the other side. By being open to the other side, I really learned something from Mr. Garratt.

And indeed, what perhaps I find, certainly at this point in the hearing, most gratifying is that Mr. Garratt has said to Judge Logsdon that he is willing to work on an advanced payment, based

on the records they have, for at least 50 percent of what is owed to the county.

As far as we are concerned, mission completed, at least for part of what this hearing was all about. I thank all of you for your testimony and for lingering with us while you made us understand what we had to learn. Hearing is adjourned.

[Whereupon, at 1:45 p.m., the Subcommittee was adjourned.]

OPENING STATEMENT OF
THE HONORABLE RUSS CARNHAN (MO-03)
HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

Hearing on
Post Katrina Disaster Response and Recovery: Evaluating FEMA's Continuing Efforts in the Gulf Coast and Recent Disasters

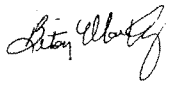
Wednesday, February 25, 2009
2167 Rayburn House Office Building

Chairwoman Norton and Ranking Member Diaz-Balart, thank you for holding this important hearing on Post Katrina Disaster Response and Recovery: Evaluating FEMA's Continuing Efforts in the Gulf Coast and Recent Disasters.

Coming from Missouri where the boot heel was hit by ice storms this winter, I would like to thank both Chairman Oberstar and Chairwoman Norton for their help as Missouri works to understand FEMA's response to the ices storms. I appreciate the continued attention Speaker Pelosi, Chairman Oberstar, and Chairwoman Norton are all paying to this issue.

We must ensure that FEMA is ready to respond to disasters no matter where or when they hit. If anything can be learned from Hurricane Katrina it is that a great deal must be done to ensure FEMA can move quickly before and after any emergency or disaster. For this reason I am deeply concerned about the backlog of large infrastructure projects that have been delayed in the aftermath of Hurricane Katrina. More than three years after Hurricane Katrina made landfall on August 29, 2005 essential parts of New Orleans infrastructure have been delayed and remain vulnerable to another natural disaster. There are numerous examples like this in Louisiana and Mississippi post Hurricane Katrina and it is critical we do not let this happen again as communities throughout the two states expectations of FEMA assistance have not been met.

In closing, I want to thank our witnesses for joining us today and I look forward to hearing their testimony.



Congresswoman Betsy Markey
Hearing on "Post-Katrina Disaster Response and Recovery: Evaluating FEMA's Continuing Efforts in the Gulf Coast and Response to Recent Disasters"
February 25, 2009
Opening Statement

Thank you Madam Chair. I am very glad that we are here today to discuss and evaluate FEMA's efforts in the Gulf Coast. I have witnessed the importance of FEMA's funding in my own district. Last May, a tornado struck the town of Windsor, Colorado. The tornado was a mile wide at times and damaged nearly 1,000 homes. FEMA offered assistance that included grants for temporary housing and home repairs, low-cost loans to cover uninsured property losses and other programs to help individuals and business owners recover from the effects of the disaster.

Representing a district that has also experienced a natural disaster, I have glimpsed tragedy, albeit on a different scale. We have a responsibility to help the people whose lives were destroyed by these storms, and I look forward to hearing about the progress that is being made in the region.

Eleanor Holmes Norton

ELEANOR HOLMES NORTON
DISTRICT OF COLUMBIA

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
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Congress of the United States
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TRANSPORTATION SECURITY, AND INVESTMENT PROTECTION
EMERGENCY COMMUNICATION, PREPAREDNESS, AND RESPONSE

STATEMENT OF
THE HONORABLE ELEANOR HOLMES NORTON
TRANSPORTATION AND INFRASTRUCTURE COMMITTEE
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT
FEBRUARY 25, 2009

POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST AND RESPONSE TO RECENT DISASTERS

We are pleased to welcome our witnesses to the second hearing devoted to our post-Katrina evaluation of the Federal Emergency Management Agency (FEMA) to assess FEMA's progress as the nation's only disaster response agency. We will examine progress not only in Louisiana and Mississippi, where FEMA's failings have been documented by our subcommittee and many others, but also in Texas, which recently saw major damage from Hurricanes Gustav and Ike, and in Grayson County, Kentucky, declared a major disaster county by President Obama after recent ice storms devastated the mid-section of our country. Hurricane Katrina was a disaster of mammoth proportions, but its major lesson went well beyond its scope and uniqueness and the failures of FEMA in 2006. Katrina teaches that FEMA must be nimble enough to move quickly before and after any Stafford Act emergency or disaster. The country cannot be assured that FEMA is always prepared without frequent oversight, which we began in the 110th Congress. Gustav, Ike and this year's ice storms all provide markers by which to measure FEMA's progress in disaster response and recovery efforts.

We want to look at outstanding issues in Louisiana, Texas, Mississippi, and Kentucky. In Louisiana, there are still public assistance projects awaiting disposition by FEMA. In Texas, there are continued challenges with removing storm debris and providing housing in coastal areas. In Kentucky, although initial reports seemed to indicate a satisfactory response effort by FEMA, we need to understand the expectations of FEMA's assistance to local counties and whether they were met.

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Today, we will be particularly interested in FEMA's work in housing, in rebuilding public infrastructure and in case management services during the three plus years of recovery in Louisiana since Katrina. We remain particularly concerned with the backlog of large infrastructure projects that have been delayed in the aftermath of Katrina. The Sewage and Water Board of New Orleans' main facility, an essential component of city infrastructure, is still not protected after the disaster because protracted negotiations over the definition of mitigation. Whatever the legitimate differences between Louisiana and FEMA, there is no excuse for failure to devise a way to come to agreement to use millions upon millions of available funds to repair an essential part of the New Orleans infrastructure which remains vulnerable to a natural disaster today.

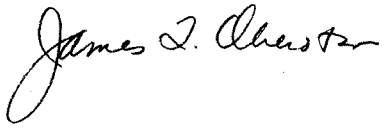
Moreover, there are many major public assistance infrastructure issues in municipal water systems across the state still waiting. The rebuilding of Charity Hospital, an essential part of New Orleans health infrastructure and the rebuilding of the criminal justice infrastructure in New Orleans are stalemated. Why have these projects of great priority stalled or slowed? Why does Louisiana currently have 4,135 projects determined to be "in dispute" due to excessive delay, overt disagreement, or other factors, with 2,894 of these projects currently valued between $55,000 and $500,000, for a total value of approximately $500 million, and 1,241 projects currently valued at an amount over $500,000, for a total value of $3.7 billion? We note that some of these projects are likely "shovel-ready," and will be a huge amount of already appropriated money in stimulus funds for Louisiana. It is unconscionable to allow these projects to wait, while, at the same time we are sending new stimulus funds to states including Louisiana, while these major projects could be putting people to work now, on the most vital projects for the state. This backlog of 100% federally funded projects is so serious that, out of justifiable outrage at years of stalemate, Senator Mary Landrieu inserted, into the stimulus, a binding arbitration clause for FEMA projects over $500,000 to expedite the recovery efforts from Hurricanes Katrina and Rita in the Gulf Coast region. Although the new binding arbitration requirement raises other issues that would likely cause further delay, I am working with Senator Landrieu on a good compromise that will emerge soon. At the same time, we see some successfully completed infrastructure projects, such as the New Orleans Police Department headquarters. However, with such clear deficiencies it is particularly disappointing that the Senate did not act on H.R. 3247 in the 110th Congress, which contained provisions that specifically addressed many of the public assistance problems. For example, the bill authorizes the FEMA Administrator to include Gulf Coast recovery efforts under the public assistance pilot program authorized by the Post Katrina Emergency Management Reform Act (P.L. 109-295), and H.R. 3247 permits the use of third parties to review and expedite public assistance appeals, and allows FEMA to use simplified procedures under which small projects are permitted to proceed on estimates, for projects up to $100,000. With more than $3 billion in projects held up by disputes, however, the time for pilot projects is over. We will require a third party dispute resolution within the government for FEMA that we believe will meet the challenges and the concerns of all involved.

In June of last year, we had a hearing on Mississippi, which is still recovering from Hurricane Katrina and is working with FEMA to replace and repair public infrastructure and to address mitigation issues for any new construction along the Gulf Coast. Mississippi also had serious management service problems for disaster victims.. According to the U.S. Census, when Hurricane Katrina made landfall, Mississippi had the highest poverty rate in the United States, only increasing the necessity for and importance of recovery services. We need to know whether Mississippi is now meeting the many challenges that were laid out in our previous hearing.

At the Mississippi hearing, the subcommittee received compelling testimony from case managers and service providers concerning FEMA's recovery efforts in areas of Mississippi that lost city halls, fire stations, and schools. In many areas, most standing structures were reduced to a concrete slabs. I flew low over the affected Mississippi counties shortly after Katrina and saw firsthand large areas that quite literally had been blown away. At our June hearing, we learned of systemic contracting problems that three-plus years after Hurricane Katrina were still hampering recovery efforts in Mississippi. Congressman Bennie Thompson called for "mechanisms for dispute resolution for contracts ... " Congressman Gene Taylor reminded us of the necessity of timely payments and keeping the nation's word. Long-term housing needs and solutions continue to stymie both FEMA and the Department of Housing and Urban Development. We must crack this structural problem FEMA apparently has everywhere, with appropriated and dollars tied up, stalemated and unspent and failure to meet the needs of disaster victims as mandated by Congress and appears that the mechanism for resolving disputes we are developing with Senator Landrieu will find fertile ground in Mississippi.

We are especially anxious to get an understanding of FEMA's efforts in Kentucky after the ice storms. Speaker Nancy Pelosi, Chairman Jim Oberstar and I met with Midwestern House members during the ice storms this month to see how we could be more helpful. Kentucky and the Midwest will continue to receive this attention from the leadership of the House, our Committee and the Subcommittee.

Again, we thank our FEMA representatives and witnesses from Louisiana, Mississippi and Kentucky for preparing testimony today to help the subcommittee continue to ensure that the agency is up to the challenge of meeting disasters anytime and anywhere in our country.



STATEMENT OF
THE HONORABLE JAMES L. OBERSTAR, CHAIRMAN
TRANSPORTATION AND INFRASTRUCTURE COMMITTEE
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT
FEBRUARY 25, 2009

POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST AND RESPONSE TO RECENT DISASTERS

I am pleased that the Subcommittee is holding this hearing on the status of the recovery in Louisiana, Texas, Mississippi, and Kentucky. I look forward to hearing the testimony of each of the witnesses about the remaining challenges presented in the recovery from disasters in Louisiana, Texas and Mississippi as well as FEMA's efforts in response to ice storms in Kentucky

The Stafford Act authorizes disaster assistance that the Federal Emergency Management Agency (FEMA) provides after a major disaster. While the authority of the Stafford Act is very broad and flexible, it does not anticipate every circumstance that can arise in a disaster such as Hurricane Katrina. Historically, when catastrophic or unusual disasters strike, FEMA and Congress work cooperatively to identify areas where FEMA needs specific authority or direction. However, circumstances were different in dealing with Hurricane Katrina. When Katrina struck, FEMA was not a flexible or independent government agency. Rather, FEMA was an organization within the Department of Homeland Security, a larger bureaucracy without direct access to the President and Congress. This lack of autonomy was magnified by the unprecedented scope and magnitude of Katrina.

We will hear today about the status of the rebuilding of infrastructure in the affected states under the Public Assistance program. As we will hear, these programs are not advancing the recovery as quickly as everyone would like. Over the past two years, this Subcommittee has held several hearings to identify the specific issues that were hindering recovery, and we will hear again from various representatives of each state.

As a result of previous hearings, this Committee drafted and reported H.R. 3247, the Hurricanes Katrina and Rita Recovery Facilitation Act of 2007, a bill specifically targeted to expedite recovery efforts in Mississippi and Louisiana. This legislation passed the House on October 29, 2007, and later stalled in the Senate in the 110th Congress. In a new Congress we will continue to examine how FEMA can address the backlog of projects in these communities as soon as possible.

FEMA's performance as an agency has suffered since its inclusion in the Department of Homeland Security, as opposed to when FEMA was an independent agency that reported directly to the President of the United States and U.S. Congress. The overwhelming majority – in fact, nearly all -- disasters faced by the United States are natural disasters, not acts of terrorism. Unfortunately, DHS changed the focus of FEMA to an agency primarily focused on terrorism, and shifted away from the all-hazards approach favored by FEMA when it was independent agency.

In order to address this issue I plan to introduce a bill that will create an independent FEMA. I believe an independent FEMA will become a premier federal agency that is prepared to meet the challenges of both natural and man-made disasters.

This Committee stands ready to lend its support to ensure that the citizens of affected communities receive all the help they need as they respond to these floods, and will carefully monitor FEMA's efforts as we move from response efforts into recovery.

I commend Chair Norton for holding this hearing and look forward to the testimony.

Post-Katrina Disaster Response and Recovery: Evaluating FEMA's Continuing Efforts in the Gulf Coast and Response to Recent Disasters

Statement of Congressman Steve Scalise
to the
Subcommittee on Economic Development, Public Buildings, and Emergency Management
Committee on Transportation and Infrastructure

February 25, 2009

Ms. Norton and Mr. Diaz-Balart, thank you for having this important hearing.

I also want to thank Paul Rainwater with the Louisiana Recovery Authority and the officials from FEMA who are today. I look forward to working with you as we resolve the issues that are delaying Louisiana's recovery, and identify reforms that will improve disaster response in the future.

The goal for today's hearing should be to evaluate FEMA's current activities in the Gulf Coast and throughout the country, to identify successes as well as reasons for continued recovery delays, and to find solutions for fixing these problems. I hope this hearing also evaluates the lessons FEMA has learned from Katrina and Rita and other disasters, develops a clear picture of how to reform and expedite the recovery process in the State of Louisiana and establishes concrete objectives to prevent these same delays from occurring again.

It has been over three and a half years since Hurricanes Katrina and Rita struck Louisiana, yet we are still experiencing recovery delays. Local governments and other organizations who serve the public continue to wrangle with FEMA over the approval of thousands of project worksheets, which is delaying crucial federal assistance from Washington to the local level.

In addition, FEMA has yet to establish loan forgiveness regulations for special Community Disaster Loans (CDLs) that were issued in the wake of Hurricanes Katrina and Rita to local governments and other organizations that serve the public. In 2007, Congress passed legislation authorizing FEMA to issue regulations for CDL forgiveness. While FEMA officials have continued to assure the Louisiana delegation that these regulations are being drafted, these rules have yet to be finalized and issued. It has been almost two years since Congress passed this authorization and it is imperative that these regulations are finalized as quickly as possible. Our local governments, fire departments, universities, and hospitals continue to face large debts and struggle with their recovery as a result.

The delays we are experiencing with project worksheets and community disaster loans are unacceptable. I am extremely concerned about the delays and am disappointed that we continue to revisit these same problems three and a half years after these storms devastated South Louisiana. We must find answers so our citizens, as well as our state and local

governments can move forward and complete their recovery. And we must cut through the red tape that hinders the funding and progress of recovery projects. I hope states like Kentucky, Oklahoma, Texas, and Iowa that have recently experienced disasters are not experiencing these same delays.

I am committed to working with my colleagues, FEMA, local governments, and officials from other states to resolve these delays. This is not a partisan or regional issue. I know that Members of Congress on both sides of the aisle are committed to making the necessary reforms so our citizens and local governments can move forward and preventing these problems from occurring again.

Wherever the fault is, we need to fix it. Louisiana does not need more discussion and delays – the citizens of our State need, and deserve, solutions. One which has been brought up before is reforming the Stafford Act. Clearly, this law does not adequately meet the recovery needs of a major catastrophic disaster, and I have been working with other members of Congress from across the county to identify the necessary improvements we need to make to the Stafford Act.

I would like to hear from FEMA, the LRA, and officials from other states who are hear today and have you identify regulatory or legislative barriers preventing Public Assistance projects from being completed. If there are statutory changes that need to be made, I would like FEMA and the LRA to submit concrete proposals detailing where these changes should be made.

These problems we've encountered over the past three and a half years are not issues exclusive to Hurricanes Katrina and Rita. They are issues that any community and any state would face if confronted with a catastrophic disaster of the magnitude we've faced. We all understand that we are working toward the same goal. We should leave this hearing with clear steps that we can take to improve the process and prevent similar delays in the future.

Statement of

David Garratt
Acting Deputy Administrator
And
James W. Stark
Assistant Administrator for Gulf Coast Recovery
Federal Emergency Management Agency
Department of Homeland Security

Post Katrina Disaster Response and Recovery: Evaluating FEMA's Continuing Efforts in the Gulf Coast and Response to Recent Disasters

Before the
House Transportation and Infrastructure Committee
Subcommittee on Economic Development, Public Buildings, and
Emergency Management
U.S. House of Representatives

Washington, DC
February 25, 2009

Post Katrina Disaster Response and Recovery: Evaluating FEMA's Continuing Efforts in the Gulf Coast and Response to Recent Disasters

Introduction

Good morning, Chairwoman Norton, Ranking Member Diaz-Balart, and other distinguished members of the Committee. My name is Jim Stark, and I am the Assistant Administrator for Gulf Coast Recovery in the Federal Emergency Management Agency (FEMA), within the Department of Homeland Security (DHS). I am joined today by David Garratt, Acting Deputy Administrator. We are pleased to be here with you today to update you on our recovery efforts from Hurricanes Katrina and Rita and discuss our perspective on the long-term prospects for the Gulf Coast.

In January 2008, I was appointed FEMA's Assistant Administrator for Gulf Coast Recovery under Administrator R. David Paulison. Reporting directly to the Administrator, I lead and coordinate FEMA's Gulf Coast recovery efforts across the Gulf Coast. My position was established in order to ensure that FEMA's programs are consistently and effectively administered through the Gulf Coast region. I have been in the region since the disaster, previously serving as the Louisiana Transitional Recovery Office Director, and the Chief of Staff for the Gulf Coast Recovery Office.

Overview of Recovery

In August 2005, Hurricane Katrina struck the Gulf Coast of the United States causing unprecedented and catastrophic damage to property, significant loss of life, and the displacement of tens of thousands of individuals from their homes and communities. In September 2005, Hurricane Rita closely followed Hurricane Katrina and once again hit the Gulf Coast of the United States, adding to the damage to property and displacement of individuals and families.

To administer FEMA's recovery and mitigation programs, FEMA established Transitional Recovery Offices (TROs) in Alabama, Mississippi, Louisiana and Texas. The TROs were established to ensure that FEMA's recovery and mitigation programs are administered effectively, consistently, and aggressively across the Gulf Coast. Each TRO is led by a Director, who reports to me. There are over 2,500 people working in the TROs across the Gulf Coast. A significant number of staff is from the local areas, and many were disaster victims themselves.

Nearly three and a half years after Hurricanes Katrina and Rita, the Gulf Coast states continue to press forward and make progress toward recovery. The recovery is not without its challenges, as the magnitude of these storms caused an unprecedented level of destruction. FEMA continues to be an integral part of recovery. Through our TROs in Alabama, Mississippi, Louisiana and Texas, we have worked diligently to balance expediency and accountability, and support the efforts of our State and local counterparts. This collaboration has resulted in significant progress.

The TROs in Alabama and Texas are being right-sized to smaller offices reflective of the rate at which recovery missions have progressed in those states. Alabama transitioned from GCRO oversight to Region IV on November 9, 2008, and Texas transitioned from GCRO oversight to Region VI on February 15, 2009. The Louisiana TRO has also assumed responsibility for the recovery mission for Hurricanes Gustav and Ike from Region VI. Emergency and major disaster declarations for Hurricane Gustav in Mississippi were minimal; therefore, the Joint Field Office established for the emergency continued to manage the ensuing recovery.

Our focus in each Gulf Coast state is in three programmatic areas – Individual Assistance, Public Assistance, and the Hazard Mitigation Grant Program. Much has been said about the methods and ways in which FEMA has provided assistance across the Gulf Coast following the 2005 hurricane season. In each of these areas, FEMA has seen successes and challenges. While we readily acknowledge that we could have done some things better, we must not lose sight of the fact that nearly three and a half years after the most damaging storms in American history, nearly 95% of those whose homes were impacted by the disaster have returned to their pre-disaster housing or have moved on to other long-term, permanent housing options, $10.5 billion has been obligated to Mississippi and Louisiana to rebuild public infrastructure, and $499 million has been obligated to Louisiana and Mississippi for hazard mitigation projects to lessen the impact of future disasters.

As of February 13, 2009, FEMA has

- Obligated approximately $7.8 billion, which has been provided to over 2 million households through FEMA's Individual and Households Program (IHP).
- Provided direct housing to more than 143,000 households, which have been provided temporary housing units (travel trailers and mobile homes) through FEMA's Direct Housing Mission.
- Delivered over $10.5 billion in Public Assistance funding to the States of Louisiana and Mississippi to reimburse localities for emergency needs, debris removal and permanent repairs to schools, roads, utilities, and other public infrastructure.

FEMA and its federal partners have worked diligently to balance expediency and accountability, and support the efforts of our State and local counterparts. This collaboration has resulted in significant progress, although clearly challenges remain.

Individual Assistance

Over the past three years, FEMA's Individual Assistance (IA) programs have worked hand in hand with voluntary and faith-based organizations, as well as other state and federal agencies to meet the needs of hundreds of thousands of individuals impacted by Hurricanes Katrina and Rita. FEMA's IA programs are at the forefront of FEMA's recovery activities.

Under Section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, FEMA is authorized to provide housing assistance via our Individuals and Households program, which includes: rental assistance, home repair assistance, home replacement assistance, and direct housing. It is important to note that FEMA's temporary housing assistance programs and authorities were not designed to provide long-term housing solutions, but rather provide eligible victims with temporary accommodations while they work with State and local governments and other federal agencies to find a permanent housing solution as part of their individual road to recovery.

Financial Assistance
As of February 13, 2009,

- $7.8 billion has been provided to over 2 million households through FEMA's IHP. This includes over $5.6 billion in Housing Assistance and $2.1 billion in Other Needs Assistance. Housing Assistance includes temporary housing, and repair and replacement activities, as well as rental assistance and expedited housing assistance. Other Needs Assistance includes personal property replacement, transportation assistance, medical and dental expenses, funeral expenses, and assistance with other expenses such as moving and storage.
- $2.5 billion of rental assistance has been distributed to over 700,000 households. Currently, there are not any households receiving rental assistance directly from FEMA. Instead, all Katrina/Rita households currently receiving rental assistance are being assisted by the Disaster Housing Assistance Program which was a FEMA grant to local Public Housing Agencies and managed by the Department of Housing and Urban Development on FEMA's behalf.
- FEMA has provided over $437 million in home repair payments, helping make more than 110,000 homes habitable across the Gulf region following Katrina and Rita.
- FEMA has provided more than $346 million to over 33,000 households to assist them towards the purchase of replacement housing.

Direct Housing
In most disasters, FEMA can help individuals address their temporary housing needs through financial, repair or replacement assistance; however, Katrina destroyed or significantly damaged tens of thousands of housing resources and rental units, greatly limiting our standard temporary housing options. In these circumstances, FEMA can provide direct housing assistance.

Direct Housing Assistance can be provided by purchasing or leasing apartments, but, most often, through the provision of manufactured housing units (travel trailers and mobile homes). Following Katrina, both options were employed. Direct leases were secured to house evacuees outside the impacted area and manufactured housing was provided within the most heavily damaged areas of Louisiana, Mississippi, Alabama and Texas. This option allows disaster victims to remain in their communities and close to their jobs, families and schools.

- Over the course of the disaster, FEMA housed more than 143,000 households in travel trailers and mobile homes.

- As of February 16, 2009, the total number of households currently living in temporary housing has decreased to 6,664, including 4,286 in Louisiana and 2,376 in Mississippi.
- 90% of our temporary housing units are on private sites where individuals are rebuilding their homes.
- For pre-disaster renters or those without a private site, FEMA constructed 154 group sites across the Gulf in order to house individuals, including 111 group sites in Louisiana. As of February 16, 2009, 2 group sites are still open in Louisiana.

Currently, there are 288 households residing in a hotels and motels throughout the Gulf Coast. Every occupant residing in FEMA-provided temporary housing units or emergency lodging assistance (hotel/motel) has been offered an alternative and we are working with each of them to find a permanent housing solution that meets their needs.

FEMA is aggressively supporting the transition of temporary housing occupants to longer-term housing. FEMA has contacted every applicant currently residing in a temporary housing unit, hotel, or motel in the Gulf Coast to make them aware of available housing resources and will continue to visit and work with each household residing in a hotel or motel or temporary housing unit to transition them into more suitable, long-term housing options. FEMA's outreach to applicants will continue through direct contact on a monthly basis to follow up on applicants' recovery plans, locating and offering rental resources, and making referrals to local, state, and voluntary organizations to address social service needs.

FEMA continues to partner with state, local and voluntary organizations to ensure a comprehensive approach to transitioning occupants to more suitable long-term housing and social services programs.

Individual Assistance Challenges
The primary challenge for the Individual Assistance program going forward is to work with the remaining 6,664 households who are still being housed by FEMA. Travel trailers and mobile homes are intended only as short term solutions to fill the need for emergency housing. Clearly, FEMA and our federal, state and local partners recognize how important it is, both to the affected families and the communities in which they live, to expedite the transition of disaster survivors into more permanent and stable housing.

Extension to FEMA's Housing Program
On February 11th, DHS/FEMA announced that it would extend its direct housing assistance (temporary housing units and emergency lodging assistance) for eligible Katrina/Rita individuals and families for an additional 60 days, until May 1, 2009. This extension was granted at the request of the States of Louisiana, Mississippi and Alabama. While this assistance has already been extended 24 months beyond the statutory 18-month limit for housing assistance, FEMA remains committed to assisting all States in their efforts to transition residents of temporary housing units into permanent housing solutions. Together, with our partners throughout the federal, state, local, private, and voluntary agency communities, FEMA will continue to support States as they pursue

housing assistance solutions that will effectively, and compassionately, help individuals and communities recover, re-establish, and reclaim their neighborhoods and communities.

Disaster Housing Assistance Program (DHAP)
FEMA's disaster housing assistance programs are statutorily limited to 18 months, unless extended by the President.

Due to the severity of Hurricanes Katrina and Rita and the unprecedented number of individuals still requiring housing, President Bush determined in mid-2007 that housing assistance would be extended until March 1, 2009, and that the rental assistance program being provided by FEMA for Hurricanes Katrina and Rita individuals would be transitioned to HUD, under a new Disaster Housing Assistance Program, or DHAP.

FEMA and HUD entered into a DHAP-Katrina Interagency Agreement (IAA) in August 2007 to transition Katrina and Rita families receiving FEMA housing assistance to HUD for longer-term housing assistance through DHAP. Over the last 18 months, HUD and FEMA have provided eligible families with rental assistance and case management services to support families in their transition from temporary to permanent housing and self sufficiency without temporary disaster housing assistance. More than 46,000 households were transferred into DHAP with currently 31,002 remaining in the program. The majority of families are contributing towards monthly rent payments.

On Friday, February 20, 2009, The U.S. Department of Housing and Urban Development (HUD) and the Federal Emergency Management Agency (FEMA) announced details of a new six-month transition rental assistance program for families currently enrolled in the *Disaster Housing Assistance Program (DHAP-Katrina/Rita)*. HUD and FEMA will provide the additional assistance to families as needed until August 31, 2009 to give them more time to transition out of the DHAP program, either to self-sufficiency or other federal or state housing programs, including HUD's *Housing Choice Voucher (HCV)* program.

Based on lessons learned from DHAP Katrina, FEMA and HUD entered into a DHAP Interagency Agreement in September 2008 to provide similar temporary rental assistance and case management services to disaster victims of Hurricanes Ike and Gustav, but far earlier in the disaster continuum. This program began on November 1, 2008, and will run through March 1, 2010. Implementing DHAP so early in the disaster offered a new set of unique challenges, and FEMA and HUD continue to evaluate lessons learned.

FEMA and HUD are continuing to look for further partnering opportunities, and will develop recommendations for any future collaboration between agencies on disaster housing. Areas for improvement in DHAP or discussion of alternative approaches include:

- Performance parameters and criteria for the provision of housing assistance and case management;

- Incentives for assisting applicants in finding housing quickly;
- Justification of program costs;
- Clarification of program ownership throughout the registration process, eligibility reviews and period of assistance

In an effort to establish guiding principles for future disaster housing operations and satisfy requirements set forth in the Post Katrina Emergency Management Reform Act (PKEMRA), FEMA collaborated with Federal, State, and local partners, including HUD, to develop a *National Disaster Housing Strategy (NDHS)* that documents comprehensive sheltering and housing capabilities, principles, and policies. The NDHS was released in final form on January 16, 2009.

FEMA has also worked to establish the National Disaster Housing Task Force. The Task Force will focus full-time attention on disaster housing, developing operational plans, building disaster housing capabilities, and achieving the vision and goals of the National Disaster Housing Strategy.

Case Management
Following the completion of Katrina Aid Today (KAT) which provided case management services to 70,000 Katrina affected households over a 30-month period, FEMA implemented a two-phase disaster case management plan to continue providing assistance, including:

- Phase I: FEMA provided Cora Brown case management awards to the States of Louisiana and Mississippi to continue case management services for the remaining open cases of the KAT Program beyond the March 31, 2008, performance period end date.
- Phase II: FEMA provided grants to the appropriate State to implement a State-led disaster case management programs which will now continue to be funded through June 1, 2009. Mississippi has been awarded an extension to their on-going disaster case management program. FEMA has awarded a grant to the State of Louisiana to provide case management services and is currently working with Louisiana to assist them in the implementation of this program.

The disaster case manager's primary service to applicants is assisting the household in assessing their disaster-caused unmet needs, then developing a goal-oriented recovery plan adapted to the identified needs.

Alternative Housing Pilot Program (AHPP)
In the 2006 Emergency Supplemental, Congress appropriated $400 million to FEMA for a pilot program that could identify and evaluate new alternatives for housing disaster victims in the aftermath of a disaster. The appropriations language requested that areas hardest hit by the hurricanes of 2005 be eligible grantees; therefore, Alabama, Florida, Louisiana, Mississippi and Texas were invited to submit and submitted applications for what they considered to be the most innovative disaster housing solutions.

The following five projects were selected for AHPP grants:

State	Project	Requested Funds	Partial Funding	Recommended Award
Mississippi	Green Mobile	$6,930,450	85%	$5,890,882
Mississippi	Mississippi Cottage	$400,000,000	69%	$275,427,730
Louisiana	Cypress Cottage Partners	$87,696,906	85%	$74,542,370
Texas	Heston Group	$19,378,500	85%	$16,471,725
Alabama	City of Bayou La Batre	$18,432,110	85%	$15,667,293

FEMA will submit for the record a report on the status of the program by state and an update on the number of units currently completed.

Public Assistance

Another vital and visible component of a state's recovery is FEMA's Public Assistance. FEMA has been extremely active in working with the States and local governments to restore, rebuild, or rethink public services and facilities. Though funded by FEMA, the Public Assistance program is administered by the States. Local governments and other eligible applicants receive their funding through the States. The Public Assistance program provides funds for debris removal; emergency protective measures; temporary relocation of certain services or functions; and for the repair or replacement of public roads, bridges, drainage structures, water control facilities, public buildings, public utilities, parks and other facilities.

As of February 13, 2009, FEMA has obligated over $10.5 billion in public assistance funding to the Gulf Coast states (Louisiana and Mississippi). To understand the enormity of the damage and number of eligible projects in Louisiana and Mississippi from hurricanes Katrina and Rita, FEMA anticipates that by closeout, we will have completed over 69,000 project worksheets (PWs) (46,169 in Louisiana and 23,275 in Mississippi).

To give an overview of the progress we have made in administering the Public Assistance program in Louisiana and Mississippi, we note that as of as of February 13, 2009:

- FEMA has obligated over $10.5 billion to the State of Louisiana and Mississippi under the PA program for specific PWs.
  - $7.5 billion in Louisiana
  - $2.94 billion in Mississippi
- Of the more than 68,000 PWs written for Katrina and Rita applicants, funding for 67,716 PWs has been obligated to state and local governments.
- Of the $10.5 billion FEMA has obligated to the States of Louisiana and Mississippi, $5.7 has been paid out to the applicants.
  - Of the $7.5 billion FEMA has obligated to the State of Louisiana, the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) has disbursed $4.1 billion of these funds and has the remaining $3.4 billion available for disbursement to their applicants.
  - Of the $2.94 billion FEMA has obligated to the State of Mississippi, the Mississippi Emergency Management Agency (MEMA) has disbursed $1.69 billion and has the remaining $1.21 billion available for disbursement to their applicants.

PA PROCESS Improvements
While we believe that this is extraordinary progress given the scope of devastation, we realize that this storm forces us to rethink our business process here in the Gulf. In addition to obligating funds as quickly as possible, FEMA has modified its approach to Public Assistance activities to improve accountability and streamline our process.

- As we move closer to the completion of projects, FEMA will continue to work with the State and other applicants to ensure accurate and timely completion of projects.
- FEMA is working with the applicants to identify high priority projects that are crucial to recovery and giving those projects priority status for review and approval.
- FEMA is also working closely with local governments to identify opportunities to leverage other funding streams to bridge any FEMA Public Assistance funding gaps that may arise.
- For the PW versions that have not yet been written, FEMA is ready to engage as soon as the applicants are ready.

Hazard Mitigation Grant Program (HMGP)
Authorized under the Stafford Act, HMGP funding is available to States following a disaster to fund cost-effective mitigation projects. Funds available under HMGP may be used to flood-proof or elevate existing properties; acquire and relocate homes from hazard-prone areas; and implement minor flood control measures. Potential projects submitted by applicants must conform to State and local Hazard Mitigation plans, be technically feasible and cost-effective, and meet environmental/historic preservation requirements. FEMA may contribute up to 75% of the costs of the projects. This program is not designed for immediate response, but as a long term solution to reduce risk from flooding and other hazards. The amount of HMGP funds made available to the State is formula driven, based on the total amount of disaster grants provided which is 7.5% for hurricanes Katrina and Rita.

Louisiana HMGP
For Louisiana, over $1.47 billion is expected to be available under the HMGP for hurricanes Katrina and Rita. FEMA has extended the deadline and the State now has until June 30, 2009 (which is the 5th extension of this program) to submit its proposals to FEMA. As of February 13, 2009:

- FEMA has received 246 applications and requests for State Management costs. Eligible state management costs provided to date total $16.9 million and were obligated on February 19, 2008. FEMA anticipates that the State will request additional state management funds.
- FEMA has allocated or obligated $349 million in federal funds for HMGP projects and state management costs in Louisiana.

The state's current spending plan assigns these funds as follows:

- $750 million to elevate or reconstruct (via a pilot program) up to 55,000 vulnerable homes. This project intends to leverage HMGP to provide gap funding to homeowners that did not receive sufficient insurance and/or CDBG grants to complete certain eligible mitigation activities. In order to support this proposal, FEMA developed alternative processes to identify eligible costs, meet environmental and cost-effectiveness reviews, and migrate and maintain large volumes of project data. At the state's request, FEMA sought and received a limited waiver to allow retroactive funding for certain otherwise eligible activities, which has allowed many of the structures included in this project to be eligible. To date, FEMA has cleared over 22,000 properties and has obligated about $120 million. The State has indicated that they may expand this project to include minor mitigation measures (shutters, roof clips, garage door reinforcement, backflow valves, etc) for several thousand additional structures in order to exhaust the entire fund allowance currently assigned to this project.

- $720 million directed toward standard projects developed by parish governments and other eligible applicants. Public building retrofits, residential elevations and reconstructions, acquisitions, generators, building code support funding and planning initiatives comprise the bulk of these activities. State has submitted 246 projects and FEMA has approved 218 projects valued at about $230 million. FEMA is currently reviewing 21 projects valued at about $21 million and has denied 7 projects valued at about $4.5 million. The state is assisting applicants to develop 300-400 additional projects valued in excess of $400 million.

- FEMA has also approved funding for over 50 local mitigation plan updates and amendment, many under a pilot planning initiative for Katrina, Rita and Wilma.

Mississippi HMGP
Approximately $393 million in HMGP funding is available to the State of Mississippi as a result of Hurricane Katrina. This reflects two $20 million rescissions by Congress through direct and supplementary appropriations.

As of February 13, 2009, FEMA has obligated $150 million in HMGP funds to Mississippi for 233 projects. Currently, there are 59 projects pending review that total $42.4 million. Although the State has indicated it has identified over 900 additional projects representing nearly $430 million in funding, applications for approximately $205M of the $393M available have yet to be submitted to FEMA. Currently, the application deadline for the State of Mississippi to submit applications is March 2, 2009. However, the State has requested an extension until June 30, 2009. FEMA is currently reviewing this request and anticipates responding to the State shortly.

Digital Flood Insurance Rate Maps (DFIRMs)
FEMA is actively involved in two areas regarding flood insurance: disbursement of the National Flood Insurance funds and flood insurance rate maps (FIRMs). Through February 16, 2009, the National Flood Insurance Program (NFIP) has paid out over $15 billion in NFIP claims in the Gulf Coast and over 99 percent of all claims filed have been

closed. In Mississippi, the NFIP policy count has increased from approximately 43,000 at the time of Hurricane Katrina to over 75,000 at the present time. Niney-nine percent of the 18,982 claims have been closed and over $2.4 billion paid to the policyholders. In Louisiana, the policy count grew from approximately 390,000 at the time of Katrina to more than 480,000 at present. The NFIP has paid out over $13 billion on 176,000 claims in the state and more than 99 percent of all claims filed have been closed.

In the aftermath of Hurricane Katrina, FEMA responded quickly to State and local officials' requests for updated flood hazard information to help them make smart rebuilding decisions. FEMA responded by issuing advisory base flood elevations (ABFEs) for areas of Louisiana and Mississippi where the effects of the storm had significantly altered the floodplain, or demonstrated that current base flood elevations were outdated.

The post-Katrina ABFEs, for 15 affected Louisiana parishes and 3 Mississippi counties, are generally higher than the base flood elevations shown on the current effective Flood Insurance Rate Maps. The ABFEs are advisory for purposes of the NFIP, and have no impact on the availability of flood insurance. Existing flood insurance policies continue to be rated based on current effective FIRMs, and if a structure is built to ABFE standards, flood insurance premiums may be much lower.

FEMA has been releasing the Preliminary Digital Flood Insurance Rate Maps (DFIRMs) across the Gulf Coast. From a recovery standpoint, the Preliminary DFIRMs represent the best available data on flood risk and FEMA encourages property owners and building officials to consider them when making decisions about rebuilding. These maps provide the best depiction of actual flood risk at this time. As such, FEMA has issued a policy requiring Mississippi and Louisiana communities to use the DFIRMs for reconstruction and mitigation activities paid for through FEMA grant programs, including Public Assistance, HMGP, the pre-disaster mitigation grant program, and the Flood Mitigation Assistance program.

FEMA's work with the DFIRMs will also provide more accurate estimates of risk and potential flood hazard areas. FEMA provides the maps to communities that participate in the National Flood Insurance Program. FEMA has confidence in the Preliminary DFIRMs and the process moving forward will only improve upon that information. FEMA has also established a website to allow the general public to have the ability to visit the site, input an address and access the Preliminary DFIRM elevation data associated with that property.

HMGP Challenges

- Although both States have made significant progress, hundreds of potential projects are still in development and applications have yet to be submitted to FEMA. FEMA is working closely with each State to facilitate application development and submittal within the application deadlines.

- The State's pace of identifying specific properties and activities for inclusion in the residential mitigation project as well as the State's ability to efficiently manage this project. To date minimal funds have been disbursed to homeowners.
- The state is focused more on application development than post-award implementation thus very few projects have been completed or even started.
- Pilot initiatives and new mapping have increased the complexity in program implementation at all levels.

Conclusion

The Department and FEMA, along with the new Administration, are committed to the recovery and rebuilding of the Gulf Coast. FEMA will remain an active and engaged partner until the job is finished. Through our TROs, we have piloted many new initiatives that have contributed not only to the recovery of the Gulf Coast, but have also contributed to the retooling and improvement of FEMA. These initiatives, and our lessons learned, will help to improve the effectiveness of FEMA's programs in future disasters.

While finding housing for the many displaced households and repairing damaged and destroyed infrastructure has been, and will continue to be a challenge, FEMA remains committed to providing or coordinating continued assistance to the victims of hurricanes Katrina and Rita. Together with our federal, state, local and voluntary agency partners, we will continue to pursue assistance solutions that will effectively and compassionately help individuals and communities recover and re-establish their neighborhoods and communities.

Question#:	1
Topic:	public assistance grants
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

Question: Has FEMA identified where in the process problems of public assistance grants for the state of Louisiana are occurring and offered suggestions for a solution?

What does FEMA plan to do to expedite these requests? Is the delay associated with lack of sufficient personnel?

Answer: While the strong majority of public assistance projects have had project worksheets completed and funding obligated, a number of projects remain in contention. Typically, when reaching an impasse, FEMA will draw up a final worksheet, with or without the applicant's approval, and provide the applicant 60 days to submit an appeal. However, in Louisiana, and largely at the request of the State, FEMA has employed a less rigid approach, and continued to engage with applicants on projects for which the scope of eligible work remains in dispute, primarily to give those applicants every opportunity to make their cases prior to forcing an appeal. While this less-rigid approach was well-intentioned, it has had the adverse effect of dragging out the decision-making process. As a result, a number of projects that remain in dispute have not been entered into the system specifically designed to resolve such disputes – the formal appeals process. While FEMA does not have an unlimited supply of highly-qualified Public Assistance experts, personnel strength is not currently a contributing issue.

FEMA and the State have engaged and agreed on several approaches to expedite these stalled projects and solve this issue. Secretary Napolitano announced the creation of two new joint review teams, comprised of FEMA and state personnel, which will be tasked with quickly and fairly resolving disputes under the Public Assistance program. Theses teams will assure a transparent process and promote close coordination between FEMA and the state to identify disputes, address them quickly, resolve cost issues, and expedite final decisions and approvals.
In addition, Congress passed legislation directing the establishment of an arbitration panel as an alternate dispute resolution forum, and the Administration is currently developing the framework and operating principles for that panel.

Question#:	2
Topic:	406 mitigation process
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

Question: What is the 406 mitigation process? How did it apply to Louisiana recovery?

Answer: Hazard Mitigation refers to sustained measures enacted to reduce or eliminate long-term risk to people and property from natural hazards and their effects. In the long term, mitigation measures reduce personal loss, save lives, and reduce the cost to the nation of responding to and recovering from disasters. Two sections of the Stafford Act, §404 and §406, can provide hazard mitigation funds when a Federal disaster has been declared.

Funding under §406 Hazard Mitigation may be used to upgrade, repair, or replace damaged public facilities or infrastructure to meet current codes and standards. For Katrina and Rita, the Federal government can provide up to 100% of the cost for these upgrades. Under the Hazard Mitigation Grant Program (HMGP) funding is provided under §404 and the State sets the priority for projects which are administered by the Mitigation Directorate. It is possible for mitigation measures to be eligible for funding under both the HMGP and §406 programs; however, if the proposed measure is fully funded through §406, the project is not eligible for funds under the HMGP as well. Section 406 hazard mitigation funding and Section 404 hazard mitigation funding are distinct. Section 406 is applied on the parts of the facility that were actually damaged by the disaster and the mitigation measure provides protection from subsequent events. The mitigation work must be cost effective and reasonably performed as part of the work or measure that will reduce the potential for damage to a facility from a disaster event. Sometimes a combination of Section 406 and 404 funding may be appropriate, such as where Section 406 hazard mitigation funding is used to provide protection to the parts of the facility that were damaged and Section 404 hazard mitigation funding is used to provide protection to the undamaged parts of the facility. In these instances, the application for Section 404 hazard mitigation funding must be submitted in a timely manner, consistent with State and local hazard mitigation plans, and approved by the State Hazard Mitigation Officer.

All submitted projects in Louisiana eligible for 406 funding have been funded and FEMA continues to work with the state and local entities to identify viable 406 Hazard Mitigation options. Examples of 406 Hazard Mitigation Options in Louisiana include:

- upgrading the roof structure of the Super Dome to sustain 120 MPH winds;

Question#:	2
Topic:	406 mitigation process
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

- elevating the HVAC and mechanical components of the Medical Center of Louisiana at New Orleans complex to the roof system to prevent future flooding;
- elevating the storm water pumps in Plaquemines Parish;
- elevating waste water pumps in the St. Bernard efforts to consolidate the Waste Water Treatment plants; and ,
- converting the standby power generation system for the Touro Infirmary.

In excess of $73 million has been obligated to date and additional 406 Hazard Mitigation proposals are being reviewed.

Question#:	3
Topic:	NDHTF
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

Question: On page 7 you mention the National Disaster Housing Task Force. What agencies are on this task force? How often does it meet? What is the agenda? Who presides?

Answer: The role of the National Disaster Housing Task Force, as defined in the national Disaster Housing Strategy, is to focus full-time attention on all phases of disaster housing and to oversee the National effort to implement the National Disaster Housing Strategy.

The National Disaster Housing Task Force is comprised of Federal employees, with participation from FEMA, HUD USDA, VA, SBA, HHS and the US Army Corps of Engineers, and may request or receive sheltering and transition advice from the American Red Cross and other disaster relief organizations." The Task Force will seek recommendations from the National Advisory Council, which will enable the Task Force to gain input from the private sector, non-governmental organizations and State, Tribal and local government representatives, who all are important stakeholders in disaster housing.

The primary mission of the Task Force is to encourage the development of operational plans to support disaster housing, help assess disaster housing baseline capabilities, improve national disaster housing resources, and work collectively to achieve the vision and goals outlined within the Strategy. The current focus for the Task Force at this stage, other than implementing the requirements outlined in the Strategy, is:

- FEMA is reaching out to its Federal partners, and coordinating with the FEMA National Advisory Council, to obtain support and representation from the broad range of disaster housing stakeholders, and ensure a broad based approach to disaster housing solutions and options.

- FEMA is finalizing the structure of the Task Force, its Work Plan, identifying appropriate funding for FY10 and beyond, and hiring support staff. The Acting Director has begun engagement with State and local stakeholders through conferences, meetings and regional teleconferences. It is expected that formal meetings will begin in mid-April.

Question#:	3
Topic:	NDHTF
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

- FEMA has appointed a Federal Coordinating Officer to lead this effort until the permanent Executive Director is selected.

Question#:	4
Topic:	AHPP
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

Question: Please give details on the Alternative Housing Pilot Program (page 7)

Answer: In the 2006 Emergency Supplemental, Congress appropriated $400 million for a pilot program to identify and evaluate alternatives to FEMA disaster housing assistance, including travel trailers and manufactured homes. This program was also intended to provide housing to people with on-going housing needs as a result of hurricanes Katrina and Rita. Through a competitive grant, FEMA selected pilot projects in Alabama, Mississippi, Louisiana and Texas for grant awards. The States are responsible for all aspects of construction and maintenance.

Each project and managing agency explores a different solution to local transitional and permanent disaster housing needs. To evaluate the success of the units and each project's impact on individual recovery, HUD is conducting building and social science research for FEMA under an interagency agreement. HUD's research methodology will focus on the structural integrity of the alternative units (i.e., testing to determine mold/rot resistance, energy efficiency, indoor air quality etc.) as well as qualitative surveys and interviews with occupants about their experience living in the unit. HUD's final report will be presented to FEMA and Congress in 2012.

Brief descriptions of AHPP projects, their application, and their status are as follows:

Alabama / The City of Bayou La Batre ($15,667,293):
The city will develop two new housing communities and a new housing authority. The homes can accommodate up to a six-member family, use fiber cement materials, withstand winds of up to 140-150 mph, and can be detached and reset on another foundation within a 500 mile radius.

> Status: The City of Bayou La Batre grant was awarded on July 31, 2007. As of March 2nd, 2009, 97 of the expected 100 units have been installed, with 56 units currently occupied. Coordinating with HUD, the new Bayou La Batre Public Housing Authority has been formed and has begun regular meetings. HUD Community Development Block Grants Disaster Assistance contributed more than $2 million for utility infrastructure in direct support of this housing and part of approximately $40 million in those funds for housing and other infrastructure in Bayou LA Batre.

Question#:	4
Topic:	AHPP
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
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Committee:	TRANSPORTATION (HOUSE)

Louisiana / The Louisiana Recovery Authority (LRA) ($74,542,370):
Katrina and Dovetail Cottages will be used on group sites and as infill development (placement in an existing neighborhood) in southern Louisiana. The site-built version of the Katrina Cottage is a steel frame, single-family unit with two to three-bedroom layouts. The manufactured version, developed through the program, uses a wood frame. The Dovetail Cottage is a multifamily design with one, two, and four bedroom layouts.

> Status: The Louisiana AHPP grant was awarded September 7, 2007. As of March 2nd, 2009, site construction has begun in Jackson Barracks, and 37 foundations are completed in Baton Rouge. The LRA has outlined draft criteria and a management plan for how to fairly select potential occupants from those still in need of assistance.

Mississippi / Mississippi Emergency Management Agency (MEMA) ($281,318,612):
Mississippi Cottage and Park Model ($275,427,730): The Park Model is a small transportable unit that can be placed in a homeowner's yard, can withstand winds up to 150 mph, and meets or exceeds local building codes and the International Residential Code. It also uses rot, moisture, and mold resistant materials. The Cottages are built with two and three bedrooms and meet both the International Residential Code and the HUD code for manufactured housing. The axles and wheels can be removed for installation on a permanent foundation.

> Status: The Mississippi AHPP grant for Cottages and Park Models was awarded on April 11, 2007. As of March 2nd, 2009, 2,826 temporary units had been constructed, installed, and occupied throughout Mississippi. As the temporary phase of the program winds down, MEMA has performed outreach efforts to encourage local jurisdictions to allow the cottages to be placed on permanent foundations. Currently, 10 jurisdictions have approved (with some restrictions), 4 offer limited permanent placement in areas currently zoned for mobile homes, and 4 have not yet approved permanency.

MS Eco Cottage ($5,890,882): The Eco Cottage is a highly energy-efficient temporary disaster housing unit that can also be used as permanent housing. The design emphasizes green building technologies, durability, and an open interior to accommodate families of various sizes.

Question#:	4
Topic:	AHPP
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
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Committee:	TRANSPORTATION (HOUSE)

Status: The bid package for construction of an estimated 80 Eco Cottages is nearly complete. Negotiations between MEMA and their partners for an appropriate site are ongoing.

Texas / Texas Department of Housing & Community Affairs (TDHCA) ($16,471,725):

The "Heston Home" is a single-family pre-fabricated, panelized house that can be disassembled to fit in a standard 8' x 20' shipping container. This unit can be pre-positioned, stored flat to allow multiple units to be transported simultaneously, and constructed in as little as eight hours by a six person crew.

Status: The State of Texas AHPP grant was awarded on January 16, 2008. The first East Texas unit was completed on March 4, 2009. The initial order of 50 units (25 Heston Homes) has arrived. Ten (10) sites in East Texas have received environmental clearances and site preparation and construction can proceed. Ten (10) additional sites in East Texas are expected to be cleared once required information is received. Addresses for the environmental review have been submitted for a 10 unit site in the Harris County/Houston area. A second larger site in the Harris County/Houston area has yet to be determined by TDHCA.

Question#:	5
Topic:	HMPG
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

Question: Regarding HMPG, on page 10 you mention FEMA developing alternative processes to identify eligible costs, meet environmental and cost effectiveness reviews, and migrate and maintain large volumes of project data. What were these alternative processes?

Answer: The State of Louisiana's Office of Community Development (OCD) is the applicant for a large HMGP residential mitigation project, which is expected to include several thousand properties. OCD also manages Community Development Block Grants (CDBG). FEMA developed alternate methods to accommodate the State's request that this project integrate with their HUD CDBG-funded residential initiative. Under the standard HMGP process, the applicant contacts prospective participants to determine their interest in participating during application development. In addition, prior to the award of funding, the proposed activity is identified, costs are estimated and sufficient site data is collected for cost-benefit and environmental reviews. To date, FEMA has reviewed over 27,000 properties and cleared over 22,000 for potential funding.

The volume of properties in the OCD project, coupled with the State's inability to contact each prospective homeowner prior to submitting the application, prompted FEMA to design an alternate review process to expedite approval of potentially eligible properties to allow the State to minimize time delays between contacting homeowners regarding their interest and awarding funds to those determined eligible. This alternate process allowed FEMA to award funds to the State in advance of receiving complete project information for certain issues, with the understanding that OCD would develop a post-award process that includes verifying the actual activity and costs; ensuring that the completed work meets HMGP eligibility requirements, and maintaining required documentation for FEMA's review.

COST DETERMINATION: FEMA developed an alternate method to identify eligible costs to decrease the administrative requirements on the applicant prior to approval. FEMA used the approximate size of each structure and its required elevation, and calculated costs against standard costs for two activities: elevation of an existing structure and reconstruction (replacement of the initial structure with a new, fully compliant building). As funds are awarded to homeowners, these estimates are replaced by actual costs post-award.

Question#:	5
Topic:	HMPG
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
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COST-EFFECTIVENESS: Typically, FEMA conducts benefit cost analysis (BCA) based on specific structure data provided for the actual properties included in the application. Due to the volume of properties included in this application, FEMA developed an alternate and streamlined approach to conducting a BCA for this project. This review was completed using aggregate modeling that encompassed thousands of latitude-longitude data points overlaid across all floodplains for which Advisory Base Flood Elevations had been developed. This higher level analysis was determined by FEMA and OMB to be an acceptable alternative to address a large volume of sites. The implementation of this approach saved both FEMA and the State significant time and resources in the application development process, and allowed the State greater flexibility in administering the program to homeowners. In addition, the cost data described above was generated via this modeling.

ENVIRONMENTAL COMPLIANCE: FEMA developed a Geographic Information System based layer review to allow the digital information for each property to be imported into a database so that all potential environmental issues could be evaluated simultaneously. Properties verified to be located outside of any potential area of historic or environmental (wetland, endangered species habitat, etc) were cleared for funding. Those initially identified in areas of concern were separated out for further consideration.

DATA MIGRATION: As part of this alternate review process, each property site must be entered into FEMA's database system for data management, funding and tracking. Working with program staff, IT and GIS specialists, an interface program was created to move or migrate the digital information into FEMA's database without requiring the State to do individual data entry for each property.

Question#:	6
Topic:	families
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

Question: Are governments coordinating their efforts and sharing information with themselves and with service provider organizations, so that families can be located and served? What barriers prevent information on children and families from being collected and shared?

Answer: Government agencies continue to coordinate with state, local and non-governmental organizations (NGOs) to ensure the delivery of comprehensive disaster recovery assistance. NGOs seeking information on disaster applicants, including families and children, in order to deliver additional forms of disaster recovery and relief assistance, may request the release of such information pursuant to the "Routine Uses" of FEMA's FEMA/REG-2, Disaster Recovery Assistance Files.

FEMA has authority to make limited disclosures of disaster applicant information to a NGO through routine uses because specific routine uses permits the disclosure of information to ". . . certain agencies as necessary . . . to prevent a duplication of efforts or a duplication of benefits in determining eligibility for disaster assistance. . .and to help provide unmet needs" FEMA believes that the routine uses are compatible with the reason for the collection and properly balance the privacy rights of the applicant with the responsibility of carrying out our mission.

At this time, NGOs have two routine uses that they can use to access disaster applicant information. They are:

> *Routine Use (a)(2)* – This routine use is used when an applicant seeks assistance from a voluntary organization charged with administering disaster relief programs, and FEMA receives a written request from that voluntary agency that includes the applicant's name, FEMA registration/application number and damaged dwelling address. The written request must explain the type of tangible assistance being offered and the type of verification required before the assistance can be provided. (This routine use assumes that the applicant has personally provided the NGO with his/her name and FEMA reg ID number.)

Question#:	6
Topic:	families
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
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Routine Use (a)(3) – This routine use is used by voluntary organizations that have an established disaster assistance program to address the disaster-related unmet needs of disaster victims, are actively involved in the recovery efforts of the disaster, and either have a national membership, in good standing, with the National Voluntary Organizations Active in Disaster (NVOAD), or are participating in the disaster's Long-Term Recovery Committee. When a voluntary agency satisfies all of the criteria listed above, FEMA may release lists of individuals' names, contact information, and their FEMA inspected loss amount to the volunteer agency for the sole purpose of providing additional disaster assistance. FEMA shall release this information only while the period for assistance for the current disaster is open.

The NGO's request must specify the universe of applicants to be included in the report. For instance, the NGO could request the contact information for applicant's with a current mailing address in the state from a particular incident declared a major disaster (Request Templates are available). In addition, the NGO must describe the assistance that they will be providing and the reason they need the information from FEMA (i.e., to prevent a duplication of efforts or a duplication of benefits in determining eligibility for assistance, and/or to provide unmet needs). The FEMA Region will prepare and send to the NGO a written response and a standardized report that includes the applicant's name, current mailing address, county, zip code and current phone number for all applicants identified in the state. The NGO will be required to protect the applicant information in accordance with the Federal Privacy Act of 1974 and promise to destroy the information after use.

The written consent process can also be used to disclose information, where an applicant has given permission to have his/her information disclosed to specific entity(ies). This allows third-party entities (both those that do and do not qualify under routine uses) to receive specific information from FEMA, on behalf of an individual. By using the written consent process, any third-party entity may receive information from FEMA regarding an individual. This includes a non-governmental organization.

There are specific qualifications a written consent must meet prior to FEMA releasing an applicant's information. Pursuant to 6 CFR 5.21 (d) and (f), a legally sufficient written consent has to include the following:

- applicant's full name
- applicant's date and place of birth
- notarized signature, OR;

Question#:	6
Topic:	families
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
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- declaration under penalty of perjury
- description of the information he/she wishes to be disclosed (i.e., "My entire FEMA disaster assistance file...")
- specifically who is to receive the information

The aforementioned routine uses will be revised and updated in the near future in order to better coordinate with and meet the needs of NGOs, while protecting the privacy rights of the applicants.

Question#:	7
Topic:	barriers
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

Question: What barriers need to be eliminated that restrict the flow of federal funds to case management providers? Where can flexibility or fewer steps be incorporated into funding eligibility and delivery mechanisms? Conversely, in some cases do states have too much flexibility to spend federal emergency funds on services of their choosing that might not be normally appropriate?

Answer: FEMA has initiated several disaster case management pilots, with the scope and level of services offered under each pilot modified to meet the targeted needs of disaster survivors. While FEMA is not aware of any specific barriers to the delivery of federal funds to case management providers, the agency has included third-party evaluation requirements in each of the related case management grant agreements. In addition, FEMA has contracted with Alon, Inc. to perform a separate evaluation of the pilot programs. This evaluation contract is specifically targeted at evaluating the implementation of each Disaster Case Management Pilot Program. Factors such as timelines for deployment, assessment of overall needs of the affected population, and access to funding will be reviewed as part of this process. Upon completion and review of all third-party evaluations, FEMA will be prepared to provide a more detailed report on pilot implementation successes and challenges, including the identification of any additional flexibility that could be incorporated into funding eligibility and delivery mechanisms. A brief overview of FEMA's current disaster case management pilots is provided below for your information:

Katrina Aid Today

In October 2005, FEMA and the United Methodist Committee on Relief (UMCOR) – Katrina Aid Today (KAT) executed a grant agreement to provide long term disaster case management to Katrina/Rita impacted families. The grant agreement was approved and funded through foreign cash donations. UMCOR acted as the lead organization of a National Case Management Consortium consisting of nine primary organizations to provide case management services to Hurricane Katrina affected populations. They served over 70,000 households in a 30-month period at a cost of approximately $68 million. The KAT grant agreement ended on March 31, 2008.

Question#:	7
Topic:	barriers
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
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Two-Phase Disaster Case Management Plan

Because no State, voluntary or faith-based agency had the capacity or financial resources to replace KAT as the main case management provider beyond the March 31, 2008, end date, FEMA implemented a two-phased Disaster Case Management plan:

Cora Brown Funded Case Management Awards

Phase I: Authorized by Section 701 of the Stafford Act and using Cora Brown funds, FEMA provided awards to the States of Louisiana and Mississippi to continue case management services for the remaining open cases of the KAT Program beyond the March 31, 2008, performance period end date. Eligible sub-grantees, through each state, were former KAT agencies with a history of providing successful disaster case management services to Hurricane Katrina clients.

State Case Management Program

Phase II: Authorized by Section 426 of the Stafford Act, Phase II provides disaster case management assistance to clients of Hurricanes Katrina and Rita who are currently housed in FEMA-provided temporary housing units, those who vacated FEMA temporary housing units and were authorized to stay in a hotel due to health concerns, and those requiring continued case management service from Phase I. The States of Louisiana and Mississippi have requested and are eligible for Phase II funding.

- Mississippi: The Mississippi Commission for Volunteer Services submitted a proposal and received funding to provide case management services to clients residing in Mississippi, until June 1, 2009. To date, the state has opened 3,138 cases; 2,586 remain open, 516 have closed and 36 cases have no status. In addition, 983 households have refused case management services, and no case was opened.

- Louisiana: The Louisiana Recovery Authority submitted a proposal and was awarded a grant to provide case management services to clients residing in Louisiana, until June 1, 2009.

In response to Hurricane Ike, the Texas Health and Human Services Office submitted a proposal to provide case management services to Hurricane Gustav disaster victims until March 13, 2010. The proposal is currently under review by FEMA.

Question#:	7
Topic:	barriers
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
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FEMA/ACF Pilot

In October 2007, FEMA entered into an Interagency Agreement (IAA) with the U.S. Department of Health and Human Services' Administration on Children and Families (ACF) to develop a Disaster Case Management Pilot Program. The IAA was developed based on authority granted to FEMA by the Post Katrina Emergency Management Reform Act (PKEMRA). ACF is currently piloting their proposed model, in partnership with Catholic Charities USA, in response to Hurricane Gustav FEMA-DR-1786-Louisiana.

Disaster Housing Assistance Program (DHAP)

In addition, under an IAA with FEMA, the U.S. Department of Housing and Urban Development (HUD) is providing case management services through the Disaster Housing Assistance Program (DHAP) for disaster applicants who are receiving DHAP assistance under the Stafford Act for Katrina, Rita, and Ike. This is provided by participating Public Housing Agencies (PHAs).

Question#:	8
Topic:	legal
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

Question: What legal restrictions, such as provisions of the Stafford Act, prohibit federal case management funds from being applied to payment for needed services or goods?

Answer: Section 426 of the Stafford Act (as amended) provides:

"The President may provide case management services, including financial assistance, to State or local government agencies or qualified private organizations to provide such services, to victims of major disasters to identify and address unmet needs."

Prior to the implementation of PKEMRA, FEMA did not have the authority under its programs to provide case management services. However, FEMA Housing Specialists worked with disaster applicants to assist them with their long-term housing plans. Now Section 426 of the Stafford Act allows FEMA to provide more comprehensive case management services through financial assistance grants to State or local government agencies or qualified private organizations.

Under the Stafford Act, FEMA's Individual and Households Program (IHP) can provide assistance for repair or replacement of homes and personal property up to a capped amount. However, many disaster survivors may have unmet needs that remain after personal resources, insurance, and immediate disaster-related government benefits are exhausted.

Congress has not authorized FEMA to provide financial assistance beyond the capped amount under IHP to meet needs that are "unmet" after financial assistance benefits (e.g., IHP) are exhausted. Instead, case management under section 426 is designed to facilitate recovery of individuals and families by connecting them with resources that may be available to ameliorate their unmet needs. Case management is a service from which client disaster victims can benefit, but case management may not directly satisfy their unmet needs. For example, case management does not supply tangible assistance (e.g., money, or building materials and labor to rebuild or repair a client's home). Instead, case management involves the clients identifying their unmet needs and developing an individualized plan to recover from the disaster. Case management then provides by referral a number of resources from which the client may obtain tangible assistance in satisfying unmet needs and achieving self-sufficiency. While the services may be the same as provided in the past by traditional providers such as Volunteer Agencies and

Question#:	8
Topic:	legal
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

Non-Governmental Organizations, FEMA can support the efforts by providing funding directly to those organizations.

Question#:	9
Topic:	trailers
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

Question: Mr. Garratt, how many people moved out of trailers after each extension of the housing deadline in Louisiana?

Answer: The following table represents the number of applicants residing in temporary housing units (THU) by month. The table begins with February 2007, when the first extension was granted. A second extension was granted August 31, 2007 and expired March 1, 2009. The program will now expire on May 1, 2009. The total number of households in THUs as of February 2007 was 84,751 across the Gulf Coast.

FEMA understands that temporary housing units are not intended to serve as long term housing solutions. Therefore, FEMA has been and continues to work with every applicant to follow up on their recovery plans, locate and offer rental resources to them, and referrals to local, state, and voluntary organizations. Each applicant has been offered at least three rental resources, with some applicants having been offered as many as sixty-five resources within a reasonable commuting area. FEMA has contacted every applicant currently residing in a temporary housing unit and hotel/motel in the Gulf Coast to make them aware of available housing resources and will continue to visit and work with each household residing in a hotel/motel or temporary housing unit to transition them into more suitable, long-term housing options.

Month	Year	LA # of HH in THUs	MS # of HH in THUs	AL # of HH in THUs	TX # of HH in THUs
February	2007	58,939	23,232	540	2,040
March	2007	56,025	22,220	525	1,854
April	2007	52,375	20,869	485	1,719
May	2007	49,388	19,635	445	1,618
June	2007	46,698	18,853	407	1,602
July	2007	45,056	18,283	404	1,597
August	2007	43,567	17,611	400	999
September	2007	40,999	16,917	294	975
October	2007	38,237	15,666	264	849
November	2007	34,931	14,107	211	720
December	2007	31,743	13,146	139	569
January	2008	28,752	12,052	118	423

Question#:	9
Topic:	trailers
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
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February	2008	26,224	10,807	106	294
March	2008	23,742	9,822	95	174
April	2008	20,509	8,597	79	120
May	2008	17,776	7,671	79	44
June	2008	15,413	6,284	66	3
July	2008	12,924	5,879	65	3
August	2008	11,013	5,444	65	3
September	2008	9,496	4,754	56	3
October	2008	8,392	3,550	51	3
November	2008	6,977	3,228	51	3
December	2008	6,070	2,969	44	3
January	2009	5,357	2,757	22	3
February	2009	4,437	2,468	20	2

Question#:	10
Topic:	list
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

Question: Can you provide a detailed list of all the locations of FEMA projects within the second congressional district of Louisiana?

Answer: The attached spreadsheet contains a list of all Public Assistance projects in Jefferson and Orleans Parishes. This list includes all projects for permanent work that have been submitted to FEMA, but it does not include projects that are considered to be emergency work (debris removal or emergency protective measures, including temporary facilities).

Question#:	11
Topic:	stimulus
Hearing:	POST KATRINA DISASTER RESPONSE AND RECOVERY: EVALUATING FEMA'S CONTINUING EFFORTS IN THE GULF COAST, AND RESPONSE TO RECENT DISASTERS
Primary:	The Honorable Eleanor Holmes Norton
Committee:	TRANSPORTATION (HOUSE)

Question: What is the agency's reaction to the concept of arbitration as provided in the stimulus bill?

Answer: The Administration is working to establish the arbitration panel, as directed by Congress in the Recovery Act.

GARY LOGSDON

GRAYSON COUNTY JUDGE/EXECUTIVE

10 PUBLIC SQUARE
LEITCHFIELD, KENTUCKY 42754
TELEPHONE (270) 259-3159

Tuesday, January 27, 2009

Ice Storm began.
Power Outages began.
By the end of the day, the County was 100% without power.
The county lost at least 1,700 utility poles.

Wednesday, January 28, 2009

Began to set up shelter at Grayson County High School. (All food donated by School system.)
This shelter was run on generators for 5 days (until 2/1/2009)
All county and city water plants were running on generators.

Thursday, January 29, 2009

One gas station set up to run on generators to provide fuel to emergency vehicles and thepublic.
Approximately 25 National Guard arrived (with no vehicles for transportation).
Leitchfield sewer plant regained power on Thursday night.
Shelter set up at Clarkson Elementary to provide warm meals. (All food donated by School System.)
Local Radio Station regained power on Thursday night.
Hospital regained on Thursday evening. (all but one bldg.)

Friday, January 30, 2009

Leitchfield Utilities Water Plant regained power (ran on generators for a total of 4 days.) - under a boil water advisory for 24 hours.
Due to water system struggles, factories were requested to not begin work until Monday, February 2, 2009.
Caneyville Elementary shelter set up to provide warm meals. (All food donated by school system.)

Saturday, January 31, 2009

170 occupants spent the night at the Grayson County High School Shelter.
Centre on Main opened to hand out food, water and necessary supplies.
Eastern portion of Grayson County without water still.
100 add'l National Guard troops arrived with vehicles.

Sunday, February 1, 2009

Leitchfield Sewer System still has some lift stations running on generators. (having to move generators around in order to make sure lift stations do not run over.)
National Guard provided 2 water buffalos to Eastern Grayson County residents.

Monday, February 2, 2009

Grayson County High School shelter closed and occupants were relocated to Potter's Hope (local church).
National Guard began 100% door to door welfare checks on Grayson County residents.
WRECC reporting approximately 40% of power restored.
Grayson County Water District still running on generators.
Hospital has 100% power.

Wednesday, February 4, 2009

Debris removal site opened up.

Thursday, February 5, 2009

WRECC reporting approximately 65% of power restored.
Peanut Butter Re-call

GARY LOGSDON

GRAYSON COUNTY JUDGE/EXECUTIVE

10 PUBLIC SQUARE
LEITCHFIELD, KENTUCKY 42754
TELEPHONE (270) 259-3159

Grayson County
2009 Ice Storm Highlights

Friday, February 6, 2009

Closed Potter's Hope - remaining occupants went to hotels, and some went to Cave City shelter.
We were able to close the shelters due to sending many occupants home with personal heaters.

Monday, February 9, 2009

Grayson County Schools and LCA resumed their normal schedules.
Garbage collection services resumed their normal schedules.

Notes:

49,172 Meals were handed out to Grayson County residents during the storm.
5,000 gallon jugs of water were handed out
49,520 bottles of water were handed out
$3,460 donated to residents for kerosene, propane or fuel (to run generators and heaters.)
Total estimated cost of storm is $1.2 Million (not counting utility companies).

TESTIMONY OF

PAUL RAINWATER,

EXECUTIVE DIRECTOR OF THE LOUISIANA RECOVERY AUTHORITY AND GOVERNOR JINDAL'S AUTHORIZED REPRSENTATIVE TO FEMA

BEFORE THE

U.S. HOUSE SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

ON FEBRUARY 25, 2009

Louisiana Recovery Authority

150 Third Street, Suite 200

Baton Rouge, LA 70801

Voice: (225) 342-1700

Fax: (225) 342-0002

lra.louisiana.gov

Thank you for this opportunity to address this committee about our progress and remaining challenges in Louisiana as we recover not only from hurricanes Katrina and Rita, but also from two new storms in 2008, Gustav and Ike. By this point in Louisiana, the vast majority of the state has suffered the effects of one or more of these hurricanes – from the high-profile catastrophe in the city of New Orleans to the complete devastation of Cameron Parish in the Southwest, which many people haven't heard of but is responsible for much of the nation's domestic oil and natural gas production, to North Louisiana, which is typically a safe haven during storms but this year experienced millions in damages from rain and wind as they passed over.

The situation we face in Louisiana is unique – I know of no other state that has suffered such destruction in three years or that faces as many complex rebuilding issues. In context, the combined impact of Hurricanes Katrina and Rita is the largest disaster in U.S. history. Measured only in terms of Stafford Act funds, it is larger than the next largest disaster -- the Attack on America on September 11, 2001 -- by four times and it is larger than the remaining top 10 disasters combined. From Hurricanes Katrina and Rita alone, Louisiana has more than 1,400 unique applicants in the Public Assistance program. There are another 700 applicants eligible for assistance as a result of Hurricanes Gustav and Ike. For Hurricanes Katrina and Rita, almost 22,000 individual projects have been identified as eligible for repair or replacement, and there have been more than 45,000 total project worksheet and versions written and obligated. The numbers are staggering.

Conversely, no other state in the nation has been blessed with such generosity from Congress and the American people. Though we certainly face the trials of a weak economy in Louisiana, we have completed billions of dollars worth of recovery work and have much opportunity in our state. In fact, in 2008, we invested almost $10 million a day in housing and infrastructure as part of our recovery – I know of no other state that can make this claim.

Despite the fact that we have spent more than $4 billion in FEMA Public Assistance funds and billions more in Community Development Block Grants, much work remains to be done. Today, I will address some of those challenges.

Impact of Hurricanes Katrina and Rita

In 2005 the state of Louisiana bore the brunt of the biggest natural disaster in American history – Hurricane Katrina. Three weeks later Louisiana was hit by Hurricane Rita– now the third most expensive natural disaster in American history.

Hurricanes Katrina (landfall Aug. 29, 2005) and Rita (landfall Sept. 24, 2005) devastated south Louisiana, claiming 1,464 lives, displacing 900,000 residents, destroying more than 200,000 homes and 18,000 businesses. In the New Orleans metropolitan area, storm surge from Hurricane Katrina breached the city's levee protection system at several points. Eighty percent of the city was left underwater and thousands were stranded on rooftops and in shelters-of-last-resort. Much of St. Bernard Parish was devastated by flooding and wind damage. Hurricane Katrina also left behind major wind, rain and storm surge damage in Plaquemines, Jefferson, and St. Tammany parishes.

Three weeks later, storm surge from Hurricane Rita re-flooded parts of New Orleans before the storm made landfall in far eastern Texas, devastating much of Cameron Parish and leaving behind intense flood and wind

damage in Calcasieu and Vermilion parishes. Hurricane Rita destroyed every building in Cameron Parish with the exception of the Parish Court House. Many other Louisiana parishes also suffered major damage from the storms.

The economic impact on Louisiana reaches into the tens of billions lost. Since the storms, estimates show the almost $51 billion in federal funds have been spent in Louisiana, including monies for disaster response, rebuilding, the National Flood Insurance Program and loans from the Small Business Administration. In addition, Louisiana has invested several billion of its own funds in recovery.

Impact of Hurricanes Gustav and Ike

Hurricanes Gustav and Ike struck Louisiana on September 1, 2008 and September 12, 2008 respectively. The storms flooded approximately 12,000 homes and damaged approximately 200,000 more, caused as much as $750 million in agriculture damages, damaged more than $1 billion in infrastructure and caused $2.5 to $5 billion in business losses. Education facilities across the State suffered between $100 and $150 million in damages. The State evacuated more than one million citizens from South Louisiana and more than 1.5 million homes and business were without power for up to three weeks. The Louisiana Economic Development Department estimates that hurricanes Gustav and Ike left behind $8 - $20 billion in insured and uninsured physical damage.

In Louisiana, 46 people died in Hurricane Gustav and five died in Hurricane Ike. The state spent $500 million on the initial response to Gustav and Ike. Following the storms, estimates indicate that FEMA Public Assistance claims in Louisiana will exceed $800 million in damages. This number is expected to rise.

Louisiana repeatedly requested that the Bush Administration waive the local match required on disaster and recovery costs. No state has experienced such catastrophic losses in such a short period of time. Paying even a 10 percent match on these costs could stifle our recovery further, as Louisiana faces an estimated $1.3 billion budget shortfall in its upcoming fiscal year. Given a 10 percent cost share for Gustav and a 25 percent cost share for Ike, Louisiana will spend approximately $250 to $300 million only within the Public Assistance program to recover from these storms. These costs do not include the full economic costs to the state, or the individual costs to the citizens and business of the state that will not be covered by existing federal programs. These storms hit Louisiana while it was in the midst of recovery from the largest disaster in U.S. history – Hurricanes Katrina and Rita – and greatly compounded the difficulty of that recovery process. Granting Louisiana 100 percent federal cost share for these storms would be a shot in the arm for our recovery and rid our state of a huge financial burden that it will have difficulty meeting.

Louisiana's Recovery Organization

When Governor Bobby Jindal came into office in January 2008, Louisiana's recovery was, to be blunt, broken. Three discrete organizations held authority for different aspects of the recovery from hurricanes Katrina and Rita. While the LRA controlled policy and planning, the Governor's Office of Homeland Security and Emergency Preparedness oversaw FEMA Public Assistance programs aimed at rebuilding critical infrastructure and the state's Office of Community Development had authority for implementing Community Development Block Grant programs designed to repair housing and infrastructure and offer economic development.

These three organizations needed to work together, but their relationships were dysfunctional. No one person ultimately had responsibility for the entire recovery or the power to work across programs and agencies to make changes. The state faced near constant battles with the federal government over unnecessarily bureaucratic processes and red tape attached to funding streams.

Governor Jindal decided that before we could expect major federal changes, we needed to take care of our own house in Louisiana. So on his first day in office, he appointed me his authorized representative to the Federal Emergency Management Agency for Katrina and Rita recovery, ultimately giving me authority over the LRA, the Public Assistance program and the Hazard Mitigation Grant program. Shortly thereafter, he appointed me the executive director of the Office of Community Development, giving me sole authority over all hurricane recovery programs. I am a cabinet-level employee, giving me direct access to the governor and to my counterparts in other state agencies. And after hurricanes Gustav and Ike, the Governor gave me the same authority for recovering from those storms, allowing for us to coordinate recovery funds all across the state.

FEMA Public Assistance

Areas of Progress

So far in Louisiana, we have paid more than $4 billion to applicants through the Public Assistance program for Katrina and Rita. The state of Louisiana is FEMA's biggest "customer," so to speak, and the state's Office of Facility Planning and Control is the largest single Public Assistance applicant in American history. In fact, FEMA's own data shows that the average yearly obligation in the PA program is $2.75 billion, with the average disaster having only $58.9 million in obligated funding. In Louisiana we have surpassed these amounts many times over, with 20 of our many applicants recovering from more than $100 million in damages. This is important to keep in mind during any discussion of Public Assistance and disaster recovery. For the past 18 months we have averaged disbursements in the PA program of $25 million a week.

One of the areas of progress the state is most proud of is its Express Pay program. When Governor Jindal took office in January 2008, the PA program was moving at a sluggish pace at best. It was taking between 45 and 60 days for the state to reimburse PA applicants, usually local and state government entities, for completed work. Consequently, local entities were having difficulty paying their contractors, who were in turn walking off the job or not bidding on future work. This process was not friendly to businesses, which expect payment on 30-day cycles and cannot wait two months to be paid.

Recognizing the issue, we created the Express Pay program. This changed how the state reviewed requests for reimbursement through the program. Rather than doing a two-month review before making a payment, the state now does an initial review to ensure that all documents are in order and then makes the payment, usually in less than 10 days, doing a more thorough review and audit on the back end of the process. If we ever encounter what we think is fraud, we immediately turn this information over to the proper authorities. However, we have found very little potential fraud in the program. If a PA applicant is paid too much or paid for non-eligible expenses, we dock that funding from their next reimbursement payment.

Through Express Pay we have paid $708,264,010 for 3,768 reimbursements with an average turnaround time right now of four days.

We also consider our work with FEMA to change the PA appeals process an improvement in the process. Originally, when a PA applicant wanted to appeal a FEMA decision on a project worksheet, the appeal would go back to the Transitional Recovery Office in New Orleans, meaning that the same office that made a decision would then be deciding the appeal. This was an inherent conflict of interest because the TRO seemed unwilling to reverse its own decisions. Last year, we were able to rework the appeals process so that the first appeal would be reviewed by FEMA Region VI. Following this step, applicants who are still dissatisfied can request a second appeal and are provided the opportunity for oral argument to FEMA headquarters.

Although this was an improvement in the process, it has become clear that FEMA Region VI is not reviewing discretionary decisions of the TRO and is not providing a completely independent review. To instill confidence in the system, there still exists a need to provide an independent review of the TRO discretionary decisions by individuals who have professional expertise to understand the technical issues normally raised in an appeal and to provide quality decisions that will result in a safer, strong community as opposed to decisions designed to save funding in the disaster.

Additionally, two provisions included by Senator Mary Landrieu in the recent economic stimulus bill present strong opportunities for Louisiana and its recovery. They are:

- **Arbitration Panel:** The Stimulus Package includes language directing President Obama to establish an arbitration panel for FEMA's Public Assistance program to expedite the recovery efforts from hurricanes Katrina and Rita within the Gulf Coast Region. The arbitration panel will have sufficient authority to award or deny disputed Project Worksheets. This will help us get final decisions on many FEMA PA projects that have been stuck for years;
- **Hazard Mitigation Grant Program language:** The Stimulus Packages includes language that prohibits FEMA from restricting the use of HMGP funds designated to help with Katrina and Rita recovery for homeowners who have already started work on their elevation.

Public Assistance Summit in February 2008

Last year, at the start of the Jindal administration, we suggested that the state and FEMA have a high-level meeting to discuss FEMA policy issues that were adversely affecting the speed of the recovery in Louisiana. It is the State's position that portions of the Stafford Act and its regulations could be supportive of a strong recovery for Louisiana, but that the law lacks sufficient assistance for states affected by catastrophic disasters. Additionally, FEMA's bureaucratic application of the Stafford Act seems to be designed to reduce spending instead of enhancing an applicant's ability to recover.

Over two days, state and local officials met with officials from FEMA headquarters to discuss 15 policy issues affecting the implementation of the Public Assistance program. These areas, in no order of importance, were:

1.) Program Management Funding
2.) 406 Hazard Mitigation
3.) Undervalued Project Worksheets/Scope Alignment
4.) Timelines for Completing Versions
5.) Grants Management of Contents PWs

6.) State and Local Administrative Costs
7.) Alternate Dispute Resolution (Appeals)
8.) Alternate/Improved Projects
9.) Insurance Waivers
10.) Application of Codes and Standards
11.) Review of Expedited PWs
12.) NFIP 50 Percent Rule Process
13.) Fair Labor Standard Act Application
14.) Chronology of Asset Protection (CAP)
15.) Codifying Policy for Insurance Deductibles

The state entered into this Summit in good faith and willing to work with FEMA to find compromises on these hot button issues. Additionally, the state and FEMA agreed to a public partnership based on open communication and vowed to work through issues together, rather than just writing letters back and forth.

While this partnership certainly existed for a few months, it was almost never to the benefit of the state. Following the Partnership Summit, we meet again with the FEMA Deputy Administrator and identified the top 10 projects that we agreed to focus on to achieve resolution prior to the third anniversary of the 2005 storms. These included agreements on the following issues and projects:

- Temporary facilities for Southern University in New Orleans;
- Damages of the Charity Hospital; Policies to assist the Recovery School District to manage the rebuilding of the New Orleans School System;
- The demolition of thousands of abandoned homes in New Orleans and St. Bernard Parish;
- A methodology to review damages to the New Orleans Sewerage and Water Board;
- Application of the Maritime Debris Removal process that had already been implemented in Alabama and Mississippi; and
- To focus scope alignment process on facilities to support emergency responders.

Most of these same issues we agreed to address at the beginning of 2008 still exist today. Our frustration level obviously is high. Local FEMA staff at the Transitional Recovery Office assures the state that they agree with us on any number of matters and blame FEMA Headquarters when decisions don't break in the state's favor. FEMA Headquarters staff blames the Office of Management and Budget for not wanting to create precedent or stringently reviewing each decision that would send additional funding to Louisiana. These excuses ring hollow and the state of Louisiana feels that FEMA wanted a partnership in name only, in hopes of ending public battles that brought the agency bad public relations and negative headlines. It is disappointing that after months of being good partners to FEMA, we opened *USA Today* on February 9, 2009, to read that the head of the TRO in New Orleans was publicly blaming state and local governments, saying we are "trying to wring more money out of the federal government, sometimes ignoring legal limits on what disaster aid can pay for."

This assertion is not only patently untrue but also completely insulting to those of us in Louisiana who is working so hard to rebuild. Through the Public Assistance program, FEMA is directed to help us rebuild public infrastructure. Wanting FEMA to pay for things that are provided for in the Stafford Act is not the state trying

to squeeze the federal government – it is the state asking FEMA to do its job. And it is asking FEMA to do a different job based on a different type of disaster – respond to a catastrophic disaster, which requires creativity and flexibility, not arcane regulations and red tape laden bureaucracy.

Scope Alignment and Other Hurdles

The basic tenets of any construction project is that in order to plan properly and ensure completion, you must know how much the project will cost and be able to provide adequate funding. This is common sense, but not common practice for the FEMA Public Assistance program, which more often than not undervalues project worksheets, leading to months of negotiations to widen the "scope of work" and write a new version of the project worksheet. While this process labors on, the applicant, a local or state government entity, can only move forward if it has the cash flow and willingness to risk doing work for which FEMA may never ultimately reimburse the applicant. State law prohibits contracting unless all funds are identified, and without proper scope alignment, the state and local governments cannot move forward with projects. This is the biggest single issue facing our administration of the PA program. State and localities cannot responsibly seek bids on a project until they know how much repair work FEMA will consider eligible for reimbursement. The difficulty of this process was identified in the Policy Summit in February 2008, and FEMA agreed to develop a process to track and prioritize the scope alignment process. We are still struggling with a very rudimentary system which in many ways has compounded the difficulty of the process. We have more than 1,500 requests for scope alignment pending and are submitting an average of 50 more per week.

According to the Governor's Office of Homeland Security and Emergency Preparedness, which administers the PA program, and the Office of Facility Planning and Control, which is the largest PA applicant in American history, when state and local governments do work with FEMA to do scope realignment, the projects have their obligated amount increased by as much as 200 percent and rarely less than 25 percent. On many projects, millions of dollars worth of work are at risk. This is just unacceptable and symptomatic of the fact that FEMA routinely undervalues project worksheets. This type of discrepancy holds up progress on projects that should be underway and keeps staff members at the federal, state and local levels tied up in negotiating new project worksheets, when they should be focusing on rebuilding.

The most "famous" of the projects affected by scope alignment is the Medical Center of Louisiana at New Orleans, commonly called Charity Hospital. The state hopes to create a cutting edge medical care and teaching facility in New Orleans and will combine Community Development Block Grant, FEMA and Veterans Administration funds to replace the outdated hospital. The state and city of New Orleans are moving toward that goal by using $75 million in CDBG funds to purchase land for the new facility. The State and FEMA have been actively engaged in negotiating the scope of eligible damages to the hospital for more than three years. Hurricane Katrina completely destroyed Charity Hospital and until last month FFEMA offered a paltry $25 million for repairs. After three and a half years, FEMA increased funding for the project to $121 million, but still fails to acknowledge the actual eligible damages to the facility.

At the heart of this debate is if the hospital, which was ravaged by Hurricane Katrina, is more than 50 percent damaged. If it is more than 50 percent damaged, the Public Assistance program provides that the facility is eligible for full replacement. The State has had three separate and independent reviews of the eligible damage

to the hospital by nationally recognized experts, all of which have concluded that the damage to the hospital is greater than 50 percent. One of the evaluations was conducted by RSMeans, whose cost estimating standards have been adopted by FEMA. FEMA has refused to accept this analysis and has further failed to provide an adequate reviewable report justifying its reasons for not accepting the results of these reviews. In a meeting with Governor Jindal in December 2008, the leadership of FEMA, the Department of Homeland Security and the Office of the Federal Coordinator for Gulf Coast Recovery offered the state $150 million for the project, while the eligible replacement value of the hospital is $492 million. While Governor Jindal announced his intent to appeal this amount, FEMA presented the state with a project worksheet for only $121 million, without detailed analysis of how they arrived at that dollar value to represent the cost of damages to the facility. The state cannot move forward with this project, which would improve health care options for not only the city of New Orleans but also the Gulf Coast region, until this issue is resolved.

Many smaller projects also find themselves trapped in purgatory between completion and "scope alignment," many times because FEMA reverses decisions and frequently changes its mind about projects. We are in the process of identifying the largest of these projects, approximately 4,000 that will require some level of scope alignment and cost adjustment. But we estimate that we have as much as $2 billion either in appeal or in project worksheets that have been undervalued. This affects every sector, from health care to higher education to fire and police stations. A few examples:

- At Southern University New Orleans, cabling of the electrical system had to be replaced campus wide at a cost of approximately $3.3 million dollars because the underground conductors of this low voltage system were submerged in salt water for three weeks. No professional, no contractor, no building inspector, including FEMA's electrical engineer, would certify an installation reusing the existing, salt waterlogged cable. However, FEMA, including its electrical engineer, refuses to pay for this obviously eligible project replacement. The threat associated with not replacing this system enormous and obvious to anyone, so it is very difficult to understand why this work is considered ineligible. In addition, FEMA has provided for a 1,500 student temporary facility. The current enrollment is 3,000;
- At Tulane University, the Howard Tilton Library is a government documents repository and its repair is a $30 million project to elevate the library that FEMA refuses to fund despite its own staff making the recommendation to pursue elevation. All of the documents remain in storage and the library remains on temporary HVAC since Hurricane Katrina. The school also has partial or complete eligibility reversals on its Alumni House and McAlister Auditorium;
- The Recovery School District was promised FEMA PA Category B funds in December 2007 for Crocker Elementary School. FEMA has completely reversed this decision, but never gave the RSD even a letter with an official reason for this de-obligation. In the interim, the RSD spent nearly $1 million on architectural and engineering fees on the project.
- In Vermilion Parish, which suffered damage in Hurricane Rita, Henry Elementary School was obligated approximately $3.4 million because the facility needed to be replaced. Later, FEMA changed its mind, took money from the project, leaving only $800,000 for relatively minor repairs;
- Timbalier Barrier Island, which provided protection for a Natural Wildlife Preserve and Marine Fisheries as well as protection for an emergency evacuation route, was obligated $7 million for repairs.

FEMA later determined that insufficient maintenance records existed and de-obligated the entire amount, leaving the fisheries and evacuation route unprotected against future hurricanes.

- In the city of Westwego, FEMA approved the full replacement of city hall and city police station for a cost of approximately $7 million. The city, acting on good faith, moved forward and purchased land out of their own budget and conducted temporary repairs to the damage facility to occupy while the replacement facility was under construction. FEMA later recanted their eligibility determination and de-obligated approximately $6.5 million.
- At St. Mary's Academy, FEMA originally determined the faculty house to be eligible for replacement at an estimated cost of $8.2 million. The Sisters at St. Mary's then had the old facility demolished to start the construction of the new facility, only to be informed by FEMA that it had changed its mind and de-obligated the entire amount to replace the facility.
- In Slidell, the Auditorium was substantially damaged and FEMA refuses to obligate a replacement facility. Instead, FEMA will spend as much money as a replacement building to repair the damaged building and construct a 6' high concrete flood wall to protect it. Because this facility is in the middle of the town, this is undesirable and unfeasible, but FEMA will not reconsider;
- For the St. Bernard School Board a proposed consolidation project of two replacement school campuses into one is in jeopardy as FEMA refuses to acknowledge the school's existing standard practice of incorporating hallways into the building in lieu of outside, in the weather, hallways.

406 Mitigation

In the beginning of the disaster recovery effort, FEMA made a decision not to prepare hazard mitigation scopes, called "406 mitigation," of work as part of the initial writing of Project Worksheets, in order to reduce the length of time it would take to prepare PWs for the large number of PA applicants affected by hurricanes Katrina and Rita. Based on this decision, FEMA management informed their project officers to not address the issue while preparing PWs, and it was communicated that their intent would be to return later in the disaster and produce new versions of the PWs to address opportunities to mitigate against future loss as projects are rebuilt. The state of Louisiana opposed this decision at the time.

The impact of FEMA's decision not to prepare 406 mitigation scopes has been significant: FEMA's target for 406 funding in other disasters has been 15 percent of obligated Public Assistance funding. Currently, 406 funding for Katrina and Rita in Louisiana has been less than two percent. FEMA seems to be resisting applying the provisions of Section 406 to allow the improvement of damaged facilities to reduce or eliminate the threat of future similar damage.

When Louisiana continued to raise concerns about this issue, FEMA did finally address hazard mitigation by dedicating a small number of staff to look for mitigation opportunities, but the lead staffer was inexperienced and had a very narrow view of hazard mitigation that was not supported by the language in law and regulation.

FEMA has put together a new team of mitigation personnel that are experienced and knowledgeable of the program. However, that team now is having difficulty working with FEMA management and Quality Assistance/Quality Control staff at the Transitional Recovery Office, which does not completely understand the

mitigation program or the specifics of individual projects being mitigated. The result has been that management is regularly denying mitigation funding opportunities that meet legal requirements, or attempting to institute their own ideas and designs into the program, usurping the recommendations of the experience, expertise and project-specific knowledge of the mitigation team, thus often times placing mitigation projects on "hold" for indefinite periods and further delaying the Louisiana's recovery.

An example of this resistance to funding mitigation projects is the Tulane University Tillman Library. The Tillman Library suffered severe flooding during Hurricane Katrina. Based upon specific advice from a FEMA Project Officer, Tulane pursued an analysis of 406 Hazard Mitigation options. Tulane hired an architectural and engineering firm recommended by the FEMA project officer as experienced in developing cost effective mitigation initiatives and spent more than $500,000 on a design that met the cost benefit analysis of the 406 provisions. After more than 12 months of design work, while continuously receiving advice and buy-in from FEMA project officers on the project, the FEMA TRO staff determined that the proposal was not eligible for funding and would not approve the 406 project or the fee associated with the development of the project.

FEMA does not recognize this as a problem and has made no effort to streamline the process to support the FEMA 406 staff in their efforts to write hazard mitigation into Public Assistance projects. In fact, management at FEMA recently changed the organizational chart and split the 406 team, embedding them into the other FEMA groups and diluting their ability to draw upon the team's expertise to produce project recommendations. FEMA has also discontinued a "mining for mitigation" project that was developed to identify mitigation opportunities that were disregarded when the original PW was written. We are missing a great opportunity to help communities build back safer and stronger and to protect the tax dollars that are being invested to repair facilities.

While FEMA cannot go back and change the initial decision not to write hazard mitigation elements into PWs, it can and should implement the 406 Mitigation program in order to maximize eligible mitigation opportunities for those PWs where mitigation measures can still be cost-effectively incorporated into the repair work. To do this, FEMA should let the PA applicants drive the development of mitigation strategies for individual projects, ensure that it use only the most experienced staff who understand the 406 mitigation component of the PA program in management and quality control roles and should work with the state to reestablish the "mining for mitigation" project.

Reforming the Stafford Act

The Robert T. Stafford Act, which governs Public Assistance and Hazard Mitigation Grant Program funds is designed to be broad and comprehensive and allows the administrators of the programs broad latitude in the application of the programs to support recovery from a disaster. Historically, these programs have worked well and FEMA has demonstrated effective leadership and management in most previous disaster recovery efforts. However, everything changed in August 2005 when Hurricane Katrina struck the Louisiana coast. Entire communities were wiped out along with their tax base, housing stock, churches, schools, fire stations, police stations, utility systems, staff, grocery store, pharmacies, gas stations, etc. Every structure in Cameron Parish except one – the Court House – was destroyed. Eighty percent of the city of New Orleans was underwater for

30 days, pumped dry and flooded again for weeks by Hurricane Rita. It is not cliché to call such an event catastrophic.

The same law that governs recovery from a tornado in the Midwest or a mudslide in California is insufficient because it fails to offer the state any special consideration for the scope of the disaster. In the wake of the 2005 storms, Louisiana was unable to respond or recover from the disaster without the assistance of the Federal Government. We are now well beyond the difficulties of the response phase and both FEMA and Louisiana have significantly improved their respective capacities to respond effectively to disasters as demonstrated in our recent response to Hurricanes Gustav and Ike. However, Louisiana is still languishing in the recovery phase of Katrina and Rita, which has only been compounded by the 2008 storms. Those involved on a day-to-day basis understand that these events created a single "catastrophic" event and an effective recovery will require an extraordinary effort by all parties.

Thus, the Stafford Act must be reformed to create a "catastrophic" annex, which would trigger certain actions automatically in states where catastrophes have occurred. This designation should include an immediate waiver of all local and state match requirements for all FEMA programs, which the Bush administration refused to agree to for more than a year, insisting that Louisiana had to pay more than $1 billion in matching costs that the state was unable to pay in such a difficult climate. Finally, the Congress acted in 2007 to remove this burden from Louisiana. This fight was wholly unnecessary.

Because the Stafford Act does allow administrators some flexibility in assisting states, it can be assumed that the Congress intended for the head of FEMA to use that flexibility to aid states facing disasters. One would assume that if FEMA ever were to be flexible, it would be to help a state that was completely devastated. However, the exact opposite occurred: FEMA clung to its regulations tightly and offered the state little flexibility. Typically for any given disaster FEMA will adjust existing policy for the special needs of that disaster by issuing "Disaster Specific Guidance" memos, and for most events there are a number of such guidance memos issued. For Katrina/Rita, the largest disaster in U.S. history, there have essentially been no Disaster Specific Guidance memos issued. Had FEMA been directed by the Stafford Act to treat Louisiana differently because of the unimaginable scope of the damage, our recovery might be further along today. It has exercised the discretion authorized by the Stafford Act, but not in a manner that has enhanced the State's ability to recover.

Additionally, FEMA often denies requests in order to avoid creating precedent for future disasters. Such is the case with funds for home demolitions in St. Bernard Parish. If a "catastrophic annex" existed within the Stafford act, FEMA would not be setting precedent for all disasters – only catastrophes, which occur quite infrequently in the United States. This would give FEMA a level of comfort that it could make forward-thinking decisions without fear of creating long standing precedents for all disasters.

Disaster Housing

Katrina-Rita Housing

We have been working to bring affordable housing online in Louisiana for years since the storms. In 2008, this became more difficult as the national economic situation began to worsen. Indeed, developers had difficulty getting financing and the state had to work very hard to keep its tax credit deals moving forward. Recognizing this, the Obama administration recently granted an extension of the Disaster Housing Assistance Program (DHAP) for Katrina and Rita victims. It has also extended the timeline for removing FEMA trailers from the state by two months. The state of Louisiana cannot express enough how much these extensions will help our families avoid homelessness. We thank the President for this extension and for our allies in the Louisiana Congressional Delegation that supported this request.

In order to ensure that families are able to transition from DHAP into sustainable housing solutions, the state has been asked to manage the case management program for the DHAP transition assistance period. We have also been working with FEMA on a pilot case management program for transitioning individuals in trailers into sustainable housing. The state is committed to working with our federal partners to develop a coordinated solution to helping both of these groups find suitable housing or return to their own homes. But the solution must be comprehensive, not separate programs that split already thin case management providers and provide confusion to our residents. The state proposes a three pronged solution:

- **Centralized Housing Resource Clearinghouse:** Louisiana will launch a statewide call center, dedicated solely to housing issues, to ensure that residents are properly connected to available housing resources. The comprehensive clearinghouse will be a call center that provides housing resource information to all callers – including homeowners, renters and landlords.

- **Coordination and Consolidation of Case Management:** Case management will also be an important component in helping families transition. The state greatly appreciates the resources committed to Louisiana for this purpose. However, we urge our federal partners to recognize the incredible challenge posed by the administration of two separate programs, with different guidelines and deadlines.

- **Construction Management:** With case management consolidated under the DHAP case management model, the State recommends that FEMA redirect the funds allocated for the FEMA DCMP program to a construction, rather than case, management pilot program.

According to FEMA's February 17th report, 3,122 of the 4,286 families in trailers are homeowners. While we await similar data regarding the DHAP population, we know that some percentage of those households will be homeowners, as well. And we know that those owners still working to rebuild their homes do not need traditional case management to transition off of federal subsidies. They need support trained housing professionals to assist in the completion of their home repair.

In order for this transition to be a success, it is critical that FEMA and HUD accept our request for data on the individuals in DHAP. Without this information, it will be nearly impossible to reach out to those participants

and scale the appropriate programs based on their situations and locations. We are developing a six month plan for transition, but budgeting, implementation and outreach need to be developed based on the data we receive from the federal government.

The State recommends that we build a program informed by successful existing models. Through a competitive bid process, the State will identify existing local organizations with a successful history of providing housing services in those geographic locations with high concentrations of eligible homeowners still receiving federal housing assistance. These professionals will offer clients triage services (to assess barriers and prevent duplication of services), construction management (to connect with volunteers, donated materials, or available resources) and project management (to ensure quality and completion). Combined with efforts to complete Road Home closings where they remain outstanding, the construction management pilot, provides the best path to return homeowners to their homes.

Gustav-Ike Direct Housing Mission

When a disaster happens, FEMA protocols call for the state to create a "State Led" Joint Housing Task Force. This is "state led" in name only, as FEMA leaves the state with few options when it comes to disaster housing. To be clear, nothing actually is finalized or negotiated when this task force meets; FEMA requires that the state submit each of its requests in writing over and over again before making final decisions. FEMA staff on the ground are not empowered to make decisions that will stick and headquarters is unwilling to either given them this power or send down employees who can make decisions.

In absence of an actual plan for how to house victims of a disaster, FEMA insists that the state request a "Direct Housing Mission" in writing. No template for how to request such a mission exists and FEMA employees working with Louisiana seemed unwilling to offer much practical guidance. In fact, the information FEMA originally told Louisiana it needed to grant a Direct Housing Mission could only be gathered through Preplacement Interviews with residents requesting housing assistance, which, of course, could not begin until the Direct Housing Mission was granted.

In other states, internal FEMA sources told us that they actually wrote the letter requesting this Direct Housing Mission for the state. This was not afforded to Louisiana. In fact, one day the state was told that it was unable to move forward unless it had written requests from its parishes outlining their needs. Later, several weeks after the disaster, after the state had troubled parishes that still had power outages and displaced citizens to send us a letter outlining all of their needs, high ranking FEMA employees at the Transitional Recovery Office in New Orleans told the state that because Louisiana is governed by the Napoleonic Code, we could not request housing on behalf of our parishes. Though FEMA ultimately reversed this stance because it was not a legal one, it illustrates how utterly ridiculous and completely subjective this disaster housing process is. Once the state upsets FEMA – which by our count happened in 2005 – the agency spends weeks finding legal loopholes and arcane regulations to justify denying the state's requests.

The process keeps citizens, the state and local governments in a lurch because FEMA will only extend certain provisions of Transitional Sheltering Assistance for short spurts of time. So every few weeks, in the midst of dealing with major recovery challenges, the state has to request an extension of the TSA. Before this extension is granted by headquarters, FEMA staff on the ground begins sending letters to citizens who are forced to live

in hotel rooms because they lost their homes, telling them that their assistance is ending. Citizens become upset about their pending homelessness, only to have TSA extended a few days later, starting the cycle over again.

Whenever the state pushes back on FEMA, requests data that FEMA doesn't want to turn over or attempts to find a more creative, people-friendly solution, FEMA becomes difficult to deal with. At one point after Gustav and Ike, FEMA staff working on the "Joint State Led Housing Task Force" announced that they were tired of participating in conference calls with the state and the parishes about the continued need for housing solutions. FEMA also had difficulty providing the state with an outline of all available housing resources it had to deploy to the region, so Louisiana could not gauge how reasonable its requests were and create contingency plans. To make matters worse, the "Preplacement Interviews," which FEMA uses to determine what housing should be deployed are confusing and woefully inadequate. If a citizen lost his or her home and was sleeping temporarily on a relative's couch two parishes away from his or her job, by FEMA's standards that person was "housed" and did not need a temporary housing unit near to their home, job and community. Naturally, it took FEMA weeks to supply the state with data from these interviews.

Once FEMA actually granted the direct housing mission, it specified that "temporary housing units," which include mobile homes and travel trailers, would be used as the last possible option, despite the fact that by FEMA's own count the parishes in Louisiana with the biggest housing needs – Cameron, Calcasieu and Terrebonne – had almost no available rental housing resources. FEMA considered housing residents 50 miles away from their jobs to be a "reasonable" distance, meaning disaster victims would be faced with almost two extra hours of commuting time each day, at a time when gas prices were high. When the state insisted that this was unacceptable, particularly in Cameron Parish where many residents work in the critical oil and natural gas sector, FEMA found a new way to deny that hard-hit parish temporary housing. Using data from preliminary Digital Flood Insurance Rating Maps (DFIRMs), FEMA determined that 83 percent of Cameron parish was a 'V' flood zone. These DFIRM maps were released as parishes were dealing with Gustav and Ike and the parishes had not had time to fully review and appeal their maps. If FEMA had used the Advisory Based Flood Elevation (ABFE) maps, which parishes adopted in the aftermath of Katrina and Rita, only approximately 30 percent of Cameron Parish would be a 'V' zone and FEMA would have been able to put temporary housing units, including park models and mobile homes, which did not have the formaldehyde problems associated with travel trailers after the 2005 storms, on most private property, allowing families to live in their communities, and near their jobs, while they rebuild their homes.

FEMA and the state battled for weeks over this – while residents of Cameron Parish lived in tents, hotels and on family members' couches – and it took intervention from the Governor and Louisiana's Congressional Delegation to get FEMA to budge and allow housing units in the parish temporarily, with the state promising that the temporary housing units would be removed in advance of the 2009 hurricane season. Meanwhile, the parish has found numerous problems with the DFIRMs and the data used to make determination about flood zones and has launched a costly appeal of these maps.

Next Steps and Quick Fixes

There are several things that the Congress, the President or the Secretary of Homeland Security could so to provide immediate relief to our recovery in Louisiana. These include:

- Give the state 100 percent federal cost share for hurricanes Gustav and Ike, because no state has experienced such catastrophic losses in such a short period of time. Paying even a 10 percent match on these costs could stifle our recovery further. Granting Louisiana 100 percent federal cost share for these storms would be a shot in the arm for our recovery and rid our state of a huge financial burden that it will have difficulty meeting.
- Delay of the release of DFIRMs, which Louisiana requested this in December 2008. FEMA is using these maps, which have not been formally accepted, to deny funds for Public Assistance projects and further delay recovery. The state has serious concerns about these quality of these maps and the parishes have found mistakes in the data they are based on;
- Declare that Charity Hospital in New Orleans is more than 50 percent damaged, awarding the state $492 million in PA funds to replace the hospital;
- Immediately set up the Congressionally mandated Arbitration Panel and staff it with experienced, unbiased members who will make fair decisions about the fate of our Public Assistance projects;
- Give the regional FEMA offices authority to make decisions so that we can have a quicker and more accurate process for handling Public Assistance disputes. We estimate that we have 4,000 projects under appeal or dispute with FEMA, which represents more than $1 billion in funding that is holding up work in the state.

TESTIMONY
OF
H. RODGER WILDER,
IMMEDIATE PAST PRESIDENT & CEO
OF THE
GULF COAST COMMUNITY FOUNDATION

Before the Sub-Committee on Economic Development,
Public Buildings and Emergency Management
of the
Committee on Transportation and Infrastructure,
United States House of Representatives

It is my pleasure to appear before the Sub-Committee on Economic Development, Public Buildings and Emergency Management to submit testimony concerning the role of non-profit organizations in the recovery efforts of the Mississippi Gulf Coast following Hurricane Katrina, which struck on August 29, 2005.

First, on behalf of all of the people of the State of Mississippi, I express our heartfelt thanks for all of the personal and financial support that was given to help all of the people who suffered damage and loss in Hurricane Katrina. Our federal government has contributed greatly to that recovery, and we in Mississippi are deeply appreciative of those efforts.

Following Katrina, Mississippi was the recipient of an outpouring of generosity, the like of which we could not have imagined. Literally, hundreds of thousands of people came to Mississippi to assist us with our recovery. In addition, they and charitable organizations donated hundreds of millions of dollars to our efforts. Without this assistance, we could not have recovered; and we are deeply appreciative to all.

Few of us anticipated in the days leading up to Katrina that the storm would be as bad as it was or the destruction as severe and widespread. Unfortunately, we have all discovered how ill-prepared we were for such an event. Like virtually the entire non-profit community on the

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Mississippi Gulf Coast, the Gulf Coast Community Foundation was not prepared for what would be required post-Katrina. In late April, 2006, I assumed the position as Chief Executive Officer of the Foundation on a volunteer basis after our prior Executive Director resigned. Beginning in January 2007, until November 2008, I was allowed by my law firm to take an indefinite sabbatical to run the Foundation on a full time basis. While at the Foundation, I coordinated its own recovery and oversaw grants totaling more than $30,000,000.00 to non-profit organizations and individual. All of GCCF's funds came from private donations. The vast majority of those grants were for disaster recovery, and many were for housing. Even though I have resigned as CEO, I have resumed my position on the Foundation's Board of Directors.

While GCCF did not work extensively with FEMA, we funded organizations that did deal with homeowners who also sought money from public sources, such as FEMA.

Because I have only recently received the invitation to appear before this hearing, I apologize for the brevity of these comments. I will briefly address a number of issues that, I believe, could have assisted the Mississippi recovery efforts and I will assist future recovery efforts.

Current Status:

Most of the "easy" home repairs and reconstruction have been completed. Generally, the families and individuals who are still in need of housing assistance have special problems. Many, if not all, are low income and do not have the resources needed to obtain housing.

The supply of single family homes for ownership appears not to be the problem. Over the last year, there appears to be a greater supply of homes than there are purchasers. Following Katrina, insurance costs, construction costs and lack of credit substantially inhibited the purchase of homes. Insurance and credit issues remain an impediment to home ownership. Even if some

low income families can afford the house payment, they cannot obtain a residential loan because of the current credit market problems or because their credit suffered as a result of the losses they suffered in Katrina. The current economic crisis has aggravated these conditions

There appears to be to few low cost rentals units. Much of the private, low cost rent properties were either destroyed in Katrina or their rents rose so sharply following Katrina that low income families can not afford them. Prices remain high. The State has targeted low cost rental construction. It remains to be seen how the availability of these new properties will affect the market price of rental.

The Alternative Housing Program, which developed the MEMA Cottages, has provided excellent longer term, temporary housing for about 2,800 families. Efforts are being made to allow these Cottages to remain as permanent residences on fixed foundations. There has been some local government opposition to allowing the Cottages to be permanently affixed to lots, but that opposition seems to be easing. These Cottages provide an excellent opportunity for permanent housing.

Suggestions:

I respectfully offer the following suggestions, not a criticism of what was done in the past but as possible ways to make future recover better.

Preparation: After Katrina we all found that we were not prepared to respond to the widespread and massive destruction. Our non-profit community was no exception. To avoid this in the future, there needs to be ongoing dialogue and planning between governmental agencies and non-profit organizations involved in disaster recovery in those areas such as the Mississippi Gulf Coast where large scale natural disaster are a certainty. Relations need to be established, plans need to be made, infrastructure needs to be developed and tasks need to be

assigned in advance and then updated and maintained even during times when no recovery activities are required.

Post Disaster Review: Before the memories fade, governmental and private disaster recovery organizations need to convene and assess what worked and what did not and make plans for the next hurricane, which we all know for certain will occur.

Establish the Rules in Advance: One impediment to the Katrina recovery was that the rules keep changing. It is difficult if not impossible to have an effective recovery if the governmental rules and regulations keep changing throughout the process.

Help with Governmental Regulations: Most non-profit organizations do not know how to deal with governmental regulations and, as a result, could not access governmental funds that were needed to help put people back in their homes. Agencies need to assign and keep knowledgeable advisors to the non-profit organizations to help them work through the "red tape." We are all trying to achieve the same result, restoring homes. The non-profits can accomplish that objective as well, if not better than government. Help us do it.

Stability of Personnel: Turn over of agency personnel was a problem. While we recognize why the turnover occurred, it resulted in miss-communications and changes in direction, both of which impeded the recovery efforts.

Fund Voluntary Recovery Organizations: FEMA recommended the formation of Long Term Recover Committees (LTRCs) in each county as a way of coordinating non-profit recovery activities, yet no funds were provided for even minimal staffing or support. A small amount of administrative money would have gone a long way toward improving the effectiveness of these LTRCs. As it turned out, the LTRCs were required not only to raise money to direct services to clients but also their own administrative money. Many private funders put money into repairing

homes, but few wanted to give to support the administrative costs of the organizations doing and coordinating the work.

Case Management: All the parties involved in the recovery process need to reevaluate the case management process. Case managers are necessary to the process; but in a disaster as extensive as Katrina, case managers must not only evaluate each client's situation but must also have the knowledge and resources to assist them with the many issues related to securing housing. Although they were caring people, many of the case managers did not have that necessary knowledge or resources to help their client.

Again, we in Mississippi appreciate all the help we have received. I look forward to attempting to answer any questions you may have.

H. Rodger Wilder
Past President & CEO, Board Member

Louisiana appeal letter

BOBBY JINDAL
Governor

State of Louisiana
Office of the Governor

December 23, 2008

SENT VIA FAX #940-898-5325
AND BY U.S. MAIL

Honorable George W. Bush, President
The White House
Washington, D.C.

Through:
William E. Peterson, Regional Director
FEMA Region VI
800 North Loop 288
Denton, TX 76209-3698

Reference: Appeal of Denial of Extension of 100% Federal Cost Share for FEMA DR-1792-LA (Hurricane Ike)

Dear Mr. President,

On October 23, 2008 we requested a fourteen day extension of the 100% federal cost share you had granted on October 8, 2008. In response, on November 24, 2008, R. David Paulison, Administrator, Federal Emergency Management Agency, notified us that the extension was not warranted. Please accept this letter as an appeal of that decision and a further request that the State of Louisiana receive the same consideration granted to the State of Texas by extending the 100% cost share for an additional 100 days.

In August and September of this year, Louisiana marked the third anniversaries of Hurricanes Katina and Rita - combined, the largest disaster in U.S. history. Currently, the recognized damage from those storms, as measured by the FEMA Public Assistance program, exceeds $7.4 billion. The full economic damage to the State is in the tens of billions of dollars. In two week period between August and September of this year, the State was again hit, back-to-back, by two additional storms – Hurricanes Gustav and Ike. Some of the affected areas of the State were still in the debris removal process from Hurricanes Katrina and Rita when Hurricanes Gustav and Ike hit the State. The State was fully impacted by Hurricane Gustav and all 64 Parishes have been declared eligible for assistance. It is estimated, again, only in terms of the Public Assistance

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Program, that the damages incurred by the State from Hurricane Gustav will exceed $1 billion. Hurricane Ike significantly impacted 27 Louisiana Parishes. These 27 Parishes have been severely impacted by all four storms and the full extent of the damage to those Parishes can only be realized in that context.

In the 27 Parishes for which a disaster declaration was granted for Hurricane Ike, it is estimated that the storm produced approximately 1 1/2 million cubic yards of debris. This immediately created an additional economic burden on the affected Parishes and further exacerbated the ongoing recovery process of Hurricanes Katrina, Rita and Gustav. The level of damages is beyond the capacity of the State and the Parishes to address. As recognized in your October 8, 2008, declaration, the damages caused by the storm were of such "severity and magnitude that special conditions are warranted regarding the cost-sharing arrangement..." This declaration was made retroactive to the date of the original disaster declaration, some 27 days earlier. Parishes did not have the financial capability to begin debris removal activities immediately after the storm. The delay in starting debris activities caused by the lack of adequate funding precluded the Parishes from realizing the full benefit off the 100% cost share for the 44 day time period. In our October 23, 2008, letter, we requested consideration of the fact that the delay in notifying the State of the 100% cost share arrangement had an adverse affect on the Parishes' ability to take advantage of that benefit. We do not believe adequate consideration of the adverse effect of this delay was given in your previous determination that our request was not warranted.

Additionally, we are aware that Texas has been given an additional 100 day extension on the 100% cost share as it applies to Category A, Debris Removal activities. We believe that the Parishes affected by Hurricane Ike were damaged with such "severity and magnitude" that the granting of the 100% cost share is warranted.

It is imperative that the Parishes impacted by Ike be given the appropriate resources and opportunity to affect a rapid recovery. We request that you give the 100% federal cost share extension every appropriate consideration. Your support is greatly appreciated.

Sincerely,

Bobby Jindal
Governor of the State of Louisiana

BOBBY JINDAL
Governor

State of Louisiana
Office of the Governor

December 23, 2008

SENT VIA FAX #940-898-5325
AND BY U.S. MAIL

Honorable George W. Bush
President of the United States
The White House
Washington, D.C.

Through:
William E. Peterson, Regional Director
FEMA Region VI
800 North Loop 288
Denton, TX 76209-3698

Reference: Request for Cost-share Adjustment for FEMA-3289-EM, FEMA-1786-DR (Hurricane Gustav)

Dear Mr. President,

By letter dated November 24, 2008, you determined that the damage to the State of Louisiana resulting from Hurricane Gustav was of sufficient severity and magnitude that special cost-sharing arrangements were warranted and authorized Federal funds for all categories of Public Assistance at 90 percent of the total eligible costs. This authorization was in response to my letter of November 6, 2008, which, among other things, asked for recognition of the programmatic authority to approve a federal cost share of 90% for the effects of Hurricane Gustav. Your response did not obviously make a distinction between the two declarations for Hurricane Gustav, being FEMA-1786-DR and FEMA-3289-EM. The purpose of this letter is to seek clarification that your intent was to authorize the 90% cost share for all effects of Hurricane Gustav.

The damage caused by Hurricane Gustav resulted in all 64 Parishes of the State being declared eligible for the Public Assistance Program. Our current estimate for the total damages qualifying for the Public Assistance Program exceeds $1 billion. It is critical to the State that the cost share authorization applies to all aspects of Hurricane Gustav. The specific and limited purpose of this letter is to seek clarification that the cost share authorization in your letter of November 24, 2008, applies to both FEMA-1786-DR and FEMA-3289-EM.

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Honorable George W. Bush, President
December 23, 2008
Page 2

Your support in this matter is greatly appreciated.

Sincerely,

Bobby Jindal
Governor of the State of Louisiana

Sep 17, 2008
Governor Jindal Letter to President Bush

September 17, 2008

The Honorable George W. Bush
President of the United States
The White House
Washington, DC

Through: Mr. William Peterson
Regional Director
FEMA Region VI
FRC 800 North Loop 288
Denton, TX 76209-3698

RE: Request for 100% federal cost share

Dear Mr. President:

On September 1, 2008, and September 12, 2008, respectively, the State of Louisiana was severely damaged by Hurricanes Gustav and Ike. Singularly, each was a major disaster; combined, these storms amount to a catastrophic event for the State. At the time of these two hurricanes, Louisiana was in the midst of recovery from the largest disasters in U.S. history – Hurricanes Katrina and Rita. The State of Texas has been granted a 100% federal cost share for Categories A and B, under the Public Assistance Program of the Stafford Act. I request for the State of Louisiana similar treatment for Categories A and B reimbursement for Hurricanes Gustav and Ike. The State will continue to seek 100% cost-share of all federal obligations related to Hurricanes Gustav and Ike, as done after Hurricanes Katrina and Rita.

Although we are still undergoing the analysis to determine the full extent of damages, it is apparent that the two storms have caused extensive physical damage to individual households, businesses and public infrastructure. Over 385,000 applications for Individual Assistance benefits have been filed by Louisiana citizens affected by the storms. It is estimated that these individuals have suffered between $2 and $4.5 billion in damages to homes, vehicles and personal property. Public infrastructure and public facilities damages estimates are currently in excess of $1 billion. Approximately 11 million cubic yards of debris have been generated, costing approximately $300 million for disposal. Additionally, economic damage to the State is anticipated to be between $2.5 and $5 billion. Revenue loss for the agriculture, fisheries and aquaculture industries will exceed $600 million. Losses to the oil and gas industry due to the shut-in of production during the storms will reach $2 billion to $5 billion over the next 6 months. The total economic effects of the storms to the State could total $15 billion or more.

As indicated above, many of the same communities affected by Hurricanes Gustav and Ike are still in the recovery process from the damages caused by Hurricanes Katrina and Rita. Those storms caused an estimated $100 billion in damages to homes, property, businesses and infrastructure in Louisiana. The tax base necessary to fully support the recovery from these catastrophic events has still not returned. The recent storms have greatly compounded the recovery efforts from Hurricanes Katrina and Rita, and in order to complete that recovery Louisiana requires the continuation of the full support granted to the State under the Stafford Act.

The oil and gas, agriculture, fisheries, and transportation industries of Louisiana are economic drivers for the entire country, and the full recovery of the State is critical to the nation. It is imperative to expedite the recovery of the State. To support that recovery we will continue to seek to maximize federal assistance under the Stafford Act.

Your support to date is greatly appreciated and we look forward to your continued assistance to ensure the prompt recovery of the State.

Sincerely,

Bobby Jindal
Governor of the State of Louisiana

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