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HURRICANE KATRINA: MISSISSIPPI'S RECOVERY

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

FIRST SESSION

FIELD HEARING IN GULFPORT, MISSISSIPPI

JANUARY 17, 2006

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HURRICANE KATRINA: MISSISSIPPI'S RECOVERY

TUESDAY, JANUARY 17, 2006

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10 a.m., at the Mississippi Gulf Coast Community College, Jefferson Davis Campus, 2226 Switzer Road, Gulfport, Mississippi, Susan M. Collins, Chairman of the Committee, presiding.

Present: Senators Collins, Coleman, Coburn, Lieberman, Dayton, and Pryor.

OPENING STATEMENT OF SENATOR COLLINS

Senator COLLINS. The Committee will come to order. Good morning. Today the U.S. Senate Committee on Homeland Security and Governmental Affairs continues its investigation into the preparation for and response to Hurricane Katrina. The focus of our 10th hearing is on the status of recovery and rebuilding efforts in the State of Mississippi.

I want to thank Mississippi's two senators, the Congressional delegation and Governor and Mrs. Barbour for their advocacy. I particularly want to thank the First Lady for taking us on a helicopter tour today. It was very helpful to hear her firsthand commentary as we viewed the devastation from the air.

I also want to very much thank my Senate colleagues for joining us here today. We have six Committee Members who are here, three Democrats and three Republicans showing this bipartisan concern. I want you to know that it's very unusual when a field hearing is held to have more than one senator present, sometimes two, never six. And I think that is a comment about our Committee's dedication to the task before us.

I'm also extremely pleased to have with us today Senator Mary Landrieu from the neighboring State or Commonwealth of Louisiana. Senator Landrieu has been an advocate for the entire Gulf region, and I'm very pleased that she could join us in Mississippi today.

Two weeks after Katrina struck some 4 months ago, Senator Lieberman and I, as well as Senator Landrieu, were among a group of Senators who toured this devastated region. We stopped in the town of Pass Christian, and I'll never forget what I saw that day. The destruction was unimaginable. The suffering and the deprivation were heartbreaking. But the courage and the determination of

the people that we met, as Governor Barbour puts it, "to build back better than ever," were then and continue to be inspiring.

At the time of our tour 4 months ago, I said that our first priority and our highest obligation were to help the Gulf Coast recover from this unprecedented natural disaster. The cooperation and the candor of those we met with back in September, and of those who have welcomed us here today, have greatly aided our understanding of what needs to be done. We, in Congress, need to hear firsthand the experiences, the good, the bad, and the ugly, of those seeking Federal assistance to rebuild their communities.

Today when we toured the region again, the hard truth remains that the devastation is still beyond comprehension. We saw row after row of bare concrete slabs where neighborhoods once stood. We saw wreckage washed up far inland. We saw bridges, the Bay Bridge in particular, that once connected your communities that remain still washed away. We looked at the mountains of debris, and we heard that about two-thirds have been cleaned up. But there still is so much work to be done. And when I look at those mountains of debris, I realize that each contains all that is left of someone's beautiful home or thriving business.

I know that many people in Mississippi have seen that America's attention has often been focused on Louisiana, and that's understandable perhaps in light of the grievous damage that its residents have suffered, and indeed our Committee will be going to New Orleans this afternoon for a firsthand assessment.

But I want to assure you that the losses in Louisiana in no way diminish the magnitude of the tragedy that you've endured or the difficulties, frustrations, and uncertainties that continue to plague your lives. I know that one newspaper expressed the fear that Mississippi would become the "Invisible Coast," and I want to tell you of our personal commitment to make sure that all the residents of the Gulf Coast receive the attention, the support, and the assistance that they need in rebuilding their lives.

Our Committee hopes, through a series of recommendations, to improve our Nation's preparedness and response. We have already tried to be of assistance by sponsoring emergency legislation to increase the Federal reimbursement for the cost of the removal of the unfathomable amount of debris that still chokes too many streets and landscapes. But we appreciate that the Federal role is far greater than that and that it is a continuing role. Your needs are great and they are many.

The final report of the Governor's Commission on Recovery, Rebuilding, and Renewal lays out an ambitious and far-sighted plan intended to revive your community, to create new jobs, and to ensure that families will be in real homes as soon as possible.

In my visits here, I have been struck first and foremost by the utter devastation that Katrina brought to your beautiful region. But equally powerful is the commitment of the people of this region to help one another overcome the crisis, surmount the obstacles, and rebuild for the future. Working together with a partnership among all levels of government, I know that the Gulf Coast will indeed be better than ever. Thank you so much for welcoming us here today.

Senator Lieberman is the Committee's Ranking Member. We work very well together, very closely together. And I'm very pleased to recognize him for some opening remarks.

OPENING STATEMENT OF SENATOR LIEBERMAN

Senator LIEBERMAN. Thank you, Madam Chairman. Thanks so much for leading our Committee here. It's an honor, as always, to work with you. I thank the other Members of the Committee for coming here.

I hope the people here in Mississippi and then later in Louisiana will take this group of Senators' presence here as the most tangible expression of the continuing national interest and acceptance of America's responsibility to help you overcome the effects of this disastrous hurricane.

I thank Marsha Barbour for greeting us, for taking us up in that helicopter to see the Coast today. I would share the reaction of Senator Collins. She and I both came here just about 4 months ago, a couple of weeks after Hurricane Katrina hit. And we were stunned to see the devastation along the Mississippi Coast. Perhaps because the—New Orleans is a great American city, the focus of a lot of media attention was on it. It has suffered grievously, of course. But I don't think we had a real awareness before we came 4 months ago of how badly hit and devastated by extraordinarily high winds and rising waters the Gulf Coast of Mississippi was.

And I must say, having just gone up in that helicopter today, what strikes me is how much work remains to be done. I suppose somewhere in the impractical recesses of my brain I thought that coming back here today I'd see a lot more going up. A lot of debris has been removed. That's real important. There's still a lot more yet to be removed. In some sense, perhaps because there's a general impression in Congress that Mississippi is really organized well to deal with the problem, maybe I expected to see more rebuilding occurring.

But this is by way of acknowledging what Senator Collins has said, that we're all in this together. Federal, State, and local governments. We feel a national responsibility to help Mississippi get back to better than it was before Hurricane Katrina. And just seeing the Coast today tells me in a very powerful, personal way how much more we have to do.

In that regard, there's an intangible factor here, which is hope. And I hope that we can all reach out, and maybe in some small way our presence here today will help do that, to give hope to people who, after a period of time, are going to begin to lose it about their ability to return to where they were. And, of course, this just says to us that the basic mission that this Committee has, which is to oversee the work of the Federal Government in responding to Katrina, is a critical mission.

We've appropriated well over $80 billion. And the question now is how is it being spent and can we move things more quickly to bring a reality that will raise people's hopes.

I understand—I thank the Members of the Congressional delegation. Gene Taylor is here. I believe he's going to testify. Senator Cochran, Senator Lott, and the other Members of the House dele-

gation have been extremely persistent and effective advocates for Mississippi.

And we understand that you have special problems. That a number of people in Mississippi, 42 percent of all working families by one estimate I saw, are low income. And that's the highest rate in the Nation. That puts a special burden on all of us to work together to try to raise people up after this devastation.

Just a final word. Since we've been here, everybody's been saying thank you for coming. I think we owe you a thank you for the way in which the people of Mississippi have pulled together and for the spirit of—for your spiritual strength, really, and for the hopefulness that I hope you will not let diminish as we go forward together to make this better. Thank you very much.

Senator COLLINS. Thank you.

I just am going to very briefly introduce the other Committee Members by name. To my left is Senator Norm Coleman of Minnesota. He's a former mayor, has a special interest in the role of local government.

To Senator Lieberman's right, that's not a usual position for you, is Senator Dayton of Minnesota. He's been particularly concerned about the responsiveness of the Federal Government.

To my far left is Senator Coburn, who is a physician by training and represents the State of Oklahoma. And he has a special interest in making sure that money is being well spent.

To my right now is Senator Mark Pryor of Arkansas. Senator Pryor pointed out to me that his State on a per capita basis, I think, had taken in more evacuees from the Gulf Coast region than any other State.

And, as I said, Senator Landrieu from Louisiana is also joining us today as an honorary Member of the Committee.

I'd now like to welcome our first witness. Donald Powell was named by President Bush as the Federal Coordinator of Gulf Coast Rebuilding on November 1. His task, and it is an enormous one, is to develop a long-term rebuilding plan in conjunction with State and local governments in the entire region. It's his responsibility to coordinate the Federal efforts and to assist State and local officials. Prior to this new and very challenging appointment, Mr. Powell served for 4 years as the chairman of the Federal Deposit Insurance Corporation.

And I want to point out that in the immediate aftermath of Katrina, Mr. Powell, while still at the FDIC, took decisive action that helped banks and other financial institutions in the devastated region resume operations as quickly as possible. And that certainly assisted consumers during those very difficult times.

So I want to thank you, sir, for your service and welcome you to the Committee, and I look forward to hearing your testimony.

TESTIMONY OF HON. DONALD E. POWELL,[1] COORDINATOR OF RECOVERY AND REBUILDING IN THE GULF COAST REGION, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. POWELL. Thank you. Thank you, Chairman Collins, Ranking Member Lieberman, and distinguished panel Members.

[1] The prepared statement of Mr. Powell appears in the Appendix on page 49.

It's a pleasure to appear before you today in Gulfport as the Federal Coordinator for Gulf Coast Rebuilding to discuss my role as Federal coordinator, the progress that we have made, and the challenges and opportunities we face in the immediate recovery and long-term rebuilding effort.

The State of Mississippi is of great historical, cultural, and economic importance to this country, and we will make sure that her citizens get back on their feet and rebuild their lives. Whole communities throughout the Gulf Coast have been ravaged by Katrina and Rita, and I'm confident that together we will see a better tomorrow for our fellow Americans in the affected areas.

Our job is to identify the priority of needs for long-term rebuilding by working with the people on the ground, communicating those realities to the decisionmakers in Washington, and advising the President and his leadership team on the most effective, integrated, and fiscally responsible strategies for a full and vibrant recovery. We will then help provide thoughtful and coordinated Federal support to the affected areas.

The President has made it abundantly clear that the vision and plans for rebuilding the Gulf Coast should come from the local and State leadership, not from Washington, DC. This is not an exercise in centralized planning. However, we understand the importance of being good stewards of the substantial amounts of money that have been, and will continue to be, spent on this effort. We will ensure that any plans or strategies are conducive to the prudent, effective, and appropriate investment of taxpayer dollars.

In order to rebuild after a natural disaster of this magnitude, the size of which our country has never experienced before, the first task is to recover. We have identified two key areas as critical path issues which must be resolved in order to move into the next stage of rebuilding in Mississippi.

The first critical path issue is debris removal. After the Gulf waters subsided, Hancock, Harrison—where we are today—and Jackson Counties were left with more debris than the 1992 Hurricane Andrew and the 9/11 World Trade Center attack. A problem of this scale required strong local leadership. Governor Barbour and the local mayors, in partnership with FEMA and the Army Corps of Engineers, sprung into action.

Today, I am happy to report that Mississippi has removed 27 million cubic yards or almost two-thirds of the total debris. There is still a great deal of work to be done, but Mississippi is on the right track, with the goal of completion sometime this spring.

The second critical path issue is to support evacuees through direct financial assistance and temporary housing. Hurricane Katrina left many of our fellow citizens stunned and uprooted, and the President believes it is the government's duty to remind them that their country cares about them and that they are not alone. Of the 450,000 Mississippi residents who received disaster assistance following Hurricane Katrina, 280,000 were approved for direct or transitional housing assistance totaling $745 million. Another $300 million went to some 115,000 Mississippians for Other Needs Assistance, which helps with everything from unemployment assistance to relocation services to reuniting victims with their families. And finally, more than 100,000 Mississippians received rental

assistance totaling approximately $230 million, which is going to pay for rent at apartments across the region.

Mississippi has also done an extraordinary job of establishing and transitioning evacuees into temporary housing. Today less than 2,000 households remain in Mississippi hotel and motel rooms. FEMA is already providing more than 31,000 travel trailers to hurricane victims that are residing in the State. Nearly 11,000 of these families in Harrison County, 8,000 in Jackson County, nearly 8,000 in Hancock County, and more than 2,500 in Forrest County.

We still have very important work to do on these immediate issues, but we believe that things are moving in the right direction. I am encouraged every day by the strong leadership in this State and its successful partnership with Congress and the Administration.

As we transition our efforts from immediate recovery to helping with long-term rebuilding, we must achieve three key objectives: Restoring long-term safety and security; renewing the region's economy and creating growth opportunities; and revitalizing communities.

Congress and the Administration have taken great strides to restore safety and security to Mississippi. The most important accomplishment is the $29 billion reallocation legislation which provides for $10 million for a comprehensive study of hurricane and storm protection and $620 million for flood and storm protection projects across Louisiana and Mississippi.

The President, along with the Congress, has also been focusing on the renewal of the region's economy. Last month the President signed into law the Gulf Opportunity Zones Act. The legislation will help revitalize the region's economy by encouraging businesses to create new jobs and restore old ones. The law will also create new housing initiatives for workers to return home and will help finance new infrastructure to get the region moving again. Simply put, the law renews businesses, rebuilds homes, and restores hope.

In terms of providing loans and working capital to small businesses and families, the SBA has also been working diligently to ramp up its capacity in response to the disaster. As of January 12, the SBA has approved over $2.64 billion in disaster loans to almost 38,000 homeowners, renters, and businesses in the affected region. In Mississippi, the total has been over $1 billion; 12,000 home loans for $860 million and close to 2,000 business disaster loans for $170 million.

Workforce development will also be critical to long-term economic security. The Secretary of Labor and I attended a meeting just before Christmas with the President, labor leaders, civil rights groups, and business associations to discuss workforce initiatives and overall employment issues facing the region. We tasked those leaders to devise a plan to prepare the workers of the region for the future of the Gulf Coast.

We are also focusing on revitalizing communities. The ravaging winds and waters brought on by Hurricane Katrina claimed the homes of many along the Gulf Coast. Congress and the Administration have taken several steps to return old and invite new residents to Mississippi's neighborhoods.

The most direct of those steps is $11.5 billion in Community Development Block Grants and $390 million in housing vouchers allocated to the people of the Gulf Coast in the recently passed $29 billion reallocation package. Mississippi plans to use the bulk of its share of the $11.5 billion to compensate affected under- or uninsured homeowners who resided outside of the flood plain.

Aside from the housing aid and other public assistance, nearly 400,000 inspections have been completed in Mississippi and 48,000 roofs have been temporarily covered by FEMA's Blue Roof program operated by the U.S. Army Corps of Engineers. FEMA has provided over $1 billion directly to Hurricane Katrina victims in Mississippi through the Individuals and Households Program. In addition, 13,800 Mississippians have received $1.8 billion in National Flood Insurance Program claims. These families are and will continue to fill the streets, schools, and places of worship that will be a critical component to the revitalization of this great State.

Another important part of the community is the educational system. Education is the key to the future and lets every American reach his or her potential dream. Without education, we would not have the American ingenuity that has made our country so successful. Thus far, Mississippi has received $100 million to get its educational system up and running again since the storm hit. And schools who took in the displaced students outside the State are being reimbursed up to $6,000 per displaced student in general education and up to $7,500 for those in special education.

The Administration and Congress have made good on the promise by helping secure $1.6 billion for the schools that were hardest hit by the hurricanes. The U.S. Department of Education is expediting these resources so they can get to where they are needed as quickly as possible. Thus far, 93 percent of the schools in Mississippi are up and running. Overall, the Mississippi Department of Education reports that they have 22 schools that are closed and 12 other schools that are open on a limited basis. One part of the building may be under repair, but another part is being used to educate the State's learners. I applaud those efforts. As my good friend Secretary Spellings put it, "The education community's response to Katrina has been overwhelming. Schools across the country have opened their doors and hearts to these children."

Community health is also important. That's why the Department of Health and Human Services, along with other agencies, quickly streamlined their processes to help hurricane victims access the many Federal programs available immediately to help them get back on their feet, such as Medicaid, family assistance, child care support, foster care assistance, and mental health and substance abuse services. More than 40 percent of the storm's evacuees living in a different zip code from the damaged areas received these types of benefits and services.

In addition, the U.S. Public Health Service Commissioned Corps, one of the Nation's seven uniformed services, carried out the largest mobilization in its 207-year history by deploying more than 1,400 officers to work with State, local, and private agencies in the hurricane-stricken States. America is committed to helping our citizens displaced by the storms by improving our government's outreach and cutting red tape.

Infrastructure is also a key component of any long-term recovery plan. Federal funds totaling $750 million are being used for infrastructure in Mississippi for repairs to damaged roads, bridges, and other transportation uses. I am glad to see the progress made with those monies here, such as the two lanes that have been completed from Debuys Road to English Place for a total of eight miles in the Long Beach-Gulfport region.

And in Pass Christian, two lanes have been completed from Shadowlawn Drive to Henderson Avenue for a total of 3.7 miles. The I-90 is the next major thoroughfare to be rebuilt, and it will help restore the region's transportation network. Virtually all major freight lines are open, with the exception of the CSX Transportation line from New Orleans to Pascagoula.

In terms of public transit, partial service has been restored in Gulfport, Biloxi, and the City of Picayune, with full service restored in Jackson. The nine airports that were damaged by the storm are now either fully operational or open, but may be limited to visual and daytime operations.

The ports along the Mississippi Gulf Coast are also all now operating in some capacity, and we will continue to work to get them fully operational. Gulfport was the worst hit of all ports and has two piers that are back in operation.

In closing, I would like to note that the Gulf Coast has a strong history of overcoming adversity caused by Mother Nature. Spanish explorers as far back as the 1500s wrote about how the area has experienced severe floods. But every time some type of natural disaster has hit, the people in this region have come back and come back stronger than before. Failure is not an option. As the President said last week, "When people are determined, they get things done." He also repeated his promise to the region that it would "not just survive, but thrive." He said, "we're not just going to cope, but we will overcome." Thank you.

Senator COLLINS. Thank you very much for your testimony.

You have described your position as being the President's eyes and ears but not his arms. I thought that was a very descriptive way to describe your job. Your position was created through executive order, not through legislation.

Could you tell the Committee whether you feel that you have adequate authority to coordinate all the Federal resources to help in rebuilding? You don't really have troops. You have the power of persuasion. You have the President's confidence, but you do not, as I read the executive orders, have the ability to actually order an action.

Mr. POWELL. Yes, no command and control.

Senator, I'm convinced, and I believe in my short tenure of 40 days or so that I have the complete support of all agencies and departments of the Federal Government. I have been in contact with every agency, every department within the Federal Government and have experienced great cooperation from the Department of Transportation, Education, to wherever it may be.

As you said, I have the power of persuasion. And also the President is committed, everybody knows that the President is committed to rebuilding the Gulf Coast. I'm convinced that I can—and

with the members of my staff, that we have the necessary resources to fulfill our mission.

Senator COLLINS. Would it be easier to do your job if you had more specific authority over the allocation of resources and personnel?

Mr. POWELL. At times, yes. At times it would be, absolutely it would be. But I don't think that will restrict me from—I know it will not restrict me from expressing my views and thoughts. And I always have a sense of urgency about things, and I'm not shy as it relates to what I think needs to get done. And to date, the cooperation is extraordinary.

Senator COLLINS. You mentioned in your testimony that some 27 million cubic yards of debris have been removed at this point. FEMA's most recent report to Congress suggests that there's still some 19 million cubic yards yet to go.

Mr. POWELL. Right.

Senator COLLINS. And as we toured the area today, we could still see mountains of debris, really widespread cleanup problems. This was also an issue that has been raised to us by Mississippi's two Senators and by people in the region, the Governor and his wife as well.

In your view, is sufficient Federal funding and effort allocated toward debris removal? And can you give us any idea of any time line for completing the basic cleanup?

Mr. POWELL. I am in constant contact with the local people. The governor and I talk often. I have visited with four mayors along the Gulf of Mississippi within the last 10 days. There's always a certain level of tension and frustration about debris removal.

The laws that are on the books today sometimes serve as—there's just tension between the private property rights and there's tension between the debris and the removal of debris issue. But—and part of it also is, I think, the mayors' concern about doing the right thing. I mean, they have also the tension of getting the debris and they have the tension of are they going to be audited 6 months from now, 2 years from now, or 3 years from now. And they want to follow the law.

Empowering people to make decisions in the field, Senator, is terribly important. The mayors know their communities better than anybody else. Allowing them to make decisions about hiring and firing contractors is critically important. So when I sit and talk to them, I try to facilitate those decisions that will empower them to make the best decision for their communities. And there are times that I see we can do it better. But I'm convinced that, again, as I said, the mayors are the right people to make those decisions. The State officials are the right people to make those decisions. And I think the resources are there. It's a matter of just getting it done and also complying with all the rules and regulations and laws is mind boggling as it relates to that in just my short tenure.

Coming from the banking business, I understand and appreciate that, but somehow we've got to empower those people to make decisions based upon facts as they see them, understanding that they're going to make some bad decisions.

But to answer your question directly, as I said in my testimony, the majority of the public debris will be removed, and the private

issues, the private debris is another issue, but I think also that will be done perhaps in the late summer or early fall.

Remembering as I said in my testimony, in Hurricane Andrew—the three counties here had more debris than Hurricane Andrew and the 9/11 tragedy combined, and it took them 2 years.

Senator COLLINS. The March 15 deadline that's been talked about for removing most of the debris is a very important one because that's the date by which the 100 percent Federal reimbursement expires, so I think it's really critical——

Mr. POWELL. Right.

Senator COLLINS [continuing]. That we reach that deadline.

Senator Lieberman.

Senator LIEBERMAN. Thank you, Madam Chairman.

Mr. Powell, thanks for being here. Thanks for accepting the President's call to service. It's been a real pleasure for me personally to get to know you in this work. Somehow I never got to meet you when you were head of FDIC, so it's been a pleasure here.

I do want to briefly say that I think Senator Collins raised some really important questions about the authority of your office, and we should continue that discussion because, again, just coming away from seeing what an enormous task it's going to be, and it's not going to happen overnight, to rebuild right here on the Mississippi Gulf Coast. The question is honestly whether the President needs somebody in your position, yourself, to not only be his eyes and ears but also be his arms because Hurricane Katrina, by my estimate, is the largest humanitarian crisis America's had probably since the Great Depression. I know we've had terrible hurricanes. We had the attacks of 9/11. But in terms of the scope of the impact on our country, I can't think of one larger since the Great Depression, so I'd like to continue that discussion.

I'd like to ask you a few questions that we've heard from a local level right here in Mississippi, and my guess is we'll hear them on the second panel, which includes a couple of mayors. The first is about the flood maps and elevations, but probably you're familiar with this question.

And I've now heard two different reactions to the advisory flood plain guidelines developed by FEMA. The mayors, who will testify later, have told us, and I presume will again, that many of their citizens will simply not be able to afford to rebuild at the base flood elevations, the specific heights required in FEMA's advisory guidelines. Others praise the new maps and advisory guidelines because they acted quickly, FEMA did, in getting them out, and they've given the residents some sense of standards that they should be building to.

Do you believe that FEMA is on the right track or are you also concerned about the adverse impact on the ability of many, particularly low and middle income homeowners, to rebuild?

Mr. POWELL. I think FEMA is on the right track, Senator, but I am concerned about your latter point. But we're not going to be able to rebuild until those maps get out in the marketplace.

I think that's the reason the advisory maps were important for some of these people who are ready to rebuild, and unless they get a building permit, they can't begin construction. And the city is not going to give them a building permit until those maps are out

there. So I think it's important those maps be in the marketplace, but I also share your concern about the cost associated with rebuilding. And I'm going to look at some—I think there may be some Federal programs that would assist some of those folks in that rebuilding effort.

Remember, too, that Congress is going to be looking at the whole flood insurance issue, which I will tell you probably that will call for increased premiums. So if the homeowners are going to have to, first of all, spend more money on rebuilding, and then he or she is going to have to spend more money on premiums, so they're going to have an economic double whammy there. In order—certainty, we've got to give these people certainty so they can get on with their lives.

We have a meeting right after this hearing this afternoon in this community that we have invited, through the mayors, the local mayors, bankers, insurance agents, building inspectors, code enforcement folks, and we're going to try and bring clarity to a lot of questions that people are asking. I think that's my role here to get that done.

But I think FEMA is on the right—they've got to issue these flood maps.

Senator LIEBERMAN. I appreciate your answer and particularly your opening of the possibility of some Federal assistance——

Mr. POWELL. Yes.

Senator LIEBERMAN [continuing]. To those low and middle income homeowners——

Mr. POWELL. Right.

Senator LIEBERMAN [continuing]. Who cannot build to the new standards, and I think we should work together on that.

The other local concern that we've heard, and I presume will hear again, is this terrible box that the communities are in with enormous responsibilities, but because of the impact of the hurricane, there is a devastated tax base. And, actually, folks turn to us at the Federal level, and I don't have a quick answer to that. I wonder if you've thought about it.

And is there any Federal role in trying to assist local communities devastated by Katrina over this period in their history when they just don't have the tax base to raise the money to do what they need to do?

Mr. POWELL. Community Development Block Grants, there's some other government programs. Being new in this area, I've got someone who has done nothing but looking at ways to meet that need that you're talking about. But, ultimately, the most important thing, Senator, is rebuilding their lives.

And that's the reason it gets back to debris removal, it's housing. I told the President it's housing, housing, housing, which then equals jobs and economic activity into the tax base. Until these people can begin to live, can begin to rebuild, which will create jobs, tax base, the economy. These cities will come back. I know there are some areas that they're beginning to rebuild.

Senator LIEBERMAN. Do you think that we have ended the appropriation of Federal money in response to Katrina or will there be a need for more beyond the $85 billion? I gather the $25 billion has

pretty much been spent, from what I've heard, and there is $60 billion in various stages of the pipeline.

Mr. POWELL. Senator, I'm not sure. I haven't done the math. Hopefully, that will be enough. The homeowner—what Governor Barbour is doing, as I mentioned in my testimony, with the Community Development Block grants will put money in the hands of the uninsured. I think that's a big, big step, a huge step. There are different challenges in Louisiana as relates to that. There's more infrastructure needs in Louisiana. I'm not sure. Hopefully it is enough.

Senator LIEBERMAN. Fair enough. I appreciate the answer. I think we've all got to stay involved here. And if there is a need for more money, then we've got to be willing to work together to provide it. Because the fresh development today is that this is unfinished national business, and we've got to stick with it until it's done. Thank you very much.

Mr. POWELL. Thank you.

Senator COLLINS. Senator Coleman.

OPENING STATEMENT OF SENATOR COLEMAN

Senator COLEMAN. Thank you, Madam Chairman, and Senator Lieberman, thank you for your focus, your leadership, your commitment. It really is extraordinary. This merits that. They say sometimes you have to see it to believe it. I have seen it, and it's still pretty hard to believe. The sense we have amongst us was that there was a bomb and a massive war zone, and the devastation really is overwhelming.

I thank you for your service, and I appreciate your perspective that you noted that mayors and the State officials are the people to make the decisions, we appreciate that.

Certainly the Federal Government, in particular FEMA, took a real hit in Katrina post actions, and there are questions of competency. What's your assessment now in terms of local officials and folks on the ground and their sense of the Federal effort?

Mr. POWELL. I think it's mixed, Senator, and literally it depends upon the subject matter. I think there's a lot of frustration. But I think—and as we go forward, it gets better. I hear a lot of frustration about the SBA. As a former banker, I can appreciate it and understand that. Having said that, in talking to the officials at the SBA, I think there's some constraints that they have on themselves. My idea of that, again, the more you can put it in the hands of bankers to make those decisions, they know the communities, they know the creditworthiness of their people. They can act fast. But the law didn't permit that to happen except up to $150,000 in some cases to meet those needs.

I think debris removal is another issue there's always frustration about. Again, local decisions empowering the people in the field, and that would be Federal officials also. The more we can empower those people to make decisions without checking with someone, the better off we would be.

I used to have the saying in banking, "a quick no is better than a 2-week yes."

Senator COLEMAN. If there are legislative barriers, if there are institutional barriers, I would hope, even though you don't have

command and control, that you have the sense that you can talk to us and others, but don't allow the bureaucracy to kind of feed that frustration.

Mr. POWELL. Right. I will express my views on that.

Senator COLEMAN. You mentioned CDBG. I just want to touch on that.

A question was asked about the continued Federal role and some of the things we can do different. CDBG is a valuable source to folks at the local level. When you talk about CDBG funding, are you talking CDBG within the existing process which has a finite limitation on dollars, when, in fact, many of us have been involved in trying to increase funding, trying to avoid cuts, or are you talking about the CDBG process with some of the Katrina money as a separate pot?

Mr. POWELL. The latter. As I understand it, the $11.5 billion that Congress approved for those grants, and the law, I think, has passed, no one could receive more than 54 percent. Then working with the Secretary of HUD, that money goes to the Secretary of HUD, and he develops the guiding principles that the States can use, what they can use that money for. Again, as I mentioned, Mississippi has already indicated what they will use that money for.

Senator COLEMAN. With all the needs—and obviously debris removal is something that we were talking about here. As you look into the future, when it's rebuilt, it's got to be rebuilt right. The Governor's commission has done an excellent job of tapping into local perspective in laying out a vision. But turning that vision into reality is sometimes very challenging. There are folks at the local level planning, just basic planning and turning that into reality, and those are the things which there aren't a lot of dollars for. I mean, you have got many needs, you have got to take care of them.

Mr. POWELL. Yes.

Senator COLEMAN. How do you help local communities do their piece, do the planning so that in the end when it's done, it really is done right?

Mr. POWELL. Well, I think the model that Mississippi used, and I applaud the Mississippi model, is their planning process, the Governor appointed Jim Barksdale to lead their commission. It was a centralized effort. And he reached out by issue and had team members for the issue, be it economic development or health issues or education issues, and had folks come in. They had a master plan. I think they did a very good job. But that was funded by private resources.

So I think cities are going to find, if they cannot get the Federal Government to assist them in the planning, that it will be an opportunity for some private charitable organizations to fund those. And I think the money's out there for that need.

I think, for instance, the City of Gulfport, if they need some external money as it relates to their planning process, I think there are charitable foundations that would be willing to assist them. And I think also there are firms pro bono who would be willing to assist those communities also.

But the State has one central, one vision, one plan that they are implementing. And they did it in a relatively short period of time, and there was extraordinary leadership there.

Senator COLEMAN. Oftentimes the further you get away from the event itself, the lesser the outside focus.

Mr. POWELL. Right.

Senator COLEMAN. National, international focus, volunteers, and private sector—as we look into the future—I understand this is a very long-term effort.

Mr. POWELL. Right.

Senator COLEMAN. Are those private dollars, foundation dollars, that outside generosity are still flowing in this direction?

Mr. POWELL. It is. I receive calls, Senator, from time to time, not like I did when I first started the job, but I receive calls not only from individuals, but from foundations saying they want to help. Where are the gaps? Where is the government not going to meet the needs? What can I do? They want to send people to help, which is another little bit of an issue from an ethics standpoint. I can't accept volunteers that have technical expertise. I talk to them a lot. But that's important. There are people willing to help. There are foundations that are willing to help. And they're very genuine. So I think there's still foundations out there that would do that.

Senator COLEMAN. Thank you. Thank you, Madam Chairman.

Senator COLLINS. Thank you. Senator Dayton.

OPENING STATEMENT OF SENATOR DAYTON

Senator DAYTON. Thank you, Madam Chairman. I want to thank you and the Ranking Member for your leadership on this Committee and bringing us here today. Thank you very much.

Coordinator Powell, I thank you for taking on this Herculean task. I understand that you have been here just in the latter part of this effort to date.

I was told on the way over here that the most popular bumper sticker right now around here is FEMA, Federal Emergency My Ass.

Mr. POWELL. I've seen those.

Senator DAYTON. All right. Well, it doesn't jibe with this data here, and I'm trying to figure out where is the disconnect.

You talk about—and I'm not questioning the figures, but 280,000 residents receiving $2,600 apiece for transitional housing and 100,000 receiving rental assistance, that's $2,300 apiece, 12,000 home loans of SBA, $70,000 a house, 2,000 businesses asked for loans, $85,000 per business. It just doesn't jibe. And I note here also that the—anticipating the future testimony of the Mayor of Bay St. Louis, that your life is already too complicated for those in need.

We had them on a much smaller scale. Up in Northern Minnesota, the City of Roseau was devastated by flooding. And I had that perception myself, that these forms, the procedures, very bureaucratic, very cumbersome, and for people who are already stressed out, lost their home, lost their business, whatever, that we need to make this process simpler and faster for them.

I think it's critical that we get from you, and others that have been involved here, some really clear specific recommendations for what in the laws need to be changed and the regulations so we can clear out as much of that flotsam as possible for the future because if there's ever a time when our citizens need government and need

it to be there and be responsive immediately, it's in the face of this kind of disaster. And I just don't think that it seems that the people here feel that they're getting that.

Mr. POWELL. Senator, I would just add one thing. Empower the FEMA officials to make decisions. They tend to have accountability; they don't have authority.

Senator LIEBERMAN. The ones on the ground, you mean?

Mr. POWELL. The ones on the ground. I've spent an all-day session talking with the FEMA folks because that's what I've been doing, I've been talking to a lot of citizens. I would talk to the lady in the restaurant. I would talk to the guy repairing my shoes. I would talk to a lot of folks. And I asked them about what happened to their homes. Each of them has a unique story. Some of them are complimentary to FEMA, most are not. And it's really a time frame. And when you ask—when you get down and ask them about what their specific frustration is, it's common sense, Senator.

But the law doesn't allow FEMA to do that, make those decisions. I understand probably when the law was made, there were various issues. There's always tension there. But what you get, you get paralyzed. They're paralyzed in the field from helping people. And it's terribly important to allow people to make decisions.

And recognize and understand they're going to make some bad decisions. But then when you have an auditor or an inspector general or whatever 2 or 3 years from now, you're very careful. And what happens, that's important too. It's very important that we be wise and we be good stewards of taxpayers' money. We're all taxpayers. And that's, I promise you, part of my focus. But it's also important to help people and to meet their needs in a timely, efficient way.

Senator DAYTON. Madam Chairman, I would submit that is one of the cruxes of the challenge we face and one of the—if there is going to be a silver lining to this enormously dark cloud, so that we can learn from your experience coming out of the private sector, see how we can free up so that we can accelerate the timetable in the future and simplify the process for the victims of these disasters. And I thank you for that.

The recent issue of the National Journal says, and I'm quoting here, "Complaints about the structure of FEMA's waste contracts"—this is moving away these many tons of debris. And I was impressed, let me say, in the article about the care that's going into segregating the hazardous materials and the like. I think that's something that deserves a great deal of credit. It means things are going to take longer. But it says, "FEMA hires the Army Corps, which hires national contractors, who hire local subcontractors, and that guarantees that the hauling price will be marked up several times. Local haulers who are hired directly, critics contend, could do the job more cheaply. A FEMA official in Mississippi said the recovery"—well, it starts another point.

Is there some reason that there can't be this direct contracting that would make it more cost effective?

Mr. POWELL. No, sir.

Senator DAYTON. All right. I almost stopped 51 seconds early.

Senator COLLINS. Thank you. Senator Coburn.

OPENING STATEMENT OF SENATOR COBURN

Senator COBURN. Thank you, Madam Chairman.

I want to kind of follow along that line. One of the things that Senator Coleman and I, as well as the Ranking Member and Chairman of this Committee, wanted to see was a Federal financial manager over all this reconstruction. And your answer in terms of, well, there is no requirement that they couldn't have contracted directly with local contractors. Who's in charge? Who makes the decision?

The people of Mississippi would like to have the help, and not only are there fewer dollars spent on the people of Mississippi, but the time that it takes—by the time you go through four layers of bureaucracy in contracting versus the time you take from one layer. And so my question of the Administration, who's in charge? Who makes the decision that we're going to use four layers instead of one?

Mr. POWELL. Well, again, you must remember, I'm new here about 30 or 45 days. Here's my understanding. I think the mayors are empowered to make those decisions. Now, they may tell you that's not right when they come up here.

But part of it also is the intimidation factor, Senator. By that, I'm talking about the intimidation factor, they're concerned about also when they issue a contract with the private sector, and then here comes an auditor 2 or 3 years from now, and they have liability and have money that they owe back to the Federal Government for mismanaging that contract, they're going to take the path of least resistance. They're going to say, I'm going to follow the standard and deal with the Corps where I'm protected and I have an insulation. Again, they can answer that better than I as relates to that, but I told a mayor last week, I said, fire the Corps and get the private sector. Now, that's easy for me to say where I was standing. In the field, it's probably there are some other things that I didn't have an appreciation for and understanding as that mayor—as he or she takes responsibility for those actions.

Senator COBURN. In your position—Senator Collins addressed this a little bit, but who is responsible down here for the overall Federal expenditures and response in Mississippi?

Mr. POWELL. I can tell you who FEMA——

Senator COBURN. No. Who in the Administration is responsible? What the Senate was trying to do is have one person that all this went through that the State could look to and the Congress could look to and the government agencies could look to. We want a manager here that is making smart decisions—that could say, you can take help from volunteers, that you don't have to contract through the Corps, and that word goes. In other words, to do it on a management basis on the basis of need and common sense instead of bureaucracy and incompetency. Who is responsible?

Mr. POWELL. Well, it depends again on what issue you're talking about.

Senator COBURN. That was my whole point, there is not one person——

Mr. POWELL. Right. I mean, because it depends upon transportation issues, it depends upon health issues, it depends upon——

Senator COBURN. That's exactly what's wrong with the response.

Mr. POWELL. That recovery as it relates to temporary housing, I can get specific. If you ask me certain things that if I don't know the answer, I can find out specifically who is responsible for that issue.

Senator COBURN. So my question to you, you have not been charged to be that person who is responsible for the Federal Government's response in Mississippi? Also, you don't have the authority to do that and you've not been charged with that?

Mr. POWELL. I'm the coordinator.

Senator COBURN. And your authority——

Mr. POWELL. I may not have responsibility, but I'm the coordinator.

Senator COBURN. You have no authority?

Mr. POWELL. Well, I have the power of persuasion and I have the power of the office itself, but I can't—I cannot say, "Thou shall not do the following." I do that.

Senator COBURN. It would just seem to me that the people of Mississippi would love to have a web site and a person who was in charge for the Federal Government, and the people in the Federal Government would love to have a clearinghouse of one person.

Mr. POWELL. Let me be sure, there's a FEMA person that is in charge of Mississippi. There's a FEMA that's in charge of Louisiana. And then there are people, depending upon what you're talking, flood maps, there's a flood map person that's in charge. There is a debris person that's in charge.

Senator COBURN. I understand.

Mr. POWELL. All those.

Senator COBURN. We're running this just like we run the rest of the Federal Government without any basis in common sense. And it just would seem to me that the Administration would want to land the authority and the responsibility in the same place so that you could have one area where information flows and people can get answers.

Mr. POWELL. Yes.

Senator COBURN. In Washington. And the big answer is that you can't get an answer to the question. What is the Administration's answer to the fact that nobody can get an answer?

Mr. POWELL. Well, let me just tell you, if you have a question for any of the people of Mississippi, I'm going to be able to answer that question. They may not like the answer, but I'm going to answer it. And I'm going to find the person, individual, entity that can answer those questions.

Senator COBURN. But there is not a one-stop shop? There is not—and there's not a web site up where they can go and find out, here's the answer to the 100 most commonly asked questions by the people of Mississippi in relation to this disaster? There's not a web site up that says here's where our money is being spent and here's how efficiently it's being spent? And people can track where their money is being spent. There's no information out there where they can actually see it, the people of Mississippi?

Mr. POWELL. I think there is—again, I should not be saying this, I'm not sure it's true, but I think you could find it on the FEMA web site and the Department of Homeland Security how much

money has been spent toward different issues. I mean, I got that information.

Senator COBURN. Madam Chairman. Thank you.

Senator COLLINS. Senator Pryor.

OPENING STATEMENT OF SENATOR PRYOR

Senator PRYOR. Thank you, Madam Chairman. I really don't have any questions, just a couple comments. And that is that these are real people we're talking about here, and these are lives and communities that need to be put back together. And I would just encourage you and your office to carry the message back to whoever you need to carry it back to; please try to straighten things out because we flew over today, 4½ months after the storm hit, and I know people in this area are working around the clock. They're doing the very best they can do given what they have to work with. And they still have a long way to go. And they need their Federal Government. They need their State Government, their local governments to all be working together and working smart. And my impression is that the Federal Government is really the problem. And I don't think it's always been that way at FEMA.

I think back in the days when James Lee Witt ran that agency, you didn't hear these type of complaints. I mean, it wasn't perfect, but one thing he did is he empowered people on the ground to make decisions. And like you said, sometimes they make the wrong decisions, but he empowered them on the ground to make decisions. There is nothing in Federal law that says they can't do that. The way I look at it is, it's a problem for the leaders in FEMA and probably Homeland Security. And it's a problem with the priorities that they have and sort of the culture that's there right now. James Lee Witt had a culture where he had a can-do attitude. He wanted people on the ground that had can-do attitudes. They were going to get down there and work it out and work through it, and they'd figure out all the audits and all that stuff later. FEMA would come back and help the cities, the counties, the State, etc. with that as well. But the idea was to serve people and help people. And I think somehow or another in the last few years that's been lost. So I would just encourage you to carry that message back and work with us. Because I know that our Chairman and Ranking Member, they're going to work this Committee pretty hard this year to try to make things a lot better at Homeland Security, make things a lot better at FEMA, and try to do the right thing for the Gulf Coast.

Mr. POWELL. Senator, I appreciate that, and I will do that.

And just one comment. There are some wonderful, dedicated public servants in FEMA. I've met them. They have been working tirelessly. They don't see their families. They don't get paid overtime. They get paid overtime, but it's reversed back.

They too have frustrations. There are some things, and as other members of the panel have suggested which I will do, about some laws that can be changed that will help them do their job. But there are some wonderfully dedicated public servants that I have a new appreciation for after sitting down and talking to them and listening to them. I've spent lots of time listening to them. I was

in Baton Rouge Saturday all day listening to the FEMA folks, but your point is well taken, and I will do that.

Senator PRYOR. Well, I agree with what you're saying. There are a lot of fine public servants there because I've met some of them, too. We've met some of them in the Committee.

Back when folks from Louisiana and Mississippi were flooding into Arkansas in early September of this year, I met some of them there, too.

And a lot of these were not full-time FEMA people; they are minutemen, so to speak. They sprang into action; their heart, their dedication was amazing. And they had a lot of frustrations. And that frustration is really unnecessary. And you come out of the private sector, you know this. In the private sector if you don't fix it, you go out of business.

And that ought to be the approach that FEMA takes. If they can't fix it, they need to get new people in there who can.

Thank you.

Mr. POWELL. I agree.

Senator COLLINS. Thank you. Senator Landrieu.

TESTIMONY OF SENATOR MARY L. LANDRIEU, A U.S. SENATOR FROM THE STATE OF LOUISIANA

Senator LANDRIEU. Thank you. Just briefly. I'd like to support the comments made by my colleague Senator Pryor. He couldn't have said it any better, so I won't repeat it.

But having said that, I also want to agree with you, Chairman Powell, there are some very good people in FEMA that are here on the ground and have been and are trying to help. But, clearly, the system needs to be improved substantially. And I think your ability and the willingness that you've shown here in Mississippi and in Louisiana to listen so that you can make some tough suggestions to this Committee would be extremely helpful to that effort.

I want to thank the Chairman and the Ranking Member for working so hard in such a truly bipartisan way to fix so many of the things that are broken or not in place to help the people of our two States that are suffering the worst natural disaster. Not to leave out Alabama and Texas, but the bulk of the destruction, as you know. And truly their effort is without peer in the Congress. And having known both of these leaders for so long, I just want to publicly thank them for their tremendous and sincere spirit and the work of their staff.

Let me ask just a few questions briefly. One, we have a tendency in Washington, which I think is wrong, to try to say one size fits all for everything we do. One kind of this, one kind of that. Everybody's got to use it.

Based on your experience on the ground along the Gulf Coast from Texas, Mississippi, and Alabama, could you just share with the Committee your one or two observations of the differences of the destruction so that this Committee could focus a little bit, not that they don't, but even a better focus of the kinds of different strategies that we might need to look for over the next year particularly as we continue this strong, hopefully stronger Federal partnership. So in terms of the destruction between—and I'm not looking at how many houses or anything, but just your sense of

does this one size fit all approach work or should we have a little different strategy for Louisiana or Mississippi in certain areas? What are your thoughts about that?

Mr. POWELL. Yes. The uniform notion that I—and I continue to repeat it—I think that strategy for rebuilding needs to be a local decision. The President made that very clear to me, and I agree with that assessment. I think it's very important that the local people plan their future.

Mississippi is different than Louisiana. I always say West Texas is different than East Texas. In Louisiana, you have the levee system. You don't have the levee system per se in Mississippi or Alabama or Texas. The levee sent—just that issue itself, one size doesn't fit all. It was overwhelming to me, terribly complex about the levee system. I discovered everybody is an expert in the levees, as I shared with you.

But that issue of how to rebuild the levee systems and how to protect against future hurricanes is very complex. It involves more than levees, as you know, Senator. It involves canals, it involves pumping stations, it involves wetlands, the whole hurricane protection. And Congress has allocated some money that we need to spend to look at the entire question of how do we prevent future hurricanes such as Katrina.

Mississippi has unique challenges because, again, that was the surge—the storm surge that we've never seen before in our history. So there are unique challenges as it relates to that. And the cultures of the two States, obviously, are different. And in Louisiana, you have the levee boards. In Mississippi, the local governments all have a mayor—and it's more complicated in Louisiana. So it presents different challenges as relates to not only hurricane protection, but how you deal with local authorities. One size probably doesn't fit all sizes.

Senator LANDRIEU. And let me just say I appreciate that because I think sometimes in Congress we look to, well, if it's working here, why isn't it working there. And I think what I'd like to observe is the Chairman has quickly appreciated the differences between the States as the waters have been higher in certain areas, first from flood surge and second from levee breaks.

The final question—and I don't want to take too much time. Have you given some thought on the flood insurance and mortgage issue, which is so frustrating to people? As you know, the greatest asset that most Americans own is their home, and whether your home was $100,000 or $1 million, it was your home.

Mr. POWELL. Right.

Senator LANDRIEU. And it's gone.

Mr. POWELL. Right.

Senator LANDRIEU. And when you are fortunate enough to be able to collect your insurance, if you had a mortgage, it goes to the mortgage company.

Mr. POWELL. Right.

Senator LANDRIEU. And you're there then with a house you can't live in. The plans aren't there. Have you given thought as this Committee evaluates a better flood control or flood insurance system of how we could make more universal this system so that it's affordable to everyone in America? It might not just be flood, it

could be catastrophic loss, which would cover everyone, share that risk, given the population of the country, two-thirds live within 50 miles of the coast by year 2015. If you don't live by the coast, you either live on a mountain that you could get a rock slide or you live in a place that could have an earthquake. Have you given any thought to really a real reform of that system so that we could, in the long run, rebuild out? And that will be my last question. I'll submit the rest for the record.

Mr. POWELL. I've had some initial thoughts, Senator. A couple of observations. First of all, it needs to be based upon science. And it needs to be updated. I mean, the world is changing, and as you know, some of the flood maps have not been spoken to since 1980s. It needs to be updated. It needs to be based upon science. And then it needs to be based upon risk.

As you know, the U.S. Congress, taxpayers have spent in excess of—I can't recall how much money, but the flood insurance program now is broke. I mean, if it's an insurance company, it has an insufficient net worth. It's paid out claims, so the premiums don't allocate and don't cover it. And we may as a country decide we want to subsidize that, but the policy should be the same.

Also, I think another crime is that the $250,000 limitation is not applicable to today. Clearly, there are some homes that have value in excess of $250,000. So that needs to be looked at. The entire flood insurance program needs to be reviewed. And I think Congress has admitted to that. Where did I read or hear that Senator Shelby or somebody is looking at that on the Senate side and some others on the House side are looking at that? Clearly it needs to be based upon science. It needs to be updated. And we need to look at the current economics of it. That's very important.

Senator COLLINS. Thank you.

Mr. Powell, I want to thank you for your testimony, but most of all, I want to thank you for taking on a very difficult task.

I think we're very fortunate that the President tapped you for this responsibility, and I appreciate all of your hard work and your dedication, most of all your caring and compassion.

I want to leave you today with a line that I heard on our tour this morning. What I was told is the Federal Government gives Mississippi deadlines but not answers.

And I think that sentence sums up the frustrations and the concerns that we have heard and that you've heard in our questions today. So I hope that you will continue your efforts to make sure Mississippi gets answers, not just deadlines, from the Federal Government. And I thank you very much for being here today.

Mr. POWELL. Thank you.

Senator COLLINS. Thank you.

I'd now like to call forward our second panel of witnesses. I have very long, flowery, gracious introductions that I'm going to dispense with in the interest of time, and instead, without slighting our distinguished witnesses, I'm just going to give them one-line introductions.

Congressman Gene Taylor represents the areas in Mississippi most devastated by Hurricane Katrina and has been a forceful advocate for Federal assistance to rebuild the Gulf region.

Brent Warr is the Mayor of Gulfport, and he had been mayor for less than 2 months when Katrina struck.

Edward Favre is in his fifth term as Mayor of Bay St. Louis, Mississippi, which was devastated by Katrina.

And despite the brevity of my introductions, I'm truly grateful for you all being here today. And we will start with Congressman Taylor.

TESTIMONY OF HON. GENE TAYLOR, REPRESENTATIVE FROM THE STATE OF MISSISSIPPI, U.S. HOUSE OF REPRESENTATIVES

Mr. TAYLOR. Thank you. I want to thank such a distinguished panel for being with us today. Welcome to South Mississippi. I wish the circumstances were better. I wish the weather was better for you, but I'm very grateful that 7 percent of the U.S. Senators saw fit to be here today.

On August 28, a storm of unprecedented proportions, as you know, hit our area. And I guess the reaction on the part of our nation certainly could and has to be better next time.

On Tuesday afternoon, I went to our County EOC and saw my hometown mayor, Mayor Favre, saw the mayor of the next adjoining town, Tommy Longo, saw the president of our county board of supervisors sitting on the step of the flooded out EOC filthy dirty.

Near this television camera is a guy who has taken a stove out in the street hooked up to a propane tank and was cooking on a pot that probably holds 10 gallons of something. And I hadn't eaten that day. And he said, "Do you want something to eat?" Quite frankly, knowing other people were much worse off than I was, I said, "No, no, I don't need to eat, but by the way, where did you all get that?" They said, "We looted it. We stole it from the Wal-Mart."

And I look at him, and I'm thinking they're kidding. He said, "No, we have sanctioned looting of the Winn-Dixie grocery store, the Sav-A-Center grocery store, and the Wal-Mart." He said, "By the way, you look kind of dirty. You need a change of clothes?" They had a bunch of T-shirts hanging over the rail for the handicapped accessible ramp. That's the situation that we walked into Tuesday, to give you just how bad it was.

So, as Michael Brown was having his staff making reservations at the best steakhouse in Baton Rouge, this is what the people in Hancock County are doing.

Knowing that we had troubles, like many of you fortunate enough to be on the Armed Services Committee, my first thought is, OK, I need to call the Pentagon. But no phones. In Hancock, Mississippi, it's a county of 40,000 people, there was one phone.

Thank goodness the Mississippi National Guard had staged three or four people. Their one satellite phone still works. And so I can't call my governor. The phone link is out to Jackson. I can't call the bases just 20 miles from us, but I could call the Pentagon with the great help of Lieutenant General Stephen Blank. Immediately the National Guard is doing something, calling Admiral Mullin, CNO. Immediately he's having ships transferred to off the Mississippi Gulf Coast.

But what I have to leave you with is the horrible lack of communication. Picture yourself in the exact same circumstances. You're someone people look to to be able to solve problems for them, and you can't talk to anyone. You can't call your own governor. You can't call the bases just 20 miles away.

As you saw, the bridges between my county and the adjoining counties are knocked out. So what used to be a 20-minute drive, with all the trees being down and the power lines being down, you don't know that you can get there. And, by the way, there's no electricity for 180 miles. There's no fuel for that because the evacuees have used up most of it leaving. And now they are trying to get fuel to come back.

When you ask FEMA where are the MREs, the answer is—and let me tell you how close I came to strangling people with my own hands. The answer every time was, "It's in the pipeline." "Where's the water?" "It's in the pipeline."

Something that Michael Brown never fathomed was the importance of ice because when you lose your electricity, what's in your freezer becomes your store for the next week or so. And what the ice does is allow you to let that thaw out at a slow rate so that it doesn't all thaw out at once and you don't have to throw the rest of it away.

It buys you about a week to take care of yourself. Where you saw people's houses are gone, therefore, their freezer is gone. There is no electricity.

By the way, the saddest moment of the entire thing, in days of sad moments, my hometown undertaker comes to me with tears in his eyes. A guy I've known all my life. And says, I have got bodies stacked up in my funeral parlor. I've got no electricity. I'm going to have to start leaving them on the sidewalk. What can you do?

Now, wisely our head of Mississippi Emergency—by this time, a few ice trucks had made their way in. They did not want to sell because there was lots of money to be made hauling ice. And he sees a truck. No charge.

I know a number of you served in the Armed Services—and, again, we need to brag on our National Guard. But something that FEMA entirely missed was that half the Mississippi National Guard was in Iraq on the day of the storm. The half that was home had left every stick of equipment they brought to Iraq in Iraq. So our engineering unit, which did a magnificent job when they showed up, they showed up about 2 days after the storm.

They were operating with only two-thirds of the equipment that they had the day they went to Iraq.

One of FEMA's responses was, "We're not sending out food to any more than one location until the National Guard shows up." They didn't know the National Guard was in Iraq.

Not everything went poorly.

But there were still snafus. Again, Admiral Mullin did a wonderful job of getting a large amphibious assault ship about 20 miles south of here that we could use as a temporary hospital. He also sent the Navy ship USS *Comfort* to Pascagoula, Mississippi, but because of a snafu with the State Department of Health, the State Department of Health had banned local ambulance service from bringing patients to the USS *Comfort*. Again, that's just insane,

and that's something that there ought to be some sort of Federal law that overrides that, where if that ship is good enough to take the kids off a battlefield, it ought to be good enough for things that happen in the immediate aftermath of a storm.

For days this went on. For days no one could tell you where the MREs were. No one could tell you where the water was. Again, there is no fuel, and what little fuel was coming down is going to the emergency responders. But even they don't know when it's coming, so they can't ration their patrols.

It was amateur hour with FEMA.

I don't know who got the first string, but South Mississippi sure as heck didn't.

Because the guys I dealt with, quite frankly, if I'd have been in a position to, I would have fired on the spot.

So what's the message I want to leave with you? Communications. By the Saturday after the storm, someone in the House administration had been good enough to find someone who is making their way to Mississippi to get me some handheld satellite phones. You can imagine putting yourself in this position.

You've got now the second phone in Hancock County, and everyone has got to tell you something. So every time someone taps you on the shoulder and you move your head, you've lost contact. The next thing that happens is that you redial the number, only to be told by a prerecorded voice that you can't call that number. That number happened to be the Pentagon. So it's absolutely something—communications are incredibly important.

And for those of you who serve on the Armed Services Committee, I'm thinking what if someone chooses to follow up with an attack in Korea.

What if the Iranians decide this is the moment to move because we don't have generators? We don't have gas. We don't know how many MREs we have. We don't have water. Local hospitals are knocked out. And I'm told how hard it is to get a defense hospital in here or a defense mortuary in here. And so the thing I would really leave your Committee with is we have to be capable of doing both.

Senator Landrieu raised an interesting point, and this is to follow on to where we are today with the insurance companies. I am a homeowner. My house is gone. There are pieces of my tin roof 25 feet up in the air that I've left in the trees. My wind insurance company says it was all water. I point to the tin up in the trees. And they say, we're not paying you anything.

One of the few things our Federal Government has done very well is the Federal flood insurance program paid their claims. The private sector has found every excuse not to pay people.

One of the things that I would ask those of you who serve on the Finance Committee to consider is we need to change it and just call it hurricane insurance. Not flood, not wind. If your house is gone, who gives a flip with whether the wind got it or the flood got it.

We have to raise the levels.

Right now the cap was $250,000. And for many in South Mississippi, I never would have dreamt I had a house over $250,000. I'm now in a position where I have no choice but to have a house over $250,000 if I want to rebuild. And if people can't insure their

homes against the next storm, there's going to be a great hesitation for them to rebuild.

Last, I am so grateful to all of you, each and every one who voted for the package that passed in the days immediately before Christmas. It did include an unprecedented help for homeowners who lived outside the flood plain who had wind insurance but are being told that their companies won't pay, who suffered damages, that with the help of Senator Lott, Senator Cochran, we will be able to help them up to the amount of their insurance or $150,000, whichever is less. But a decision has been made somewhere in the Mississippi government that unless a house was 51 percent destroyed, they're not going to pay those claims. As the people who sent the money, I think we have the right to say that's not what we had in mind. It ought to be based on claims, whether the person's lost 5 percent of their house or 100 percent of their house.

This arbitrary number of 51 percent, if you're a senior citizen on a fixed income, even with a small house, if it took three feet of water, you're looking at the very minimum of $50,000 to have the insulation pulled out, the sheetrock removed, to have it rewired, have your floors done over, at the very least you're looking at $50,000. And that may well be less than 51 percent of the value of your home. And if you're on a fixed income and your insurer is telling you they're not giving you any money, that's a lot of money. Those are the people we wanted to help. And I would hope that, again, with a united voice, we'll get the message to the bureaucrats somewhere that we need to be helping everyone.

And, again, thank you for letting me be with you. Thank you very much for your very valuable time being here in South Mississippi.

Senator COLLINS. Thank you.

Dr. Smith, I realized that I somehow skipped over you when I was introducing the panel. Dr. Smith is the Director of the Governor's Office of Recovery and Renewal, which is the newly created office charged with implementing the recommendations of the Governor's Commission in guiding disaster recovery policy and providing training, education, and outreach. My apologies.

Mayor Warr.

TESTIMONY OF HON. BRENT WARR,[1] MAYOR, GULFPORT, MISSISSIPPI

Mayor WARR. Thank you, Chairman Collins, Ranking Member Lieberman, and distinguished Committee Members, for the opportunity to speak with you today. I'd like to speak with you about the challenges the City of Gulfport faces in the aftermath of Hurricane Katrina.

It is an honor to appear before this Committee, and I'm extremely grateful for the tremendous amount of time Congress has spent reevaluating pre- and post-storm efforts and for the resources Congress has allocated toward Mississippi's rebuilding and recovery.

Without question, the unprecedented amount of damage Hurricane Katrina caused in the City of Gulfport and along the entire

[1] The prepared statement of Mayor Warr appears in the appendix on page 53.

Mississippi Gulf Coast has presented numerous challenges. While debris pick-up, temporary housing, and unemployment are a few of the obstacles that we have struggled to overcome in the months following Katrina, in my opinion, the three issues most prevalent on the minds of the Gulf Coast residents today are: One, is my insurance going to pay for my losses? Two, if not, do I rebuild or sell as is? And, three, if I put more money into or borrow money to repair my property, what will it be worth when I'm finished?

South Mississippians are tired and frustrated and we're looking for answers from the insurance companies and from the authorities establishing our base flood elevations. We are ready to rebuild, but only reasonable answers and expedient solutions to these questions will stimulate our recovery and ignite our citizens to begin rebuilding their homes and businesses.

First and foremost, the disaster that occurred on August 29, 2005, was not a flood, it was a hurricane. Therefore, damages caused by hurricane-driven water that occurred as a result of Katrina should be covered by homeowners' policies or wind insurance. The insurance industry must be forced to recognize, accept, and perform to the commitments made to its customers, providing adequate pay for losses that occurred because of this hurricane.

The City of Gulfport is extremely grateful to the Members of Congress and our Governor for their leadership and determination to assist those who live outside the flood zone and did not have flood insurance. The billions of dollars allocated toward the recovery will be a tremendous help, but we must caution officials, as the Congressman here said, about using subjective standards to determine who will receive the designated funds. While it has been suggested that such funds will be rewarded only to those residents outside the flood plain who had greater than 51 percent in flood damage, we should not forget about those who reside outside the flood plain that sustained less than 51 percent in flood damage. Everyone outside the flood plain should be covered for their uninsured loss, regardless of the amount of damage, since even the authorities who determine the flood plains were incapable of predicting the future flooding in these more elevated areas.

Historically, people purchase the amount of insurance that's required to own a home or a business. Most residents along the Gulf Coast were operating under the assumption that if they had purchased all the necessary insurance required to finance their property, they were covered for hurricane losses. The thinking was why would someone purchase flood insurance for property in an area that has never flooded? In our community, even some of our most experienced citizens that work in the insurance industry did not possess flood insurance because they had homes outside the flood zone. Flood insurance was not required in their area, and it had never flooded before.

However, like many coastal residents, even the local insurance experts were surprised and completely unprepared when their homes were destroyed by hurricane-driven wind and water, and they were even more surprised to learn that they were not covered for such dramatic damage regardless of whether or not it was caused by a hurricane.

It's also important to mention those who are suffering because they could not afford flood insurance. Even though relatively inexpensive, there are many residents that lived in flood zones that did not purchase flood insurance for economic reasons. Unfortunately, we have learned of many instances where insurance companies that would have covered typical damage from a hurricane are refusing to pay out claims based on the claim that they incurred only flood damage.

Hurricane Katrina was such an unusual and unparalleled event, that people should not be left to suffer the consequences for outcomes which were unforeseeable. There should be no debate on what came first, the wind or the water, because it really shouldn't matter. This was a hurricane, and insurance companies should be held accountable for hurricane losses.

While things are getting better every day here in Gulfport, we still have many questions to answer before residents can begin to rebuild their homes, their businesses, their churches, and their schools. These were devastated by the storm's fury. And on the forefront is deciding how high or at what elevation residents will be required to rebuild destroyed properties.

Understandably, while it is necessary to build structures up to protect them from future devastation, setting base flood elevations too high in our community could render thousands of residential homes uninsurable or insurable only with dramatic constraint. Additionally, many homes on slabs cannot be raised to a higher level, and if they rebuild at their current elevation, they cannot be insured. If insurance is unavailable or difficult for residents to obtain, this will deter the property owners from rebuilding, and this will be devastating to our recovery.

If you can't insure it, you can't finance it. And if you can't finance it, it doesn't increase in value. If it doesn't increase in value, the property will decrease in value. Property that begins to depreciate leads to the potential of creating slums, blight, and drug-infested, crime-ridden communities, eventually leading to the end result of Federal buyout.

The residents of Gulfport and along the Gulf Coast are looking carefully at flood elevation recommendations, but these must be realistic and attainable so that properties will be insurable and continue to appreciate in value. Our residents need realistic base flood elevations so that we can begin rebuilding the thousands of homes and businesses lost in Hurricane Katrina.

The International Building Code should be adopted as a standard to ensure uniform building requirements throughout the coastal area. Recognized as an industry standard throughout the world, the IBC includes necessary requirements so that structures are built more safe and sound, producing a higher quality product and improving public safety standards.

The International Building Code can be used in conjunction with codes developed in South Florida after Hurricane Andrew to improve a structure's ability to resist and withstand a hurricane. However, while enhancing and improving the current codes is important, we must be mindful of the cost of these higher standards. Many of the working poor in South Mississippi were adversely af-

fected by Hurricane Katrina, and we must be careful not to make housing unaffordable.

In closing, I would like, again, to thank the Members of the Committee for traveling to Gulfport to hold this hearing and thank the Members of Congress for not letting the story of Hurricane Katrina disappear from the radar and for continuing to search for answers and solutions to our problems. Gulfport is coming back. Slowly but surely we're beginning to heal. Answering these important questions about insurance, building codes, and flood elevations will go a long way in improving the morale and progress of our city. If instead of seeing a FEMA trailer on a vacant lot residents could begin to see the sight of homes and businesses being rebuilt, a sense of hope would be restored in our community.

Thank you for your time, and I look forward to answering your questions.

Senator COLLINS. Thank you, Mayor. Mayor Favre.

TESTIMONY OF HON. EDWARD A. FAVRE,[1] MAYOR, BAY ST. LOUIS, MISSISSIPPI

Mayor FAVRE. Chairman Collins, Members of the Committee, Senator Landrieu, thank you for allowing us the opportunity to be here before you this morning. And, more importantly, thank you for allowing us the opportunity to be here in South Mississippi.

On August 29, 2005, Hurricane Katrina slammed into the Gulf Coast with the center of the eye crossing near the Mississippi-Louisiana line.

In Bay St. Louis, almost 2,000 homes received more than 50 percent damage with virtually every home receiving at least some sort of damage, from either flooding or wind or both. Our business community was heavily damaged, and I know of no structure which totally escaped the wrath of Katrina. With very few exceptions, the entire city was underwater.

Providing simple survival supplies until outside sources arrived; temporary housing needs, clothing and hygiene needs, debris removal, denied insurance claims, assuring and reassuring our residents that everything would be all right. These and many more issues arose in the hours and days and weeks and months following Katrina's visit.

The positive attitude reflected by our great people was and still is nothing short of phenomenal. You won't hear complaints or gripes or moans or groans or any other signs of self-pity from our residents.

It's just the opposite. The heart, the will, the desire, and the optimism of our people is unbelievable. We feel that in spite of all of our individual and collective losses, we still have a lot to be thankful for. "While we may not have a house, we still have a home, and while we may not have anything else, we still have each other," soon became our official battle cry.

Questions have been raised as to why the rest of the country should be responsible for the luxury of some people being able to live along the waterfront. If you think about it, the answer is quite

[1] The prepared statement of Mayor Favre appears in the appendix on page 59.

simple. There is no area of the United States that is immune from natural disasters.

Whether earthquakes, mud slides, or forest fires in the West, tornadoes in the Midwest, blizzards, ice storms, or floods in the North and the East, or hurricanes in the South, it's only a matter of time before another natural disaster affects some part of our country. No single area pays for another area; we all pay for each other.

Bay St. Louis is known as "a place apart." And while part of the reason for this designation is due to our small town charm, the bulk of the credit goes to our people; very special people in a very special place. In order to re-establish our status as a place apart, we must not only restore our small town charm, but also provide the opportunity and ability for our residents to rebuild. We must make our people whole, and we must make the city whole. One without the other doesn't accomplish this goal.

While so much progress has been made since Katrina, there's still a tremendous amount of work left to be done. Individual Assistance Funding was approved by Congress several weeks ago. And I realize the implementation of programs such as this takes time, but time is of the essence. We must streamline the process as much as possible on both the Federal and State levels and make the program work for all those for whom it was intended. Life is already too complicated for those in need. Funding provided in the disaster relief legislation for schools, law enforcement, and fire protection must also be made available immediately.

Disbursing funds to the qualified needy will not only allow our people to begin putting their lives and properties back together, but will also help jump-start our local economy. Our people will then have the opportunity and ability to stay home or to come back home.

About 2 weeks after Katrina, as most Mississippi municipalities did, we adopted our operating budget for fiscal year 2005–06. In the case of Bay St. Louis, we adopted a general fund budget of almost $7 million, with absolutely no way to fund it. Our three primary sources of revenues are or were from gaming, sales tax, and property taxes. Casino revenues won't be received until the summer, if then, and will be considerably less than pre-Katrina amounts.

Even though a number of our smaller businesses have reopened, sales tax revenue will also be considerably less than pre-Katrina amounts. Property taxes for fiscal year 2005–06 will be about two-thirds of what was projected and for fiscal year 2006–07 will be about 10 percent of what was projected. And fiscal year 2007–08 doesn't look any better. Under the best of circumstances, it will still take several years for our revenue sources to rebound to pre-Katrina levels.

My major concern for now and the foreseeable future is funding for the local governmental entities affected by Katrina. To date, the only sources of public funding are by way of loans. To my knowledge, there has yet to be any mention of grant funding to make up for lost revenues for local governments over the next 5 to 7 years.

The Community Disaster Loan Program provides funding at the level of 25 percent of our current operating budget or projected revenue losses for the next 3 years, whichever is less. The funds we

have received from this program are helping to cover payroll expenses, but these are only loans, and there is specific language in the legislation prohibiting forgiveness of these loans. If the requirements of this program were amended to allow loans for the greater, which would be projected revenue losses, this would help our situation, but what we really need is an amendment to the legislation removing the prohibition on forgiveness of the loans. We would then ask for the same treatment afforded a number of other cities such as Miami and Homestead City and Florida City who have all had loans from the CDL program cancelled.

The State of Mississippi has also made funds available through the Mississippi Development Bond Bank to assist local governments meet some of its current operating and cash flow needs. We would also ask forgiveness of these loans as we do not and will not for a long time to come, if ever, have the ability to repay these debts. We have already asked the State legislature for legislation to forgive any outstanding State Revolving Fund loans for any governmental entity affected by Katrina.

On a local level, we lost about one-third of our employees since Katrina. We have not yet replaced them. But in some cases, we will have to do so. Other than salaries, debt service, and some required expenses, we are dealing only with Katrina matters. This can't last forever, and sometime in the near future, we must go back to normal operations, for which we don't have permanent funding sources.

We need a grant program decreasing annually to cover our lost revenues over the next 5 to 7 years. Without this, there will be no Bay St. Louis, no Waveland or Pass Christian or Long Beach. Biloxi and Gulfport may survive simply because of their size, but even for them, it won't be easy. We need deadlines extended to cover the duration of the disaster.

That old saying about a picture being worth a thousand words doesn't fit this situation. Even 141 days after Katrina's visit, until you see for yourself at ground zero, it's almost impossible to fully comprehend the magnitude of the destruction.

And because of the magnitude of the destruction, we can't continue to think in terms of what has been done in the past. Throw out the old rules. In responding to the September 11 disaster, this country did things it had never before done. We, too, must now respond by doing things never before done. We must be creative in our approach to solving the problems at hand.

When President Bush visited Bay St. Louis and Waveland last week, an extremely important message was conveyed without saying a single word. His presence alone told us that we have not been forgotten. Your presence here today conveys that same message. With all of your responsibilities, you've chosen to take time out of your busy schedules to be here with us.

Our people are a proud people. We may be down, but we're far from out. We don't ask for pity. We simply ask for assistance. And with your help and the grace of God, South Mississippi will rebound and Bay St. Louis will once again be a place apart.

May God bless each of you, may God bless the great State of Mississippi, and may God bless America.

Senator COLLINS. Thank you. Dr. Smith.

TESTIMONY OF DR. GAVIN SMITH,[1] DIRECTOR, GOVERNOR'S OFFICE OF RECOVERY AND RENEWAL, STATE OF MISSISSIPPI

Dr. SMITH. I'd like to thank the Senate Committee on Homeland Security and Governmental Affairs for allowing us to talk a little bit about some of our issues and echo many of those expressed by local officials, as well as Congressman Taylor.

Just one thing very quickly on the CDBG Program. The concern about the 51 percent or greater. We are literally in the process of looking at all of the needs outside of the flood plain and coming up with a strategy to go well beyond 51 percent. So I just want to mention that as a policy issue it's very important to Mississippi.

What I'd like to focus on is housing. Mr. Powell talked about housing, housing, housing being our issue, and it really is in many ways. So much of recovery is driven by housing, both the temporary housing as well as a provision of a suitable number of alternatives to transition from that temporary housing to permanent housing. Safe, affordable, high-quality housing. So I'd like to focus on those types of issues.

One of the biggest challenges facing us within Mississippi, and I would argue facing people around the country following a disaster of this scale, is the lack of an operational or a coordinated long-term recovery strategy. It just doesn't exist in the Federal Government. Post disaster there's not clear identification of who's in charge, and that was talked about by many of the Senators today and other local officials. FEMA has a role, a very important role, as does HUD, USDA, EDA, and on down the line. But there's not a central coordinating point that takes charge and knocks out policy issues. And that's a fundamental problem facing the State and our country.

What we really need is a national program that's flexible, that's driven by local needs, and ideally one that is developed before a disaster ever occurs. It's too late for this disaster, but I would encourage Members of the Senate to think about that in terms of long-term housing strategy developed before the storm ever happens. And I'll talk about that in just a bit as well.

Probably the greatest problem is a lack of coordination across Federal agencies, that goes back to the need for this integrated recovery plan, that goes to the housing, infrastructure, schools, you name it. But housing on the Mississippi Coast is just crucial. I want to focus on that.

One of the things that we don't seem to learn is that we just don't learn from past disasters. There are techniques, there are approaches out there that can speed the deployment of temporary housing. There are techniques out there that can provide safe and affordable housing quickly. We just don't seem to learn those lessons. And I'll touch on a few.

For example, one is driven by advances in the housing trade. Now modular housing, panelized housing, other housing techniques have advanced significantly in the last 5 years. In the past, it was almost a dirty word. I would make the argument that if you do it right, that's one option. It's not the answer, but it's a piece of the puzzle.

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[1] The prepared statement of Dr. Smith appears in the appendix on page 63.

One of the things that we need to do, we need to develop the funding mechanism to do that, is to quickly stand up manufactured housing plants on the coast immediately following a disaster where they can be stood up quickly to build quality manufactured housing. In fact, an ideal goal should be that no one should ever have to live in a travel trailer following a disaster. It can be done. It's very difficult. It's challenging, but it can be done. That should be the ultimate goal. There's a likelihood that people, some people will be in travel trailers, some people will be in mobile homes, but how do we, as a country, figure out a way to come up with better options than that. We can do that. It's possible.

One way to do that is prestorm agreements with private sector builders and others to literally stand them up just like you would any other asset following a disaster. We bring in water, we bring in ice, and we bring in food. But there's no reason why we can't bring in housing quickly and put up sites quickly. There are quality places to live in.

One of the problems with this concept, the concept of a transitional community that's been talked about by FEMA and by HUD and others, but frankly, it's not been led by someone. And it's almost—I would make the argument generally, it may be too late for the State of Mississippi to take on the concept of transitional housing where you literally build the appropriate infrastructure in these emergency group sites that will allow you to transition those emergency group sites of travel trailers and mobile homes out and replace them with high-quality, sturdy, affordable housing. That's a conceptual issue that FEMA and HUD and others have been bouncing around, but frankly, in this disaster it really hasn't happened yet and now we're almost at the point where it's too late.

One of the things also that's a major concern for us is the idea of getting resolution to key policy issues. The failure to do that is limiting the quickness of our recovery. In fact, the mayors have talked about policy issues that we need resolution as soon as possible. The sooner we can get resolution of those policies, the quicker we can move forward with rebuilding our community. I'll talk about a couple that are fundamentally important.

One is the Hazard Mitigation Grant Program, that is a funding source that can be used inside the flood plain to help repair and/or elevate damaged housing. Its primary function is to reduce future losses; however, in Mississippi what we're very interested in doing is elevating flood-prone homes. However, if the house is gone, there's nothing to elevate. So a policy issue for us is to use the Hazard Mitigation Grant Program funds to pay for the foundation and the destroyed house upon which it sits. What we're planning on doing, what we'd like to do and suggest is how we link that with the CDBG money so that there is a cap for the housing.

But this is a policy issue that goes to the issue of the tens of thousands of homes that are simply gone in the flood plain. Until we can get resolution to that issue, we're not sure—in fact, frankly, if we can't get an answer as to how we're going to pay for the rebuilding of homes inside the flood plain, a lot of the mayors and others are in a very difficult position because the flood advisory maps—while I'll commend FEMA for this—the flood advisory maps

that were created are one of the most innovative tools to help local governments make informed decisions.

Unprecedented. And FEMA did an amazing job on that, and we ought to recognize them for that. However, if local government officials can't tell the disaster victims how they're going to rebuild their house to those new flood elevations, then people are scared. They're terrified. They don't know what they're going to do. And, again, without having a resolution to that policy issue, our greatest fear is that these homeowners are going to sell out. They're going to sell their land and then they're going to turn it over to developers and others who may end up building highrises along our coast. And that's definitely not something we'd want to do. We want to rebuild Mississippi safer and stronger, but at the same time, we want to capture that architectural heritage that made it so unique. So that's a very important policy issue that we're facing.

Another is, when we rebuild housing, we're also looking to rebuild communities. So it's not just housing, but it's also damaged infrastructure. And there is a policy—or there is a program with FEMA known as the 406 Hazard Mitigation Program. It's really 406 Mitigation within Public Assistance. And, frankly, historically FEMA has been very focused on cost containment associated with the Public Assistance Program.

The 406 Mitigation Program has a fund, and it is eligible if the home was—the infrastructure was damaged, you could rebuild stronger. Better than it was before the disaster, but making it less vulnerable to future events. Coupling the housing policy issue of the Hazard Mitigation Grant Program and the expenditure, a wise investment, of 406 dollars to protect infrastructure, that will go a long way to rebuilding our communities safer than they were.

I will throw out one thing just to let you know that there is a study that just came out and, in fact, FEMA funded it, the Multi Hazard Mitigation Council just came out with a study that showed for every one dollar invested in mitigation, it was a $4 savings over the long run. Very powerful lesson, I think, for all of us.

If I could throw out a couple other issues that we're facing as well. Housing issues, builders. Availability of trained work force, provision of work force housing. Adequacy of construction materials.

Both in terms of materials, just quantity, but also the appropriate types of materials to rebuild coastal construction, rebuild better, rebuild it safer. We're also talking about issues of scale. You know, 65,000 homes damaged or destroyed. That magnitude, we need a coordinated effort at the Federal level, and it's just not there. And we desperately need that. The speed of transition from temporary to permanent housing. How are we going to get these people from their mobile homes that are actually on their lots on the coast into a place to live while they're rebuilding their home. These are all issues that are unresolved. Affordable housing, rental housing, critical issues, but again, the answers just aren't there in terms of the funding that's going to pay for it.

The local community needs—I can't emphasize this enough—three things. One, adequate building inspectors to help with rebuilding. Two, adequate grant managers to help provide funding and help find the money beyond the FEMA programs to help re-

build these communities better than they were before. And three, housing counselors that will actually walk individual homeowners through the process. It's a maze of programs, and there are a lot of gaps out there, so we need to blend those resources so we can help rebuild Mississippi better than it was before. Thank you.

Senator COLLINS. Thank you.

Thank you all for your testimony. Each of you has eloquently described the needs of your communities and the challenges that you're facing.

I'd like to ask the two mayors what is the single most helpful action that the Federal Government could take to assist your communities in recovering? We'll start with Mayor Warr.

Mayor WARR. I can only pick one?

Senator COLLINS. There are so many, I know.

Mayor WARR. I think where the Federal authority is there, I would have to say that the base floor elevations of the structures, how high a structure needs to be built to be practical and sustain damage. The recommended base flood elevations—the base floor elevations that we have right now for this storm—and FEMA has done, and Dr. Smith is right, an outstanding job with these recommended maps, but if the structures were built to those elevations, they still would have blown away in the storm. This storm is totally unprecedented and in no way should be used as a benchmark. Hurricane Camille was a very fine conservative benchmark, and we've been saying that since the day after the storm.

And going far beyond and making structures be put on what we call giraffe legs would render them, by our building code, totally impractical and unusable. We have a 12 to 1 rise to run ratio in our building code. So if someone were to need a handicap ramp, so to speak, for their home and they couldn't afford an elevator, and their home had to be raised a certain number of feet, they could easily have to have a handicap ramp 75 or 100 feet long. Of course, how would they push themselves up there in a wheelchair anything that long.

We've studied these maps. And even though they're good in their advisory, I think that we need to take a few feet off.

And then insure the losses, taking the cap off of flood insurance and let people buy however much they need and charge them a fair price for it. And then put a more practical number on what we call the front, which is on the Gulf, and on the back, which are the bays and the bayous. A little more conservative than they were before, but not impractical. That would be a huge advantage to us and, of course, we need that very quickly.

Senator COLLINS. Thank you.

Mayor WARR. Yes, ma'am.

Senator COLLINS. Mayor.

Mayor FAVRE. I guess summing it up in one word, money. You know, quite frankly, as I said, I think the key to the entire coast rebuilding is a combination effort of making our people whole and making the governments whole. One without the other, having a city with no people being able to live in it doesn't do a whole lot of good to have a city and having the people in an area where there is no longer a city, they're not able to receive the services and enjoy the quality of life that they have enjoyed in the past. So one with-

out the other really doesn't solve the problem. So that would be the key is making our people whole and making the governmental entities whole.

Senator COLLINS. Thank you.

Dr. Smith, I can't help be troubled as I look at the calendar and realize that the hurricane season for this year is only about 5 months away. What is your assessment of Mississippi's preparedness for another hurricane season when you're still struggling to recover from the devastation of last year?

Dr. SMITH. Right. Actually one of the issues that has been lost in all this, a lot of the communities along the Mississippi Coast were actually considered on a nationwide basis quite progressive in terms of their flood plain management policies. One of the challenges with this disaster, as the mayors have mentioned, is the scale or just the size of this event. Things were in place, procedures were in place, but it's—frankly, the scale of it, this is where State Government needs Federal assistance. And by definition, when a Presidential disaster occurs, it exceeds the capability of the State Government to a large extent, but this exceeded it on several orders of magnitude.

And one of the challenges or one of the issues I would throw out is FEMA was preparing for catastrophic disasters. They were doing catastrophic disaster planning; however, they didn't finish the work. And I'm sure that many of the Senators are aware of that. Those kind of issues need to be revisited. On a disaster of this scale, States by themselves just can't do it. They really need a coordinated Federal level of assistance.

Senator COLLINS. Thank you. Senator Lieberman.

Senator LIEBERMAN. Thanks, Madam Chairman. Thanks to this panel. Gene Taylor, thank you for being here and for your testimony.

Mayors, I thought your testimony was very compelling, and I appreciate what you said and promise you that we'll do our part to see if we can respond on both of the issues you talked about, the FEMA guidelines and also about the—I was about to say impossible, but very difficult circumstance you're in without a tax base.

I want to ask a question of you, Dr. Smith, and I thank you for being here. I was very impressed by the report of the Governor's Commission. It contains in it some really stunning statistics about the poverty rate in the State and about the particular impact, therefore, that the hurricane has on a lot of people here. As the report says, many residents of South Mississippi possessed limited assets on the eve of the hurricane, so think of where they are now. The report also says that affordable housing and home ownership are cornerstones on which the region will rebuild for the long term, and it calls for investments and housing strategies that target low wealth residents. It's again a quote.

And I wanted to ask you if you could talk a little bit about what some of those strategies are and what role you believe the Federal Government must play in implementing that. And if there's time, I'm going to ask the mayors and Congressman Taylor to just add a word to focus on how to create out of this tragedy adequate housing stock for lower income residents.

Dr. SMITH. Absolutely. In the profession, we talk about vulnerability of people in communities. One of the things we don't talk about sometimes is the concept of social vulnerability. People, as you just mentioned—it's one thing to be a homeowner that's going to be able to take money out of a bank account and rebuild their home. It's another for someone who had no flood insurance whose home was destroyed who was on a fixed income, be it elderly, poor, whomever, those people we are definitely, as mentioned in the Governor's Commission report, we are looking at reaching out.

One of the things that we're doing is using Federal assistance as far as we can stretch those dollars, both the CDBG money and the Hazard Mitigation Grant Program funds, to focus on housing-related issues. Focusing in many ways on risk, but within that risk, those people of low and moderate income.

We're also looking at reaching out to nonprofits because, frankly, the Federal programs oftentimes are focused on risk, not necessarily—the Federal disaster programs are oftentimes focused on risk reduction and assistance, they're not necessarily focused on assisting the people that need the help the most, the poorest of the poor in many cases.

And so we're looking at partnering with our Mississippi Home Corporation. We're looking at partnering with Habitat for Humanity and other organizations that don't have the same strings attached. In fact, frankly, that's one of the challenges in disaster recovery is how do we help rebuild affordable housing stock given the constraints of Federal programs. We need programs that have fewer constraints but allow us to help those most needy individuals.

Senator LIEBERMAN. Well, out of this tragedy I invite you from a State and local level to give us advice about how we can change the housing programs to better meet this need. It strikes me as we talk about this that the nation was outraged and, in some good measure, embarrassed about the plight of poor people in New Orleans who were left behind.

That was very visible. Because this is a very different circumstance, not a large city, not a Convention Center. You all worked together to get people to safety. Nonetheless, there are genuine problems of poor people here as well. And that's why I asked the question to highlight that need of the Gulf Coast of Mississippi as well as New Orleans.

Mayors, do you want to add a quick word? I got about a minute left on my time.

Mayor FAVRE. From my standpoint, I think we saw or still see that there's a continuing need for temporary housing or affordable housing. I think different ideas that have been addressed included manufactured homes.

Last week up in Jackson it was—what'd they call it—the Yellow House. A little small house, 300 square feet. Doesn't sound like a whole lot, but if you're living in a trailer, 300 square feet is roomy compared to a FEMA trailer.

Senator LIEBERMAN. We've heard.

Mayor FAVRE. You can move a little bit.

And I think once again, just like we said before, it's going to mean getting creative, whether it's with the manufactured housing or something else.

Senator LIEBERMAN. Do you want to add something?

Mayor WARR. Yes. We do have an opportunity here to create homeowners out of people who never have been homeowners if we do this right. The Governor's Commission on Renewal has done some exemplary work on designs of homes but that don't have to be gigantic, palatial homes but that are very liveable, comfortable, and will appreciate over time if we put them in the appropriate places. If we look at end fill lots and areas that have had homes destroyed during the storm. If we go to faith-based groups, Habitat for Humanity, other organizations like that that don't have the strings attached, as Dr. Smith mentioned, we will have a tremendous opportunity to do that and do it in a right way. We're very sensitive along this community to not cluster people into groups where then they begin to be identified as low income areas. I think it's very important that the persons who live in those homes that have been provided for a better opportunity have the opportunity to do so and be the only ones that know that they have that—were given that opportunity to live in that home.

Senator LIEBERMAN. Mr. Taylor, do you want to add a word?

Mr. TAYLOR. Very quickly. Think about it, it's the 28th, 29th of the month. People on a fixed income have probably spent their entire budget on food, rent, and now gasoline's almost $3 a gallon. And they're given the decision to stay in their home of many years or try to get out on the road, only to discover—again, for the poorest of the poor, they don't have a credit card. They're out of money.

And one of the many mistakes that FEMA has yet to rectify is we ought to have a provision to get some gasoline in people's cars because if we get them out of the area to go visit relatives, then we don't have to feed them MREs, then we don't have to find them a portalet, we don't have to get them a generator. And they're in a place that's got electricity should something go wrong health wise. And that really is something I wish Homeland Security would look at, because whether it's a chemical, biological attack, EMP somewhere, or a hurricane, you have to get the folks out of the affected area. And it really does become our job to get them out of there.

Senator LIEBERMAN. Thank you all. We've learned a lot.

Senator COLLINS. Senator Coleman.

Senator COLEMAN. Thank you, Madam Chairman.

Very great panel. Thank you very much.

A question on the housing. I got a chance to look at what they call the Katrina cottage last week, about 300 square feet. I don't know, I think it cost about $35,000. I don't know what the FEMA trailer costs, maybe Dr. Smith does. Have folks looked at perhaps looking at the cost of the trailer and some system that would allow that to be used as a down payment on——

Mr. TAYLOR. Senator, it's about $19,000 for the FEMA trailer, not counting the installation.

Senator COLEMAN. Has there been any discussion about the ability of those funding to provide something more permanent and, in comparison, certainly much more liveable?

Dr. SMITH. That's right. That was one of the issues of the Governor's Commission report, and certainly we need to get you all copies. We'll definitely do that. One of the things in housing was, again, the ideal goal of trying to come up with solutions and alternatives to living in travel trailers and mobile homes. And one was what's called a Katrina cottage, the 300-square-foot home.

The benefit of that is not only is it something you can move into quickly, but it's built in a way that you add on like you would see in other literally developing communities where you can literally add onto that home and eventually build out onto a lot to a larger home. But that is that transitional component and that one was one of the techniques that came out of the planning work where we brought in hundreds of architects, planners, and others from around the country and they met and worked with each of the 11 communities. And that really kick started the recovery process.

Senator COLEMAN. I know there was an article, I think it was at the end of the year, early part of the year, I saw a copy of, I think it was the Biloxi *Sun Herald* paper, and they had talked about the comparisons between Camille and Katrina and noted that a lot of work after Camille—there was a commission and there was a series of recommendations. And the conclusion seemed to be that the recommendations made it into reality. I've looked at the quote. Probably the study envisioned a really hopeful, positive, optimistic work with communities to try to put it together.

My question is, perhaps to the mayors, what is it that you can do to help ensure that those visions have a better chance of becoming realities? So it isn't just, we look into the future and there's another crisis and someone says, Oh, they did all this great work after Katrina, but what happened.

Mayor WARR. I think it's just crucial that, first off, you have to buy into the vision. You have to understand the people who have that skill and that dedication and who came here and gave of their hearts. We saw them do it. And they spent countless hours of doing so. They have to know better than I do how to design that home. They do this for a living. They've done it many times. So I think that we would be selling ourselves short to not try to take fullest advantage, not necessarily for ourselves, but for the communities that we're elected to serve by doing that. They've developed this plan. They've given us a map. And I think that we owe it to the people that elected us to try as best we can to follow that map, pick the best roads, and not be diverted. But it's a commitment to the plan. That's what we must do.

Senator COLEMAN. Mayor Favre.

Mayor FAVRE. I agree completely. And one key to the process has been the public input from the very beginning. Not only have we bought into it, but the people have bought into it, too. Like Brent said, I think we owe it to them, and I think they're going to hold us responsible and hold our feet to the fire, to make sure that the recommendations are implemented. The ones that are feasible.

We've looked at, in our case in Bay St. Louis, quite a number of recommendations, the vast majority are very feasible, something that we have all accepted and we look forward to.

Senator COLEMAN. I think the community buy-in is especially important. There's been certainly a different reception to the vision that's been laid out with respect to New Orleans.

And I look at the reception of this vision.

My biggest concern is, I know mayors are very practical, they've really got this grand vision. On the other hand, you're worried really about basic stuff now. You've got the debris cleanup. And then you've got transitional housing, long-term housing, on the other hand. Mayors, you've got visions of a vibrant city on the hill that they still want to build. And the whole piece is an important piece.

So please—time is short in this hearing, but let us know how we can continue to be of help. I add my voice to Senator Lieberman and the other Members of this Committee in terms of being responsive to concerns about insurance and about basic funding, how we make those things work. So I want to thank you all for your participation.

Senator COLLINS. Thank you. Senator Dayton.

Senator DAYTON. Thank you, Madam Chairman.

First, I'd like to take the opportunity to salute my colleague Senator Landrieu. Since the hurricane, I've concluded that there are five Senator Landrieus, that's how omnipresent she has been. And I think the fact that you're here today—there are others who are waiting for us in New Orleans, and that's appropriate, too. But your concern is for the whole region, and you've been just a phenomenal advocate for the whole region. And I just give you enormous credit for that. It's a great tribute to you.

Congressman Taylor, maybe you'd like to be the House sponsor of my Truth in Insurance Act. I say that we need to separate the insurance cons from the insurance companies. And they write the policies. They write the fine print. They interpret them. They decide on whether or not to pay the claim or not. They handle the appeals. And then if they don't pay, they pocket that money in profit. So, I mean, talk about a kangaroo court and a stacked deck.

It's just ridiculous. And among that, without getting too long into it now, but I would require that they put on a front page in plain English a disclosure what is not covered in this policy so people understand what they think they're paying for.

I had a gentleman ride over with me from the airport, said he paid $1,900 a year for his policy, and then he finds out he's not covered for wind.

I've got people in Minnesota who found out after the fact that their home was not covered for flooding. It was covered if there was a revolution and the revolutionaries destroyed the home. It was covered if their home was hit by an airplane crash. Now, what are the probabilities of those occurring versus flooding. Again, they weren't fully apprised.

The same thing in health insurance. So I think that's an area of serious need in reform beyond the scope of this Committee. But I hope we can maybe work together and accomplish that.

I guess I'd like to ask each of you in turn, going back to your observations, Congressman—and, again, I thank you for being such a staunch advocate for your constituents. You described sort of the first couple of days or weeks of FEMA's response or lack thereof. Tracking it further to now, we heard from Coordinator Powell

about some of the statistics about various loans and grants, financial assistance, and that disconnect with at least what I have heard is the public perception. Again, anecdotally, I heard on the way over here that people who called the 1-800 FEMA number would wait for 20 minutes on the telephone line and then just get a recording giving them an e-mail address when they didn't even have electricity that they had to follow up, and then they were disconnected.

I mean, have these things that were maybe apparent in the immediate aftermath, have they improved? Are we seeing progress now or are these problems persisting?

Mr. TAYLOR. Senator, to give you a for instance—2 or 3 days after the storm, I visited a shelter. FEMA employees in there were very proudly handing out brochures saying to call this number. There's no phones. And when I asked—when I handed one back to a FEMA employee, I said, What's wrong with this brochure? They're looking for grammatical errors. There are no phones. You need to get people down. This is an area where people look at each other. That's why we have town meetings. That's why we all have Congressional offices. And so that took a long time to address. It's not been fully addressed.

I can assure you that 95 percent of all the work in all of my Congressional offices are FEMA complaints. We still have 5,000 South Mississippi families waiting on a FEMA trailer more than 150 days after the storm. That's ridiculous.

I can take you to Hope, Arkansas, and show you 5,000 FEMA trailers sitting on the old runway there. I can take you to Purvis, Mississippi, and show you ADA trailers for folks with disabilities. As the local folks say there are no trailers available. I can take you to a place called De Lisle, there's probably another thousand trailers sitting there. I can take you to Hancock County and show you another 500.

And one of the problems is, again, I think we have to address this, is that, in this instance, Bechtel got the contract. It's a cost plus contract. So the more they drag their feet, the more cumbersome they make the project, the more additional layers they add to the process of delivering a trailer, they get paid for it. And I actually got a member of the Bechtel family on the phone and said, If you're doing this bad a job in South Mississippi, what in the heck are you doing in Iraq where I can't see you. And, again, if the Administration is not going to fix this, then it's incumbent on the House and Senate to do so.

Senator DAYTON. Thank you, Congressman. Mayor Warr.

Mayor WARR. We did run into incredible problems like that, as Congressman Taylor said. Communications, it was like the Old West. We had to send someone across the county to ask someone a question to come back and tell us what the answer was. So it was totally unprecedented. We've not had anything like this before. It was bad during Camille, but it wasn't like this. Really when the coastal counties basically are just put to their knees, everything is off standard. FEMA didn't come down here intending to do a poor job. No one did. And the organizations that typically come in and are the first responders, Salvation Army, the Red Cross, and organizations like that, they came in, and they were just as over-

whelmed as all of us were. I think we'd be in error to try to point too many fingers immediately after the storm. Now, since the storm and as the processes have been set in place, that's where we need to start really looking and seeing what our best processes is. I'm not really giving you a lot of answers, but——

Senator DAYTON. Madam Chairman, may I ask the other two to respond briefly, please, any highlights? Mayor.

Mayor FAVRE. I think it's been mentioned when the storm hit and the FEMA response was not there, we realized that FEMA was spread quite thin dealing with storms from last year and this year in the Florida area, Dennis, including Katrina, before it hit us, it hit down in the Florida area and all.

So it was quite thin. But some of the problems, I guess the major problems we've had is that, first, we have FEMA representatives at every one of our locations, Hancock, Harrison, Jackson, all over, yet none of them can make a decision. They've got to go up the ladder however many levels, and that decision at times takes time. And then when we get a decision in a week's time, that decision has changed. So we have to start the process back again.

Debris removal was talked about. Why is it taking so long. Because of all of the requirements placed on the debris removal, whether it's the Corps of Engineers or the private contractors, by the FEMA requirements. Second thing is the recordkeeping requirements. We have four of my staff members—on a very limited staff that we have, four of them spend virtually their entire days doing nothing but recordkeeping. That's in addition to the FEMA guy who is doing a great job with us. But four people just to do recordkeeping. And the threat, implied or actual, has been there since the first meetings with FEMA that, be careful, we don't want to have to do you all like we had to do in Florida last year and the year before and come back and get $2 million.

We didn't have $2 million before the storm, we sure don't have it now. So it's the recordkeeping requirements and the fear of not complying and not getting reimbursed for something that has caused us the most problems.

Senator DAYTON. Thank you. Dr. Smith.

Dr. SMITH. One of the issues, frankly, is that I think we need to take a look at rebuilding FEMA. It doesn't have the tools they need. The tools are being taken away from them as opposed to given to them.

At one time they had one of the highest morales, I think it was even mentioned earlier, among all Federal agencies. Now they're at the bottom, if not at the bottom. So if you don't have the tools and you have low staff morale, you're almost doomed to fail.

And I can tell you, I've worked with FEMA a lot, and I respect them immensely. And there are a lot of very dedicated people, but they just need more. They need more assistance.

And on that note, frankly, one of the challenges is we're not giving natural hazards the respect, if you will, they deserve. I mean, that is an equal, if not greater, threat than any threat facing this country is just our vulnerability to natural hazards.

Senator DAYTON. Thank you, Dr. Smith. Thank you, Madam Chairman.

Senator COLLINS. Senator Coburn.

Senator COBURN. Thank you, Madam Chairman.

Just a consensus, everybody believes the cap needs to be raised on flood insurance, there is no question about that.

On the new FEMA maps, everybody agrees they may be a little bit tougher than they need to be.

Is that the consensus?

Mr. TAYLOR. Doc, I've been through this once. I don't want to go through it again in my lifetime. I'm going to go as high as they say to go. That's just my personal opinion.

Senator COBURN. Is there a feeling that they may be—FEMA wants to overreact on this too. They don't want to go through this again either. And so my worry is that we have overreacted on the FEMA maps to the detriment of the people of Mississippi and Louisiana.

Mr. TAYLOR. If I may. What my concern is, at this point, they're only recommendations. Some of the counties have accepted and some of the cities have accepted their recommendations from FEMA. Some of them have moved in that direction. Now, my fear is with either a change in administration or either just a change of heart in Washington, they go back to those counties that didn't fully implement their recommendations at some point and say, you can't get flood insurance. And in that instance, my home county would not be able to get flood insurance. So someone in FEMA needs to issue a definitive answer whether or not these are the rules or just recommendations and they can be willing to live by that decision. Because they've really kicked the ball back on probably, easily, a dozen different governing jurisdictions to make the decision in the case of these cities.

Senator COBURN. So who's going to start their home over until that's decided?

Mr. TAYLOR. Like I said, I'm going by the FEMA recommendation.

Senator COBURN. I understand. But who is going to make a decision to invest and loan money on it until that is decided? So that's something we need to communicate back up. FEMA needs to say, this is the strict and fast rule. No, it's a recommendation. We will hold you to it, and we're going to put that down and we're going to stick to it, or it's just a recommendation.

Dr. SMITH. If I could, one of the challenges is, these maps were created as a means to give the tools, information to local governments to help them in rebuilding.

They're not required. However, when the new flood insurance rate maps that are similar to these are done in 12 months or so, that is going to be required. And, frankly, one of the challenges facing local governments is if, in order to protect lives and property, it makes sense to follow the advisory elevations. However, if you don't have the money to pay for it, it's going to reshape the entire coast in a truly negative way.

Senator COBURN. That's my whole point, in 12 months if you're really going to get a definitive answer in terms of flood insurance and what the requirements are going to be for the financing for these homes, correct?

Dr. SMITH. Well, under the advisory maps, if local governments choose to adopt them, they will be as if they were flood insurance

rate maps, they could be used for regulation and they could be used for insurance.

Senator COBURN. So are you telling me they've already given you the answer?

Dr. SMITH. I'm saying the local governments have—at this point they're given the option of adopting the advisory maps as for regulation.

Mayor WARR. But in many instances, it's going to be a dramatic increase on peoples' homes, and they're not going to be able to practically raise these homes. So if you have someone who has a $100,000 home and they're not going to be insured for their loss and there's $50,000 worth of damage, and if they put—if they go and borrow, which they may not be able to do, but if they have $50,000 to put into that $100,000 home, now they have a $150,000 home. If that home is at 14 feet elevation and FEMA says, well, that home is supposed to be at 16 feet elevation, therefore, it's uninsurable or difficult to insure, what we call B paper in the insurance market. Bankers in our community have already said that they're not going to finance homes that are below the FEMA base floor elevations.

So if a home can't be sold to someone for anything other than cash, if someone wants to buy that $150,000 home but they have to pay cash for it, they can't borrow money to get it, then that home just depreciated the day that decision was made. And that home now is probably a $50,000 or $60,000 home.

Senator COBURN. One other point I just want to comment on. People from all across the country, including people from Oklahoma, were down here helping communities. There's no question this country cares about the people who received the brunt of this storm. There's no question about it. But one of the things you said, Mayor Warr, that concerns me a little bit is that everyone outside of the flood plains, "should be covered for their loss whether they had insurance or not."

And the problem that I have with that statement is that sets a tremendous precedent for anything else that ever happens again in this country. And we have to look forward to the generations that follow us. And does there not have to be a certain component of personal accountability? There's no question this was catastrophic. We as citizens of this country want to help everybody get back on their feet and do the right thing. But a blanket statement that says—because the next time something—a tornado hits Oklahoma and 5,000 homes, we're going to have somebody say, Well, we did it in Mississippi, we did it in Louisiana. I didn't have insurance for tornadoes, so you got to cover me. And so there's this realistic problem that we're going to have to face, which is what percentage is incumbent upon you all, what percentage is incumbent on the rest of us in the country to help you. And I agree with your statement, Mayor Favre, that it does cost across the country, but not to the degree that we've seen here. Tornadoes are terrible and have killed a lot of people in Oklahoma along with massive destruction, but nothing like what has happened here. And so that's a question we're going to have to wrestle with that is important for the future, because we are going to set an absolute precedent, $150,000 on your home.

Mayor WARR. It is an incredible precedent, and I have shared your concern. I toil with it continuously, but—and it's a dangerous precedent, but this is a very unprecedented event. And the reality of it is, as Congressman Taylor's comment about creating natural disaster coverage rather than flood coverage, and just anything that's covered under that is something that we all share in the overall payment of as we insure ourselves, I think that's the role that we must play.

This is so far off the realm of what is precedented and practical. People's lives will be destroyed. Their nest egg that they've worked all their lives to pay for will become valueless if we don't step in place and make them whole or do everything we can to do so. And the CDBG funding that you all were gracious enough to grant to the Governor, I believe, is the best tool or mechanism for that. It may possibly need additional funding to do.

Mr. TAYLOR. Doc, if I may. Having made this pitch to Senators Lott and Cochran, and Senator Lott introduced a companion bill, first, you will have to have had homeowner's insurance to show that you were trying to protect yourself, but something you didn't anticipate happened. The second thing is, it will require those people who accept this money, as a condition of their contract, to participate in the Federal Flood Insurance Program from then on. That piece of property, no matter who owns it, has to participate as a part of that contract. So I understand your concerns. I share your concerns. But we're taking steps trying to help those people who did try to protect themselves and see to it that they're protected in the future.

Senator COLLINS. Senator Pryor.

Senator PRYOR. Thank you, Madam Chairman. I know that we're overscheduled here, so I'll try to keep my questions fairly brief.

Let me just say this, and if someone mentioned this—I had to take a couple of phone calls a minute ago. But if someone mentioned this, I missed it. But in Washington our perception is that there were really three great heroes down here in Mississippi and Louisiana. One is the Coast Guard. You all agree with that, the Coast Guard did a great job?

Mayor WARR. Yes.

Mayor FAVRE. Yes.

Senator PRYOR. Second is the National Guard did a fantastic job.

Mayor WARR. Yes.

Senator PRYOR. And third is the faith-based community.

Mayor WARR. Absolutely.

Senator PRYOR. We understand and, again, in this area it was mostly church organizations, the faith-based community, with the Coast Guard and the National Guard who really stepped up and really did everything they possibly could do to meet the needs for the people down here in this area. So I just want to acknowledge them today because they've done great things.

Let me just, if I may, start with you, Congressman Taylor. And that is, you mentioned hurricane insurance or maybe catastrophic insurance or something like that.

And I really do hope that when we go back to Washington we will this spring, this year at some point, really try to get a handle on that because I think you're so right. I think you're touching on

something there that is such a critical need, that's really been a need for a long time, but you just need it on such a massive scale right now. So I hope you'll work with Senators and Congressmen to try to get that done. I'll be glad to try to help in some way, maybe help shape that in some way. Just as you've been talking Senator Landrieu and I have been discussing a little bit and, of course, she has a great perspective on it from her State.

And the other thing you mentioned is communication. FEMA just wasn't ready on communication. I think FEMA is probably the best agency for that, given the fact that they're the disaster control people and communication systems do go down in disasters. And they should be ready with a great communication plan. And one of the important things about communication is information. The fact that you can share information and you know what's going on, you know where people are injured, you know where the water is or whatever the case may be, but information acknowledges power in that type of situation.

And one of the things that I just want to share with the Committee is that in Arkansas, you mentioned that we had so many people from Louisiana and Mississippi in Arkansas. We did have tons for a short period of time. We still have quite a few now. But is the—FEMA, I believe it was—I know it was FEMA, but I believe it was 4 o'clock in the afternoon a group of folks from New Orleans were supposed to fly in to Fort Chaffee. It was a processing center. And then they'd be distributed from there. Well, the governor is there, the National Guard is there, everybody is there ready to receive. And they wait and wait and wait and wait, and they never show up.

And finally at like 2 o'clock in the morning, they show up. And every time the State tried to contact FEMA, every bit of information they tried to get out of FEMA was wrong. And it was just so frustrating. And, personally, I think there's no excuse for that. And, again, I think it's just another example of how in this Committee we need to be very focused on fixing the problem. Not to overreact, but fix the problem. And it's so fixable in my view.

And the last thing I want to say is I think everybody on this Committee is coming to realize, if we don't realize already, just the economic devastation that we're talking about for this part of the country. And for most people, if they're like me and probably most of us here, our biggest asset is our home. And if we can't get insurance, we can't get financing.

If the value of our home goes down overnight by 20 percent, 50 percent, 70 percent, whatever it is, if you totally lost your home, it is devastating to a family. And I don't know exactly right now, I can't tell you right now exactly what the Federal response should be in order to help create or re-establish stability in that market, but I'd love to hear from you all on that and what our appropriate response, what our best response is to try to re-establish the stability in the housing market.

Do you all have any comments on that now?

Mayor WARR. I'd love to speak to that.

That's something that I've been very concerned with. The first thing that you should absolutely do is take the cap off the flood insurance and let people buy however much they need. And the most

important thing that we understand is we have to maintain the ability to insure any—the new flood plain numbers may be ideal. And for new construction, anyone would be wise and doing themselves an injustice if they don't build to those numbers. But there are thousands and thousands of homes that have been there for many years, decades, that have never flooded before. And if those homes cannot be insured fully as A paper in the insurance market, then we've just done exactly what you say, then we've greatly diminished the value of those homes. So we need to make sure that flood insurance remains available readily for preexisting structures that remain below the base floor elevations recommended by FEMA.

Mr. TAYLOR. Senator, a quick observation. Natural Hurricane Hunters out at Keesler Air Force Base and the National Weather Service pegged the storm exactly where it was going to hit, when it was going to hit, and how bad it was going to be. And our local first responders, our policemen and firemen, many of whom lost their own houses, those folks stayed on the job for like a month. They were absolutely phenomenal. And, again, I appreciate your mentioning everyone else, but they need to be recognized as well.

Senator COLLINS. Senator Landrieu.

Senator LANDRIEU. Yes. Just to conclude, I want to thank Senator Dayton for his compliments, but I also want to say it's really been a team effort with our Mississippi, Louisiana, Texas delegations. Gene, you've been phenomenal as well as the Senators from this State and the other Congressional Members. It's been really tough, but I can say we're all going to continue to work together. This Congressman almost spent the night in a tent outside of the Capitol to prove a point that his people are really living in a place in a way that they cannot sustain over time and how urgent it is for us to move forward.

Mayors, thank you for your extraordinary work in speaking the truth about how you can't have a city without a people, you can't have people without a city. And we've got to really honor that balance between the public and the private sector. And I'm not sure we've done a good enough job of that.

Madam Chairman, for the record, I'd just like to put in the record, if it hasn't been, that we lost 28,000 homes in Florida in Andrew in 1992, which was the worst storm to hit America, but we've lost 65,000 homes in Mississippi, we've lost 215,000 homes in Louisiana from Katrina alone. That's not counting Rita, which also hit the western side of Louisiana and the central side of Louisiana and Texas. So when Senator Pryor talks about how you restore equity, equity means hope for low, middle class, and all classes of people to restore their homes. In addition, for the record, we lost 18,000 businesses in Louisiana, 2,000 businesses in Mississippi.

And in some situations, these families lost their church, their home, their school, and their business all in one weekend. That is the truth for many Gulf Coast families. Now, our churches are coming back. Our schools are coming back. But these problems of insurance, flood levels, who gets financing, how we get peoples' equity back to them so they can send their kids to college and retire decently after a long life of work is a very urgent matter.

So I don't want to ask any more questions other than to thank Gene Taylor for his extraordinary work on coastal issues for many years, including coastal restoration, coastal erosion.

And the final thing I'll say, as we restore our coast, which is America's coast, the wetlands, it protects not just Louisiana, but it protects Mississippi. Its biggest protection to Waveland, to Biloxi, to the Gulf Coast, protects us from these storms.

We've let it erode, Madam Chairman, and I hope that we can really focus on that as well, which is not the subject of this Committee, but you've been very generous in your time to let me say that.

Senator COLLINS. Thank you.

I want to thank all of our witnesses today. We're about an hour behind schedule, and we have people waiting for us in Louisiana, so we are going to make a pretty quick exit, but we stayed because you had so much to tell us. It was so valuable. You've helped increase our understanding greatly, and I thank you very much for being here today.

This hearing is now adjourned.

[Whereupon, at 12:15 p.m., the Committee was adjourned.]

APPENDIX

STATEMENT BY FEDERAL COORDINATOR DONALD E. POWELL
BEFORE THE UNITED STATES SENATE HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS COMMITTEE
FIELD HEARING, GULFPORT, MS
JANUARY 17, 2006

Chairman Collins, Senator Lieberman, Senator Dayton and Senator Landrieu, it is a pleasure to appear before you today in Gulfport as Federal Coordinator for Gulf Coast Rebuilding to discuss my role as Federal Coordinator, the progress we have made, and the challenges and opportunities we face in the intermediate recovery and long-term rebuilding effort.

Let me begin by telling you it is a great honor to have been appointed by the President to this very important post. He is committed to doing whatever it takes to support the recovery and rebuilding efforts of Mississippi and the entire Gulf Coast. The state of Mississippi is of great historical, cultural, and economic importance to this country, and we will make sure her citizens get back on their feet and rebuild their lives. Whole communities throughout the Gulf Coast have been ravaged by Katrina and Rita, and I am confidant that together we will see a better tomorrow for our fellow Americans in the affected areas.

Our job is to identify the priority of needs for long-term rebuilding by working with the people on the ground, communicating those realities to the decision makers in Washington, and advising the President and his leadership team, including Secretary Chertoff, on the most effective, integrated, and fiscally responsible strategies for a full and vibrant recovery. We will then help provide thoughtful and coordinated federal support to the affected areas.

The President has made it abundantly clear that the vision and plans for rebuilding the Gulf Coast should come from the local and state leadership, not from Washington, D.C. This is not an exercise in centralized planning. However, we understand the importance of being good stewards of the substantial amounts of money that have been, and will continue to be, spent on this effort. We will ensure that any plans or strategies are conducive to the prudent, effective and appropriate investment of taxpayer dollars.

In order to rebuild after a natural disaster of this magnitude -- the size of which our country has never experienced before -- the first task is to recover. We have identified two key areas as "critical path" issues which must be resolved in order to move into the next stage of rebuilding in Mississippi.

The first "critical path" issue is debris removal. After the Gulf waters subsided, Hancock, Harrison (where we are today), and Jackson counties were left with more debris than 1992's Hurricane Andrew and the 9/11 World Trade Center attack – combined. A problem of this scale required strong local leadership, and Governor Barbour and the local mayors, in partnership with FEMA and the Army Corps of Engineers, sprung to action. Today, I am happy to report that Mississippi has removed 27 million cubic yards, or almost two-thirds of the total debris. There is still a great deal of work to be done, but Mississippi is on the right track with the goal of completion sometime this spring.

The second "critical path" issue is to support evacuees through direct financial assistance and temporary housing. Hurricane Katrina left many of our fellow citizens stunned and uprooted, and the President believes it is the government's duty to remind them that their country cares about them and that they are not alone. Of the 450,000 Mississippi residents who received disaster assistance following Hurricane Katrina, 280,000 were approved for direct or transitional housing assistance totaling $745 million. Another $300 million went to some 115,000 Mississippians for Other Needs Assistance, which helps with everything from unemployment assistance to relocation services to reuniting victims with their families. And finally, more than 100,000 Mississippians received rental assistance, totaling approximately $230 million, which is going to

pay for rent at apartments across the region. Mississippi has also done an exemplary job of establishing and transitioning evacuees into temporary housing. Today less than 2,000 households remain in Mississippi hotel and motel rooms. FEMA is already providing more than 31,000 travel trailers to hurricane victims that are residing in the state -- nearly 11,000 of these families in Harrison County, 8,000 in Jackson County, nearly 8,000 in Hancock County and more than 2,500 in Forrest County.

We still have very important work to do on these immediate issues, but we believe that things are moving in the right direction. I am encouraged every day by the strong leadership in this state and its successful partnership with Congress and the Administration.

As we transition our efforts from immediate recovery to helping with long-term rebuilding, we must achieve three key objectives; restoring long-term safety and security; renewing the region's economy and creating growth opportunities; and revitalizing communities.

Congress and the Administration have taken great strides to restore safety and security in Mississippi. The most important accomplishment is the $29 billion reallocation legislation which provides for $10 million for a comprehensive study of hurricane and storm protection and $620 million for flood and storm protection projects across Louisiana and Mississippi.

The President along with Congress has also been focusing on the renewal of the region's economy. Last month the President signed into law the Gulf Opportunity Zones Act (or GO Zones). This legislation will help revitalize the region's economy by encouraging businesses to create new jobs and restore old ones. The law will also create new housing incentives for workers to return home, and will help finance new infrastructure to get the region moving again. Simply put, this law renews businesses, rebuilds homes, and restores hope.

In terms of providing loans and working capital to small businesses and families, the Small Business Administration (SBA) has also been working diligently to ramp up its capacity in response to the disaster. As of January 12, the SBA had approved over $2.64 billion in disaster loans to almost 38,000 homeowners, renters and businesses in the affected region. In Mississippi, the total has been over $1 billion: 12,000 home loans for $867 million and close to 2,000 business disaster loans for $170 million.

Workforce development will also be critical to long-term economic security. Secretary of Labor Chao and I attended a meeting just before Christmas with the President, labor leaders, civil rights groups and business associations to discuss workforce initiatives and overall employment issues facing the region. We tasked those leaders with devising a plan to prepare the workers of the region for the future of the Gulf Coast economy. We look forward to having worker training programs identified, developed and ready for delivery in the region by the end of the first quarter. We want to help create as many jobs as possible and prepare Mississippians to fill those jobs. We will continue to work to help make Mississippi a great place to invest, do business and live.

We are also focusing on revitalizing communities. The ravaging winds and waters brought on by Hurricane Katrina claimed the homes of many along the Gulf Coast. Congress and the Administration have taken several steps to return old and invite new residents to Mississippi's neighborhoods. The most direct of these steps is $11.5 billion in Community Development Block Grants (CDBG) funds and $390 million in housing vouchers allocated to the people of the Gulf Coast in the recently-passed $29 billion reallocation package. Mississippi plans to use the bulk of its share of the $11.5 billion to compensate affected under- or uninsured homeowners who resided outside of the floodplain. Aside from the housing aid and other public assistance, nearly 400,000 inspections have been completed in Mississippi and 48,000 roofs have been temporarily covered by FEMA's "Blue Roof" program operated by the U.S. Army Corps of Engineers. FEMA has provided over $1 billion directly to Hurricane Katrina victims in Mississippi through the Individuals and Households Program. In addition, 13,800 Mississippians have received $1.8 billion in National Flood Insurance Program claims. These families are and will continue to fill the

streets, schools and places of worship and will be a critical component to the revitalization of this great state.

Another important part of the community is the educational system. Education is the key to the future – it lets every American reach his or her potential and provides the foundation to live the American Dream. Without education, we would not have the American ingenuity that has made our country so successful in the world. The President assured school districts and families that they would be reimbursed for the unexpected costs of providing a quality education to the thousands of displaced students, including those in traditional, charter, private, and parochial schools, who were not spared by the storm. He made good on that promise by helping to secure $1.6 billion for schools that were hardest hit by the hurricanes. Thus far, Mississippi has received $100 million to get its educational system up and running again since the storm hit. And schools who took in the displaced students outside the state are being reimbursed up to $6000 per displaced student in general education and up to $7500 for those in special education. The U.S. Department of Education is expediting these resources so they can get to where they are needed as quickly as possible. Thus far, 93 percent of schools in Mississippi are up and running. Overall, the Mississippi Department of Education reports that they have 22 schools that are closed and 12 other schools that are open on a limited basis – one part of the building may be under repair, but another part is being used to educate the state's learners. I applaud their efforts in the face of such adversity. As my good friend Secretary Margaret Spellings put it, "The education community's response to Katrina has been overwhelming. Schools across the country have opened their doors and hearts to these children. They deserve[d] this support."

Community health is also important. That's why the Department of Health and Human Services, along with other agencies, quickly streamlined their processes to help hurricane victims access the many federal programs available immediately to help them get back on their feet, such as Medicaid, family assistance, child-care support, foster care assistance and mental health and substance abuse services. More than 40 percent of the storm's evacuees living in a different zip code from the damaged areas received these types of benefits and services. In addition, the U.S. Public Health Service Commissioned Corps, one of the nation's seven uniformed services, carried out the largest mobilization in its 207-year history by deploying more than 1,400 officers to work with state, local and private agencies in the hurricane-stricken states. America is committed to helping our citizens displaced by storms by improving our government's outreach and cutting red tape.

Infrastructure is also a key component of any long-term recovery plan. Federal funds totaling $750 million are being used for infrastructure in Mississippi - for repairs to damaged roads, bridges and other transportation uses. I am glad to see the progress made with those monies here, such as the two lanes that have been completed from Debuys Road to English Place for a total of 8.0 miles in this Long Beach-Gulfport region. In addition, the I-10 Bridge in Pascagoula is now open to two lane traffic in East and West bound directions. In Biloxi, the I-110 Bridge now has three of four lanes open to all vehicles, and two lanes have been completed from Porter Ave. to Brady Dr. for a total of 6.8 miles. And in Pass Christian, two lanes have been completed from Shadowlawn Drive to Henderson Avenue for a total of 3.7 miles. The I-90 is the next major thoroughfare to be rebuilt and it will help restore the region's transportation network. Virtually all major freight lines are open with the exception of the CSX Transportation line from New Orleans to Pascagoula.

In terms of public transit, partial service has been restored in Gulfport/Biloxi and the City of Picayune, with full service restored in Jackson. The nine airports that were damaged by the storm are now either fully operational or open, but may be limited to visual and/or daytime operations. The ports along the Mississippi Coast are also all now operating in some capacity and we will continue to work to get them fully operational. Gulfport was the worst-hit of the ports, and has 2 piers that are back in operation.

In closing, I would like to note that the Gulf Coast has a strong history of overcoming adversity caused by Mother Nature. Spanish explorers as far back as the 1500s wrote about how the area had experienced severe floods. But every time some type of natural disaster has hit, the people of this region have come back, and come back stronger than before. Failure is not an option. As the President said last week "when people are determined, they can get things done." He also repeated his promise to the region that it would "not just survive, but thrive." He said "we're not just going to cope, but we'll overcome."

We are heartened and encouraged by the progress made and we are proud of the work that has been accomplished to date. Governor Barbour has done an excellent job leading the charge. His Commission, lead by Jim Barksdale, has come up with a strong and unified vision. We have been very impressed with the Commission's focus, its overall process to get to this point, and the speed with which they put the plan together. We look forward to working with them in the days, weeks and months ahead to assist in the implementation of their vision while serving as a good steward of the taxpayer dollars which the distinguished members of this panel, along with your colleagues, have helped secure. Again, I will come back to my earlier statement about this being a partnership – and that includes with the members of this distinguished committee and others in Congress.

Once again, working together, we can return the Gulf Coast to its rightful place in the American landscape. While the hurricanes cause much tragedy, I believe, as my father used to say, good things can come from the bad. It's too important a task not to do it right.

Thank you.

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Written Testimony of

Mayor Brent Warr

City of Gulfport

Before the

Committee on Homeland Security and Governmental Affairs

United States Senate

January 17, 2006

Introduction

Thank you Chairman Collins, ranking member Lieberman, and distinguished committee members for the opportunity to speak with you today about the challenges the city of Gulfport faces in the aftermath of Hurricane Katrina. It is an honor to appear before this committee, and I am extremely grateful for the tremendous amount of time Congress has spent re-evaluating pre and post storm efforts, and for the resources Congress has allocated towards Mississippi's rebuilding and recovery.

Without question, the unprecedented amount of damage Hurricane Katrina caused in the city of Gulfport and along the entire Mississippi Gulf Coast has presented numerous challenges. While debris pick-up, temporary housing, and unemployment are a few of the obstacles we have struggled to overcome in the months following Katrina, in my opinion, the three issues most prevalent on the minds of Gulfport residents today are: 1) Is my insurance going to pay for my losses? 2) If not, do I rebuild or sell? And 3) if I put more money into or borrow money to repair my property, what will it be worth when I am finished?

South Mississippian's are tired and frustrated, and we are looking for answers from the insurance companies and from the authorities establishing our base flood elevations. We are ready to rebuild, but only reasonable answers and expedient solutions to these questions will stimulate our recovery and ignite our citizens to begin rebuilding their homes and businesses.

Insurance Recovery

First and foremost, the disaster that occurred on August 29, 2005 was not a flood, it was a hurricane. Therefore, damages caused by hurricane driven water that occurred as a

result Katrina, should be covered by homeowners policies or wind insurance. The insurance industry must be forced to recognize, accept and perform to the commitments made to its customers, providing adequate pay for losses that occurred because of this hurricane.

The city of Gulfport is extremely grateful to the members of Congress and our Governor, for their leadership and determination to assist those who live outside the flood zone and did not have flood insurance. The billions of dollars allocated towards their recovery will be a tremendous help, but I caution officials about using subjective standards to determine who will receive the designated funds. While it has been suggested that such funds will be rewarded only to those residents outside the flood plain who had greater than 51% in flood damage, we should not forget about those who reside outside the flood plain and sustained less than 51% in flood damage. Everyone outside the flood plain should be covered for flood loss, regardless of the amount of damage, since even the authorities who determined the flood plains were incapable of predicting future flooding in these more elevated areas.

Historically, people purchase the amount of insurance that is required to own a home or business. Most residents along the Gulf Coast were operating under the assumption that if they had purchased all the necessary insurance required to finance their property, they were covered for hurricane losses. The thinking: Why would someone purchase flood insurance for property in an area that has never flooded?

In our community, even some of our most experienced citizens that work in the insurance industry did not possess flood insurance because they had homes outside of the flood zone, flood insurance was not required, and their area had never flooded before. However, like many coast residents, even local insurance experts were surprised and

completely unprepared when their homes were destroyed by hurricane driven wind and water, and even more surprised to learn they were not covered for such dramatic damage, regardless of whether or not it was caused by a hurricane.

It is also important to mention those who are suffering because they could not afford flood insurance. Even though relatively inexpensive, there are many residents that lived in flood zones that did not purchase flood insurance for economic reasons. Unfortunately, we have learned of many instances where insurance companies that would have covered typical damages from a hurricane are refusing to pay out claims based on the claim that they incurred only flood damage.

Hurricane Katrina was such an unusual and unparalleled event, that people should not be left to suffer the consequences for outcomes which were unforeseeable. There should be no debate on what came first, the wind or the water, because it should not matter. This was a hurricane, and insurance companies should be held accountable for hurricane losses.

Base Flood Elevations

While things are getting better everyday here in Gulfport, we still have many questions to answer before residents can begin to rebuild homes, businesses, churches and schools that were devastated by the storm's fury. On the forefront, is deciding how high, or at what elevation, residents will be required to rebuild destroyed properties.

Understandably, while it is necessary to build structures up to protect them from future devastation, setting base flood elevations too high in our community could render thousands of residential homes uninsurable, or only insurable with dramatic constraint. Additionally, many homes on slabs cannot be raised to a higher level, and if they rebuild at

their current elevation, they cannot be insured. If insurance is unavailable, or difficult for residents to obtain, this will deter property owners from rebuilding, and this will be detrimental to our city's recovery.

If you can't insure it, you can't finance it; if you can't finance it, it does not increase in value; and if there is no increase in value, the property will decrease in value. Property that begins to depreciate leads to the potential of creating slums, blight, and drug infested, crime ridden communities, eventually leading to the end result-- a federal buyout.

The residents of Gulfport and along the Gulf Coast are looking carefully at flood elevation recommendations, but these must be realistic and attainable, so that properties will be insurable and continue to appreciate in value. Our residents need realistic base flood elevations, so that we can begin rebuilding the thousands of home and businesses lost in Hurricane Katrina.

Building Codes

The International Building Code (IBC) should be adopted as the standard to insure uniform building requirements throughout the coastal area. Recognized as the industry standard throughout the world, the IBC includes necessary requirements so that structures are built more safe and sound, producing a higher quality product and improving public safety standards.

The IBC can be used in conjunction with codes developed in South Florida after Hurricane Andrew to improve a structures' ability to resist and withstand a hurricane. However, while enhancing and improving the current codes is important, we must be mindful of the cost of these higher standards. Many of the working poor in South

Mississippi were adversely affected by Hurricane Katrina, and we must be careful not to make housing unaffordable.

Conclusion

In closing, I would like to again thank the members of the committee for traveling to Gulfport to hold this hearing, and thank the members of Congress for not letting the story of Hurricane Katrina disappear from the radar, and for continuing to search for answers and solutions to our problems. Gulfport is coming back, and slowly, but surely, we are beginning to heal. Answering these important questions about insurance, building codes, and flood elevations will go a long way in improving the moral and progress of our city. If instead of seeing a FEMA trailer on a vacant lot, residents could begin to see the sight of homes and businesses being rebuilt, a sense of hope would be restored in our community.

Thank you for your time. I will be happy to answer any questions you may have.

CITY OF BAY SAINT LOUIS
OFFICE OF THE MAYOR
EDWARD A. FAVRE

January 17, 2006

United States Senate
Committee on Homeland Security
and Governmental Affairs
Susan M. Collins, Maine, Chairman
Washington, DC 20510-6250

Madam Chairman:

On behalf of the entire Mississippi Gulf Coast, and especially the City of Bay St. Louis, I want to thank you and all of the Committee members for allowing us the opportunity to appear before you this morning. More importantly, THANK YOU for allowing us this opportunity here in South Mississippi.

On August 29, 2005, Hurricane Katrina slammed into the Gulf Coast with the center of the eye crossing near the Mississippi/Louisiana state line. While we in Bay Saint Louis were not "fortunate" enough to be in the eye itself, we were in the eye-wall and were constantly pounded for about nine (9) hours by the most devastating natural disaster in U. S. history.

Almost 2,000 homes received more than 50% damage, with virtually every home receiving at least some sort of damage, from either flooding or wind or both. Our business community was also heavily damaged. I know of no structure which totally escaped the wrath of Katrina. With very few exceptions, the entire City was underwater.

Within what seemed like mere minutes of the eye passing through, we quickly realized that our top priorities were search and rescue, street clearing and restoration of basic utility services. Immediately, our Police and Fire personnel began the search and rescue mission. They transported some of our elderly residents to the Senior Citizens' Center. They began a door-to-door search for those in need, administering what medical assistance they could. For several days, before any outside assistance was available, these dedicated employees provided round-the-clock service. At the same time, some of the remaining members of our depleted Utility crew, with the help of staff members from other departments, began the task of clearing at least the major transportation arteries. Other crew members began the task of restoring basic utility services. For several days, before any outside assistance was available, these dedicated employees also provided round-the-clock service. We soon received assistance from sister cities throughout Mississippi and the entire Country (such as Pontotoc, MS and Davenport, IA). The Mississippi Rural Water Association provided invaluable assistance. Because of the

efforts of these and other groups, water service was restored within several days; sewer service was restored within 10 days; natural gas service was restored shortly thereafter; and Mississippi Power Company and its affiliates restored electric service to remaining customers within 10 days.

Now the difficult task of recovery and rebuilding begins!

Providing simple survival supplies until outside sources arrived; temporary housing needs; clothing and hygiene needs; debris removal; denied insurance claims; assuring and reassuring our residents that everything would be alright; - these and many more issues arose in the hours and days and weeks and months following Katrina's visit.

The positive attitude reflected by our great people was and still is nothing short of phenomenal. You won't hear complaints, gripes, moans, groans or any other signs of self-pity from our residents. It's just the opposite – the heart, the will, the desire and the optimism of our people is unbelievable. We feel that in spite of all our individual and collective losses, we still have a lot to be thankful for – "While we may not have a house, we still have a HOME, and while we may not have anything else, we still have each other!" soon became our official battle cry.

Questions have been raised as to why the rest of the Country should be responsible for the luxury of some people being able to live along the waterfront. If you think about it, the answer is quite simple. There is **NO** area of the United States that is immune from natural disasters. Whether earthquakes, mudslides or forest fires in the West, tornados in the Mid-West, blizzards, ice storms or floods in the North and East or hurricanes in the South, it is only a matter of time before another natural disaster affects some part of our Country. No single area pays for another area – we all pay for each other!

Bay Saint Louis is known as "A Place Apart". While part of the reason for this designation is due to our small town charm, the bulk of the credit goes to our people – very special people in a very special place. In order to re-establish our status as "A Place Apart", we must not only restore our small town charm but also provide the opportunity and ability for our residents to rebuild. We must make our people whole and we must make the City whole. One without the other doesn't accomplish this goal.

While so much progress has been made in the 141 days since Katrina, there is still a tremendous amount of work left to be done. Individual assistance disaster relief funding was approved by Congress several weeks ago. I realize the implementation of programs such as this take time but time is of the essence. We must streamline the process as much as possible on both the Federal and the State levels and make the program work for all those for whom it was intended. Life is already too complicated for those in need. Funding provided in the Katrina Disaster Relief legislation for schools, law enforcement and fire protection must also be made available immediately.

Disbursing funds to the qualified needy will not only allow our people to begin putting their lives and properties back together, but will also help jump start our local economy. Our people will then have the opportunity and ability to stay or to come back home.

About two (2) weeks after Katrina, we, as did most other Mississippi Municipalities, adopted our operating budgets for Fiscal Year 2005-2006. In the case of Bay Saint Louis, we adopted a General Fund budget of almost $7,000,000 with absolutely no way to fund it. Our three (3) primary sources of revenues are (or were) from gaming, sales tax and property taxes. Casino taxes won't be received until summer, if then, and will be considerably less than pre-Katrina amounts. Even though a number of our smaller businesses have re-opened, sales tax revenue will also be considerably less than pre-Katrina amounts. Property taxes for FY 05-06 will be about two-thirds of what was projected. Property taxes for FY 06-07 will only be 10% to 15% of FY 05-06 projections and FY 07-08 doesn't look much better. Under the best of circumstances, it will still take several years for our revenue sources to rebound to pre-Katrina levels.

My major concern for now and the foreseeable future is funding for the local governmental entities affected by Katrina. To date, the only sources of public funding are by way of loans. To my knowledge, there has yet to be any mention of grant funding to make up for lost revenues for local governments over the next three (3) to five (5) to seven (7) years.

The Community Disaster Loan Program provides funding at the level of 25% of our current operating budget or projected revenue losses for the next three (3) years, whichever is <u>less</u>. The funds we have received from this program are helping to cover payroll expenses. But these are only LOANS and there is specific language in the legislation prohibiting forgiveness of these loans. If the requirements of this program were amended to allow loans for the <u>greater</u> projected revenue losses, this would help our situation. But what would really help and what we so desperately need is an amendment to the legislation removing the prohibition on forgiveness of the loans. We would then ask for the same treatment afforded a number of other cities such as Miami, Homestead City and Florida City, who have all had loans from the CDLP cancelled!

The State of Mississippi has also made funds available through the Mississippi Development Bond Bank to assist local governments meet some of its current operating and cash flow needs. We would also ask forgiveness of these loans as we do not and will not, for a long time to come (if ever), have the ability to repay these debts. We have already asked the Legislature for legislation to forgive any outstanding State Revolving Fund loans for any governmental entity affected by Katrina.

On a local level, we have lost about a third of our employees since Katrina. We have not yet replaced them, but in some cases will have to do so in the near future. Other than salaries, debt service and some required expenses, we are dealing only with Katrina matters. This can't last forever. Sometime in the near future, we must go back to normal operations for which we don't have permanent funding sources.

We need a grant program, hopefully decreasing annually, to cover our lost revenues over the next five (5) to seven (7) years. Without this, there will be no Bay Saint Louis or Waveland or Pass Christian or Long Beach. Gulfport and Biloxi may survive simply because of size, but even for them, it won't be easy.

That old saying about a picture being worth a thousand words doesn't fit this situation. Even 141 days after Katrina's visit, until you see for yourself at ground zero, it's almost impossible to fully comprehend the magnitude of the destruction. And because of the magnitude of the destruction, we can't continue to think in terms of what has been done in the past. Throw out the old rules. In responding to the 911 disaster, this Country did things it had never before done. We too must now respond by doing things never before done. We must be creative in our approach to solving the problems at hand.

When President Bush visited Bay Saint Louis and Waveland last week, an extremely important message was conveyed without saying a single word. His presence alone told us that we have not been forgotten. Your presence here today conveys that same message. With all of your responsibilities, you chose to take time out from your busy schedules to be here with us. For this, we will be forever grateful!

Our people are a proud people. We may be down but we're far from out! We don't ask for pity. We simply ask for assistance in our recovery efforts. And with your help and the grace of God, South Mississippi will rebound and Bay Saint Louis will once again be "A Place Apart".

May God bless each of you;
May God bless the great State of Mississippi; and
May God bless America.

Respectfully submitted by:

Edward A. Favre
Mayor
City of Bay Saint Louis
State of Mississippi

Prepared Statement of Dr. Gavin Smith
Director
Governor's Office of Recovery and Renewal
State of Mississippi
January 17, 2006

DISASTER RECOVERY FOLLOWING HURRICANE KATRINA

I'd like to thank the members of the Senate Committee on Homeland Security and Governmental Affairs for allowing the State of Mississippi the chance to discuss our observations and express our concerns regarding immediate and long-term housing needs of disaster victims following Hurricane Katrina.

While FEMA has been widely criticized for a number of real and perceived mistakes during Hurricane Katrina, it has achieved success in the following areas that are directly relevant to housing-related issues; the fastest deployment of temporary housing units to a disaster-stricken area since the program was established, the creation of real-time post-disaster mapping of flood hazard areas, and a growing commitment to long-term recovery planning, which in the recent past has not been viewed as an important part of achieving a successful recovery. While improvements have been made, it is not good enough. Past disasters have taught us that while better temporary and permanent housing solutions are available, they require a degree of operational and long-term planning and inter-organizational coordination that remains unrealized.

There are several areas in need of significant improvement. First, the federal government needs to develop an improved temporary and long-term housing strategy that is more flexible and comprehensive in nature. This requires the efforts of numerous

federal agencies, including, but not limited to FEMA. The current approach is not sufficient to address the needs of communities and states following a catastrophic disaster like Hurricane Katrina. Perhaps the greatest limitation of the current approach is the lack of coordination across federal agencies and the failure to develop a plan that recognizes the lessons learned in past major events. The provision of temporary and long-term housing solutions require innovative thinking, driven by the identification of local needs and the implementation of multiple solutions designed to meet those needs. These solutions must be responsive to unique local conditions. The traditional reliance on old approaches must be replaced, recognizing advances in the housing construction trade, including the use of modular, panelized and other forms of safe, more livable housing types. This approach can greatly reduce the current reliance on travel trailers and mobile homes.

Serious safety and long-term quality of life issues are prevalent when using the current approach. For example, the use of travel trailers for long-term occupancy results in an unnecessarily high fire hazard risk due to the fact that these units were not designed for long-term, sustained use. The rapid establishment of housing manufacturing operations in the affected states represents one example of an innovative solution. However, like many forward-thinking options, this requires that federal agencies must work with states and local governments in non-traditional ways.

The concept of "transitional communities" should be further researched as a means to supplement housing needs, although in Mississippi, its utility was limited due to the fact that policies and practices were not in place early in the disaster to consider this approach on a large-scale. Again, in order to be effective, this requires the coordination of multiple federal agencies, working in concert with state and local governments in order to determine appropriate solutions based on local needs.

The repair and reconstruction of housing is the foundation of individual, community, and overall economic recovery. It also represents the greatest challenge facing the State of Mississippi. Without the rapid provision of temporary and permanent housing solutions, recovery will be slowed or fail to occur in a manner that meets the needs of disaster victims, the recovery objectives of local leaders, or the intent of the Governor, which is to achieve a coastal "renaissance."

Simply put, we need more practical temporary and permanent housing alternatives and the means to pay for them. We also need to resolve a number of policy issues that ultimately speed the delivery of recovery housing programs. A specific example involves the use of FEMA Hazard Mitigation Grant Program funds to pay for the costs associated with the construction of an elevated foundation and the cost of the repair or replacement of a damaged or destroyed home.

Following the release of the post-Katrina Advisory Flood Elevation maps, communities have had to make a difficult choice - adopt these maps or rebuild to older Flood Insurance Rate Maps that in many cases show a lesser flood risk. While it makes sense to adopt new advisory maps to help guide safer reconstruction, it remains unclear the extent to which the federal government will pay to assist in the repair and reconstruction efforts inside the floodplain. At this point, we believe that there may be as many as 65,000 households that may qualify for this type of assistance. The recent release of Congressionally-appropriated funds to repair homeowners damaged outside the floodplain is greatly appreciated and will go a long way to assist as many as 35,000 households recover. What remains uncertain is the level of assistance provided under the Hazard Mitigation Grant Program to help rebuild damaged housing in a manner that lessens their vulnerability to future events. The rapid clarification of this issue is critically important to the people of coastal Mississippi.

One of our greatest fears is that the inability to pay for the reconstruction of safer homes along the coast will result in property owners selling their land to developers who will replace damaged and destroyed homes with a homogenized series of high rise hotels and condominiums, thereby permanently altering the very nature of what made coastal Mississippi so unique.

In order to affect wise recovery we also need to emphasize the repair and reconstruction of supporting community infrastructure to better withstand the forces of future hazard events. Under the FEMA Public Assistance Program, a greater emphasis should be placed on the use of "406" funds to harden or relocate damaged water, sewer and critical public facilities like police and fire stations, thereby increasing the probability that communities can quickly bounce back and resume daily operations following disasters.

Next, I'd like to briefly mention several housing issues facing the State of Mississippi that are associated with the need to speed the construction of safe, affordable, high quality housing. This proposed approach requires first reaching out to the private sector, particularly homebuilders and community design professionals, as well as housing non-profits, who often take the lead in developing affordable housing. Establishing pre-existing public-private partnerships should be done well in advance of the storm. Trying to establish these relationships following a disaster severely limits a government's ability to provide high quality permanent housing in a rapid fashion. As a result, governments must rely on past approaches like the construction of large-scale emergency group sites and the use of travel trailers on private property.

From the perspective of the homebuilder, three issues are critical to success. They include the availability of an adequately trained workforce, the presence of temporary housing in close proximity to

construction sites for those involved in the repair and reconstruction effort, and the availability of construction materials appropriate for coastal construction. The last issue is particularly relevant in light of new elevation requirements.

For those victims living in disaster housing, FEMA, working with other federal agencies, states and local officials need to develop a strategy designed to speed the construction of permanent housing (both owner-occupied and rental), thereby getting people out of trailers or other temporary living arrangements as rapidly as possible. In order to facilitate this effort, we need continued federal assistance to speed the construction of permanent housing.

As communities begin the long-term rebuilding process, local governments desperately need assistance in a number of key areas. Specific technical assistance needs include the provision of building inspectors, grants managers and housing counselors. A sufficient number of qualified building inspectors are needed to assist in the processing of building permits and the evaluation of compliance with existing codes and standards during reconstruction. We are excited about the development of FEMA hazard mitigation grants that will help provide this type of assistance.

In order to achieve an effective long-term recovery, local governments also need capable, experienced grants managers to help write and implement programs addressing housing, infrastructure and other identified needs. Post-disaster grants are often difficult to administer and require unique skills developed through experience in the post-disaster setting.

Housing counselors will also play a key role, yet are not traditionally provided on a long-term basis by the federal government to help disaster victims sort through the number of housing options before them. The failure to comprehensively

identify individual housing needs and assess eligibility requirements across all federal housing programs results in an unnecessary number of people falling through the cracks. Unfortunately, this often happens to those facing the greatest need.

In closing, I would like to reemphasize a few key issues. We need to continue FEMA's emphasis on rebuilding in a way that recognizes the vulnerability of our coast. In order for this to be achieved most effectively in Mississippi, we need to maximize the use of the Hazard Mitigation Grant Program to fund the repair of damaged housing in the floodplain, based on our understanding of risk. On a national level, Congress should consider reauthorizing the amount of Hazard Mitigation Grant Program funds available to states to its initial amount equal to 15 percent of disaster costs rather than the current 7 percent allocation. Similarly, in order to help communities achieve a greater understanding of the flood hazard risk facing them, Congress should continue to support and expand funding of the FEMA Map Modernization program.

Our country needs to do a better job of planning for recovery at all levels of government. This is clearly evident in the context of housing, but it certainly applies to other issues, including infrastructure, land use, and public health, among others. We encourage FEMA to continue to improve the commitment to long-term recovery planning through the identification and development of a cadre of experienced disaster recovery planning experts that can be deployed following disasters to assist local governments bring together federal agencies to tackle complex recovery problems, develop recovery plans and identify appropriate sources of funding to implement identified projects.

The reconstruction of safe, affordable housing that reflects the architectural history of our coast remains our primary concern in Mississippi. Thank you for providing us the opportunity to discuss the challenges facing our state and we look forward to continuing an ongoing dialogue with you in order to help Mississippians recover from Hurricane Katrina in a manner that makes our coast a better place to live, work and play than it was before the disaster.

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