

**Hurricane Katrina: Community Rebuilding Needs and
Effectiveness of Past Proposals**

Statement of
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Mr. Chairman, Mr. Ranking Member and members of the committee:

I appreciate the opportunity to be with you today to discuss the economic recovery of Louisiana following Hurricane Katrina and Hurricane Rita.

My goal—and I will say this over and over again—is to bring our families back home again.

How are we going to do it?

With Jobs, Housing, and Rebuilt Communities.

We will reunite Louisiana workers with their jobs. We will help Louisiana businesses retain their customers and grow. And we will not stop recruiting new companies.

We must provide immediate housing assistance – get people out of shelters, hotels, and overcrowded homes. We will create transitional housing communities. These should have all the basic amenities of a healthy neighborhood – education, childcare, transportation, post office, banking, and personal services. – while we build new neighborhoods.

We will rebuild our communities better than before. We will do so with better schools, safer levees and houses. We will provide better access to health care services, transportation, recreation, and job opportunities. Rebuilding them better is the proper way to honor those we have lost.

Again—to bring our folks home, we need jobs, housing and rebuilt communities. And that is what we will do.

Today, I am here to address the importance of jobs. From the beginning, I have made economic development my highest priority. I view my role of Governor as the state's top economic development official. Working with my Cabinet, I have dedicated new resources and energy to moving the state's economy forward.

As a result of the recent hurricanes, we have urgent needs for economic recovery – both immediate challenges and long term development efforts. I am imploring the Senate Finance Committee to address Louisiana's urgent needs.

Prior to Hurricane Rita, we reached preliminary conclusions about our economic situation as a result of Hurricane Katrina. We have begun the analysis of the economic impact of Hurricane Rita and will shortly determine how it adds to our economic recovery challenges.

Overview of the affected economy

FEMA declared 23 parishes (counties) as major disaster areas following Katrina, and five parishes following Rita. Of these, the State of Louisiana considers 10 parishes in the Katrina zone and three in the Rita zone to be so severely affected that they require substantial, sustained investment by federal, state, and local governments and the private sector. According to our internal research, in the 13 parishes severely impacted by Katrina and Rita, there were 80,850 businesses prior to the storms. By comparison, the entire state economy has a total of 197,446 firms. Although only 13 of our 64 parishes were severely impacted, they represent 41 percent of the state's total businesses.

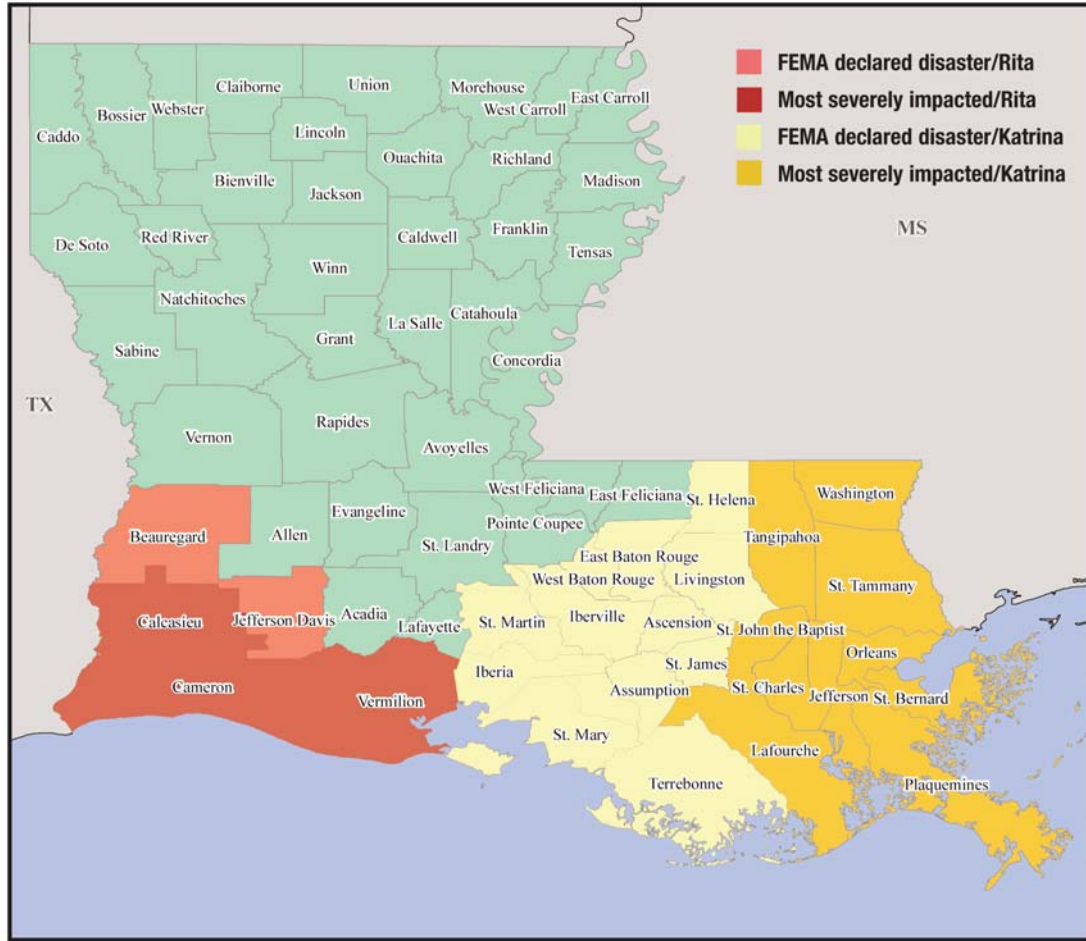
I'd like to ask you to think about those numbers carefully. In order to reunite families and help them return to their homes, they must have jobs. When you think about the size of these businesses and the financial resources at their disposal, you will recognize the challenge we face for job creation.

For example, of the 81,000 firms affected by Hurricane Katrina, 68,000 of these businesses had less than \$5 million in annual sales. These aren't deep-pocketed, multi-millionaires with endless resources. They are family businesses.

I know of a training and employee placement business in New Orleans with 13 employees, whose boss is keeping all employees on its payroll while everything else is on hold. He is not taking a salary for himself. He is not ordering supplies. He is not paying his bills – all so he can pay his staff. This wasn't a failing company. This was a company that was showing strong employment and revenue growth until Katrina hit. Now, its owner is terrified about losing his business.

I can assure you this same story represents the majority of small businesses in the above statistics. I hope they are all as conscious of the well being of their employees during this period.

There really is no precedent in our history for the scale or type of economic challenge presented by Katrina and Rita. Like the movie of the same name, it is a "perfect storm" of factors leading to: direct damage to businesses, long term displacement of the workforce and businesses, critical damage of multi-modal transportation infrastructure including shipping, rail, and interstate access, the uncertainty of the city's safety from additional flooding and hurricane damage, and loss of production time as well as natural assets and products.



Number of Businesses Affected

	1-99	100-499	500+
Most Severely Impacted/Rita			
Cameron	426	3	0
Calcasieu	7,936	103	22
Vermilion	1,889	18	0
Total	10,251	124	22
Most Severely Impacted/Katrina			
Orleans	21,705	339	70
Jefferson	21,407	289	38
St. Tammany	10,945	80	13
Lafourche	3,517	33	4
Plaquemines	1,237	26	3
St. Bernard	1,935	21	4
St. Charles	1,433	26	4
St. John	1,432	23	0
Tangipahoa	4,234	38	6
Washington	1,575	14	2
Total	69,420	889	144

Annual Revenue of Affected Businesses

	13 Severely Impacted Parishes	Statewide
Less than \$500,000	35,611	83,519
\$500,000-\$1 million	17,980	40,987
\$1 million-\$5 million	14,463	36,231
\$5 million-\$20 million	3,019	7,848
\$20 million-\$100 million	852	2,127
\$100 million-\$1 billion	130	334
More than \$1 billion	21	30
Subtotal	72,076	171,076
Unclassified	10,208	30,721
TOTAL	82,284	201,797

Urgent need of access to short term capital

For those 68,000 small businesses with less than \$5 million in sales, they have minimal financial resources to adjust and adapt. The immediate crisis – and it is a crisis – is access to capital. The existing funding provided through the Small Business Administration (SBA) Disaster Loan Programs takes as long as 90 days to get money into businesses' hands. Although the agency has been working closely with my staff, our businesses and their employees cannot wait that long.

For short term capital needs, Louisiana cannot wait for federal action. I have directed my Secretary of Economic Development to create a program starting with some initial state dollars for bridge loans for small businesses. These funds will create interest free bridge loans for up to 180 days, to be repaid by the arrival of SBA or other funds.

Unfortunately, even if these loans are capped at \$25,000 or less per business, the amount that the state can immediately fund is too little and will be quickly consumed. For the small businesses affected by Hurricane Katrina alone, we anticipate a need for at least \$150 million in bridge loans. After the additional destruction caused by Hurricane Rita, the amount needed for bridge capital will increase.

Although this capital may not be directly in the jurisdiction of the Senate Finance Committee, I feel it is my responsibility to talk about the entire economic picture and present the anticipated needs. Other possible sources we are exploring are the Bush-Clinton Katrina Fund, Red Cross, or gifts from other nations to the U.S. government. We would welcome the Committee members' assistance in exploring these sources.

I have been in communication with Louisiana's Congressional delegation, and have communicated the needs for specific incentives and funds to assist with Louisiana's economic recovery.

Suggestions for the Gulf Opportunity Zone

As the President described in his speech to the American people from Jackson Square, the economic recovery of the region will need special federal incentives to spur private sector investment. I look forward to working with the Chairman and members to fulfill the President's vision for a "Gulf Opportunity Zone." As I have explained, the crisis that companies face within the Katrina impact area has many layers, and its complexity must be met with unprecedented actions.

The best comparison for the scale of economic disruption that has occurred is the displacement affecting companies of lower Manhattan following 9/11. Throughout the last three weeks, we have researched the economic recovery efforts that took place in New York and spent time with leaders who were key to

designing that effort. As this Committee is no doubt aware, the Gulf Opportunity Zone has its parallel in the Liberty Zone created after the terror attacks.

I believe the Liberty Zone model is a valuable guide, but ask that it be modified to address the unique scale and complexity of Louisiana's economic recovery. While there were 20,000 affected businesses in lower Manhattan, Louisiana's impacted area had almost 81,000 business locations prior to the hurricanes. The other important difference is that New York did not suffer the displacement of the workforce for its *entire* regional economy. The programs offered in the Gulf Opportunity Zone must help recruit our people back to the affected area as well encouraging widespread private sector investment.

In discussions with business leaders about the concept for this Zone, the first question is always about the displaced workforce and whether it will return to the region. I believe it was genuine concern that led so many companies to flood the airwaves of our AM radio stations with 800 numbers and web sites for employees to contact them. It was also driven by self-preservation. Their ability to reestablish operations hinges on the return of their skilled people and institutional knowledge.

Think also of the heritage and community of the New Orleans that so many around the country and world are so very fond of. New Orleans must draw back those people that made it so culturally unique and renowned for tourists.

Like the Liberty Zone, the Gulf Opportunity Zone incentives should be used to encourage a desired behavior or outcome that we can't predict. The Liberty Zone focused on businesses; the Gulf Opportunity Zone must focus on individuals and businesses. The outcome we need is to motivate businesses and individuals to return and reinvest. Just like New York, we don't know if they will without incentives.

For the workforce to be motivated to rebuild, I am calling for Housing Investment Tax Credits that citizens can earn once they have built or rebuilt within the affected area. This will encourage construction, individual investment, and a priority on homeownership. With such widespread damage to homes, the decision to cash out or rebuild elsewhere must be met with a valuable incentive to return and rebuild.

For individual recruitment and retention, the most meaningful and simple tool is federal income tax relief. Citizens who choose to return are going to face significant costs and constraints in reestablishing their personal lives, including meeting the needs of their families, churches, and social groups. I am asking for a federal income tax holiday for a limited, but meaningful, period of time that will help everyone from the jazz musicians to the engineers as they get their lives back in order.

Finally, I am asking for a full tax credit for the cost of relocation expenses to returning families. Because so many families have had to pay tremendous out-of-pocket expenses to live in temporary conditions or dine out, this incentive would demonstrate the federal government's true desire to see them individually return.

For the business recovery effort, I am seeking similar programs from the Liberty Zone program as well as some additional items. For those that are similar, I believe strongly that the incentives must be increased in some cases to be more meaningful. The business recovery incentives are intended to overcome the uncertainty of the conditions surrounding the potential investment.

I know a minority-owned environmental testing and engineering firm from New Orleans that is growing throughout the Gulf South. He cannot continue his rapid growth with his business assets underwater. He could rebuild his headquarters in New Orleans or take his insurance money and exit now. To encourage the investment in Louisiana, I am seeking a 50 percent first-year bonus depreciation for costs related to construction or reconstruction in the affected area.

Accelerated depreciation is a powerful tool for motivating reinvestment or new investment. Companies understand the value of depreciation to their bottom line. For companies whose assets had been fully depreciated, they need a means to return to their previous condition with respect to that investment.

In addition to the bonus depreciation, I believe access to private activity bonds will drive investment. I am seeking authorization for Louisiana of up to \$30 billion in tax-exempt, private activity "Hurricane Recovery Bonds," in the same vein as the Liberty Bond program in New York. This program will have a dramatic effect on lowering the cost of capital for companies of all sizes that invest or reinvest in the affected area. I will also ask that there be specific exceptions to some of the rules guiding private activity bonds to make them more effective. It has been a critical tool for New York's economic recovery, and will act as a valuable tool across sectors and business sizes to motivate investment.

Furthermore, for the bonus depreciation and the Hurricane Recovery Bonds, I believe that they should be applied to the entire FEMA Declared Disaster Area, as opposed to only those most severely impacted.

As I mentioned earlier, small businesses are going to struggle to reestablish their operations. Think of one of the thousands of restaurateurs in South Louisiana whose restaurant was damaged by the storms and subsequently received cancellations for wedding receptions through May. For those who make the effort to return and rebuild, they should be rewarded with a federal tax credit for coming home again to get back to business. It will require commitment and resolve to battle against the odds to bring these companies back. I am asking Congress to consider creating a \$1,000-per-employee tax credit up to \$100,000, for companies with 2 to 300 employees.

I am also seeking a job creation tax credit similar to the Worker Opportunity Tax Credit that was part of the Liberty Zone package. However, rather than limit the value to the first \$6,000 of wages, I believe the cap must be higher to motivate companies with significant employment numbers to remain in the region.

In this unique situation, unemployment assistance funds are playing a crucial role for Louisiana citizens. However, the time period for assistance will fall short of the needs of the displaced citizens. I am asking that Congress authorize a special program for temporary extended unemployment compensation of up to 52 weeks, and that Congress provide these funds as a grant to the state that would not be required to be repaid. Without this, business taxes will increase at a time of undue strain on their fiscal condition, and citizens will be cut off from benefits at a time when needs are greatest.

The President and others have also addressed the need to rebuild New Orleans better than it has been before and to address some of the problems of the past. Companies like Intercosmos Media, one of the largest web site registration companies, and PamLab, a contract manufacturer of medical food products, are the high wage, high growth firms that will help rebuild a more diversified economy. Knowledge-based firms are more mobile than capital intensive firms, so it is vital to create an environment that retains and attracts this portion of our business sector. However, because they have more payroll-intensive cost structures, the incentives of the Liberty Zone are not as appealing or helpful. To that end, I am asking Congress to consider creating an Economic Growth Credit, to reward targeted high wage, high growth sectors who remain and grow in the region.

Some areas of the country, like parts of Louisiana, have many low-income communities able to attract special funds of capital to their regions through New Markets Tax Credits (NMTC). Unlike the other incentive programs I've addressed, this program provides long-term recovery tool that leverages private sector dollars for risk-based investment in targeted areas. I am calling on Congress to allow existing NMTC funds to be eligible for investment in the impacted area of Hurricanes Katrina and Rita, designate the entire regions of the impacted area as a low income community, and create a new investment round of NMTCs dedicated to recovery areas. This will improve access to investment capital for businesses located in the weakened economic areas of Louisiana, Mississippi, and Alabama.

The Role of Grant Funds in Economic Recovery

The federal government played two roles in New York's economic recovery. The first was the important, broad based programs of the Liberty Zone program, intended to induce reinvestment with tax incentives. The second facet was the federal government's significant investment of grant dollars.

New York received a total of \$2.7 billion for its economic development efforts, of which \$1.2 billion was used for grants to businesses, retention incentives, worker training, and technical assistance programs. For New York, Congress appropriated economic recovery funds to the state, which partnered with the business community and local leaders to design programs that fit their needs. Because of the losses resulting from the extended period before businesses could reenter the affected area, Empire State Development officials recently explained to our staff that they believe these grant and technical assistance programs were the most important feature of their economic recovery efforts.

By comparison to New York's economic recovery challenges, Louisiana's economic situation is vaster, more complex, and will be more protracted. Therefore, I am calling for the creation of the Louisiana Business Redevelopment Fund. To establish a comparable program to Manhattan, I am requesting \$10 billion to provide grants for small businesses returning to the affected area, business-lease-payment incentives to encourage their return to operations, infrastructure incentives, and retention grants. They might also be used for technical assistance and mentorship programs to fund consulting services to help small businesses as they deal with the complications of their recovery. Like New York, this funding would be crafted in partnership with private sector leaders from the affected communities.

Our country and world understand that the cultural heritage of New Orleans and surrounding parishes are a national treasure. The Louisiana Business Redevelopment Fund should also be directed to pay special attention to the cultural economy represented by the music, arts, entertainment, and tourism industries.

Other aspects of the economic recovery

In the President's Jackson Square speech, he also addressed the importance of entrepreneurship to the rebuilding effort. I also believe that entrepreneurs will be the backbone of the region's rebirth. To that end, I am asking for \$200 million for the creation of the Southeast Louisiana Entrepreneurship Development Network. These funds will allow us to assist entrepreneurs, whether the smallest cultural businesses or the high growth, knowledge economy firms that will be tomorrow's economic powerhouses. The funds must also address their needs at every stage of their development and skill level during our long term economic recovery.

Furthermore, Louisiana must build on the strength of its location at the mouth of the Mississippi River, the gateway to and from the nation's heartland. Louisiana's ports, particularly its deep water ports, must be rebuilt to the capacity that will allow them to regain their strong position. The Port of New Orleans estimates the cost of rebuilding will be \$1 billion, and with an additional \$1 billion in infrastructure replacement and reconstruction needs for the remaining South

Louisiana ports. The importance of the Mississippi River as an export and import point demands this type of investment.

Our economic recovery must be tied to the growth of new global markets, whether through new foreign investment into our region, or trade and economic ties to international markets. Because of the exposure resulting from the trade and energy sectors, our state has the chance to expose our companies to new potential export opportunities. To facilitate and strengthen this development, I am asking for \$35 million per year for five years for export assistance programs through the U.S. Department of Commerce to help our Louisiana companies become more engaged in the global economy.

The role and economic impact of higher education must not be overlooked. The list of institutions includes Tulane University, New Orleans's largest employer, Xavier University, the University of New Orleans, Loyola University, Dillard University, Southern University at New Orleans, Louisiana State University Health Sciences Center, Delgado Community College, and Nunez Community College. The students from these institutions have scattered across the nation. We must recruit back these young leaders, who are vital to the region's future. One concept being considered is the Post Secondary Education Stabilization and Recovery Fund, which could include a financial incentive for students who return to the campuses once they reopen in return for their commitment to community service.

We must also rebuild the faculty and research talent within these universities, who were already developing applications in technologies that were leading to breakthroughs in cancer, genetic research, heart disease, diabetes, AIDS, and other critical human maladies. To do this, I am asking that funds be directed to the recruitment of the best and brightest faculty and researchers.

Health care's role in our economic recovery

Further, one of the important needs which must be immediately addressed is health care. We are faced with a vulnerable population of Katrina survivors who are at extreme risk of deterioration in their physical as well as mental health. This issue has social and economic consequences not only for persons directly affected by Katrina and its aftermath, but for the entire country.

As much as our state is willing to provide as many resources as possible, we recognize that we are woefully incapable of financing the full recovery of our state's infrastructure. A major component of both our rebuilding efforts and our transitional support structure is establishing a health care system that can meet the needs of our citizens. That includes supporting and expanding the state's safety net system, providing expanded Medicaid coverage for eligible recipients, protecting the private coverage of Katrina victims, and helping our public and private hospital industry recovery.

To that end, there are federal initiatives that I believe can help our state reach its health care rebuilding goals. I would like to outline the provisions of these measures that I believe would best meet our immediate and long term needs.

I support Senate Bill S1716 by introduced by Senators Grassley and Baucus. States directly affected by Hurricane Katrina as well as states that accept evacuees should receive 100% federal financing for Medicaid services provided to evacuees. The 100% federal financing is critically important not only for the cost of care but for administrative costs as well. Without this relief, states would be required to assume millions of dollars in additional state funds to meet the matching requirements on Medicaid services for storm victims. States are not in a position to absorb additional costs of this magnitude.

Evacuees in other states need access to health care providers and this can best be accommodated by enrolling them into the Medicaid Program of the state in which they are physically present, regardless of their intent to return to Louisiana. It is resulting in hardship and frustration for our already vulnerable displaced population as well as for the national provider community, when out-of-state providers must enroll in Louisiana Medicaid in order to receive payment for services provided.

I cannot stress how vital it is that eligibility for temporary Medicaid be provided to all evacuees and not be restricted to persons who fit into an existing Medicaid "category." This is necessary in order to provide for the health needs of those evacuees who currently have serious health problems but do not have dependent children or have a documented disability that will last twelve months or longer.

Secondly, I support Senate Bill S1718 from Senate Health, Education, Labor and Pension Committee Chair Michael Enzi (R-Wyo.) and ranking member Sen. Edward Kennedy's (D-Mass.) which would federally fund hurricane survivors' private health insurance premiums for three months. Provisions of the bill that would locate and track survivors with disabilities and recruit additional health care workers to the impacted region are also vital to Louisiana's efforts to rebuild its health care infrastructure.

Many of our families are left without resources to pay for their private insurance through no fault of their own. This effort would alleviate the pressure on our safety net system and allow these families to access primary and preventive care until they are working again. The measure also includes initiatives to "cut red tape" that might slow federal agency relief efforts during public health emergencies by giving the federal government additional authority following natural disasters. In Louisiana, our citizens are feeling the frustration of navigating an enormous and cumbersome bureaucracy. Eliminating excessive red tape will allow our citizens to get back to normal.

Other provisions of this bill that will support our goals include:

- Grants the Secretary authority of waive the matching requirement for entities in affected areas, to enable continuation of funding and receipt of newly appropriated funds.
- Extends the availability of unobligated funds, for a particular fiscal year, by 180 days.
- Allows the Secretary to waive eligibility requirements for the Vaccines for Children and Section 317 programs. This will increase access to recommended vaccines via existing vaccine stockpiles.
- Enables the Secretary to designate health profession shortage areas, to attract health professionals to the region and increase access to health services among underserved populations.
- Waives licensing requirements for health care professionals in good standing, who are volunteering as part of a coordinated emergency response.

In addition, to strengthen access to mental health services and assistance for those with disabilities, the bill:

- Requires the Secretary to give affected states and localities priority funding for Emergency Mental Health Centers.
- Allows entities receiving Title I disability funding to locate and respond to the needs of individuals with disabilities affected by Hurricane Katrina.
- Authorizes states, in coordination with DHS, to establish a registry and track the transfer of individuals with disabilities who are placed in an emergency shelter due to a public health disaster.

Helping survivors to maintain health care coverage:

- Gives Secretary of Health and Human Services the authority to extend certain HIPAA and COBRA provisions in the case of a presidentially-declared disaster or terroristic or military action.

Finally, Senate bill S1765 (Hurricane Katrina Disaster Relief and Economic Recovery Act) by Louisiana Senators David Vitter and Mary Landrieu will also provide needed resources to enable Louisiana to meet many of our health care rebuilding goals.

I'll outline some of the important provisions of this Act as they relate to what is needed in my state. The Act would make \$400 million available for substance abuse and mental health services for persons affected by Hurricane Katrina. As all of you can imagine, the emotional and mental toll this disaster has placed on our citizens is enormous. Patients suffering from mental health conditions are overwhelming our emergency rooms which is nearing critical mass if we don't expand our capacity to treat these patients in non-emergency rooms settings. Additionally, many individuals receiving substance abuse services in the affected areas have been set back in their treatment. To add to the need to provide service to existing patients, the need for additional in-patient and out-patient services has increased exponentially for individuals who have been displaced and are turning to substance abuse to deal with their pain and fear.

Similar to the efforts I have already mentioned, the Act provides targeted Disaster Relief Medicaid (DRM) coverage for all Katrina survivors up to 100 percent of the federal poverty level or up to 200 percent for pregnant women, children and the disabled. Louisiana parishes under a disaster declaration and other states caring for these Katrina evacuees would be reimbursed at 100 percent FMAP for care provided through DRM.

The Act will also grant volunteers who provide assistance to victims of the hurricane immunity from liability for injuries resulting from aid provided to such victims, except for injuries caused by willful, wanton, reckless or criminal conduct or conduct that constitutes a violation of a federal or state civil rights law.

The Act establishes an emergency fund to ensure that individuals or businesses that have private insurance do not lose their coverage because of Hurricane Katrina. This fund will pay for the premiums and co-pays of displaced individuals who had preexisting private health insurance and small businesses who provided health benefits through private insurance to their employees. In doing so, this will reduce the number of displaced individuals who will rely on the Emergency Medicare and Medicaid program for immediate health insurance.

In an effort to help the delivery of health care in Louisiana's local communities, the Act amends the Community Health Center Grants so that applicants who apply for community health center grants in areas in which the President has declared a major disaster to exist receive priority in the grant application process. The Act also allows the Secretary of HHS to grant immediate certification of a federally qualified health center upon any community hospital that has requested that designation prior to Hurricane Katrina.

One of the most important components of this Act is that hospitals, physicians, community health centers and clinics can receive help in covering expenditures related to caring for Hurricane Katrina victims without insurance. Most of the hospitals that operated in the affected areas are faced with imminent closure if they can not secure reimbursement for the care they provided during the disaster

or help in getting back on line. Additionally, many of our hospitals and health care providers across the state have absorbed an increased number of uninsured patients for which they are not receiving adequate reimbursement. This financial pressure is bringing many of our providers to the breaking point.

From a fiscal standpoint, the Act would provide \$800 million for rebuilding the state's health care infrastructure. Further, \$50 billion in Community Development Block Grants would be available to provide disaster relief and promote long-term recovery in communities hardest hit by Katrina, including the funding for Louisiana Business Redevelopment Fund. Finally, the Act would provide \$1 billion to the Department of Health and Hospitals for emergency services.

I am confident Louisiana can lead the nation in a health care delivery system that is the best in the country. No one is more keenly aware of the balance between providing recovery services to the states and communities impacted by Hurricanes Katrina and Rita. Failure to adequately provide health care resources to these areas, however, will only result in long term financial burdens upon local, state and federal resources.

Thoughts on effectiveness of the business recovery

This hearing also seeks to analyze the overall effectiveness of past proposals, so I feel that is important to highlight three initial lessons we've learned that have precedent in Florida's 2004 response to four hurricanes as well as in the economic recovery response following 9/11.

First, the immediate crisis response through federal agencies pays very little attention to the impact of the event on the business community. To the extent that my staff has been able to determine, FEMA has no branch director or even deputy director responsible for economic recovery. Although there is a great deal of talk about jobs as part of the recovery effort, the affected businesses are not on the radar screen. Further, although we acknowledge reliance on the private sector to keep employees on payroll after the disaster, there is no consideration given to their challenges. Of the initial \$62 billion in federal aid for hurricane recovery assistance, none of those dollars have gone or will go to direct assistance for our business recovery.

Secondly, as should have been evident from Florida and New York, the SBA Disaster Loans are not a sufficient rapid response mechanism, as I described earlier. They should be matched with a permanent national Disaster Bridge Loan Program that provides immediate access to funds.

Third, I would strongly recommend a national policy that businesses from the disaster area be given a serious, legitimate preference during the contract period for cleanup, restoration, and reconstruction process. FEMA should be responsible for partnering with the US Department of Commerce to develop tools

that quickly find local, qualified resources for FEMA recovery projects. The tremendous flow of funding into a disaster region for recovery can help mend broken businesses, but the federal agencies must make it a priority.

Closing

Louisiana has seen the engine of its state economy brought to a standstill. Our loss is the nation's crisis. This region is center point of the nation's energy industry. It is the export hub for the nation's breadbasket. It is the entry point for steel imports that are vital to home and commercial construction. It fills the nation's restaurants with seafood, and is a national leader in the food processing sector. It is also the birthplace of jazz, an exporter of Cajun and creole cuisine, a mecca for the arts, and the home of other uniquely American cultural assets.

We must rebuild New Orleans and the surrounding parishes in Southeast Louisiana, as well as Lake Charles and Southwest Louisiana. And, we must redevelop all of it together.

Mr. Chairman and members, I look forward to your continued involvement in response to this national tragedy.

Thank you.