

**Testimony of Paul Rainwater**

**Executive Director of the Louisiana Recovery Authority**

**Before the U.S. House of Representatives Committee on Transportation**

**and Infrastructure**

**Subcommittee on Economic Development, Public Buildings**

**and Emergency Management**

**September 29, 2009**

Louisiana Recovery Authority  
150 Third Street, Suite 200  
Baton Rouge, LA 70801  
225.342.1700  
[lra.louisiana.gov](http://lra.louisiana.gov)

Thank you for allowing me to testify today about Louisiana's recovery from hurricanes Katrina and Rita. I am Paul Rainwater, the executive director of the Louisiana Recovery Authority and Governor Bobby Jindal's Authorized Representative to the Federal Emergency Management Agency for recovery from hurricanes Katrina, Rita, Gustav and Ike. In these roles, I serve as the governor's chief hurricane recovery advisor, and I have broad oversight for more than \$20 billion worth of federal recovery funds, including the more than \$8.5 billion in FEMA Public Assistance funding obligated to the state of Louisiana for those four disasters.

I work in conjunction with the staff of the Governor's Office of Homeland Security and Emergency Preparedness, which manages the day-to-day functions of the PA program in Louisiana. Together, these two agencies, on behalf of the State of Louisiana, take very seriously the responsibilities of managing the Public Assistance funds obligated for these disasters. As bureaucratic as the federal regulatory requirements are, we are proud to have reimbursed more than \$5 billion to recovering communities. Currently, it takes our staff less than 10 days to process and pay request for reimbursements to applicants.

Though the subject of this hearing is recovery from hurricanes Katrina and Rita, it is relevant to remember that Louisiana also is recovering from two hurricanes from 2008, Gustav and Ike, which have greatly compounded our Katrina and Rita recovery efforts. So far, we have more than \$615 million in PA funds obligated for the 2008 storms, and we have reimbursed PA applicants more than \$396 million. I feel that I can confidently state that right now, the state of Louisiana has the dubious honor of being FEMA's largest customer, and could stay this way for quite some time.

Since I testified before this Subcommittee about the status of the FEMA Public Assistance program in February of this year, we have seen an increase in the amount of funds obligated for projects, including several high-profile projects that often were used to exemplify disagreements between the state of Louisiana and FEMA. I believe in giving credit where credit is due, and since President Obama took office, FEMA has obligated more than \$1 billion in additional funding to Louisiana projects. I believe in large part this is due to the new FEMA leadership in Louisiana and their willingness to take a stronger partnership approach to the recovery efforts.

Several large projects come to mind, including \$16 million recently obligated to Tulane University to mitigate the Howard Tilton Memorial Library against future storm damages. This library is a federal documents repository and the project had been stalled for years, with the documents stored in trailers with temporary HVAC systems. This was in addition to \$32.9 million obligated just weeks before to reconcile costs for Katrina-related repair work across the campus at Tulane.

FEMA also provided an additional \$19.4 million to reimburse Dillard University in New Orleans for emergency protective measures taken after Hurricane Katrina, including security, debris and mud removal and stabilizing buildings and removing their contents. And in August, Secretary Napolitano and FEMA Administrator Fugate visited the campus of Southern University at New Orleans to announce an additional \$32 million for the campus, which was devastated by Katrina. College officials had spent years going back and forth with FEMA about getting necessary funding to rebuild, and four years after the disaster they now have the \$92 million necessary to plan their recovery.

A few other notable examples include:

- The obligation of an additional \$21.7 million for New Orleans schools, including \$18.7 million to the Orleans Parish School Board for extra costs to replace three buildings at Edward Hynes Elementary and another \$3 million for the Holy Cross School. In addition, FEMA has obligated \$8.4 million more to pay for lost contents in Orleans Parish School Board facilities;
- Consolidated funding of \$13.5 million to allow Plaquemines Parish to combine two damaged clinics into one state-of-the-art health facility for the parish;
- More than \$3 million to replace the administration building at Nunez Community College in St. Bernard Parish;
- An additional \$23.3 million obligated to the city of New Orleans to fund the extra costs necessary to replacement of Templeman Prisons I and II because the facilities were deemed more than 50 percent damaged.

This is not to say every problem is solved. We have much work left to be done, as a recent survey by the Governor's Office of Homeland Security and Emergency Preparedness identified

4,238 project worksheets that still need to be “versioned.” These projects essentially remain in some level of dispute over what the final amount of the project worksheet could be. Our PA applicants have valued the unrecognized damage at more than \$5.8 billion. It is our estimate that the total value of eligible public assistance funding for Katrina/Rita could exceed \$12 billion.

If this number sounds large, I would remind you that when I came into my role as the Governor’s Authorized Representative to FEMA in January of 2008, FEMA employees told the state of Louisiana that we would never exceed \$5 billion in total PA obligations. Today, we have more than \$8 billion in PA funding obligated. That is more than \$3 billion worth of funding for which many people fought very hard. And that represents thousands of projects that were stalled and could not move forward. By our current estimates we still have a considerable amount of work to be done to fully recognize all eligible damages related to these two disasters.

We do feel that we have a better partner in FEMA than we did this time last year. But, to be clear, the longer it takes for those last billions to be freed up for the applicants, the longer our recovery labors on, as many projects simply cannot move forward without the applicant knowing a final answer on its level of funding. This simply is the reality we face each day in Louisiana. FEMA’s process for identifying eligible funding through the versioning process is cumbersome and inefficient and causes serious delay in an applicant’s ability to proceed with its recovery efforts.

Some of these disputes can be solved without ever having to go into the appeals process, with FEMA, state and local staff sitting down together to crunch numbers, as we do many times on a daily basis. Others must be decided by the traditional FEMA appeals process and still others will go before the newly created arbitration panel.

We were pleased that the Department of Homeland Security has implemented rules for the arbitration of disputes between Public Assistance applicants and FEMA. The state has long advocated for this kind of independent review, and we are hopeful that it will result in a fair process for both the federal government and our state and local PA applicants.

Currently the state has 30 projects that could qualify for the arbitration panel, but as I testified earlier, we have thousands of projects that are still being discussed and, based on past

experience, we see the potential to bring additional disputes to the arbitration panel in the future. We do not intend to use the arbitration panel to settle every case and will choose our particular projects thoughtfully.

A discussion of the arbitration panel would not be complete without mentioning the state's largest project worksheet, for the replacement of the Medical Center of Louisiana at New Orleans, commonly referred to as "the Charity Hospital". The state and FEMA have been in dispute for years over this facility. Based on three separate studies, the state has argued that the facility is more than 50 percent damaged, meaning FEMA should obligate the full replacement cost for the hospital, which amounts to \$492 million. FEMA already has denied the state's first appeal on this project worksheet.

In August, the state submitted its documentation for a second appeal to FEMA, but asked the agency to hold off on processing this appeal until such time as we could review the arbitration regulations and make an informed decision about our path forward. FEMA assured us that it would not be issuing any second appeal denials before October 30, which is our deadline to submit documentation on currently eligible arbitration panel projects. Right now, the state is preparing its documentation to submit the Charity Hospital project worksheet to the independent arbitration panel for a decision. We do believe that this arbitration panel could be the quickest way for the state to get the full replacement costs for the facility.

In addition to this movement for fair funding from FEMA, several weeks ago Louisiana State University and Tulane University signed a historic agreement about the governance of the hospital. Momentum is building behind the new teaching hospital that would offer world-class medical care to the region, create jobs and train the next generation of medical professionals. A final, fair decision on the amount of funding the state will get from FEMA will put us one step closer to realizing the state's vision for the construction of a new medical center and a new purpose for the historic Charity Hospital building in downtown New Orleans.

### **Remaining Challenges**

My only complaint about Tony Russell is that there is only one of him. Because of years of lingering disagreements between the state and FEMA, the pipeline is full of problems for him to fix and disputes for him to mitigate. Mr. Russell has been an asset to the state and to FEMA, a

champion for local applicants and an honest partner. But we keep Mr. Russell busy. In many cases his intervention is necessary to ensure that lower level FEMA employees resolve problems with applicants.

One case in point is the lump sum agreement with the Recovery School District. This is a huge victory for the state, for FEMA and for the Recovery School District in New Orleans. FEMA had direction from Congress and the ability to affect this change for months and months, yet it took Tony Russell's intervention before the agency's staff would move forward to implement the policy.

This should not be necessary. But if it is, our state would benefit if we had three times the decision-making capacity we have now, otherwise it is possible that this time next year, we still will have billions of dollars in dispute. There are two important things the state of Louisiana needs from FEMA to speed its recovery:

- a cadre of qualified professionals that have the experience necessary to quickly identify and value eligible damage;
- a streamlining of the versioning process so that we can quickly version the almost 5,000 projects that are currently undervalued.

We have seen progress through the decision teams sent to the Gulf Coast to focus on solving problems and would encourage the addition of staff and the creation of more decision teams to focus on specific sectors in the recovery. For example, FEMA could create a team focused only on higher education projects, one dedicated to public safety issues and another devoted to primary and secondary school facilities. This would allow staff members to specialize in their areas of expertise and address issues across multiple applicants if necessary.

So while we have seen vast improvement thanks to the efforts of Mr. Russell, Administrator Fugate and Secretary Napolitano, the long-term challenge for FEMA is to ensure that positive changes to assist state and local applicants are engrained in the rank-and-file FEMA employees and to ensure that Louisiana has significant levels of support to work through a large number of project worksheets for several years to come.