



**Broken Promises:
The Republican Response to Katrina
August 23, 2006**

Produced by the Senate and House Democrats

Broken Promises: On the One Year Anniversary of Hurricane Katrina, the Broken Promises of the Incompetent Bush Republicans Leave Survivors' Needs Unmet

Executive Summary

One year after Hurricane Katrina, every facet of life on the Gulf Coast is marred by remnants of Hurricane Katrina and suffers from a failed Republican response marked by unfulfilled promises, cronyism, waste, fraud, and abuse.

Housing: A disaster expert calls the Bush Administration's Katrina housing effort "the largest disaster-response failure in the history of the country,"¹ resulting in over \$1 billion in waste and misspent funds. Thousands of families still wait for FEMA trailers. Most homeowners have not even begun to rebuild.

Small Business Loans: The Small Business Association [SBA] has rejected two thirds of disaster loan applications, leaving tens of thousands of Gulf Coast businesses stranded. In addition, only 20 percent of approved SBA disaster loans, two billion out of ten billion dollars, have been disbursed to small business owners in the region.

Health Care: For those returning to the New Orleans area, access to health care is limited. In the four parishes most impacted by Katrina, two out of five hospital beds are still out of circulation. In New Orleans parish itself, only three of the ten acute-care hospitals have re-opened, with Charity Hospital among those still closed.

Education: Elementary and secondary schools, as well as colleges and universities, have received only a small fraction of federal aid to the region. Only 56 of 128 public schools in New Orleans are enrolling students this fall. Louisiana universities are staggering under \$1 billion in property damage.

Infrastructure and Public Services: Everyday life in New Orleans is a challenge, with nearly 60 percent of homes and businesses still not receiving electricity. Much of the city still lacks a dependable supply of potable water, and some residents have only recently started receiving mail.

Future Disaster Preparedness: The Federal government remains unprepared for another major disaster like Katrina. The State of Louisiana found multiple shortcomings in the Federal Emergency Management Agency's [FEMA] updated plans for dealing with the 2006 hurricane season. In particular, the state raised concerns about whether Washington is doing enough to guarantee sufficient shelter space for future hurricane evacuees.

¹ *Washington Post*, 4/14/06

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The Federal government's immediate response to Katrina was marked by chaos, confusion and utter incompetence.

In the aftermath of the disaster, President Bush and congressional Republicans made many promises to the desperate residents of the region, but most have been broken. Largely as a result, much of the Gulf Coast remains devastated, and residents continue to suffer from inadequate housing, health care and other basic services, and an infrastructure that cannot support badly needed economic development. The Administration has also failed to apply the lessons we've learned to their future disaster planning, leaving the country unprepared for another major disaster. Further compounding matters, the Federal government's response has been fraught with breathtaking levels of waste, fraud, and abuse, the likes of which are unprecedented in our nation's history.

Greg Bicket, vice president for Cox New Orleans, spoke for many in the Gulf Coast region when he said recently, "I think all of us expected that the city would be further along. New Orleans is really struggling to get back on its feet."² What Mr. Bicket said about New Orleans can be echoed throughout the entire Gulf Coast region.

At his August 21st, 2006 press conference, President Bush declared that the federal government has done an enormous job over the last year in the aftermath of Katrina, has spent \$110 billion to help people in the Gulf Coast region, and "[has] a plan for the hurricane-battered region." Almost a year after Hurricane Katrina struck, progress on that plan is difficult to determine. Furthermore, "Less than half the \$110 billion in federal money that Bush touted has been spent, and much of it went to immediate relief efforts after three hurricanes hammered five states last year. The rest has been subject to bureaucratic delays, political wrangling, and, in some cases, mismanagement and fraud." ([Bloomberg News, 8/21/06](#))

This report outlines just some of the major problems still confronting the region, notwithstanding the many empty promises of Washington Republicans.

² [Multichannel News, 5/29/06](#)

I. Broken Promises on Housing

Hurricanes Katrina and Rita created the greatest housing crisis our nation has faced since the Great Depression, with over 650,000 people displaced, yet the Federal government's incompetent response has left many coastal residents still unable to return, or homeless, even as billions of dollars have been wasted.

Bush: “[We are] strategizing as to how to provide housing for these folks.” (President Bush, [9/1/05](#))

Reality: Thousands of families still await trailers. “One year after Hurricane Katrina struck, there are still approximately 7,500 families in the New Orleans metropolitan area alone that are still waiting for their trailer promised by FEMA.” (New Orleans TV Station WVEC, 8/14/06)

Reality: A disaster expert calls the FEMA Katrina housing effort “the largest disaster-response failure in the history of our country.” “Dennis Mileti, former director of the National Hazards Center in Colorado, has called [the FEMA housing effort] ‘the largest disaster-response failure in the history of the country.’” Mr. Mileti points out that, instead of an expensive trailer program, the federal government should have focused on families getting effective, stable rental assistance. (*Washington Post*, [4/14/06](#))

Reality: Rather than implementing a HUD housing voucher program used in previous disasters, as Democrats proposed, FEMA's deeply flawed housing programs have wasted precious resources on inefficient solutions. After Katrina hit, Democrats called on Congress to fund HUD emergency housing vouchers for families displaced by Katrina. This proposal was based on the successful voucher program administered by HUD in the aftermath of the 1994 Northridge Earthquake and Hurricane Andrew in 1992. Instead, HUD was kept on the sidelines, and the disastrous FEMA housing effort was undertaken. (**S. 1637**, *the Katrina Emergency Relief Act*)

Waste Watch



Reality: The FEMA housing effort has produced vast sums of waste and misspent funds. “A hastily improvised \$10 billion [housing] effort by the federal government has produced vast sums of waste and misspent funds, an array of government audits and outside analysts have concluded. The toll

of false starts and missed opportunities appears likely to top \$1 billion and perhaps much more.” (*Washington Post*, [4/14/06](#))

Waste Watch



Reality: The Federal government spent millions of dollars on mobile homes, only to have them sit unused in Hope, Arkansas, miles from families who still need them. “The mobile homes, costing \$34,500 each, were supposed to provide temporary housing to hurricane victims. But after Louisiana officials balked at installing them inland, FEMA had no use for them. Nearly half, or about 10,000, of the \$860 million worth of units now sit at an airfield in Arkansas, where FEMA is paying \$250,000 a month to store them.” (*New York Times*, [6/27/06](#))

Reality: Trailers in use may be “toxic tin cans.” “Air quality tests of 44 FEMA trailers conducted by the Sierra Club since April have found formaldehyde concentrations as high as 0.34 parts per million – a level nearly equal to what a professional embalmer would be exposed to on the job, according to one study of the chemical’s workplace effects.” (MSNBC, [7/24/06](#))

Reality: More than 100,000 FEMA trailers have been recalled because multiple units were fitted with the same lock. Nearly a year after Hurricane Katrina ravaged the Gulf Coast area, FEMA announced a recall of the door locks in more than 100,000 trailers housing hurricane evacuees. (CNN, [8/15/06](#))

II. Broken Promises on Small Business and Economic Development

The performance of the Bush Administration’s SBA over the last year in response to Katrina has been a scandal, with most small businesses in the Gulf Coast region still lacking the disaster loans they so desperately need.

Bush: “It is entrepreneurship that creates jobs and opportunity...and we will take the side of entrepreneurs as they lead the economic revival of the Gulf region.” (President Bush, [9/15/05](#))

Reality: Congressional watchdog slams SBA performance during Katrina, citing enormous backlogs for Katrina-impacted small businesses. “The Small Business Administration ignored warnings of a major calamity along the Gulf Coast last year and

relied on woefully outdated data, causing slowdowns in the approval of disaster loans for victims of Hurricane Katrina, according to a federal report issued Friday. The Government Accountability Office analysis is the most comprehensive attempt so far to explain why the SBA performed so poorly.” (*Times-Picayune*, 7/29/06)

Reality: One year after Hurricane Katrina, 80 percent of small business owners with approved Katrina loans are still waiting to receive the funds from the SBA. Small businesses damaged or destroyed by Hurricane Katrina have suffered greatly from the incompetence of the SBA. One year after Hurricane Katrina struck, only \$2 billion worth of approved SBA disaster loans, out of a total of \$10 billion, have been disbursed to small business owners. Fully 80 percent of the small business owners with approved loans still haven't received their loans. Furthermore, the Bush Administration has had a much lower average approval rate for small business disaster loans than previous Administrations, with an approval rate of only 38 percent. (Under the two previous Administrations, the average approval rate was 59 percent.) (Democratic staff, House Small Business Committee and Democratic Staff, U.S. Senate Committee on Small Business and Entrepreneurship)

Waste Watch



Reality: Congressional hearing finds massive fraud, pervasive mismanagement, and gross incompetence in Katrina contracts. At a May hearing on Katrina contracts, Rep. Henry Waxman pointed out, “Today we examine how the [Katrina contract] money has been spent. And what we will find is massive fraud, waste and abuse; pervasive mismanagement; and gross incompetence ... The Katrina contracts are a lose-lose-lose proposition. Private contractors exploited the system to make a bundle, taxpayers were gouged, and the folks devastated by Katrina in Louisiana and Mississippi didn't get the help they deserved.” (Statement of Rep. Henry Waxman (D-CA), [5/4/06](#))

Bush: “And in the work of rebuilding, as many jobs as possible should go to the men and women who live in Louisiana, Mississippi, and Alabama.” (President Bush, [9/15/05](#))

Waste Watch



Reality: In the early months, the largest 10 Katrina contracts, which were no bid, went to politically connected firms outside the Gulf Coast region. Now those firms have been selected again by FEMA to respond to the nation's next major disaster. "Government contractors under scrutiny for their response to Hurricane Katrina have been selected by the Federal Emergency Management Agency to respond to victims of the nation's next major disaster. Four of the six companies – the Shaw Group, Bechtel, CH2M Hill Inc., and Fluor Enterprises, received large, no-bid contracts to provide housing for Katrina's victims. They are being audited by the Department of Homeland Security's inspector general because lawmakers have questioned whether they inflated costs or misspent funds." (*Shreveport Times*, [8/10/06](#))

III. Broken Promises on Health Care

Nearly a year after Hurricane Katrina, the state of health care in New Orleans is appalling. There are shortages of doctors, nurses, and hospital beds. Those most vulnerable, the uninsured, have even fewer options for receiving care.

Bush: "The President will work with Congress to ensure continuity of health care." (President Bush, [9/15/05](#))

Reality: Hospital shortages put residents in New Orleans at risk. In New Orleans Parish, only three of ten hospitals have re-opened. In addition, overall, in the four worst-hit parishes in the New Orleans metropolitan area, 2 out of 5 hospital beds are still out of circulation. (Louisiana Hospital Association), (AP, [8/13/06](#))

Reality: With Charity Hospital still closed, there remains little access to health care for the poor in New Orleans. Those living on low incomes in New Orleans had always depended on Charity Hospital, the only public hospital. One year after the storm, the hospital remains closed. As the Brookings Institution has noted, "[W]ith the closing of Charity Hospital in New Orleans, there remains a concern about the extent to which the uninsured and indigent population is getting adequate health care attention." (*Brookings Institution*, [8/06](#))

Reality: The daily challenges confronting residents are taking an enormous mental and emotional toll. "The state has estimated that

the city has lost more than half its psychiatrists, social workers, psychologists and other mental health workers, many of whom relocated after the storm. There are only three acute-care hospitals open in the city now, fewer than 65 beds for adult psychiatric patients.” The number of beds in psychiatric facilities has dropped by 65% since the hurricane. (*New York Times*, [8/10/06](#)), (*USA Today*, [8/9/06](#))

Bush: “To relieve the burden on local health care facilities in the region, we’re sending extra doctors and nurses to these areas.” (President Bush, [9/15/05](#))

Reality: Drastic shortages in doctors and nurses further cripple the health care community. “Although the precise number of health care providers is hard to come by...the New Orleans area may have lost about half of its physicians. Local health care providers also have vacancies for nearly 1,000 nurses.” (*USA Today*, [8/9/06](#))

IV. Broken Promises on Education

Bush: “[I]f your school got destroyed [by Katrina], the federal government will help rebuild the school, or will rebuild the school.” (President Bush, [1/12/06](#))

Reality: Many public schools remain destroyed. Less than half of public schools in New Orleans are reopening this fall. “Only 56 of 128 public schools [in New Orleans] will enroll students this fall.” It is estimated that only 30,000 students - half of the pre-hurricane student population – will be enrolled in these New Orleans Parish public schools for the 2006-07 year. (*Boston Globe*, [8/13/06](#)), (AP, [8/7/06](#))

Reality: Similarly, only about one-third of the pre-hurricane student body is enrolled in schools in St. Bernard Parish. The parish has only two operational public schools, one for all students in grades pre-kindergarten through sixth and one for all junior high and high school students. (*Times-Picayune*, [8/14/06](#))

Bush: “[H]igher education institutions were affected by the storm...We're going to make a concerted effort to help these schools deal with long-term reconstruction.” (President Bush, [1/12/06](#))

Reality: Many Louisiana colleges and universities were devastated by the storm, yet have received little assistance. Louisiana colleges and universities suffered about \$1 billion in property damage alone due to Katrina. Yet Congress has provided only \$95 million to help. Private universities, such as Dillard, are ineligible for reconstruction help from FEMA, though the agency helped remove debris from private campuses. Dillard, a historically black college,

incurred the greatest loss as a result of the hurricane with total damages estimated at \$348 million, not including personal losses of faculty, staff and students. The school has received just \$5.3 million in direct federal aid and \$4 million in either financial aid forgiveness or extensions. (*USA Today*, [6/27/06](#))

Reality: There are fewer students in Louisiana public colleges since Katrina. This year, there are an estimated 20,000 fewer students enrolled in Louisiana public colleges and universities than before Katrina struck. (*Times-Picayune*, [7/17/06](#))

V. Broken Promises on Infrastructure and Public Services

Hurricanes Katrina and Rita left the infrastructure of the Gulf Coast a shadow of its former self. A report sent to Congress in the wake of the hurricanes found an estimated “20,000 miles of roads in need of repair, damage to many major ports and airports, critical damage to railroad infrastructure, the obliteration of public transit systems and facilities, and damage to navigations systems.” (*New Orleans City Business*, [5/24/06](#))

Bush: “Repairing the infrastructure, of course, is going to be a key priority.” (President Bush, [8/31/05](#))

Reality: From communications and utilities, to highways and schools, the vital infrastructure of New Orleans is far from pre-Katrina levels. “The city’s recovery effort has been stalled by issues ranging from flood insurance to a long wait for billions of dollars in federal funds. ‘I think all of us expected that the city, generally, would be further along. ... New Orleans is really struggling to get back on its feet,’ said Greg Bicket, vice president and region manager for Cox New Orleans.” (*Multichannel News*, [5/29/06](#))

Reality: New Orleans still has trouble delivering city services. “The city is having trouble providing drinking water, picking up garbage and accomplishing other seemingly basic municipal tasks. Thousands of abandoned vehicles still rest on public land and weed-filled lots. Only 35 percent of the city’s housing units are occupied, according to a recent city estimate, and thousands of homes will likely be razed.” (*Wall Street Journal*, [8/14/06](#))

Reality: The federal funds committed to rebuild the infrastructure are not making it to the people who need it most. “Towns crushed by the most destructive hurricane in U.S. history have not been able to shake loose the federal money they

need to rebuild, despite massive appropriations from Congress for that very task.” (*National Journal*, 8/12/06)

Bush: “We will be repairing major roads and bridges and other essential means of transportation as quickly as possible.” (President Bush, 8/31/05)

Reality: Major arteries critical to Louisiana and the nation at large still suffer from major delays in reconstruction.

Louisiana State Highway 1 probably can’t survive in its current condition, due to Katrina. “Nowhere in Louisiana are the nation’s needs and the local population’s desires so closely aligned as on this crumbling asphalt ribbon. Last year, Hurricane Katrina temporarily shut down most Gulf production and forced the evacuation of the peninsular strip of land that LA-1 traverses, laying bare the nation’s dependence on a remote road that connects 16 percent of all U.S. oil supplies to 50 percent of the U.S.’s refining capacity.” (*USA Today*, 7/18/06)

Reality: Potholes, traffic light outages and fallen stop signs still make daily life in New Orleans a constant challenge.

“Pothole proliferation is just one hallmark of Katrina’s destructive blow to New Orleans’ infrastructure...[A]bout 15 percent of the city’s traffic signals are dead or blink chaotically, making intersections dangerous. Nine thousand missing or damaged traffic signs have drivers wondering whether to stop, yield, or go.” (*New Orleans City Business*, 7/3/06)

Bush: “Taxpayers expect this work to be done honestly and wisely – so we’ll have a team of inspectors general reviewing all expenditures.” (President Bush, 9/15/05)

Waste Watch



Reality: The GAO found that Katrina reconstruction has been plagued with abuses. According to the Government Accountability Office (GAO), the non-partisan Congressional budget watchdog, the “Homeland Security Department wasted hundreds of thousands of dollars last year on iPods, dog booties, beer-making equipment and designer jackets...” (MSNBC, 7/19/06)

Residents of New Orleans still suffer from an infuriating lack of basic services.

Bush: “We’re focusing on restoring power and lines of communication that have been knocked out during the storm.” (President Bush, [8/31/05](#))

Reality: One year later, much of New Orleans still lacks power. “Those who choose to return [to New Orleans] do so in spite of the city’s broken infrastructure, which remains in tatters a year later. Nearly 60 percent of homes and businesses still are not receiving electricity or heating gas.” (*Boston Globe*, [8/13/06](#))

Bush: “Federal funds will cover the great majority of the cost of repairing ... water systems. Our goal is to get the work done quickly.” (President Bush, [9/15/05](#))

Reality: Much of the city still lacks a dependable supply of potable water. In fact, the Lower 9th Ward has been without safe drinking water since Katrina struck. (*Times-Picayune*, [8/17/06](#))

Bush: “We want to get the debris out of the way. I can’t imagine anything more discouraging then to continue to see the piles – and I mean, literally, piles – of debris. And the sooner we can get that debris removed and disposed of, the more hopeful people will become.” (President Bush, [12/21/05](#))

Reality: Despite millions of tons of debris having been removed, debris continues to litter the city. “The cleanup of New Orleans is far from over. Ross Fredenburg, a Federal Emergency Management Agency spokesman, said about 48 percent of the cleanup has been completed in the city. [T]he storms generated about 42 million cubic yards of debris.” (*AP*, [6/28/06](#))

Waste Watch



Reality: The Bush Administration’s post-Katrina relief effort represents one of the worst cases of waste, fraud, and abuse in U.S. history. “The estimate of up to \$2 billion in fraud and waste represents nearly 11 percent of the \$19 billion spent by FEMA on Hurricanes Katrina and Rita as of mid-June.” (*New York Times*, [6/27/06](#))

Bush: “And the Postal Service is registering new addresses so that people can get their mail.” (President Bush, [9/15/05](#))

Reality: New Orleans neighborhoods waited 11 months for mail delivery. “The rest of America takes the mail for granted. But here in the Lower 9th Ward, where Katrina’s flooding reached rooftops and pushed houses off foundations, [Mailman] Treado’s first round of mail delivery carried some hope for normalcy in a place where normal is hard to come by.” (*USA Today*, [7/17/06](#))

VI. Broken Promises on Future Disaster Preparedness and Emergency Services

Bush: “This government will learn the lessons of Hurricane Katrina. We’re going to review every action and make necessary changes, so that we are better prepared for any challenge of nature, or act of evil men, that could threaten our people.” (President Bush, [9/15/05](#))

One year after Hurricane Katrina, and five years after 9/11, our nation remains woefully ill-prepared for a major disaster.

Bush: “I’ve ordered the Department of Homeland Security to undertake an immediate review, in cooperation with local counterparts, of emergency plans in every major city in America.” (President Bush, [9/15/05](#))

Reality: The Department of Homeland Security waited eight months to even begin the review process, and now three months later, refuses to make the results public. (*USA Today*, [7/26/06](#))

Bush: “Our cities must have clear and up-to-date plans for responding to natural disasters, and disease outbreaks, or a terrorist attack, for evacuating large numbers of people in an emergency, and for providing the food and water and security they would need.” (President Bush, [9/15/05](#))

Reality: Many major cities still do not have up-to-date emergency preparedness plans. “More than four in ten cities say they have not created or updated evacuation plans since last year’s Gulf Coast hurricanes.” (*USA Today*, citing a U.S. Conference of Mayors report, [7/26/06](#))

Despite the President’s promises, the Federal Government has still not adequately prepared Louisiana and Mississippi for another Hurricane.

Bush: “This government will learn the lessons of Hurricane Katrina.” (President Bush, [9/15/05](#))

Reality: The State of Louisiana finds multiple shortcomings in FEMA's updated hurricane response plans. "In a sharply worded letter sent to Mr. Chertoff last month, Louisiana Governor Kathleen Blanco cataloged what she saw as multiple shortcomings in the Department of Homeland Security's plans for the 2006 hurricane season. In particular, she questioned whether Washington was doing enough to guarantee sufficient shelter space for future hurricane evacuees." (*Wall Street Journal*, 8/7/06)

Bush: "By June 1, the beginning of the next hurricane season, all 169 miles of damaged levees and floodwalls will have been restored to their design height." (President Bush, 3/8/06)

Reality: Work on some of the most critical parts of the levees has not even been started. "Six months after the Army Corps of Engineers was given about a billion dollars to raise sinking levees and rush unfinished hurricane protection and flood prevention projects to completion by September 2007, none of that construction has started anywhere in the metropolitan New Orleans area." (*Times Picayune*, 8/14/06)

A desperate lack of emergency services leaves an already vulnerable and battered city even further in harm's way.

Bush: "We will not let criminals prey on the vulnerable." (President Bush, 9/3/05)

Reality: New Orleans is experiencing a serious crime wave, and the police department is struggling to keep up. "The police have a manpower shortage. They lost 300 officers immediately after the storm. And every week more keep leaving. There is no complete tally, but almost 25 officers left the force just last month. And the department hasn't hired any new officers since last fall." (NPR, 8/12/06)

Bush: "We will not allow bureaucracy to get in the way of saving lives." (President Bush, 9/3/05)

Reality: A lack of hospital facilities further strains paramedics, who regularly work 80 hour weeks. "It typically took 20 minutes for paramedics to unload a patient pre-Katrina and return to the field. Post-Katrina... it can take as long as four hours to admit patients." (*New Orleans City Business*, 6/26/06)

Reality: Manpower and equipment shortages significantly compromise the New Orleans Fire Department's ability to respond to emergencies. "Lack of proper equipment and too few

fire stations combined to increase the response time of the New Orleans Fire Department from five minutes prior to Katrina to seven minutes and sometimes as high as 12 minutes...[T]o make matters worse, fire hydrants have diminished water pressure, the result of damaged water lines leaking an estimated 85 million gallons of water a day.” (*New Orleans City Business*, 6/19/06)

Over the Last Year, Democrats Have Been Fighting for the Gulf Coast and Survivors of Hurricane Katrina

Democrats in the House and Senate offered solutions to the Gulf Coast’s problems, but the Republican Congress ignored the majority of them. Following is an overview of some of these Democratic efforts.

Senate Democrats Introduced Legislation to Rebuild and Renew the Gulf Coast

On September 8, 2005, less than two weeks after Hurricane Katrina struck, 25 Senate Democrats introduced a comprehensive bill, **S. 1637**, *the Katrina Emergency Relief Act*. This broad legislative package sought to provide emergency relief to meet the immediate needs of survivors of Hurricane Katrina for health care, housing, education, financial relief, and for other purposes. Specifically, the bill:

- Allows states to provide medical assistance to Hurricane Katrina survivors under a state Medicaid plan without regard to eligibility requirements.
- Provides for grants to local educational agencies and states with a large influx of displaced students due to Hurricane Katrina.
- Requires the Secretary of Education to: (1) authorize higher education institutions to waive federal financial aid requirements for students affected by Hurricane Katrina; and (2) make payments to institutions for financial aid for such students.
- Amends the United States Housing Act of 1937 to require the Secretary of Housing and Urban Development to provide temporary rental assistance to individuals and families affected by Hurricane Katrina.
- Prohibits certain penalties against a person affected by Hurricane Katrina for failing to make timely payments on a federal financial obligation.
- Allows the President to provide mortgage or rental payments to people affected by Hurricane Katrina.
- Amends the Robert T. Stafford Disaster Relief and Emergency Assistance Act to require the President to provide appropriate benefit assistance to any individual unemployed as a result of a major disaster.
- Provides tax relief to taxpayers affected by Hurricane Katrina, including disregarding a specified period in determining the tax liability of such

taxpayers and excluding certain withdrawals from retirement plans from gross income.

- Amends the Food Stamp Act of 1977 to provide expedited and increased food stamp benefits for households in areas affected by Hurricane Katrina.
- Delays the changes to bankruptcy law for residents of a declared major disaster area in connection with Hurricane Katrina.

Unfortunately, most of the critical benefits and relief included in this package have not made their way through the Republican Congress to Gulf Coast residents.

House Democrats Introduced Legislation to Rebuild and Renew the Gulf Coast

A key House Democratic bill is **H.R. 4197**, the *Hurricane Katrina Recovery, Reclamation, Restoration, Reconstruction and Reunion Act of 2005*, a bill that was introduced by the Congressional Black Caucus on November 2, 2005. This comprehensive bill includes housing, health care, education, small business, voting rights, unemployment, and environmental provisions. Some of the highlights of the bill's numerous provisions include:

- Provides Medicaid coverage for each Katrina survivor whose income is below the poverty level.
- Provides additional federal funds targeted for the Katrina disaster area for certain housing programs that have proven to be effective, including an additional \$1 billion for HOME, \$200 million for YouthBuild, and \$100 million for HOPE VI Community Revitalization.
- Provides tax credits for persons or families displaced by Katrina who purchase or construct homes in Katrina areas.
- Targets assistance for helping to rebuild and restart the operation of schools in the Katrina area.
- Provides loan forgiveness for Katrina-impacted college students and grants for reconstruction and renovation of colleges damaged by Katrina.
- Authorizes additional funding for new SBA disaster loans and increases loan caps on SBA loans to small businesses impacted by Katrina.
- Allows the issuance of federally guaranteed, tax exempt bonds for reconstruction of the Katrina disaster area.

Unfortunately, the Republican Congress has ignored this crucial piece of legislation.

I. Democrats offered Solutions for Housing

Rep. Barbara Lee (D-CA) offered an amendment to **H.R. 4939**, the *Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery of 2006*, to prohibit using funds in the bill to implement

termination of the FEMA hotel and motel emergency shelter program. Democrats pointed out that FEMA was planning to evict families from hotels and motels with no options for where these families could go – resulting in many being thrown out on the street. Republicans defeated this amendment by a vote of 189 to 230. (House Roll Call Vote #63, 3/16/06)

II. Democrats offered Solutions for Small Business and Economic Development

Rep. Nydia Velazquez (D-NY) offered an amendment to **H.R. 4939**, the *Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery of 2006*, to prohibit the SBA from imposing a deadline on small businesses applying for disaster loans, thereby giving small businesses until the end of the year. Democrats argued that the additional time was necessitated by SBA's poor track record in providing disaster loans to Katrina survivors. The SBA has failed in all aspects – from a lack of outreach, to an unprecedented decline rate of 66 percent, to paying out on only 20 percent of approved loans. Unfortunately, Republicans defeated this amendment by a vote of 201 to 213. (House Roll Call Vote #61, 3/16/06)

Rep. Nydia Velazquez also offered an amendment to **H.R. 4939**, the *Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery of 2006*, to block the President's proposal in his FY 2007 budget to increase interest rates on disaster loans. By opposing the Velazquez amendment, Republican Members chose to force disaster loan victims to shoulder additional costs at a time when so many Katrina survivors are struggling to make ends meet. Under the President's proposal, small businesses could end up paying an increase of as much as 50 percent in interest rate costs. Unfortunately, Republicans defeated this amendment by a vote of 200 to 219. (House Roll Call Vote #62, 3/16/06)

Senators Kerry and Snowe both introduced amendments (which were eventually combined into a bipartisan version) to ensure that small businesses would survive the hurricanes. Their amendment would have provided temporary deferment of principal and interest on disaster loans for small businesses, assisted small businesses with the refinancing of existing loans, reduced payments for existing small business loans, offered supplemental emergency loans, and reduced fees. It would have also provided affected states with bridge grants and loans to address small business concerns, considered small businesses located in affected areas to be treated as though they are located in a HUB Zone, and ensured that these small businesses be afforded "the maximum practicable opportunity" to participate in post-Katrina contracting projects. The bipartisan amendment passed by a 96 to 0 vote. (Senate Roll Call Vote #233, 9/15/05)

III. Democrats offered Solutions for Health Care

In September 2005, Democrats including Senator Max Baucus (D-MT) and Rep. John Dingell (D-MI) worked with Republicans such as Senator Chuck Grassley (R-IA), to attempt to act quickly to respond to the urgent health care needs of Katrina survivors. On September 14th, Grassley, Baucus and Dingell introduced legislation (**H.R. 3698**; **S. 1716**) that would have provided five months of temporary Medicaid coverage for Katrina survivors and provided states 100 percent federal financing for this coverage. Yet the Administration blocked this legislation. As a result, many Katrina survivors have suffered over the last year – falling through the cracks, failing to meet all of the criteria for Medicaid and hence have had no access to health care coverage. Democrats are still fighting to try to ensure health coverage for Katrina families, particularly Katrina children.

IV. Democrats offered Solutions for Infrastructure and Public Services

Rep. Gene Taylor (D-MS) offered an amendment to **H.R. 4939**, the *Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery of 2006*, to provide \$56 million for the repair of certain key military facilities in Mississippi – the military exchanges at Keesler Air Force Base and the Naval Construction Battalion Center in Gulfport. Fortunately, the Congress adopted the Taylor amendment by a vote of 250 to 171. (House Roll Call Vote #54, 3/16/06) The Taylor amendment was included in the conference report.

Rep. Juanita Millender-McDonald (D-CA) offered an amendment to **H.R. 4939**, the *Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery of 2006*, to provide an additional \$50 million to FEMA to repair and replace election infrastructure in Katrina impacted states. This election assistance is critical to ensure that the voting rights of those impacted by Katrina are fully protected. Republicans defeated this amendment by a vote of 194 to 227 (House Roll Call Vote #58, 3/16/06). Fortunately, \$30 million was included in the Senate passed bill and the conference report.

Regarding public services, in February 2006, the House Republican leadership blocked extending disaster unemployment benefits for Katrina survivors – which could have forced the termination of benefits for the 165,000 Katrina survivors relying on them. With no action, these benefits would have run out on March 4th. On February 15th, the Senate passed **S. 1777**, a bill extending these benefits for 13 weeks. The House Republican leadership refused to bring the measure to the Floor. At the last minute, and only through two weeks of extensive Democratic pressure, the House Republican leadership finally relented and brought up the bill which was subsequently passed. (House voice vote, 3/2/06)

V. Democrats offered Solutions for Future Disaster Preparedness and Emergency Services

Rep. Charlie Melancon (D-LA) offered an amendment to **H.R. 4939**, the *Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery of 2006*, to provide \$465 million for the Army Corps of Engineers, with \$430 million for critical levee improvements in southern Louisiana and \$35 million for general coastal restoration and hurricane protection. Republicans defeated this amendment by a vote of 174 to 248 (House Roll Call Vote #51, 3/16/06). Fortunately, championed by Rep. Melancon, this funding was included in the Senate passed bill and the conference report.

Senator Biden introduced an amendment to provide funding to the National Center for Missing and Exploited Children to reunite children separated from their families by Katrina, assist victims of domestic violence and sexual abuse in areas affected by the hurricane, and increase funding for the Community Oriented Policing Services (COPS) program. The amendment failed by a 41 to 56 vote. (Senate Roll Call Vote #226, 9/13/05)

Senators Stabenow, Corzine, and eight other Senate Democrats proposed an amendment to appropriate \$5 billion to state and local governments for interoperable communications equipment, fulfilling a key recommendation of the 9/11 Commission. The amendment failed by a 40 to 58 vote. (Senate Roll Call Vote #227, 9/14/05)

VI. Democrats Have Also Been Fighting to Crack Down on Waste, Fraud and Abuse in Katrina Contracting

House Democrats have proposed creating a new “Truman Committee” to investigate waste, fraud, and abuse in Katrina contracts.

Democrats made an effort to have the Kaptur amendment, which would have created a new “Truman Committee” made in order during consideration of the Iraq/Katrina Supplemental. The new “Truman Committee” would be charged with a thorough investigation of waste, fraud and abuse in Iraq and Katrina contracts. Unfortunately, by a vote of 224 to 192, Republicans voted to block the Kaptur amendment. (House Roll Call Vote #40, 3/15/06)

Senate Democrats looked to put in place procedures to prevent waste, fraud, and abuse in contracting.

Senator Obama offered an amendment that prohibits no-bid contracts over \$500,000 for relief and recovery efforts related to Hurricane Katrina and other hurricanes that occurred in 2005. The amendment was approved by a vote of 98-0. (Senate Roll Call Vote #106, 5/2/06)

House Democrats have introduced new criminal penalties for waste, fraud, and abuse in Katrina contracts.

Rep. Brian Higgins (D-NY) offered a motion to recommit **H.R. 1751**, the *Court Protection Act*, with instructions to add provisions making it a crime for a U.S. business to engage in profiteering or fraud in Iraq and Katrina contracts. Profiteering was defined as “materially overvaluing any good or service with the specific intent to excessively profit from the federal disaster or emergency.” Democrats argued that they were outraged by the waste, fraud and abuse by politically-connected firms in both Iraq and Katrina contracts and that it was time to crack down on these firms. And yet the Republicans defeated the Higgins motion by a vote of 201 to 221. (House Roll Call Vote #584, 11/9/05)

Both bodies have looked to create an Independent Katrina Commission, modeled after the 9/11 Commission.

Democrats have fought for months to create a bipartisan, independent Katrina Commission – based on the model of the highly successful 9/11 Commission – to investigate what went wrong in the federal response to Katrina and to make recommendations to ensure this failed response never happens again. On September 15, 2005, Democrats made an effort to have the Hastings-Menendez bill to create the independent Katrina Commission made in order during consideration of **H.Res. 437**, a resolution creating a partisan Katrina select committee. Unfortunately, Republicans voted to block the Hastings-Menendez bill by a vote of 222 to 193. (House Roll Call Vote #471, 9/15/05)

Senator Clinton introduced an amendment to establish a congressional commission to examine the Federal, State, and local response to the devastation wrought by Hurricane Katrina in the Gulf Region. The amendment failed by a vote of 44-54. (Senate Roll Call Vote #229, 9/14/05)