

Opening Statement
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Chairman, Democratic Policy Committee

An Oversight Hearing on Gulf Coast Reconstruction Contracting

Friday, May 19, 2006

Today the Democratic Policy Committee is conducting the second in a series of oversight hearings on the federal government's response to Hurricanes Katrina and Rita.

When I look at the way that the federal government has failed the people of the Gulf Coast in this crisis, I am struck by the contrast to how, in 1997, the government responded to floods in my part of the country.

In 1997, there were devastating floods in the Red River Valley, and the city of Grand Forks was evacuated. An entire city of over 50,000 people was evacuated from those floods.

This is a photograph of a street corner in Grand Forks during those floods. As you can see, the flood waters had just about covered up the street signs.



We were very fortunate that we did not lose lives to those floods. But we lost a great deal of property, and people suffered and had very tough times.

I recall President Clinton flying into Grand Forks on Air Force One and meeting with a large number of people who had crowded into a hangar at the Air Force base. He had a simple message to the people of the city: You are not alone.

FEMA moved in, and people in Grand Forks would say: What a remarkable organization. It worked. It knew what it was doing. It was sharp, on the ball, had plans, and it made things happen.

It hadn't always been that way. I remember when my former colleague, Fritz Hollings would say that we had two natural disasters down in our part of the country. The first disaster was a hurricane; the second disaster was FEMA.

But in the 1990s, FEMA changed radically, and for the better. The Clinton Administration nominated a remarkable fellow by the name of James Lee Witt. This was a fellow with a background of disaster preparedness and emergency services. And under his stewardship, FEMA became something very special.

When the Bush Administration took office, FEMA changed again – but this time, for the worse. Many of the top positions of FEMA were filled with cronies who had little or no experience at all in disaster preparedness or emergency services.

We are still dealing with the consequences of FEMA’s failures to respond to the Gulf Coast disaster, and this Administration’s continuing problems in dealing with reconstruction efficiently and effectively. Today, we will hear from a number of witnesses who will speak to that.

Before we do, however, I want to recount some of the testimony of a witness from a hearing that this committee held on October 17.

Paul Mullinax is an independent truck driver from Florida.

On September 2 of last year, Mr. Mullinax was instructed by FEMA to take a truckload of ice from Newburgh, New York, to Carthage, Missouri.

When Mr. Mullinax arrived at Carthage, he was told to proceed to Maxwell Air Force Base in Montgomery, Alabama. There, he found that there were 100 other refrigerated trucks already there. And for the next 12 days, Mr. Mullinax was just left sitting there, with his refrigerated truck running to keep the ice from melting.

The picture shows Mr. Mullinax sitting with a cooler and a little grill, during his nearly 2-week wait for instructions.



According to Mr. Mullinax, transporting his one load of ice from New York, to Mississippi, to Alabama, and finally to Massachusetts ended up costing the American taxpayer about \$15,000.

At least 150 trucks found themselves making similar trips. We heard from one truck with ice that ended up being sent to Canada.

This story is emblematic of a federal response that was mismanaged on many levels in the days and weeks after the hurricanes hit the Gulf Coast.

Well, here we are today, nine months after the hurricanes hit the Gulf Coast, and we are still hearing about the inefficient federal response to this disaster.

Today we will focus on one element of the federal response that has received far too little attention: whether the federal government is keeping its commitment to small businesses based in the Gulf Coast region, and whether those businesses are getting a fair chance to participate in the reconstruction of their cities and neighborhoods.

Small businesses will be a vital engine for economic recovery in Louisiana and Mississippi. They hire locally, pay locally, and invest locally. Small business owners provide their neighbors with the best social program of all: a paying job.

Today we will hear from several witnesses who own small businesses based in the region hit by the two hurricanes. Each has had an all-too-familiar experience dealing with FEMA or the Small Business Administration. They're here to tell us what we can do to make government work better.

Arnold Baker is the owner of Baker Ready Mix and Building Materials, a supplier of concrete and other building materials based in New Orleans.

Errolyn Letellier is, with her husband, the owner of Rockery ACE Hardware in Lakeview, Louisiana. She is also a professional bookkeeper for a local real estate developer.

Steve Ellis is Vice President for Programs at Taxpayers for Common Sense, a watchdog group that has been closely monitoring Katrina contracting issues.

Barbara Sonnier is a contract specialist who assisted local companies bidding for FEMA trailer maintenance contracts. She is a Louisiana native, and holds an MBA from Tulane University.

Tim White is the owner of White Haul Transportation, a manufactured home dealer and distributor based in Mississippi.

With that, I thank the witnesses for their participation, and I look forward to their testimony.