

THE BROOKINGS INSTITUTION

"REBUILDING AFTER KATRINA: FORMING THE
FEDERAL-STATE-LOCAL PARTNERSHIP FOR
SOUTHERN LOUISIANA"

Tuesday, February 21, 2006

[TRANSCRIPT PREPARED FROM A TAPE RECORDING.]

P R O C E E D I N G S

MR. TALBOTT: Good morning everybody. I'm Strobe Talbott. I want to welcome you all to Brookings this morning. I also need to make a customary but necessary request and that is if you have any means to communicate with people outside of this room other than mental-telepathy, will you please turn them off.

Thank you very much.

As you can tell from a couple of signs, both that one and this one, we at Brookings are celebrating our 90th anniversary this year. And we're very proud that today's forum could be part of the kick-off of that season.

This is also, and this is perhaps more pertinent to what we're going to be talking about today, the 10th anniversary of our Metropolitan Policies Studies program here at Brookings. And both of the co-founders of that program are here with us, Bruce Katz on the front row and his colleague Amy Liu, who you're going to be hearing from in just a couple of moments.

Bruce and Amy and their colleagues in that program have been vitally involved in the issues that we're going to be talking about today, namely in helping with the reconstruction of the Gulf Coast area so devastated by Katrina.

I might add that some other Brookings scholars have also been involved, including some of our specialists on homeland security, energy and environment.

In a moment I'm going to turn the program to Amy who is going to frame the issues for discussion. By the way, Amy is just back from Baton Rouge and New Orleans in her capacity as the leader of the Brookings team that has been very helpful to Governor Blanco.

Amy is going to tell you more about the program itself and about the extraordinary array of people who have been good enough to spend some time with us this morning, both as panelists and as moderators.

I want to single out for special recognition Donald Powell, who is President Bush's Federal Coordinator for Gulf Coast Rebuilding. And I also want to say a word of thanks to my friend and colleague, Walter Isaacson.

Walter's day job is running the Aspen Institute. His night job is writing a biography of Albert Einstein. On the side, he is helping this nation celebrate the tercentennial of Benjamin Franklin, who was the subject of last best selling biography.

Now how that leaves him time to be the Vice-Chairman of the Louisiana Recovery Authority is something you can only imagine if you have known him for a while, which I have, going back more than 25 years, starting from our days as reporters together on Time Magazine, an

association that among many other adventures, allowed me to visit Walter in his family home during the 1984 Republican Convention. And his family home is on Napoleon Avenue in uptown New Orleans.

So while it's not quite possible for me to understand how he finds the time to do what he's doing for Louisiana and New Orleans, I have no doubt whatsoever why he's doing it. And that is because he is a native son of that afflicted area.

We also have with us--and very responsible for this program--a native daughter of New Orleans. And that's Melissa Skofield, who along with her colleagues in our communications department has worked so hard to put this program together.

The fact that Melissa is a New Orleans native means that she was particularly foresighted and sensitive to the calendar in scheduling today's event. She made sure that it did not coincide with Mardi Gras.

Now those festivities, as you know from the extraordinary press coverage that they got over the past several days, have been a reminder about the extraordinary resilience of the people of New Orleans and of the state and of the region as a whole.

The question before us today is how we as a nation can help them rebuild as quickly as possible.

So with that, Amy, over to you. Thank you all.

MS. LIU: Thank you very much, Strobe.

On behalf of all of us here at the Brookings Metropolitan Policy Program, I would like to welcome you to this forum this morning.

We have a distinguished group of speakers that are here with us today. And I, like you, am very eager to hear from them.

But I want to first start by saying that this forum comes at a very important time. Next week marks the six-month anniversary of Hurricane Katrina. So it is very natural for us to ask, is New Orleans and its sister communities in the Gulf Coast on the path to recovery? And what more can be done at the federal, state and local levels to ensure that progress continues?

And we hope to answer those questions this morning.

First, I want to say since the storm hit in late August, we at the Brookings Institution have worked feverishly to ensure that there is a meaningful response to help the communities and families in the Gulf Coast.

We, at the Brookings Institution, have worked feverishly to ensure that there is a meaningful response to help the communities and families in the Gulf Coast.

And we did so because our program focuses on how to create economically vibrant communities that are fiscally and environmentally sustainable, but also provide opportunities for all residents, no matter their race, their ethnicity and their income level.

And when we saw, as all of you did, how the force of one storm, with the breach of the levies, essentially wiped out any previous efforts to create a healthy community in New Orleans while exposing that not all families benefited from opportunity, it was really natural for us to want to provide the resources and services to ensure that this city and this region bounced back.

So to start, we immediately released a report on how the federal government can help to rebuild greater New Orleans in ways that can preserve the city's great assets, but does not replicate the fundamental problems that it had prior to the storm, a weak economy, unsafe development and decades of racial and economic segregation.

In another report, we showed how the concentrations of poverty in New Orleans, which was the second highest in the country, was not unique to that city, and in fact, can be found in a number of American cities, including Western cities, like Fresno, California.

We have examined the federal emergency response to provide housing for the millions of people who remain displaced still today from their homes. And most recently, as Strobe had mentioned, we have joined forces with a number of top planners and some non-profit leaders to help the Louisiana Recovery Authority create a long-range plan for rebuilding southern Louisiana.

But the research we hope to continue and what I want to highlight a little bit today is at least our Katrina index, which monitors

the progress of rebuilding. And this index, which we are updating monthly, provides data on nearly 40 indicators about on the ground change in New Orleans and in the States of Louisiana and Mississippi. And the data runs from everything from the size of the labor force there, to the number of mortgage delinquencies, to how many schools and hospitals have reopened. And I think we're hoping to provide the next update to the index in mid-March.

But according to this index, this is the picture of New Orleans and its region six months after Katrina's impact.

First, I want to start by saying there are signs of progress. There are real clear indications that people want to come home, and they want to stay home.

When Tulane University opened its doors for the semester this January, nearly 90 percent of its student body returned. Eighty one percent of Loyola University and 76 percent of Xavier's students all came back. And all of these enrollment numbers were much higher than expected.

Between December and January, population estimates show that there has been an uptick in the population size of the city of New Orleans and its larger metropolitan area.

Nearly 20,000 new residents, both returnees and new workers have been added to the city's population base in the past month alone.

But still, the city is home to just 156,000 residents, down from 463,000 prior to the storm.

Now the number of riders using buses and public transportation, while still at very anemic levels right now, has increased steadily every week since the New Year.

And medium home prices in the region have increased in the last three-quarters of 2005, rising to a medium of \$181,000. That is an increase of 20 percent since pre-Katrina, a sign of both pent-up demand for housing as well as a limited supply. And if you get a chance to speak to any of the panelists from New Orleans today, you will learn that almost every single one of them have bought a new house in the past couple of months.

Yet, despite these positive signs, overall progress in New Orleans remains at a standstill. And that's primarily because services remain thin and uncertainly hangs like a thick cloud over the city.

In short, essential services may be too thin to support all of the returning families and all of the possible returning families to the region. Only one public school is back open in St. Bernard Parish, while 15 schools are now open in New Orleans Parish, just barely meeting the needs of about 9,000 students.

Only eight out of the 22 hospitals in the city are opened, and reports are that families wait hours and hours for care. And while

electricity and gas is back and running, only about 35 or 40 percent of the households are hooked up to that service and getting utilities.

In many ways the city teeters between still being in a state of emergency and on the road to recovery.

But I want to say that you don't need data to tell you about the overwhelming sense of suspension still now there six months after the storm.

You just have to see it for yourself. And that's what a lot of people say to you is that you have to see it to really understand the scale of the devastation there.

I just, as Strobe mentioned, I just returned from a trip to Baton Rouge. I've been there about once every month now and also spent the weekend in New Orleans on Saturday. So I had an opportunity to do my first tour of the city. And while many of us in Washington sometimes mock the devastation tour, it truly is just that.

And I think for many of you who have been there, for many of you who live there, it is really hard to describe just how stark the realities are on the ground in the city.

This was a tour that I went on for about two-and-a-half hours. And for two-and-a-half hours, I think sometimes we see the television images of the flattened homes, the emptied, just shells of homes that remain. And I think all of us will see those images and agree that those are very, very stark. But when you go on a tour for two-and-a-

half hours and you see these images over and over, block after block, miles after miles for two-and-a-half hours, you realize the scale of just how much that storm has affected that city.

In the lower Ninth Ward, not a single house is still standing, not because it was on low ground, but because a lot of the homes there were not built as high quality as those in more wealthy neighborhoods.

As you drive through New Orleans east, Gentilly and Lakeview, all middle class to wealthy communities, located even higher than the lower Ninth Ward, you see that no house was spared. And this is again all you see over and over, just folks who have emptied the shells of their homes, gutted their houses, and left just the shells in many places in the community. And many parts of Gentilly still look like a mud slide because of the extent of the breach in that community.

And I want to say that the stillness, the silence in these communities, is really eerie.

So that is what we see that still remains on the ground in New Orleans. But I want to say that in the midst of all of this, the optimism of the leaders in this great city is absolutely palpable.

I spent nearly a whole day on Saturday with leaders from the city, the Commission and others. I walked away with a really deep appreciation and admiration for those who are working to find solutions for this really tough challenge. And their task is not easy.

So when we listen to these panelists today, we have to keep that in mind.

Now the purpose of this event this morning is to talk about how to make some headway on this really stark reality.

We want to focus on the future and how the federal and state, local leaders can work together to restore the New Orleans region and southern Louisiana. This is not the forum to be looking back or to point fingers about blame.

In November and December there were a lot of concerns about how to find temporary housing for nearly one million households particularly as hotel deadlines loomed. The fate and well-being of those households spread across the U.S. still matter. But in the new year, it is clear that the focus has turned to the business of rebuilding.

President Bush and Chairman Powell just announced last week a commitment of nearly \$20 billion in supplemental funds to support reconstruction, which includes an additional \$4.2 billion in community development block grants for the state of Louisiana.

This comes on top of the \$87 billion the administration has already provided for primarily emergency needs, flood insurance and other rebuilding for both Katrina and Rita.

So I think I represent many of you as we think, as we move towards reconstruction and rebuilding and [inaudible] state of emergency, there are some burning questions we all have. And that is, with these

federal commitments, what is the state's plan or set of priorities for spending these dollars? What are the city's plans for rebuilding New Orleans now? Are the state and localities working closely together on that vision? And then, what urgent needs still remain, especially now at the six-month mark and as we look ahead to the one-year anniversary in August? And what should the federal government role be as we move forward?

So with that, it is my pleasure to ask the panelists to come join us on the platform. While they are getting settled, let me briefly introduce them. And I'm going to start speaking from far right to left. Their full bios--I'm going to be very brief--I think their full bios are on the tables outside of the room.

What I want to stress is that our goal today is to have a very informal discussion among the panelists and the facilitator. And we certainly want to provide opportunities, perhaps half-an-hour at the end of the program today to answer any questions that you might have.

So starting on the far right, we have Dan Packer, who is the President and CEO of Entergy New Orleans, a utility company for the region. Dan was also the chairman of the New Orleans Regional Chamber of Commerce in 2001, the first African American businessman to hold that position. He is also currently one of the members of the Bring New Orleans Back Commission and co-chair of that commission's

Economic Development Committee. And he will give you a really stark sense of what it takes to bring that economy back.

Sitting next to him is Mtumishi St. Julien, or sometimes we just call him MT. He is the executive director of the Finance Authority of New Orleans. We actually had, if you saw in the program, we originally had Bishop Morton slated to be with us and unfortunately he was not able to join us due to a last minute family emergency. But MT was gracious enough to join us today, and I think it really is to all of our benefit that he is here.

Prior to being at the Finance Authority, he was the General Counsel of the Housing Authority of New Orleans. He is currently the co-chair of the Housing Subcommittee for the Bring New Orleans Back Commission. And I think he will be able to talk pretty eloquently about housing and the footprint issues.

Next to him is Walter Isaacson and many of you know Walter. He is the President and CEO of Aspen Institute as Strobe mentioned. He has been the Chairman and CEO of CNN and the Managing Editor of Time Magazine. And he is also now Vice Chair of the Louisiana Recovery Authority.

Next to him is Howard Brooks. Howard Brooks is the President and CEO of United Bank, one of three minority-owned financial institutions in the city. You will hear him discuss the market

realities and the market challenges of serving home owners and businesses in the city at this time.

Next to Howard is Robert Twilley. He is a professor in the Department of Oceanography and Coastal Science at Louisiana State University. He is a wetlands expert, and you will hear him discuss a lot of the issues around safety and restoration.

And finally—oh, before we do that, I do want to mention that we do have Chairman Powell with us today. It is a real honor that he could spend this time with us. He will be joining this panel in the next hour or so. And of course, he is the Federal Coordinator for Gulf Coast Rebuilding. And prior to his appointment, he served four years as the Chairman of the FDIC.

And your host for the program today and moderator is Tim Morris, the State and Political Editor of the Times Picayune in New Orleans. I don't have to tell you what an incredible service that paper has provided to all of its citizens and the public at large.

I think, like the New York Times, and the Wall Street Journal after 9/11, the Times Picayune has not stopped its reporting despite the challenges, the paper and many of its reports had right after the storm. And I know that all of us who follow the developments of Katrina are absolutely nola.com (ph) junkies at point. And it's almost impossible to keep up with the pace of excellent reporting they have done since August.

So with that, I'm going to hand it over to Tim. Thank you.

MR. MORRIS: Thank you, Amy.

On behalf of the panel, I just wanted to thank Brookings for inviting us here this morning to have this discussion which hopefully you can kind of share in and get an idea. As Amy said, our goal this morning is to look to the future, to understand where we are and where we're going.

I also want to thank Brookings for continuing to keep the issue of Gulf Coast recovery in the public eye in a very constructive manner.

Amy laid out, I think, very adequately, very eloquently, the situation in New Orleans. Definitely a best of times, worst of times situation. And on behalf of the newspaper and the city of New Orleans, I would also invite any of you who have not yet gone down to see the devastation, if you could do that first hand, it really makes a difference in your understanding of exactly what we're up against.

I'm very excited to be on the panel this morning and in part because these gentlemen who are up here with me and not just dealing with these issues from a policy or an academic standpoint, they're all living these issues and these struggles as we go through them.

As Amy mentioned, all of us on this panel are in different ways very familiar with Blue Ruth and FEMA trailers and [inaudible] removal either personally or with family members.

And so I'm hoping that that perspective will provide an insight that you can't elsewhere as we discuss things.

And as I said, our focus this morning is to be as forward looking as possible and that we really want to have this opportunity to have some discussion. And we are very honored to have Mr. Powell with us to listen to us for this first hour and just welcome the opportunity for having him come up in the second hour to further discuss with us.

So not to delay things any further, my first question this morning is going to be Mr. Isaacson with the Louisiana Recovery Authority. And just in the last few days the announcement last week from the White House of the support for more money for coastal restoration and housing that--and then the announcement yesterday by the Louisiana Recovery Authority and Governor Blanco as to where things are going.

I guess my first question is, does this indicate there is now agreement that the state has a plan? And is this a major break through? And what should we see and what should people, residents of Louisiana expect now?

MR. ISAACSON: Absolutely. And it happened because people finally quite point fingers—and I'm pointing fingers at myself having been in that category—and really started working together. And I want to thank in particular, Chairman Powell. So I'm glad you mentioned him, and people should look at him—he's a humble man, and he hasn't

thrust himself in the limelight. We all get a comma after our name at some point in life. You heard from Strobe the comma after my name will be friend of Strobe Talbott. He could have gone home to his ranch and had the comma after his name as a distinguished FDIC chairman. But instead, the comma after his name is going to be, he was in charge of coordinating the Gulf Coast Rebuilding effort.

And what happened was we really didn't have a great plan. We were putting our money on the Baker bill, which some of you know about, which was a way to get the federal government to give us lending authority and to create a buy-back plan and stuff. It probably wasn't the greatest idea, but it kept us from coming up with a really good plan of how we would spend the money.

And that Baker bill puttered along. I think it was a good enough idea. We finally got the entire delegation. We finally got the city, the mayor, the governor. We all worked on it.

But it was understood that that wasn't the best of all ideas for the way to do it. And I remember Chairman Powell said, I'm going to look into that and we're going to see if it's the best way. And I'm going to give you an honest answer.

And I was pretty upset when we got the honest answer, which was no, we're not going to go with the Baker bill.

And I personally said a few things, like it calls into question the President's commitment to rebuilding Louisiana and the Gulf Coast,

something I probably shouldn't have said because I got into the finger-pointing mode, and I felt bad about that. And I want to apologize now, because I was wrong.

What happened after that is after we all got a little bit annoyed and mad about things, I got a call and went by—I was coming back from Chicago—and went by Chairman Powell's office. And he said, I'm going to look you in the eye and say, three things are my priority now. And I said, what's that? And he said, housing, housing, housing—I'm going to get it done.

And I knew it was going to be right because the last time he had something like that to me was, our three priorities levees, levees, levees.

And then about three weeks later I was in his office here in Washington, and there he was with the entire Corps of Engineers and they had maps. And the next day they had a plan for getting the levees right.

So what happened is when we stopped finger pointing a bit, the mayor, the Bring New Orleans Back Commission, started getting together with Benny Rousseau (ph) and the parish presidents in the area. Louisiana Recovery Authority has a wonderful person named Sean Riley who led the case and David Velcor (ph). Both of them helped pull it together.

They started meeting with Chairman Powell's people. Some great workers from McKenzie and Company, because we decided we were

all going to use the same numbers, and McKenzie pro-bono gave us the numbers. Young people like Taylor Beery (ph) and others who are good business heads, we'd watched our folks work until about 11:00 p.m. with Chairman Powell. And then starting at 11:00 p.m., they'd work until 4:00 a.m. to crunch the numbers. And we came up with just a simple idea, which is let's not fight over where the money is or something. Let's say, what would be the fair formula?

And it's complicated because when we talked with the New Orleans Commission and every thing else, we wanted to buy back some property where it was unsafe to build. We wanted to encourage people to come home. We had that goal together, which is bring everybody back that we could. We wanted to make it fair for people who had to renovate, rebuild, or sell out.

And so we said, let's just get all of the formulas right before we finger point as to whether or not if there's enough money. And the Office of Gulf Coast Recovery, led by Don Powell, pretty much lead the way to figuring what those numbers were. And when we figured out a frugal and wise plan that said, this is what's going to happen if you have to be moved out of an unsafe area. This is what the formula is going to be if you rebuild in a safe area. This is the formula that's going to be if you're underinsured. And at times we were upset in the very beginning because it looked like they were going to just focus on the 20,000 people who did not live in the flood plain. And some of us thought that was

unfair, you know, in terms of the whole equities involved. But I was wrong in thinking that that was the way it was going. It's fair to everybody.

We got the formulas right and then they added up the numbers and they said, you know, this isn't the toughest thing in the world. It's maybe another \$4.2 billion which only in this city could you say the phrase only \$4.2 billion. In other cities, that would [inaudible].

But it's not like Iran and it's not like Iraq. Those are unsolvable just with another \$4.2 billion. This was a formula that if we it right--so we're going to get it right to the home owners. The Louisiana legislature surprised me happily last week by authorizing the Louisiana Recovery Authority as a state entity. We had been an appointed entity. But hadn't had legislative authority. They gave that to us.

And I think we will get this money directly to home owners, so that people be willing to move back. And it shows what happens as a Washington Post editorial said right afterwards—I talked to, as some of you know, Anne Applebaum and she's been really smart about these editorials—it shows what happens when people start working together as opposed to pointing fingers.

The only other thing I did--I'm not even sure Chairman Powell knows—I threw in a formula plan which was a sort of 60, 80,100 percent formula plan, and everybody looked at it and said, that's the dumbest idea I ever heard. It is so ridiculous that they all came up with

different formula plans. And when I just sort of watched from the sidelines as they got it together.

MR. MORRIS: Mr. St. Julien, as a member of the mayor's Housing Subcommittee, you're hearing this and how does that match up with what the city wants to do? And are you encouraged by what you're hearing?

MR. JULIEN: I'm very, very encouraged and commend the Louisiana Recovery Authority and Mr. Isaacson and the work in Chairman Powell for putting this together. I'm really, personally, I'm ecstatic.

We have been worried about the communication and what's been going on. We've had several agendas going on in the city. You have one agenda of people who want to be made whole. They look at this as a negligence issue. And they just want some money.

Our fear on the committee was how we could structure a deal where people would feel an incentive to want to come back and not an incentive to just get some money and run and we're not fulfilling our duty to rebuild southern Louisiana. That is our primary duty, rebuilding southern Louisiana. And that's what we were worried about.

The plan that was announced by the governor yesterday helps us do that. It's a correct balance. And again, I commend you for that.

The people who are sitting in Houston, in Atlanta, in Memphis, here in D.C., Baltimore, many of our people because my

mother was until recently—mother was in Baltimore. We brought her back to New Orleans. But those people who are sitting there are asking basically three questions. And they need answers on the three questions.

The first is, what is the deal for me to help me get back? And I think yesterday the governor went a long way to answering that question of what is the deal for me.

The second question they want to ask is, where do I go to access the deal? What is the entity that is there? And unfortunately, the legislature last week did not fulfill their duty in answering that question. But the governor says the next session will again deal with that question of where do we access the deal.

The third question that the person in these cities and evacuees are asking is, well, if I get the deal, what's going to happen to my neighborhood? So in what neighborhood can I invest this money in?

Now that process it's on our shoulders in New Orleans or through the Bring Back New Orleans Commission. We have begun the process of neighborhood planning. We've divided the city into 13 planning districts. We are raising money right now to have real planners to work with our citizens to engage them in the process of what's going to happen in their particular neighborhood?

Some of the neighborhoods will come to a conclusion that it's just not viable at this time, but it helps people make choices.

Other neighborhoods will say, well, while we're in an affected area, and I hope that's the case with my neighborhood in Eastern New Orleans, with people saying it will never come back. But I looked at my neighborhood and I'm trying to work with our neighbors and say, just look at the assets we have even though they're shut down--two hospitals, one of the biggest parks in the area, and so forth. There's promise here.

We need the planners to help us do that. Hopefully, our goal is to have these planners in Houston, in Atlanta, in Memphis, in other cities to help engage our people.

The way we legitimize this entire process is to get our people engaged. It's not going to be immediate. It's going to take some time and so forth. But as our people get engaged, they will begin to participate more and it will go a long way in helping us successfully rebuild New Orleans.

MR. MORRIS: Unfortunately, the \$4.2 billion is just now a proposal. And I also understand that the folks over in Mississippi are already looking at maybe getting some of that as well.

So what does this mean as far as a timeframe for when money will actually start flowing and plans and the processes will actually begin? Either one?

MR. JULIEN (?): Right now, I can't answer the question, especially on the planning. But certainly on the deal, I think it's a

mechanism where we're waiting to hear from the governor's office, again, on those channels of distribution, of how to get the resources to the people.

MR. ISAACSON (?): The Website is already up on how to get the information.

MR. : Right.

MR. ISAACSON: But we already have some money. I mean, we've got some generous money from the federal government. And we're going to start this process real fast.

In terms of Mississippi, it's in our interest for Mississippi to come back as well. So I mean, we really—we all have relatives there. It's one region. And Thad Cochran and Trent Lott have been very good, but they realize it's in the interest of the Gulf Coast and Mississippi to have a strong New Orleans and in the interest of New Orleans to have a strong Gulf Coast.

We both want—as you know, you live down there—it's a very tight-knit region. People with lots of cousins who know each other. And neither region will thrive if the other is going down.

So I'm not worried about that.

MR. MORRIS: Mr. Brooks, your bank has mortgages in a lot of these areas that are devastated areas that Amy described. And I'm wondering what you see from what you're hearing today and also what you know. You're having to make decisions right now about the loans

that you have and the business that you invested in and the homes that you've invested in. Is there a wave of foreclosures coming? Does the announcement of this money and this plan bring optimism to you? And as you make decisions again for your bank, what does this all mean at this point?

MR. BROOKS: Well, we're very pleased to hear that there is greater communication from all parties and that all parties are looking at it in a way that allows everyone to benefit and move forward.

Foreclosures, they occur, and in some sense, if these vehicles can move faster, they need not occur. In my specific institution, just because I have insurance that covers a particular real estate loan and maybe I'm made whole, maybe there are other neighborhoods where if you have one home and it's the one that's insured in my real estate portfolio and maybe half that neighborhood didn't have insurance for one reason or another, the question is, once I get paid with my insurance proceeds, can I make an economic decision to go back into a neighborhood and allow a home owner to rebuild their home when economically the dollars are not going to cover the value for that neighborhood?

Therefore, we need these particular types of vehicles to occur. The thing that I think needs to come forward also with the staggering amount of devastation in the area are vehicles or programs that already exist.

Example, the CDFI program. I've mentioned this before to other groups. The CDFI, the Community Development Financial Institution program is an existing vehicle that the government can use to provide funds that can be leveraged in financial institutions in the impact zone and the leverage can allow those funds to be create three or four times the amount of the usage of those funds.

So if we had heard of the funds of what FEMA used in some of its housing areas, a third of those funds could be tripled again in how their leveraged through a financial institution.

You have CDFI programs. You have IDA programs. One of the things that--and Mtumishi has in some of his information has to do with CDBG funds and how those funds can be used to help guarantee a portion of housing for those who come to get financing from financial institutions.

So the existing vehicles and how to use those existing vehicles is what I'd like to see occur also.

MR. MORRIS: Mr. Packer, housing obviously was a very key and initial issue that had to be dealt with. And we're going to come back to it some more, I'm sure, this morning. But I also want to know if you could talk a little bit with some of this housing in place perhaps for workers to come back, what's the next step? And what are the things that need to be done to get the New Orleans economy back on track?

MR. PACKER: Well, there are several over-arching needs, obviously, with this devastation. Kind of the first thing is infrastructure. And you know, we're not looking back too far, because as Amy said, this is going to be as forwarding a looking panel as we can make it. But I think that the Corps has already started a lot of its work on securing the levees. That's the most important infrastructure because investment into our region, investment into New Orleans just won't take place if people don't believe at some point we'll be safe enough and this won't happen again in the same manner.

Right now the plan is to, by June 1st, to have the levees back up to category three levels. And I don't have the ability right now to give a grade on whether or not that's going to happen. I do know that there's a lot of work going on by the Corps to make that happen.

The other part of infrastructure is what I do in my day job, which is electricity and of course the governmental function of providing water and sewer services. When you had that much water that sat in 80 percent of the city for three weeks, it was very destructive. It wasn't fresh water. it was brackish, a lot of salt in it, very corrosive. And it really hurt our infrastructure.

On my side of the coin right now, you've got probably about 90 percent of the pre-Katrina customers have power available. Now there are only about 30 to 40 percent taking it. And when we look at our load,

sometimes that's jumped up to 50 percent. And I'm not sure I understand exactly why. It could be all of the work that's going on the city.

But the first over-arching need is to secure the infrastructure. The second over-arching need is to try to do something to jumpstart the economy. And we've come a long ways towards doing that because that happens when people are there. And if you can provide housing and get people there, you have a good change of getting a good jump start on the economy. Because there is a lot of work going on, a whole lot of work going on.

And we really think from the mayor's commission perspective, one of the biggest things is to be able to get people in and out of the city. We've done something that had not occurred before in terms of regional transportation. You now can get a bus or several buses from the Baton Rouge area to New Orleans and back by the end of the day.

When you take a look at the dispersion of people that left New Orleans, of course, I think Amy mentioned, there are all over the country, but the largest concentration of folks are within about a 100 mile area. And if we can get them into southeast Louisiana and into New Orleans to start working, I think we'll be in pretty good shape.

The third thing is something we don't have a great reputation on, and that is creating a really business friendly environment. That is for businesses that come in having the ability to go to work and get

things done without too much bureaucracy. Some things have already happened that I would have never thought would happen as fast as they have in terms of being able to go and get permits and start some jobs and in particular, even in my area, they've lessened the permit requirements for hooking houses up and hooking FEMA trailers up. You know, we still have enough safety in there, but it's more business-friendly out of necessity certainly than it's been before. And I think that's really good.

Last but no least, when you look at the devastation and you've heard about the billions of dollars coming in to the New Orleans and into southeast Louisiana, reputation again starts to stand out. We have to be pristine in our ability to administer these funds coming in.

You know, we have to have the confidence of those in Congress and those in the executive branch, have them believing that when this money comes in, we're going to do the right thing and we're going to do the right thing right as far as these funds go. And I think that that's going to be primary in us jumpstarting things and then eventually getting back to where we were before.

MR. MORRIS: You mentioned a couple of times that medium and small businesses are the backbone of this country, but certainly of New Orleans. Are there strong enough signals going to those business people about, you know, I can come back and that I have the infrastructure or that the infrastructure is going to be there very soon, to encourage them?

MR. PACKER: Well, I hope so. And the mayor's commission, Bring Back New Orleans Commission, one of the things we looked at was we thought small business was a key to that. And I think this is probably true in most parts of the country, but certainly in the South, 70 to 80 percent of the people that work in small businesses. And that really is the backbone of the economy.

One of the things in the plan is to allow small businesses a little bit more from an expensing standpoint. Actually, we're doubling the amount of expensing they can do on equipment, for instance, as one of the things in the plan. And I think that does start to send the signal.

The way we've thought about it too is, for people who love our city and love our region and who have had and have small business, we really would like as much as we can to get work to them, local contractors, local small business people. It would be very important to get work to them, because they have an investment both emotionally and money-wise in our region. And it's going to be very important that small business get those signals.

MR. MORRIS: Professor Twilley, it's been mentioned a couple of times and I think we went from levees, levees, levees to housing, housing, and housing. And as Mr. Packer was mentioning, the assurances that the levees would be in good condition by the start of hurricane season, June 1st, which is only three months away at this point, you're not a levee engineer or an expert, but you know quite a bit about

this. What is your level of confidence that the storm protection system and the levees will be back up to pre-Katrina strength by June 1st?

MR. TWILLEY: Well, since I had this opportunity, I'll get my benchmark in this conversation as far as infrastructure and I'll say it's all about wetlands, wetlands, wetland.

[Laughter.]

MR. TWILLEY: The key is that it's about infrastructure and because infrastructure, where I look at it from the context of not only structural features of the landscape but the environmental features of the landscape. That is also part of your infrastructure. It's a very important part of the formula. The structural features, the levees, were constructed for what's called a project hurricane protection. And the Corps has made every commitment and the funding is there to bring the levees back to that level of protection by June 1st.

And that's very important. And that's the base by which we move forward.

The things that I have seen that are very encouraging to me is that we are also having a very serious dialogue about protection, not only from the context of the structural features such as levees, but also the wetland landscape.

I mean, it is also a part of that formula. And so the integration of protection and restoration is key. I mean, it is key to the risk, it is key to New Orleans, and it's key to south Louisiana.

And the state has made two very, very bold moves in that direction. In the first session, the state actually through an authorization passed legislation to form what's called the Coastal Protection and Restoration Authority. It's known as a CPR authority. And that authority actually was to integrate the restoration program with the protection program.

Basically it brought the Department of Transportation with the Department of Natural Resources, along with the governor's Office of Coastal Activities, to build the state plan. And that is a key part of this. And the state has taken the leadership to do that.

In the second session it just finished--and let me, one point related to that as well, that authority has a funding authority with it, which previously was referred to as a state wetland authority. And what the state, the public in Louisiana doesn't get enough credit for this, but back 10, 12 years ago, they passed legislation and they taxed themselves actually to dedicate funds for wetland restoration. And the public, if you go out and survey the public, wetlands and environment rank extremely high. And they voted legislation in.

And so their concept of environment to them is just second handed to the public good. I mean, it's just right there.

So I think that the public is demanding this kind of priority. The state legislature has responded. And so I'm very encouraged.

The second thing that we all know related to levees that in the past legislative session may be wasn't as successful as some people were hoping, but I think was very encouraging—was the glass half empty or half full—was the restructuring of the levee districts. You know, there was a lot of discussion whether we should do this based upon science and there was a lot of politics. And I think that the bottom line is that there was a really engagement, acknowledgement, that you have to look at this on the east and west side of the river. Because, remember, storm surge doesn't care about political lines. It's the continuity of that water that's going to bring about risk. And you have to have an understanding of how that system is going to respond to a storm and build the structural features that actually can deal with that.

So I think that that fundamental understanding--I work in the everglades. I've worked a lot in the restoration program there. And I know a lot of people referred to the fact that well, look to what Florida did in response to the '35 flood. And they built these water management districts. And that's a real key to us looking to the future related to an honest discussion of protection.

And so I see elements of that. So I'm very encouraged by that. And I think that what is our challenge in the future is to build a formula for our environmental infrastructure that compliments the structural infrastructure to really bring people a true description of protection and really an honest discussion or reducing risk.

MR. MORRIS: But for 300 years or so, New Orleans has been using structures to protect itself. And every few decades those structures fail—spectacularly sometimes. And so I guess the question to the American public has, if you're talking about spending billions of dollars, what is the argument for doing that, as opposed to moving New Orleans north of Lake Pontchartrain?

MR. TWILLEY: Well, every delta is of tremendous economic interest to each nation where they're located. New Orleans is where commerce moves through this nation.

New Orleans and south Louisiana is the conduit of energy infrastructure that moves energy through this nation. It's huge fisheries. It's got the economic engine that drives of national significance. To say that you cannot operate in coastal Louisiana and make a national park and actually sort of—I think what you're saying is retreating from a working coast concept. And there may be tough decisions on managed retreat. I don't think that any one is going to ignore that in the future.

But to just pick up a \$200 billion enterprise and move it relative to the cost of investment to protecting it through the 21st century, there's a timeline here also related to what we're doing.

I think that that's economically and environmentally—I don't think it's feasible.

MR. MORRIS: Mtumishi?

MR. JULIEN: The implication of that question is that I can transfer it out to the state of California; you need to talk to the people of California and tell them because they're on a fault line, it may be California needs to move.

MR. TWILLEY: You know, you're right. Every of the earth what is referred to as natural disasters. I think science, the editor of Science wrote a beautiful editorial not too long ago about whether the human component of natural disasters, I think that's what we have to look at is what responsibilities we have in the decisions we make related to the security of the people on top of a natural disaster? And we have a huge responsibility in that regard.

MR. MORRIS: And moving off of that point and going back just a little, it deals with housing in New Orleans, the discussion about the footprint, the original idea had been, you know, it has to be safe, which does mean some retreating. And we heard less about the footprint, I think, over the past couple of three weeks.

So if anyone wants to address this, where does that stand? And what does it mean now?

MR. ISAACSON: I think that the plan we have now will really defuse that issue. Because we have new building code that the state passed that says you can't build in an unsafe way. We have certain neighborhoods we know are harder to build in than others. But how we

have buy-back provisions that will allow people to resettle in safer places.

I think that by having gotten the housing plan, you defuse a lot of the emotion on the footprint issue, but we should allow it be choice. If a neighborhood can build back according to the safety standards and build a higher, safer, drier New Orleans, then they should be allowed to. I think that's the goal of everything we do which I want to stress, not just bring New Orleans back to where it was, but to create a safer, higher, drier, better New Orleans. We're going to have already a better school system. We brought in Charter Schools, competing Charter Schools and change what was a dysfunctional school system. We're going to have better neighborhood planning. We're going to have a better infrastructure. We're going to have the resources to really build a city we can be proud of, and we're going to get rid of the culture of corruption as Stan said.

We've got Deloitte & Touche looking at every penny. We've got a new set of levee boards that are two professional or one set of two consolidated levee boards. So we've got to use this as an opportunity. If people in this country are going to pay a few billion dollars to help us get back on our feet, we've got to get rid of waste, fraud, abuse, bad education systems and everything else and make a better city.

MR. : I agree with Walter on that issue, but another issue we have to understand is the market problem that we have.

Unfortunately, we have a large, large population of people in various cities who are very, very angry. They feel they have been neglected. They feel that the agenda of the dry land theory and a smaller footprint no matter what we say is still the agenda, so we really have to work with our community.

We have a very angry population and we're going to find out on the April 22, election day, how they may take it out on whoever running during the election. But we do owe that responsibility to spend a lot more money and a lot more time in these other cities educating our populace on what is the new direction because the old direction that was publicized before is still what's on their minds.

MR. : You think that we now have is a plan that says come home, right?

MR. : Yes, it definitely does. But we again owe that responsibility to get out there and market that. Just because we put it out is not sufficient because what's in people's minds is the old ULI report as if that was what we were going to do. So we bear the responsibility of getting out there and making the distinction today.

MR. : But I just want to make sure. You and Dan and everybody who's been on the Mayor's Commission actually thinks that this is now the right, good plan?

MR. : Yes. I certainly agree.

MR. : I think everybody would see it that way. One of the things that—I don't know if you planned to talk about it—but from a planning standpoint, when you look at our city, it's got a lot of different elements with it. We're taking care of infrastructure and we're doing housing and people have talked about light rail and rapid transit and levees. But the reason that America other than the huge economic impact with six rail lines coming into one of the large ports in the country and being able to distribute stuff from the Gulf of Mexico to all of the rest of the country, all of that, why would America want to invest in New Orleans. Part of the answer to that other than those things we just talked about is cultural in nature.

New Orleans does bring a lot of things culturally to the table for America. We're almost like a small little European city in a way. It's the home of jazz music. It all started in New Orleans. Our cuisine, all the culinary arts, all of that has played big in America. In the planning in getting ready for what New Orleans—the new New Orleans is going to be, that all has to be a part of it. Bringing the musicians back that were so much of an integral part of the city that kept the tourism part of it going, all of that is going to be important.

Using that culture as a base to try to figure out some new things to do in New Orleans I think is going to be important.

MR. : Wynton Marsalis on your Commission did the best vision and dreams statement I've ever seen, and I hope that we can live by it.

MR. : I think Wynton, I mean, he really came in and put his heart into it and I think probably he's a good example of what I would call a fierce determination of New Orleanians and Southeast Louisianans to come back and really—and that's going to be an important part of us doing well in the future.

MR. : There is a magnet because it is so magical. The thing that surprises me, look at the Brookings index, people do come home. They are coming back. They really desperately want to. You've probably read the story of Eddie Barkay's [ph] family, Dean Barkay my friend who worked on the Picayune and then is now at the L.A. Times, but all of them are scattered. People really, really want to come home and it's because there's an economic engine of the city, the city is good for this country, the city provides you oil, natural gas. But as Dan said, it's because it's also got a magic to it.

MR. : The food is still good. I was there the other day.

MR. : That's Eddie Barkay's son's restaurant, right?

MR. : That's correct. On Esplanade when you come visit. Little Dizzy is on the Esplanade right off Claiborne.

MR. : And Barkay's is on Oak Street, right? Doesn't he have another one?

MR. : He sold that one.

MR. : He sold it.

MR. : Zachary's.

MR. : Before Katrina.

MR. : The gumbo is still good.

MR. : We talk a lot about this diversity and these different neighborhoods which are unique and different from a lot of cities because of the history and the way the city grew. Isn't that part of the part of the difficulty and one of the great challenges still left? Because this is the time you need one plan and people need to speak with one voice, but in a democracy and in a city like New Orleans, how do you do that?

To hear you guys talk today about the plans and what the White House has done and what the state has done, how does that translate to the people who are in Atlanta or the people who are coming back and gutting their homes in Eastern New Orleans and Gentilly?

MR. : Don Powell did a very good job of pushing us to speak with one voice. He kept saying it and it really did help, and we are. I mean, we talk all the time on the Commission. But it is a democracy and we're in Iraq now fighting for democracy and we see that democracy can be messy, and it's as easy as in neighboring states where

you got a big city and an up state and Democrats and Republicans and black and white and men and women. But it's good for us that we've really been forced to come up with a plan that's fair to everybody and it reminds you that democracy is a magical system because when people are speaking with different voices and you finally get to one plan, you say that was better than any other alternative to getting to that plan.

MR. : On the democracy issue, the legislature in this special session of the legislature which ended last week did expand the right to vote in other parishes. That's one good positive thing so that someone who's in Houston doesn't have to drive all the way to New Orleans to vote for the upcoming election, they could drive to Calcasieu Parish on the border between Texas and—or the people in Jackson can come down to Tangipahou through—I can vote because I'm still in Baton Rouge, I can vote in Baton Rouge for New Orleans. So that's very, very important and respectful to the people who are all around. And also an expansion of absentee voting by mail has been done, so we really appreciate that.

But over the long-term plan, we have to engage our people and I always use the analogy of installing new software at your work place. It could be the greatest piece of software in the world, but if you don't work on the people and connect the human side, the social side with the engineering side, the thing ain't going to work. So that's what we

have to do and that's our responsibility right now, to go out and really touch and engage our populace to--

[End Tape 1-A. Begin Tape 1-B.]

MR. : [In progress] —to participate in the process of rebuilding.

MR. : So we've solved the levee problem and we've solved the housing problem. What's the next thing that we need to be working on?

MR. : Schools and small business. We could use some help with the SBA or some—we need small business loans as you know.

MR. : The small business loans again could be generated through that CDFI program. Again, it's an existing vehicle that has not had the history of waste or abuse or fraud. It's an existing vehicle that has worked very well. It's an existing vehicle that can be used to leverage funds. So you want to come at this with everything you can, what we've talked about here in addition to my mentioning CDFI because the staggering amount of devastation in the area requires us to put all hands on deck.

MR. : We got to be more creative because I think sometimes the SBA was hiring thousands of people wasting money sending them to Texas or whatever it may be. We just need to use the vehicles you're talking about where local banks can say we can get our

businesses through the 6 months or 1 year hump. The local banks know the communities better. They know the census tracks better. And the SBA has taken forever and a day to respond. You can't even talk about housing and FEMA without having someone want to slap you. So use the existing financial institutions who know what they're doing, know their communities, can leverage the funds. Why not use what works?

MR. : Can I add related to these investments, again, I think that there is investment and commitments to the structural elements of protection. I have not yet seen the commitment and investment of the ecosystem restoration component and I think that that is missing. I think the level of commitment there related to protecting in the investment and reducing the risk is very important, and that's what I'd like to see, a stronger investment in that area.

MR. : I think that's right because we're fighting also overseas to make sure our oil and natural gas and energy needs are met and that we can become energy independent in this country. The Louisiana Gulf Coast and the entire Gulf Coast really supports 50 percent of the energy needs of this nation. You got to make sure we keep restoring the wetlands and the infrastructure there so that we can safely be an oil and gas producing region without people being wiped out like this.

MR. : It's very important, if when you look at the map of Louisiana, you look at where there are proposed levee alignments, a

lot of the oil and gas infrastructure and the 6,000 miles of underground pipeline and that entire infrastructure is not protected by the levee. You can only get that kind of protection by rebuilding the environmental landscape.

MR. : And you and I used to go fishing and hunting in the pipeline canals down in the bayous and know that those pipeline canals are an important part of the environment, but we all need that protection including the energy sector.

I'd also like to stress schools. I think that education is going to be the key and we have this enormous opportunity to really try to experiment and do it right. The legislature was awesome and the governor was awesome and the New Orleans people were awesome in just saying let's get rid of the school boards' control of the failing schools and bring in competing Charter School companies. Tom Loos [ph] at the Education Department, Secretary Spellings at the Education Department, Lamar Alexander who I think is the Chair of the Senate Education Committee, they've all helped us find new ways to do education because without a good school system, there's nothing really to protect.

MR. : Let me ask you about that. Right now the school system is not up to the capacity it was because there aren't as many children back. But also what we have is we have the system broken up into these Charter Schools. Is that a patchwork, is that a transition phase?

MR. : Scott Cowen, the President of Tulane, ran the mayor's Bring New Orleans Back Committee on Education. It was awesome. I can't remember, he used about three or four different--the Boston Consulting Group and various people, said how would you build the right school system? And he got a plan and Cecil Pecard, the State Education Chair, is going to sign on to it, Linda Johnson who runs the Louisiana Recovery Authority Committee on Education was a part of that process. It is so good that you almost say even a hurricane can have a silver lining.

Charter Schools will and should be a major part of that mix. People should have some choice to where they send their kids to school. And Charter Schools, by the way, are public schools so you get a public school system that figures out how you're going to charter and what the requirements are to be chartered. So when you say patchwork, it makes it sound bad. It actually is a patchwork but a good patchwork which means you have different options and different types of schools and you don't say that one size fits all. I saw Linda Houston [ph] my friend here and she's been working on it, and her sister-in-law Sarah Houston. There are so many people who are trying to bring—the education foundations, the Eli Brode Foundation [ph], the Ford Foundation has come down to help on this. The Gates Foundation, Kip Academies [ph] are coming in, and we're going to really try to just blow people away with a world-class education system.

We owe back to this country is this country is going to invest in New Orleans, not just to have a corrupt city with bad education after they've spent money to help us rebuild.

MR. : Because I think many of you know the families that left and are now elsewhere, one of the first things they realized was how much better the school system was than where they were in Orleans, and so they are going to come back with higher standards.

MR. : I think that also what we're talking about in terms of the need to do better from an education standpoint is K through 12. That's really the--and that of course is the foundation, but our needs going forward from an economic development standpoint and from a lot of other standpoints, we have to make sure that we maintain the high quality we have in our higher education system which we have some very—as you know, some very good schools, Tulane, Loyola, Xavier. But in between K through 12 and higher education, a lot of the jobs that are going to show up are not necessarily jobs that you need a 4-year degree to do. It's going to be important that our community colleges and our 2-year institutions play heavily from an education standpoint on what we're going to do in the future.

MR. : I wanted to add the macro issue to build on that particular question, and that is the issue of poverty. The question was what can we do, and certainly building the schools, building a better economic base and so forth, but New Orleans had become and because of

Katrina the icon of poverty and neglect and we as a nation need now to regroup and push ourselves to seriously deal with that question. It's not only in New Orleans, we have just become the icon of it, but it's in all of the major metropolitan areas in the country.

I was blessed to go to Ghana over the holidays and talking to the people and getting their experience of what they saw and observed on CNN, and let me tell you, the whole world is questioning. We as a country market ourselves around the world as the choice of the world in our special attributes, but after what they saw on CNN, and again I say that New Orleans has become that icon of neglect and the icon of poverty, we owe it to the country and to the vision that we're putting for the entire world to make sure that we have investments, that we deal with this particular issue of concentration of poverty as the most important vehicle to return this country back to the level of respect that we had.

But right now there are some serious doubts about this so-called concept of American dream. Is this concept of American dream really a committed value or is it merely propaganda? That's the way it's being shaped internationally. Again, as we invest in New Orleans, we can demonstrate and kind of clarify that doubt and those questions.

MR. : What would that investment look like?
Improving education?

MR. : Certainly all these micro issues are important to deal with the macro, but we have to understand and we have to speak to

that issue as quickly as we can. We're going to get busy in our own individual needs especially on the economic basis and so forth, but we have our population—remember, we have a population that was 53 percent low income, 53 percent low income, and about 29 percent was at or below the poverty line. That's the nature of our population. They feel they have been neglected. To some way we may have dealt with the concentration of poverty because many of those people may not come back, but they are New Orleanians and when they can't get the right kind of hot sausage and so forth, they will be back to New Orleans.

Now it's our responsibility to figure out—they're going to what they know and when they come back we have to be prepared to deal with that issue and we have to jump on that issue right now.

MR. : I think—is right. We have a real opportunity here to show the world what can be accomplished in America. We've always gone off to other parts of the world and try to show what America was like, but now we've got a real opportunity to do it right here.

MR. : Let me also touch a hot-button issue which is race. The magic of New Orleans is that it has been for two centuries a diverse and racially integrated city. Broadmore where I grew up, totally racially integrated. I moved away from New Orleans eventually for a while and I never lived in an integrated city again. I lived in segregated cities like Washington, D.C., which is a segregated city, more segregated

than New Orleans. I lived in Boston which is segregated. Philadelphia, which is segregated.

We've got to be able to bring back a city in which the racial issues are defused, and once again, that segregation that happened in the 1950s with the big building of the housing projects and that segregation that created the Lower 9th Ward and Lakeview, that was only in the 1950s.

Wynton Marsalis's vision statement for New Orleans is the last great integrated city. You don't have a great work force, you don't have a great economy, you don't have a great middle class which is what you really have to do is create a middle-class dream for everybody unless you can have something that we're fighting for that is a big struggle in the 21st century which is cultural diversity, cultural diversity whether it's in the Middle East, in America or whatever, being tolerant and creating culturally tolerant societies.

That's what we have to do in New Orleans and not rebuild a city like this one here which is segregated residentially or Boston that's segregated residentially, but a city in which everybody feels the right to come home but we're not doing what they did in the 1950s, building housing projects and segregating people.

MR. : Let me ask you about this because it was touched on briefly, but I would like to get input of what people think that the mayor's race, the election that will be going on over the next couple

of months, what impact it has on these plans and what impact it will have on the longer-term, and then kind of touching on what you were just talking about there, is the whole chocolate city issue and what does that mean. Does that send a signal one way or the other? Is the election going to be all about race and whether it's a majority black city or majority white city?

MR. : Dan, why don't you run for mayor?

[Laughter.]

MR. : Thank you, Walter, for making that nationwide. I really appreciate it—a good way also put it on me to try to start answering a very hard question, you're artful at that.

MR. : Precisely.

MR. : That's okay. It's really hard in my mind to say what people will do in this particular election. Normally when you're in a city there's a little science behind it. You can go out, you can do polling and you can start to figure out a little bit about what people are going to do. New Orleans once it in the late 1950s and early 1960s transitioned to an African American majority city, as you would expect, the leaders politically were voted out and voted for an African American community. I think that's probably true when it comes to race just about everywhere. Where the majority is of one particular race or not, it seems like that's the way the voting would normally go.

We've got a little bit different situation here in that there's a whole body of people in some of the major southern cities, Memphis, Atlanta, Houston and Dallas, who are not far away and you would think the racial component itself is still about the same. You would think that. When it came to voting overall in our city, I think about 30 percent of the population or something like that voted, and I'm not so sure that that is going to change. I think that we cannot make the assumption necessarily that just because the mayor said once again we'll be a chocolate city that it's automatic that African Americans are going to automatically vote for him. I don't think we can make that assumption. That may in fact happen.

I was asked to try to handicap this race and there is just no way I'm about to even jump into that briar patch. I think it's going to be probably surprising to all of us what happens because we can't put a label on it and we can't be scientific about it at all. I don't know who's going to win that race and I don't even want to begin to try to figure that out. But there will be as always if you have an African American majority I'm sure that you're going to have voting also going that way. Traditionally in America it's kind of happened that way.

We also should remember that the administration politically of our city government also has a city council in it and those seven members are going to change or have the potential of changing significantly. In fact, we already know it's going to change significantly

because some of them can't even run this time. So I think we'll be looking at maybe a whole new political paradigm come the summer.

MR. : The plan seems to have moved forward. There is some consensus for it. The timing is what it is, but does the mayor's race delay, disrupt, deter?

MR. : I think the die is cast. I think people are going to accept the plan and going to work towards the plan. I really feel that's going to happen. The issue and one of the weaknesses of the city of New Orleans historically has been the issue of implementation. How do we take this plan and now convert it into organized structures, coherent and clear mechanisms, to basically deliver what we're saying? But the basic plan, no matter who is the mayor, the mayor is going to follow the plan.

Now what the nuances are, whether we're creating a new organization, we have six organizations, housing finance agencies, doing business in New Orleans. The question is, do we need six? Do we need three? Can we have one? All those discussions are an implementation discussion and that's where we're going to have some changes in how it's going to operate.

MR. : On the point that the plan will go forward mayor or not, I think this is the time that we'd like to invite Chairman Powell to come up and join us on our panel.

[Applause.]

MR. : We'll take a break? There's a marketing opportunity here. I gave it to United Bank. Hershey ought to be able to come out with white and dark chocolate swirls with the theme Bringing All Chocolate Lovers Together.

[Laughter.]

MR. : Mr. Powell, welcome to the panel. I thought we would start off by asking you for your general reactions to what you've heard this morning, if there was anything surprising, anything different than what you thought was happening. Then also if you could give us—we're coming upon the 6-month anniversary of Katrina, if you could give us your idea of where things stand. Are we better than you thought we would be at this point, worse, and again, looking forward, what do you see immediately coming forward?

MR. POWELL: First of all, I would congratulate Brookings Institution for bringing this distinguished group together. I could not have thought of a better group to talk about bringing back New Orleans.

I sat there and I think you as the moderator covered very important issues, and my mind raced back 90 days ago when I first came on this job and thought about some of the challenges, some of the commanding challenges that rebuilding the entire Gulf Coast occurred. I think it's important when we're talking about rebuilding the Gulf Coast even though this is a panel of distinguished people that are interested in

New Orleans, that we need to think about also the entire Gulf Coast from Florida to Texas because I interact with a lot of those people.

I think you've covered most of the important elements to date. I can remember going down there and spending 10 days talking to various people. It was fun for me to sit and talk. I went on what I referred to as the Dairy Queen run. I would talk to average citizens in Louisiana, the north and the south, and became aware that New Orleans is somewhat--I'm from Texas, Louisiana is somewhat like Texas. North Texas is different than South Texas, East Texas is different than West Texas, and then you have this large metropolitan area really dominating the state as it relates to population.

Then you had a unique area as described here that really represented a strong and a very important economic component of America, energy, the port, even some other areas that I was not familiar with. And you had a wonderful city that was so unique because of its culture. I can remember going to New Orleans with my family and having the fun time, the food, the culture and so forth.

But it became very apparent to me after being down there and visiting with the administration and visiting with the President that there would be no rebuilding of New Orleans unless people felt safe. Your discussion as it relates to the levees and hurricane protection and restoration and wetlands and all those things, I discovered when I was there that everybody was an expert on levees. Not only the good people

at LSU and Tulane and higher education institutions, but the cab driver, he understood what the levees meant, how to correct them, to the gentleman repairing my shoes and we had a levee discussion about that.

I think the President put action behind his words when immediately he spoke to the levee issue. That too is a complex issue. While my friend at LSU is much more diverse and is much more educated as it relates to the whole hurricane protection, it's not easy. It is a complex, complex subject and I think we should understand that. It is terribly complex.

I've sat with people in my office that are members of the National Academy of Scientists, I've sat with engineers, I've sat with the Corps, and they have different views about how to correct the problem. But I do know that that is the number one issue, unless people feel safe, they will not come back to New Orleans. We can talk about jobs, we can talk about education, we can talk about housing; it's the number-one issue.

Again, what pleases me, and I talk to the Corps once a week, the Corps of Engineers, that shovels are in the ground, hurricane season is approaching, but I'm convinced that they will meet their commitment not only to the good people in Louisiana, but to the people of America, to bring back the levee system as to we referred to a moment ago to pre-Katrina and that there will be levees that will protect the good people of New Orleans.

I'll put it very basic. I remember being in discussions, some of you heard me talk about this, I say I'm not an engineer, if it were a banking issue I might understand it. But I have four grandchildren. They are my life. They are everything to me. And I remember asking the head of the Corps and five other gentlemen in my office, if my son called me today and said we're moving to New Orleans, should I be concerned about the safety and security of my grandchildren, to the person they said, after the work is completed, no, no, no, no. That's pretty basic for me. I can understand that and I can relate to that.

The second issue as Walter said a moment ago, and I did say that to Walter in my office, I think it's very important that housing, housing, housing, be spoken to. And the good people of New Orleans, the onus I've mentioned before is on them and through the LRA and through the legislative process and through the good people of New Orleans in corporation—they come with the plan. I've looked at it. They have an outline of the housing plan. The plan is bold, the plan is detailed, the plan is transparent, the plan will be a plan where oversight can be easy, where the American people can see how their dollars are being spent, and I think the plan is very good.

Incidentally, the LRA, I was privileged to sit at a meeting, not this meeting but the meeting before, of the LRA in Baton Rouge. I was there when the bell rang, and I didn't go home until the bell rang again. I made this comment publicly, that I would have hoped that every

ninth-grade civics student in America could have been there. It was democracy in action. It was citizens who were not paid, who had only one common interest, what's in the best interests of their state. There were diverse opinions; there were witnesses that were very passionate about their views. Again, it was a model of the way American government in my view should operate. I was extremely happy when I found that the Louisiana Legislature codified and legalized the LRA, and I think that vehicle is going to be a very good vehicle to represent the people of Louisiana and, very frankly, to represent the American taxpayer.

Incidentally, on my role also while we were focusing on the issues specifically to New Orleans and the American people, I'm a fiduciary. I really represent the American taxpayer. So I attempt to balance both of those issues. I attempt to balance what the needs are with the people, my friends in the Gulf Coast area in rebuilding, and also the American taxpayer. I talked to both sides. I talked to people on the airplanes, I talked to people in airports, I talked to people at shopping centers, and I ask them, are we doing enough? Are we doing too much? Part of that is education. Part of it is an education issue.

I can recall also that when the President visited with me about it, seeing the passion in his eye for rebuilding the Gulf Coast, he is committed. But he also was very clear to me that the plan to rebuild the Gulf Coast should be the local people's plan. So while I, as Walter

mentioned a moment ago, encouraged them to come with one vision, one spirit, one plan, it also needs to be their plan and not the federal government's plan. I think we have experienced and observed that that is exactly what's happened. I was terribly encouraged at the actions over the last 15 days, very much encouraged.

One other thing as it relates to housing and I'll be quiet. Walter is right, you can do more and you can achieve better results by working together with each other. I have had unbelievable cooperation with Parish Presidents, with town and city leadership, with the Governor's Office, and with the LRA. Our first objective was to make sure we get the science right, the numbers of homes that were damaged. As you might expect, there were diverse opinions, and collecting data was a very important issue. We reached out to FEMA, we reached out to HUD, we reached out to SBA, McKenzie [ph] assisted in that, but it was very important that we come together with the exact numbers of the science. Then you can apply the dollars necessary to come through that. Again the President once again, in the levees he demonstrated his commitment and in housing he demonstrated his commitment to rebuild the Gulf Coast.

In a moment we can talk about some other issues, but I think that the other issue and the thing that we're somewhat focusing on, we haven't left levees and we haven't left housing. Trust me. But the infrastructure issue is terribly important. When I first went to New

Orleans I would talk about not only the culture but some strengths of New Orleans and some weaknesses of New Orleans, and it became very apparent to me as has been spoken here that there are some things that New Orleans has a once in a lifetime opportunity to correct. My dad used to say, sometimes good things come from bad things. I think we have a unique opportunity working together to create one of the cities that every city in America would aspire to be like. I think it's very important, very important, for us to show the world how we can deal with this terrible, terrible tragedy.

I love America for many reasons, our way of life; we're the envy of the world. Our rule of law offers sovereignty, offers liberties. But one of the things I think that we will always be judged by and the direction of the spirit of America will be is how we deal with hurting souls. We have a lot of hurting souls here and there is no question in my mind that the American people are willing to help, but it's terribly important that the good people of Louisiana help themselves as we go forward.

[Applause.]

MR. : I seem to be hearing from what Walter said earlier is that you were a key player obviously in getting some of this done. There have been questions raised about whether you should have more power to cut through red tape and do some of these things like this. How do you feel about that?

MR. POWELL: I'm joined today with some of the people in my office. I don't spot them because I would ask them to stand. Where are you, Becca [ph]? Becca and D.J. Is D.J. here? You all stand up. Let me recognize you. That's the policy director and our press person. While I'm just a little target, I'm privileged to work with some outstanding public servants and wonderful people that are dedicated to this cause.

I don't dwell on do I need more power. I just do it. As Walter and others, John and Riley and some others--I don't feel any restraints. I don't feel any restraints to get the job done. Our office is not going to be around forever. I hope that I can go back to Texas soon. So I have a sense of urgency about everything, so I don't feel any constraints at all.

MR. : What is the future role of the federal government at this point? You have the supplemental, and what happens after that?

MR. POWELL: I think again there are three or four issues that we will be concentrating on. Again, we have not left the levees. We have not left the levees. We get a report once a week on the levees. We have not left housing. Housing is just beginning. What we attempt to do is work with the LRA and the New Orleans people. I have constant contact with the people in New Orleans about how their plan blends into the LRA.

But first of all, I have a personal passion for education, and these gentlemen said it better than I can say it. Higher education is terribly important, but so is K through 12, and so is the training of skilled people. That's community colleges, a lot of people, they're going to need building trades in New Orleans, and there's going to be a shortage. In that regard, again, the President committed again. In the middle of January, I together with the Secretary of Labor spent a morning session with leaders in various entities, building trades, unions, civil rights, the Business Roundtable, and they are developing a jobs training program and that jobs training program will hopefully take the people that are in the Gulf Coast area, train them to meet the demands of the jobs that will be occurring or be opening in the Gulf Coast. That's terribly important. So education.

And K through 12, again, when you look at the K through 12 where it has been and everybody's dream where it's going to be, we have some work to do there. We have some work to do there. There are population shifts. There are some culture shifts. Walter mentioned a moment ago the Charter Schools and I think is a very important element of that. There will be some compromising between the higher education at Tulane University and LSU University as it relates to programs, maybe health care programs, maybe some other issues. All those are going to be very difficult issues that we want to help coordinate the people in the

Gulf Coast to make those tough decisions in going forward. But education is the key to it. Educate is to key to it.

Then I think of health care issues. I was asked the question the first week I was there, I said, if I became ill, where would I go? I remember the answer, to the airport. That's a bad answer. That's a bad answer. So education and health care issues.

Infrastructure, the criminal justice system, public works, electricity, all those are very, very, very important. And I think, again, the LRA has a plan that will speak to each of those. They've got plans that will speak to those. The day I attended the LRA they passed a resolution, I think it was, Walter you may correct me, \$200 million for SBA, small business type loans, grants.

MR. ISAACSON: Our own state program for it.

MR. POWELL: That's their own state program. So, again, energizing commerce.

I'm talking a little bit too much, but when we first sat down in our office, we organized ourselves in somewhat like a triangle. At the foundation was safety, on this side was community, and this side was economic activity. We've got a lot of work to do to encourage business to come to that area. The Secretary of Commerce and I will be hosting a 1-day forum in New Orleans within the next 45 days, inviting Fortune 500 Companies to come to New Orleans and look at opportunities to expand their work.

MR. MORRIS: Before we open it to general questions from the audience, I was going to ask if any of the panel wanted to ask anything of Chairman Powell or share anything that you think we haven't covered to this point that he should know about.

MR. ISAACSON: I want to say thank you.

MR. POWELL: Thank you.

MR. ISAACSON: I apologize to you all because if it would have been 15 or 20 days ago you would have been a much more interesting panel. We're still, or at least I was all emotional and thinking we were never getting anything done.

MR. POWELL: But Walter, it's an emotional issue. If you live it, and I would echo what the panel members have said, if you have not been there to the area and if you don't come back with passion of how I can help, what can I do, it's an emotional issue. I knew this job was going to be that way. I've been called many names in my life. I'm in the banking business. But that's life.

MR. : Thank you, thank the American people, thank the President and so that we can try to live up to the trust that you've put into us. I wish I were back at Time magazine because I'd make you Man of the Year, or at least Strobe would have when he was at Time.

[Laughter.]

MR. MORRIS: Before we go to general questions, we have kind of an adjunct member of our panel, Barbara Sard from the Center on

Budget Policy and Priorities, who wanted to help us out with a few comments on where things stands she thinks on the housing issue and again looking forward to the future.

MS. SARD: Thank you very much [off mike] Congress will come through on.

I just want to make a few observations [off mike] the population of the metro New Orleans area was quite densely poor before the storm, about 30 percent. More than half the population of the area were renters. While we would all share or hope that the building of New Orleans is done in a way that could really be an outstanding model for addressing poverty issues, I think it would be unwise to fool ourselves to think that we can snap our fingers and hope that everyone who was poor before the storm somehow is not poor afterwards. There are people who are elderly, people with disabilities who are living on fixed income, and an economic infrastructure that fairly well depends on low-wage work. Those people if they're going to come back to New Orleans, they can have places they can afford to rent.

What I have not heard this morning, and perhaps you can help us on that, is what happens to renters? Where is the plan for renters? And where is the plan for people of low income? Let me just add a few things [off mike] answer the question.

There were about 20,000 units, roughly, of federally assisted housing in the Gulf region before the storm largely in Southern Louisiana

[off mike] Mississippi. There has not yet been any public plan by the federal government about how to address the rebuilding needs of the federally assisted stock. I am not trying to suggest that we repeat the footprint of the past and put it all back. We should certainly do it better. But to omit that--

MR. : That's not true. Let us be really clear that when we were at the LRA and we were working with Chairman Powell and HUD, of the money, approximately \$1 billion is going to go to mixed-income rental properties to get people to come back who can't afford to be homeowners.

MS. SARD: Of the CDBG funds?

MR. : Of the CDBG money.

MR. : Maybe a little bit more.

MR. : But this is important to have mixed-income developments as opposed to federal housing projects that resegregate the city of New Orleans. So we are going to do what we did down in the Irish Channel, Lower Irish Channel—District, whatever they want to call themselves these days, and where the Wal-Mart was where Press Kabakov [ph] and some really good sensitive developers are coming in to do mixed-income rental so we can keep an integrated city. But you're right; we've got to make sure people can come back.

MS. SARD: And I guess my concern about the source of the funds though is that that's taking from the hopefully \$10-plus billion that

would otherwise go to Louisiana as opposed to other funds. And CDBG funds also don't work very well as an ongoing source of rental assistance. They can help a great deal as an up-front lump sum to make the rents more affordable. As we've looked at the rental structure with the low-income housing tax credits that have been allocated by Congress or CDBG funds, it would still be very difficult to create rental housing that would really work for people with SSI benefits or people in minimum-wage jobs.

The solution that the housing business has found for that problem around the country has been ongoing rental assistance in the form of rental vouchers usually with project-based assistance.

MR. MORRIS: We do have Section 8 as well, and I want Chairman Powell to speak on it, but we also do want to create a good middle class. We want to homeowner class, too.

MS. SARD: There is no question that that's vital, and I'm just saying that this is a piece I haven't heard today that I'd love you to address.

MR. MORRIS: Chairman Powell has been very good at understanding that, so don't think that he hasn't thought of it or we haven't.

MR. POWELL: I will echo said a moment ago. When we were sitting down and talking about the needs, we had a source and needs statement and what were some of the needs, and clearly—and New

Orleans is somewhat unique to an American city, there are a lot of people that are renters. I think that gets up to the neighborhood of about 40 percent, and so it's a very important component of that.

So part of the discussion with the LRA was how do we meet those needs. As he indicated, part of the CDBG money, their plan, their plan, was to be allocated toward lower to moderate housing. It's a defined plan and I'm sure they'll be happy to share that plan with you as it is ongoing. But I don't think there's any question that that specific component of housing was addressed.

MR. : In addition to the GDBG funds, Congress has appropriated about \$53 million a year for the next 3 years in low-income tax credits. Louisiana was getting about \$8 million a year, so in the next 3 years we have to ramp up and figure out how to dispose of \$53 million a year. It is a use it or lose it proposition, so the other issue about rental that is our challenge back to implementation is that 70 percent of our rental is in one to four units which is different. In fact, the Bring New Orleans Back Housing Subcommittee had a conference last week or a series of work groups with experts in housing and housing finance throughout the country coming into the city. They were a little shocked because they were used to using multi-families in large structures, but 70 percent are one to four units.

So we divide into work groups of home ownership of rental one to four and rental five units and up for the big ones. Certainly the

tax credits will handle the big units, but we're still going to have a challenge and these billion dollars that LRA as appropriated is going to help in dealing with that particular issue.

We hope FEMA will finally change its policies from emphasis on trailers to looking at the low-hanging fruit of the many owners who may not be owner occupied. These are basically rental units one to four which were not greatly damaged. In fact, we can do some quick investments as a tradeoff for a certain number of months of rent that FEMA can do and we get much more rental housing in. We certainly need that now because we have a crisis of our first responders many of whom do not have housing. Or worst of all is that their families have been spread out in Dallas, in Houston and so forth, yet these first responders, police and fire, have demonstrated their courage, have demonstrated their loyalty, but at a certain point the families are going to tell them it's time for us to bring together. That's the immediate problem we need to solve, and that rental, the one to four unit rental program I hope we can begin to implement and get that off the ground.

MR. MORRIS: That's important. We do want to open it up to the floor. After you're recognized, if you can wait just a second until someone gets you the microphone. The gentleman in the jacket back there.

MR. SMILOWITZ: My name is Ben Smilowitz [ph]. I'm with the Katrina Accountability Project and it was a group that I started after spending a month in Gulfport as a site manager with the Red Cross.

We talked today about how we recently agreed to a plan and it sounds like you all are a little relieved, but it hasn't happened yet. The money hasn't been delivered and 55,000 families are still waiting for housing. Out of the 26,000 mobile homes that have been ordered, only 2,700 have actually been delivered and occupied. That's nothing to brag about and that's a little depressing since we live in the United States of America. I'm not trying to point fingers, but these are immediate needs that need to be addressed.

Also in the Budget Reconciliation Bill, college loans were cut for survivors of this hurricane. Louisiana and Mississippi look at about \$1,500 of additional costs to get a higher-education degree.

So where are the priorities from the administration in all of this? And if Mr. Powell you say that you have all the power you need, then what's preventing 55,000 families from getting housing? And what is the priority for that?

MR. POWELL: I'm not FEMA. I want to be sure. I'm engaged in recovery, long-term recovery. It's unfortunate that we don't have any FEMA representation on this panel, but I'm sure they could answer that question much, much better than I. I can't answer that question because I'm not FEMA.

MR. SMILOWITZ: The administration oversees FEMA.

MR. POWELL: I'm sorry?

MR. SMILOWITZ: The administration oversees FEMA, so you could put a little—

MR. POWELL: I'm not the administration. I am the Coordinator for Federal Gulf Coast Recovery and I'm concentrating on the things I mentioned earlier, the long-term rebuilding of the Gulf Coast area.

QUESTION: I'd like to hear a little bit more about what the conversation is around reconciliation as people are coming back. A lot of people in our cities in the Gulf Coast have gone through an incredibly difficult experience. Many have post-traumatic syndrome, kids have been separated from parents, and our health care system is greatly compromised. So I'd like to hear a little bit more about what the conversations are to deal with some of the issues around race and reconciliation.

MR. : I'll just say first of all, Linda Houston has been very involved in that and her father was one of the great pioneers of mental health in the city of New Orleans. There has been an allocation for social services that both the Governor and the LRA did that includes everything from health and mental health to that type of treatment.

But you really asked two questions. One is sort of the actual health treatment of psychological stress and stuff like that. I'm going to

say something that's not going to be all that popular with you. We have to be cautious and conservative with our money. We have to make sure we do housing first and everything else. We can't give money to every social need right away because we have to be frugal with the money, but that got a high priority and in the very first allocation there were social service needs that were carefully calibrated, not money being thrown at it, but some money.

That said, the real reconciliation is when people come home. But I tell you, you know, Linda, you get back home now, we're all hugging each other, there's a chance for this city especially on the pathologies that have existed in the past whether they be race or class or anything else, to be pulled together by this. That's the real silver lining of this hurricane so when we come home we now know we're all in this together. And the type of cooperation and friendship and spirit of the survivors of the storm is something that will make an entrepreneurial, stronger New Orleans where having been in a family, that we're all in one family together now and gone through something, we're now going to be more family-like and we're going to be stronger for it and really realize that we have to help each other along in our way.

MR. : I'm not a psychiatrist, but certainly I think that one of the greatest therapies that we could provide for our people is an opportunity to come back and work on the recovery as people come back. And one of the good things about the program that the governor has put

forward, is that it's going to leverage with lots of sweat equity and as people come in and work, it would be therapeutic, instead of sitting in a hotel room or sitting unknown in Houston and Atlanta and so forth, if we can be home and working just cleaning up and so forth, that in itself will be somewhat therapeutic.

MR. MORRIS: Yes, sir.

MR. RATCLIFF: I'm Bob Ratcliff [ph]. I'm a County Commissioner in Leon County [ph], Florida, that's Tallahassee, and I have a strong personal interest in New Orleans. I've honeymooned there twice and I'm about to have my third one.

[Laughter.]

MR. MORRIS: I don't know whether to congratulate you or not.

MR. RATCLIFF: It's a full life. I also have a strong professional interest because our southern boundary of Leon County is only 15 miles from the coast in a very shallow area, and the southern third of the county has a sea level in the single digits, so we obviously could be severely damaged by a hurricane.

I've been to New Orleans twice in the last 2 months to work in the 9th Ward helping to gut houses and decontaminate them, and I have the Katrina cough to show for it. I strongly urge all of you to go and see for yourselves as you've heard repeatedly.

Mr. St. Julien had three questions, and I have three questions myself which is where is the electricity and gas, where is the sewer and water, where are the insurance checks? When those get to be in place, we will see a rebuilding in the 9th Ward and other parts of the city that will be phenomenal. I've worked beside homeowners and property owners who were ready to rebuild, but we have to stop discouraging them from doing it and enable them instead.

I have one final question which is what's happened to our country in the last 35 years? In 1971 when Richard Nixon was President and the massive earthquakes hit Southern California, he moved heaven and earth to get that place back on its feet. Today we seem to have lost our capacity to do anything resembling that. I don't usually compliment Richard Nixon, but he certainly deserves that one.

I've refused to not look back. I think it's important for us to find out what went wrong. I want to protect my county, but I also want to protect the rest of the Gulf Coast from this kind of calamity. Thank you.

MR. MORRIS: Do you want to address the power situation first?

MR. : Yes, I can do that. Right now we have about 90 percent of the pre-Katrina levels back in terms of electricity, and probably 80 percent in terms of gas. Having had the water to sit in the bowl for so long, we stopped counting after we pumped out 2 million

gallons out of out of the gas lines, but we're there in terms of availability. Everybody who wants it with the exception of directly against the levee breaks in the 9th Ward and the levee break in Lakeview and, of course, Lake Catherine where there weren't many people to begin with, but we have to rebuild the entire grid out there.

All of that will even be completed within about 10 weeks, but right now to get the other 10 percent pre-Katrina, we're about 10 weeks away, but we're 90 percent with power availability in the city right now. Sometimes it doesn't look like that because when you look and you don't see street lights on you think the electricity is not there, but street lights are kind of a special problem since most of our circuits were underground and setting in that corrosive water and it took a while.

But I wanted to also say something about what this young man talked about in terms of the trailers and moving them. I don't want to give anybody the impression that we're either done or being close to done in New Orleans. All you got to do is go there and see, if you haven't. This is a massive undertaking. If you're going to move 20,000 trailers, just from the standpoint of getting them built wherever they build them, I see them coming from I-55 and I-10, and then moving them in, hooking them up to water, sewer, electricity, that's a pretty solid massive undertaking and it's certainly not going to happen overnight.

I'm not giving FEMA a grade or anybody else a grade in all of this, but I really think once you're down there and you look, and

you've been down there, you've seen it, this is not going to be an easy task. Having sat on this panel, I don't want people to think that we believe that we're there. We have a long way to go. This is 6 months after the hurricane hit and we'll be—well, maybe we'll be back here this time next year, and there will still be a lot that needs to be done in New Orleans.

This process, one FEMA guy told me, I said, how long are you going to be here, he said, I'll be here 10 years. I thought 10 years of FEMA in New Orleans, but that's kind of the reality. This is going to be a long and drawn-out process in order to get all of everything done that we want to get done and to get our people back. MT, that's been his mantra, we got to get our people back, and I really ascribe to that whole philosophy, and it's going to be a lot of hard work and it's going to be hard.

MR. MORRIS: Mr. Powell?

MR. POWELL: I'll echo that to some extent. I don't think we have an appreciation of how complex, how overwhelming this whole issue was. I'd like to point to a couple of things.

In Mississippi in the those four counties there was more debris than all of Andrew and the World Trade Center that took 2 years to clean up, and New Orleans is worse. So your point of reference, and let me make comments about FEMA. We do work with them and we interface with them. There are some things they've done right also, a lot

of the things that they've done right, and part of the constraints upon FEMA are by law. I know that there are dedicated men and women serving their country 7 days a week, 24 hours a day, trying to get it done right.

The last thing I would say is that the United States Congress has allocated up to \$100 billion, \$100 billion, for this tragedy. So the American people have stepped up in large ways. Sometime reminded me of the day that it was 300 and some odd dollars per person in America, so the commitment is there. The people at FEMA are trying to do it right. They don't want to do it wrong. They're trying to do it right. And I assure you that this President is committed to rebuilding the Gulf Coast.

MR. MORRIS: Howard, do you have something you wanted to add to that?

MR. BROOKS: The New Orleans area has more renters as was mentioned. The percentage is so much higher than other like cities. It says to me that I have to think again about requesting funding of a CDFI program that can be used with IDA type funding, with GDBG funding, for those types of borrowers who don't have the credit scores that can go out and just buy a home like that.

So that funding again is necessary because of how staggering this is, because even though that \$100 billion is there, we're looking at something the country has not seen in its history. Therefore, that \$100 billion yet needs additional help. I must back up and say in the couple of

times that I've been around Chairman Powell, I've found him nothing but beneficial to us, helpful to us, in front of the camera, behind the camera. He is the kind of person that if I were in the military again, and I was in the military, if I were in a Southeast Asian area again I would like to have him there with me.

The long and short of it is, though, just as he's mentioned, he really cares about his four grandchildren. I have four grandchildren also. And I can tell you that when the levees are back to the level they need to be, they do need to get to that five, we got to do there. But in addition to the funding that has been discussed, that \$100 billion is a large number, we still have to come at this with every other thing we can.

MR. MORRIS: Yes, ma'am.

MS. MULHALL: My name is Susan Mulhall [ph], eight generations from West Feliciana Parish. The Mississippi River gushes by at about 12 knots where I'm from and it seems to me that the real basis of the argument should be whether or not we should try to rebuild the port in a place the port doesn't want to be. Professor Twilley, please correct me if I'm wrong, but my understanding is that the Mississippi which prefers to meander will change its course naturally every several hundred years and that now it would like to be in Morgan City. So tell me, is it not a better, wiser course of action to rebuild New Orleans as far as possible but not to the degree that it had been before? It's not sustainable without letting the Mississippi loose.

MR. TWILLEY: Yes, good point. In 1973, you're right, the river almost made the switch to Morgan City, and in the past about every 1,500 years the river has actually switched back and forth and in its present condition and there is a tendency for it to move back to the east.

The Corps of course at the Old River Control Structure has built this phenomenal structure to prevent that, so I think all of our planning is predicated on the river being fixed [inaudible] and the river.

But let me follow-up on your second point. A lot of people talk about New Orleans being poorly located. This is not where the people of New Orleans--

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