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Press Briefing on Gulf Coast Rebuilding

White House Conference Center Briefing Room

PARTICIPANTS

Federal Coordinator for the Office of Gulf Coast Rebuilding Don Powell

Director of FEMA David Paulison

Army Corps of Engineers Commander and Chief Engineer Lieutenant General Carl Strock

4:45 P.M. EDT

MR. SULLIVAN: Good afternoon, everyone. For those of you I haven't met yet, I'm Kevin Sullivan, the new Communications Director. Thanks for coming this afternoon. I think we're going to have a very interesting and helpful briefing.

With us this afternoon are Chairman Don Powell, Federal Coordinator for Gulf Coast Rebuilding. Chairman Powell will begin with about 10 minutes of remarks. He'll be followed by FEMA Director David Paulison, and finally General Carl Strock, Chief of the Army Corps of Engineers.

So without further ado, Chairman Powell. After remarks, obviously, we'll open it up to questions. Thank you.

CHAIRMAN POWELL: Thank you. Good afternoon. I hesitated to make this announcement public, but I'm going to do it anyway, and it's a very important announcement. If you don't hear anything I'm about to say, please focus on this issue -- just remember you heard it from me here in this press room on August 22, 2006 -- the New Orleans Saints will be in the playoffs. The New Orleans Saints will be in the playoffs, not withstanding their performance last evening.

I'm delighted to be here. I thought I would share with you a couple of thoughts about the scope and scale of this catastrophic event. By any measure, I think we would all agree that this event perhaps was the largest catastrophic event to ever hit America. I've heard Governor Barbour say that if you exclude Mississippi, and only include Louisiana, it's the largest catastrophic event to ever hit America. If you exclude Louisiana, and only include Mississippi it's the largest catastrophic event to ever hit America. Ninety-thousand square miles were hit by the storm, an area the size of Great Britain, and more than three times the area that was affected by the Mississippi flood of 1927. Eighty percent of New Orleans, 80 percent of the city of New Orleans was flooded, underwater. That's an area that is seven times the size of Manhattan, and it was underwater almost two months.

More than 1.5 million people were directly affected, and more than 800,000 citizens were displaced, were forced outside of their homes. More than 204,000 homes were severely damaged or destroyed, and 75 percent of those homes were in Louisiana, and that's about seven times as many as were affected by Hurricane Andrew.

Fifteen billion dollars has been paid out by the National Flood Insurance Program, and that's more than all of the other claims combined since the inception of the Flood Insurance Program in 1968. Eighty-one thousand businesses were directly impacted; 220,000 jobs were initially lost, and there still is 180,000 that remain lost.

So you can see this really captures how large this catastrophic event was. The President -- under the leadership of the President is fulfilling his commitment to rebuild the Gulf Coast better and stronger. And this commitment is demonstrated by several areas. Stronger levees: For 98 percent of the New Orleans metropolitan area population, the levees are at pre-Katrina levels or better, and they're on their way to becoming better than ever before.

Housing: Under the leadership of the President, the Congress has provided almost \$17 billion to rebuild damaged housing and other critical infrastructure across the Gulf Coast. This money, up to \$150,000 per household, is beginning to flow in the area.

Debris removal: We've already cleared more than 100 million cubic tons of debris. I often say that in the three counties in Mississippi -- Harrison, Hancock, and Jackson counties -- there was more debris in those three areas than all of Andrew and the World Trade Center combined, and that took two years to clean up. One hundred percent of the debris -- the dry debris in Mississippi is gone. Seventy-five percent of the debris in Louisiana is gone. It's remarkable, remarkable.

Economic recovery: Again, because of the leadership of the President, GO Zone legislation has passed; New Markets tax credits have passed; other business incentives have begun to be developed in the area. There is an environment for the private sector to be part of this rebuilding effort. Ten-point-three billion dollars of SBA loans have been administered and given in the area to homeowners, renters, business owners along the Gulf Coast. So we're supporting existing small businesses and attracting new investments to the region.

Also, again under the leadership of the President, we're attempting to transform the systems like education and health care that have failed the people in the years before Katrina. As you all know, this will not happen overnight, but I'm convinced that we are laying the groundwork for a better and stronger future in the Gulf Coast area.

A couple highlights about specifics, as it relates to the recovery of the Gulf Coast area. I have often said if Louisiana was a country, its gross national product would be tourism, energy and the port. The port is up and going. They have more ship calls post-Katrina than they did pre-Katrina. The tonnage is equal to or better than pre-Katrina. And I would remind you how important that is to America. The New Orleans Port touches 33 states in America, and 62 percent of the consumers in America are affected by the New Orleans Port. It creates, directly or indirectly, 365,000 jobs. The port is back.

Energy: Very, very important to America. Gas production, oil production, is back pre-Katrina levels. Cutting systems are back pre-Katrina levels. Pipelines are back pre-Katrina level. Refineries are producing -- critically important to America.

Tourism: 80 percent of the hotels in New Orleans are open. Sixty-two percent of the restaurants are open. In Mississippi, sales tax revenue is in double-digit increases over last year. Economic activity in Mississippi, as it relates to employment, is very strong. Businesses are open. I was in a retail store in Ocean Springs, Mississippi, last Thursday, talked with the owner. He said he's having the best year he has ever had; he has been at that place 15 years. Lots of strong economic activity.

The private sector is beginning to kick in. Jobs are being created. Revenue streams are being created. Sales tax in both states are record highs. Bank deposits are 26 percent more than they were this time last year. Lots of liquidity in the area.

Credit is available. There has been in the private sector \$15 billion of private insurance claims in Louisiana and \$5.5 billion in Mississippi. Lots of liquidity, lots of economic activity.

So the President is fulfilling his commitment. As I mentioned, it won't happen overnight, but I'm convinced that the groundwork is being laid for a vibrant Gulf Coast area.

Chief Paulison, share with us some of your thoughts.

DIRECTOR PAULISON: Thank you, appreciate it very much. Like the Chairman said, the largest, most devastating disaster we've had in this country -- 90,000 square miles. And as we come upon this one-year anniversary, what we're doing inside of FEMA, we're doing ourselves is focusing on a heart, so we're not going to let those who died, let those who suffered, let those who lost everything, let that stuff go in vain. We need to make sure that we are going to be ready to respond to this next storm and not waste those opportunities, not waste those lessons learned that we had in the past.

When they asked me to take over FEMA shortly after Katrina, I stepped back and just fell back on what I've learned in the past, the disasters we've dealt with in Dade County -- with Mariel Boatlift, Hurricane Andrew, ValuJet Crash, the floods that we've had, the major disasters -- tornadoes and all those types of things that we deal with in a community like that, that every time we've had a disaster like that, whether it went well or not, like Andrew didn't go well, we went back and without taking it personally, being very open, what worked and what did not work, and just take that very frankly. And that's what we did with Katrina.

We sat our people down and we said, okay, we're not going to point fingers, we're not going to take this personally, we're just going to very openly deal with what the issues were. The first issue that I looked at very carefully that did not work, it was obvious to me just looking in from the outside, was communications.

Our communications system was broken. It was broken between the local community and the state. It was broken between the state and the federal government, and quite frankly, broken inside the federal government itself. We did not have a good system in place to share information. We didn't have a good system in place to share communication with each other, to understand what each different department was doing from one side of FEMA to the other, from inside of DHS, we didn't have a system in place. So that's the first thing we had to fix.

There were some technical issues. There was some issues of the -- with the equipment. But that was not the biggest part; the biggest part was actually dealing with a process. How are we going to share that information, how are we going to make sure that regardless of where the information comes in, whether it comes in from the bottom, or comes in from the office of the President, or from just phone calls coming in from our senators or congress people, how are we going to share this?

So we have put a process in place to help us do that. I'm very confident of that. In fact, we're practicing that as we speak. We're having a warm start of our joint field office tomorrow, and we're going to be testing that system to make sure that that system we've put in place is going to work. And I know it will because it's a system that we've used in the emergency management community for years of how we're going to share this information. And that's going to work very well.

That gives us another issue of situational awareness, which -- we simply didn't do very well with that, either. You have to know what's going on on the ground. And if you don't share that information, you're not going to have that knowledge. So that's going to work very well for us.

The second piece I looked at was the logistics -- having the right things at the right place at the right time. We didn't do that very well, either. We had a lot of equipment, a lot of supplies, but did not have them at the right place. So we've done a couple things. One, we've, in some cases, quadrupled the amount of supplies we have. To give you an example, MREs, we had 160 tractor-trailers of MREs before Hurricane Katrina, and we now have 770 tractor-trailers of MREs. A tractor-trailer load of MREs will feed 10,000 people for a day. So we have the capability of providing food, water and ice to 1,000,000 people for a week already in stock.

And to back that up, we've signed an agreement with the Defense Logistics Agency, which is the logistics arm of the U.S. military. They are going to be our backup. They'll be moving supplies into our warehouses, in some cases right down to where we need them, as we move stuff out of our warehouses. So that's going to be a great business tool for us.

But more important than that is, we could not track our vehicles. As our tractor-trailers left our warehouses, or wherever they were, we lost track of them. Sometimes -- most of the time they didn't show up where they were supposed to go, there was no mechanism to find them. If a governor wanted to know where are their supplies we knew were going to arrive, we couldn't tell them that. We'd give them guesses, and, more often than not, we were wrong.

It's our responsibility to deliver supplies to the states when they need it, and it's their job to distribute those supplies once they get down to their distribution field, their distribution offices. If they don't know when the tractor-trailers are going to arrive, they can't prepare to distribute those. So we now have a system in place we can do that. We've put a very sophisticated GPS tracking system in place where we can track those tractor-trailers. We get pinged every 15 minutes of where they are, and we can tell right down to the very street corner where that truck is and which way it's heading and where it's going, and that's important for us.

The other piece we didn't do well is our victim registration. We ended up literally with victims in every state in this country. And we didn't know who they were, we didn't know where they were, and we didn't know what their needs were. We needed to have a better system of finding those people and register them before they get scattered around.

We are now going to go into the shelters ahead of time, we're going to register those people as they come into the shelters, and then also we took five of our mobile command posts and turned them into mobile registration vans where we can go out to where people are.

One of the things that we saw in Katrina was that a lot of people could not get to where our registration offices were. They were stuck out there, they didn't have transportation. So we can go out to them. We have mobile -- mobile radios, we have cell phones, and we have laptop computers that are direct access to our cell system and to our satellites where we can connect people with FEMA, either with the 1-800-621-FEMA number by giving them a cell phone, or we can sit down with a computer with them and have them register online so we know who they are, where they are, and what their needs are. And that's going to be another tremendous business tool for us.

The next piece was making sure that we were able to get people into hotels and motels as quickly as possible. With our new registration system, by finding where people are, we can move them systematically out of our congregate shelters into hotels and motels, and then look for longer-term housing for them as we go down the road.

These are some of the systems we've put in place to make sure we're going to do a better job of taking care of the victims out there. That's kind of where we're going with this type of system. We know we're going to do a better job. We're much better prepared than we were in the past to deal with a lot of these issues.

General Strock.

GENERAL STROCK: Well, thank you very much, Chairman Paulison, and thank you all for being here and allowing me to explain what we have done in the Corps of Engineers since Katrina struck, what we hope to accomplish in the near and longer-term.

First of all, before I begin, I want to acknowledge that not a day goes by that I do not reflect on the tragic loss of life and property as a result of this devastating storm. And we also, in the Corps of Engineers, recognize how vital it is that we accomplish our missions, to really set the conditions for the full recovery of this area, of the Gulf Coast.

Chairman Powell did a good job, I think, of reminding us of the conditions that existed once the storm had passed. Since that time, we have worked tirelessly, literally around the clock, with thousands of people from the federal, state and local level, working with industry partners, thousands of volunteers from across the country, to restore the levee system around New Orleans to pre-Katrina or better conditions. And we've been very successful at doing that. Since September of 2005, we have restored or repaired 220 miles of the 350 miles of levees in New Orleans. Our initial estimate was 169 miles, but as we began to get into assessing the actual damage, and looking for vulnerable areas that were apparently unaffected, we increased our effort to 220 miles -- a magnificent effort.

We recognize that we're important not only to the physical recovery of the area, but also to the economic recovery of the area. So throughout, we have emphasized that we want to employ local contractors and local people to do this work. Fifty-nine projects were involved in the work to date. Twenty-six contractors and 90 percent of the people involved in that were from the local area.

All work was done with the intent that by the 1st of June, the beginning of hurricane season, we would have the system restored to or better than pre-Katrina levels, and we were largely successful at that.

In addition to repairing the levees, we have isolated the three very vulnerable outfall canals that caused so many problems during Katrina. We've installed interim gated closures there and temporary pumping capacity to operate those during a hurricane surge.

The federal government has been very generous. Working with the President and the Congress, we have been allocated about \$5 billion of funding to spend in the near and mid-term on enhancing the system even further. By the year 2010, we will have achieved 100 year protection across the entire system. We will have completed all the authorized projects in the New Orleans area. And we will also have completed six major enhancements to the hurricane protection system.

At the same time as this effort was going on, we've had an exhausting effort to determine what occurred and why it occurred so that we could learn lessons from this that we could incorporate into the repair and restoration of the works, and also incorporate into our longer-term planning.

That effort involved over 150 subject matter experts from across the world, and it resulted in a report of about 6,000 pages that I think is a watershed moment for the Corps of Engineers and for the engineering profession in how to do this kind of work. And that will be peer reviewed by the American Society of Civil Engineers and by the National Research Council, to ensure that we looked at the right things in the right ways and got the right answers.

We're also looking longer-range. The Congress has requested the Corps of Engineers by December of 2007 to make a proposal on what it would take to provide category 5 protection for the coast of Louisiana. We produced an interim report in June of this year which lays out the process we intend to follow. And we are developing a process in which we will not wait until the end, if we have a highly promising component of the ultimate solution, that we'll go ahead and propose moving ahead on those solutions with appropriate funding and authorizations.

That will be a very long-term process, but I think we have a good plan to get there.

We also want to recognize that this is not just about the coast of Louisiana and Mississippi; this is a national issue. And we're also in the process of evaluating the flood and storm protection systems across the country to ensure that we're aware of any vulnerabilities that exist elsewhere, and propose solutions to those vulnerabilities.

Katrina has also reinforced the lesson that it is impossible to totally eliminate risk where nature is concerned. So it's critically important that people understand the risks involved, and we're working very hard to make sure that the people in this area understand the residual risks that face them today. And it reminds us that people must heed the local and -- the state and local officials' advice as we see these storms encroach on our coast.

Ladies and gentlemen, thank you very much for your time and I look forward to answering questions. Thank you.

Q The President yesterday alluded to some frustrations that money wasn't being -- wasn't flowing quickly to homeowners. It sounds like the money has gone from the Feds down to the state levels. Why, then, hasn't it been distributed to the homeowners?

CHAIRMAN POWELL: I don't know if you heard her question back in the back -- the frustration about the federal money, why the CDBG money hasn't been into the hands of the homeowners.

As you know, under the leadership of the President, Congress has allocated about \$17 billion in community development block grants; \$5.5 billion in Mississippi, the balance being in Louisiana.

And I would make one point as it relates to that. After the Secretary of HUD received the plans for Mississippi, he approved those plans in one day. After the Secretary of HUD received the plans for Louisiana, he approved those plans in 10 days. So those plans have been approved by the Secretary of HUD, the federal government, for some time.

Now, as you might expect, there is always a balance in attention between getting the money out fast and getting the money out responsibly fast. Both states have an administrator that is charged with the responsibility of making sure the plans are fulfilled when they give the money to the applicant or to the homeowner in Louisiana and in Mississippi. And at the beginning, as you might expect, there is some sense of frustration and a balance act as they go forward. But in Mississippi, I'm happy to report to you that there are some homeowners that have received money. In Louisiana I know the governor, tomorrow, will be in New Orleans at a site where homeowners can go and sit down face to face with a person interviewing them for the CDBG money, or they call it their "road home." There is going to be 10 sites in Louisiana.

We're in contact with the administrator from time to time. I can assure you that both the Mississippi elected officials, the local officials in Mississippi, and the local officials in Louisiana want that money to get out into the marketplace as fast as possible. But, again, keeping in mind that they are going to be good stewards of that money and that the plans had to be fulfilled, and there is certain documentation -- and, again, that's that balance between getting the money out fast and getting the money out in a responsible, fast way. But it's going fine.

Q So there's a concern about fraud then --

CHAIRMAN POWELL: Well, I think it's just a fiduciary type role that these people have. Again, you know, they want to make sure that the money is out there quickly. I have a sense of frustration, I have a sense of urgency all the time. That money needs to get out because -- you'll see a lot of activity, but it doesn't serve anyone for them to be sloppy and haphazard in that administration of those monies.

Q Following on that, has there been a retrospective look or a possibility looking back that this should have been a federal disbursement of funds, that the federal government should have stepped in and done -- implemented the spending?

CHAIRMAN POWELL: I think it's very important that a guiding principle has been set forth from the very beginning. The President has indicated this, that the planning of the neighborhoods and the planning -- the plan to rebuild the Gulf Coast should be the plans of the local people. Thus, that principle is very important and, thus, the administration of those plans and getting the money into the homes -- getting the money into the hands of the local people is a local initiative and state initiative.

Q The President said -- if I could follow -- yesterday that \$110 billion has been designated. Is it true that only half of that has been spent?

CHAIRMAN POWELL: The \$110 billion, I believe -- correct me -- there's been something like \$44 billion that has been into the hands. I would hesitate to follow up on that -- I would not hesitate, I would remind you that 75 percent of the money that has been appropriated is at the direction of the state and local people.

Yes, sir.

Q Especially in Mississippi, it sounds clear that the homeowners are going to get their money. But a question has arisen as to whether apartment dwellers, as well as home renters, have money that's accessible to them. How are they going to get that --

CHAIRMAN POWELL: Part of the Mississippi plan specifically calls for low- to moderate-income housing and some public housing. The Secretary of HUD was in New Orleans yesterday and made an announcement with the Mayor of New Orleans that all of the public housing in New Orleans would be rebuilt, and part of it would be rebuilt in record time. Part of the plan, the CDBG money that the state of Louisiana is getting, \$1.5 billion of that is designated to low- and moderate-income housing. So in the CDBG money, there is adequate money, we believe, for

both the state of Mississippi and Louisiana to speak to the low and moderate housing, or those people who live in rent homes.

Q But it hasn't gotten there yet, and there's no provision for it as of yet, correct?

CHAIRMAN POWELL: Well, it hasn't gotten there, just like the homeowners' money hasn't gotten there yet. But there is a provision. And both plans spend that money for that specific cause. It will get there.

Q Of the \$110 billion that keeps getting thrown around, as I understand it, about \$77 has been obligated. What about the other \$33 billion or so? Isn't that a federal responsibility to obligate that money?

CHAIRMAN POWELL: Well, the other that has not been obligated, let me give you a couple examples about that. The CDBG money is in there. That's \$17 billion that's obligated but hasn't been spent. It's up to the local initiative -- the state and the local people -- to spend that money. There are some project worksheets that is obligated for certain infrastructure issues, but that, too, has not been completed to satisfy the requirements that they must have to get that money. But it, too, will flow.

Q What I'm talking about, though, is the unobligated --

CHAIRMAN POWELL: That's one -- the unobligated money, that's part of it also. It will meet the needs.

Q But about \$30 billion has not been obligated by the federal government. I'm wondering why that is.

CHAIRMAN POWELL: Well, I think that was -- the difference between there is in anticipation of monies that will be needed to meet specific needs.

Q For --

CHAIRMAN POWELL: Infrastructure, insurance -- I mean, the flood insurance program.

Yes, sir.

Q Just to understand, you said just a minute ago, \$44 billion has been spent.

CHAIRMAN POWELL: I think that's correct, \$44 billion.

Q Out of the \$110 billion?

CHAIRMAN POWELL: Right.

Q And then 75 percent of the \$110 billion is at the direction of the state and the local government. Of the \$44 billion, how much of that is state and local spending?

CHAIRMAN POWELL: Well, I would say 75 percent of that, whatever that is.

Q All right, I got you.

CHAIRMAN POWELL: Yes, sir.

Q What about this complaint that the levees aren't being built to withstand a category 5 hurricane? Is that correct?

DIRECTOR PAULISON: The levees aren't being built to withstand a category 5 hurricane? General, you want to take that?

GENERAL STROCK: I'd say that's a true statement. We don't have the authority to do that yet, and that's one of the tasks that we have been committed to, to determine what it would take to withstand category 5 across the coast of Louisiana.

What we are now challenged with is to provide 100-year protection, 100-year flood frequency protection across the metropolitan New Orleans area.

Q What does that mean? Is this category 5 thing being studied or what's the process?

GENERAL STROCK: It is being studied. It's -- we issued a preliminary report in June that basically laid out the framework for the study and was a check with Congress to ensure that we're looking at the right things in the right ways. By December of 2007, we're required to have a plan or a suite of options that would provide category 5 protection. We've, importantly, been told to do this exclusive of normal policy, which normally requires us to do very rigorous benefit -- cost-benefit analyses. So we're in the process of delivering that report, working very closely with state and local authorities.

Q General?

GENERAL STROCK: Yes, sir.

Q Does the hundred-year protection envision a category 4 storm? Is that what it is?

GENERAL STROCK: It's very hard to say exactly what the category of storm it can protect against. The 100-year frequency talks about the frequency of an event that could occur. Katrina has actually changed that and changed the definition of the flood plain.

Working with FEMA, we defined the flood plain as a result of the meteorological record. We have determined that associated with that event, there is a certain height of levee that's necessary to address that storm surge. I don't think we've actually equated it with a specific category of storm. And I think that's appropriate because the category of the storm is not really the important thing. When Katrina actually hit New Orleans, New Orleans, it's estimated was about a category 2. But the surge that came from the Gulf was a category 4 or 5 surge, so it's somewhat misleading to talk about categories of hurricanes when we talk about level of protection.

Q Well, how -- would it be at all possible to say what kind of shape New Orleans would be in next week if a category 4 storm made landfall?

GENERAL STROCK: It is possible to do that. We do have models that can run category 4 storms against the city. And in fact, we are doing that as part of our category 5 study.

Q What would that say?

GENERAL STROCK: I don't know the specifics of that. It's a very complex thing. It depends on where the storm tracks in reference to the city because the storm dynamics are very different depending what the track is. So I don't have specific answers to level of inundation or impact on levees and so forth. I can tell you that the levees, no matter what level of storm we see, would perform better than they did under Katrina based on the improved construction and some of the other enhancements we put into the levees.

Yes, ma'am.

Q General, from here on out, who is going to be in charge of the levees? There's been some confusion over who's going to be responsible for the maintenance, for the upkeep, for the rebuilding, for construction. Has there been one single entity appointed to be in charge of the levees from here on out?

GENERAL STROCK: Well, it's national policy that when we do build levees in cooperation with local authorities, that upon completion, those levees become a responsibility for the locals to operate and maintain.

The Corps of Engineers has a responsibility to periodically inspect those works to ensure that they are maintained in the proper way. The state of Louisiana has now created an overarching board that will look at the comprehensive levee system across the state. That was one of the learnings in Katrina, that as you had localities that were each

responsible for their portion of the levees, it did not operate as a system. And as one of the criteria for additional federal monies, the state had to create an overarching mechanism.

I don't know the specific state of that. I know that there's been a proposal. I'm not sure whether it's actually passed the state legislature. But I know the state certainly intends to if they have not already established that overarching mechanism.

Q But in other words, still, the feds will have some responsibility, the local levee boards will have some responsibility, and the state will have some responsibility, same as it was before Katrina, correct?

GENERAL STROCK: Yes, I think so. The federal responsibility is to ensure that the levees meet the specifications for whatever level of protection they were designed against.

Yes.

Q General, as I understand it, you've had money since, I guess, February to do additional levee repairs, raising some of the levees that had sunk?

GENERAL STROCK: Yes.

Q And if I'm remembering this right, the target date to finish that was in the fall of 2007. Given that none of that work has begun yet, is the target date still realistic?

GENERAL STROCK: Well, it actually has begun. In the repair work that we undertook on those 220 miles of levee, we didn't simply repair what was there before the storm, we took it to its full authorized design. So those areas that were repaired have been taken up to those full design levels. The September 2007 deadline relates to about five different discreet projects in the area that we have a commitment to build to full, authorized design levels. An important part of that is to recognize that there is subsidence in the area, geologic sinking of the area around New Orleans. And our plans when we do complete those projects will compensate for that level of subsidence that we experienced.

Q And is the target date still good?

GENERAL STROCK: Well, in fact, we're trying to have a more aggressive target date because we feel a more appropriate time to shoot for is June of '07, which is the beginning of the '07 hurricane season. But right now, realistically, we think September is achievable, and we'll certainly try to accelerate that if we can.

Thank you.

Q If I may, just one other question, there's been some talk out there that the money seems to be flowing quicker to Mississippi than Louisiana. Can you comment on that from your 30,000-foot view?

MR. POWELL: I think there's unique challenges in both states. I think there's a unique challenge in Louisiana. As you know, Louisiana has levees, they have a metropolitan city, and they have some other unique challenges versus Mississippi. I'm convinced that both states, that the money will be flowing in an orderly way and a responsible way very, very soon, and that homeowners will be the recipient of the CDBG money so they can start rebuilding their homes.

Q Is there something that we could attribute the response in Mississippi vis- -vis the response in Louisiana? Is there some reason why Mississippi might have gotten moving faster, like Haley Barbour is there?

MR. POWELL: I will just tell you both of them, Mississippi has received approval of their plan, their administrator is taking action to get it in the hands of the recipients. Louisiana's plan has been approved, and their administrator is in the process of getting it into the hands of recipients. There's going to be a lot of activity in both states in the fall.

Q But Chairman, to follow up on that, in other words, it sounds like the money is going from the state of Mississippi to the homeowners, correct? It's already started to flow?

CHAIRMAN POWELL: There's been some money dispersal.

Q So why hasn't that happened in Louisiana?

CHAIRMAN POWELL: I think it will happen in Louisiana within -- I talked to the administrator about 10 days ago. I think there will be some monies flowed to recipients momentarily. I think within the next week. It may be, for all my knowledge, I haven't checked in the last two or three days, that could have already happened.

Q But why not yet?

CHAIRMAN POWELL: I'm sorry?

Q Why not so far?

CHAIRMAN POWELL: Why not so far? I think their plan was approved later. They didn't get their plan into HUD until later after Mississippi. Thus, the plan was not approved until later. So it takes a little bit of time.

Q Chairman Powell, you said, it's important that the local and state governments implement this spending. But what do you say to critics who say that the administration really should have done more to spur this on, to make it quicker? The President said in Jackson Square soon after the storm that he wanted the work done quickly. People look now at the anniversary one year later and say, is this quickly?

CHAIRMAN POWELL: I think if you look at the entire scheme of things, there's been lots of progress made in both Mississippi and Louisiana in the rebuilding of the Gulf Coast, lots of progress. The thing we're focusing on here is the housing money that meets -- so people can rebuild their housing.

First of all, the plans had to be developed by the local entities -- the state of Mississippi working together with the local people that were affected in those cities and communities on the Gulf. The same is true in Louisiana. The LRA had to work with the local entities to come with input about plans. That takes a little bit of time. So again, that's part of the process.

I think -- upon reflection, I think it really was done in a short order, because people were, again, were focusing on some other things at the very beginning -- the immediate release and some other issues, that they needed infrastructure in getting certain things back in order. But the money is going to be flowing this fall, and it's going to be in the hands of homeowners.

Q I may have missed this, but you mentioned one of the biggest problems is the communication between the city, state and federal government. And you said that you're testing a system put in place tomorrow. Exactly -- can you elaborate on that a little bit?

DIRECTOR PAULISON: We put a protocol in place that we're going to use during a disaster. So we're standing up the joint field office tomorrow, and to make sure -- and doing kind of a mock -- I wouldn't say a disaster drill, but kind of a disaster drill, like a category 5 storm coming into New Orleans, and to test that system and make sure that information flow is going to flow as we expect it will.

Just to make -- we've got -- we're right in the middle of hurricane season. We just want to make sure that we test this thing to make sure that we're going to be able to share information regardless of where it comes from. But we're going to throw a lot of scenarios at the people working there. We're going to throw scenarios at people working in Washington, and also at the joint field office, and also down at the local level to make sure that no matter where that information comes in, or regardless of what it is -- the levee broke, or you need a -- you have a flood over here, you have houses collapsed over there -- that we -- that to share it up and down the -- up and down the chain and also laterally to the locals. That's what I meant by testing it.

Q Okay, so this is in Louisiana and Mississippi --

DIRECTOR PAULISON: This is -- this is strictly Louisiana. That's where the joint field office is. But this is transportable. Regardless of where we go, we just happen to have people already there, so it was the right place to go ahead and work through that system to make sure it's going to flow like we expect it will.

Q Chief? Just really quickly. Apparently there's another tropical storm in the Atlantic coast.

DIRECTOR PAULISON: Depression. Depression. (Laughter.)

Q Can you give me a little update on that and where it's headed?

DIRECTOR PAULISON: We've been watching it very closely. It's not a tropical storm yet. If it is, it will be called Debbie. And it's heading west/north -- kind of northwest right now. It's still way far out there. We're just keeping an eye on it. The conditions -- I talked to the hurricane center today. The conditions are favorable to -- for it to become a tropical storm, so we're just going to watch it very closely. But it is way out there. And again, now is the peak of our season. Between now and October 15th is when we get 80 percent of our storms. So that's traditional through -- for the last 100 years. So we're going to watch it, and we're expecting them to come. And we're going to be ready for it.

Q Mr. Powell, when the President toured the Gulf Coast area in early September last year, he said at one point that he would hope to come back in two years and see a vibrant Gulf community. Do you think two years is really the likely time of a recovery, given the one-year benchmark we're looking at today?

CHAIRMAN POWELL: There's been lots of progress made in one year. And again, I think it's important that -- the anniversary is -- one-year anniversary is not final. This is an ongoing effort to rebuild the Gulf Coast. But there's been lots of progress. And I would acknowledge that there's more to be done. I mean, there's a lot more that needs to be done, and we talked a little bit about some of the stuff today. I think it's important, again.

But I think it's important for us to also remember that there's \$110 billion that has been allocated by the taxpayers, of which \$77 billion of that has been obligated, and now, true, there's only been \$44 billion of that that has been spent. But \$110 billion of that money that's been obligated, and \$77 billion has been spent, or is available to the states. And the balance of it -- which is, again, will be directed toward a recovery -- the balance of it will be available as soon as the states and the locals submit their plan. That's -- that in itself, is very important.

MR. SULLIVAN: Last question? Thanks everybody.

END 5:25 P.M. EDT