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La. given less than its share, report says

Independent groups back what state has said about federal aid

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By David Hammer

A new report by two independent policy research groups backs up Louisiana's long-held contention that the state got shortchanged on federal recovery money in comparison with Mississippi, which suffered far less damage.

"The amount of federal aid provided to Mississippi and Louisiana is not proportional to the amount of damage each state suffered," concluded the report released this week by GulfGov Reports, a joint project of the Nelson A. Rockefeller Institute of Government in Albany, N.Y., and the Public Affairs Research Council of Louisiana.

The GulfGov project, financed by a \$900,000 grant from the Ford Foundation, is independent and represents stakeholders in Louisiana, Mississippi and Alabama. Still, the report's findings on the distribution of federal housing recovery money come down solidly on the side of Louisiana in an argument that has angered Mississippi officials and drawn a rebuke from the White House.

The GulfGov report homes in on the distribution of Community Development Block Grants, or CDBG, the federal housing dollars that were used by Congress as financial aid for states' hurricane recovery.

In February 2006, the Federal Emergency Management Agency and Small Business Administration estimated Louisiana had 204,737 housing units with major and severe damage. This week's GulfGov report finds that Louisiana

had 67 percent of the damaged units that are now eligible for CDBG money, but the state got only 62 percent of the block grant money.

By contrast, Mississippi's 61,386 housing units with major and severe damage represented 20 percent of FEMA and SBA estimates of storm damage -- but that state got a full third of the federal CDBG aid.

'Not treated equitably'

"It shows that each state was treated differently," said Jennifer Pike, the Public Affairs Research Council's research director, who spent the past year producing the report. "It's not saying Louisiana should have gotten more, or Mississippi should have gotten less. The big takeaway is that states are not treated equitably, and in a disaster recovery environment, I can't think of a single reason states shouldn't be treated equally."

In all, 305,109 housing units suffered major and severe damage in Alabama, Florida, Louisiana, Mississippi and Texas. If the Florida damage, mostly caused by Hurricane Wilma, is taken out of the equation, Louisiana's share of the damage jumps to 73 percent, but its share of the money increases only one percentage point, to 63 percent.

The picture becomes even more lopsided when severe damage -- units that are considered destroyed -- is given more weight. Counting the Wilma figures, Louisiana had 85 percent of all the destroyed units and Mississippi had just 12 percent.

Unfortunately for Louisiana officials, who have been crying foul about these numbers for months, federal officials have found plenty of reasons not to support equitable financing based on relative damage.

Mississippi Sen. Thad Cochran expanded CDBG financing for all states in December 2005, but he capped Louisiana's share at 54 percent, without explanation. More recently, President Bush's coordinator of Gulf Coast rebuilding, Donald Powell, said he wouldn't agree to establishing one state's needs based on what another state gets.

"Tell me exactly what you need, and I'm happy to sit down and listen, but the evidence has to be based upon the need, not a comparison," Powell said last month in reaction to complaints from Louisiana officials about the distribution of aid.

Powell's office declined to comment Wednesday on whether his position has changed now that the disproportionate financing argument comes from an independent research group rather than Louisiana politicians. Powell needed time to review the study, a spokesman said.

Road Home is rocky

Meanwhile, Louisiana officials rallied behind the independent report this week as they prepared to make a case to Congress for more money to bail out the Road Home homeowner aid program.

"This helps us, because it provides independent, third-party evaluation of the case Louisiana has been making for additional funding," said Andy Kopplin, executive director of the Louisiana Recovery Authority.

The state created Road Home using most of its CDBG dollars, but that wasn't even close to what the program will cost.

The Road Home needs \$4.4 billion to \$5.3 billion more to serve all anticipated grant recipients. With \$1 billion from various state-controlled sources, Congress would need to chip in \$3.4 billion to \$4.3 billion more, according to middle-ground and conservative estimates by the LRA.

Louisiana politicians, both Democrats and Republicans, say their state has gotten less than its share of many kinds of rebuilding money, from housing to health care to fisheries. Meanwhile, Louisiana's Democratic leaders

contend that Mississippi -- buttressed by strong Republican leadership at a time when the GOP controlled all the halls of power in Washington -- has consistently received more than its share of federal money.

Mississippi has taken offense at this argument, although Louisiana leaders have been careful to add that they don't want less money for their neighbors, just more money for their state. Pike said she ran her report by Mississippi officials before it was released and they raised no objections.

Not all good news

The report isn't entirely flattering to Louisiana. While blasting federal agencies and rulemakers for being too inflexible in the face of an unprecedented disaster, it also said Louisiana made its Road Home program too cumbersome with "multiple layers of rules . . . designed to answer those who maintain the state is too corrupt to be trusted with that much money."

The report also delves into problems with the FEMA Public Assistance program for rebuilding public assets damaged in the storm. Again, it argues that the process, laid out in the federal Stafford Act, is too inflexible.

Kopplin said the report only proved the state's argument that the Stafford Act's provision for equitable distribution of aid should be used to govern all disaster relief dollars. Pike agreed, but again, Powell has said the Stafford Act's provision should have nothing to do with the distribution of CDBG and other long-term recovery money.

Pike said the inequitable financing has made the politics of recovery take an ugly turn.

"I'm bothered by the debate turning into one of 'you got more than I did,' " Pike said. "In an environment where people are suffering and communities are turned inside out, it would be ideal to have equitable funding policies. Sufficient funding may be dreaming, but at least make it equitable."

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