

Testimony of James R. Kelly
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**The Future of the Gulf Coast: Using Tax Policy to Help Rebuild
Businesses & Community and Support Families After the Disaster**

Before the United States Senate Committee on Finance

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Thank you, Mr. Chairman and members of the Committee, for the opportunity to testify before you today on matters of concern that impact and address the needs of survivors along the Gulf Coast. We are grateful to the Committee for convening this hearing to focus on the Gulf Coast and the importance of a comprehensive strategy that strengthens the nation's "safety net" through bi-partisan action.

In 1727, Ursuline nuns stepped onto Louisiana soil in the area known as the Ninth Ward of New Orleans to care for the citizens of Louisiana. In September 2005, some areas of the Ninth Ward resembled its earlier incarnation – devoid of housing, vegetation and population – thanks to Hurricane Katrina. Although nearly three centuries have passed, the legacy of the Ursuline nuns continues through "Catholic Charities" and its mission to care for those in need. Incorporated in 1938, Catholic Charities Archdiocese of New Orleans, offers life-giving programs, advocates for the voiceless and empowers the most vulnerable to foster a more just society.

Prior to Hurricane Katrina many services were still located in the Ninth Ward. Catholic Charities operated more than 30 programs addressing such issues as hunger, poverty, unemployment, domestic violence, education and the needs of the mentally ill, low-income seniors and at-risk children. Today, Catholic Charities serves those whose lives have been changed forever by Hurricane Katrina, in addition to many of those we served before.

Catholic Charities is an effective and efficient organization serving over 150,000 people annually with an administrative rate of just 7 percent. Over 92 cents of every donated dollar goes to direct services.

Today, as we help rebuild the New Orleans metropolitan area, Catholic Charities is committed to continuing its tradition of excellence in service to the community. As we respond, recover and rebuild, we are Ministry in Motion for all who need our assistance. Because at Catholic Charities, people are the heart of the matter.

Post Katrina

A few weeks ago our offices in New Orleans were under ten feet of water, and are not completely operable today. However, we were called upon to serve survivors in the initial days of the disaster. And just as the many families throughout Louisiana and the South are hosting family, friends, and even strangers who otherwise would have no roof over their heads, the Diocese of Baton Rouge is serving as our host family.

Because of the hospitality offered by the Diocese of Baton Rouge, our staff is working around the clock to serve those in need. We are able to provide hundreds of thousands of pounds of food to the hungry and poor. In addition, the New Orleans agency is providing care to New Orleans firemen and policemen. The agency has taken over operation of a medical and respite care center in Baton Rouge where first responders who are working on the ground in New Orleans can get crisis and trauma counseling, medical attention, and other support services before returning to duty.

The people that we served prior to Hurricane Katrina are now in shelters, cars, with family members or perhaps lost their lives before we could get help to them. The businesses that employed folks are gone and unless creative strategies to give them new life are implemented soon, many of them may never be rebuilt.

Despite the recent announcement from FEMA implementing a housing assistance program for those who lost their homes because of the disaster, 47,000 people are still without temporary housing and are being housed in temporary emergency shelters. You need to know that major policy changes should be made so that these families can get out of shelters and into decent affordable housing in order to begin to rebuild their lives.

As both a victim myself and a service provider, I make the following suggestions as you continue to respond to the needs of our region:

My first and foremost suggestion is to do no harm. The committee should ensure that no cuts are made to basic safety-net programs like Medicaid at this time of devastation in our country. Even before the hurricane in my state of Louisiana, the lack of health insurance was one of the major problems facing our community. Medicaid and the SCHIP program provide basic coverage to the poorest pregnant women, children, seniors and severely disabled persons.

The proposals to force the poorest and most vulnerable people in our society to pay more for their healthcare are difficult to justify in this richest country in the world. It is important to ensure that the needs of the survivors are not met by cutting benefits to others currently in need outside of the affected area.

I applaud the efforts of this committee for its development of the bipartisan bill, S.1716, the "Emergency Health Care Relief Act of 2005," which would provide for streamlined access to temporary Medicaid benefits for Katrina survivors both inside and outside the declared disaster area.

Your inclusion of poor childless adults in this temporary Medicaid program is an act of great wisdom that we urge you to continue to advocate for. Many of the survivors and evacuees we are seeing in Baton Rouge are childless adults who lost what limited access they had to health care when the hurricane damaged or destroyed clinics and outpatient departments in their communities. Now as they live in shelters or the remains of their homes, their previous chronic health illnesses have become acute, and they are suffering from new diseases.

As you know, the economies of Louisiana, Mississippi and Alabama will need many years to begin to recover. While the Grassley/Baucus bill would be a wonderful down payment, I urge you to begin to consider how the federal government can help to rebuild the health care financing and delivery systems in the Gulf region, which were woefully deficient to begin with and are now totally beyond their capacity to serve the needs of our people.

I urge this committee to develop ways to provide temporary income to Katrina survivors who have not yet and will not find work immediately who have virtually no income or liquid assets. There are at least three programs under the jurisdiction of this committee that could be adapted for this purpose: the TANF program, unemployment insurance, and the Earned Income Tax Credit (EITC).

I salute Senators Grassley and Baucus and other supporters for the provisions in S. 1716 which would provide 14 months of TANF assistance to eligible Katrina survivors and 13 weeks of additional unemployment insurance benefits.

TANF and unemployment benefits in the hurricane states are among the lowest in the nation, but they are essential to provide some basic sustenance and dignity to people who have lost everything and have few prospects in the coming months. But TANF and unemployment benefits can help only a fraction of the dispossessed people who have been evacuated or left behind to try to survive in the flooded shambles of their homes.

Many survived before the hurricanes with very modest incomes with 84 percent of the jobs in the region originating from the service industry. Many that we see now cannot work for the same employers again—at least not for years. The jobs in reconstruction should go to survivors who lived in the region.

Their families, neighbors, and churches have also been wiped out. Some way must be found to provide some basic income support for these people until communities are rebuilt and jobs become available. We cannot maintain people in shelters much longer, and without income, they cannot survive. The federal government should make available resources to help the affected states to cope with this situation. The safety net had huge holes that many of the survivors had already fallen through pre-Katrina. To only repair and strengthen the net for survivors does not address the fundamental flaws nor does it provide long term solutions for the future. First, the holes cannot be made bigger not for the survivors nor for other people living in poverty across this country.

Even before the hurricane we had incredible, intractable poverty in our region. It is important for Congress to begin to develop a pro-active, anti-poverty policy with many tools.

Prior to Katrina, Louisiana was among the poorest states in the nation, and the city of New Orleans tied for the sixth poorest large city in the United States. According to a recent report from the Center on Budget and Policy Priorities that looked at recent census data, the city of New Orleans itself had a very high poverty rate – 28 percent of the population lived in poverty. Many of the poor in New Orleans, 54 percent, did not have a car, truck or van. Sixty-five percent of poor elderly household did not have a private means of transportation, thereby making it more difficult for them to escape the impending storm. In addition, affordable housing was scarce for New Orleans residents – almost non-existent. Many lived in extremely poor housing conditions in areas that have now been completely wiped out.

Despite many approaches to create enterprise zones and increase employment through tax credits for businesses it is clear that the state of Louisiana and the Gulf Coast region will need more direct federal assistance to prosper in the future.

I have been greatly troubled by voices urging Congress to cut even deeper into domestic programs, even programs serving the poor, to pay for reconstruction in the Gulf Coast region. In our Catholic social teaching, we are taught that the burden of financing the government should fall on those best able to pay. It is not the poor, the hungry, the disabled, or sick who should pay for this terrible disaster.

Survivors, the poor and the vulnerable do not care about the philosophy – the red and the blue and the political divide – what they care about is finding a way to live – day to day-week to week. While the stories and pictures of the complete disaster that followed in the wake of Hurricane Katrina paint a very grim picture of the magnitude of human suffering, and a sense of overwhelming loss, survivors continue to have hope. Hope: that they will have food, shelter and dignity; that they can care for and keep their families, that their communities will together be reconstructed, and that their fellow Americans, their brothers and sisters and their government will not forget or abandon them.

Thanks you for this opportunity. We will work with you and others to get this important work done.