



**SENATE COMMITTEE ON
SMALL BUSINESS AND ENTREPRENEURSHIP
Senator Mary L. Landrieu, Chair**

Remarks for
Hearing entitled, *“Disaster Recovery: Evaluating the Role of
America’s Small Business in Rebuilding Their Communities”*

September 15, 2011

(As prepared for delivery)

Good morning and thank you for joining us for this very timely and important hearing. Today’s hearing focuses on the invaluable role small businesses play in helping their communities rebuild following disasters. For example, right now, small businesses in states from North Carolina to Maine are trying to rebuild their communities impacted by Hurricane Irene. With that in mind, today we hope to hear about the federal disaster contracting process. More importantly, our committee will learn about how the federal government works to contract with local small businesses in communities impacted by disasters.

We know there are two sides to the coin— small businesses often get frustrated trying to navigate the Federal procurement process while the federal government struggles to work with small businesses unfamiliar with the procurement of goods and services. Today, we want to hear those stories from small businesses and federal agencies themselves. We want to hear “the good, the bad, and the ugly” to better understand the role local small businesses play in federal disaster contracting.

Six years ago, two Hurricanes wreaked havoc on the Gulf Coast. This year, a tornado ravaged through Missouri, and just a few short weeks ago, the East Coast battled torrential downpour and flooding. Unfortunately, our country is not unfamiliar with devastation. However, we can continue to

improve our response and capitalize on our nation's resources. Of those, one of the most important in our rebuilding efforts is America's small businesses.

The purpose of today's hearing is threefold: 1) To hear directly from small businesses on opportunities and barriers in working with the Federal government on disaster recovery contracts; 2) To hear from Federal agencies on how they contract with local small businesses after disasters; and 3) To establish a Committee record on past disaster issues that may impact recovery for our recent 2011 disasters.

This year marks the sixth anniversary of Hurricane Katrina, the costliest disaster in United States history with over \$81.2 billion in damage. Within footsteps of Katrina, Hurricane Rita came in for the one-two punch, causing \$11.3 billion in damage – making it the ninth-costliest storm in U.S. history. According to my home State of Louisiana, there were 18,000 businesses catastrophically destroyed and 81,000 businesses economically impacted. Across the entire Gulf Coast, some estimates ran as high as 125,000 businesses impacted by Katrina and Rita. These disasters were subsequently followed by the 2008 hurricanes that hit the same areas in Texas and Louisiana (and the Deepwater Horizon disaster of 2010).

Following each disaster, Federal agencies carried out emergency response activities through contracts with private businesses, including debris removal, reconstruction, and the provision of supplies. According to GAO, who will testify before this committee today, Gulf Coast small businesses directly received almost \$2.7 billion or nearly 13% of the total \$20.5 billion in total Federal contracts awarded for Katrina/Rita-related recovery projects between 2005 and 2009. This money went directly into the pockets of America's small business owners, and these same men and women worked tirelessly to put back together their broken communities. If you think about it, contracting with local small businesses is essentially a recovery mechanism. Contracts put local workers on the job rebuilding their own shattered homes, shuttered businesses, and broken roads.

On May 22 of this year, winds reaching over 200 miles per hour engulfed the city of Joplin, Missouri, leaving large scale damage on stretches of Main Street and many businesses were either heavily damaged or destroyed. In the wake of this disaster, we counted on our entrepreneurs to repair roof damage on St. John's Regional Medical Center, one of the largest hospitals in the area. The federal government reached out to construction companies in the Joplin area to help pick up the damage and debris, and the Joplin region counted on their federal government to use their hardworking area businesses to repair their hometown ravaged by the tornado.

With the help of small businesses, we can rebuild Main Street in Joplin, Missouri, and we can revitalize the small towns and big cities along America's Gulf Coast. But we need to make sure the federal government contracting programs are working efficiently. I am hearing from some federal agencies that small businesses are not prepared to contract with the government when the time comes and lack the general understanding of how to work with the government. However, I am happy to hear that we are making strides in this direction especially following these recent storms on the East Coast. We need to vet the ways the government handles disaster recovery and we need to discuss better ways for the government to seek support from America's small businesses following devastation. And, as a Committee, it is our duty to establish a record on post-Katrina and post-Joplin issues that may impact how we handle today's recovery along the East Coast and future disasters.

Our first panel will consist of officials from the Federal Emergency Management Agency, the U.S. Army Corps of Engineers, and U.S. Government Accountability Office. We will hear from Associate Administrator of the FEMA Mission Support Bureau, Mr. Albert B. Sligh, Jr., who will discuss the role of small businesses in FEMA's contracting programs. In that same vein, we will hear from Director of the National Contracting Organization for the U.S. Army Corps of Engineers, Brigadier General Theodore Harrison. Lastly, the Director of Acquisition and Sourcing Management with GAO, Mr. Bill Woods, will

focus on the statistical analysis of small business contracting following Hurricanes Katrina and Rita. I note that this report was done last year at the request of myself and Ranking Member Snowe.

On our second panel, we will hear from members of the Gulf Coast and Joplin, Missouri, small business communities. From Louisiana we have Mr. Dale Rentrop, Jr. President of Tiger Tugz, LLC and Mrs. Mindy Nunez-Airhart, Marketing Director/Assistant to the President, Southern Services & Equipment, Inc. On this panel we have the following witnesses representing Joplin: Mr. Sid Davis, President of Big John's Heavy Equipment and Mrs. Terri Bennett, Program Manager, Heartland Procurement Technical Assistance Center.

I thank you for your time, and I would like to turn it over to our Ranking Member, Senator Snowe, for her opening statement. END