Transcript of the Testimony of

Field Hearing before the Committee on Small Business and Entrepreneurship

Date taken: May 1, 2015

How Flood Insurance Rate Increases and Flood Mapping Policy Changes Will Impact Small Businesses and Economic Growth

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HOW FLOOD INSURANCE RATE INCREASES AND FLOOD MAPPING POLICY CHANGES WILL IMPACT SMALL BUSINESSES AND ECONOMIC GROWTH

FIELD HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP

UNITED STATES SENATE

Friday, May 1, 2015
Homer Hitt Alumni Center
University of New Orleans
2000 Lakeshore Drive
New Orleans, Louisiana 70148

COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP

DAVID VITTER, Louisiana
Chairman

BILL CASSIDY, Louisiana

WITNESS PANEL 1

REPORTED BY:

LINDA G. GRIFFIN, CCR, RPR

P R O C E E D I N G S

CHAIRMAN VITTER:

Well, that's a pretty natural segue into hearing from our witnesses, and as I suggested, we have two panels of witnesses today, two witnesses from the Federal Government, who I will introduce in a minute, and then following our discussion with them, we'll have a second panel, three witnesses from Louisiana, including those representing the real estate market and small business.

But first we'll hear from Brad Kieserman. Brad serves as the FEMA Deputy Associate Administrator for Insurance. Prior to serving in this position, he was Acting Assistant Administrator for Recovery and as FEMA Chief Counsel.

Brad is a graduate of State University of New York. Received his JD magna cum laude from Columbus Law School at Catholic University, in DC.

And following Brad, we'll hear from Roy Wright. Roy is a native of California and serves as FEMA's Deputy

Associate Administrator for Mitigation, where he's responsible for FEMA's risk analysis and risk reduction programs.

Roy holds a Master's of Public Administration from George Washington and a Bachelor's in Political Science from Asuza Pacific.

His joint testimony, with Mr. Kieserman, will discuss the impacts of NFIP on small businesses. And, again, Bill and I will specifically ask them to address the Executive Order. Thank you all both for being here and for your work, and Brad, we'll start with you.

MR. KIESERMAN:

Chairman Vitter and Senator Cassidy, thank you very much for having Deputy Associate Administrator Wright and I here today, and I really appreciate the opportunity to come and talk about flood insurance with you all, and we would ask that our statement be entered into the record.

So, I guess, you heard the Senator talk for a moment about my bio. The most important fact about my bio is that I was stationed here for two years and lived in Jefferson Parish, and my oldest son was born here. He referred to himself as the "Fresh Prince of New Orleans." Never actually been here as an adult, but we're working on that, so we'll see.

So having lived here, I do think I have a -- not just having lived here, but having worked on the river for two years, I think I have some understanding of the complexity of the landscape when it comes to flood insurance.

So let me begin. I have prepared remarks, which I am not going to read. I'm just going to chat with you all for a few minutes. Then I'll turn it over to Mr. Wright.

First of all, flood risk, as you all know, is probably one of the most significant hazards in the United States. If you look from like 1980 to 2013, the United States suffered more than $260 billion in flood-related damages. That's one of the reasons we have a National Flood

Insurance Program is because the market and the industry really can't afford to provide you, whether you're a small business or a residence, with affordable flood insurance.

So all these concerns that you've expressed about affordability are spot-on and I thought that the Senators answered your questions exactly as I would have answered your questions. Better, in fact, Senator Cassidy. So I think the affordability issue is critical, right.

So this is why you have a National Flood Insurance Program that was never designed to be actuarially sound. It was always, by design, meant to be a subsidized program, and now, as we've gotten further and further into the program, Congress has determined that we need to move from subsidized rates to actuarially sound rates, and there's a lot of tension around this issue and Senator Vitter was spot-on.

Congress heard what the people had to say and slowed down the rate increases and tried to make those more affordable, but in the end, as I think you all know, the rates are going up, and so the question is how do we manage that and what protection can you get from it and how can you mitigate your risk.

I guess I would turn for a minute, because this is a -- the hearing is focused on small businesses. I do want to focus on small business, for a second, and the reason for that is small businesses, as you all know, are the economic engines of our community. The statistics vary a little bit, but the best numbers I see tell me that 40 percent of small businesses affected by floods don't reopen, and that's because they can't afford to repair, to recover, their merchandise is damaged, they lose their customers, people move.

And so while a lot of what we do is talk about the flood insurance program as it relates to residences -- and that's because over 91 percent of the policies in the United States are residential-type policies -- but the fact of the matter is, here in Louisiana, here in Louisiana, 11 percent of the flood insurance policies in the state are nonresidential policies. They deal with businesses, churches, schools.

So the small business issue is particularly important here, and I know from having lived here that many of you simply -- you can't relocate because your business is the water.

The gentleman earlier talked about oil and gas, the chemical industry, the seafood industry, fishermen -- and I was in the Coast Guard when I lived here. I was a buoy tender. So I really couldn't relocate. I needed to be near the boat and get out on the water. So we understand that.

But that means that we've got to figure out how to price that risk and how to make those prices affordable, and that's a challenge.

The National Academy of Sciences is working on several reports right now on affordability and they have issued the draft of the first report, and they're going to produce a second report that will help us understand how to get through the cost-benefit analysis.

But it's a challenging issue and I don't want to come here and make it seem like there's simple answers. I do believe strongly, though, that your elected representatives are aggressively working these issues. You see that they both have an incredible command of the issue here, and we, in the Executive Branch, are here to try to make sure that we execute the law in a way that protects the public and the community and also in a way that gets you affordable rates.

So I'll be happy to take any questions you have and then I'll turn the mike over to Mr. Wright.

CHAIRMAN VITTER:

Great, thank you. Roy.

MR. KIESERMAN:

Thank you, Senator.

MR. WRIGHT:

I appreciate the opportunity to join you, Chairman Vitter and Senator Cassidy, and like Mr. Kieserman, I'm committed to make sure that we're collaborating with you all and the communities to make sure that we deliver on our commitments through the National Flood Insurance Program.

Mr. Kieserman spoke to the elements of insurance and affordability. I'm really here on the other complement to that program related to the flood hazard mapping and floodplain management and how we deal with mitigation grants and incentives.

At NFIP, when we talk about this, this is 22,000 communities across the country that are in partnership with us related to this. We've partnered with them. We've seen this as really some of the charges that Senator Vitter led us through that led into putting in place revisions to our Levee Analysis Mapping Process that we did three years back, where we slowed down that mapping process. We put in place those local levee partnership teams and we're ensuring that the lines on the map reflect the best data from the community.

And we know that the risk changes, and as it changes, we see lines move and we see structures come in and come out. In any given year, we see, on average, about as many come in as come out.

We have some updates happening in Orleans and Jefferson Parish right now. As those maps in Orleans Parish move forward, over the next year, 77,000 structures are going to come out of the Special Flood Hazard area. They will no longer have that mandatory purchase requirement. The risks changed; our maps changed.

And so as we look at these elements, we want to make sure that we have worked with communities, we're reflecting the risk, and we're preparing for what is to come.

And so the law requires that, as we lead these programs, we identify those flood risks, we engage communities to increase their understanding. We want to make sure we're reflecting the best credible data available. We look to set those kind of standards related to future construction in that area of known flood risk.

And we want to make sure that when

federal funds are used for projects, in communities, that we do build them higher and stronger so that the taxpayer doesn't need to come back and pay for that same building twice, and I think there's some of those elements that we can share together.

And so, with that, I'll say thank you, and we're available for your questions on the topics throughout that we've talked about this morning.

CHAIRMAN VITTER:

Great. Thank you both very much. I'll get things kicked off and then we'll turn to Senator Cassidy.

You both heard a lot of concern about this Executive Order. What we're talking about, just for everyone's benefit, is an Executive Order by President Obama, 13690, and the corresponding Federal Flood Risk Management Standards, that they would be raised significantly and that this Executive Order basically directs all federal agencies to define the floodplain in a different way than we have traditionally, at the 100-year floodplain, and in a more draconian way, either a floodplain based upon, quote, "climate-informed science," closed quote, whatever that means, or No. 2, a 500-year floodplain, or No. 3, expanding the existing 100-year floodplain to add an additional two or three feet of freeboard elevation, which is a big deal.

Now, FEMA has said none of this is going to impact NFIP, but under the terms of the Executive Order, it's supposed to include all federal grants, loans, and federally-backed financing programs, like FHA-backed single family mortgages.

Those two statements seem to be in conflict. What are we missing?

MR. WRIGHT:

So when this Executive Order came out, it put some new pieces in motion, Senator Vitter, but it also went back and amended an Executive Order from President Carter, in 1977. And so what we were directed to do --

CHAIRMAN VITTER:

Just as an aside, the fact that we're building on a Carter Executive Order does not give us great comfort either. I'm sorry, I couldn't help myself.

MR. WRIGHT:

Fair enough. And so it is that piece from 1977 that looks across all federal action, and it then told agencies to go through and look at the impact on various programs.

In an attempt to be open and transparent with folks, what came out was a document that looks at how these two fit together, and that document has been something that we have been going around the country, sitting and talking with people, because it's in draft and it needs to be clarified.

And so one of the points is -- I've gone to eight different cities, I've held public meetings, and I was even meeting with some folks here in New Orleans last night on this topic, because we have the ability to ensure that the implementing guidelines match what people's expectations are.

And so to this point, it will not

change the National Flood Insurance Program in terms of how we map today, the rates that are set on the ability for people to have claims. It will not do that. We don't see that the Executive Order directs us to do so.

What I was asked last night, and I think it was very fair, is they said if that's the case, show us that language directly in that implementing interagency guideline.

And so one of the challenges I offered back to folks is, that is the intent. Can you tell me what words that we would put on this page that would bring that level of assurance?

The intent of the Executive Order, and it's clear in the policy section of Section 1, is to focus on federal investments in construction projects. So that's if there's going to be federal dollars put in, we should build it higher and stronger so that it can withstand. That's the intent.

Part of what has been going on,

through this now 90 days of public engagement, has been, help us understand where these uncertainties may be and help me understand what words would bring the kind of certainty that people want.

CHAIRMAN VITTER:

Roy, let me follow up on that. So you're saying that this Executive Order would not change the definition of floodplains for NFIP?

MR. WRIGHT:

That is correct.

CHAIRMAN VITTER:

Okay. Now, you just said it would be about any federal investment.

MR. WRIGHT:

Investment.

CHAIRMAN VITTER:

Aren't mitigation programs, all sorts of things directly related to NFIP, federal investments?

MR. WRIGHT:

So this is where I will separate the part related to those who have insurance policies, the 5.2 million people who have insurance policies. It does not change it for that.

If you received a grant from FEMA for a mitigation project -- and there is one grant program under the NFIP, it's called Flood Mitigation Assistance -- and we do a number of different kinds of projects, including elevations, and if you are getting an elevation funded through a grant, this could have an effect on that part, but we're already paying to build something up at that point, so that's the incremental element, but as it gets to the insurance piece of the equation, how the maps are drawn, how the policies are sold, rated, priced, it does not.

And one of the things that we've been asked is -- we see that we can make that interpretation, based off the Executive Orders, both the one from 1977 and the new one. Folks have said, if that's the case, then make that plainly clear in this document that that separation exists.

CHAIRMAN VITTER:

And wouldn't it still potentially

impact federally-supported mortgage programs that are all balled up for a homeowner with NFIP?

MR. WRIGHT:

So it's not best for me to speak definitively for another federal agency, but as I've worked with the other agencies and had these conversations, the way that HUD, for example, has looked at this -- because, frankly, they've been implementing this requirement already over the last 37 years, under the old Executive Order -- and what they have determined, and we believe is the right answer to continue, is if you're getting a loan for construction, as a federal dollar for construction, this would likely have an application to you.

But if you are getting a federally-backed mortgage, if you're getting financing or refinancing, those agencies have determined that the structure already exists. There would be nothing to implement. It's simply a financial transaction.

Some of that is already in the

document, but we have been asked, again, make that plainly clear, plainly clear that this application to this would not have an adverse impact on the availability of mortgage financing.

CHAIRMAN VITTER:

Right. Well, I would just echo that request.

MR. WRIGHT:

Okay.

CHAIRMAN VITTER:

I mean, if that is the absolute commitment, it can certainly be stated in a much more precise way, including in an actual Executive Order, not just, you know, agency guidelines, so that's No. 1.

And to the extent anybody in the administration doesn't want to do that, it obviously makes us ask, "Why not?" And you're saying, "No problem." But why not state it very precisely in an actual instrument that has the same standing as the Executive Order we're talking about, that's No. 1.

No. 2, I would just restate that

even were that to occur, there are plenty of other impacts about federal investments that you are saying are directly impacted that we think is going to shut down a bunch of necessary activity in large parts of the United States, huge parts of Louisiana.

MR. WRIGHT:

And so, again, I have learned, and again, having conversations last night, I learned more, and what I said to folks, "Help us with those words." I'm not in a position to make a commitment about a subsequent Executive Order, but I am in a position by which we were very clearly directed to look at this implementation and start by putting a draft out so people could legitimately respond to it, and bring the kind of clarification that you are seeking on this.

As that comment period is played out, I do believe, even talking to some folks last night, there are specific comments that will come in that says, "Here's the kind of words in the interagency guidance" --

CHAIRMAN VITTER:

Right.

MR. WRIGHT:

-- "that would produce that kind of increased certainty."

CHAIRMAN VITTER:

Well, again, you just said in the interagency guidance. I mean, my request is for more than that, because guidance can change on a moment's notice.

MR. WRIGHT:

It can. In this instance, this document was last updated in 1978. It's not one that has been frequently changed, but as you well know, I can't make a commitment about the issuance of an Executive Order.

CHAIRMAN VITTER:

Right.

MR. WRIGHT:

But I can make sure that, consistent with those Executive Orders, the interpretation of it is clear and sound and aligned to the outcomes that we're describing today.

CHAIRMAN VITTER:

Right. Brad, do you have anything to add? And then we'll move to Senator Cassidy.

MR. KIESERMAN:

Nothing, Senator, thank you.

CHAIRMAN VITTER:

Okay, Bill.

SENATOR CASSIDY:

So just to be sure -- and, again, I apologize if I was gathering wool or a little dense, but you said if it is a federally-backed mortgage for an existing structure, I've already laid the foundation, not affected, but what if I'm a developer about to make a lot of small neighborhoods so people can move to, you know, to respond to the need for housing, and those are federally-backed mortgages to be issued in the future? Would it affect those federally-backed mortgages?

MR. WRIGHT:

So I want to be clear and precise with you, to the best of my ability. In almost -- there's -- and I'm trying to be precise, because there is one particular program --

SENATOR CASSIDY:

You may have to bring the microphone to you.

MR. WRIGHT:

I'm sorry. As I understand it, HUD has one small program by which they do, in a rural context, provide funding for construction. It's a very small part of the FHA portfolio, very small.

And the other instance is when people are getting loans for -- when they're getting loans for construction, those are not federally-backed mortgages, and so usually what happens is the end --

SENATOR CASSIDY:

Yeah, but they sell it. They sell it.

MR. WRIGHT:

At the end. So the financing for the construction is a much riskier proposition than when it's complete. So the homeowner is involved with a completed structure, and so at that point, it exists.

CHAIRMAN VITTER:

So are you saying definitively that it would not in any way affect federally-backed mortgages for new construction homes?

MR. WRIGHT:

If the -- to the degree that there is not a federal dollar involved in the construction. If there's federal dollars in the construction, this will have an application to them. But if it is simply using a financial instrument, for a Freddie, Fannie, FHA kind of loan --

CHAIRMAN VITTER:

Well, I mean, I'm sure in some of these sorts of developments Bill is describing, I would guess --

SENATOR CASSIDY:

Community block grant. A community block grant that's going to make mixed use housing.

MR. WRIGHT:

Okay. So now we're going to a different category. We're not talking about a financial transaction any more. This will have an impact on the CDBG funds, and when we're doing those kind of housings, we should build them higher and stronger and plan for it on the way in.

And I think that there's some sound public policy behind that. Often, we're dealing with those with less income means, and that means they also have less economic means to recover from a given disaster, and so we want to make sure that they can withstand, in that instance.

Again, I can't speak definitely for HUD, that's not my agency, but as we've looked at this across, the conversations with others, if you're receiving CDBG for a construction project, this would have an application.

SENATOR CASSIDY:

So let me ask you another point. How do you figure out assumptions for a 500-year flood risk? Could you have imagined the Army Corps would have built levees that would fail? That's one example.

Can we imagine that Sandy, where it was a new moon, with a high tide, with a storm at a certain angle -- you follow what

I'm saying? There's so many assumptions, and are you being transparent about your assumptions? Because whether or not, in 500 years -- 500 years ago, it was 1514. Who would have known that they would have leveed the Mississippi River in a way that our wetlands have died and not have helped us mitigate the wetlands lost? And so New Orleans, which formerly was protected, is now at high risk? You follow what I'm saying? How in the heck can you do that?

MR. WRIGHT:

So -- I follow the line of questioning and I'm going to give you a statistical answer, which is to say, what is usually referred to as the 100-year is actually a one percent annual chance statistical calculation, and what is often referred to as the 500-year is actually a .2 percent annual chance statistical calculation, and it is not a presumption related to whether or not certain structures would fail or not.

None of the calculations are related to that. Rather, it's looking particularly at what does it mean to deal with the rainfall that would occur under the .2 annual chance.

But let me use this as a point to highlight for you why, in this instance, the standard gives three options. Because if we look at various places across the country, different options may be the right answer.

So the first one says, do you have data about the future risk, and if you're doing a specific project, whether it's a flood control project or a large scale transportation interchange, in those instances, they're looking for over the life of that project, often 50 years, and they are making some projections about what they would anticipate, and frankly, that's where we're going to largely see that first approach related to the future risk informed science.

In other instances, dealing with the plus two-foot freeboard, is the right answer, which has been an engineering safety factor that has been in practice for more than 40 years, or other cases by which the

.2 percent annual chance piece or the 500-year may be applicable.

Those are the three options that are on the table, and those options are intended to ensure we have flexibility so that we can look at the realities in a community and separate them.

SENATOR CASSIDY:

So who chooses the option to use? If I am, again, a small business woman trying to develop a neighborhood, and I have got to comply -- maybe I'm doing low income houses as part of a CDBG, then can I pick which of those three apply to my project?

MR. WRIGHT:

So this has been part of the conversation, as I've talked across the country, and right now the guidance is silent about which one to choose. There's a preference that says if you've got the climate-informed science about the future, you should use it. But when you're looking at the other options, it doesn't.

The thought behind that was that as you look at the different character of various federal programs, we should ensure that you choose an option that is consistent with its mission, consistent with the intent of that program.

What I have heard from folks is that they are looking for a way to have more predictability in this, and we've had some great conversations with folks about how we live in this tension between predictability that says you must take this path and also having flexibility so that the realities in a given community can be incorporated and addressed.

And so that's one of the things, as we've gone through the public engagement, we've asked for insight from folks about how they would prefer for that decision to be made.

SENATOR CASSIDY:

David.

CHAIRMAN VITTER:

Okay. Two things, as we close out this panel. First, there are obviously a lot of continuing questions about this. The comment period on this closes next

Wednesday. Can the administration extend the comment period, which has been formally requested?

MR. WRIGHT:

Right. So I have a number of requests to extend this. Initially this was a 60-day comment period, and given the nature of the conversations we were having, we agreed and we extended it to make it 90 days, and that's where we're at, so we've already given an extension.

And when we come out of this, each agency is going to be directed, later in the year, to engage, as they do their own protocols, with another engagement of the public. We are all being directed and mandated to do that.

We have a request. I am working with the team in DC so that we can make a decision on that. I expect that to happen early next week.

CHAIRMAN VITTER:

Okay. And, finally, Brad, you have looked at a lot of things in the program, particularly in the context of

Superstorm Sandy. Do you have any developing or formed thoughts including about the "Write Your Own" end of the program?

MR. KIESERMAN:

Thank you. Roy says, "Thank you, Senator, for moving on," for moving to something I will talk about. Thanks for doing this. So just to give you some background, --

CHAIRMAN VITTER:

Actually, I didn't think you were minding that I was staying with Roy.

MR. KIESERMAN:

I wasn't minding at all. I had some of the same questions and now I've got the answers.

So in the aftermath of Superstorm Sandy, as many of you may know, there's an extensive amount of litigation that's going on up in New York and New Jersey, on the eastern seaboard. 60 days or about 70 days ago, I was brought in to troubleshoot that, and I have been drinking from the fire house ever since, but I will share with you my initial observations, if that's okay.

First of all, the National Flood Insurance Program, which is run -- the gentleman talked about resources at the NFIP earlier. There's 70 federal employees in Washington. They are the National Flood Insurance Program, Risk Insurance Division. They are the ones who -- who do what? And here's the answer. What they do and what they're supposed to do -- and they're hard-working people just like you are -- but they're in a program that frankly is in dire need of an overhaul.

So what's happened, over the course of the years, there is 82 companies that sell flood insurance, as well as the National Flood Insurance Program itself, that has about 20 percent or 18 percent of the policies that we actually sell and market because other companies won't do that. Generally, they're higher risk policies.

So between us and one other company, Wright Flood Insurance, between the direct side and Wright Flood Insurance, we have about 30 to 40 percent of all the policies nationally. Then the other 81 entities have the other 60 percent. Does that make any sense to anybody?

So it made sense before the internet. It made sense before you could go online and by E-insurance, because you needed people all over the country to sell and market your product.

So it is very clear to me that 31 percent of every premium dollar you pay, at least 31 percent, goes to a "Write Your Own." I don't know about you all, when I give to charity, I look and see what their overhead costs are, because what I want is my dollars going to the people I'm giving to. I don't want my dollars going to overhead.

And so as I've looked at the program just over the last 70 days, Senators, what I am seeing is that we are paying a lot more in overhead than we should be in 2015. The program structure is a 1980s era business structure. I don't think it's the correct business model today.

And I want to be clear. A lot of people say, the Write Your Owns are bad and the insurance companies are bad, and I'm not saying that. Insurance companies are necessary, they serve a purpose, and there are many responsible insurance companies. I just don't know that the business model for delivering a subsidized federal program that is virtually unavailable anywhere else in the commercial market is the model we have today.

What's clear to me is that we have a capacity issue, especially in disaster or catastrophic events. Where are the agents coming from? Where are the adjusters coming from? Where are the engineers coming from? And who's making sure that the people who come to your homes and your businesses are reputable, reliable people of integrity? Because as John Houghtaling knows, we have encountered -- and I know you all encountered it down here, as well -- but we have seen, in the Sandy aftermath of the Sandy storms, that not everybody who came to somebody's home or business was reputable or a person of integrity, and we certainly have seen evidence that fraud was committed. So there's a huge need to fix the oversight piece of this.

There's another part, if I can, for just one moment. We've lost touch with the customer. I'll tell you what, the people who are running the program at the national headquarters, they are good people, but they view their customer as the "Write Your Own" insurance company, and there's a reason for that. They have virtually no contact with you at all. The contact is carried out through -- by literally a hundred thousand people, agents and adjusters and engineers and people that -- we've lost touch. We have just lost -- and I can show it to you in the numbers.

The last piece, not only have we lost touch, many people who buy a flood insurance policy don't know what they bought, and they are very surprised at the time of their loss that something's not covered, or that the pricing that we're using to replace something or repair it is way off what their expectations were.

So we have to do a couple things. We have to get way better -- and I'm not talking about little increments here, I'm talking about way better -- at educating policy holders and perspective policy holders about what their policies really cover. And I have to say, I have never seen so many exclusions, exceptions. And I know why they're there. They're there because this is a subsidized program and so you have to have a lot of exclusions and exceptions to keep it affordable.

But you have to understand what those are and make decisions about your risk, and we have got to just up the game on that.

So I see the reforms going forward as evaluating the business model and making sense about -- making better decisions about what an efficient, economically efficient customer survivor-centric business model looks like. I don't think it's the model we have today, but I don't have a replacement in mind.

I just know that we've got to look at it and we're going to look to our partners to help us understand that, including insurance companies, Congress, the plaintiffs' bar, our policy holders, small businesses to help us understand that, that business model change.

We've got to get more survivor-centric and get back in touch with the customer and we've got to do a better job providing customer service and that's -- if you've ever been frustrated trying to get your paperwork cleared, you've been frustrated with your adjuster or your engineer -- many of you are small business owners. You wouldn't run your business that way, and we've got to run our business that way. So thank you.

SENATOR CASSIDY:

David, can I ask him one question?

CHAIRMAN VITTER:

Sure.

SENATOR CASSIDY:

I want to link the next panel with this panel. My concern is that if we go to this 500-year or three feet above the base flood elevation, et cetera, that that will impact the real estate market indirectly, but profoundly.

For those of us who are homeowners in this room, our principal investment, our principal equity in life is our home.

Now, David McKey is going to be on as a real estate broker and he is going to be on a follow-up panel, but just for the benefit of us homeowners, David -- and then if you could respond -- to what degree do you think that the proposed 500-year storm surge, et cetera, for federal buildings, will spill over into the risk underwriting or risk perception of a primary residence which would otherwise be unaffected?

MR. McKEY:

Well, the critical factor that we have is -- and what a lot of people don't understand is the flood insurance impacts, and if it increases on one piece of property, that's not just an impact on that piece of property. It impacts the subdivision, it impacts the community, so it's really a widespread effect anytime we see rates on our homes or even our businesses increase.

SENATOR CASSIDY:

So if we have a Community Block Grant Development with mixed income housing, and it has to be built to a certain level in order to be certified, and that is different from the neighborhood next door, nonetheless, you feel as if -- I'm asking, I don't know this -- that there will be a spillover of increased rates because a perception has been created that it is a higher risk than previously assumed?

MR. McKEY:

That would be absolutely correct. When an appraiser comes into an area, a lot of times he doesn't look strictly at that particular subdivision when he's trying to assess the value of that home. He looks around the area and tries to pick up comparables to make an evaluation of that property. So if he's picking up comparables in an area that, like you're talking about, it is going to, no doubt, affect surrounding properties.

SENATOR CASSIDY:

And I was going to say, my fear is that the administration is so committed to climate science and their understanding of it that they are going to make assumptions which are quite variable. 40 years ago, we thought we were entering a mini ice age and now we speak of global warming, that we will have assumptions made that will impact, sure, federally, but then spill over. Roy, any comment to that?

MR. WRIGHT:

What I would simply say is that building higher and stronger in areas of flood risk is a good idea. It is something that communities and parishes here --

SENATOR CASSIDY:

I accept that, but if you take that to a logical extension, we'd all live in lighthouses.

MR. WRIGHT:

No, I -- no, sir, I wouldn't assert that. What I would say is there are elements related to additional freeboard.

We see this in places like Mandeville Slidell, St. James, St. Tammany, Ascension parishes, in which people have looked and said, building higher and stronger is the right answer for what we're doing, going forward.

And I understand there may be some debate about exactly what to forecast, yet whether it's through subsidence, other kinds of elements by which we deal with changes in risk, here in southern Louisiana, on an ongoing basis, that we want to ensure that when future events come in, we are creating an ability by which the community and those who live there will be able to withstand that event, and to the degree that it has an impact on them, they would be able to recover and rebound quickly.

And so we need to do that in a way that is consistent and engaging with the community so that they understand where they are headed with these elements.

CHAIRMAN VITTER:

Okay. I think this is a good transition to our second panel, of which

David is a member, but let's give our first panel a round of applause.

(Applause).

CHAIRMAN VITTER:

Now, I'd like to ask our second panel to come up. I'll be introducing them as they get situated, if I could have everybody's attention.

Dwayne Bourgeois is a native of Thibodaux and a lifelong resident of Lafourche Parish. He serves as the Executive Director for the North Lafourche Levee District. Hurricane Katrina brought about many changes, including involving FEMA, that have caused Dwayne to become much more involved regarding flood elevations and related issues in Lafourche.

Jerry Passman is a native of Baton Rouge and Immediate Past President of the Louisiana Home Builders Association. He has been a member of the Capital Region Builders Association for 18 years and has been very involved in that directly related industry.

And David McKey, who you've already heard from briefly, is the

Broker/Owner of Coldwell Banker One, a real estate company in Baton Rouge. He serves as Chairman of the National Association of Realtors Work Group on Flood Insurance. He's been very, very involved in his related part of business for many years.

Welcome to all of you. I really appreciate your being here, and we'll hear from each of you, in turn, for five minutes, starting with Dwayne, and then we'll have a conversation about it. Dwayne.

MR. BOURGEOIS:

Good morning, and I'd like to thank you, Chairman Vitter and Senator Cassidy, for the opportunity to testify today.

I am the Director of the North Lafourche Levee District, a political subdivision in the state of Louisiana, but I'm here today representing a broader group of agencies, citizens, businesses in the state of Louisiana who rely heavily on the National Flood Insurance Program.

As I am sure everyone here is aware, the Biggert-Waters Flood Insurance

Reform Act of 2012 extended the authorization of the NFIP for a 5-year period, which ends September 30th, 2017. Biggert-Waters '12 was supposed to be a permanent fix to the solvency of the NFIP. It clearly was not.

In 2014, the Homeowners Flood Insurance Affordability Act was passed to fix parts of Biggert-Waters '12, and from a residential homeowner's point of view, it repealed the most damaging parts of Biggert-Waters '12; but most everyone agrees, there is still much room for improvement across the board.

So now we find ourselves with another opportunity to address the issues of this very important federal program. Biggert-Waters '12 has caused many organizations locally and nationally to take a close look at the NFIP and to question the approaches taken to address solvency and long-term stability. The Association of Levee Boards of Louisiana, working with other state and local organizations, have compiled suggested changes to the NFIP into a few specific reforms that I would like to outline for you today.

First and foremost, all new changes to the NFIP will have made, going forward, should be looking forward, okay. We can't punish people who have followed FEMA's rules for participation in the NFIP.

So with the exception of Severe Repetitive Loss properties, we suggest that all new legislation should be structured so that the existing policyholders of any property class must be allowed to purchase Flood Insurance at approximately the same cost as before any new legislation as long as there is no lapse in coverage or accumulative flood claims equal to the fair market value of the property.

Further, these same property owners should be allowed to sell or otherwise transfer the title of their property to a new owner who will then be able to continue with insurance coverage, as described.

Flood insurance policies are offered by FEMA as part of a quid pro quo arrangement to mitigate flood-related cost to the Federal Government. They are offered by the Federal Government to the policyholders under the belief that doing so was equally beneficial to the Federal Government. All policies came with floodplain management restrictions that FEMA required for a community to participate in the National Flood Insurance Program.

The Federal Government not only implied that this affordable insurance would be available for the life of the property; it published and promoted the program accordingly. Citizens and businesses made huge financial decisions, in most cases the largest financial decision of their entire life, based on the promise of the Federal Government.

Second, the solvency of the program must be addressed in a more equitable manner. We need to address program cost, not just revenue. From 1978 to 2013, the program collected over $9.67 billion more in premiums than it paid in claims and yet the program remains $25 billion in debt. This suggests severe issues with the cost of administrating and operating the program. The "Write Your Own" insurance companies make a 30 percent margin on policy sales without having to underwrite any of the risk.

In all of the NFIP reform legislation proposed and passed, to date, the only group asked to give more to correct the programmatic deficit in the NFIP was the policyholders through increased premiums. There must be alternatives.

Third, there appears to be a huge lack of mandatory participation in the program. It has been law since 1973 that any property mapped by FEMA in a Special Flood Hazard Area must purchase flood insurance if the property is mortgaged by a lending institution regulated by the Federal Government. Nationally, a study done in 2006 showed that only 49 percent of those required to have flood insurance actually had it.

Further, it was estimated that when Superstorm Sandy was heading up the US eastern seaboard, only 15 to 25 percent of the at-risk population had flood insurance. Biggert-Waters '12 increased the penalties to lending institutions for non-compliance, but this law must be rigorously enforced in some manner.

The Federal Government has performed very poorly at enforcing this cornerstone issue in the NFIP. The intent was to have all of these properties in the NFIP for two primary reasons. First, to increase the revenue base of the NFIP, and second, to be able to use the insurance principle of the Law of Large Numbers to spread the risk to the program geographically.

Fourth, Biggert-Waters '12 caused a big problem with the actuarial calculations used to determine the cost of insurance for the program by requiring FEMA to include catastrophic loss years in the actuarial calculations. This greatly changes the method FEMA uses to determine the cost of insurance.

The American Academy of Actuaries

reported to Congress that including catastrophic loss years in these actuarial calculations was not in line with Standard Actuarial Principles before Biggert-Waters '12 was even passed into law.

So, finally, we must also consider how a program designed to mitigate for a 100-year flood loss through a quid pro quo relationship with local community's floodplain management can reasonably be expected to absorb the cost of 400-year events.

In conclusion, I would like to point out that ours is a working delta, the fruits of which are enjoyed by and enrich our entire nation. As such, the availability of federally-backed affordable and financially stable flood insurance is of vital importance to our region and the entire nation.

We commend the Committee for addressing long-term reauthorization and reform of the National Flood Insurance Program. We thank you for this opportunity to share both our situation and our views on this important issue.

CHAIRMAN VITTER:

Thank you very much, Dwayne, and now we'll hear from Jerry Passman. Jerry.

MR. PASSMAN:

Well, again, I would also --

CHAIRMAN VITTER:

If you can pull the mike to you. Thank you.

MR. PASSMAN:

I would also like to thank you all for the opportunity to testify today. Again, I'm Jerry Passman. As you mentioned, I'm a third-generation home builder and small business owner from Baton Rouge, Louisiana, and the Immediate Past President of the Louisiana Home Builders Association.

We, the home builders, have a long history of supporting the NFIP. However, recent actions of FEMA and the administration continue to create uncertainty for home buyers, home builders and small businesses. Due to major disasters, NFIP solvency has been threatened. Many thought Biggert-Waters would ensure the physical soundness of the NFIP; however, there were unintended consequences.

Biggert-Waters impacted to sell both pre-FIRM and grandfathered properties by triggering an immediate shift of full rate risk with premiums increasing by 25 percent with a full rate risk each year. Home builders from across the country were witnessing how drastic rate increases were negatively affecting the sales of homes and saw rates increase ten-fold over what homeowners were previously paying.

For example, due to inaccurate mapping, a young couple from New Orleans had to cancel the purchase of their first home because of an unexpected increase in the flood insurance rates, from 2,000 to $6,550.

In another example, a Louisiana builder bought a home, only to realize that the flood insurance rates on the home had increased from the anticipated $412 to over $13,000.

Home remodels were severely affected by Biggert-Waters with a substantial improvement threshold rate increasing from the traditional 50 percent to 30 percent or more of the market value of the structure.

This provision represented a major deterrent for grandfathered property owners located within the floodplain for making minor renovations, such as adding energy efficient appliances to a kitchen or updating their homes, or even performing normal maintenance, at the risk of paying significant premium increases.

Under your leadership, Congress acted quickly to change many of the unintended consequences of Biggert-Waters. The Homeowner Flood Insurance Affordability Act of 2014, HFIAA, no longer triggered the immediate increases to full-rate risk for pre-FIRM or grandfathered properties, and FEMA was required to provide refunds to eligible property owners whose NFIP rates increased.

Additionally, the important substantial improvement threshold was restored to the traditional 50 percent, giving homeowners the ability to make needed renovations without risking drastic increases in their insurance rates.

Thanks to Congressional oversight, FEMA's now required to notify the community affected and their Congressional delegation before updating new mapping models. They are required to reimburse the policyholders or the communities for successful challenges to the errors, in confirmed maps.

Although there are many positive changes that arose from HFIAA, some changes with the NFIP remain. Specifically, a recent Executive Order that President Obama signed will require each federal agency to expand the definition of a floodplain well beyond the longest 100-year floodplain for all federally funded or approved projects.

In establishing the definitions, agencies may use the best available climate-informed science, the freeboard approach, which adds two to three feet of freeboard to the base flood elevation, on the 500-year floodplain, or any combination of the three.

While FEMA stresses that this will not impact NFIP rates, home builders and property owners are left wondering if structures in these new areas will soon require mandatory purchase of flood insurance. This uncertainty will devalue land and existing homes and businesses well beyond the 100-year floodplain.

Home builders are also concerned about the EEOs impact to private construction receiving federal financing or permitting.

According to my experience, almost every home I've built has either had some sort of federal financing, i.e., a government guaranteed mortgage, such as Fannie Mae, Freddie Mac, or VA, or requires some sort of permit. Every home I've built, we have to get a permit because we have to comply with the Clean Water Act.

I'd like to thank the Committee for this opportunity to testify before you today and allow small builders from Baton Rouge, Louisiana, to have a voice on this issue.

I'd also like to express my and my fellow home builders gratitude to Chairman Vitter for your leadership on this issue. We, the home builders, look forward to working with Congress on the NFIP reauthorization to ensure homeowners, home builders and small businesses are protected from exorbitant rate hikes, inaccurate mapping, as we have seen in the past.

CHAIRMAN VITTER:

Great. Thank you very much, Jerry. And now we move on to David McKey. David, welcome.

MR. McKEY:

Thank you, Chairman Vitter, and thank you, Senator Cassidy. You have been friends of realtors for many years, and also, you have been great supporters of home ownership and business property ownership, in Louisiana, and we appreciate that.

CHAIRMAN VITTER:

Thank you.

MR. McKEY:

My name is David McKey. I am a managing broker and owner of Coldwell Banker

One, in Baton Rouge, Louisiana. I've been a realtor for 23 years and I am speaking to you on behalf of 11,350 realtors across the state of Louisiana that are members of Louisiana REALTORS. I'm also one of over a million realtors that are members of the National Association of REALTORS across the country, one of the largest trade associations in the country.

Every community across the nation, realtors help citizens from all walks of life to achieve their dream of home ownership. We also help small businesses find locations and open their doors to business.

One of the inalienable truths of working in real estate is the big surprises just before a closing or at the closing table, and it's rarely good news. Transparency and certainty are vital to running a good business and not the fear of uncertainty.

We appreciate your continued support and your leadership on the flood insurance, especially your hard work last year, in Congress. One year later, we believe the Flood Insurance Affordability Act has succeeded in reining in most of the excessive and inaccurate rates across Louisiana, but as you know, we still have work to do.

Small businesses employ over half of the state's private work force. At the same time, flood insurance has become a significant expense for many property owners, especially small business owners who tend to have smaller production lines over which to spread costs relative to their larger competitors.

For this reason, it is especially important to phase in gradual increases in flood insurance so that there's a transition period, a planning period, and an adoptability period for small businesses. In our state, however, that's not always been the case.

Let me give you a practical example. Before the Affordability Act, there were news reports of surprise increases in flood insurance premiums, up to

$30,000 or more, for some businesses, businesses that had never flooded or had flood issues in the past. It didn't matter if the information was factual, misleading, and in some cases, not factual. Buyers feared the worst. They were scared that they would wake up with a $30,000 flood insurance bill in their mailbox, and that's a death for a small business. Perception is reality, and in real estate, that's why we need certainty in the flood insurance program.

Our realtors have told us that often clients' first words are not to show them properties in an area that would require them to carry flood insurance for their mortgage. This certainly rules out a number of properties being marketed, and as a result, many owners find their property unsalable or hard to sell.

It also creates a rippling effect throughout the communities. As values decline on these properties, it also affects surrounding properties, as we just talked about, and in turn, the community tax base.

It costs our citizens income, loss of equity in their real estate, and in some cases, jobs were lost.

So while the Affordability Act has been a success, there are still some issues, and I'll discuss five with you.

First and foremost, we need long-term reauthorization. The National Flood Insurance Program will sunset in 2017. We urge Congress to reauthorize a program for a minimum of another five years.

Second, it's important to have rate accuracy. There's too much confusion over rates and fees. Clarity on something like the 25 percent increase, for example. We'd also like to see a strengthening of training for our insurance agents so everybody's on the same page, and consider other incentives for accurate rates.

Third, let's identify programs and funding opportunities for additional investments in strengthening older, pre-FIRM properties against flooding.

Fourth, the Office of Flood Insurance Advocate, created by the

Affordability Act, needs additional authority and staffing to be a full-fledged advocate for homeowners when the insurance companies -- there's clarity or flaws in the insurance rates that the insurance companies are quoting. The office should also report on these issues it is not able to resolve, under existing NFIP authorities.

And, finally, we absolutely must fix the flood map appeals process. Right now FEMA must first issue regulations before it can begin reimbursing property owners. This could take a while. Many property owners might succeed if they appeal the flood map, but could be discouraged from doing so because they are outside the formal window of 90 days to appeal, or the cost to appeal may be too high. Let's expedite reimbursement of successful appeals by allowing FEMA to issue guidance.

In closing, let me say that I hope we continue down the path of increased certainty and accuracy. Most people are afraid of the unknown, and this holds true in the case of future affordability of flood insurance.

We look forward to working with you in the future to try and keep the current flood insurance in place past that September 30th date, and I thank you for your time and allowing me to be here today.

CHAIRMAN VITTER:

Great, David. Thank you very, very much. Thanks to all of you. And now I'm going to turn it over to Senator Cassidy for comments and questions, to begin.

SENATOR CASSIDY:

Mr. Bourgeois, I really liked your comments, but I think it's also important to understand that, one, we've got to have a five-year reauthorization, at least, and we have to put in those reforms that will actually lower the premium for those of us who are purchasing insurance, absolutely.

But we would not be totally kind of in the right context to understand, this is going to be a political battle. It really is. Because if there's somebody on a mountaintop in New Mexico, they may wonder why they, quote/unquote, are subsidizing us.

Now, that is, until they have a flash flood and they are now rated -- since they live next to a stream -- as in a 500-year flood zone.

Now, I say that not tongue in cheek, but accurately describing what takes place. Because once you start talking 500 years, there is no place in the nation, including mountaintops in Colorado, that are not at risk.

So just to say, in a political context, what Senator Vitter and Congressman Scalise and the others do is going to be tough because people do not yet understand their own community's risk.

Let me point out a couple other things just in comment to what you all said. You are right. A minority of people who should have flood insurance have it. But that's actually not FEMA's fault -- although it's always wonderful to blame FEMA -- it's actually the banking, the judiciary. It's another government department that should require that.

And there is some reticence when

we have a program that has been broken, charging rates that are too high, to go start tracking down a middle income homeowner to pay a rate that is not actuarially sound. Do you follow what I'm saying?

So if you are in the middle of Kansas and all of a sudden you're rated because you live near a river, for a high premium, but your premium is too high because the flood map is wrong, are you really going to take them to court because they're not doing it?

Now, I say all of this to give a context of what Senator Vitter and I will be working with in the Senate and our Congressmen and women will be doing on the House side, and that is, all your ideas are good. It's going to be tough.

Let me finish by something optimistic before I turn it over to David. The way it worked last time is you all got involved. The way it worked last time is that people got on their Facebook page, reconnected with someone they went to high school with and who lived in Wisconsin, and said, "By the way, do you know what's about to happen to your rate," and when she got involved, she contacted her Congresswoman, and all of a sudden it began to work. Realtors, bankers, home builders, insurance brokers all began to contact --

The best example I can give, I was on the House side. We were setting up a caucus, a homeowners' caucus, to advocate for this, and I went up to a fellow from southern Florida and I said, "Are you familiar with Biggert-Waters, the rate increases? We need your help on this caucus." He goes, "I haven't heard from my constituents about this." So I walked out, I called up some realtors in Louisiana and I said, "Light up south Florida." They lit it up and he got on the caucus and became one of our biggest advocates.

Now, this is something where y'all being involved will make a difference on a national level. David.

CHAIRMAN VITTER:

Great. Thank you, Bill. I want

to start by going to Jerry Passman. Jerry, we're all concerned about this new Executive Order related to climate science and floodplain management.

You heard what Roy Wright said. Based on that, if all of that were truly nailed down, if all of that were accurate, would that affect your new construction activity still or not?

MR. PASSMAN:

Well, we think, if you go to the preamble, the intent is for federal buildings, federal highways and that sort of thing.

As a home builder, if the federal government wants to apply it to buildings they are building or highways they are building, we're fine with it, but the EEO clearly states that it applies to all federal actions, and we can see where that would go to private construction, because as I had mentioned in my testimony, many of the houses I sell are bought with a mortgage that is backed by the federal government, like Fannie Mae and Freddie Mac, so that's a federal action.

Also, there could be a 404 Wetlands Permit. There's definitely a 402 Clean Water Permit on those. Again, those are federal actions.

And my experience is, and from what I've seen from being active in my trade association, if you give a federal regulator an inch, they will take a mile. And you can just look how convoluted the word Navigable Waters has become. They've tortured, twisted it, and then everyone in this room would probably come up with a definition of Navigable Water that's definitely not the definition of Navigable Water in Washington, DC.

CHAIRMAN VITTER:

Right. Okay. And following on from that, even in the areas that it's clearly meant to be about, like a federal highway project or a federal building, certainly that's going to impact us and the economy here, right?

I mean, building these things to a much, much higher standard often means they never get built. I mean, we've sort of dealt with that, Dwayne, with some of the demands post-Katrina in terms of levee standards, correct? Can you expand on that?

MR. BOURGEOIS:

Well, in the guidance, in the Federal Flood Risk Management Standard gives an example of a post office, and suggests that just placing a post office somewhere within this floodplain encourages other people to be there. Because you've got the construction of the post office and the roads, the highways and the infrastructure leading to it, and then the fact that you've got a post office, it suggests that that's going to bring people to the area because of the federal services.

So, you know, it's clearly stated to try to avoid, directly or indirectly, encouraging development inside, and that's inside the guidance more than the Executive Order itself, that modifies the things, but yes, we definitely had similar problems.

You know, if it's going to be more costly to be constructed, with the limited availability of funds across the board, it's just not going to get selected. And it's also a good opportunity for an agency to make a determination not to select something. That's another reason to check off not doing it.

CHAIRMAN VITTER:

Okay. And, also, Dwayne, to you, as a follow-up on the FEMA flood mapping side, how would you grade how FEMA is doing in that regard, including this so-called LAMP process that has a lot of applications in Louisiana?

MR. BOURGEOIS:

Well, the LAMP process, the Levee Analysis Mapping Procedure, has to do with getting some credit in the flood insurance study for noncertified levees, okay.

You guys did a great job convincing FEMA to include this legislation, in the first place, so that the Without Levees Policy, which was quite archaic, was removed.

Currently there's 25 communities throughout the United States that are doing a pilot of this LAMP, with five of them in Louisiana.

The biggest issue about that, to me, that we need is flexibility, because in all of the documentation and all of the processes they created in LAMP, they were more riverine-oriented, and we did get the folks that were developing this to eventually say that they realize that most of the processes they've looked at there weren't suitable for coastal levees. The flood source is opposite. The time of the flood source is much, much shorter, and you just have to hang on for the length of the storm versus a riverine flood that could last for weeks.

To that, they purposely made some of the coastal issues vague. My biggest concern is that we have flexibility. So far it looks like we are getting that, but, again, when you get into the realm of guidance as compared to something that's truly codified, it's difficult to be assured that they're going to let the regional offices and their mapping partners aware that they have the flexibility to look at alternatives to determining the still-water elevations and the wave run-offs and other things of that nature.

Overall, it seems like they are, but I would have loved to have seen something in writing that tells those good intended FEMA partners that they have that authority.

CHAIRMAN VITTER:

Right, okay.

SENATOR CASSIDY:

David, can I?

CHAIRMAN VITTER:

Sure.

SENATOR CASSIDY:

Jerry, how much more will it cost to build a home compliant with these recommendations, two to three feet higher than currently being elevated?

MR. PASSMAN:

Well, when we build in a flood area and we have to build a pad for it, we typically figure about ten -- and it depends on the size of the home. I mean, you know, obviously a 2,000 square foot house is going to cost less than a 3,000, but say the average house I build is 22, 2300 square foot. We generally figure 10 to 12,000 feet per foot higher that we have to build the house.

SENATOR CASSIDY:

So if you have to build it three feet higher, it will be $36,000 more for the same square footage?

MR. PASSMAN:

That is correct, yes.

SENATOR CASSIDY:

And, David, if you're reselling your home, and people rode down the block, and this one's three feet higher than yours, at least, in my mind, it makes me think that the one that's not elevated is at greater risk. Will that affect the resale, if there is a patchwork of homes elevated and homes not?

MR. McKEY:

I don't think it's any doubt that it will. And, again, as I mentioned earlier, perception is reality, so when they do see that elevated home and they see that one that's built on a slab, I think -- the first thing, in their mind, is how much in flood insurance am I going to have to pay for the one that's just a slab house, and it makes it less appealing, No. 1.

And No. 2, again, the likeliness of that house selling is going to be reduced pretty dramatically and it's going to have an impact not only on that house, but it's also going to have an impact on that house that you just put 35,000 additional dollars in.

SENATOR CASSIDY:

I see. So it drags down that value because of the surrounding property. And by the way, my point with Roy, who was here, of course, we want higher and better, but you could, you know, build a castle, and it's not practical, but at some port there's a cost-benefit ratio.

MR. McKEY:

That's correct, yes.

SENATOR CASSIDY:

Okay. David.

CHAIRMAN VITTER:

Great, okay. We're going to wrap up. Thanks to all of our witnesses on the second panel who have given a great Louisiana real-world perspective. Let's give them a round of applause.

(Applause).

CHAIRMAN VITTER:

And thanks to all of you. Obviously, the Flood Insurance Program, flood mapping, all of those related issues are critically important to south Louisiana, they're important to small businesses, they're important to economic growth, and that's why we had this town hall meeting and hearing, and that's why Bill and I, with the rest of our delegation, will continue to work on these crucial issues, and we certainly don't want this exchange to be an isolated visit.

I believe each of you walking in got a hand-out. On the left-hand side of the hand-out, in that blue column, is all of my contact information, so please keep that handy and please don't hesitate to call, write, email about these and other related issues, whenever it's appropriate.

Thank you all very much. Thank you for being here today.

* * *

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