

Disaster Hearings, Wilkes Barre, 1973
Transcript
May 12th

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Disaster Hearings
Walker Barre
5-12-73
(Hearings)

Senator Burdick. The next panel will be the Flood Recovery Task Force: The Honorable Max Rosenn, Judge, United States Circuit Court of Appeals; Mr. Harold Rose, President, Wyoming National Bank; Mr. Thomas Kiley, Board Chairman, First National Bank; Mr. Edward Schechter, President Stressteel Corporation; Mr. Andrew Sordoni, III, President, Sordoni Enterprises; Mr. Raymond R. Carmon, Pennsylvania Economy League, and Mr. Andrew Shaw, Jr., Executive Director, Flood Recovery Task Force.

STATEMENTS OF THE HON. MAX ROSENN, JUDGE,
U. S. CIRCUIT COURT OF APPEALS; ANDREW
SORDONI, III, PRESIDENT, SORDONI ENTERPRISES,
AND ANDREW SHAW, JR., EXECUTIVE DIRECTOR,
IN BEHALF OF THE FLOOD RECOVERY TASK FORCE

Judge Rosenn. Let me say how much I appreciate the invitation to appear this afternoon. I am Max Rosenn, former Chairman of the Flood Recovery Task Force. I am sure that probably everything I might say has already been said to you.

I think one thing is clear, that there have been mistakes, there have been inadequacies. I am sure that looking hindsight and as a Monday morning quarterback, there is much we might have improved upon.

My training is to be objective and I think I would like to begin my remarks by putting what has occurred in some proper framework. I went through the 1935 Flood and I worked on a Coast Guard both in connection with that flood.

All we had at that time from the Federal Government were

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1 a few Coast Guard boats to try and provide some emergency
2 relief. Last year we had a great deal of effort and a great
3 deal of support. I am sure you are interested in seeing what
4 can be improved upon.

5 I should take just a minute to say not in defense of what
6 has been done but really to provide perspective. That is that
7 generally speaking I think that the Federal Government did make
8 a fine response to the immediate emergency phase and to the
9 short-term post-immediate emergency funds.

10 That evacuation was accomplished so quickly and efficiently
11 was due in large part, I think, to the immediate action of the
12 Federal Government. The community was paralyzed and there was
13 no other source of assistance except that provided by the
14 Government.

15 Debris operations after the flood were well organized,
16 speedy and efficient. Martial law, which was so necessary and
17 so vital at the time was well planned and functioned effective-
18 ly with a minimum amount of frustration and inconvenience.

19 I must say that the Senators and Congressmen from this
20 area were on the scene immediately, within the matter of hours
21 while flood waters were still rampaging and were at all times
22 available to the Recovery Task Force and extremely valuable
23 in the months ahead.

24 I recall while mud was still on the street and waters
25 still on the street, as a matter of fact waters still covering

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1 the area, when Senator Scott came up here. He immediately
2 called President Nixon in San Clemente and urged him at our
3 request that the rlegislation presently on the books, or at
4 that time on the books, was inadequate to meet this kind of a
5 situation.

6 We recognized at that time that the SBA and measures of
7 the Disaster Act of 1970 would be totally inadequate to meet
8 this situation. Within a matter of eight days after that tele-
9 phone call, with some input from the local community, legisla-
10 tion was drafted and a meeting was convened at the White House
11 of leaders from various communities in all of the six States
12 in flood affected areas.

13 At that time there was an effort made to point out to the
14 Administration and to the Congressional leadership at the time
15 that the SBA loan program was totally unsatisfactory and un-
16 suitable to a catastrophe with these dimensions.

17 That was put in writing to the Administration and with
18 copies to Senator Scott, Senator Schweiker and some of the
19 Congressional leadership. We felt at the time, and I think
20 events have dramatically proven, that that thought was probably
21 the best way to go, that retroactive co-insurance at that time
22 was essential and necessary and would have been considerably
23 less costly and would have made the community whole rather than
24 the SBA program.

25 We envision a kind of retroactive co-insurance in which

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1 the flood victim would share part of the cost. Possibly he
2 might be assisted by some loans. But basically it would be
3 shared by the Federal Government and by the State.

4 Ironically this past week, I think yesterday or the day
5 before, the Governor signed a bill which will provide for grants
6 from the State to flood victims. Unfortunately for them most
7 of that money will be taken to repay the SBA loans.

8 Frankly, I am convinced, and I think I bespeak at this
9 time the opinion of the Flood Recovery Task Force, that co-
10 insurance, even though terribly distasteful to the Congress
11 and the Administration, would have been considerably less costly
12 in the long run than what has been done, and we would have
13 avoided the devisiveness to which Mrs. Greenberg a few minutes
14 ago alluded.

15 As a matter of fact, we tried to point that out at the
16 time in conferences that we had with HUD, with SBA and with the
17 President's personal representative, that we were bound to have
18 devisiveness in the community with the kind of program that
19 was being spelled out.

20 I would think I would say that ^{was} the first lesson and the
21 major lesson that should be learned from our experience -- and
22 our experience is very much different than Biloxi. I have been
23 to Biloxi and have met with them to try to get the benefits of
24 their experience and they have been up here -- because they had
25 insurance and most of their damage was windstorm insurance as

ac 13 1 a result of the hurricane.

2 Senator Burdick. But the insurance company didn't quite
3 agree with that.

4 Judge Rosenn. They didn't, but ultimately they compromised
5 and paid them about 70 per cent. So with 70 per cent to go
6 with that gave them a strong base on which to make a recovery.
7 Here, unfortunately, there were only two or three places
8 covered with insurance.

✓ 9 This is not to deny ^{our gratitude for} great what I think was wonderful
10 on the part of the Administration and the Congress. That is
11 that it did respond promptly. The President responded promptly,
12 the Congress responded promptly, in amending, even though there
13 was considerable opposition from Senator Cranston in California
14 and some others.

15 They were completely honest in their judgment but we dis-
16 agreed with them. So the legislation was amended to provide
17 for the one per cent interest and increase the forgiveness.
18 If it weren't for that we never could have made it back, as
19 far as we have come.

20 And we do have a long way to go. We probably would have
21 given the Federal Government the deeds to all properties in
22 the area if we didn't have that kind of assistance.

23 Mr. Kleppe, the National Administrator, was very helpful,
24 very concerned, and very receptive to any inputs we had to
25 make. One thing is clear. The SBA agency is not the kind of

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1 agency geared for a disaster of this kind.

2 It is essentially a banking agency with a banking phil-
3 osophy. It is concerned with security. It is concerned with
4 endorsements. It is concerned with a good banking loan. And
5 particularly its training is such that it is normally con-
6 cerned with marginal loans in normal times.

7 So the whole attitude on the part of the organization
8 is to see that they are properly secured. That is their
9 training.

10 If you are using that machinery and that mechanism for a
11 Flood Recovery Program, where you need speed, decisiveness and
12 action, that kind of training is entirely foreign and negative
13 in this kind of a program.

14 There has been an allusion made by some of the representa-
15 tives of the Flood Victims Council that there was a tremendous
16 turnover of managers on the part of the SBA program. This is
17 true. This is unfortunate. We were in touch with Mr. Kleppe.
18 He was very, very understanding. I have the highest compliment
19 for him and his staff.

20 Unfortunately, there is a limited number in the organiza-
21 tion. To process thousands and thousands of loans for people
22 who are stampeded and emotional requires speed, dispatch and
23 training. He had to expand his force overnight and bring in
24 all kinds of people without the training, without the expertise,
25 appraisers who didn't know values in this community, who didn't

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1 know that overnight prices were skyrocketing.

2 For instance, he brought in Robert Ball from Oklahoma, a
3 very trained fellow who did a fine job, but unfortunately only
4 remade four or five weeks. He came here on the assumption that
5 he would only be here four or five weeks and left his family be-
6 hind. He wanted to get back. This was most unfortunate and
7 occurred on several occasions.

8 So what I come to is this. I say: Number one, it is highly
9 essential that we do have in the future and hopefully I hope
10 we will never have any need for it again, but at least as far
11 as other communities who may face a disaster, I think it is
12 highly essential that we have a National Disaster Insurance
13 Program.

14 If nothing comes out of this experience that we have had,
15 I think there will be some satisfaction at least if out of this
16 comes legislation which will provide for a National Disaster
17 Insurance Program.

18 It seems to me that it can be easily funded. Premiums can
19 be purchased by every property owner in the country. It could
20 be made part of the income tax program as far as collections
21 are concerned. There are a number of options that are available
22 for this kind of insurance.

23 Presently, I think one point I would like to make, which I
24 think is very important, and I don't want to go over the whole
25 EBA ground on its values, importance and shortcomings, one thing

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1 that is important and requires immediate attention, the fact that
2 many of our people have mortgaged themselves for their lifetime.

3 A person who had a \$30,000 mortgage on his house before
4 now has a \$70,000 mortgage. Many of them are frightened. Not
5 only are they frightened because of the debt, but this is a
6 community that is not accustomed to large term loans and long
7 term loans.

8 They don't like to borrow money. That is part of the
9 training of this community, to avoid loans. It didn't come
10 from Benjamin Franklin but many brought that training with them
11 here and their ancestors did, too. To carry a large term
12 loan over many years, which may saddle them and their families
13 and perhaps their families after they have gone, frightens
14 them.

15 I think we should have mortgage term life insurance. It
16 is not too late for that now. This is the kind of insurance
17 which banks and savings and loan associations use in connection
18 with long term loans.

19 It seems to me it could be purchased very easily by these
20 people. They are willing to do it. They want to do it. All
21 it needs is a little bit of imagination to tailor such a program
22 with very little cost which would protect all SRA borrowers so
23 that upon their death, in case anyone died during the term of
24 the loan, there would be money available at low cost to pay
25 off the mortgage loan.

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1 I would like to urge that that kind of a program be imple-
2 mented. I think it is very important.

3 You have heard about the mobile home program. Frankly, it
4 was a tremendous job to do all these things that needed to be
5 done. There were tasks and problems at various levels, with
6 the government, with the municipalities, with the flood victims
7 in their homes.

8 HUD had to bring in not only the temporary campers but also
9 the mobile homes that tied people over the winter and over a
10 long period of time. Frankly, I think it is not a good program
11 for disaster. I think that there ought to be some planning
12 given to this.

13 I am not finding fault with HUD despite the problems in
14 the program. I think that a mobile home program is not good
15 for a disaster. It is very costly. I think it is costly to
16 prepare the grounds, it is costly to bring in the mobile homes,
17 it is costly to set them up. It dislocates the community. It
18 puts them in areas where they normally do not live. It puts
19 the children in the schools that they normally don't go to, or
20 at least it requires a great deal of transportation and dis-
21 location.

22 I think it requires further consideration for future
23 disasters. It is a program that is fraught with a great deal
24 of problems. I think there are other alternatives and options
25 that are very much better.

ac 20 1 action.

2 Dan Tobin was here in the early stages. He was brought
3 here from St. Louis or out of the Midwest. He was a seasoned,
4 experienced man. He had a small cadre brought with him who were
5 seasoned, experienced men. They were decisive and made important
6 and major decisions in the first few days.

7 He worked night and day around the clock until they carried
8 him out on a stretcher to a hospital and they finally had to
9 remove him from the community. It may be that that agency doesn't
10 have enough cadre to carry on and didn't have the authority to
11 cross agency lines.

12 I think there is a need for a central agency.

13 Senator Burdick. How would you make it anymore central
14 than it is?

15 Judge Rosen. I think it is a matter of authority to cross
16 the lines. I think OEP in the early stages, certainly the
17 emergency stages, did have that authority and they did move.
18 But when it came to the housing and in the later stages, then
19 we had to rely on Frank Carlucci to come in and cross those
20 lines and he was able to do that.

21 It also requires authority to coordinate with States and
22 local governments. You do need some short cuts there because
23 here, again, we have the problems of local ordinances. You have
24 the problems of labor, the problems relating to various segments
25 of the community, and we did need someone that carried the

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prestige and authority of someone who spoke in this instance
for the President.

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1 But what I was coming to, because I think they can play a
2 vital role in any central disaster program, and be much more
3 effective than they are, though they were great, and I think
4 they were a tremendous aid to us and without them we could not
5 have survived, they knew what they were doing, they were well
6 organized, but I think they can still play a much more vital
7 role in any national disaster program -- I want to refer to the
8 Army Engineers.

9 In the interim assistance program which has been criticized
10 but which I think had great possibilities, it couldn't have been
11 effective without the Army Engineers. As the previous delegation
12 indicated, there has been a great deal of fraud, there has been
13 a great deal of over-reaching on people in our own community.
14 Prices did go up overnight. Labor costs did mount. Rents
15 did double.

16 We needed someone who could go into a house and determine
17 what the specifications for repair were and then inspect it
18 afterward and see that the work that was done was done appro-
19 priately and if not done properly they weren't paid.

20 Army Engineers did have the staff and know-how to do that.
21 They were very, very helpful. It seems to me that they and
22 possibly the Seabees to whom reference has been made, be used
23 more effectively and over a longer period of time in a central
24 disaster agency program, particularly since they are on the
25 local scene so much.

2 1 I have a great deal of affection and admiration for our
3 good friend Congressman Dan Flood who worked so tirelessly in
4 this whole effort for survival.

5 I am not sure that I can agree with a civil Pentagon kind
6 of agency. I think we have enough agencies here in the Federal
7 Government as it is right now, but I think it is the proper
8 utilization of those agencies, with proper authority.

9 I would like to conclude with a few specific recommendations.
10 I have already referred to the fact that we do believe strongly
11 in the National Catastrophic Disaster Insurance Program. I
12 think it would save money for the Federal Government. It would
13 save money for the disaster victim, and it would be much more
14 equitable, as Mrs. Greenberg pointed out, and less divisive in
15 the community.

16 I do believe, as I said a moment ago, that disaster relief
17 to communities and municipalities should be provided through a
18 central special cabinet level agency or someone with the
19 requisite authority that can cut across agency lines and one
20 whom the States and local authorities will respect.

21 I think we do need a form of emergency housing that is
22 cheaper, more easily stockable and transportable than mobile
23 homes, and less costly.

24 It seems likely that if an insurance program that
25 encourages speedy rehabilitation of damaged homes is put into
effect, prefabricated housing units especially designed for

3 1 short-term occupancy would meet the emergency housing needs of
2 disaster victims.

3 I think if we hadn't had the mobile homes and if there had
4 been grants of money available in the form of disaster insurance,
5 many people, particularly with the assistance of the Army
6 Engineers and the Seabees could have gotten back into their
7 homes even though it was not on an altogether satisfactory
8 basis, many, many more months in advance than what they are
9 doing at the present time.

10 I think I refered to the mortgage life insurance for SBA
11 borrowers, which I think is very essential.

12 Next, I do believe that it is important that we have a
13 pre-disaster plan carefully coordinated with Army Engineers,
14 State Government and local government with the authority and
15 the cooperation and coordination of each carefully defined and
16 worked out.

17 Lastly, I do think it is highly important that once the
18 President announces that this is a disaster area, that simul-
19 taneously with it there be a freezing of prices for rents, for
20 materials and supplies in the disaster area when the disaster
21 is declared and that there be flexible wage controls. I say
22 flexible wage controls because while wages have become terribly
23 inflated, I recognize that our wage level in this area was lower
24 than it is in many parts of the country.

25 In order to attract the necessary craftsmen that we needed

4 1 it was also essential that we elevate the wage structure to
2 bring them in.

3 This requires a certain amount of balancing of interests
4 and judgment. It would seem to me that the people charged with
5 authority to carry out the disaster relief would have to
6 determine what should be the proper flexible wage control. But
7 we do need that, particularly.

8 One last comment, because some reference was made to con-
9 sumer fraud protection. It is true, we do need it. But I
10 must say, since I don't see anyone here from a Federal agency,
11 at least the Federal prosecution, or the U. S. Attorney's
12 office, they have had a man especially assigned from the U. S.
13 Attorney's office who has been here ever since the flood waters
14 receded to take complaints for fraud. Prosecutions have been
15 made. The grand jury has been convened. There have been
16 indictments, and convictions at the Federal Government.

17 Now Mr. Shaw has a few words.

18 Senator Burdick. Before he proceeds, I have a question or
19 two, Judge. As you know, this committee has under consideration
20 only the Disaster Relief Act of 1970 and the Amendments
21 thereto.

22 The Catastrophic Insurance bill I would say, unfortunately,
23 was assigned to the Banking Committee. There is no one here on
24 the Banking Committee. However, I am going to make certain
25 a copy of these hearings will be delivered to Mr. Sparkman so

5 1 he has the benefit of all this testimony.

2 As we go around in these hearings, in Mississippi, South
3 Dakota and now Pennsylvania, there is strong support for this
4 type of insurance. I thought I would point out to you it isn't
5 part of the 1970 Act and for some reason will be handled
6 separately.

7 I think that is exactly what is needed to prevent the
8 inequities. As it is now, we have to deal with the HUD program,
9 we have to deal with the SBA program and other programs, all of
10 which operate on different states of fact and don't operate
11 equally with regard to each other. That is the problem.

12 You can get so much relief from HUD, so much from Urban
13 Renewal and so much from SBA. You don't get the same relief.

14 Senator Domenici. Before the other witnesses testify,
15 could I talk a few minutes with you, Judge?

16 You say that the Federal Government perhaps had a little
17 more difficulty in this area because there are 19 local juris-
18 dictions within the area. Have you thought of the possibility
19 of us enacting permissive legislation on the part of the
20 President in the declaration of a disaster requiring for the
21 duration of the disaster, and that would include post-disaster
22 relief, that there be some forced unification of the units of
23 government on the basis of them doing it themselves, but they
24 either do it or they don't get any, perhaps under the auspices
25 of the Governor?

6 1 Judge Rosenn. Senator, I couldn't agree more strongly.
2 I would urge very definitely that that is possible. I think on
3 a permanent basis, frankly, if we could accomplish it. I think
4 Mr. Shaw is probably going to refer to the problems that we have
5 had. For instance, there were Federal funds being made avail-
6 able to our local communities. Those funds could have been
7 made available on the basis that there be coordination of
8 activity on the part of the communities, not only in solving
9 the disaster problems.

10 Unfortunately, that wasn't done and we remonstrated very
11 strongly.

12 Senator Domenici. I would have no part in trying to force
13 it on the 19 units permanently as much as I might agree with
14 you. I might try to enforce it on my community where we only
15 have two.

16 Judge Rosenn. For the disaster period it would be very,
17 very helpful.

18 Senator Domenici. We might be able to work out such. I
19 would also tell you that as you praise Mr. Kleppe and his
20 responsiveness on a 1-to-1 basis, I think you should also know
21 that he has already testified before another committee of the
22 Congress and has concurred wholeheartedly that the Small
23 Business Administration has little real justification for being
24 in the business of trying to take care of residential disaster
25 relief in the United States.

7 1 The other thing that concerns me is everyone is talking
2 2 about disaster relief insurance in differing degrees and
3 3 covering different kinds of risks.

4 4 Let me ask you if the homes were damaged or destroyed in
5 5 this area, all of them, and all of that damage had occurred by
6 6 fire, assuming that, there is in existence in the United States
7 7 comprehensive insurance, as you are well aware, which most
8 8 people buy by tradition and coercion, a combination.

9 9 Would you have an opinion as to whether or not most of
10 10 such damage would have been covered and whether or not a
11 11 substantial portion of the problem we have here would have been
12 12 alleviated?

13 13 Judge Rosenn. I think it would have been alleviated if
14 14 there was a form of comprehensive insurance that might have
15 15 covered this situation.

16 16 Senator Domenici. That is not the question. There has
17 17 been in existence such a form of insurance.

18 18 Judge Rosenn. Are you referring to the \$17,500?

19 19 Senator Domenici. No. Forget the flood insurance. What
20 20 I am wondering about is are you talking, in your disaster
21 21 insurance, that it be made available to everyone to buy like
22 22 you buy fire insurance?

23 23 Judge Rosenn. Frankly, it certainly ought to go that far.
24 24 I think it ought to go further, though. I think perhaps if it
25 25 is at all possible to make it part of a mandatory program that

1 would be much more desirable.

2 Senator Domenici. Mandatory in what respect?

3 Judge Rosann. In the purchase of insurance. In other
4 words, if you buy fire insurance, you buy the other also.

5 Senator Domenici. So the question I have is do you know
6 whether or not most people who have comprehensive insurance in
7 this area, had we had this rider attached, would have had flood
8 insurance?

9 Judge Rosann. I am not sure that I can accurately answer
10 that, but I would say that most of the people that I know do
11 carry that kind of insurance. I also believe there would be the
12 cooperation of the lending agency, such as your savings and loan
13 associations and your banks, who would strongly insist upon it
14 as part of any lending program.

15 Actually, I believe this would have saved, I think, most of
16 the homes. I would say a large number of the homes involved
17 in the flood probably had some form of loan -- I am not sure of
18 it but I think so -- and had they had that type of insurance
19 they would have been covered.

20 Senator Domenici. In your thought about mortgage term
21 life insurance are you speaking of a specific age group we ought
22 to have that for?

23 Judge Rosann. No, sir. I think that is available nor-
24 mally in any lending institution today, to anyone who carries a
25 mortgage loan, regardless of age. So I feel it ought to be

9 1 salable to the SBA borrowers without regard to age.

2 Senator Domenici. Those who speak of retroactiveness of
3 a disaster insurance program, using the date of the disaster
4 or the date previous thereto, are they really saying that we
5 ought to impose on existing insurance policies out in the field
6 to the extent people had coverage flood damage insurance on top
7 of that, or are we really saying something else?

8 Judge Rosenn. I think they are saying something else. I
9 think it is proposed on the retroactive co-insurance program --
10 well, I have before me the precise letter that we wrote at the
11 time to Mr. Carlucci at the White House. This was as early as
12 July 12. We wrote one to each of our Senators and Congressmen.
13 I can read it to you.

14 "We are disturbed by the pending flood relief legislation
15 for the reason that it is inequitable, inadequate, and will
16 leave many people with unbearable financial problems."

17 This is dated July 18, a letter to Congressman Flood, with
18 a similar one to Senators Scott and Schweiker.

19 "Under the proposed relief plan, the family with the loss
20 of \$5,000 comes out whole while the retired couple a block away
21 with a \$40,000 damage is faced with a \$35,000 debt. Their
22 married daughter can't help because she and her husband have
23 \$25,000 damage to their \$45,000 home on which they have a
24 \$35,000 mortgage. They get \$5,000 forgiveness on their damage
25 and finance the balance of \$25,000 with SBA. Now they have a

10 1 debt of \$50,000 on their \$40,000 home. Since under the relief
2 2 plan many homes will not be restored, the neighborhood will
3 3 deteriorate and their \$40,000 home is now worth \$25,000 with a
4 4 \$50,000 debt. We have proposed, and still propose, a fair and
5 5 equitable simple plan which will cost very little more and
6 6 will let everyone survive financially. It is this: Forget
7 7 about increasing the forgiveness. Leave it at \$2500, a reason-
8 8 able base.

9 9 "Reimburse home owners for 70 percent of their home and
10 10 furnishing loss as determined by professional adjusters up to a
11 11 maximum of, say, \$25,000 or \$30,000. Then SBA will grant a 30-
12 12 year low interest mortgage for the remaining 30 percent of the
13 13 debt. This plan will assure rebuilding of the stricken
14 14 residential areas, the real estate tax base will be maintained,
15 15 and casualty loss deductions on income tax returns will be
16 16 minimized.

17 17 "There will then be no need for complicated formula for
18 18 real estate tax relief."

19 19 Essentially it was really Federal funding on a retroactive
20 20 basis except we changed this a week or two later and suggested
21 21 that part of that, instead of 70 percent be funded entirely by
22 22 the Federal Government, we changed that, after conversation with
23 23 the Governor and local representatives, and proposed that 20
24 24 percent of that be borne by the State.

25 25 If some of that money could have been set up in a fund by

11 1 the Federal Government, and then some premiums charged and use
2 that as a base for the National Disaster program to be used on
3 a forward basis as well as a retroactive basis, we thought that
4 was the way to do it.

5 Senator Domenici. That is precisely what I thought you had
6 in mind. That is not insurance. Everyone insists on calling
7 it insurance. So it goes to the committee in the United States
8 Senate which deals with insurance, and there a commissioner
9 looks at it and says it is ludicrous and never passes. It never
10 gets to this committee because we are not in charge of
11 insurance.

12 That program is nothing more than recognizing that we
13 ought to reimburse on some basis to each owner of a house some
14 portion of the damage caused by a catastrophe.

15 Judge Rosenn. I agree it is not insurance, unless you took
16 the total amount of that money required, or took a sum that
17 could have been estimated to be the total amount of the loss
18 and we had some computations for that amount, and put that into
19 an insurance fund and use that as a basis to start your
20 insurance program, start the premium on a retroactive basis, pay
21 out on a typical insurance program and take it up from there.

22 Senator Domenici. Thank you, Mr. Chairman.

23 Mr. Shaw. Senator Burdick and Senator Domenici, I have
24 before me the written testimony we are going to present to your
25 committee. I will not read this. I will give you a summary of

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1 what I have to say. I am sure you have heard much of it
2 before. Much of what I have to say really indicates the need
3 for catastrophic insurance. I think it is essential.

4 I also feel the Federal Government's involvement in any
5 recovery program is also essential. I think that on-site
6 visitation by Members of the Congress is also essential. I am
7 sure that both of you gentlemen recognize why I say this. I
8 also think that on-site location of disaster recovery teams,
9 and I use the word "recovery" instead of "relief" because as
10 you have already heard from many of our people the word "relief"
11 really has a connotation that is repugnant to many of us in
12 this region.

13 I also feel there is a need for more effective communi-
14 cations both internally among Federal agencies, among various
15 agencies of the government outside the intra-communications,
16 and greater communications between the public and represent-
17 atives of the various governmental agencies.

18 I have included in my remarks testimony by the various
19 members of the Flood Recovery Task Force and you have it before
20 you.

21 My position with the Flood Recovery Task Force started
22 in early September. Prior to that I spent a considerable
23 number of years as a student of local government. I am the
24 Director of the Institute of Regional Affairs here at Wilkes-
25 College and prior to that I spent about 12 years working with

13 1 local government throughout Pennsylvania.

2 I will confine my remarks to three areas: organization,
3 the approach to local government and communications.

4 During the period I have been working with the Flood
5 Recovery Task Force I have come into contact with many
6 fantastic employees of the Federal establishment, people like
7 Dr. Constantino, Paul Caine, Frank Carlucci. I think they have
8 had to work under severe handicaps.

9 The fact of the matter is we have tried to confront a
10 disaster of such magnitude that we never envisioned with
11 mechanisms that were not developed to handle a disaster.

12 As a result, when these people were sent on the scene they
13 recognized some of the problems confronting us. They got
14 communications with their regional offices, usually in
15 Philadelphia. Those people weren't totally familiar with
16 some of the problems we had. They oftentimes had to communicate
17 with Washington.

18 Before we got the communications straightened out, we were
19 running into additional problems. I recognize that OEP has the
20 function of coping with disasters. But I submit to you that
21 disasters really come in two stages. One is welfare, which
22 really involves housing and feeding the disaster victims, and
23 the second is the recovery period, which we are in right now.
24 This is the repair, revitalization of the disaster affected
25 area. OEP came in here and did a great job.

1 Then we had many Federal agencies that were sent in to
2 provide assistance -- HSW, HUD, and the whole alphabet that
3 came in here. We quickly recognized that the problems were
4 so great that the Federal Regional Council began to hold weekly
5 pipeline meetings.

6 I was initiated into those programs, and I quickly learned
7 about A-95 review and things being in the Federal pipeline.
8 Quite frankly, it overwhelmed me. I saw poor people trying to
9 clean out their homes and businesses and we were trying to cope
10 with the procedural problems that really were fine under normal
11 circumstances.

12 I feel when the Federal people came into the region they
13 tried to do the job. One of the problems confronting them
14 immediately was local government in the region. As Congressman
15 Flood pointed out yesterday, how do you get a mayor of a town
16 who is sitting on his rooftop to perform or react? You just
17 really can't do that. The problems become compounded.

18 We have in our area not really 19 communities, at least I
19 don't think I would say there are 19 municipalities that are
20 in the flood area. I would say there are 45 because in Lucerne
21 County there are 74 municipalities, many of them that have
22 less than 2,000 people.

23 You have heard people here tell you that the City of Wilkes-
24 Barre received various benefits while the boroughs and towns
25 did not receive these.

15 1 The fact is that for many, many years the City of Wilkes-
2 Barre has been funding a redevelopment program. They have a
3 staff of perhaps 50 people. As the Judge pointed out, our
4 local boroughs and townships cannot have redevelopment
5 authorities under Pennsylvania law.

6 As a result, we have a County Redevelopment Authority. For
7 many, many years that county Redevelopment Authority had a
8 staff of perhaps four or five people. Immediately after the
9 flood they were confronted with redevelopment projects in
10 perhaps 16 municipalities, perhaps 19 or 20 different redevelo-
11 ment programs.

12 I think you can recognize the problems confronting a small
13 staff like that. So perhaps we pay the price of not really
14 recognizing what the local government capabilities really are.
15 Federal and State officials as they came in here recognized some
16 of our problems.

17 We have a Wyoming Valley Sanitary Authority, an organi-
18 zation created by 14 municipalities which services 20
19 municipalities. You know that the Environmental Protection
20 Agency of both the Federal Government and the Environmental
21 Resource Department of the State of Pennsylvania has required
22 this Sanitary Authority to go into secondary treatment. There
23 has been conflict and various reasons why they haven't done
24 this.

25 We all recognize that somewhere along the way an

1 environmental impact statement has to be submitted. This would
2 be an impossibility under the current status of the Sanitary
3 Authority's operation.

4 So members of EDA, HEW and the various Federal agencies,
5 together with State agencies, got together and tried to
6 determine what could be done and how to resolve this problem.
7 Well, I think the problem was worked out to the satisfaction
8 of EPA, but quite frankly, I think it required a lot of
9 ingenuity on the part of Federal employees.

10 On communications, I believe that SBA has perhaps 3500
11 employees throughout the entire United States. As the Judge
12 indicated, they were being used as one of the vehicles for
13 recovery. We had people who would come on the scene, be here
14 for a few weeks.

15 When they began to recognize the magnitude of the problem
16 they suddenly disappeared. Someone knew appeared on the scene.
17 It required a re-education program. I think this is a
18 tremendous problem that has to be resolved.

19 I will get down now to the recommendations I have. I hope
20 they solve some of these problems.

21 Number one, I feel there should be a mechanism established
22 whereby a Joint House Senate Committee would be required, if
23 that is possible, to visit the scene of a disaster and upon
24 making on-site visitations then meet with the legislators of the
25 area afflicted by this disaster and maintain the committee for

1 the duration of the disaster.

2 I feel that there should be created perhaps at the cabinet
3 level a Federal Disaster Recovery Agency which would have the
4 tools for comprehensive recovery.

5 I think here is what should be done: The United States is
6 divided up into perhaps eight or 10 regions, I am not sure
7 which. I think there should be two fully trained disaster
8 recovery teams in each of these regions.

9 I think these teams should be prepared to take up residence
10 in the disaster area whenever a disaster is declared by the
11 President up to a period of six months. I say two teams. I
12 will go through the sequence. I feel when the Governor of a
13 State declares a state of emergency the local disaster pre-
14 paredness agency should immediately go into action.

15 For example, here in Lucerne County or Wyoming Valley we
16 have Civil Defense. Fortunately, our Civil Defense organization
17 is a very viable situation. General Townsend and others are very
18 actively involved in having members of the Civil Defense under-
19 take training programs.

20 The Institute of Regional Affairs here at Wilkes trains
21 Civil Defense personnel in a whole variety of operations. On
22 the 29th of this month 400 or so volunteers will be getting
23 certificates of attainment. When the Governor declares a state
24 of emergency I feel that this should be the indication that one
25 of those disaster recovery teams at the Federal level begin to

1 gear up.

2 I think the Disaster Preparedness Agency at the State level
3 should assume the authority and responsibility of all local
4 government in that area.

5 Senator Domenici, I am saying exactly what you alluded to
6 earlier. I believe there should be no local government in that
7 region except that maintained by the Disaster Preparedness
8 Agency at the local level. All funding expenditures for that
9 program should come out of the State contingency program.

10 The expenditures should not be local government expendi-
11 tures. I feel that once the disaster ends we can make these
12 local governments go into business much more quickly if they
13 haven't dissipated their monies on unusual circumstances.

14 If the President of the United States declares the area a
15 disaster, I believe this disaster recovery team at the Federal
16 level should come into the area, take up residence and be pre-
17 pared to stay at least six months.

18 The head of the local Preparedness Committee becomes the
19 head of that national staff team, so you would have local
20 input. I believe there should be a national contingency fund
21 out of which the monies would be made available to cover the
22 cost of the programs.

23 One of the problems that I have seen is as we try to
24 resolve programs, finding monies from categorical grant programs
25 becomes exceedingly difficult and becomes really quite a skill.

1 I don't think in areas where people are suffering the
2 devastation we have had we should have to rely upon people
3 who are fast on their feet.

4 I think the mechanism should be developed and the
5 organizational structure clearly defined. With those remarks
6 I will stop and try to answer any questions you may have.

7 (The statement referred to follows:)
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1 Senator Domenici. Mr. Chairman, I have no questions. I
2 am sure I understand what he is saying.

3 Mr. Sordoni. I have one comment. Senator, I have been
4 slightly confused by the jurisdiction of this committee. I
5 would like to say that for the first time since Agnes struck
6 this valley the real facts and good, sensible dialogue covering
7 these complex problems has come out in front of your committee.

8 I hope and pray that in some fashion a continuation of
9 these kinds of efforts not only for the citizens of this valley
10 but for all flood victims is possible and that the forum be the
11 United States Senate. This has been the finest amount of
12 information. I am just very grateful that you are here, and I
13 know our committee is.

14 Senator Burdick. I am a very modest man, but I want to
15 tell you that we revived this subcommittee just this year. I
16 am pleased you think we are doing some good.

17 Mr. Sordoni. Thank you.

18 Judge Rosenn. Thank you very much, Senator.

19 Senator Burdick. We are going to have a 10-minute recess
20 at this point.

21 (Brief recess.)

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