

SUBJECT: Appropriations to pay for hurricane damage to Lamar University

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 24 ayes — Pitts, Luna, Berman, Branch, B. Brown, F. Brown, Chisum, Crownover, J. Davis, Guillen, Haggerty, Hamric, Hegar, Hope, Hopson, T. King, Kolkhorst, Martinez, McClendon, Pena, Pickett, T. Smith, Truitt, Turner

0 nays

5 absent — Dukes, Edwards, Gattis, Isett, Menendez

WITNESSES: For — None

Against — None

On — Charles Matthews, Texas State University System

BACKGROUND: Lamar University is located in Beaumont and is a member of the Texas State University System. Lamar University has a fiscal 2006-07 appropriation of \$93.6 million.

DIGEST: HB 63 would appropriate \$34 million from general revenue to Lamar University for payments of costs to repair damage from hurricanes Katrina or Rita. The first \$34 million in federal funds received for the same purpose would be allocated to general revenue. Any additional federal funds would be allocated to Lamar University and could be used to cover hurricane-related losses, including damages and costs related to disruption of activities.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect on the 91st day after the last day of the third called session (August 15, 2006, if the special session lasts the full 30 days).

SUPPORTERS SAY: The appropriation in HB 63 would allow Lamar University to fund repair projects in advance of the receipt of federal funds and pay the portion of

the repairs that the Federal Emergency Management Agency (FEMA) will not cover. This funding would ensure that Lamar University can complete its repairs in a timely manner and have sufficient operating funds to open for the 2006-07 school year.

In September 2005, Hurricane Rita damaged 125 of the campus' 155 buildings. Repairs to the buildings are estimated to cost about \$43 million. FEMA will reimburse the campus for a portion of its damages and has paid \$13 million of the \$30 million in claims the campus has submitted. The university has begun repair of the campus using its current appropriation.

The state can expect partial reimbursement for this appropriation. While FEMA does not cover all costs and historically has delivered less funding than promised, at least a portion of Lamar University's claims likely will be paid. Any reimbursement will go to the general revenue fund to replace the \$34 million of this appropriation. The university was self-insured with a reserve of \$5 million. FEMA has conditioned future payments on the campus obtaining an insurance policy, which the university is pursuing.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

A similar bill, SB 23 by Williams and Janek, has been referred to the Senate Finance Committee.

SB 16 by Ogden, an omnibus supplemental appropriations bill, would appropriate \$33.5 million for fiscal 2006 to repair damage from Hurricane Rita to Lamar University institutions. The Senate Finance Committee considered SB 16 in a public hearing on April 24 and left the bill pending.