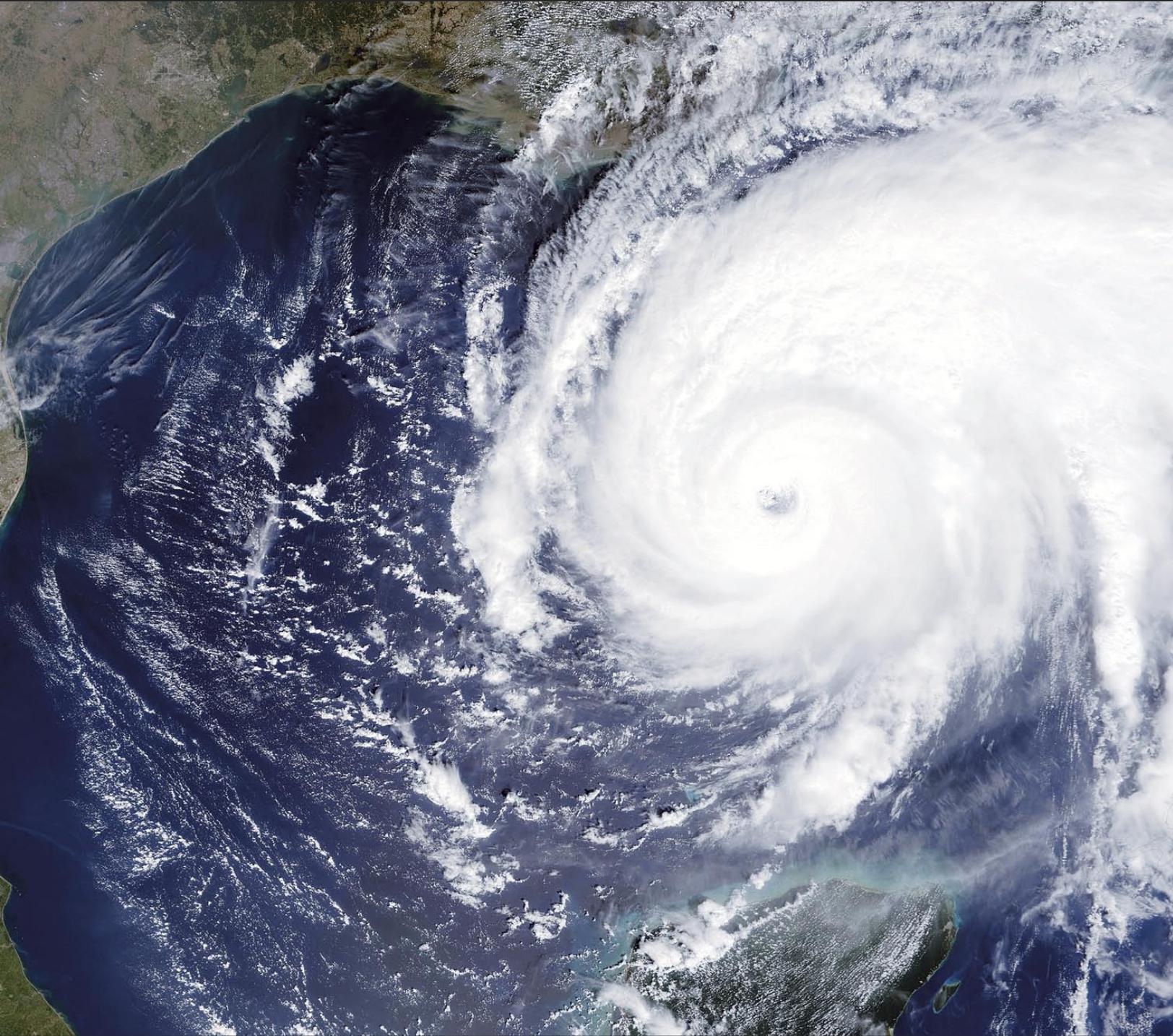


TEXAS REBOUNDS

HELPING OUR COMMUNITIES AND NEIGHBORS RECOVER FROM
HURRICANES RITA AND KATRINA



February 2006

Governor Rick Perry
Commissioner Michael Williams

*All photographs, including the cover, were provided
courtesy of the Beaumont Enterprise.*



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

February 27, 2006

As Texas rebounds from the devastation of Hurricane Rita and meets the needs of more than 400,000 evacuees from Hurricane Katrina, I invite you to join our effort to provide critical assistance to our communities and neighbors in need.

Southeast Texas sustained heavy damage from Hurricane Rita. One hundred and thirteen people lost their lives, more than 40,000 uninsured homes were damaged or destroyed, and thousands of businesses suffered heavy losses. The region's electrical grid was crippled, and critical infrastructure throughout the region was left in ruin. While Hurricane Rita directly hit Texas, we have also incurred substantial costs from Hurricane Katrina, which as you know, struck the Gulf Coast just weeks earlier. In Katrina's aftermath, Texas absorbed more than 400,000 evacuees on whose behalf we have worked ever since to secure housing, transportation, medical and unemployment benefits and education services. Rita's full costs, as well as the ongoing costs for Katrina evacuees, continue to be tallied.

There is no mistaking the fact that our neighbors in Louisiana and Mississippi suffered immeasurable damage from Hurricane Katrina, and that they have immense recovery needs. However, scenes of massive devastation continue to dot the landscape of Southeast Texas. Many of these communities are on the main evacuation routes from Louisiana, and were among the first to open their homes, churches, social and public services, and other support to Katrina evacuees. Hurricane Rita followed three weeks later, dealing an especially cruel blow to this region.

While some federal assistance has come, it has not been sufficient to meet the rebuilding needs of Southeast Texas nor the long-term recovery needs of Katrina evacuees who remain in Texas and face an uncertain future back home. That is why I asked Texas Railroad Commissioner Michael Williams to spearhead our state's efforts at rebuilding and recovery, and why I directed him to prepare this outline of funding needs for our state.

There is much work to be done to restore our communities and to help our fellow Texans and neighbors rebuild their lives. It demands a cooperative effort, and I ask for your continued assistance in ensuring that Texas has the resources and support it needs. I look forward to working with you to build a brighter future for all who call Texas home.

Sincerely,

A large, handwritten signature in black ink that reads "Rick Perry". The signature is written in a cursive, flowing style with a prominent "R" and "P".

Rick Perry
Governor

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Executive Summary - Texas Hurricane Funding Request

The Texas Hurricane funding request for federal assistance totals \$2.017 billion to meet the needs presented by Hurricanes Rita and Katrina. Of this total, \$1.274 billion is requested for critical local government unmet needs. The remaining \$743.2 million requested reimburses the state of Texas for Education, Housing, Health Care, Workforce and Education costs related to the Hurricanes.

- **\$ 367.0 million – Housing Assistance** – Funds are needed to provide housing assistance to Texas residents whose homes were damaged by Hurricane Rita, and to the nearly 400,000 residents of Louisiana, Mississippi and Alabama who continue to reside in Texas on a temporary basis. The majority of these funds would be appropriated, and part awarded by means of tax credits. Appropriated monies would come from HUD’s Community Development Block Grant Program and USDA. A one-time low-income housing tax credit allocation of \$45.0 million is included in this proposal.
 - **Included Items:**
 - **Housing Repairs and Reconstruction in Areas Affected by Rita -- \$322.0 million**
 - **Low Income Housing Tax Credits for Areas Affected by both Rita and an influx of Katrina evacuees -- \$45.0 million**

- **\$ 18.7 million – Public Safety** – These funds are needed to assist local governments in areas with large numbers of Katrina evacuees in maintaining public safety upon the termination of FEMA reimbursement.
 - **Included Items:**
 - **Public Safety Impact Aid for Katrina -- \$18.7 million**

- **\$ 412.6 million – Educational Services** -- Texas should be reimbursed for costs associated with providing education services to students who are in Texas as a result of Hurricane Katrina. These funds would also be used to repair public and higher education facilities damaged by Hurricane Rita.
 - **Included Items:**
 - **Continuing Primary and Secondary Education for Katrina Students -- \$338.0 million**
 - **Unreimbursed Rita Damage to Primary and Secondary Schools -- \$62.0 million**
 - **Unreimbursed Rita Damage at Lamar University -- \$12.6 million**

- **\$115.0 million – Workforce Services** – This includes workforce training funds for Hurricanes Rita and Katrina.
 - **Included Items:**

- **Workforce Services for Individuals Affected by Katrina or Rita -- \$ 115.0 million**
- **\$71.1 million -- Community and Economic Redevelopment --** This includes funds for bridge loans and grants for small businesses affected by Rita.
 - **Included Items:**
 - **Bridge Loans for Small Businesses Affected by Rita -- \$22.0 million**
 - **Repair Grants for Small Businesses Affected by Rita -- \$49.1 million**
- **\$ 126.2 million - Uncompensated Health Care and Mental Health Services--** These funds would cover the cost of uncompensated health care for victims of Hurricane Rita, and for Katrina evacuees after the expiration of Texas' Medicaid waiver. It would also fund long-term care costs for Katrina evacuees remaining in Texas, as well as mental health services for those affected by Hurricane Rita.
 - **Included Items:**
 - **Uncompensated Care for Individuals Affected by Rita -- \$12.4 million**
 - **Mental Health Services for Individuals Affected by Rita -- \$5.0 million**
 - **Community Health Care for Individuals Affected by Rita -- \$5.0 million**
 - **Medicaid and Uncompensated Care for Individuals Affected by Katrina -- \$75.0 million**
 - **Long Term Care for Individuals Affected by Katrina -- \$28.8 million**
- **\$ 498.3 million – Critical Infrastructure --** These funds would assist local governments and utilities in paying for unreimbursed repair costs for Hurricane Rita damage. A portion of this money could also be used to replace damaged police, fire and EMS equipment and repair local emergency response facilities damaged by Hurricane Rita.
 - **Included Items:**
 - **Critical Infrastructure Repairs for Local Governments in Rita-Affected Areas -- \$102.4 million**
 - **Electric Utility Restoration and Infrastructure in Rita-Affected Areas -- \$369.0 million**
 - **Rebuild Critical Public Safety Infrastructure Damaged by Rita --\$10.6 million**
 - **Replace Public Safety Equipment Damaged by Rita -- \$4.3 million**
 - **Critical Impact Aid for Communities, General Government and Infrastructure Affected by Katrina Evacuees -- \$ 12.0 million**

- **\$ 54.4 million – Transportation** -- This money is needed to repair bridges and highways damaged by Hurricane Rita.
 - **Included Items:**
 - **Repair Rita Damage to Roads and Bridges -- \$14.4 million**
 - **Debris Removal from Right of Ways in Rita-Affected Areas -- \$40.0 million**

- **\$ 59.0 million – Navigation and Waterway Repairs** -- This money would be used by the U.S. Army Corps of Engineers for repairs related to erosion, waterway dredging and other related services.
 - **Included Items:**
 - **Waterway Repairs in Areas Affected by Rita -- \$59.0 million**

- **\$ 170.0 million – Agriculture, Forestry and Rural Disaster Assistance** -- This includes funds for non-FEMA reimbursable rural debris removal, assistance to agricultural areas hard-hit by Rita, especially timber and rice producing areas, and other unreimbursed repairs to rural and agricultural infrastructure caused by Hurricane Rita.
 - **Included Items:**
 - **Debris Removal and Emergency Services in Rural Areas Affected by Rita -- \$20.0 million**
 - **Timber and Agriculture Assistance in Areas Affected by Rita - - \$150.0 million**

- **\$ 125.1 million – Social Services and Emergency Assistance** -- These monies would be used to provide case management, direct client services, emergency assistance and other social services to persons affected by Hurricane Rita and Hurricane Katrina evacuees.
 - **Included Items:**
 - **Head Start Services for Katrina Children -- \$7.0 million**
 - **Community Action Networks, Senior Nutrition and Rural Transportation in Rita-Affected Areas -- \$3.0 million**
 - **Case Management and Direct Client Services for Individuals Affected by Rita or Katrina -- \$22.0 million**
 - **Emergency Assistance for Individuals Affected by Rita -- \$10.0 million**
 - **Reimbursement for Non-profit and Faith-based Organizations Affected by Rita and Katrina -- \$15.1 million**
 - **Impact Aid to Local Governments for Katrina Evacuees -- \$68.0 million**

| |
|---|
| TEXAS' TOTAL REQUEST \$2.017 Billion |
|---|

A Different Perspective of the Texas Hurricane Funding Request

| | Katrina | | Rita | | Overlapping | | Total |
|--|-------------------------|-------------------------|--------------------------|-------------------------|-----------------------|-------------------------|-------------------------|
| | Need | Requested (millions) | Need | Requested (millions) | Need | Requested (millions) | Requested (millions) |
| Local Government Needs | | | | | | | |
| INFRASTRUCTURE | <i>Evacuee costs</i> | \$ 12.0 | <i>Match offset</i> | \$ 102.4 | | \$ - | \$ 114.4 |
| | | \$ - | <i>Utility damage</i> | \$ 369.0 | | \$ - | \$ 369.0 |
| | | \$ - | <i>Match offset</i> | \$ 10.6 | | \$ - | \$ 10.6 |
| | | \$ - | <i>Equipment damage</i> | \$ 4.3 | | \$ - | \$ 4.3 |
| <i>Subtotal</i> | | \$ 12.0 | | \$ 486.3 | | \$ - | \$ 498.3 |
| SOCIAL SERVICES & EMERGENCY ASSISTANCE | <i>Rural Head Start</i> | \$ 7.0 | <i>Emergency assist.</i> | \$ 10.0 | <i>Case mngmt</i> | \$ 22.0 | \$ 39.0 |
| | <i>Evacuee costs</i> | \$ 68.0 | <i>Meals on Wheels</i> | \$ 3.0 | <i>Unreimbursed</i> | \$ 15.1 | \$ 86.1 |
| <i>Subtotal</i> | | \$ 75.0 | | \$ 13.0 | | \$ 37.1 | \$ 125.1 |
| PUBLIC SAFETY AND HOMELAND SECURITY | <i>Impact aid</i> | \$ 18.7 | | \$ - | | \$ - | \$ 18.7 |
| HEALTH CARE | | \$ - | <i>Community</i> | \$ 5.0 | | \$ - | \$ 5.0 |
| | | \$ - | <i>Mental Health</i> | \$ 5.0 | | \$ - | \$ 5.0 |
| <i>Subtotal</i> | | \$ - | | \$ 10.0 | | \$ - | \$ 10.0 |
| COMMUNITY & ECONOMIC REDEVELOPMENT | | \$ - | <i>Structural losses</i> | \$ 49.1 | | \$ - | \$ 49.1 |
| | | \$ - | <i>Bridge loans</i> | \$ 22.0 | | \$ - | \$ 22.0 |
| <i>Subtotal</i> | | \$ - | | \$ 71.1 | | \$ - | \$ 71.1 |
| AGRICULTURE & FORESTRY | | \$ - | <i>Removal/Reforest</i> | \$ 150.0 | | \$ - | \$ 150.0 |
| | | \$ - | <i>Match offset</i> | \$ 20.0 | | \$ - | \$ 20.0 |
| <i>Subtotal</i> | | \$ - | | \$ 170.0 | | \$ - | \$ 170.0 |
| NAVIGATION & WATERWAY REPAIRS | | \$ - | <i>Dredging/Debris</i> | \$ 59.0 | | \$ - | \$ 59.0 |
| HOUSING | | \$ - | <i>Unreimbursed</i> | \$ 322.0 | | \$ - | \$ 322.0 |
| Local Government Subtotal | | \$ 105.7 | | \$ 1,131.4 | | \$ 37.1 | \$ 1,274.2 |
| State of Texas Needs | | | | | | | |
| EDUCATION | <i>Second Year</i> | \$ 338.0 | <i>Damages</i> | \$ 62.0 | | \$ - | \$ 400.0 |
| | | \$ - | <i>Lamar University</i> | \$ 12.6 | | \$ - | \$ 12.6 |
| <i>Subtotal</i> | | \$ 338.0 | | \$ 74.6 | | \$ - | \$ 412.6 |
| HEALTH CARE | <i>Waiver</i> | \$ 75.0 | <i>Uncompensated</i> | \$ 12.4 | | \$ - | \$ 87.4 |
| | <i>Long-term care</i> | \$ 28.8 | | \$ - | | \$ - | \$ 28.8 |
| <i>Subtotal</i> | | \$ 103.8 | | \$ 12.4 | | \$ - | \$ 116.2 |
| WORKFORCE | | \$ - | | \$ - | <i>Workforce svcs</i> | \$ 115.0 | \$ 115.0 |
| TRANSPORTATION | | \$ - | <i>Repairs</i> | \$ 14.4 | | \$ - | \$ 14.4 |
| | | \$ - | <i>Debris removal</i> | \$ 40.0 | | \$ - | \$ 40.0 |
| <i>Subtotal</i> | | \$ - | | \$ 54.4 | | \$ - | \$ 54.4 |
| HOUSING | | \$ - | | \$ - | <i>Tax credits</i> | \$ 45.0 | \$ 45.0 |
| State of Texas Subtotal | | \$ 556.8 | | \$ 141.4 | | \$ 160.0 | \$ 743.2 |
| Total | | | | | | | \$ 2,017.4 |





Texas and the Gulf Coast Hurricanes of 2005

Texas was hit by two major hurricanes in 2005. In August, Hurricane Katrina hit the Gulf Coast sending a human tide of over a half-million evacuees to Texas. While Texas was struggling with the unprecedented effects of the first storm, its own coast took a direct hit from Hurricane Rita, a Category Three storm, in late September. The resulting physical damage was massive. The town of Sabine Pass was leveled. Further inland, entire communities, including houses, businesses, bridges, roads and utilities were severely damaged or destroyed by hurricane force winds and torrential rain.

Six months have passed since the hurricanes, now allowing Texas the ability to accurately assess the damage inflicted by these two natural disasters. More than 400,000 Katrina evacuees still occupy Texas houses, apartments and hotels. Approximately 38,000 students from Louisiana and Mississippi are attending Texas public schools. In Sabine Pass, Port Arthur, Beaumont, Silsbee, Kountze and other towns in Texas, thousands of people struggle with paying for roof, window and structural repairs to their homes. These strong Texans must daily make difficult decisions, such as whether to remediate mold from their homes or pay for life saving medicine, while praying their paycheck will return after their employer rebuilds following the storm.

According to FEMA, Texas has 640,968 Katrina and Rita applicants for assistance residing in Texas as of February 2006 (Figure 1). These families mostly reside in southeast Texas. This means that Texas has the second largest number of people affected by the devastating hurricanes of 2005 living within our borders, behind only Louisiana (Figure 2). According to FEMA, Louisiana has 1.1 million IA applicants, Texas has 641,000 (more than Mississippi and Alabama combined), Mississippi has 501,000, Alabama has 136,000 and Florida has 30,000.

While our neighboring states are working to recover, progress is slow and large numbers of Katrina evacuees will not be returning to their home states in the near future. The attached chart from FEMA illustrates that critical infrastructure is not yet restored, making mass repatriation impossible (Figure 3).

Texas has 29 counties that were affected by Hurricane Rita (Figure 4). Approximately 455,000 of the Katrina and Rita applicants are currently residing in these disaster-affected counties.

The funding outlined in this document would provide to Texas and its citizens the assistance critically needed for recovery from these major hurricanes. It would also provide the state and its local governments with the tools to accommodate the hundreds of thousands of citizens of Louisiana, Mississippi and Alabama who will continue to live in Texas until their states can recover and welcome them home.

BACKGROUND

In late August 2005, the Gulf Coast braced for Hurricane Katrina as she made her way along the coastline. Even before Katrina made landfall in Louisiana and Mississippi, Texas offered assistance to her neighbor Louisiana.

Mandatory evacuation from southern Louisiana prior to the landfall of Hurricane Katrina brought hundreds of thousands of evacuees into Texas. Hurricane Katrina hit Louisiana as a strong Category Four hurricane on August 29, 2005. The subsequent flooding in New Orleans, and the tragedy that unfolded, mobilized Texans to organize their communities and welcome Katrina evacuees into their homes, apartments, hotels, and shelters. Texans provided warm meals, clean clothes, baby supplies, transportation, medical care, furniture and every other necessity. At the height of the evacuation, Texas had an estimated 473,000 people from Louisiana, Alabama and Mississippi. Throughout this process, the state of Texas and Texas' local governments were assured that, like our neighbors to the east, the state would not suffer for its generosity.

As Hurricane Rita grew into one of the most intense storms in recorded history, steering a path toward Texas, the state was in the midst of its unprecedented response to Hurricane Katrina. In preparation for Hurricane Rita, voluntary and mandatory evacuations began on September 21, 2005, for Texas residents and their new guests. The almost half a million Katrina evacuees in Texas significantly complicated the state's evacuation plan because large numbers of evacuees were sheltered in the evacuation corridor. Texas was required to not only evacuate its own residents but was also tasked with evacuating those who previously had fled from Hurricane Katrina. There exists no comparable evacuation effort in U.S. history. Texas safely evacuated approximately 2.7 million people from danger – the equivalent of the population of Kansas - in only 36 hours.

Hurricane Rita hit the Texas coast on September 24, 2005, as a Category Three hurricane with sustained winds of between 111 and 130 mph. Because of the Category Three strength of this storm, communities in the path of the hurricane sustained enormous physical damage from Rita's winds and rain. In some heavily wooded areas, an estimated 25 percent of the trees were uprooted. High winds and falling trees caused extensive damage to homes and businesses. To date, insurers have paid for over 37,000 homes with major or severe damage. Unfortunately, an even higher number, 40,000 homes with major or severe damage, were uninsured.

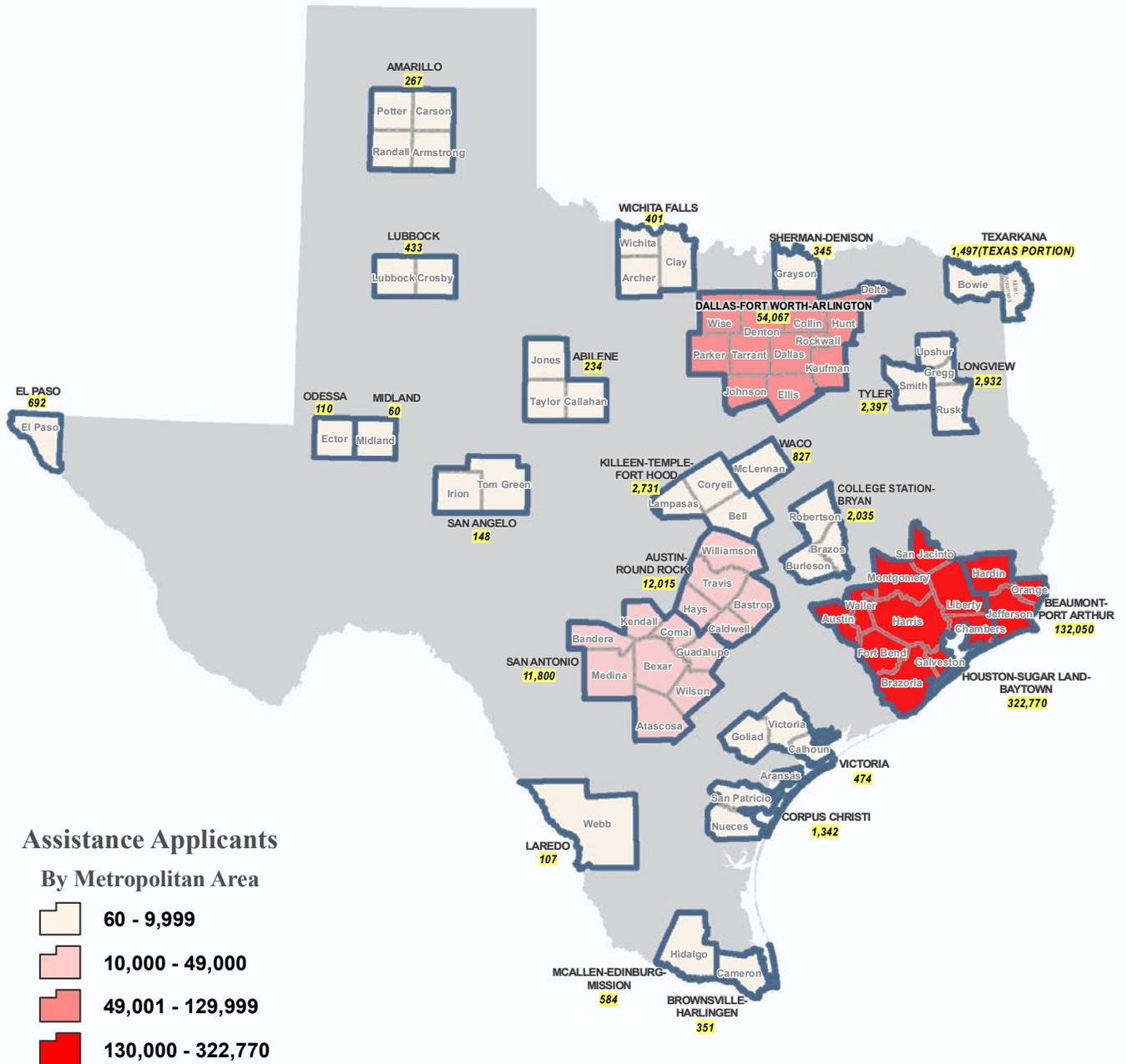
In response to inquiries from Congressional leaders and Administration officials, the State of Texas has worked with local governments, regional planning councils, public school districts, chambers of commerce and social service agencies to document the full scope of unmet needs from Hurricane Katrina and Hurricane Rita.

Based on these discussions, the state and local governments have documented to date \$2.017 billion in unmet needs which can only be met by the federal government.

Texas

Location Of Hurricanes Katrina/Rita Assistance Applicants By Metropolitan Statistical Area (As Of 2/10/2006)

State Total = 640,968
 In Metropolitan Areas Listed = 550,669
 In Remainder Of State = 90,299



Assistance Applicants

By Metropolitan Area

- 60 - 9,999
- 10,000 - 49,000
- 49,001 - 129,999
- 130,000 - 322,770

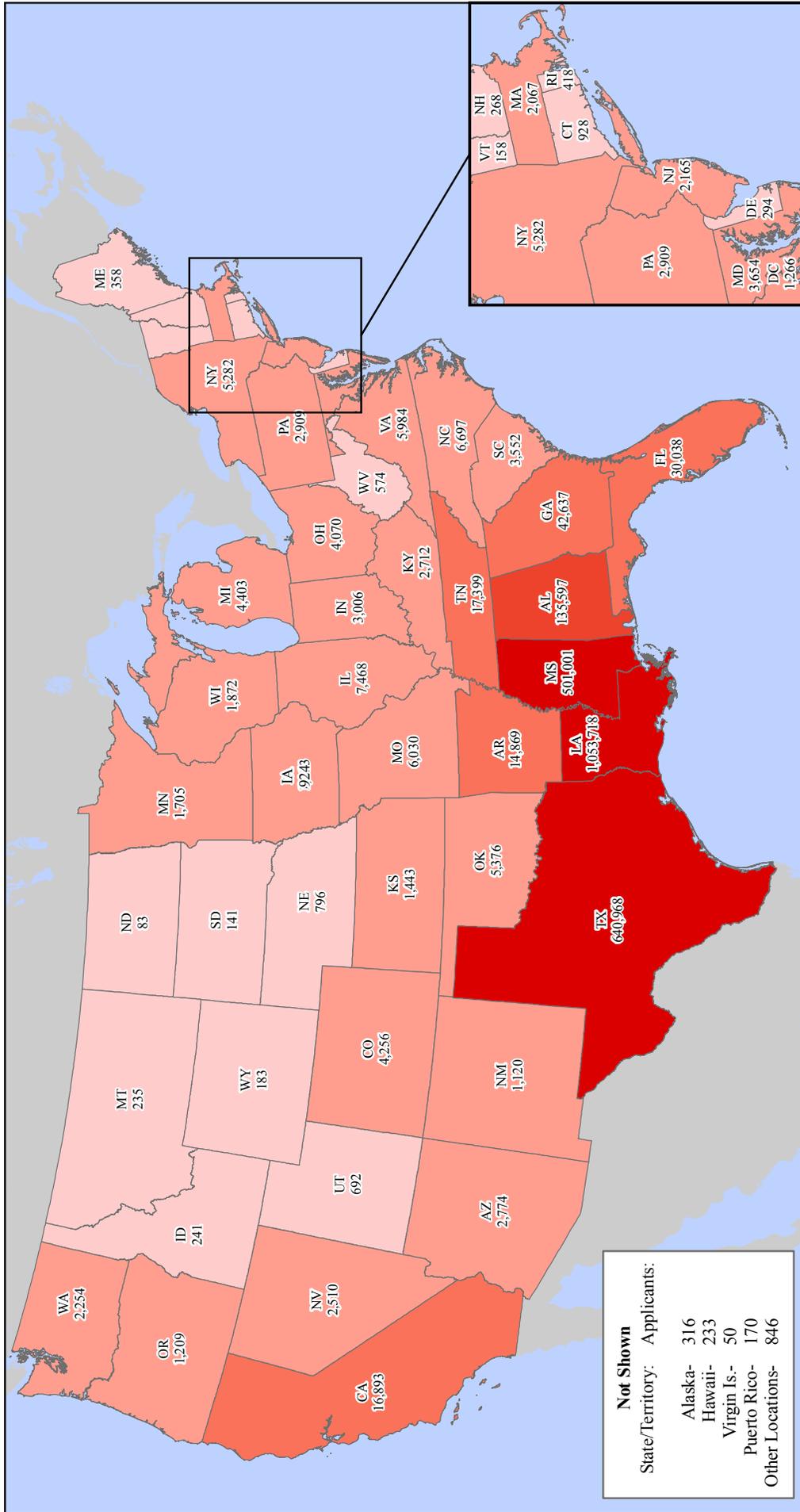
Yellow highlighted number = Assistance Applicants.
 Source: Federal Emergency Management Administration (FEMA).



Map Prepared by HHSC, Strategic Decision Support, February 24, 2006

Figure 1

IA Applicant Current Location by State: Katrina and Rita Only, as of 02/10/2006



Legend

IA Applicants

- 1 - 1,000
- 1,001 - 10,000
- 10,001 - 100,000
- 100,001 - 500,000
- 500,001 - 1,100,000

Total IA Applicants Nationwide:
2,546,901

Data Current as of 02/10/2006
Provided by WEBI Reporting Portal
Report RI 09

The figures contained on this map
are based on the best available data

Not Shown

State/Territory: Applicants:

- Alaska- 316
- Hawaii- 233
- Virgin Is.- 50
- Puerto Rico- 170
- Other Locations- 846

Recovery Division
Washington, DC
02/10/06 -- 16:50:00 EST

Figure 2

| NOLA Zip Codes | S | | | | W | | | | E | | | | A | | | | T |
|-----------------------|----------------------------|------|-----|-----------|-------|--------|----------|-------------|----------|-------|---------|---------------------|-------------------------------|--|---|--|---|
| | Security (law enforcement) | Fire | EMS | Hospitals | Water | Sewage | Electric | Natural Gas | Gasoline | Roads | Schools | Local Gov't Offices | Telecom (Telephone/ Cellular) | | | | |
| Algiers, 70114 | | | | | | | | | | | | | | | | | |
| Algiers, 70131 | | | | | | | | | | | | | | | | | |
| Warehouse, 70130 | | | | | | | | | | | | | | | | | |
| CBD, 70112 | | | | | | | | | | | | | | | | | |
| French Quarter, 70116 | | | | | | | | | | | | | | | | | |
| Uptown, 70115 | | | | | 5 | | | | | | | | | | | | |
| Uptown, 70118 | | | | | 5 | | | | | | | | | | | | |
| Central City, 70113 | | | | | | | | | | | | | | | | | |
| Lakeview, 70124 | | | | | 5 | | | | | | | | | | | | |
| Mid City, 70125 | | | | | | | | | | | | | | | | | |
| City Park, 70119 | | | | | 5 | | | | | | | | | | | | |
| Gentilly, 70122 | | | | | | | | | | | | | | | | | |
| Upper Downman, 70126 | | | | | | | | | | | | | | | | | |
| Lower Downman, 70126 | | | | | | | | | | | | | | | | | |
| NOLA East, 70127 | | | | | 5 | | | | | | | | | | | | |
| NOLA East, 70128 | | | | | 5 | | | | | | | | | | | | |
| NOLA East, 70128 | | | | | | | | | | | | | | | | | |
| Upper 9th Ward, 70117 | | | | | | | | | | | | | | | | | |
| Lower 9th Ward, 70117 | | | | | | | | | | | | | | | | | |
| St. Bernard | 4 | 4 | 4 | 4 | | | 1 | | | | 2 | | | | 4 | | |
| Plaquemines | | | | | | | | | | | | | | | | | |
| Plaquemines NORTH | | | | | | | | | | | | | | | | | |
| Plaquemines SOUTH | | | | | | | | | | | | | | | | | |

Notes:

- 1 - Low % of Customers that can receive or very damaged infrastructure
- 2 - 1 K-12 facility open with 1500 students
- 3 - Not Reported by Local Government
- 4 - Lack of 911 keeps this area RED
- 5 - Pumping capacity now being factored with population/ use load

80 - 100%
 40 - 79%
 0 - 39%
 Unknown

| Cameron Parish Zip Codes | S | | | | W | | | | E | | | | A | | | | T |
|--------------------------|----------------------------|------|-----|-----------|-------|--------|----------|-------------|----------|-------|---------|---------------------|-------------------------------|--|--|--|---|
| | Security (law enforcement) | Fire | EMS | Hospitals | Water | Sewage | Electric | Natural Gas | Gasoline | Roads | Schools | Local Gov't Offices | Telecom (Telephone/ Cellular) | | | | |
| 70542 | | | | | | | | | | | | | | | | | |
| 70631 | | | | | | | | | | | | | | | | | |
| 70632 | | | | | | | | | | | | | | | | | |
| 70643 | | | | | | | | | | | | | | | | | |
| 70645 | | | | | | | | | | | | | | | | | |

Notes:

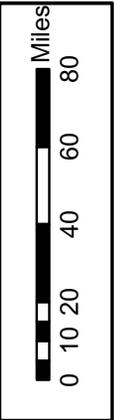
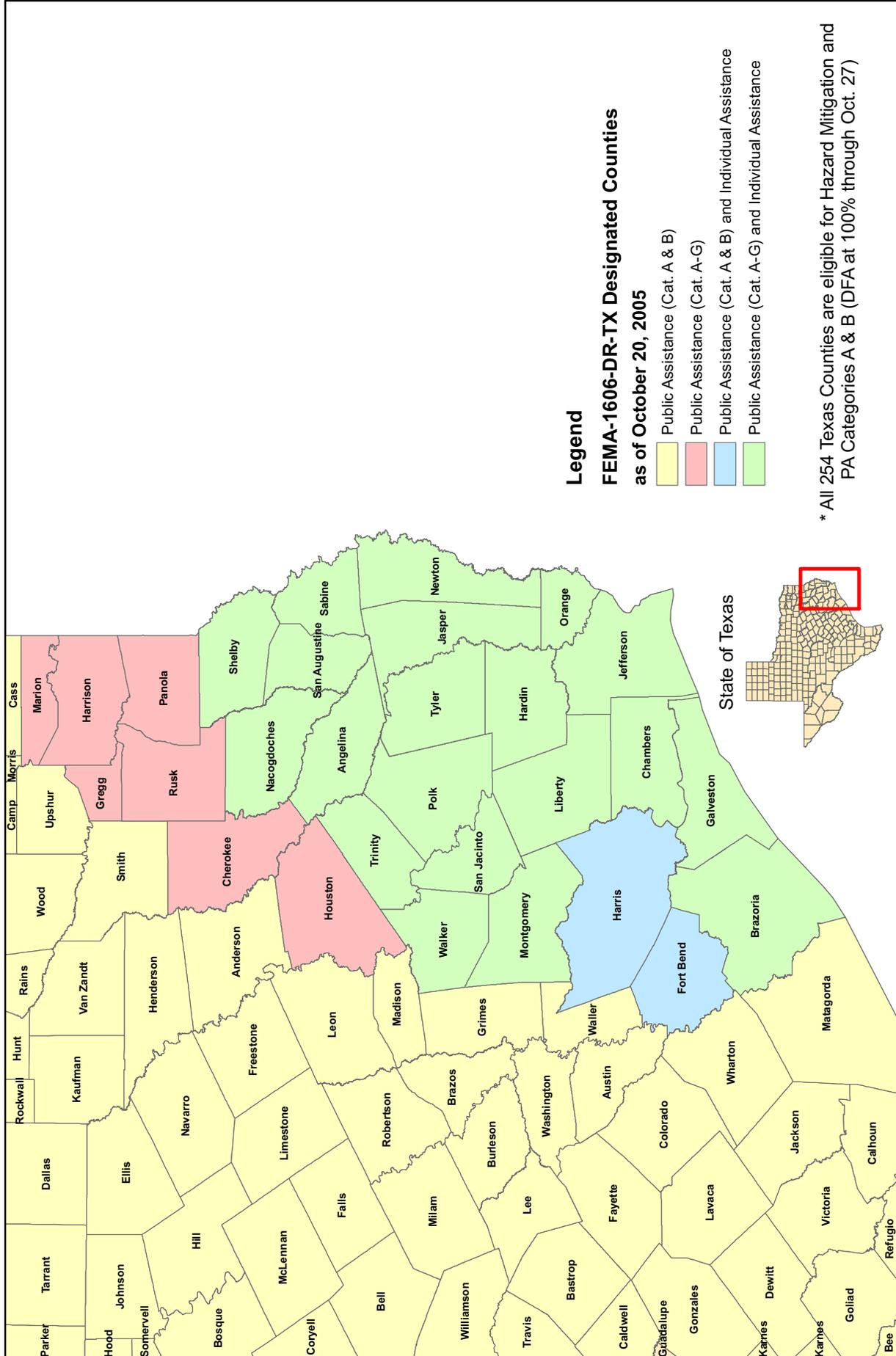
- 70542 NE Parish
- 70631 Lower Parish (Creole to West Border)
- 70632 Lower Parish (Creole to Grand Chenier)
- 70643 Grand Chenier
- 70645 Hackberry

1 Not Reported by Local Government

80 - 100%
 40 - 79%
 0 - 39%
 Unknown

Figure 3

FEMA-1606-DR-TX: Designated Counties - Hurricane Rita



ID: FEMA-1606-DR-TX Designated Counties
 FEMA-AUSTIN JFO: 10-20-05: 1200 CDT
 DEC_1606DR200510081500.mxd
 GIS: J. Toland

Figure 4



Texas Hurricane Funding Request – Housing Assistance

\$ 367.0 million – Housing Assistance – Funds are needed to provide housing assistance to Texas residents whose homes were damaged by Hurricane Rita, and to the nearly 400,000 residents of Louisiana, Mississippi and Alabama who continue to reside in Texas on a temporary basis. The majority of these funds would be appropriated, and part awarded by means of tax credits. Appropriated monies would be directed through HUD programs, including the Community Block Grant (CDBG) program, and other USDA programs. A one-time low-income housing tax credit allocation of \$45.0 million is included in this proposal.

- **Included Items:**
 - **Housing Repairs and Reconstruction in Areas Affected by Hurricane Rita -- \$322.0 million**
 - **Low Income Housing Tax Credits for Areas Affected by both Rita and an Influx of Katrina Evacuees -- \$45.0 million**





PRIORITY: Housing Assistance
Housing Repairs and Reconstruction in Areas Affected by Hurricane Rita

NEED

\$322.0 million to Rita-affected counties to cover the unreimbursed costs of severe damage to housing.

Justification:

Rita slammed into the Texas coast as a Category Three hurricane on September 24, 2005. A Category Three hurricane has sustained winds between 111 to 130 miles per hour and is considered a major hurricane producing extensive damage. The communities in the path of the hurricane sustained enormous damage from Rita's winds. In some parts of the affected area, an estimated 25 percent of the trees in the heavily wooded neighborhoods were uprooted. High winds and falling trees caused extensive damage to homes and businesses.

Over 75,000 homes in the area suffered major damage or were destroyed. Of these, an estimated 40,000 were uninsured. These homeowners are likely to face average damage repair costs in excess of \$8,000 that will not be reimbursed by FEMA or insurance.

The attached formulas were used in estimating the unmet housing needs for the Rita-affected counties. These formulas estimated damage to housing based on reported homeowner insurance claims paid. The formulas exclude the amounts payable by insurance and FEMA reimbursement.

The resulting data is very conservative. The reported insurance claims are not complete, either in amount or number of claims paid.¹ In addition, the data on unmet need does not include an analysis of the unreimbursed losses suffered by underinsured homeowners. Therefore, it is likely that the actual unmet need will be higher than the total \$322.0 million estimated in this analysis.

The formulas used data reported to the Texas Department of Insurance on claims paid for homeowner losses as a result of Hurricane Rita. The formulas also used appraisal district data on the market values of homes, by county, along with data from the Texas Health and Human Services Commission on the 2000 census for homeownership in Texas counties. Appraisal district data is available from the Texas Comptroller's office. The homeownership data used in this analysis may be found on the Texas State Data Center/ Office of the State Demographer, and/or may be obtained through the Texas Health and Human Services Commission.

¹ The Texas Department of Insurance estimates that the final total of reported losses and claims paid will likely be double the amount used in this analysis.

Equations for calculating damage to homes

$$\text{Percentage of homes damaged (H}_{ID}\text{)} = \frac{\text{Number of homeowners with paid claims (C}_I\text{)}}{\text{Number of homeowners insured (\#}_I\text{)}}$$

Note: This number may be low.

$$\text{Percentage of homes with damage over FEMA compensation caps (H}_{MD}\text{)} = \frac{\text{Homeowners w/paid claims} > \$5200 \text{ (MC}_I\text{)}}{\#_I}$$

Note: This number will almost certainly be low. TDI expects the total value of paid homeowner claims to double.

$$\text{Average insured loss (L)} = \frac{\text{Total paid claims on homeowner policies}}{C_I}$$

$$\text{Average insured loss in excess (ML) of the FEMA damage cap} = \frac{\text{Average paid homeowner claim} - \$5200}{MC_I}$$

$$\text{Total number of damaged homes (H}_D\text{)} = \text{Number of owner occupied houses (H)} \times H_{ID}$$

$$\text{Number of uninsured homeowners (\#}_U\text{)} = H - \#_I$$

$$\text{Number of uninsured homeowners w/ damage} = H_D \times \#_U$$

$$\text{Number of homes with unmet needs For IA counties} = H_{MD} \times \#_U$$

$$\text{Numbers of homes with unmet needs For non-IA counties} = H_D \times \#_U$$

$$\text{Average value of uninsured homes (V}_U\text{)} = \frac{V_T}{H}$$

$$\text{Average unmet need (non-IA Counties)} = \frac{\text{Total paid claims on homeowner policies}}{C_I}$$

Note: Because homeowners in non-IA counties are ineligible for FEMA assistance, the cap amount is not a factor.

$$\text{Average unmet need (IA counties)} = \frac{\text{Average paid homeowner claim} - \$5200}{MC_I}$$

$$\text{Total unmet need} = \Sigma \text{Average unmet need} \times \#_U$$

Notes:

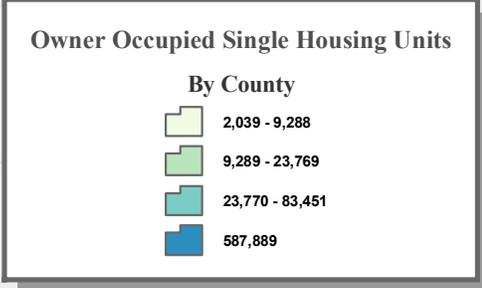
This should yield a reasonably accurate estimate because:

- The calculations will be performed on a county by county basis. This ensures that the damage is evaluated according to relatively discrete geographic areas.
- The calculations will be performed based on discrete types of insurance. This will allow the damage to second homes and rental units to be separated from owner-occupied housing.
- The calculations can be compared to the existing FEMA data, as well as data provided by local entities and taxing authorities.

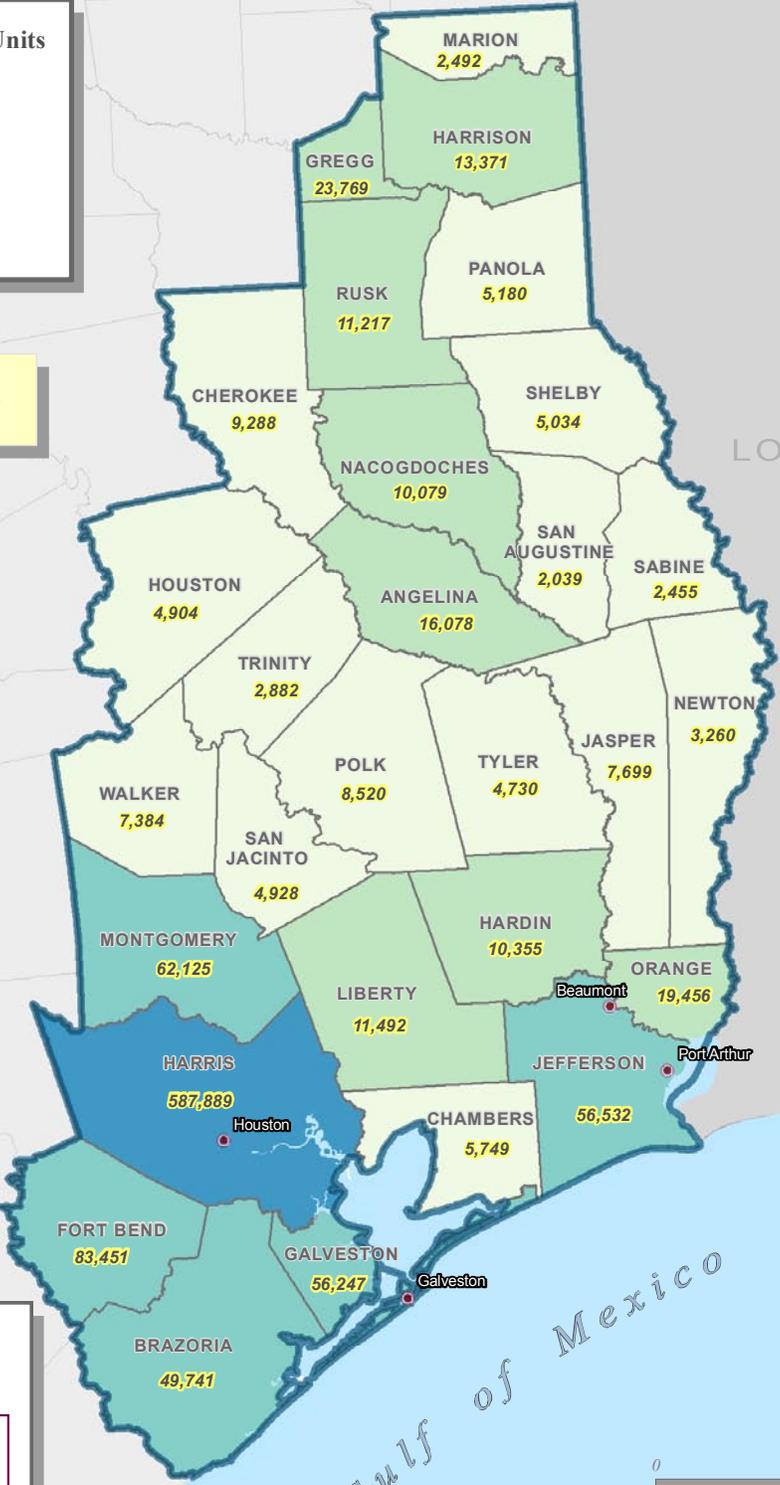
This should yield a conservative estimate of the unmet needs because:

- The average owner-occupied housing value should be understated. These values rely upon appraisal district values, which normally have some lag behind the market or insured values.
- The total value of claims paid or to be paid may be low. The paid claims number will include both fully and under insured homeowners. Depending upon how many homeowners are underinsured, and by how much, the amount of unmet need may be higher.

FEMA Rita Disaster Counties - Number of Owner Occupied Single Housing Units (Census 2000)



Number of Owner Occupied Single Housing Units = 1,088,346



LOUISIANA

Gulf of Mexico

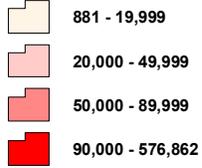


Source: U.S. Census of 2000.
Map Prepared By: HHSC, Strategic Decision Support.

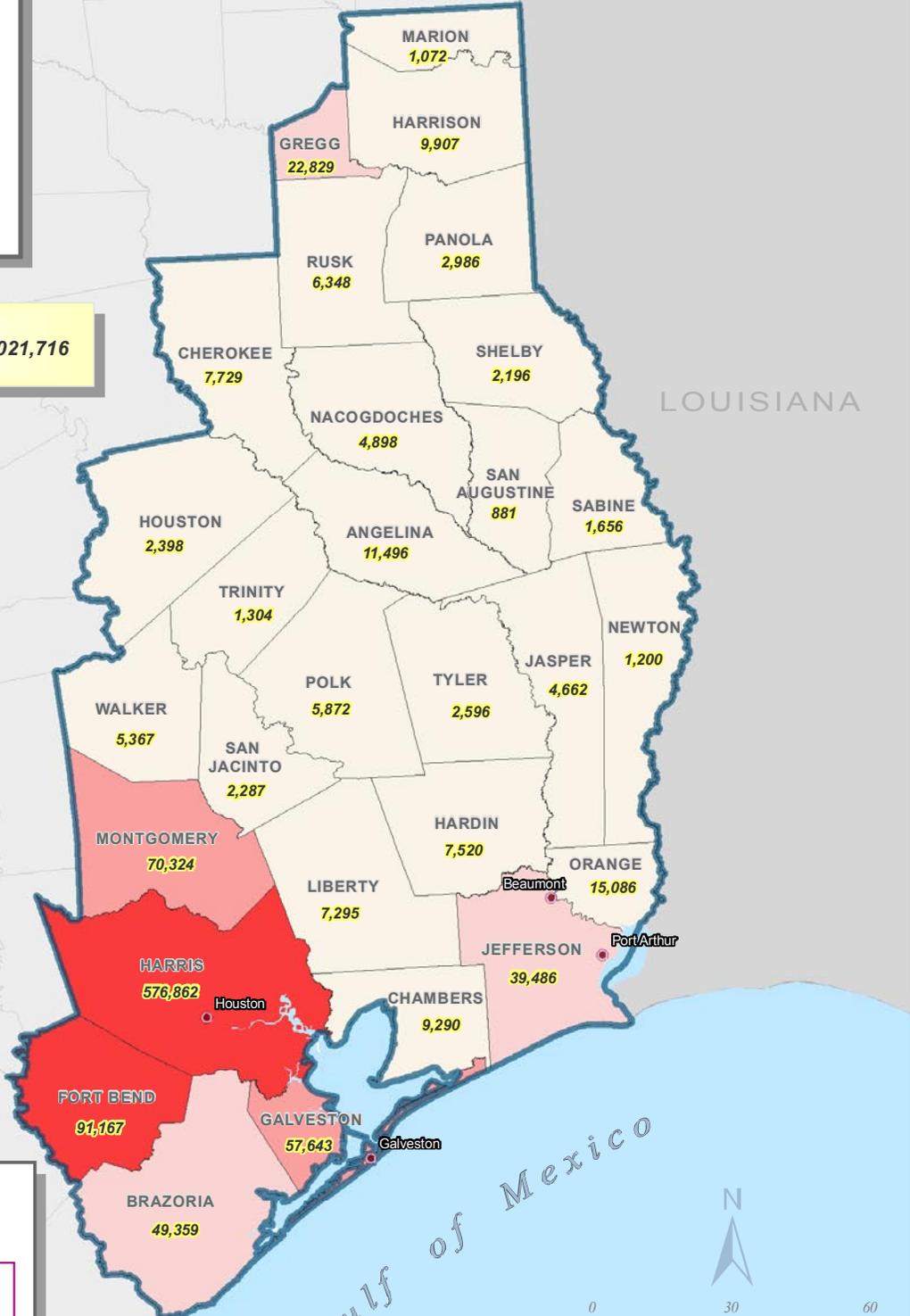
FEMA Rita Disaster Counties - Homeowner-Only Policies 2005 Q3

Homeowner-Only Policies

By County

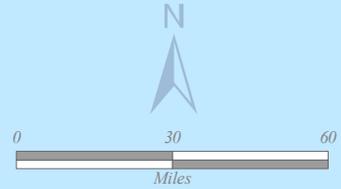


Total Homeowner Policies Throughout Disaster Counties = 1,021,716



LOUISIANA

Gulf of Mexico

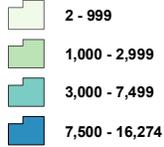


Data Source: Texas Governor's Office.
Map Prepared By: HHSC, Strategic Decision Support.

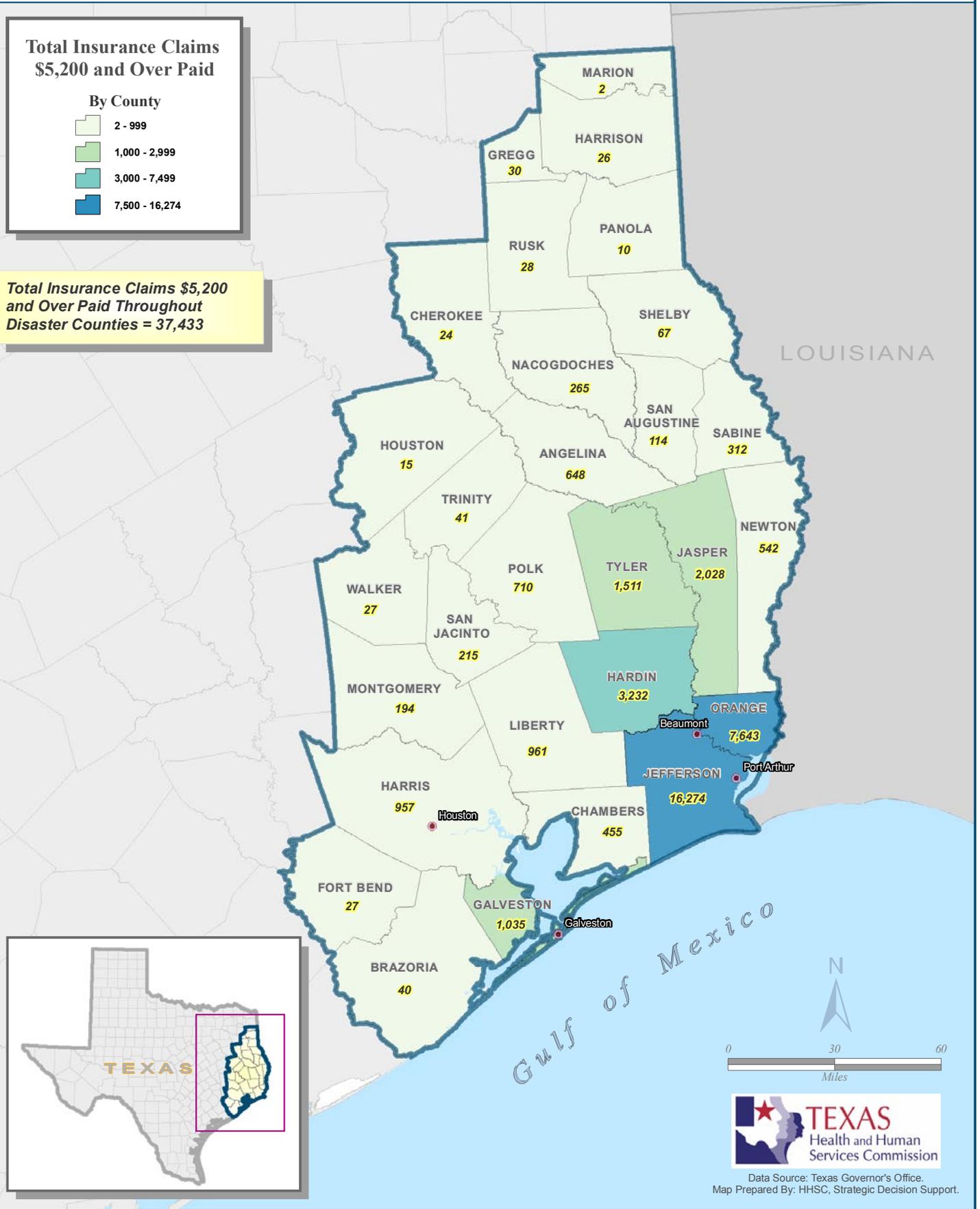
FEMA Rita Disaster Counties - Total Insurance Claims \$5,200 and Over Paid Through December 2005

Total Insurance Claims \$5,200 and Over Paid

By County



Total Insurance Claims \$5,200 and Over Paid Throughout Disaster Counties = 37,433



Data Source: Texas Governor's Office.
Map Prepared By: HHSC, Strategic Decision Support.

PRIORITY: Housing Assistance
Low Income Housing Tax Credits for Areas Affected by Hurricane Rita and Katrina

NEED

\$45.0 million in housing tax credits to restore long-term affordable housing in communities impacted by Hurricane Rita and meet the long-term housing needs of Hurricane Katrina evacuees.

Justification:

Texas would use \$45.0 million in housing tax credits for the new construction or rehabilitation of approximately 7,700 affordable rental housing units across the state. This would roughly double the state's annual allocation of competitive tax credits for 2006. The tax credits would be administered by the Texas Department of Housing and Community Affairs (TDHCA). These credits would be used to address solely the impact on housing of people affected by Hurricanes Rita and Katrina.

Priority for the allocations of these tax credits would be given to: (1) the repair or replacement of apartments damaged by Hurricane Rita; and, (2) building new housing in communities throughout Texas which have taken Katrina evacuees and whose rental markets show increased demand for long-term affordable housing.

The state may also use the requested credits to provide additional funding to recent tax credit awardees who are in need of additional funds to complete rehabilitation or construction of affordable housing developments which either sustained hurricane damage or where construction and labor costs have increased putting the development in jeopardy. This would be a secondary purpose, but reflects the fact that labor and construction costs have risen sharply in Texas since the hurricanes.

The Housing Tax Credit Program is the primary means of directing private capital towards the creation of affordable rental housing. Developers of low-income rental housing use the tax credit to offset a portion of their federal tax liability in exchange for the production of affordable rental housing. The value associated with the tax credits allows units financed to be leased to qualified families at affordable rates. In Texas, developments financed through housing tax credits are comparable with new, market-rate units.

Texas Hurricane Funding Request – Public Safety

\$ 18.7 million – Public Safety – These funds are needed to assist local governments, in areas with large numbers of Katrina evacuees, in maintaining public safety upon the termination of FEMA reimbursement.

- **Included Items:**
 - **Public Safety Impact Aid for Katrina -- \$18.7 million**

PRIORITY: Public Safety
Public Safety Impact Aid for Katrina

NEED

\$18.7 million for public safety costs associated with Katrina evacuees that will not be reimbursed by FEMA.

Justification:

Evacuations before and after the landfall of Hurricane Katrina caused many citizens of Louisiana, Mississippi and Alabama to relocate temporarily to Texas. FEMA will continue to pay for the housing of these citizens at least until January 2007. At the same time, FEMA has declared that it will cease reimbursement of local governments for the additional public safety costs associated with these individuals. This \$18.7 million would provide reimbursement to local governments for public safety costs in the wake of the FEMA decision.

The City of Houston, for example, currently estimates that its police department and emergency medical services (EMS) costs associated with Katrina evacuees are averaging \$1.95 million per month. Similarly, the police departments and EMS services of other Texas communities have been taxed by the influx of large numbers of evacuees. Although the Katrina population should decline over the next ten months, these costs will likely total almost \$19.0 million.

Texas Hurricane Funding Request – Educational Services

\$ 412.6 million – Educational Services -- Texas should be reimbursed for costs associated with providing education services to students who are in Texas as a result of Hurricane Katrina. Funds would also be used to repair public and higher education facilities damaged by Hurricane Rita.

- **Included Items:**
 - **Continuing Primary and Secondary Education for Katrina Students -- \$338.0 million**
 - **Unreimbursed Rita Damage to Primary and Secondary Schools -- \$62.0 million**
 - **Unreimbursed Rita Damage at Lamar University -- \$12.6 million**

PRIORITY: Educational Services
Continuing Primary and Secondary Education for Katrina Students

NEED

\$338.0 million for a one-year continuation of the education funding for Katrina evacuees who are temporarily attending Texas schools.

Justification:

Texas schools enrolled approximately 44,500 evacuee students from Louisiana, Mississippi, and Alabama in the wake of Hurricane Katrina. The cost of educating these students for the 2005-06 school year is estimated to be \$338.0 million. Although the previous federal supplemental appropriation assumed a \$6,000 per year cost per student, school districts contend that the actual cost exceeds even their original estimate of \$7,500 per student.

The Texas Education Agency expects that, while there will be a lower number of students as some evacuee families return home, approximately 38,000 will remain in Texas public school districts in the 2006-07 school year.

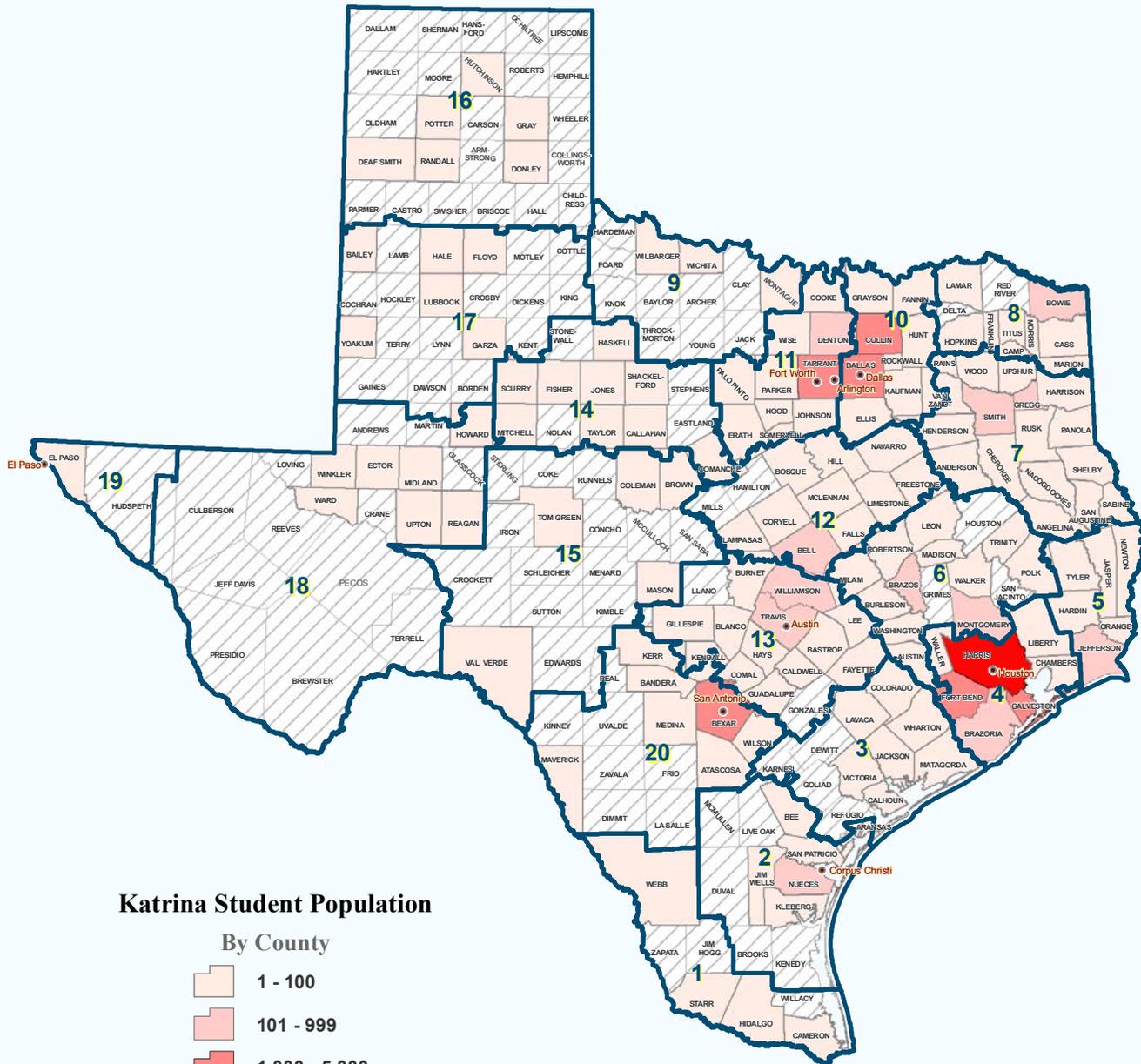
Texas school districts are reporting that the costs to educate Katrina students exceeds the \$7,500 per year cost per student they originally projected, leaving these districts in an even greater deficit. Moreover, these school districts report that Katrina students, in general, have greater academic skill deficiencies, and significant costs are being paid by these school districts to ensure that these students have every opportunity to succeed in the Texas Assessment of Knowledge and Skills (TAKS), the state-mandated school accountability system. Katrina students do not count in the state accountability system this year, but they will count next year.

Texas schools contend that they will need no less than \$338.0 million in 2006-07 in order to effectively educate the Katrina evacuee students to meet the standards of the state and federal No Child Left Behind. Federal funding formulas must reflect the realities of this population shift, which they do not at the present time. This is another example of temporary shifts in population affecting federal allocations and formulas not being reflected in federal payments to the state.

Texas

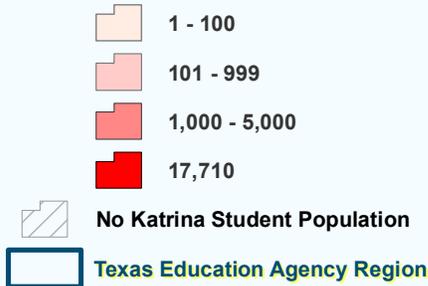
Katrina Student Population

Total Katrina Student Population = 37,594 (as of 2/16/2006)



Katrina Student Population

By County



Source: Texas Education Agency.

Map Prepared by: HHSC, Strategic Decision Support
February 21, 2006

PRIORITY: Educational Services
Unreimbursed Rita Damage to Primary and Secondary Schools

NEED

90 percent federal match rate for FEMA-reimbursable costs, or \$62.0 million for unreimbursable costs for repair of schools damaged by Hurricane Rita.

Justification:

Unlike Rita’s damage to public schools in Louisiana, damage from Rita in Texas requires a 25 percent local match for repairs. In Louisiana, school districts are only required to supply a 10 percent local match. As a matter of fairness, Texas public schools should receive at least the same treatment for the same storm, particularly given that Texas schools face the same struggle to provide education to hurricane Katrina evacuees as their Louisiana counterparts.

In the event that the match rate is not adjusted, an appropriation would be needed to equalize the treatment of Texas and Louisiana with regard to hurricane Rita. \$62 million represents an estimate of the damaged suffered by school districts as a result of Hurricane Rita. Where possible, the amount likely to be covered by insurance has been subtracted.

Schools

| | | |
|---|-------------------|----------------------|
| Beaumont Independent School District | 15,000,000.00 | |
| Port Arthur Independent School District | 20,000,000.00 | |
| Nederland Independent School District | 8,000,000.00 | |
| Port Neches Independent School District | 3,781,396.00 | |
| Little Cypress/Mauriceville ISD | 1,500,000.00 | |
| Kountze Independent School District | 350,000.00 | |
| Silsbee Independent School District | 3,000,000.00 | |
| West Orange Independent School District | 9,591,571.00 | |
| Lumberton Independent School District | <u>732,452.00</u> | |
| Total for school districts | | 61,955,419.00 |

PRIORITY: Educational Services
Unreimbursed Rita Damage at Lamar University

NEED

\$12.6 million to reimburse Lamar University and its two-year colleges for damages sustained due to Hurricane Rita.

Justification:

Lamar University and its two-year colleges suffered major physical damage as a result of Hurricane Rita. This proposal requests \$12.6 million to cover the unreimbursed portion of repairing this damage. These costs include debris removal, emergency repairs, permanent repairs and reconstruction, and lost revenues. FEMA will reimburse a portion of these expenditures; however, the university system will still have \$12.6 million in net losses.

This proposal includes \$3.2 million for the cost of debris removal and emergency repair. These services were the first step in getting the university back to working condition. Included in these services were clearance of trees and other debris; sand, mud, silt, and gravel; building demolition; and reimbursement for necessary services needed to eliminate immediate threats to lives, public health and safety.

This proposal includes \$3.5 million for the cost of permanent repairs and reconstruction of university facilities and infrastructure.

This proposal also includes \$5.9 million for the cost of lost revenues to the university. Lost revenues for fiscal year 2006 total \$5.9 million, of which \$5.0 million was lost tuition and fees and \$0.9 million in lost sales and services. The university was closed for nearly one month.

Texas hurricane Funding Request – Workforce Services

\$115.0 million – Workforce Services – This includes workforce training funds for Hurricanes Rita and Katrina.

- **Included Items:**
 - **Workforce Services for Individuals Affected by Katrina or Rita -- \$ 115.0 million**

PRIORITY: Workforce Services

Workforce Services for Individuals Affected by Katrina or Rita

NEED

\$115.0 million for the Texas Workforce Commission and local workforce development boards to provide workforce and employment services.

Justification:

The Texas Workforce Commission (TWC) and local workforce development boards plan to serve 37,500 individuals over the next year, providing an array of services, including: on-the-job and customized training, work experience, short-term intensive pre-vocational skills training, vocational skills training, and support services such as child care.

These services will be provided through a targeted rebuilding effort for areas of Texas impacted by Hurricane Rita and through long-term workforce services strategies for Hurricane Katrina evacuees.

The impact of this combined effort on the state's Workforce Investment Act funds will be immense, and the needs are already overwhelming a system challenged by too few dollars. The \$115.0 million funding requested is based on services over a twelve month period and uses as its basis the average costs associated with WIA formula funds expended and the number of adult and dislocated workers served.

In response to the unprecedented impacts of Hurricanes Katrina and Rita, TWC received a \$75.0 million WIA National Emergency Grant from the U.S. Department of Labor. TWC developed a unique service delivery approach to serve an estimated 37,500 evacuees and Rita-affected workers. For Katrina and Rita-affected workers, temporary jobs were identified and served as a primary mechanism to stabilize families. These funds will expire in August 2006.

TWC efforts continue to be focused on the needs of the communities still rebuilding from Hurricane Rita as well as developing employment opportunities for those evacuees whose skills allow a ready match to Texas employers. TWC is also working aggressively with Chambers of Commerce and business organizations in Louisiana to match evacuees with employment opportunities in Louisiana where housing is available.

Texas Hurricane Funding Request – Community and Economic Redevelopment

\$71.1 million -- Community and Economic Redevelopment -- This includes funds for bridge loans and grants for small businesses affected by Rita.

- **Included Items:**
 - **Bridge Loans for Small Businesses Affected by Rita -- \$22.0 million**
 - **Repair Grants for Small Businesses Affected by Rita - - \$49.1 million**







PRIORITY: Community and Economic Redevelopment
Bridge Loans for Small Businesses Affected by Rita

NEED

\$22.0 million for bridge loans to small businesses affected by Hurricane Rita.

Justification:

Many small businesses affected by Hurricane Rita in Texas remain closed and the probability of reopening declines with each passing day. FEMA referred 39,206 businesses to the Small Business Administration (SBA) for low-interest SBA loans. Of those referred, 2,739 businesses have applied for these loans. Approximately 1,000 of these businesses were denied loans by SBA. SBA indicates it has approved \$42.6 million in loans to 674 businesses but has distributed only \$3.7 million and still has 433 applications in process as of February 13, 2006.

SBA lacks an inadequate number of inspectors and underwriters to qualify loans quickly. Moreover, SBA staff has advised the state that despite their best efforts, full processing of applications may take more than 18 months. This inadequate funding threatens the long-term viability of small businesses throughout the region.

As of February 2, 2006, the average SBA business loan approval for businesses with physical damage was for the amount of \$59,627. The average economic injury loan approval, for economic injury losses with no physical damage, was \$59,265. Because SBA eligibility is for uninsured or under-insured losses, actual losses for each applicant could be greater than the approved amount if the business had partial insurance coverage.

Bridge loans are designed to help small businesses recover until insurance pays, until repairs are made, and until a cash flow can be reestablished. These loans are intended to provide temporary but necessary capital. The bridge loans will provide non-interest bearing loans in the amount of \$25,000 each to businesses for up to one year. A loan may be renewed but it would carry a low interest rate upon renewal. This is similar to a program currently administered by the Small Business Alliance of southeast Texas with money from the Texas Disaster Relief Fund. The current bridge loan program has received approximately 6,000 applications. There is a need for up to 880 bridge loans.



PRIORITY: Community and Economic Redevelopment
Repair Grants for Small Businesses Affected by Rita

NEED

\$49.1 million to allow small businesses to repair damages caused by Hurricane Rita.

Justification:

Many small businesses affected by Hurricane Rita remain closed and the probability of reopening declines with each passing day. To date, small businesses have not received even the limited amount of federal assistance to which they are entitled. FEMA referred 39,206 businesses to the Small Business Administration (SBA) for low cost SBA loans. Of those referred, 2,739 businesses have applied for these loans and 1,000 of these businesses were denied by SBA. SBA indicates it has approved \$42.6 million in loans to 674 businesses but has paid only \$3.7 million and still has 433 applications in process as of February 13, 2006.

SBA lacks an adequate number of inspectors and underwriters to qualify loans quickly. Moreover, SBA staff has advised the state that despite their best efforts, full processing of applications may take more than 18 months. This inadequate funding threatens the long-term viability of small businesses throughout the region.

It is difficult to predict the dollar amount of the loans that are needed, but data on SBA loans approved to date indicates that it likely will average over \$50,000 per business. Of the few loans that had been approved as of February 2, 2006, the average SBA business loan approval for businesses with physical damage was for the amount of \$59,627. The average economic injury loan approval, for economic injury losses with no physical damage, was \$59,265. Because SBA eligibility requires for uninsured or underinsured losses, actual losses for each business could be greater than the approved amount if the business had partial insurance coverage. Insurance data on commercial properties is currently being collected by the Texas Department of Insurance.

This southeast Texas request would allow reimbursement for small businesses to offset physical damages caused by Hurricane Rita. The proposal does not include distribution details but an average grant of \$25,000 would help almost 2,000 small businesses to begin the process of recovery.

Texas Hurricane Funding Request – Uncompensated Health Care and Mental Health Services

\$ 126.2 million - Uncompensated Health Care and Mental Health Services-- The funds would cover the cost of uncompensated health care for victims of Hurricane Rita, and for Katrina evacuees after the expiration of Texas' Medicaid waiver. It would also fund long-term care costs for Katrina evacuees remaining in Texas, as well as mental health services for those affected by Hurricane Rita.

- **Included Items:**
 - **Uncompensated Care for Individuals Affected by Rita -- \$12.4 million**
 - **Mental Health Services for Individuals Affected by Rita -- \$5.0 million**
 - **Community Health Care for Individuals Affected by Rita -- \$5.0 million**
 - **Medicaid and Uncompensated Care for Individuals Affected by Katrina -- \$75.0 million**
 - **Long Term Care for Individuals Affected by Katrina -- \$28.8 million**

PRIORITY: Uncompensated Health Care and Mental Health Services
Uncompensated Care for Individuals Affected by Rita

NEED

\$12.4 million to reimburse hospitals for uncompensated health care for persons dislocated by Hurricane Rita and served outside of the impacted area.

Justification:

The \$12.4 million will reimburse hospitals across the state for health care services provided to individuals affected by Hurricane Rita who were served in hospitals outside of the affected area.

As Hurricane Rita increased in intensity and headed for Texas, the evacuation of vulnerable people from the potential strike zone was paramount. For example, the University of Texas Medical Branch at Galveston was evacuated with 37 helicopter airlifts and 72 ambulances. More than 300 patients were moved to safety, including 40 intensive care patients and 27 neo-natal infants. Hospitals across Texas mobilized medical staff to triage and care for these patients. Hospitals, not yet fully staffed, recalled nurses and doctors even as helicopters with premature or vulnerable infants landed on their roofs. FEMA will reimburse for health care and supplies provided in shelters, but not for care received in hospitals.

The following hospitals provided uncompensated health care and their estimated costs were:

| | |
|--|-----------------------|
| • HCA System - Statewide System | \$ 6.0 million |
| • CHRISTUS Health System – Statewide System | \$ 2.5 million |
| • Seton – Central Texas System | \$ 1.0 million |
| • JPS Network – Fort Worth | \$ 1.0 million |
| • University of Texas Medical Branch – Galveston | \$.4 million |
| • St. Joseph Health System – Bryan | \$.4 million |
| • University Health System – San Antonio | \$.3 million |
| • Scott and White – Central Texas | \$.2 million |
| • Parkland Hospital – Dallas | \$.2 million |
| • Texoma Medical Center – Dennison | \$.2 million |
| • <u>ETMC System – East Texas</u> | <u>\$.2 million</u> |
| Total | \$12.4 million |

PRIORITY: Uncompensated Health Care and Mental Health Services
Mental Health Services for Individuals Affected by Rita

NEED

\$5.0 million to provide mental health services, including substance abuse services for Rita-Affected Communities.

Justification:

The \$5.0 million would provide mental health services, including substance abuse services for Hurricane Rita-affected areas. In this proposal, half would be spent on mental health services and half on substance abuse services. The \$2.5 million for mental health provides services to 5,618 adults at an average cost of \$445 per person. Mental health services for children cost slightly more at \$465 per child. The \$2.5 million for substance abuse would provide services to approximately 1,636 adults at a cost of \$1,528 per adult. Substance abuse services to children cost an average of \$4,098.

The need for mental health and substance abuse services following a tragedy is common and widely acknowledged. For example, after the World Trade Center tragedy, 30 percent of victims and/or family survivors sought treatment for mental health concerns. Of these, 10 percent were presented with depression and 7.5 percent were presented with Post-traumatic Stress Disorder. Similarly, local communities that accepted Hurricane Katrina evacuees saw an increase in mental health service demands in their communities. For example, Fort Worth spent about \$1.0 million for 9,800 hours of mental health services for its Katrina evacuees and projects to spend over \$3.0 million in the next 12 months. Austin and Houston also report increased demand for these services by their Katrina evacuees.

The Hogg Foundation for Mental Health, located at the University of Texas at Austin, has emerging research that shows the need for mental health service increases approximately six months following catastrophic disasters. Based on the experience of communities with Katrina evacuees and the projections of the Hogg Foundation, we expect communities affected by Rita to see an ongoing and significant increase in the need for mental health services.

PRIORITY: Uncompensated Health Care and Mental Health Services
Community Health Care for Individuals Affected by Rita

NEED

\$5.0 million for primary and preventative care for uninsured and underinsured patients and increased health access network services to match patients with providers.

Justification:

\$5.0 million is needed for primary and preventive care for uninsured and underinsured patients in areas affected by Hurricane Rita. In the past five months, hospitals and other emergency medical service providers reported a 20 to 25 percent increase in patient services, with an even greater percentage than normal seeking care in area emergency rooms.

Some of the increase in the past months can be attributed to Katrina evacuees without a local medical provider or who still do not have insurance in Texas. The increase may also be attributed to increased unemployment and the loss of insurance benefits or insufficient resources to pay both the overwhelming hurricane-related losses and medical costs. Hundreds of small businesses remain closed and their employees remain without jobs. Many of the uninsured and underinsured patients have chronic, life-threatening illnesses that have been exacerbated by the stress of the hurricane and their inability to return to their “normal” lives.

This request asks for \$5.0 million, which represents a 10 percent increase over historical costs, for uncompensated care. The funds will enable these providers to match patients requiring emergency and other services with community health workers. The community health workers can also address chronic medical problems that result in multiple emergency room visits and can assist patients with preventative health strategies. While this is a conservative request, this model has proven to be the most efficient mechanism to move chronic emergency room patients into mainstream medical services.

***PRIORITY: Uncompensated Health Care and Mental Health Services
Medicaid and Uncompensated Care for Individuals Affected by Katrina***

NEED

\$75.0 million for a one-year continuation of the Medicaid and Uncompensated Care waiver for Katrina evacuees who would otherwise become the responsibility of Texas taxpayers through local public hospitals and the Medicaid system.

Justification:

The \$75.0 million assumes a continuation of the Medicaid and Uncompensated Care waiver for one additional year but does not assume any increase in enrollment or costs. Recent indications suggest that Texas will see increases in enrollments. Without these dollars, Texas taxpayers will be asked to pay for services to citizens of other states. Approximately 47,800 Katrina evacuees have received services through the waiver. Texas spent approximately \$15.0 million from the Uncompensated Care Pool and \$19.6 million in Medicaid for these evacuees.

Evacuations from Louisiana into Texas both before and after the landfall of Hurricane Katrina caused many Louisiana citizens to temporarily relocate to Texas from their homes. Evacuees from Alabama and Mississippi journeyed to Texas as well. To help accommodate this large influx of people, Texas was given a waiver that allowed the state to reimburse providers who incurred costs for uncompensated health care. From August 24, 2005, through September 30, 2005, evacuees at any income level who did not have coverage through insurance were provided medically necessary health care through this waiver.

Beginning October 1, 2005, Texas provided evacuees health care, long-term care, prescription medicines and medical transportation through two programs: Medicaid and the Uncompensated Care Pool. The Medicaid portion of the waiver covered individuals, including: children up to age 19 up to 200 percent of the federal poverty level (FPL); low-income parents of these children up to 100 percent of the FPL; pregnant women up to 185 percent of the FPL; and, individuals with disabilities and individuals in need of long-term care up to 300 percent of the Supplementary Security Income (SSI) level. Under this Medicaid program, Texas enrolled individuals through January 31, 2006, and provided up to five months of coverage. Because of the five month limit, persons covered are beginning to exhaust their coverage through the program and, without an extension, all reimbursement will stop on June 30, 2006. Currently 38,800 evacuees are receiving these services.

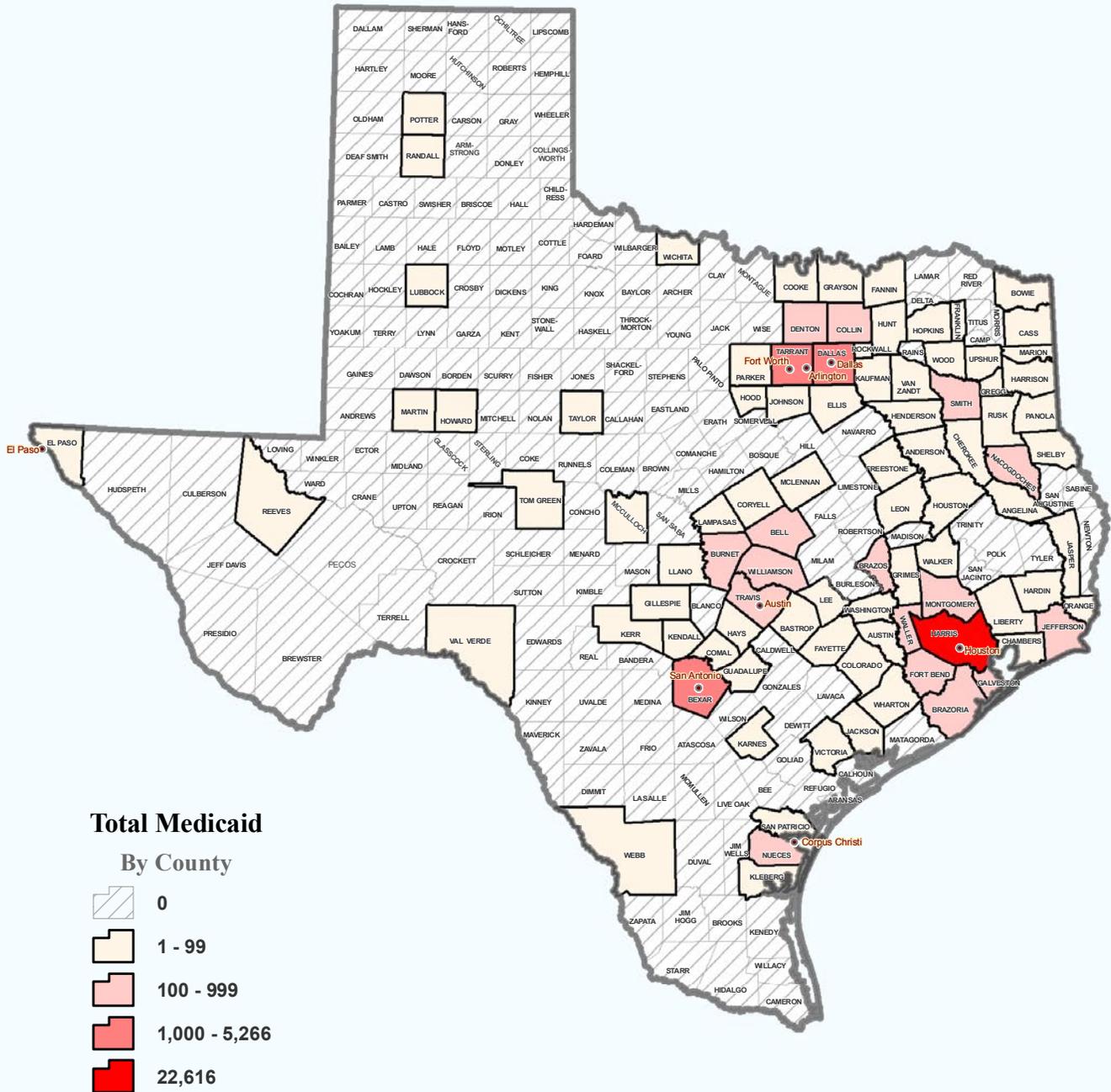
Those not eligible for the Medicaid program, but who had incomes below 200 percent of the FPL were provided coverage under the Uncompensated Care program. Coverage for uncompensated care ended on January 31, 2005. January data shows 9,000 uncompensated care clients receiving services in that month. Costs from both programs for all services provided by the waiver are being paid solely from federal funds.

Finally, the Medicaid program and its federal match rate are dependent upon calculations related to population and economic indicators relative to other states. Texas is faced with the situation where, at the very least, there has been a population shift unaccounted for in the formula, leaving Texas without the resources needed to provide adequate care for Katrina evacuees.

Texas

Hurricane Katrina Total Medicaid Waiver Caseload By County As Of January 2006

State Total = 38,783



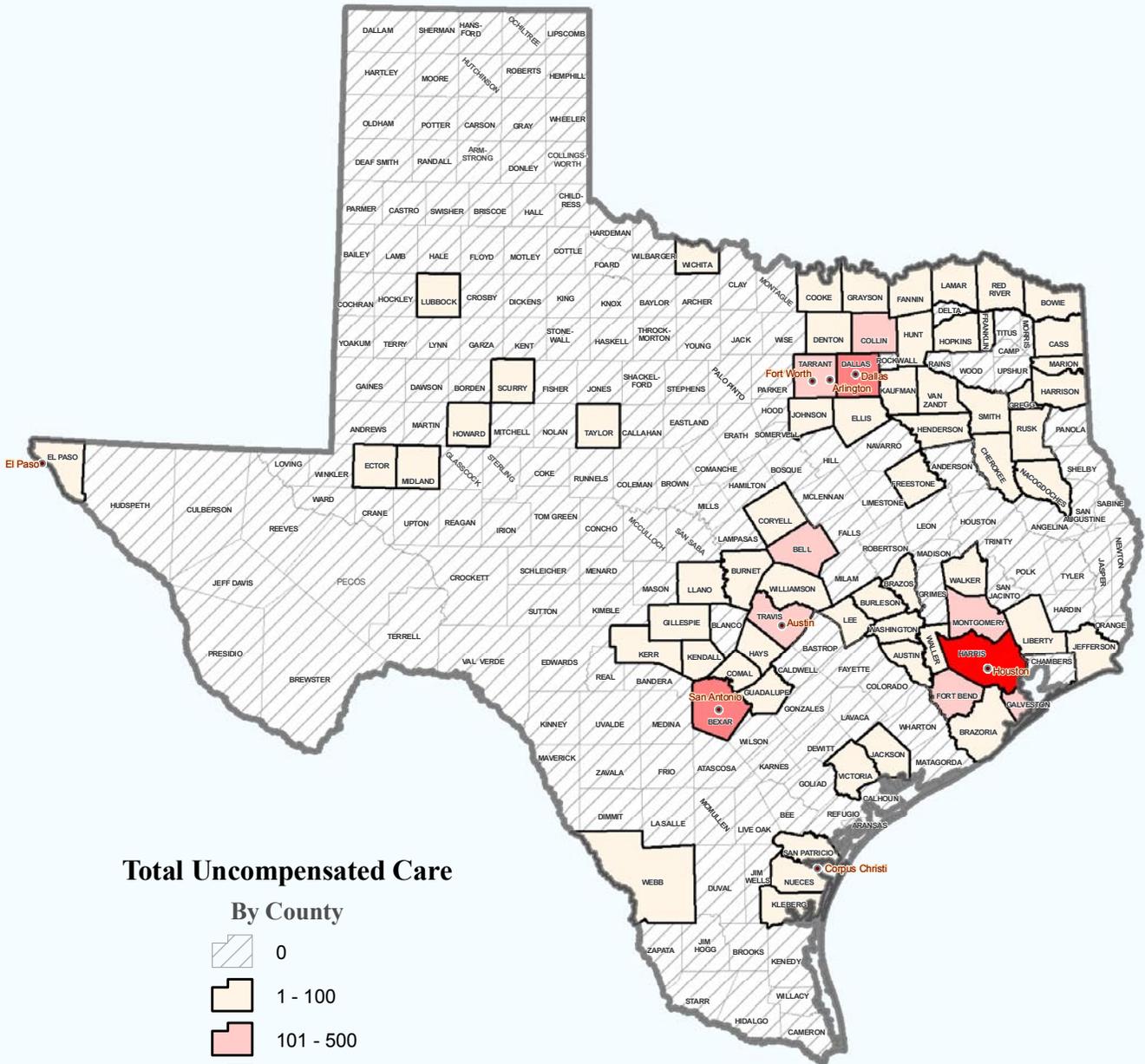
Source: Texas Health And Human Services Commission. System Forecasting.

Map Prepared by: HHSC, Strategic Decision Support February 21, 2006

Texas

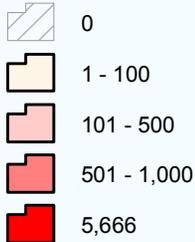
Hurricane Katrina Medicaid Waiver Caseload By County As Of January 2006 (Total Uncompensated Care)

State Total = 9,080



Total Uncompensated Care

By County



Source: Texas Health And Human Services Commission.
System Forecasting.

Map Prepared by: HHSC, Strategic Decision Support
February 21, 2006

PRIORITY: Uncompensated Health Care and Mental Health Services
Long-Term Care for Individuals Affected by Katrina

NEED

\$28.8 million for a one-year continuation of long-term care for Katrina evacuees who would otherwise become the responsibility of Texas taxpayers.

Justification:

This \$28.8 million would pay for 360 Katrina evacuees to remain in long-term care in Texas for one additional year, but does not assume any increase in enrollment or costs. This request is associated with the Medicaid and Uncompensated Care Pool need.

Evacuations from Louisiana into Texas both before and after the landfall of Hurricane Katrina caused many Louisiana citizens to temporarily relocate to Texas from their homes. Evacuees from Alabama and Mississippi journeyed to Texas as well. To help accommodate this large influx of people, Texas was given a waiver that allowed the state to reimburse providers who incurred costs for uncompensated health care and long-term care. From August 24, 2005, through September 30, 2005, evacuees at any income level who did not have coverage through insurance were provided medically necessary health care through this waiver.

Beginning October 1, 2005, Texas provided evacuees health care, long-term care, prescription medicines and medical transportation through two programs: Medicaid and the Uncompensated Care Pool. The Medicaid portion of the waiver covered individuals, including: children up to age 19 up to 200 percent of the federal poverty level (FPL); low-income parents of these children up to 100 percent of the FPL; pregnant women up to 185 percent of the FPL; and, individuals with disabilities and individuals in need of long-term care up to 300 percent of the Supplementary Security Income (SSI) level. Under this Medicaid program, Texas enrolled individuals through January 31, 2006, and provided up to five months of coverage. Because of the five month limit, persons covered are beginning to exhaust their coverage through the program and, without an extension, all reimbursement will stop on June 30, 2006.

Finally, the Medicaid program and its federal match rate are dependent upon calculations related to population and economic indicators relative to other states. Texas is faced with the situation where, at the very least, there has been a population shift unaccounted for in the formula and Texas taxpayers are bearing the cost.

Texas Hurricane Funding Request – Critical Infrastructure

\$ 498.3 million – Critical Infrastructure -- These funds would assist local governments and utilities in paying for unreimbursed repair costs for Hurricane Rita damage. A portion of this money could also be used to replace damaged police, fire and emergency medical service (EMS) equipment and repair local emergency response facilities damaged by Hurricane Rita.

- **Included Items:**
 - **Critical Infrastructure Repairs for Local Governments in Rita-Affected Areas -- \$102.4 million**
 - **Electric Utility Restoration and Infrastructure in Rita-Affected Areas -- \$369.0 million**
 - **Rebuild Critical Public Safety Infrastructure Damaged by Rita --\$10.6 million**
 - **Replace Public Safety Equipment Damaged by Rita -- \$4.3 million**
 - **Critical Impact Aid for Communities, General Government and Infrastructure Affected by Katrina Evacuees -- \$ 12.0 million**



PRIORITY: Critical Infrastructure
Critical Infrastructure Repairs for Local Governments in Rita-Affected Areas

NEED

90 percent federal match rate for FEMA-reimbursable costs, or \$102.4 million for unreimbursable critical infrastructure costs.

Justification:

Unlike Rita's damage to local governments in Louisiana, damage from Rita in Texas requires a 25 percent local match for most repairs. In Louisiana, local governments are only required to supply a 10 percent local match. As a matter of fairness, Texas local governments should receive at least the same treatment for the same storm, particularly given that Texas' local and state governments face the same struggles to provide housing, education and social services to victims of hurricane Katrina as their Louisiana counterparts.

In the event that the match rate is not adjusted, an appropriation would be needed to equalize the treatment of Texas and Louisiana with regard to hurricane Rita. \$102.4 million represents an estimate of the damage suffered by local governments as a result of Hurricane Rita. Where possible, the amount likely to be covered by insurance has been subtracted.¹ Areas where damage is most severe are likely to be estimated repair and replacement costs. For this reason, the amounts for cities such as Port Arthur are projections, rather than completed project worksheets.

The Texas Division of Emergency Management estimates that project worksheets have been completed for roughly half of the damage suffered by public entities. The total amount of reimbursement requested to date in these project worksheets is approximately \$205.0 million.

¹ Note that, because FEMA can only provide public assistance following an insurance decision, all amounts based on FEMA project worksheets are necessarily net of insurance recovery.

CRITICAL INFRASTRUCTURE:

Counties:

| | |
|---------------------------|-------------------|
| Jefferson | 34,100,000 |
| Hardin | 1,800,000 |
| Orange | <u>1,817,911</u> |
| Total for counties | 37,717,911 |

Cities:

| | |
|--|-------------------|
| Beaumont | 13,802,674 |
| Groves | 2,450,000 |
| Nederland | 3,000,000 |
| Port Arthur | 20,000,000 |
| Port Neches | 3,000,000 |
| Estimate for smaller Jefferson County cities | 7,500,000 |
| Orange | 7,250,000 |
| West Orange | 1,852,500 |
| Vidor | 211,500 |
| Estimate for smaller Orange County cities | 3,000,000 |
| Sour Lake | 1,665,000 |
| Kountze | 1,000,000 |
| Silsbee | 1,000,000 |
| Estimate for smaller Hardin County cities | <u>1,000,000</u> |
| Total for cities | 24,479,000 |

Hospitals:

| | |
|--|--------------------------|
| Memorial Hermann Hospitals Beaumont & Orange Hospitals | 13,688,962 |
| Christus Hospitals Beaumont, Port Arthur & Jasper | <u>7,500,000</u> |
| Total hospitals | 21,188,962 |
| Port: | |
| Port of Beaumont | 1,403,500 |
| Port of Port Arthur | 3,113,000 |
| Port of Orange No figure | 0 |
| Total for Ports | 4,516,500 |
| Public Housing: | |
| Port Arthur - damaged units from storm - repair and/or replace | 14,000,000 |
| Beaumont - damaged units from storm - repair and/or replace | <u>500,000</u> |
| Total Public Housing | <u>14,500,000</u> |
| TOTAL FOR CRITICAL INFRASTRUCTURE | 102,400,000 |

PRIORITY: Critical Infrastructure
Electric Utility Restoration and Infrastructure in Rita-Affected Areas

NEED

\$369.0 million for the restoration of electric utility infrastructure in the aftermath of damage caused by Hurricane Rita in southeast Texas

Justification:

At the storm's peak, 286,000 (out of a total of 382,900) of Entergy's customers in southeast Texas were without electricity. At the request of Governor Perry, Entergy Gulf States took immediate steps to restore electric service to its customers, recognizing that without electric service, virtually no other public or private services could be provided to the region. Power was restored to all customers within three weeks. Entergy was required to repair 12 generation units, 87 substations, 634 transmission structures, 5,000 transformers, and nearly 10,000 distribution poles. In terms of physical damages to electric facilities, Hurricane Rita was the most severe natural disaster ever to hit Entergy Texas' service area.

The cost of this restoration effort is estimated to be \$369.0 million. Without federal funding, Texas ratepayers, already suffering from the devastating effects of Hurricane Rita, will be required to shoulder dramatic increases in electric rates to pay for the reconstruction efforts. These ratepayers include residential, commercial and industrial customers such as refineries, paper mills, and manufacturing companies, all of which suffered substantial losses during Hurricane Rita. This will impede economic development in southeast Texas and further compound the difficulties the region faces in recovery.

PRIORITY: Critical Infrastructure
Rebuild Critical Public Safety Infrastructure Damaged by Rita

NEED

\$10.6 million to strengthen the critical facilities that will ensure continuity of government during a public emergency or disaster.

Justification:

\$10.6 million is needed to enhance and strengthen critical public safety infrastructure, including communications equipment, generators, and other systems. Of this amount, \$2.0 million is needed to assist smaller incorporated cities and unincorporated areas with repair and replacement of emergency equipment. For example, volunteer fire departments had damage to buildings, vehicles and equipment. Since much of their equipment is purchased with donations or small grants, or is otherwise used equipment, they can not easily replace these losses. These areas were severely hampered during recovery efforts because of the damage.

Hurricane Rita illustrated that the region's greatest need is the strengthening of critical facilities to ensure continuity of government during a disaster. An expedient and cost effective method of accomplishing this is through the acquisition of emergency generators. Large and small jurisdictions discovered that their emergency generators were inadequate to handle a disaster the size of Rita and they were unable to provide power for the length of time needed. In many of the small communities the generators were dated, never really worked, or had limited capacity and were ineffective.

In addition to the generators, the current Interoperable Communications System, a Level 4 Gateway Console Patch, needs to be upgraded to a Level 6 Standards Based Shared System. Communications among various first responder agencies was severely stymied by this inefficient system during Hurricanes Katrina and Rita. Based on information from these agencies, the inability to communicate with one another during the storm and immediately afterward was a severe problem. The equipment suffered from dead spots, fading, interference, static and insufficient channels and frequencies. Much of the equipment is outdated and communities lack the funding to upgrade.

PRIORITY: Critical Infrastructure
Replace Public Safety Equipment Damaged by Rita

NEED

\$4.3 million for replacement of public safety equipment.

Justification:

\$4.3 million would be used to replace law enforcement, fire and emergency medical service (EMS) equipment lost, damaged or depleted during Hurricane Rita.

Because first responders are required to remain at the scene of a disaster, their equipment is highly vulnerable to damage. This local proposal would replace traffic equipment such as portable stop signs, barricades, barrels, bags and freeway light poles, arms and lamps. It also includes emergency communications equipment such as radios, meals ready to eat (MREs), portable control station antennas and mobile antennas. Finally, it would allow for replacement of general emergency equipment, including large emergency toolboxes, lanterns, heavy duty cots, fuel tanks and multiple generators for emergency operations and communications facilities.

PRIORITY: Critical Infrastructure
Critical Impact Aid for Communities, General Government and Infrastructure Affected by Katrina Evacuees

NEED

\$12.0 million in general government and infrastructure impact aid to communities hosting Katrina evacuees. This funding would be distributed to communities based on concentrations of evacuees.

Justification:

Mandatory evacuations from lower Louisiana prior to the landfall of Hurricane Katrina caused many Louisiana citizens to evacuate to Texas from their homes. The breach in the levee system in New Orleans and the subsequent flooding of the city caused its complete evacuation. Many Katrina evacuees from Mississippi and Alabama also made their way to Texas. All told, almost half a million people came to Texas to escape the ravages of Hurricane Katrina. The state estimates that about 400,000 Katrina evacuees remain in Texas, and it is unclear how many will be able to return home.

With many of the federal programs for these evacuees expiring, and no change in federal funding formulas, communities will be forced to bear an even greater burden as they pay for increased health care, prescription drugs, mental health services, child care, dental assistance, case management, and employment services. Community costs have also increased for fire, police, water, energy and other services as additional people are added to local communities. Texas and its generous citizens have helped thousands of these evacuees secure housing, transportation, medical and unemployment benefits, and education services. As long as evacuees are being temporarily housed by FEMA, with no hope of immediate repatriation, Texas communities and taxpayers cannot be expected to shoulder these costs alone.

Communities have seen increased demands for the full range of services they provide. Average general government costs to local communities vary depending upon whether tax revenues are “netted out.” For example, in Austin, city services have a net cost per capita of \$379; the cost of Katrina evacuees is estimated to be \$2.7 million for the rest of the year. In Fort Worth, the city estimates the unbudgeted costs to local government to be approximately \$10.4 million for the next year.

Texas Hurricane Funding Request - Transportation

\$ 54.4 million – Transportation -- This money is needed to repair bridges and highways damaged by Hurricane Rita.

- **Included Items:**
 - **Repair Rita Damage to Roads and Bridges -- \$14.4 million**
 - **Debris Removal from Right of Ways in Rita-Affected Areas -- \$40.0 million**

PRIORITY: Transportation

Repair Rita Damage to Roads, Bridges and Right of Ways

NEED

\$54.4 million to repair damage to roads and bridges and remove debris from the Texas Department of Transportation (TxDOT) right of ways.

Justification:

\$54.4 million is needed for critical repairs to roads and transportation infrastructure in southeast Texas. \$9.4 million is needed to repair the Causeway Bridge, connecting Jefferson County, Texas, to Cameron Parish, Louisiana. This important road is a major evacuation route from the region. It is the chief route used to transport Liquefied Natural Gas (LNG) from the area's new LNG facilities. It enables employees of these facilities to evacuate in the event of an emergency.

State Highway 82 requires \$1.1 million in bridge repairs. The Texas Bayou Bridge has already required \$440,000 in repairs merely to re-open the bridge for limited traffic. State Highway 87 sustained \$100,000 in damages when the bridge was submerged in water. The remaining \$3.3 million is needed for other necessary repairs to the region's roads and highways.

The remaining \$40.0 million is needed to cover the costs of debris removal from the right of ways and roads maintained by TxDOT. The Corps of Engineers would not remove this debris.

Texas Hurricane Funding Request – Navigation and Waterway Repairs

\$ 59.0 million – Navigation and Waterway Repairs -- This money would be used by the Corps of Engineers for maintenance related to erosion, waterway dredging and other related services.

- **Included Items:**
 - **Waterway Repairs in Areas Affected by Rita -- \$59.0 million**



PRIORITY: Navigation and Waterway Repairs
Waterway Repairs in Areas Affected by Rita

NEED

\$59.0 million to be used by the U.S. Army Corps of Engineers for repairs and maintenance related to waterway dredging, debris cleanup and other related services.

Justification:

\$59.0 million is needed to address unreimbursed damages suffered by the Jefferson County Navigation District as a result of Hurricane Rita. Jefferson County is the home to the Ports of Beaumont and Port Arthur and is a main intersection for goods flowing through the Gulf Intercoastal Waterway (GIWW). Hurricane Rita destroyed the Navigation District's aging flood barriers, damaged jetties, deposited debris and hastened silting of area channels, threatening the flow of commerce through the region's ports and waterways.

Jefferson County Navigation District:

| | |
|--------------------------------------|-------------------|
| Flood Barriers | 9,000,000 |
| Dredging | 17,000,000 |
| Jetty Repairs | 25,000,000 |
| Clean-up and Debris Removal | 3,000,000 |
| Coastal Restoration | <u>5,000,000</u> |
| Total for Navigation District | 59,000,000 |

Texas Hurricane Funding Request – Agriculture, Forestry, and Rural Disaster Assistance

\$ 170.0 million – Agriculture, Forestry and Rural Disaster Assistance --
This includes funds for non-FEMA reimbursable rural debris removal, assistance to agricultural areas hard-hit by Rita, especially timber and rice producing areas, and other unreimbursed repairs to rural and agricultural infrastructure caused by Hurricane Rita.

- **Included Items:**
 - **Debris Removal and Emergency Services in Rural Areas Affected by Rita -- \$20.0 million**
 - **Timber and Agriculture Assistance in Areas Affected by Rita -- \$150.0 million**



PRIORITY: Agriculture, Forestry and Rural Disaster Assistance
Debris Removal and Emergency Services in Rural Areas Affected by Rita

NEED

\$20.0 million for debris removal and other emergency services in rural areas affected by Rita.

Justification:

These funds would be used primarily for debris removal activities involving private property and other areas that are not eligible for FEMA or U.S. Army Corps of Engineers funding. A portion of the money would also be used to reimburse local governments in rural areas for the 25 percent match for FEMA reimbursement for emergency services during and immediately following Hurricane Rita.

Needs:

Debris Removal: \$18.7 million

Based on 1.7 million cubic yards at an estimate \$11 per cubic yard.

Emergency Services Reimbursement: \$1.3 million

PRIORITY: Agriculture, Forestry and Rural Disaster Assistance
Timber and Agriculture Assistance in Areas Affected by Rita

NEED

\$150.0 million to offset agricultural and forestry losses.

Justification:

\$100.0 million is needed for tree removal and reforestation in the 21 rural counties affected by Hurricane Rita. Over 770,000 acres of trees, at a value of \$833.0 million, were severely damaged in southeast Texas. The Texas Forest Service hoped to recover 40 percent of the timber so it could be sold, but the agency lacks sufficient resources. The dry weather in the area is causing the wood to rot sooner than anticipated. Reforestation of the affected area will cost \$385.0 million at \$500 per acre.

USDA, extension agents, rice farmers and others have tracked other agricultural losses in the area. These losses include:

| | |
|--|---------------------|
| Rice | \$5,100,000 |
| Sugarcane | \$4,200,000 |
| Soybeans | \$2,000,000 |
| Sorghum | \$7,000,000 |
| Dairy | \$2,000,000 |
| Cattle, chickens, pigs and other livestock | \$6,000,000 |
| Corn | \$3,000,000 |
| Fish and Shellfish | \$15,000,000 |
| Stored Commodities (soybeans, corn, etc) | <u>\$5,000,000</u> |
| Total | \$49,300,000 |

Texas Hurricane Funding Request – Social Services and Emergency Assistance

\$ 125.1 million – Social Services and Emergency Assistance -- These monies would be used to provide case management, direct client services, emergency assistance and other social services to persons affected by Hurricanes Rita and Katrina.

- **Included Items:**
 - **Head Start Services for Katrina Children -- \$7.0 million**
 - **Community Action Networks, Senior Nutrition and Rural Transportation in Rita-Affected Areas -- \$3.0 million**
 - **Case Management and Direct Client Services for Individuals Affected by Rita or Katrina -- \$22.0 million**
 - **Emergency Assistance for Individuals Affected by Rita -- \$10.0 million**
 - **Reimbursement for Non-profit and Faith-based Organizations Affected by Rita and Katrina -- \$15.1 million**
 - **Impact Aid to Local Governments for Katrina Evacuees -- \$68.0 million**





PRIORITY: Social Services and Emergency Assistance
Head Start Services for Katrina Children

NEED

\$7.0 million to provide Head Start services to at-risk Katrina evacuee children in rural east Texas.

Justification:

\$7.0 million is needed to allow six counties with existing school districts to establish additional Head Start programs for Katrina children or to expand their capacity to provide Head Start services to approximately 700 eligible, at-risk children who evacuated to east Texas from Hurricane Katrina.

New Head Start programs were started or expanded to help at-risk Katrina evacuee children better integrate into schools and communities and prepare them for the Texas school accountability system.

Head Start is a federal-state partnership, centered in communities, to promote healthy development in young children. In Texas, Head Start improves collaboration among Texas schools, social service agencies and other community programs related to or involved with early childhood education.

Head Start services for at-risk children would be provided in 13 Texas independent school districts (ISD). Hardin-Jefferson ISD, Silsbee ISD, Kountze ISD, Beaumont ISD, Port Arthur ISD, Hardin ISD, Jasper ISD, Buna ISD, Kirbyville ISD, Woodville ISD, Colmesneil ISD, West Orange ISD and Little Cypress/Mauriceville ISD.

PRIORITY: Social Services and Emergency Assistance
Community Action Networks, Senior Nutrition and Rural Transportation
in Rita-Affected Areas

NEED

\$3.0 million for community action networks, nutrition services and rural transportation.

Justification:

\$3.0 million would be used to address increased demand for services for senior citizens and to fund repairs to structures and vehicles used in the provision of those services. Community action networks have added 4,000 new senior citizens to their waiting lists for Meals on Wheels services. Low-income and at-risk seniors are of special concern. As social service and community action agencies work to address their needs, insufficient staff and resources have put ever increasing numbers of senior citizens at-risk. This analysis assumes that services would be provided to 3,750 new clients.

Needs:

| | |
|--|--------------------------|
| 3750 new Meals on Wheels clients at \$150 / month for five months | \$2,812,000 |
| Repair / Replacement of two vans at \$25,000 / van | \$50,000 |
| Repair / Replacement of miscellaneous Equipment | \$48,000 |
| Repair of structural damage | \$90,000 |
| Total | <hr/> \$3,000,000 |

PRIORITY: Social Services and Emergency Assistance
Case Management and Direct Client Services for Individuals Affected by Rita or Katrina

NEED

\$22.0 million to provide case management and direct client services to individuals and families affected by Hurricanes Rita and Katrina.

Justification:

During the month following Hurricane Katrina, more than 25,000 people were registered for services through an enormous social services network established at Ford Park and at several churches throughout southeast Texas. Thousands of those individuals were provided transportation to get to family or friends in other states. Thousands more who had found places to live in southeast Texas were evacuated with other residents when Hurricane Rita made a direct hit on the region. Now, five months after Hurricane Rita made landfall, thousands of evacuees from Louisiana and thousands of southeast Texas residents continue to desperately need assistance.

Case management and direct client services would address the individual's most basic needs. \$5.0 million would be used to hire licensed social workers and case managers to work with individuals to identify their most pressing needs and to assist them in developing a long-term plan for self-sufficiency. Staff would work directly with governmental entities or under a contract with local non-profit social service agencies.

The remaining \$17.0 million would be used to assist these families in meeting a wide range of needs including debris removal, durable medical equipment, clothing, bedding, temporary housing repairs, medications, child care, and mental health/substance abuse services. In January alone, more than 8,000 households applied to receive emergency assistance with their unmet needs. These were only households affected by Hurricane Rita. The current funding available can assist fewer than 500 of these individuals with an average grant of \$2,100; the average need is in excess of \$5,000. In one county in southeast Texas, 76 percent of the applicants make less than 50 percent of the median household income. This funding level would assist more than 3,000 households.

PRIORITY: Social Services and Emergency Assistance
Emergency Assistance for Individuals Affected by Rita

NEED

\$10.0 million for short-term emergency assistance to victims in rural communities affected by Hurricane Rita.

Justification:

\$10.0 million is requested to provide emergency assistance to persons having a critical short-term need. For example, some persons affected by Hurricane Rita continue to live in homes that are unsafe or unsanitary. The structures in which they reside have leaking roofs or windows. Many persons often lack refrigerators, bedding, and are in need of repairs to electrical, plumbing, septic lines or systems, or water lines. These persons also need clothing, food or medications. These funds would be used to provide short-term rental assistance, debris removal, or to make emergency repairs to structures, plumbing or electrical systems. Funds would also be used to purchase critically needed appliances including refrigerators and space heaters, and to provide bedding, furniture, food, clothing or prescription medication assistance. Most of these individuals are unemployed or elderly, and therefore lack the resources to meet these critical needs on their own.

Local governments in rural southeast Texas have received more than 8,000 applications for emergency assistance, and this number will likely grow. The average cost per household for assistance is estimated to be \$1,100. The three hardest hit counties in the area currently can serve fewer than 500 applicants. The needs and challenges to providing help in deep east Texas are similar. Based on this, the number of clients is estimated to be 9,250. However, this number may be low, because it is based only on requests received to date.

9,250 aid recipients times \$1,100 average cost of aid totals \$10,175,000.

PRIORITY: Social Services and Emergency Assistance
Reimbursement for Non-profit and Faith-based Organizations Affected by Rita and Katrina

NEED

\$15.1 million to reimburse non-profits and faith-based organizations for unreimbursed assistance to Hurricane Katrina evacuees and for unreimbursed damage from Hurricane Rita.

Justification:

Numerous non-profit and faith-based organizations reached out to individuals displaced from their homes as they fled from Hurricane Katrina. These organizations were assured by the federal government of full reimbursement for their services. These organizations depleted the majority of their resources before Hurricane Rita hit Texas. Then as Hurricane Rita struck, many of their own buildings were damaged. The challenge to help both Rita and Katrina victims was immense as organizations struggled to keep their doors open. Many of the services these organizations provided were unreimbursable and these funds will help their organizations return to serving low-income and at-risk populations.

The following shows the damage and/or losses to non-profits and faith-based organizations:

| | |
|--|---------------------|
| Church losses related to Hurricane Katrina | \$200,000 |
| Church losses related to Hurricane Rita | \$1,000,000 |
| Women and Children's Shelter | \$200,000 |
| Garth House | \$50,000 |
| Orange Community Action Agency | \$1,500,000 |
| Southeast Texas Health Access Network | \$500,000 |
| United Board of Missions | \$500,000 |
| House of Refuge | \$1,500,000 |
| Emma Wallace Center | \$1,400,000 |
| Neighborhood Development | \$200,000 |
| Port Cities Rescue Mission | \$1,000,000 |
| General Reported losses | \$6,000,000 |
| Other | <u>\$1,050,000</u> |
| Total losses | \$15,100,000 |

PRIORITY: Social Services and Emergency Assistance
Impact Aid to Local Governments for Katrina Evacuees

NEED

\$68.0 million in social services impact aid to communities hosting Katrina evacuees. This funding would be distributed to communities based on concentrations of evacuees.

Justification:

Mandatory evacuations from lower Louisiana prior to the landfall of Hurricane Katrina caused many Louisiana citizens to evacuate to Texas from their homes. The breach in the levee system in New Orleans and the subsequent flooding of the city resulted in its complete evacuation. Many Katrina evacuees from Mississippi and Alabama also made their way to Texas. All told, almost half a million people came to Texas to escape the ravages of Hurricane Katrina and it is unclear how many will choose to, or will be able to, return home. The state estimates that about 400,000 Katrina evacuees remain in Texas.

Communities have seen increased demand for the full range of social services they provide. For example, Ft. Worth/Tarrant County estimates that it will spend approximately \$3.0 million for mental health services for its Katrina evacuees over the next year and an additional \$1.5 million on other social service programs. Austin estimates that its social service costs will be approximately \$4.5 million for case management, basic needs assistance (clothes, food, etc), and direct assistance (medication, child care, medical equipment, mental health/substance abuse, etc.). These costs do not include the burden on the hospital districts.

With many of the federal programs for these evacuees expiring, and no change in federal funding formulas, communities will be forced to bear an even greater burden as they pay for increased health care, prescription drugs, mental health services, child care, dental assistance, case management, and employment services. Texas and its generous citizens have helped thousands of these evacuees secure housing, transportation, medical and unemployment benefits, and education services. As long as evacuees are being temporarily housed by FEMA, with no hope of immediate repatriation, Texas communities can not be expected to shoulder these costs alone.

APPENDIX

Demographic Comparisons to Texas and the U.S.: Counties Impacted by Hurricane Katrina (Evacuees) and Hurricane Rita (Damage)

| | Texas | Katrina* | Rita | U.S. Comparison |
|--|--------------|-----------------|-------------|----------------------------|
| Number of Counties | 254 | 5 | 29 | 3,138 |
| Total Projected Population (2006) | 23,464,827 | 10,186,211 | 6,456,101 | 298,217,215 |
| <i>% of State Projected Population</i> | <i>na</i> | 43.4% | 27.5% | <i>na</i> |
| Population with Income Below Poverty Level (2003): | | | | |
| <i>% of Population with Income Below Poverty Level</i> | 16.2% | 15.8% | 15.1% | 12.5% |
| Number of Counties where Median Household Income is Lower than U.S. Median Household Income (2003) | 230 of 254 | 1 of 5 | 24 of 29 | <i>na</i> |
| Number in Labor Force Unemployed (December 2005)* | 545,161 | 259,962 | 169,159 | 6,956,000 |
| <i>% Labor Force Unemployed (December 2005)*</i> | 4.8% | 5.0% | 5.4% | 4.6% |
| Number of Owner Occupied Housing Units (2000) | 4,717,294 | <i>na</i> | 1,282,118 | 69,816,513 |
| Aggregate Value of Owner Occupied Housing Units (\$ millions) (2000) | \$ 495,452 | <i>na</i> | \$ 138,388 | \$ 10,605,848 |
| Number of Owner Occupied Single Housing Units (2000) | 4,034,565 | <i>na</i> | 1,088,346 | 56,255,657 |
| Aggregate Value of Owner Occupied Single Housing Units (\$ millions) (2000) | \$ 455,184 | <i>na</i> | \$ 126,430 | \$ 9,141,651 |

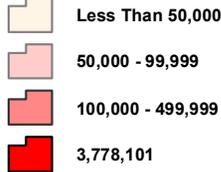
*** Katrina Counties are based on the initial applications for Food Stamps by evacuees from disaster parishes/counties in Louisiana, Mississippi, and Alabama, and includes the following counties: Harris, Dallas, Travis, Tarrant, and Bexar counties. A total of 77% of the initial food stamps applications originated from these 5 counties.**

Currently, the Health and Human Services Commission, in conjunction with other state agencies, is working with the Gallup organization to survey Katrina evacuees who registered with the Red Cross in the initial weeks after Hurricane Katrina to determine their current status and short-and long-term residency plans.

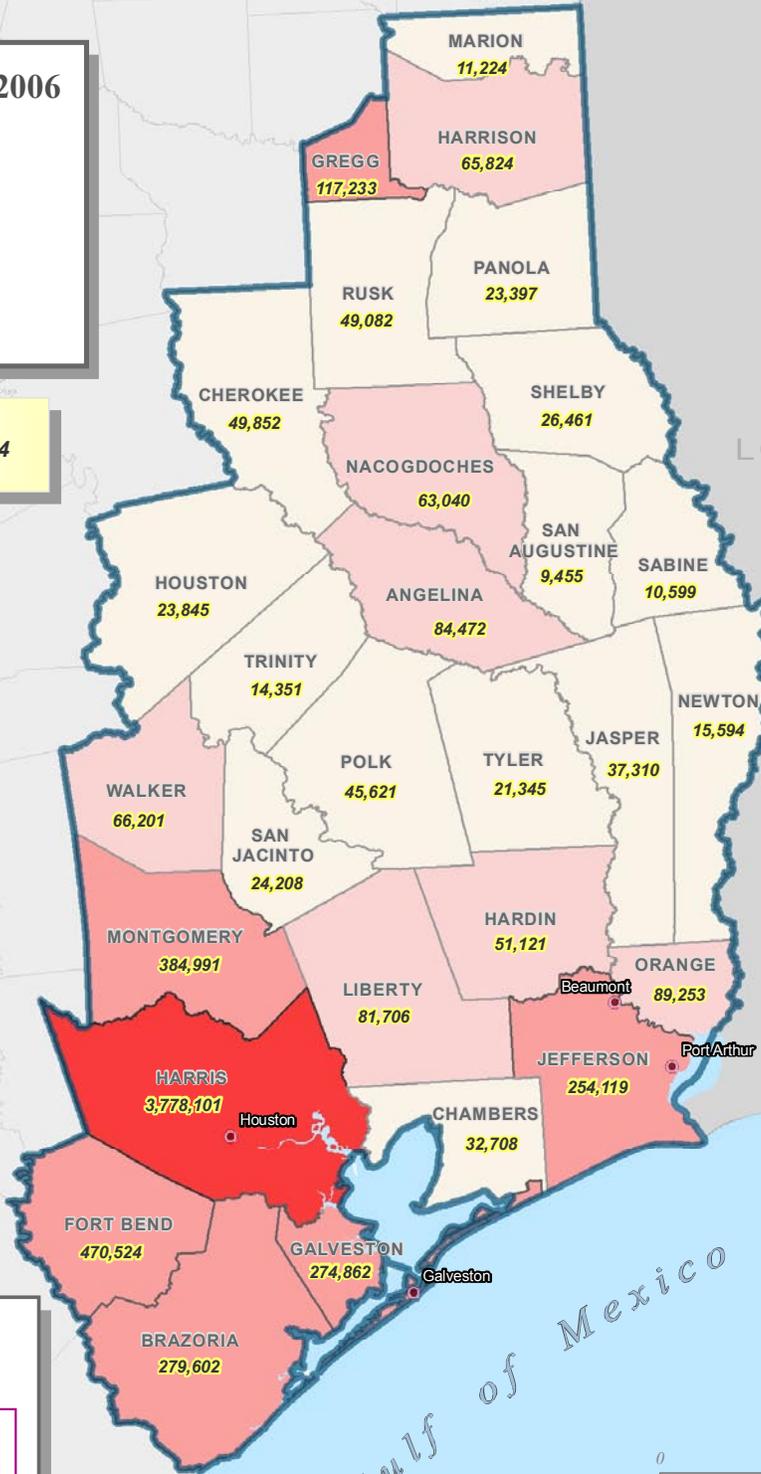
FEMA Rita Disaster Counties - Projected Population (2006)

Projected Population in 2006

By County

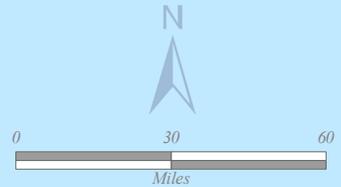


Total Population of Disaster Counties = 6,456,104



LOUISIANA

Gulf of Mexico



Data Source: Texas State Data Center.
Map Prepared By: HHSC, Strategic Decision Support.

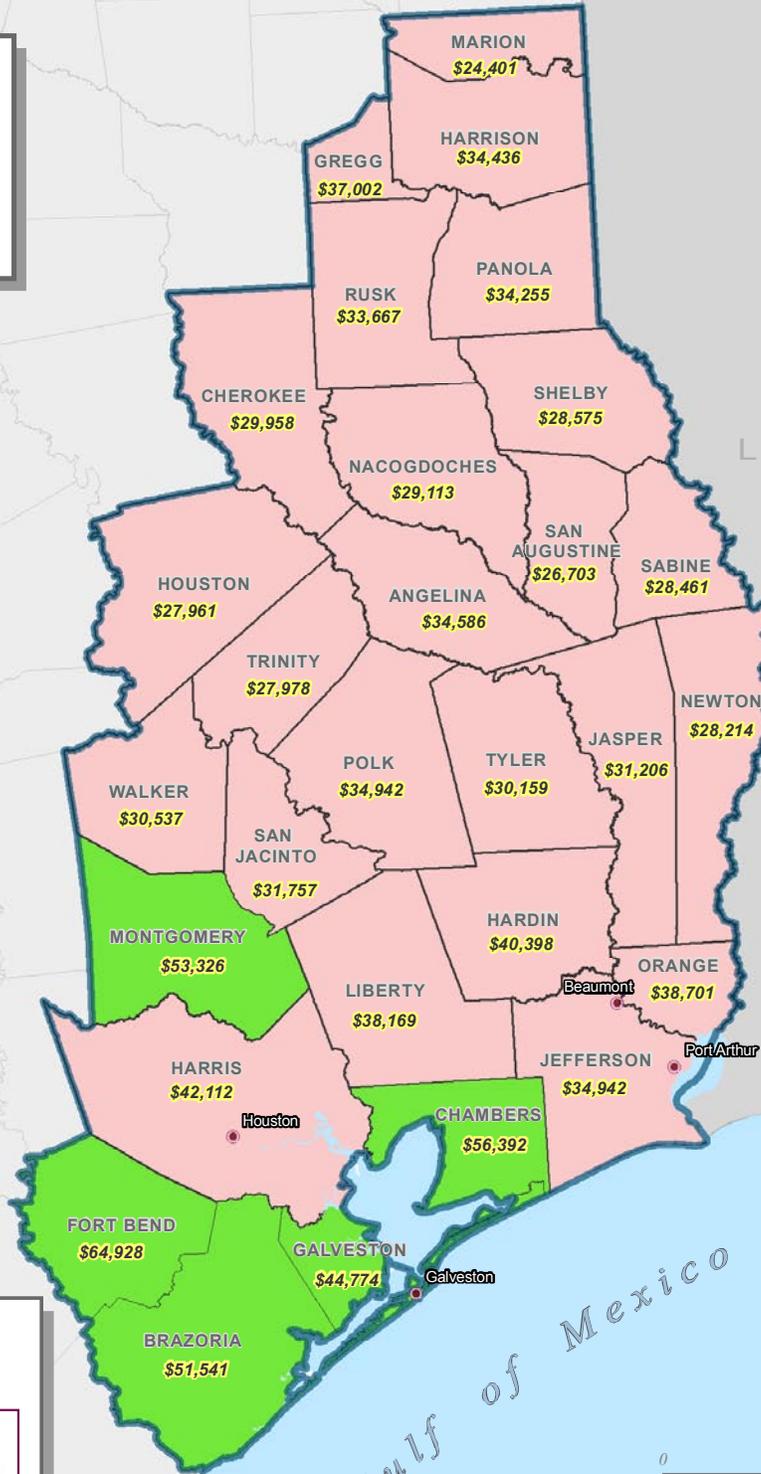
FEMA Rita Disaster Counties - Median Household Income 2003

Median Household Income 2003

County -vs- U.S. Median

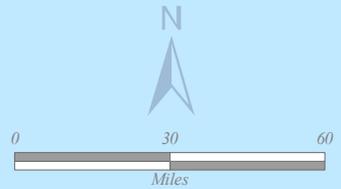
- Higher Than U.S. Median
- Lower Than U.S. Median

**U.S. Median
Household Income
in 2003 = \$43,318**



LOUISIANA

Gulf of Mexico



Source: U.S. Census of Bureau.
Map Prepared By: HHSC, Strategic Decision Support.

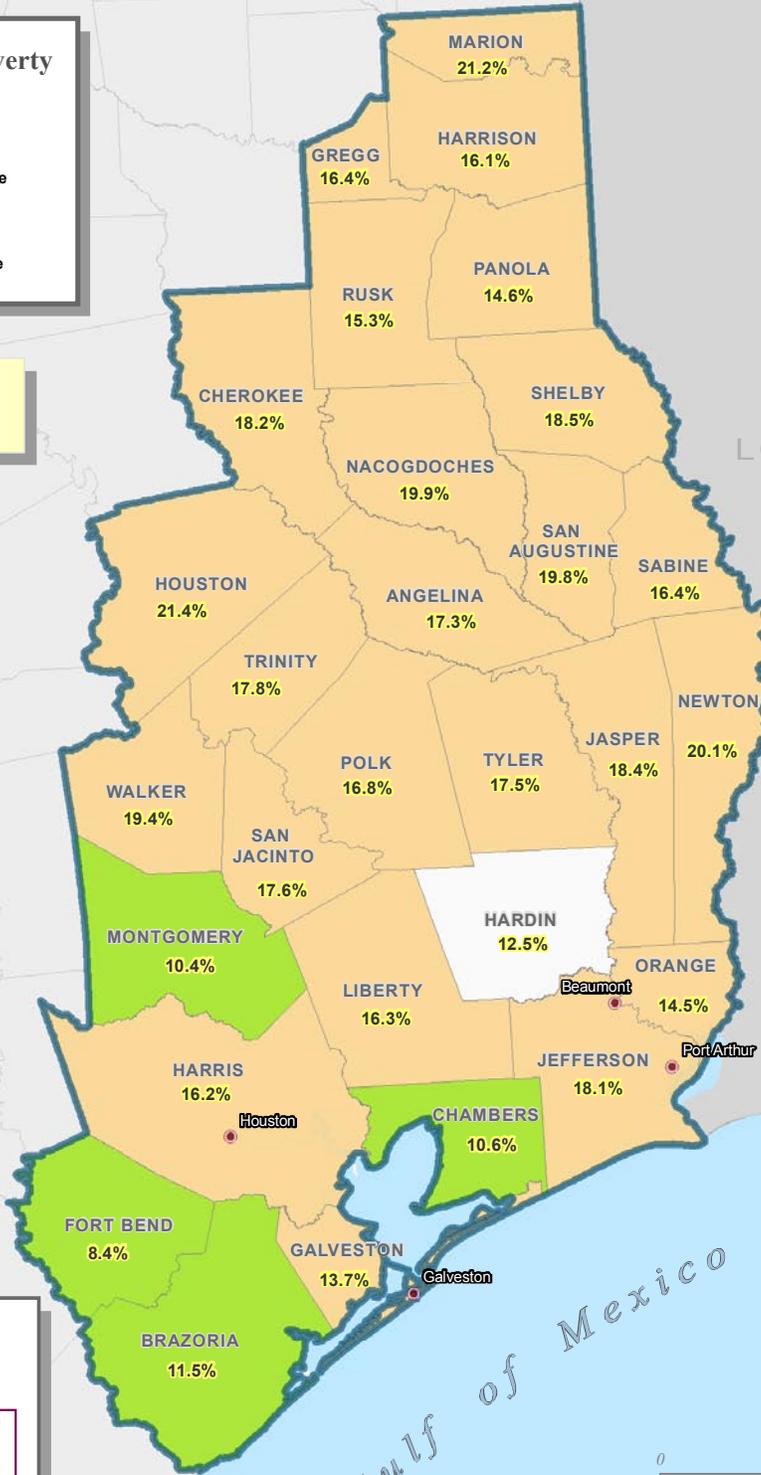
FEMA Rita Impacted Counties - Percent of Population in Poverty 2003

Percent of Population in Poverty 2003

County -vs- U.S. Percentage

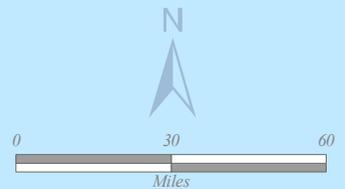
- Higher Than U.S. Percentage
- Same As U.S. Percentage
- Lower Than U.S. Percentage

U.S. Percent of Population in Poverty in 2003 = 12.5%



LOUISIANA

Gulf of Mexico



Source: U.S. Census of Bureau.
Map Prepared By: HHSC, Strategic Decision Support.

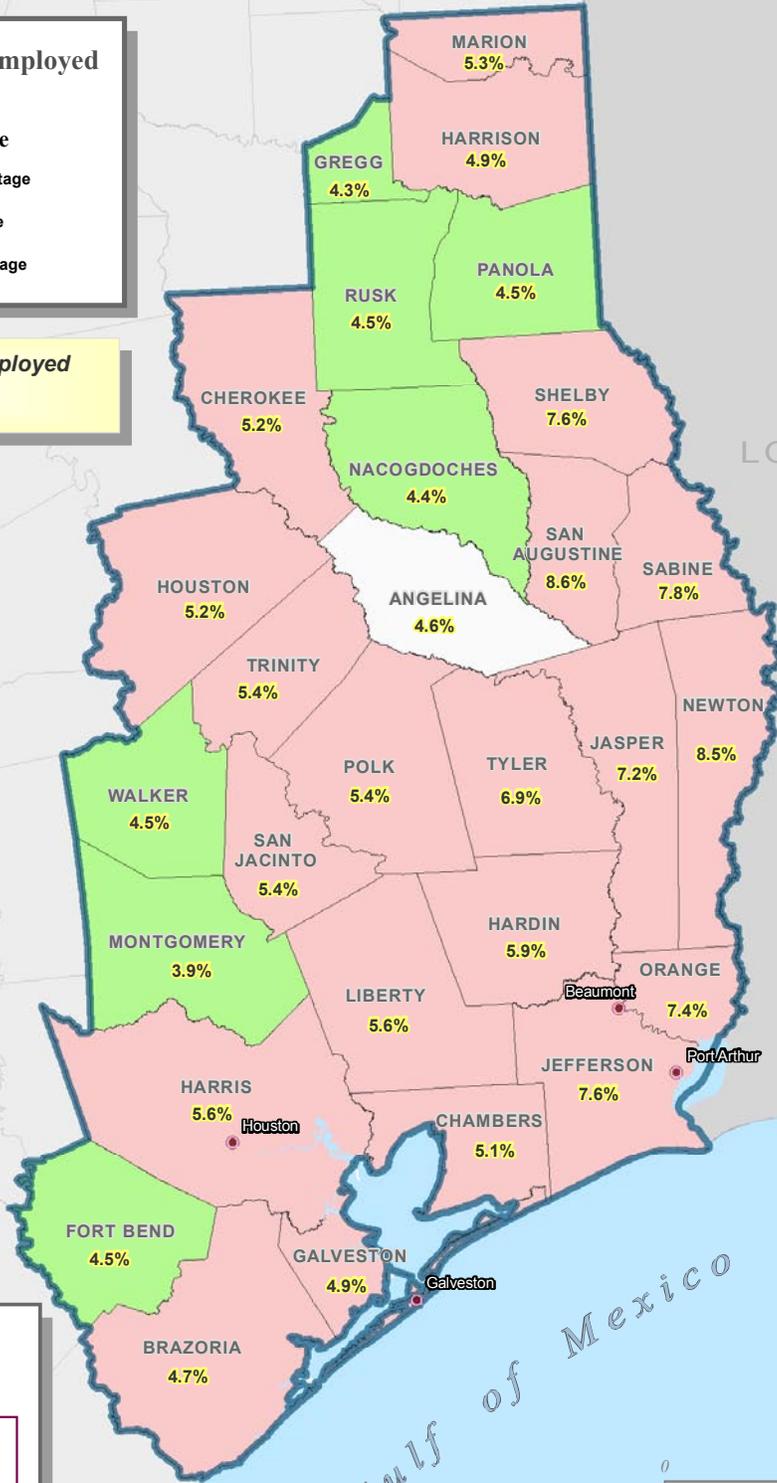
FEMA Rita Disaster Counties - Percent of Labor Force Unemployed December 2005

Percent of Labor Force Unemployed December 2005

County -vs- U.S. Percentage

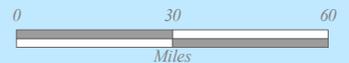
- Higher Than U.S. Percentage
- Same As U.S. Percentage
- Lower Than U.S. Percentage

Percent U.S. Labor Force Unemployed
(December 2005) = 4.6%



LOUISIANA

Gulf of Mexico



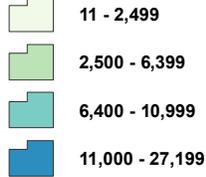
Source: Texas Workforce Commission.
Map Prepared By: HHSC, Strategic Decision Support.



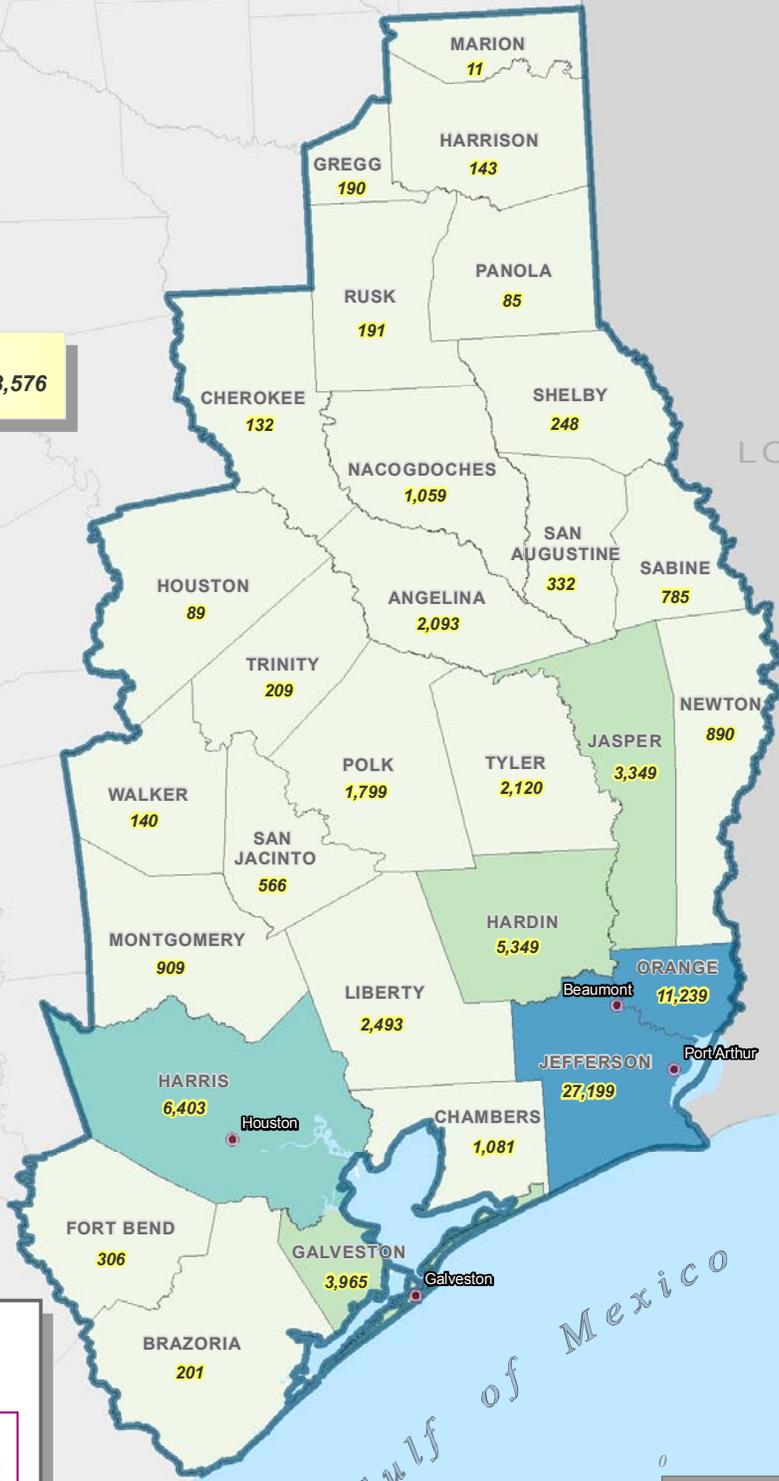
FEMA Rita Disaster Counties - Total Claims Paid Through December 2005

Total Claims Paid

By County

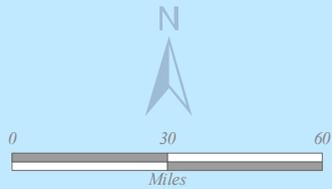


Total Claims Paid Throughout Disaster Counties = 73,576



LOUISIANA

Gulf of Mexico



Data Source: Texas Governor's Office.
Map Prepared By: HHSC, Strategic Decision Support.