

# State leaders authorize payments to vendors

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AUSTIN, TX -- State leaders have authorized the payment of millions of dollars in bills that had been stacking up from companies that helped with emergency services after September's Hurricane Ike.

Jack Colley, the state's emergency management director, told lawmakers this week that the state has \$134 million in unpaid bills and that vendors have been calling demanding payment. Gov. Rick Perry's office blamed the Federal Emergency Management Agency for the delay.

But in a letter Wednesday to agencies involved, Perry directed \$145 million be transferred to the state's Division of Emergency Management to pay the bills from the Sept. 13 hurricane.

"This approval is contingent on the conditions that the money be used only to reimburse Hurricane Ike-related expenses and that reimbursements be made in a manner consistent with maximum federal reimbursement," according to the letter signed by Perry, Lt. Gov. David Dewhurst, House Speaker Joe Straus and Sen. Steve Ogden, chairman of the Senate Finance Committee.

The Associated Press has requested a list of the vendors from Perry's office but one has not yet been made available.

During a committee hearing on Tuesday, Ogden seemed aghast to learn vendors such as groceries that provided food and water and bus companies that helped evacuate people from the coast were not being paid.

"We are not broke; why aren't we paying these bills?" Ogden asked.

"That's a good question," Colley responded, deferring to Perry's office.

A Perry spokeswoman said progress was being made toward paying the debt, but blamed FEMA for the slow response time and said the federal government is responsible for most of the debt.

A day later FEMA issued a terse response, arguing that paying the bills is the state's responsibility.

"The FEMA Public Assistance program is a reimbursement program," the e-mailed statement from FEMA said. "Contracts for emergency response services are between the state of Texas and its vendors. It is the responsibility of the state of Texas to pay its vendors and that payment should not be dependent on a pending reimbursement."

Reimbursements, FEMA wrote, are typically provided within seven days of the receipt of the request and documentation.

Though the letter announcing the state payment arrangements was dated Wednesday, it was made available to the AP Thursday afternoon, shortly before the governor's office said it would provide the list of owed

vendors. Later, the governor's office said the AP had to make a formal request under the Texas Public Information Act to the Department of Public Safety. That gives the state at least 10 days to provide the information.

The \$145 million is to be transferred from the state Health and Human Services Commission and the Department of Public Safety. Perry spokeswoman Katherine Cesinger said replacement of the funds could be addressed in a supplemental budget now being considered by the Legislature.

The state leaders also authorized the transfer of \$20 million to cover expenses incurred by state agencies for emergency preparedness and response.

In addition to the 2010-2011 state budget, the Legislature is crafting a supplemental budget to address unexpected costs and close out the state's 2008-2009 budget period, which ends Aug. 31. In total, the state's share of costs from Hurricane Ike is expected to be about \$2 billion.

Cesinger said the situation emphasizes the need for a well-funded disaster contingency fund, which Perry has called for, so emergency cash would be readily available. The state set up such a fund in the last session, but never put any money in it.

On Monday, Perry sent a letter to U.S. Homeland Security Secretary Janet Napolitano, reiterating the state's post-hurricane needs. The federal government is expected to reimburse 75 percent of the state's costs, though Perry wants it all reimbursed.