



LEGISLATIVE BUDGET BOARD

Hurricane Harvey's Fiscal Impact on State Agencies

PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE

LEGISLATIVE BUDGET BOARD STAFF

JANUARY 2019

State Agency Expenditures

The LBB first surveyed state agencies and institutions of higher education to determine costs and lost revenues associated with their response to Hurricane Harvey beginning October 2017. The survey is not intended to capture costs to individuals or units of local governments. Agencies have continued to report updates on a monthly basis to the LBB, with the most recent update reported at the end of December.

Reported Expenditures for fiscal years 2017 – 2019 total \$3,235.3 million in All Funds:

- \$257.1 million in General Revenue
- \$5.3 million in General Revenue-Dedicated
- \$255.5 million in Other Funds (Institutional Funds: \$96.3M, Fund 6: \$34.8M, \$68.3M in Economic Stabilization Funds (ESF))
- \$2,717.4 million in Federal Funds

Included in the expenditures above are \$1,692.3 million in All Funds that have been passed through to local entities by various state agencies.

Projected Costs anticipated in fiscal year 2019 total **\$2,963.8 million in All Funds**. Agencies estimate that they will expend these amounts in addition to their reported expenditures above. Of the projected amount:

- \$39.1 million in General Revenue
- \$23.0 million in General Revenue-Dedicated
- \$159.6 million in Other Funds (Institutional Funds: \$69.2M, Fund 6: \$27.9M)
- \$2,742.1 million in Federal Funds

Reported Expenditures and Projected Costs noted above do not include Foundation School Program cost estimates. See page 6 for detailed Texas Education Agency estimate.

Reported Expenditures by Agency

Of the \$3,235.3 million in reported expenditures, 98% of the costs were attributed to the following 12 agencies:

Agency	Expenditures
<p>Health and Human Service Commission Expenditures reflect primarily Federal Funds for the FEMA Other Needs Assistance program and USDA food benefits. The funds provided aid to individual applicants for federal assistance, including extending the certification period for Medicaid and CHIP, and waiving co-pays for CHIP.</p>	\$1,311,297,947
<p>Department of Public Safety Coordinated the state's response efforts including life safety, search and rescue, and security. Expenditures are primarily Federal Funds for Public Assistance grants.</p>	\$975,264,148
<p>General Land Office and Veterans' Land Board Lead agency for short-term and long-term housing recovery. Costs are primarily Federal Funds for short-term housing including repair, leasing, and manufactured housing.</p>	\$359,906,286
<p>Texas Education Agency Reported costs are primarily associated with pass-through assistance to Independent School Districts (ISD) and Education Service Centers (ESCs) impacted by the storm. TEA had no facility damage as a result of Hurricane Harvey.</p>	\$185,845,901
<p>Texas Department of Transportation Expenditures include Federal Funds and Fund 6 costs for providing evacuation support, debris removal on state highways, and recovery efforts including bridge inspections and road repair.</p>	\$111,396,083
<p>Trusted Programs within the Office of the Governor Provided disaster grants and repayable loans to state and local entities to assist with response and recovery. State agencies repay these grants as federal reimbursements are received.</p>	\$56,377,270

Expenditures by Agency (continued)

Agency	Expenditures
<p>Texas Military Department Primarily Federal Funds expenditures for mobilizing the Air and Army National Guard, to include State Guard Service Members in coordination with Texas Task Force 1.</p>	\$44,073,155
<p>Department of State Health Services Expenditures are associated with coordinating public health and medical services, including patient care evacuation.</p>	\$34,052,138
<p>Texas Workforce Commission Federal Funds for processing disaster-related Unemployment Insurance claims.</p>	\$29,071,332
<p>Lone Star College Costs were primarily for contracted services for remediation of floodwater damage to 6 buildings and costs for three campuses utilized as shelters during the storm.</p>	\$25,348,371
<p>The University of Texas at Austin Costs include facility damage, clean-up, and remediation, as well as displacement of staff and graduate students resulting in lost salary and wages, professional fees and services, consumable supplies, and other operating expenses.</p>	\$15,552,676
<p>University of Houston Costs reflect wind and water damage to 135 buildings, as well as costs for damage mitigation and debris removal.</p>	\$13,246,657

Projected Costs by Agency

Of the \$2,963.8 million in projected total costs, 99% are attributable to the following 12 agencies:

Note: The amount shown for the Texas Education Agency below includes approximately \$217.8 million in federal grants and does not include potential state costs for school districts disaster relief incurred through the state funding formulas.

AGENCY	PROJECTED COSTS
Department of Public Safety	\$1,244,355,405
General Land Office and Veterans' Land Board	\$1,199,983,246
Texas Education Agency	\$217,800,514
Texas Department of Transportation	\$97,966,085
Health and Human Service Commission	\$86,189,081
The University of Texas at Austin	\$42,719,238
Parks and Wildlife Department	\$22,968,845
University of Houston	\$16,608,355
Lone Star College	\$9,640,691
Texas A&M Corpus Christi	\$6,206,514
Texas Workforce Commission	\$3,571,260
Department of Housing and Community Affairs	\$2,041,983

Texas Education Agency

Current estimates of the **2018-19 legally required Foundation School Program (FSP) costs total \$271.3 million** attributable to:

- \$147.0 million for students newly eligible for Compensatory Education weighted funding;
- \$89.1 million for holding harmless districts that experienced declining attendance;
- \$30.0 million in decreased recapture payments from Chapter 41 districts with facilities damage; and
- \$5.2 million for increased state aid to the 12 school districts that voted to reappraise 2017 taxable values.

Current estimates of the **2020-21 legally required Foundation School Program (FSP) costs total \$636 million** attributable to a decline in property values in affected areas in Tax Years 2018 and 2019. These estimates are included in the FSP appropriations included in House Bill 1.

In addition to the costs specified above, TEA has estimated additional costs that the Legislature may wish to consider funding. These costs, which are not currently legally required, total \$634.2 million in the 2018-19 biennium. These funds would primarily be used to hold impacted school districts harmless for the loss of local property tax revenue in the 2018-19 biennium and for facilities remediation in districts that are not subject to recapture.

State Oversight

The **Legislative Budget Board** (LBB) has been monitoring appropriations by surveying state agencies and institutions of higher education and asking them to report costs and revenues associated with Hurricane Harvey. The first report was due October 6, 2017 with monthly updates reported to the LBB on the 5th of every month.

- The LBB has issued guidance to state agencies regarding reporting of emergency contracts related to Hurricane Harvey.
- Agency expenditures, projected costs, contracts, and disaster related transfers are posted on the LBB website through the Hurricane Harvey: Fiscal Analyses and Resources link: <http://www.lbb.state.tx.us/Harvey.aspx>

The **Comptroller of Public Accounts** (CPA), Division of Fiscal Management, controls appropriations made to state agencies. In January 2018, the CPA issued guidance requiring state agencies and institutions of higher education to use Uniform Statewide Accounting System (USAS) coding requirements to track expenditures and revenues related to Hurricane Harvey.

Hurricane Harvey Contracts

As of January 23, 2019, twenty-three state agencies and IHE's have reported 204 Hurricane Harvey-related contracts valued at approximately \$1.35 billion. These contracts can generally be grouped into two groups: emergency response contracts and recovery effort contracts. Emergency response contracts relate to activities immediately before and after Hurricane Harvey made landfall. Recovery contracts are longer term contracts and involve rebuilding activities.

These contracts were identified using guidance issued August 28th, 2017. A full list of contracts is available on the LBB website.

Some notable recovery-related contracts include:

CODE	AGENCY	COUNT	TOTAL VALUE
305	General Land Office	29	\$1,079,685,783
582	Commission on Environmental Quality	1*	\$90,000,000
529	Health and Human Services Commission	20	\$12,213,539
730	University of Houston	7	\$9,246,095
802	Parks and Wildlife Department	30	\$2,229,849

**This represents a pass-through contract to the Texas Division of Emergency Management. These funds will be awarded to local governments for debris removal.*

State Funding Assistance for State and Local Entities

Section 14.04: Disaster Related Transfer Authority

In the event of a disaster proclamation by the Governor, state agencies directly responding to Hurricane Harvey and its aftermath are granted broad appropriation transfer authority, and exemption from certain GAA requirements, with prior notification to the LBB and Governor through Article IX, Section 14.04: Disaster Related Transfer Authority, 2018-19 General Appropriations Act. To date, the following transfers have occurred:

- In a letter dated January 24, 2018, the LBB and the Office of the Governor approved a transfer of \$38.6 million from FY 2019 appropriations from the Department of Criminal Justice to the General Land Office (GLO) for FY 2018 recovery and rebuilding efforts.
- The LBB has received notification of disaster related transfers as follows:
 - Health and Human Services Commission (HHSC) has transferred \$110.0 million as match for Other Needs Assistance;
 - GLO transferred \$58.1 million of its FY 2019 appropriations to FY 2018;
 - DPS transferred \$55.2 million from FY 2019 to FY 2018; and
 - The Texas Workforce Commission transferred \$8.9 million in General Revenue from FY 2019 to FY 2018 to meet the federal match requirement for an additional \$33.0 million in Vocational Rehabilitation grant that will provide support for current, former, and new customers, including eligible individuals impacted by Hurricane Harvey.

State Funding for Debris Removal

- FEMA approved hurricane-related solid waste and debris disposal costs incurred by local governments are anticipated to be reimbursed at up to 90 percent by the federal agency.
- As of December 31, 2018, emergency appropriations of \$90 million in General Revenue Account 5000 – Solid Waste Disposal Fees, \$21.1 million has been awarded to local governments to be applied toward the 10% match required by FEMA for debris removal.

State Funding Assistance for State and Local Entities

Trusteed Programs within the Office of the Governor

Funds Transferred (in millions)	Method of Finance	Agency or Local Entity	Funds transferred from Trusteed Programs at the Office of the Governor, Strategy A.1.1, Disaster Funds, for the purposes of:
\$12.9	General Revenue	Military Department	Reimburse the agency for costs from activating the National Guard. The agency was provided \$12.9 million and has repaid \$6.5 million following receipt of FEMA Public Assistance.
\$10.0	General Revenue	Department of Public Safety	Reimburse the agency for response costs incurred by Texas Division of Emergency Management. The agency has repaid \$10 million .
\$30.0	Economic Stabilization Funds	Military Department	Reimburse the agency for costs from activating the National Guard. The agency was provided \$30 million and has repaid \$21.7 million following receipt of FEMA Public Assistance.
\$50.0	Economic Stabilization Funds	City of Houston	The state granted the funds to assist the City with response and recovery from Hurricane Harvey.
\$10.0	Economic Stabilization Funds	General Land Office	For immediate costs for administering the FEMA Short-term Housing Program.
\$26.7	Economic Stabilization Funds	Department of Public Safety	Cover the state matching funds required for the FEMA Transitional Shelter Assistance Program. The agency has repaid \$26.7 million .
Total: \$139.6			

Selected Federal Disaster Grants

U.S. Department of Housing and Urban Development (HUD) - Community Development Block Grant–Disaster Recovery (CDBG-DR)

The General Land Office has been awarded **\$10.1 billion in CDBG-DR** funds for Hurricane Harvey as follows:

- **\$57.8 million**: Fully awarded, State Action Plan, amendment 2 approved by HUD on November 19, 2018 (\$54.3 million in work authorized, \$3,265 paid)
- **\$5,024.0 million** (Round 1): State Action Plan, amendment 1 approved by HUD on December 11, 2018 (\$194.5 million in work authorized, \$6.3 million paid)
- **\$5,035.2 million** (Round 2): Of these funds, \$652 million is allocated for to rebuild damaged homes and infrastructure; \$4.3 billion for mitigation.

FEMA Hazard Mitigation Grant Program (HMGP)

FEMA awarded **\$1.1 billion** in HMGP funds to the Texas Division of Emergency Management, with \$500 million available immediately for approved projects that could include elevating flood-prone structures; retrofitting property to reduce wind, flood, and fire damage; and local flood control initiatives.

The Governor previously announced that the state would utilize \$180 million of the award for voluntary buyouts for approximately 900 flood-prone homes in Harris County. The grant covers 75% of project costs. While local governments typically provide the other 25%, CDBG-DR funds may be used to cover the local cost share for eligible projects.

FEMA Individuals and Household Program - Direct Housing

FEMA awarded **\$1.1 billion** to the General Land Office to partner with FEMA for Direct Housing Assistance. The Short-term Housing Programs include: Multi-Family Lease and Repair, Direct Leasing, Manufactured Housing Options, and Direct Assistance for Limited Home Repair.

U.S. Department of Education – Emergency Assistance to Institutions of Higher Education

On August 28, 2018, **\$63 million** in assistance was announced for 47 institutions of higher education including: Houston Community College (\$570,662), Lamar University (\$513,000), Sam Houston State University (\$835,500), University of Houston-Clear Lake (\$75,598), and Wharton County Junior College (\$500,000).

Appendix

**Hurricane Harvey
2017-19 Reported Expenditures
(As of 1/5/19)**

Agency Name	GR	GR-D	Other	Federal Funds	Total	<i>Pass-through*</i>
Alvin College	\$10,655	\$0	\$0	\$0	\$10,655	\$0
Animal Health Commission	\$330,238	\$0	\$0	\$0	\$330,238	\$0
Brazosport College	\$41,964	\$0	\$102,925	\$0	\$144,889	\$0
Commission on Environmental Quality	\$13,953	\$711,647	\$0	\$0	\$725,600	\$0
Del Mar College	\$0	\$0	\$245,186	\$0	\$245,186	\$0
Department of Criminal Justice	\$3,267,374	\$0	\$0	\$0	\$3,267,374	\$0
Department of Housing and Community Affairs	\$0	\$0	\$0	\$3,953,774	\$3,953,774	\$3,991,056
Department of Information Resources	\$0	\$0	\$8,533	\$0	\$8,533	\$0
Department of Insurance	\$473,569	\$0	\$0	\$0	\$473,569	\$0
Department of Licensing and Regulation	\$8,930	\$0	\$0	\$0	\$8,930	\$0
Department of Motor Vehicles	\$0	\$0	\$150,332	\$0	\$150,332	\$0
Department of Public Safety	\$68,323,914	\$0	\$21,056,913	\$885,883,321	\$975,264,148	\$479,985,624
Department of State Health Services	\$11,096,319	\$0	\$0	\$22,955,819	\$34,052,138	\$0
General Land Office and Veterans' Land Board	\$2,850,455	\$0	\$37,389,070	\$319,666,761	\$359,906,286	\$0
Health and Human Service Commission	\$155,828,210	\$0	\$107,568	\$1,155,362,169	\$1,311,297,947	\$1,185,995,631
Historical Commission	\$196,453	\$248,626	\$0	\$3,252,928	\$3,698,007	\$0
Houston Community College	\$0	\$0	\$973,946	\$602,356	\$1,576,302	\$0
Lamar Institute of Technology	\$0	\$0	\$654,545	\$0	\$654,545	\$0
Lamar State College: Orange	\$0	\$0	\$965,969	\$0	\$965,969	\$0
Lamar State College: Port Arthur	\$0	\$3,263	\$54,458	\$0	\$57,721	\$0
Lamar University	\$0	\$0	\$1,299,983	\$0	\$1,299,983	\$0
Lonestar College	\$0	\$0	\$25,348,371	\$0	\$25,348,371	\$0
Office of Court Administration	\$29,112	\$0	\$0	\$0	\$29,112	\$0
Office of the Attorney General	\$18,589	\$0	\$1,840	\$184,349	\$204,778	\$0
Parks and Wildlife Department	\$2,672,359	\$4,054,393	\$226,082	\$8,678	\$6,961,512	\$0
Prairie View A&M University	\$0	\$0	\$83,225	\$0	\$83,225	\$0
Public Utility Commission of Texas	\$36,426	\$809	\$0	\$0	\$37,235	\$0
Railroad Commission of Texas	\$6,268	\$21,960	\$0	\$561	\$28,789	\$0
Sam Houston State University	\$0	\$79,806	\$3,464,726	\$0	\$3,544,532	\$0

**Hurricane Harvey
2017-19 Reported Expenditures
(As of 1/5/19)**

Agency Name	GR	GR-D	Other	Federal Funds	Total	Pass-through*
San Jacinto College	\$0	\$0	\$598,600	\$166,363	\$764,963	\$0
State Office of Administrative Hearings	\$113,130	\$0	\$0	\$0	\$113,130	\$0
State Office of Risk Management	\$0	\$0	\$567,949	\$0	\$567,949	\$0
Texas A.&M. Corpus Christi	\$0	\$0	\$624,119	\$0	\$624,119	\$0
Texas A.&M. University	\$0	\$0	\$808,099	\$0	\$808,099	\$0
Texas A.&M. University Health Science Center	\$0	\$0	\$21,853	\$0	\$21,853	\$0
Texas A.&M. University System Administration	\$0	\$0	\$195,508	\$0	\$195,508	\$0
Texas A.&M. University-Kingsville	\$0	\$20,720	\$0	\$0	\$20,720	\$0
Texas AgriLife Extension Service	\$0	\$0	\$32,957	\$0	\$32,957	\$0
Texas AgriLife Research	\$0	\$0	\$32,367	\$0	\$32,367	\$0
Texas Alcoholic Beverage Commission	\$974,477	\$0	\$0	\$0	\$974,477	\$0
Texas Commission on the Arts	\$89,869	\$0	\$193,736	\$192,520	\$476,125	\$0
Texas Department of Agriculture	\$0	\$150,000	\$0	\$62,031	\$212,031	\$0
Texas Department of Transportation	\$0	\$0	\$34,854,879	\$76,541,204	\$111,396,083	\$0
Texas Education Agency	\$244,816	\$0	\$11,901	\$185,198,184	\$185,454,901	\$28,348
Texas Engineering Experiment Station	\$0	\$0	\$4,568	\$0	\$4,568	\$0
Texas Engineering Extension Service	\$0	\$0	\$551,378	\$4,962,402	\$5,513,780	\$0
Texas Forest Service	\$90,435	\$0	\$0	\$2,476,568	\$2,567,003	\$0
Texas Juvenile Justice Department	\$23,476	\$0	\$0	\$0	\$23,476	\$0
Texas Military Department	\$2,609,473	\$0	\$14,635,182	\$26,828,500	\$44,073,155	\$0
Texas Southern University	\$0	\$0	\$110,722	\$0	\$110,722	\$0
Texas State Library and Archives Commission	\$0	\$0	\$9,824	\$19,819	\$29,643	\$0
Texas State Preservation Board	\$2,000	\$0	\$0	\$0	\$2,000	\$0
Texas State Technical College System	\$300	\$1,234	\$96,712	\$0	\$98,246	\$0
Texas State University	\$402,418	\$0	\$0	\$0	\$402,418	\$0
Texas Transportation Institute	\$0	\$0	\$5,187	\$0	\$5,187	\$0
Texas Veterinary Medical Diagnostic Laboratory	\$0	\$0	\$1,817	\$0	\$1,817	\$0
Texas Woman's University	\$0	\$0	\$50,963	\$0	\$50,963	\$0
Texas Workforce Commission	\$0	\$0	\$0	\$29,071,332	\$29,071,332	\$22,060,954

Hurricane Harvey 2017-19 Reported Expenditures (As of 1/5/19)

Agency Name	GR	GR-D	Other	Federal Funds	Total	<i>Pass-through*</i>
The University of Texas at Austin	\$464,539	\$0	\$15,088,137	\$0	\$15,552,676	\$0
The University of Texas San Antonio	\$7,114	\$0	\$25,293	\$0	\$32,407	\$0
Trusted Programs within the Office of the Governor	\$6,377,270	\$0	\$50,000,000	\$0	\$56,377,270	\$0
University of Houston	\$316,154	\$0	\$12,930,503	\$0	\$13,246,657	\$0
University of Houston: Clear Lake	\$0	\$47,826	\$283,530	\$0	\$331,356	\$0
University of Houston: Downtown	\$74,480	\$0	\$9,081,972	\$0	\$9,156,452	\$234,849
University of Houston: Victoria	\$15,038	\$0	\$785,738	\$0	\$800,776	\$0
UT Health Science Center at Houston	\$0	\$0	\$5,308,331	\$0	\$5,308,331	\$0
UT Health Science Center at San Antonio	\$57,083	\$0	\$0	\$0	\$57,083	\$0
UT M.D. Anderson Cancer Center	\$0	\$0	\$10,840,958	\$0	\$10,840,958	\$0
UT Medical Branch at Galveston	\$0	\$0	\$5,323,183	\$0	\$5,323,183	\$0
UT Southwestern Medical Center at Dallas	\$0	\$0	\$293,802	\$0	\$293,802	\$0
Victoria College	\$0	\$0	\$456	\$0	\$456	\$0
Grand Total	\$257,066,860	\$5,340,284	\$255,503,896	\$2,717,389,639	\$3,235,300,679	\$1,692,296,462

1. Pass-through amounts refer to financial assistance awarded by the administrative state agency of a program to secondary recipients that may include other state agencies, units of local government, and individuals.

2. The Department of Public Safety (DPS) has repaid \$36.7 million to the Office of the Governor (OOG) for amounts previously transferred to DPS to cover Hurricane Harvey expenditures. DPS transferred \$40.0 million in General Revenue (GR) from fiscal year 2019 into 2018 to repay the advance. As such, DPS now reflects the full cost of these expenditures in GR.

3. The Texas Military Department (TMD) has repaid \$28.2 million out of \$42.9 million previously transferred to TMD from the OOG to help cover Hurricane Harvey expenditures. The costs are now reflected at TMD except the \$14.7 million reflected at the OOG that has not been repaid. TMD is still reflecting the \$14.7 million in revenues from the original transfer.



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Contact the LBB

Legislative Budget Board

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