



LEGISLATIVE BUDGET BOARD

Natural Disaster Response Funding

PRESENTED TO SENATE COMMITTEE ON FINANCE

LEGISLATIVE BUDGET BOARD STAFF

FEBRUARY 2020

Statement of Interim Charge

Presentation Description: Discuss the actions taken during the 86th Legislature to address the various natural disasters that impacted our state agencies and provide an overview of the federal and state response, followed by the various funding bills enacted to address the needs of the state.

Interim Charges:

1. Review federal, state, local eligibility and receipt of disaster funds from Community Development Block Grant – Disaster Relief and the Federal Emergency Management Agency. Identify any barriers to the effective utilization of those funds and recommend any changes to statute, rule, or practice to promote the efficient deployment of those funds and expedite recovery by affected citizens, businesses, and communities.
2. Monitoring: Monitor the implementation of legislation addressed by the Senate Committee on Finance passed by the 86th Legislature, as well as relevant agencies and programs under the committee's jurisdiction. Specifically, make recommendations for any legislation needed to improve, enhance, or complete implementation of the following:
 - House Bill 3384, relating to the authority of the Comptroller to conduct a limited-scope review of an appraisal district located in an area declared by the Governor to be a disaster area; and
 - Contingent upon voter approval, study the implementation of House Bill 492 and House Joint Resolution 34, relating to a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property damaged by a disaster.

State and Federal Action by Phase

Response
(Starting Aug 2017)



Recovery
(Starting Oct 2017)



Mitigation
(Starting Jan 2018)

State Disaster Actions Highlights

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| <ul style="list-style-type: none"> • Texas Department of Emergency Management (TDEM) coordinates the state's emergency response through the State Operations Center • 70 state entities were involved in Harvey response, inc: DPS, TMD, Texas Task Forces 1 & 2, Forest Service, and HHSC • Trusted Programs within the Office of the Governor provided financial disaster assistance as short-term repayable grants to state agencies and local governments • General Appropriations Act (GAA), Art IX, Section 14.04, allows appropriations transfers between agencies for both response and recovery efforts | <ul style="list-style-type: none"> • TDEM is the state coordinator for FEMA Individual Assistance (IA) and Public Assistance (PA) • General Land Office (GLO) developed a State Action Plan and began spending federal and state funds to address unmet needs and recovery efforts related to Hurricane Harvey – the largest being HUD Community Development Block Grant – Disaster Response (CDBG-DR) funds • Legislative Budget Board (LBB) and The Comptroller of Public Accounts (CPA) began monitoring and reporting of expenditures and projected costs from state agencies and institutions of higher education to include disaster related contracts | <ul style="list-style-type: none"> • 86th Legislature enacted Senate Bills 6, 7, 8, and the supplemental appropriations bill Senate Bill 500 • SB 500 provided: <ul style="list-style-type: none"> • Reimbursement to response cost at state entities • Recovery and hold harmless funding to public schools and higher education institutions • State participation in non-federal match for FEMA and HUD disaster grants • Long-term funding for State Flood Plan projects, and other mitigation efforts |
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Federal Disaster Actions Highlights

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| <ul style="list-style-type: none"> • The Federal Emergency Management Agency (FEMA) grants a major Declaration to the State of Texas, the federal Continuing Resolution is enacted, and various federal resources become available for disaster response | <ul style="list-style-type: none"> • The federal government passed Appropriations/Public Laws, 115 - 31, 56, 72, and 123 in support of various state natural disasters • The U.S Housing and Urban Development (HUD), and FEMA began processing state reimbursements to individual and state administering agencies | <ul style="list-style-type: none"> • Federal reimbursements continued through administering state agencies • Federal mitigation funds become available |
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Response – State Funding

More than 70 state agencies and institutions of higher education responded to Hurricane Harvey by providing financial assistance, goods, and services including evacuation assistance, debris removal, shelter, food, and clothing.

- State and federal agencies performed approximately 122,331 rescues and evacuations in the days during and after Hurricane Harvey made landfall. Another 5,249 rescues were targeted for pets and animals.

State agencies utilized direct appropriations totaling: **\$219.6 million** in all funds within the General Appropriations Act (GAA) and made transfers in accordance with Art. IX, Sec. 14.04 Disaster Related Transfer Authority, for both emergency and recovery efforts.

The Trusteed Programs within the Office of the Governor provided **\$139.6 million** financial disaster assistance as short-term repayable grants to state agencies and local governments.

Funds Transferred (millions)	Method of Finance	State Agency	Purpose
\$12.9	General Revenue	Texas Military Department	Agency Reimbursement
\$10	General Revenue	Department of Public Safety	Agency Reimbursement
\$50	Economic Stabilization Funds	City of Houston	Response and Recovery
\$30	Economic Stabilization Funds	Texas Military Department	Agency Reimbursement
\$10	Economic Stabilization Funds	General Land Office	FEMA Short-Term Housing
\$26.7	Economic Stabilization Funds	Department of Public Safety	FEMA Transitional Shelter Program

The Texas Commission on Environmental Quality (TCEQ) worked with the Governor’s Office and TDEM in facilitating the transfer of **\$90 million** from the TCEQ’s Solid Waste Disposal Account to cover the ten percent local cost share.

Recovery and Mitigation – Federal Funding

FEMA

FEMA Program	Federal (millions)	Non-Federal (millions)	Administering State Agency	Total (millions)
Individual Assistance	\$ 1,490	\$ 110 25% match	TDEM/HHSC	\$ 1,600
Public Assistance	\$ 4,700	\$ 500 10% match	TDEM	\$ 5,200
Hazard Mitigation Grant Program	\$ 820	\$ 275 25% match	TDEM	\$ 1,095
			Total	\$ 7,895

HUD (CDBG-DR)

HUD	Federal (millions)	Non-Federal (millions)	Administering State Agency
Allocation 1	\$ 5,082	up to 25% Match	GLO
Allocation 2	\$ 5,035	up to 25% Match	GLO
Total	\$10,118		

Other Federal Funding Sources for Disaster Related Assistance

Other	Federal (millions)	Non-Federal (millions)	Total (millions)
U.S Army Corps of Engineers	\$ 3,200	\$ 1,800	\$ 5,000
National Flood Insurance Program	\$ 8,834	No Match	\$ 8,834
Small Business Administration	\$ 3,420	No Match	\$ 3,420

Senate Bill 500 Hurricane Harvey Funding

Senate Bill 500 provides **\$3.6 billion** to fund significant initiatives that address damage to the state due to Hurricane Harvey, provide state match requirements, and invest in long-term infrastructure projects aimed at decreasing the subsequent effects from natural disasters.

Purpose	Administering Agency	SB 500 (millions)
Response reimbursement and repair funding	DPS, GLO, HHSC, Texas A&M Forest Service, TPWD, TWC	\$ 295
FEMA PA non-federal match	Texas Water Development Board / TDEM	\$365
FEMA HMGP non-federal match	Texas Water Development Board / TDEM	\$273
State Flood Plan implementation	Texas Water Development Board	\$47
Flood Infrastructure Projects	Texas Water Development Board	\$793
U.S Army Corps of Engineers – Coastal Barrier	General Land Office	\$ 200
School district compensation, relief, and property tax revenue losses in 2018-19	Texas Education Agency	\$ 807
School district property value loss in 2020-21	Texas Education Agency	\$636
Facilities damage recovery	Institutions of Higher Education	\$ 75
Repair and improvement of earthen dams	Texas Soil and Water Conservation Board	\$150
	Total	\$ 3,641

Flood Infrastructure Fund and Texas Infrastructure Resiliency Fund

SB 8: State Flood Plan

- The Texas Water Development Board (TWDB) is charged with creating a statewide flood plan by September 1, 2024.
- The plan will guide state and local flood control policy and will incorporate regional flood plans.

SB 7: Flood Infrastructure Fund (FIF) and Texas Infrastructure Resiliency Fund (TIRF)

	Flood Infrastructure Fund (FIF)	Texas Infrastructure Resiliency Fund (TIRF)
Purpose	To provide loans and grants for flood activities and projects. Once the State Flood Plan is adopted, the account may only be used for projects included in the plan.	To provide loans, grants, and matching funds for flood projects through four separate accounts. Each account has different purposes.
Administering Agency	TWDB	TWDB
Oversight Entity	State Water Implementation Fund for Texas (SWIFT) Advisory Committee	TIRF Advisory Board (SWIFT advisory committee + TDEM Director as non-voting member)
SB 500 Appropriation	\$793 million	\$685 million
Appropriation Authority	Texas Constitution	General Appropriations Act
Authority for Revenue Bonds	Yes	Yes

Texas Infrastructure Resiliency Fund

Account	Purpose	SB 500 appropriation
Floodplain Management	Used for projects related to flood planning, protection, mitigation or adaptation; for collecting and analyzing flood-related information; for providing flood-related information to the public; and for evaluating the response to and mitigation of flooding affecting residential property. Implementation of SB 8 is funded through this account.	\$47.0 million
Flood Plan Implementation	Used only to provide financing for projects included in the State Flood Plan. Funds may be awarded to several political subdivisions for a single flood project.	-
Hurricane Harvey	Used only to provide funding to the Texas Division of Emergency Management (TDEM) for the purpose of financing projects related to Hurricane Harvey. TDEM may provide grants and loans to eligible political subdivisions for flood projects and may provide grants for federal matching funds for flood projects. The account will expire on September 1, 2031, and any remaining balances will be transferred to the Flood Plan Implementation Account.	\$638.0 million
Federal Matching	Used only to provide matching funds for flood projects receiving federal funding, including projects funded by the U.S. Army Corps of Engineers.	-

Interim Charge: Monitoring Legislation

HB 3384: Authorized the Comptroller to conduct a limited-scope review of an appraisal district instead of a comprehensive review if:

- the district is located wholly or partly in a disaster area,
- the district's chief appraiser requests that the review be limited, and
- the Comptroller determines that certain circumstances exist related to the impairment of the appraisal district that was caused by the disaster, such as damage to the appraisal district's buildings, records, or computer systems.

House Bill 492 & House Joint Resolution 34: Created a mandatory percentage disaster exemption for property damaged by a disaster.

The chief appraiser assigns a disaster exemption rating of level one through four as follows:

- Level I: At least 15 percent but less than 30 percent damaged (15 percent exemption);
- Level II: At least 30 percent but less than 60 percent damaged (30 percent exemption);
- Level III: At least 60 percent damaged but less than a total loss (60 percent exemption); or
- Level IV: The property is a total loss (100 percent exemption).

The property owner is required to apply for the exemption, which is prorated from the date of the disaster, and remains in effect until the property is reappraised.



LEGISLATIVE BUDGET BOARD

Contact the LBB

Legislative Budget Board

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