



LEGISLATIVE BUDGET BOARD

Updated Hurricane Harvey's Fiscal Impact on State Agencies

**PRESENTED TO SENATE FINANCE COMMITTEE
LEGISLATIVE BUDGET BOARD STAFF**

JANUARY 2018

January 2018 – Update Highlights

- Fiscal years 2017–18 hurricane **expenditures total \$1,887.0 million** in All Funds (\$1,493.2 million in Federal Funds and \$173.5 million in General Revenue)
- In addition to these expenditures, agencies estimate an additional **\$5,341.2 million in projected costs** in All Funds for FY 2018 (\$4,607.5 million in Federal Funds and \$436.6 million in General Revenue)
- Under the 2018–19 General Appropriations Act (GAA), Article IX, Section 14.04: Disaster Related Transfer Authority, **\$38.6 million** was approved to be transferred from the Department of Criminal Justice FY 2019 appropriations to the **General Land Office** for FY 2018 recovery and rebuilding efforts
- From the emergency appropriation of \$90 million in General Revenue Account 5000 – Solid Waste Disposal Fees, **\$12.9 million had been passed through to local governments**, as of January 5, to be applied toward the 10% match required by FEMA for **debris removal**
- 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>

LBB Hurricane Cost Survey

The LBB is surveying **state agencies** and **institutions of higher education** to report costs and lost revenues associated with their response to Hurricane Harvey. The survey is not intended to capture costs to individuals or local governments, similar to LBB surveys from previous hurricanes. The first report was due September 26, and the current survey data is from November 5. Going forward, agencies shall report monthly to the LBB. The survey is designed to capture the following:

- Actual and estimated expenses for FY 2017 and FY 2018, and lost revenue for the biennium, separated into Objects of Expense;
- Actual reimbursements agencies have received, and separately, estimates they expect to receive from the federal government or other entities;
- Funds passed through to local entities;
- Each Method of Finance for all expenditures and revenues; and
- Narrative summary information on response efforts, reimbursement assumptions, FTE activity, and anticipated projects or expenditures beyond FY 2018.

Reported costs should be considered preliminary. As new information is submitted and reviewed, LBB staff will provide updates with that new information.

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>

2017–18 Reported Expenditures

Expenditures and Revenues as reported by state agencies and institutions of higher education through the end of December 2017. Amounts below exclude projected/estimated costs.

Fiscal years 2017–18 hurricane expenditures total \$1,887.0 million in All Funds:

- \$173.5 million in General Revenue
- \$4.1 million in General Revenue-Dedicated
- \$216.2 million in Other Funds, which include Institutional Funds
- \$1,493.2 million in Federal Funds

Funds passed through to local entities total \$1,421.4 million in All Funds:

- Health and Human Services, Department of Public Safety, Workforce Commission

Actual Expenditures by Agency

Of the \$1,887.0 million in expenditures reported as of December 2017, 98% of the costs were attributed to the following 12 agencies:

AGENCY	EXPENDITURES (IN MILLIONS)
Health and Human Service Commission	\$1,156.0
Department of Public Safety	\$406.6
Texas Department of Transportation	\$92.4
Trusted Programs within the Office of the Governor	\$92.0
Texas Military Department	\$37.1
Department of State Health Services	\$25.0
Texas Workforce Commission	\$20.7
UT M.D. Anderson Cancer Center	\$8.8
UT Medical Branch at Galveston	\$5.0
University of Houston – Downtown	\$4.6
Texas Engineering Extension Service	\$4.1
UT Health Science Center at Houston	\$4.1

SOURCE: Legislative Budget Board.

Projected Total Costs by Agency

The following agencies account for 98% of the \$5,341.2 million in projected total costs in All Funds for FY 2018. The agencies estimate that they will expend these amounts in addition to their actual expenditures as of the end of December 2017. Out of these projected costs, \$4,607.5 million are Federal Funds and \$436.6 million are General Revenue Funds.

AGENCY	PROJECTED COSTS (IN MILLIONS)
Department of Public Safety	\$3,718.4
General Land Office and Veterans' Land Board	\$718.6
Texas Department of Transportation	\$248.2
Texas Education Agency	\$206.8
Health and Human Services Commission	\$182.6
The University of Texas at Austin	\$104.3
University of Houston	\$71.3
Parks and Wildlife Department	\$20.5
Texas Workforce Commission	\$12.5
Texas Military Department	\$10.2
Department of State Health Services	\$5.8
Department of Criminal Justice	\$5.0

NOTE: Multiple agencies reported high projected costs while have low actual/incurred costs as of the end of December 2017.

SOURCE: Legislative Budget Board.

GAA: Disaster Related Transfer Authority

The 2018–19 General Appropriations Act (GAA), Article IX, 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. This provision is intended to allow for expedited use of funds.

- The Commissioner of Health and Human Services is authorized to transfer funds between health and human services agencies (listed in Chapter 531, Government Code), and between strategies within agencies for disaster response.
- All other agencies may transfer funds between strategies.
- Agencies may transfer funds appropriated for FY 2019 to FY 2018. Unexpended balances at the end of FY 2018 are transferred to FY 2019.
- Appropriations may be transferred between agencies, subject to the approval of the LBB and Governor.

To date, the LBB has received notification of Disaster Related Transfers for Article II agencies and the General Land Office. The General Land Office transferred \$12.0 million of its FY 2019 funds to FY 2018. Additionally, \$38.6 million was approved to be transferred from the Department of Criminal Justice FY 2019 appropriations to the General Land Office for FY 2018 recovery and rebuilding efforts.

The Commissioner of Education has stated a possible need to transfer appropriations from FY 2019 to FY 2018 for school district relief.

State Funding Assistance for State and Local Entities

Trusted Programs within the Office of the Governor

- Chapter 418 of the Texas Government Code authorizes the Governor to provide grant-in-aid in response to disasters to state and local governments. These awards are made from funds in Strategy A.1.1., Disaster Funds. Expenses must be related to the purpose for which they were awarded, and agreements stipulate that recipients must repay the Office of the Governor any funds for which they receive federal reimbursement.
- To date, the following funds have been awarded from **FY 2017 (General Revenue Funds)** for Hurricane Harvey:
 - **\$12.9 million to the Military Department** to reimburse the agency for costs from activating the National Guard. Of this amount, the agency **has repaid \$6.5 million** following receipt of FEMA Public Assistance.
 - **\$10.0 million to the Department of Public Safety** to reimburse the agency for response costs incurred by Texas Division of Emergency Management.
- To date, the following funds have been awarded from **FY 2018 (Economic Stabilization Funds)** for Hurricane Harvey:
 - **\$30.0 million to the Military Department** to reimburse the agency for costs from activating the National Guard. Of this amount, the agency **has repaid \$21.7 million** following receipt of FEMA Public Assistance.
 - **\$50.0 million was granted to the City of Houston** to assist with response and recovery from Hurricane Harvey
 - **\$10.0 million to the General Land Office** for immediate costs for administering the FEMA Short-term Housing Program.
 - **\$7.4 million to the Department of Public Safety** to reimburse the agency for the state matching funds for the FEMA Transitional Shelter Assistance Program.

State Funding Assistance for State and Local Entities

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.
- **An emergency appropriation of \$90 million in General Revenue Account 5000 – Solid Waste Disposal Fees** was made to assist affected local communities with their remaining share of the costs through FY 2018.
- The Department of Public Safety, through the Texas Division of Emergency Management (TDEM), has begun distributing the funds to local governments in accordance with Chapter 401 of the Government Code.
- Once a local government gets FEMA approval for obligation of funds for a project, as detailed on a FEMA Initial Project Worksheet, they can apply for the matching funds from TDEM. TDEM will advance to the local government 50% of the match amount calculated from the FEMA Initial Project Worksheet.
- After the final FEMA Project Worksheet Payment amount is determined and the final match amount can be calculated, TDEM will issue a closeout payment for the remainder of the matching funds.
- **As of January 5, \$12.9 million had been passed through to local governments** to be applied toward the 10% match required by FEMA

State Funding Assistance for State and Local Entities

State Funding for Short-term Housing

On January 24, 2018, the LBB and the Governor approved the transfer of **\$38.6 million** from the Department of Criminal Justice FY 2019 appropriations to the **General Land Office** for FY 2018 recovery and rebuilding efforts.

- \$30 million will be used for cash flow needs related to:
 - Multi-Family Lease and Repair direct assistance program;
 - Direct Leasing;
 - Manufactured Housing/Recreational Vehicle Options;
 - Direct Assistance for Limited Home Repair; and
 - Partial Repair and Essential Power for Sheltering (PREPS), which requires a 10% state match.
- \$8.6 million will be used for the Multi-Family Housing Pilot Project, which is expected to begin by March 2018.

Federal Funding Assistance for State and Local Governments

U.S. Department of Housing and Urban Development (HUD)

HUD awarded **\$5.0 billion** in **Community Development Block Grant–Disaster Recovery (CDBG-DR)** funding to the General Land Office for funding for Texas to recover from Harvey. The allocation is directed from the \$7.4 billion in CDBG-DR funding in the Continuing Appropriations Act, 2018 and Supplemental Appropriations for Disaster Relief Requirements Act, 2017.

The November 2017 award is in addition to the **\$57.8 million** in CDBG-DR funding that HUD awarded to GLO in October 2017 from the FY 2017 Continuing Resolution appropriations. The existing State Action Plan associated with same funding source will need to be amended to include their recovery plan associated with the new funds.

Notice of the \$57.8 million award was published in the Federal Register (Public Law 115–31), and the following guidance is effective as of January 2, 2018:

- Of the \$57.8 million award, \$46.2 million (80 percent) must be expended for unmet needs within Harris County, which is the “most impacted and distressed” area as identified by HUD;
- Texas may spend the remaining 20 percent in Harris County or in other areas the grantee determines to be “most impacted and distressed” that a received a presidential disaster declaration.
- GLO must amend its published Action Plan for Hurricane Harvey to include its projection of expenditures and outcomes.
- HUD will review Texas’s resulting Action Plan for Hurricane Harvey within 45 days from date of receipt and determine whether to approve the plan.

Federal Funding Assistance for State and Local Governments

Federal Emergency Management Agency (FEMA)

The FEMA **Public Assistance** program assists state and local governments and certain private nonprofit entities with the response to and recovery from disasters. Recipients are generally required to provide a 25% match. FEMA is providing a higher rate of reimbursement for Emergency Work due to Hurricane Harvey.

As of January 17, FEMA had obligated over \$504.0 million in Public Assistance grants for Texas state and local governments for Emergency Work. Additional Public Assistance grants are anticipated.

As of the end of December 2017, Department of Public Safety reported \$374.0 million in Public Assistance revenues or reimbursements. Health and Human Services Commission Public Assistance reimbursements.

The **General Land Office** has begun reporting costs for **the FEMA Partial Repair for Essential Power for Sheltering (PREPS)** program, which provides basic, emergency home repairs so Texans can shelter in their home while they are completing permanent repairs. **The agency estimates PREPS, a Public Assistance program, will cost \$215.4 million, and will require a 10% state match.**

Federal Funding Assistance for Individuals and Businesses

FEMA Individuals and Households Program

Provides funds and services to people in the disaster area when losses are not covered by insurance and property has been damaged or destroyed. Includes Financial and Direct Housing Assistance, and Other Needs Assistance.

Financial Housing Assistance: Temporary Housing, Repair, and Replacement: provides funds for housing rentals or government housing units when rentals are not available Provides funds to homeowners to repair or replace homes damaged by the disaster that is not covered by insurance.

Direct Housing Assistance: FEMA awarded **\$1.1 billion** to the **General Land Office** to partner with FEMA for Direct Housing Assistance. The Short-term Housing Program at the GLO includes:

- Multi-Family Lease and Repair direct assistance to repair or improve existing multi-family housing;
- Direct Leasing enables local governments to lease property not typically available to the public on behalf of individuals or households;
- Manufactured Housing Options for mobile homes and recreational vehicles;
- Direct Assistance for Limited Home Repair provides permanent repairs to homes with significant damage;

The General Land Office revised its projected ability to expend the balance of the \$1.1 billion FEMA in FY 2018 from its previous estimate of \$803 million to \$489.9 million, due to cash flow issues. **The agency has reported expending \$2.7 million in Federal Funds for the Short-term Housing Program through the end of December.**

Federal Funding Assistance for Individuals and Businesses

FEMA Individuals and Households Program

Other Needs Assistance Program: Individuals and households may receive financial assistance for other disaster-caused expenses and serious needs.

- Individuals, businesses, and nonprofits may be eligible for FEMA's Other Needs Assistance Program for help with replacing household items, vehicles, moving costs
- Eligibility for some types of Other Needs Assistance are dependent on eligibility with the U.S. Small Business Administration's (SBA) disaster loan program.
- Critical Needs Assistance provides an initial one-time \$500 payment per household. FEMA must determine the applicant's home is both inaccessible and uninhabitable. A 25% state match is required.
- **Health and Human Services Commission** reported expending \$195.7 million through December 2017 in Federal Funds on Other Needs Assistance. The agency projects an additional \$104.3 million in Federal Funds will be expended in fiscal year 2018 for the program. A 25% state match is required.

Appendix

Hurricane Harvey 2017-18 Reported Expenditures (As of 1/5/18)

Agency Name	GR	GR-D	Other	Federal Funds	Total	<i>Pass-through*</i>
Alvin College	\$10,655	\$0	\$0	\$0	\$10,655	<i>\$0</i>
Animal Health Commission	\$440,255	\$0	\$0	\$0	\$440,255	<i>\$0</i>
Brazosport College	\$41,964	\$0	\$102,925	\$0	\$144,889	<i>\$0</i>
Commission on Environmental Quality	\$13,953	\$681,858	\$0	\$0	\$695,811	<i>\$0</i>
Del Mar College	\$0	\$0	\$245,186	\$0	\$245,186	<i>\$0</i>
Department of Criminal Justice	\$3,149,009	\$0	\$0	\$0	\$3,149,009	<i>\$0</i>
Department of Information Resources	\$0	\$0	\$8,533	\$0	\$8,533	<i>\$0</i>
Department of Insurance	\$238,386	\$0	\$0	\$0	\$238,386	<i>\$0</i>
Department of Licensing and Regulation	\$8,930	\$0	\$0	\$0	\$8,930	<i>\$0</i>
Department of Motor Vehicles	\$0	\$0	\$168,770	\$0	\$168,770	<i>\$0</i>
Department of Public Safety	\$19,992,033	\$0	\$12,899,458	\$373,737,992	\$406,629,483	<i>\$353,475,572</i>
Department of State Health Services	\$24,965,699	\$0	\$0	\$0	\$24,965,699	<i>\$0</i>
General Land Office and Veterans' Land Board	\$1,048,863	\$0	\$70,642	\$2,695,021	\$3,814,526	<i>\$0</i>
Health and Human Service Commission	\$97,030,148	\$0	\$651,977	\$1,058,305,592	\$1,155,987,717	<i>\$1,048,515,652</i>
Historical Commission	\$79,178	\$0	\$0	\$0	\$79,178	<i>\$0</i>
Houston Community College	\$0	\$0	\$724,226	\$0	\$724,226	<i>\$0</i>
Lamar Institute of Technology	\$0	\$0	\$27,771	\$0	\$27,771	<i>\$0</i>
Lamar State College: Orange	\$0	\$0	\$1,067,048	\$0	\$1,067,048	<i>\$0</i>
Lamar State College: Port Arthur	\$0	\$6,846	\$13,440	\$0	\$20,286	<i>\$0</i>
Lamar University	\$0	\$0	\$835,590	\$0	\$835,590	<i>\$0</i>
Office of Court Administration	\$30,113	\$0	\$0	\$0	\$30,113	<i>\$0</i>
Office of the Attorney General	\$27,737	\$0	\$0	\$172,459	\$200,196	<i>\$0</i>
Parks and Wildlife Department	\$1,050,148	\$2,945,200	\$7,729	\$1,448	\$4,004,525	<i>\$0</i>
Prairie View A&M University	\$0	\$0	\$83,225	\$0	\$83,225	<i>\$0</i>
Public Utility Commission of Texas	\$36,426	\$809	\$0	\$0	\$37,235	<i>\$0</i>
Sam Houston State University	\$0	\$195,665	\$1,526,635	\$0	\$1,722,300	<i>\$0</i>
San Jacinto College	\$0	\$0	\$694,030	\$0	\$694,030	<i>\$0</i>
State Office of Administrative Hearings	\$116,222	\$0	\$0	\$0	\$116,222	<i>\$0</i>
State Office of Risk Management	\$0	\$0	\$230,946	\$0	\$230,946	<i>\$0</i>

Hurricane Harvey

2017-18 Reported Expenditures

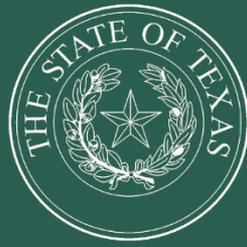
(As of 1/5/18)

Agency Name	GR	GR-D	Other	Federal Funds	Total	<i>Pass-through*</i>
Texas A&M Corpus Christi	\$0	\$0	\$449,300	\$0	\$449,300	<i>\$0</i>
Texas A&M University	\$0	\$0	\$808,099	\$0	\$808,099	<i>\$0</i>
Texas A&M University Health Science Center	\$0	\$0	\$1,700	\$0	\$1,700	<i>\$0</i>
Texas A&M University System Administration	\$0	\$0	\$72,000	\$0	\$72,000	<i>\$0</i>
Texas A&M University-Kingsville	\$0	\$20,720	\$0	\$0	\$20,720	<i>\$0</i>
Texas AgriLife Research	\$1,324	\$0	\$31,043	\$0	\$32,367	<i>\$0</i>
Texas Alcoholic Beverage Commission	\$250,376	\$0	\$0	\$0	\$250,376	<i>\$0</i>
Texas Commission on the Arts	\$1,500	\$0	\$90,500	\$80,000	\$172,000	<i>\$0</i>
Texas Department of Agriculture	\$0	\$150,000	\$0	\$52,528	\$202,528	<i>\$0</i>
Texas Department of Transportation	\$0	\$0	\$82,773,129	\$9,586,895	\$92,360,024	<i>\$0</i>
Texas Education Agency	\$248,591	\$0	\$12,265	\$60,029	\$320,885	<i>\$0</i>
Texas Engineering Experiment Station	\$0	\$0	\$4,568	\$0	\$4,568	<i>\$0</i>
Texas Engineering Extension Service	\$0	\$0	\$361,948	\$3,713,264	\$4,075,212	<i>\$0</i>
Texas Forest Service	\$44,870	\$0	\$0	\$1,617,178	\$1,662,048	<i>\$0</i>
Texas Juvenile Justice Department	\$23,476	\$0	\$0	\$0	\$23,476	<i>\$0</i>
Texas Military Department	\$6,377,270	\$0	\$8,257,912	\$22,444,276	\$37,079,458	<i>\$0</i>
Texas Southern University	\$0	\$0	\$79,942	\$0	\$79,942	<i>\$0</i>
Texas State Preservation Board	\$2,000	\$0	\$0	\$0	\$2,000	<i>\$0</i>
Texas State Technical College System	\$300	\$1,234	\$96,712	\$0	\$98,246	<i>\$0</i>
Texas State University	\$115,846	\$0	\$0	\$0	\$115,846	<i>\$0</i>
Texas Transportation Institute	\$0	\$0	\$5,187	\$0	\$5,187	<i>\$0</i>
Texas Veterinary Medical Diagnostic Laboratory	\$0	\$0	\$1,817	\$0	\$1,817	<i>\$0</i>
Texas Woman's University	\$0	\$0	\$50,963	\$0	\$50,963	<i>\$0</i>
Texas Workforce Commission	\$0	\$0	\$0	\$20,708,552	\$20,708,552	<i>\$19,414,897</i>
The University of Texas at Austin	\$1,384,801	\$0	\$2,158,456	\$0	\$3,543,257	<i>\$0</i>
The University of Texas San Antonio	\$7,114	\$0	\$25,293	\$0	\$32,407	<i>\$0</i>
Trusted Programs within the Office of the Governor	\$16,377,270	\$0	\$75,617,522	\$0	\$91,994,792	<i>\$0</i>
University of Houston	\$281,348	\$0	\$2,170,354	\$0	\$2,451,702	<i>\$0</i>
University of Houston: Clear Lake	\$0	\$47,826	\$54,855	\$0	\$102,681	<i>\$0</i>

Hurricane Harvey 2017-18 Reported Expenditures (As of 1/5/18)

Agency Name	GR	GR-D	Other	Federal Funds	Total	<i>Pass-through*</i>
University of Houston: Downtown	\$70,090	\$0	\$4,526,693	\$0	\$4,596,783	\$0
University of Houston: Victoria	\$0	\$0	\$576,475	\$0	\$576,475	\$0
UT Health Science Center at Houston	\$0	\$0	\$4,073,910	\$0	\$4,073,910	\$0
UT Health Science Center at San Antonio	\$71,829	\$0	\$0	\$0	\$71,829	\$0
UT M.D. Anderson Cancer Center	\$0	\$0	\$8,810,712	\$0	\$8,810,712	\$0
UT Medical Branch at Galveston	\$0	\$0	\$4,956,890	\$0	\$4,956,890	\$0
UT Southwestern Medical Center at Dallas	\$0	\$0	\$293,802	\$0	\$293,802	\$0
Victoria College	\$0	\$0	\$476,623	\$0	\$476,623	\$0
Grand Total	\$173,537,723	\$4,050,158	\$216,196,801	\$1,493,175,234	\$1,886,959,916	\$1,421,406,121

* 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.



LEGISLATIVE BUDGET BOARD

Contact the LBB

Legislative Budget Board

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