



LEGISLATIVE BUDGET BOARD

Updated Hurricane Harvey's Fiscal Impact on State Agencies

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

DECEMBER 2017

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.

2017-18 Reported Expenditures

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

Fiscal years 2017-18 hurricane expenditures total \$1,676.8 million in All Funds:

- \$197.6 million in General Revenue
- \$2.7 million in General Revenue-Dedicated
- \$167.1 million in Other Funds, which include Institutional Funds
- \$1,309.4 million in Federal Funds

Funds passed through to local entities total \$1,109.1 million in All Funds:

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

Actual Expenditures by Agency

Of the \$1,676.8 million in expenditures reported as of October 2017, 99% of the costs were attributed to the following 12 agencies:

AGENCY	EXPENDITURES
Health and Human Services	\$1,027.6 million
Department of Public Safety	\$385.5 million
Trusted Programs within the Office of the Governor	\$112.9 million
Department of Transportation	\$62.6 million
Department of State Health Services	\$25.0 million
Workforce Commission	\$17.1 million
Forest Service	\$6.6 million
Military Department	\$6.4 million
Department of Criminal Justice	\$6.3 million
The University of Texas Medical Branch at Galveston	\$4.3 million
Parks and Wildlife	\$2.7 million
General Land Office	\$1.9 million

SOURCE: Legislative Budget Board.

Projected Total Costs by Agency

The following agencies account for 98% of the \$2,696.3 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 October 2017. Out of these projected costs, \$1,747.4 million are Federal Funds and \$487.9 million are General Revenue Funds.

*Multiple agencies reported high projected costs while have low actual/incurred costs as of the end of October 2017.

AGENCY	PROJECTED COSTS
General Land Office	\$826.3 million
Department of Public Safety	\$766.8 million
Health and Human Services Commission	\$332.4 million
Department of Transportation	\$208.5 million
Texas Educational Agency	\$186.8 million
The University of Texas at Austin	\$104.3 million
University of Houston	\$73.9 million
Parks and Wildlife	\$45.8 million
Military Department	\$42.6 million
M.D. Anderson Cancer Center	\$19.5 million
Workforce Commission	\$13.9 million
Department of State Health Services	\$12.9 million

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

Appropriated Funds for Disaster Response, 2018-19 GAA

AGENCY	METHOD OF FINANCE				PURPOSE
	GENERAL REVENUE FUNDS	GR-DEDICATED FUNDS	OTHER FUNDS	TOTAL FUNDS	
Trusted Programs within the Office of the Governor			\$100,000,000	\$100,000,000	Disaster grants to state and local entities <i>(Note: Excludes \$10 million transferred to Tarleton State for flood recovery per Rider 2)</i>
Trusted Programs within the Office of the Governor	\$2,335,156			\$2,335,156	Deficiency grants to state agencies
Texas A&M Engineering Extension Service	\$5,012,750		\$2,228,706	\$7,241,456	Texas Task Force 1 and 2 capability
Texas A&M Forest Service	\$47,853,245	\$46,691,999	\$240,000	\$94,785,244	Wildfire preparation and response
Texas Department of Public Safety	\$10,396,064		\$1,016,098	\$11,412,162	Texas Division of Emergency Management operations
Texas Military Department	\$592,458			\$592,458	Respond to disasters and emergency relief
General Land Office	\$3,187,160			\$3,187,160	Oversee long-term disaster infrastructure recovery
DIRECT FUNDS AVAILABLE	\$69,376,833	\$46,691,999	\$103,484,804	\$219,553,636	Note: Totals do not include the potential for transferred funds.

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:
 - \$13 million to the Texas Military Department to reimburse the agency for costs from activating the National Guard.
 - \$10 million to the Texas Department of Public Safety to reimburse the agency for response costs incurred by Texas Department of Emergency Management.
- To date, the following funds have been awarded from FY 2018 (Economic Stabilization Funds) for Hurricane Harvey:
 - \$50 million was granted to the City of Houston to assist with response and recovery from Hurricane Harvey
 - \$30 million to the Texas Military Department to reimburse the agency for costs from activating the National Guard.
 - \$10 million to the General Land Office for immediate costs for administering the FEMA Short-term Housing 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 Account is intended to assist affected local communities with their remaining share of the costs through FY 2018.

Under Rider 3, Trusteed Programs within the Office of the Governor (2018-19 General Appropriations Act), the appropriation was contingent upon the following:

- Certification by the Governor that an emergency exists;
- The Comptroller endorsed this fund as statutorily allowable and certified that the fund contained a sufficient balance for the appropriation; and
- The Legislative Budget Board approved the emergency appropriation pursuant to the Texas Constitution, Article XVI, Section 12.

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.

HUD's analysis found over 230,000 damaged homes in Texas; 65,000 homes and 4,000 businesses were deemed seriously damaged and not covered by insurance or other sources.

The November award is in addition to the **\$57.8 million** in CDBG-DR funding that HUD awarded to GLO in October 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.

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 November 28, FEMA had obligated \$497.7 million in Public Assistance grants for Texas state and local governments for Emergency Work. Additional Public Assistance grants are anticipated.

As of October 2017, Department of Public Safety reported \$318.1 million in Public Assistance revenues or reimbursements. Department of Public Safety, Texas A&M Engineering Extension Service, Health and Human Services Commission, and the Office of the Attorney General reported \$830.7 million in anticipated Public Assistance reimbursements.

Federal Funding Assistance for State and Local Governments

U.S. Department of Labor

The Texas Workforce Commission was awarded a **\$30.0 million National Dislocated Worker Grant** from the U.S. Department of Labor, to create temporary jobs and assist with cleanup, recovery and humanitarian efforts in areas impacted by Hurricane Harvey. These grants will be administered in partnership with FEMA and local officials.

U.S. Department of Transportation / Federal Highway Administration

The **Emergency Relief** program provides funding for highways and bridges damaged by natural disasters or catastrophic events. The **\$25.0 million** granted to Texas Department of Transportation in Emergency Relief funding will be used to restore emergency access and to initiate the most critical repairs to damaged roadways and bridges.

Federal Emergency Management Agency (FEMA)

FEMA granted the Governor's request for **Community Disaster Loan** assistance for Texas localities impacted by Hurricane Harvey. This program provides direct loans to local governments that have suffered substantial loss of tax and other revenue in areas included in a major disaster declaration. There is no matching requirement.

Hazard Mitigation Grants involve long-term efforts to reduce the impact of future events. Grant recipients have the primary responsibility for prioritizing, selecting, and administering state and local hazard mitigation projects. Individuals, businesses and private nonprofits via local governments, can apply for funding.

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 agency estimates they will expend \$810.0 million of the award in fiscal year 2018. 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;
- PREPS (funded from federal Public Assistance) allows basic, emergency home repairs so Texans can shelter in their home while they are completing permanent repairs.

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 \$172.0 million in Federal Funds on Other Needs Assistance. The agency projects an additional \$128.5 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

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	\$25,854	\$0	\$67,818	<i>\$0</i>
Commission on Environmental Quality	\$2,753	\$465,315	\$0	\$0	\$468,068	<i>\$0</i>
Del Mar College	\$0	\$0	\$245,186	\$0	\$245,186	<i>\$0</i>
Department of Criminal Justice	\$6,258,903	\$0	\$0	\$0	\$6,258,903	<i>\$0</i>
Department of Housing and Community Affairs	\$0	\$0	\$7,378	\$1,884	\$9,262	<i>\$0</i>
Department of Information Resources	\$0	\$0	\$8,533	\$0	\$8,533	<i>\$0</i>
Department of Insurance	\$96,574	\$0	\$0	\$0	\$96,574	<i>\$0</i>
Department of Licensing and Regulation	\$8,930	\$0	\$0	\$0	\$8,930	<i>\$0</i>
Department of Motor Vehicles	\$0	\$0	\$4,297	\$0	\$4,297	<i>\$0</i>
Department of Public Safety	\$67,292,908	\$0	\$0	\$318,176,286	\$385,469,194	<i>\$307,917,395</i>
Department of State Health Services	\$25,048,773	\$0	\$0	\$0	\$25,048,773	<i>\$0</i>
General Land Office and Veterans' Land Board	\$1,890,590	\$0	\$25,919	\$141	\$1,916,650	<i>\$0</i>
Health and Human Service Commission	\$61,749,458	\$0	\$0	\$965,843,220	\$1,027,592,678	<i>\$784,437,663</i>
Historical Commission	\$20,204	\$0	\$0	\$0	\$20,204	<i>\$0</i>
Houston Community College	\$0	\$0	\$297,111	\$0	\$297,111	<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	\$6,833	\$0	\$0	\$6,833	<i>\$0</i>
Lamar University	\$0	\$0	\$643,765	\$0	\$643,765	<i>\$0</i>
Office of Consumer Credit Commissioner	\$0	\$0	\$7,290	\$0	\$7,290	<i>\$0</i>
Office of Court Administration	\$30,113	\$0	\$0	\$0	\$30,113	<i>\$0</i>
Office of the Attorney General	\$22,950	\$0	\$0	\$170,819	\$193,769	<i>\$0</i>
Parks and Wildlife Department	\$772,450	\$1,895,328	\$0	\$0	\$2,667,778	<i>\$0</i>

Hurricane Harvey 2017-18 Reported Expenditures

Agency Name	GR	GR-D	Other	Federal Funds	Total	<i>Pass-through</i>
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	\$195,665	\$1,526,635	\$0	\$1,722,300	\$0
San Jacinto College	\$0	\$0	\$694,030	\$0	\$694,030	\$0
State Office of Administrative Hearings	\$97,843	\$0	\$0	\$0	\$97,843	\$0
State Office of Risk Management	\$0	\$0	\$88,654	\$0	\$88,654	\$0
Texas A&M Corpus Christi	\$0	\$0	\$77,892	\$0	\$77,892	\$0
Texas A&M University Health Science Center	\$161,000	\$0	\$0	\$0	\$161,000	\$0
Texas A&M University-Kingsville	\$0	\$20,720	\$0	\$0	\$20,720	\$0
Texas A&M: Commerce	\$115,486	\$0	\$0	\$0	\$115,486	\$0
Texas AgriLife Extension Service	\$546,819	\$0	\$331,936	\$160,045	\$1,038,800	\$0
Texas AgriLife Research	\$1,500	\$0	\$0	\$0	\$1,500	\$0
Texas Alcoholic Beverage Commission	\$727,589	\$0	\$0	\$0	\$727,589	\$0
Texas Department of Agriculture	\$203,026	\$0	\$1,569	\$278,089	\$482,684	\$0
Texas Department of Transportation	\$0	\$0	\$62,574,511	\$0	\$62,574,511	\$0
Texas Education Agency	\$243,756	\$0	\$11,923	\$59,853	\$315,532	\$0
Texas Engineering Experiment Station	\$0	\$0	\$6,364	\$0	\$6,364	\$0
Texas Engineering Extension Service	\$0	\$0	\$97,017	\$6,500,000	\$6,597,017	\$0
Texas Forest Service	\$479,069	\$0	\$0	\$1,052,700	\$1,531,769	\$0
Texas Juvenile Justice Department	\$23,476	\$0	\$0	\$0	\$23,476	\$0
Texas Military Department	\$6,377,270	\$0	\$0	\$0	\$6,377,270	\$0
Texas Southern University	\$0	\$0	\$79,942	\$0	\$79,942	\$0
Texas State Library and Archives Commission	\$4,879	\$0	\$0	\$0	\$4,879	\$0
Texas State Preservation Board	\$2,000	\$0	\$0	\$0	\$2,000	\$0

Hurricane Harvey 2017-18 Reported Expenditures

Agency Name	GR	GR-D	Other	Federal Funds	Total	<i>Pass-through</i>
Texas State Technical College System	\$300	\$1,234	\$96,712	\$0	\$98,246	\$0
Texas State University	\$115,846	\$0	\$0	\$0	\$115,846	\$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	\$17,140,076	\$17,140,076	\$16,700,000
The University of Texas at Austin	\$1,384,801	\$0	\$0	\$0	\$1,384,801	\$0
The University of Texas Health Science Center at Housto	\$0	\$0	\$866,612	\$0	\$866,612	\$0
The University of Texas San Antonio	\$7,114	\$0	\$25,293	\$0	\$32,407	\$0
Trusted Programs within the Office of the Governor	\$22,863,664	\$0	\$90,000,000	\$0	\$112,863,664	\$0
University of Houston	\$402,785	\$0	\$45,715	\$0	\$448,500	\$0
University of Houston: Clear Lake	\$0	\$47,826	\$54,855	\$0	\$102,681	\$0
University of Houston: Downtown	\$51,890	\$0	\$2,104,712	\$0	\$2,156,602	\$0
University of Houston: Victoria	\$0	\$0	\$55,494	\$0	\$55,494	\$0
UT Health Science Center at Houston	\$0	\$0	\$866,612	\$0	\$866,612	\$0
UT Health Science Center at San Antonio	\$71,829	\$0	\$0	\$0	\$71,829	\$0
UT Medical Branch at Galveston	\$0	\$0	\$4,289,801	\$0	\$4,289,801	\$0
UT Southwestern Medical Center at Dallas	\$0	\$0	\$293,802	\$0	\$293,802	\$0
Victoria College	\$0	\$0	\$455,539	\$0	\$455,539	\$0
Grand Total	\$197,612,115	\$2,655,690	\$167,146,964	\$1,309,383,674	\$1,676,798,443	\$1,109,055,058



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