

**John Zerwas, M.D.**  
Chairman



**Oscar Longoria**  
Vice Chairman

**TEXAS HOUSE OF REPRESENTATIVES  
COMMITTEE ON APPROPRIATIONS**

**AGENDA**

THURSDAY, MAY 24, 2018  
9:00AM

**I. CALL TO ORDER**

**II. CHAIRMAN'S OPENING REMARKS**

**III.** *Examine the use of federal funds by state agencies responding to the effects of Hurricane Harvey and identify opportunities to maximize the use of federal funds to reduce the impact of future natural disasters. Also, identify the need for state resources to respond to Harvey relief and recovery efforts, as well as opportunities for state investment in infrastructure projects that will reduce the impact of future natural disasters.*

**LOCAL ELECTED OFFICIALS**

- THE HONORABLE ED EMMETT, HARRIS COUNTY JUDGE
- THE HONORABLE ROBERT HEBERT, FORT BEND COUNTY JUDGE
- THE HONORABLE ROBERT BLASCHKE, REFUGIO COUNTY JUDGE

**REBUILD TEXAS COMMISSION**

- JOHN SHARP, COMMISSIONER

**TEXAS COMPTROLLER OF PUBLIC ACCOUNTS**

- THE HONORABLE GLENN HEGAR, COMPTROLLER

**TEXAS EDUCATION AGENCY**

- MIKE MORATH, COMMISSIONER

**TEXAS DEPARTMENT OF EMERGENCY MANAGEMENT**

- CHUCK PHINNY, STATE COORDINATOR FOR PREPAREDNESS

**TEXAS GENERAL LAND OFFICE**

- PETE PHILLIPS, SENIOR DEPUTY DIRECTOR, COMMUNITY DEVELOPMENT AND REVITALIZATION

**LEGISLATIVE BUDGET BOARD**

- EDUARDO RODRIGUEZ, MANAGER
- EILEEN MURPHY, ANALYST

**IV.** *Review the appropriations made to the Texas Emissions Reduction Program (TERP) as well as the TERP fund balance. Review the revenue sources that fund the TERP and determine if the funds collected support the funding entities. Consider if TERP funding sources should be modified. Determine ways to address the TERP fund balance.*

**LEGISLATIVE BUDGET BOARD**

- MARISA SOTOLONGO, ANALYST

**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY**

- DAVID BRYMER, DIRECTOR, AIR QUALITY DIVISION

**TEXAS DEPARTMENT OF TRANSPORTATION**

- STEPHEN STEWART, DIRECTOR OF FINANCIAL MANAGEMENT DIVISION

**INDUSTRY PANEL**

- HECTOR RIVERO, PRESIDENT, TEXAS CHEMICAL COUNCIL
- KATHY BARBER, MANAGER STATE GOVERNMENT AFFAIRS, CATERPILLAR INC.

- V.**     *Study the allocation of the municipal solid waste disposal fee between Waste Management Account 0549 and Solid Waste Disposal Fee Account 5000. Determine whether changes should be made to support future program costs.*

**LEGISLATIVE BUDGET BOARD**

- MARISA SOTOLONGO, ANALYST

**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY**

- ELIZABETH SIFUENTEZ KOCH, DIRECTOR, BUDGET AND PLANNING DIVISION
- GREG YTURRALDE, DIRECTOR, FINANCIAL ADMINISTRATION DIVISION

**COUNCIL OF GOVERNMENTS**

- MAURICE PITTS, LEE COUNTY COMMISSIONER

- VI.**     *Review the effectiveness of the cost-recovery model as a method of finance for programs and organizations across state government. Identify best practices and make recommendations for improvement.*

**LEGISLATIVE BUDGET BOARD**

- SARAH KEYTON, ASSISTANT DIRECTOR

**TEXAS DEPARTMENT OF AGRICULTURE**

- JASON FEARNEYHOUGH, DEPUTY COMMISSIONER

**TEXAS DEPARTMENT OF INSURANCE**

- NANCY CLARK, DEPUTY COMMISSIONER FOR ADMINISTRATIVE OPERATIONS AND CHIEF FINANCIAL OFFICER

**VII.    PUBLIC TESTIMONY**

**VIII.   CLOSING REMARKS AND ADJOURNMENT**



**COUNTY JUDGE**  
Fort Bend County, Texas

Robert E. Hebert  
County Judge

(281) 341-8608  
Fax (281) 341-8609

May 24, 2018

The Honorable Representative John Zerwas, Chair  
Members of the House Committee on Appropriations  
Texas State Capitol, Room E1.030  
Austin, Texas 78711

Re: Committee on Appropriations interim charge:

Examine the use of federal funds by state agencies responding to the effects of Hurricane Harvey and identify opportunities to maximize the use of federal funds to reduce the impact of future natural disasters. Also, identify the need for state resources to respond to Harvey relief and recovery efforts, as well as opportunities for state investment in infrastructure projects that will reduce the impact of future natural disasters

Honorable Chairman and Members:

I have been asked to testify on the committee's interim charge to examine the use of federal funds by state agencies and response related to recovery efforts during Hurricane Harvey. I will assume you recall the details of the storm from my previous testimony in October of last year, and will move directly to the subject of funding.

The discussion of funding for Harvey in Fort Bend County is convoluted. In light of the major disasters Fort Bend County has experienced in three consecutive years, coupled with the lengthy wait time between approval and receipt of funding, we have many open applications and very little funding. We must be very specific when we speak of grant funding for disasters; type of grant, disaster and for what year. Attached to my testimony are attachments numbered pages 1 thru 5. Page 1 is an overall Hurricane Harvey State and Federal Funding Summary and Pages 2-5 provide details for each category of funding request included in the summary.

Page 1 shows funding requests made by Fort Bend County for damages, Flood Hazard Mitigation projects, Brazos River Erosion Mitigation projects, Infrastructure Economic Revitalization and Buyout/Elevation projects. It totals slightly more than \$1.6 billion. To date we have received \$5.1 million in federal money, and no state money.

There is a great need to establish relief and recovery funding quickly after an emergency has ended. Delays lead to extended suffering for the victims and great confusion within local governments as to how best to move forward to full economic recovery and how to dedicate scarce local funds to the overall effort to recover and to take steps to prevent a recurrence of the disaster. The disjointed shift from local control with state support during an emergency to a federal recovery operation leaves a void in contact with victims that extends from a few days to weeks or, in some cases, months and years.

1. We need to increase the funding of the State Emergency Management Division to allow for employment of skilled recovery experts available to enter a devastated area and work to mitigate suffering while FEMA ramps up its services. The State has convinced us through numerous activations

that their focus is rapid response to need during an emergency, while the federal recovery effort following an emergency seems to be focused on keeping the paperwork organized and preventing fraud. We need more of the State's rapid response attitude in managing the initial recovery effort.

2. The State should examine the possibility of establishing a network of social service agencies throughout the state, similar to our Fort Bend Recovery team. These agencies could rapidly deploy skilled professionals to initiate social services efforts in small counties, or expand those services in larger counties during the FEMA ramp up period.
3. I applaud the GLO's efforts to manage the HUD money coming to Texas as part of the recovery effort, but that work has produced little value in Fort Bend. A big hindrance to progress has been the fact that the State's way of doing business is in some ways incompatible with the federal way of doing business. Harvey has been a learning experience that should enable a quicker, more productive HUD response in the future.

As for federal money controlled by state offices, Fort Bend County submitted, at the request of the governor's office, 15 notices of intent totaling over \$88 million to the Texas Department of Emergency Management (TDEM) for the **\$500 million** in **Harvey Hazard Mitigation Funding**. We have received permission from TDEM to apply for 14 projects totaling \$83 million and are currently working to submit grant applications for those 14 projects. The governor has indicated that another **\$600 million** in flood hazard mitigation funding will be available in August, and we will assume that our applications will be considered as part of the overall \$1.1 billion scheduled to be received. However, we have no assurances that will be the case.

The 2017 **Community Development Block Grant – Disaster Recovery (CDBG-DR)** allocated \$5 billion to Texas and Fort Bend County is waiting to hear from HGAC how this money will be allocated and distributed. We are hampered in Fort Bend by the fact that the large majority of homeowners damaged do not qualify as low-to - moderate income families and only 30% of the money can be spent on them. This money may be of little benefit to our flood victims. We have asked that the governor increase the split to 50-50 as allowed by law, but apparently, that did not happen. We believe that this decision should be reassessed as we are convinced that no family should be forced to give up their home or liquidate their savings to save it based solely on the fact that they were hard-working, gainfully employed Texans.

Overall, the system of distributing funds has been frustrating. We are already out 9 months from the event and are only in the application portion of this process. We have received a lot of lip service from both state and federal officials, but very little in the way of financial assistance, otherwise referred to as money. We have made the decision to forego federal funding and to pay for our own countywide watershed study simply because we cannot waste the years it would require to perform that study through the federal process. We are applying for funding as quickly as we can identify and match a project to a state or federal funding source in the hope that the distribution of funds will be systematic and efficient.

Finally, the local match for all of these funding sources is also a concern. Damage from these disasters along with the projects needed to mitigate future flooding creates a 'to do' list of more than 1.6 billion dollars for Fort Bend County. Our current estimate of the local match required is more than \$390 million. We hope the completed watershed study will allow us to reprioritize projects and reduce the local match to \$250 million, which we will then place before the voters for appropriate bond approvals.

Each time we experience a disaster, we are reminded of the importance of our established emergency programs, agreements, and open lines of communication. Each time we experience a disaster, we learn new lessons. This testimony is a small part of that process. Thank you for your continued focus on these critical issues pertaining to disasters in our counties.

*Robert Hebert*



Fort Bend County

# Hurricane Harvey State and Federal Funding Summary

As of May 23, 2018

Notes	Agency	Description	Funding Source							Expended to-date	Reimbursed to-date
			Total Project	Fed/State Application	Fed/State Award	Local Match	Insurance				
1	FEMA	County Damage	\$ 27,398,127	\$ 23,933,341	\$ 24,321,049	\$ 3,567,901	\$ 427,120	\$ 18,328,361	\$ 5,129,786		
1	NRCS	County Damage	52,078,175	46,870,358	46,870,358	5,207,818	-	-	-		
1	FHWA	County Damage	1,025,528	769,146	769,146	256,382	-	-	-		
2	TDEM	Mitigation Projects Approved to submit Application	83,388,000	62,541,000		20,847,000					
3		Other Mitigation Projects	637,415,000	478,061,250		159,353,750					
3		Brazos River Erosion Mitigation Projects	781,800,000	586,350,000		195,450,000					
4	CDBG-DR	Infrastructure Economic Revitalization (Fort Bend County)	17,416,668	17,416,668							
4	CDBG-DR	Infrastructure Economic Revitalization (Municipalities)	2,897,002	2,897,002							
4	CDBG-DR	Buyouts (housing)	21,155,575	21,155,575							
5		<b>Totals</b>	<b>\$ 1,624,574,075</b>	<b>\$ 1,239,994,339</b>	<b>\$ 71,960,553</b>	<b>\$ 384,682,850</b>	<b>\$ 427,120</b>	<b>\$ 18,328,361</b>	<b>\$ 5,129,786</b>		

FEMA Federal Emergency Management Agency - Department of Homeland Security  
 NRCS Natural Resource Conservation Service - Department of Agriculture  
 FHWA Federal Highway Administration - Department of Transportation  
 CDBG-DR Community Development Block Grant Disaster Recovery - Department of Housing and Urban Development  
 TDEM Texas Department of Emergency Management  
 HGAC Houston Galveston Area Council of Governments

Notes:

- County Damage submitted to FEMA, NRCS, FHWA, & Insurance Carrier and approved for funding
- Mitigation projects submitted to TDEM with a Notice of Intent and approved for application process
- Mitigation projects not submitted to TDEM
- Infrastructure and Buyout allocations approved by HGAC for the application process
- Totals do not include Rebuild Texas Recover Tracker amounts on page 5

# Fort Bend County Hurricane Harvey County Damage Summary

As of May 23, 2018

Type	Agency	Description	Total Project	Funding Source				Expended to date	Reimbursed to date
				Fed/State Application	Award	Local Match	Insurance		
Debris	FEMA	Debris Removal	\$ 10,944,049	\$ 10,556,341	\$ 10,944,049	\$ 917,943		\$ 10,944,049	\$ 4,515,708
EPM	FEMA	Emergency Protective Measures	5,510,000	5,510,000	5,510,000	-		5,510,000	
Roads/Bridges	FEMA	Road & Bridge Repairs	630,000	567,000	567,000	63,000		630,000	
Ditches	NRCS	Willow Fork Channel	31,441,320	28,297,188	28,297,188	3,144,132			
Ditches	NRCS	Oyster Creek Channel	10,388,780	9,349,902	9,349,902	1,038,878			
Ditches	NRCS	Willow Creek - Cane Island	10,248,075	9,223,268	9,223,268	1,024,808			
Ditches	FEMA	Willow Fork Desilting	4,800,000	3,600,000	3,600,000	1,200,000		530,234	
Ditches	FEMA	Big Creek Channel	800,000	600,000	600,000	200,000			
Ditches	FEMA	Flat Bank/Steep Bank Channel	500,000	375,000	375,000	125,000			
Ditches	FEMA	Ditch H	3,500,000	2,625,000	2,625,000	875,000			
Bldgs/Equip	FEMA	Freedom Park Maintenance Building	286,958	100,000	100,000	186,958		286,958	186,958
Bldgs/Equip	FEMA	Vehicles - Totaled	83,380				\$ 83,380	83,380	83,380
Bldgs/Equip	FEMA	Road & Bridge Equipment	14,215				14,215	14,215	14,215
Bldgs/Equip	FEMA	Vehicles - Damaged	105,000				105,000	105,000	105,000
Bldgs/Equip	FEMA	Mustang Park	24,525				24,525	24,525	24,525
Bldgs/Equip	FEMA	Freedom Park Ball Fields	200,000				200,000	200,000	200,000
Bridge	FHWA	Peek Road Bridge	1,025,528	769,146	769,146	256,382			
<b>Totals</b>			<b>\$ 80,501,830</b>	<b>\$ 71,572,844</b>	<b>\$ 71,960,553</b>	<b>\$ 9,032,100</b>	<b>\$ 427,120</b>	<b>\$ 18,328,361</b>	<b>\$ 5,129,786</b>

FEMA Federal Emergency Management Agency - Department of Homeland Security  
NRCS Natural Resource Conservation Service - Department of Agriculture  
FHWA Federal Highway Administration - Department of Transportation

# Hurricane Harvey Hazard Mitigation Projects

Texas Department of Emergency Management approved Notice of Intent to submit Application

As of May 23, 2018

Project Name	Project Description	Funding Source			
		Total Project	Fed/State Application	Local Match	Potential Cost Share
Flat Bank Creek Diversion Channel Structure	Would prevent river floodwater from backing up into Flat Bank Creek	\$ 25,000,000	\$ 18,750,000	\$ 6,250,000	
Harlem Rd. Elevation	Raise the level of the roadway and install culverts to allow floodwater to flow under	2,400,000	1,800,000	600,000	
Big Creek Expansion	Widen Big Creek from FM 2977 to confluence with Cottonwood Creek and Coon Creek	7,200,000	5,400,000	1,800,000	
Brazos River Erosion Barrier (LID7 Area)	Install erosion mitigation facilities to protect existing levee, public infrastructure and private property protected by the existing levee.	20,000,000	15,000,000	5,000,000	LID 7
Stafford Run Improvements	Add additional pipe under Ave E and add additional capacity at 2 detention sites	6,400,000	4,800,000	1,600,000	
Cangelosi Ditch	Widen the Cangelosi Ditch from Texas Parkway to Buffalo Run Park	2,500,000	1,875,000	625,000	Missouri City
Mustang Bayou Channel Improvements	Channel improvements from GCWA canal through Mustang Bayou diversion channel	6,000,000	4,500,000	1,500,000	Missouri City
Dry Creek Detention Pond	Excavate a large scale detention pond adjacent to the channel to reduce peak flow rates	1,000,000	750,000	250,000	Rosenberg
Dry Creek Channel Improvements	Extend channel improvements from upstream of FM 2218 to Airport Rd.	850,000	637,500	212,500	Rosenberg
Construction of Dam #3 Emergency Bypass	Construct emergency spillway at Dam #3 to better control floodwaters	588,000	441,000	147,000	Sugar Land
Willow Waterhole	Expansion of the Willow Waterhole detention pond (80,000 yds)	7,700,000	5,775,000	1,925,000	Missouri City, Stafford
Covington Woods Drainage Improvements	Jess Pirtle side streets and Greywood Dr.	2,600,000	1,950,000	650,000	Sugar Land
2nd Street Outfall Structure	Install a sluice gate to prevent backflow on the 2nd street outfall structure	150,000	112,500	37,500	Richmond
TIDEM	Texas Department of Emergency Management				
Expand Harris County Rain Gauge Network	Install rain gauge network throughout county to collect data for reducing flood impacts	1,000,000	750,000	250,000	Missouri City
<b>Totals</b>		<b>\$ 83,388,000</b>	<b>\$ 62,541,000</b>	<b>\$ 20,847,000</b>	

**Fort Bend County**  
**Hurricane Harvey Hazard Mitigation Projects**  
**Other Projects not submitted to Texas Department of Emergency Management**  
**As of May 23, 2018**

Project Name	Project Description	Total Project	Funding Source		Potential Cost Share
			Fed/State Application	Local Match	
Barker Reservoir	Deepening/widening the Channels flowing through the Barker Reservoir in order to increase storage capacity	8,000,000	6,000,000	2,000,000	US Army Corp of Engineers
Water Detention Facility	Construction of regional detention facility to minimize drainage into Lower Oyster Creek and Mustang Bayou	30,000,000	22,500,000	7,500,000	
Bull Head Slough and Upper Oyster Creek Fort Bend County EOC	Excavate Bull Head Slough and channels to reduce flood impacts	16,000,000	12,000,000	4,000,000	
	Construction of a new EOC to replace the existing 60+ year EOC	20,000,000	15,000,000	5,000,000	
Rescue Boats	Procure two rescue air boats for the Fort Bend County Sheriff's Office to allow them to assist with water rescues. Currently, the Fort Bend County SO does not have a boat to navigate, patrol, and conduct water rescues in flooded areas.	150,000	112,500	37,500	
Mayfair Park Drainage Enhancement 90A/San Bernard Bridge Elevation	Enhance the existing drainage in the Mayfair Park neighborhood to prevent repetitive flooding issues	4,000,000	3,000,000	1,000,000	
	Elevate the bridge to prevent it from being flooded by the San Bernard River	80,000,000	60,000,000	20,000,000	Texas Dept. of Trans.
Trailer-Mounted Water Pumps	Project is to procure trailer-mounted water pumps to provide emergency pumping capability in the event of flooding.	250,000	187,500	62,500	
Sand Bag Filling Machine	Project is to procure additional sand bag filling machines to meet demand equal to Hurricane Harvey	75,000	56,250	18,750	
Fort Bend County Brazos River Model	Obtain a Brazos River model that can be used to calculate various modeling scenarios based upon user input and user defined variables such as rainfall amounts	1,000,000	750,000	250,000	
Flood-Fight Materials	Procure flood-fighting equipment along with a trailer to transport flood fighting equipment to and from locations	300,000	225,000	75,000	
FM 359 (Segment 1/North-South)	Raising segment 1 (North-South) of FM359 will reduce this flooding and improve mobility during disasters.	27,840,000	20,880,000	6,960,000	Texas Dept. of Trans.
FM 359 (Segment 2/East-West) TDEM	Raising segment 2 (East -West) of FM359 will reduce this flooding and improve mobility during disasters	15,600,000	11,700,000	3,900,000	Texas Dept. of Trans.
Mason Road Elevation	Texas Department of Emergency Management				
US 90A Elevation	Raising Mason Road will reduce this flooding and improve mobility during disasters.	19,200,000	14,400,000	4,800,000	Texas Dept. of Trans.
FM 723 Elevation	Raise the roadway above flood elevations thereby improving mobility during disaster events. The planned widening of the roadway should include raising the roadway above flood elevations experienced in 2016-17.	54,000,000	40,500,000	13,500,000	Texas Dept. of Trans.
		109,000,000	81,750,000	27,250,000	Texas Dept. of Trans.
McCrary Road/Peek Road Extension	Construction of a 4-lane divided concrete boulevard beginning at the intersection of FM 762 & US 90A, a new bridge crossing the Brazos River near Richmond-Foster Road, then continuing north to SH 99. The proposed bridge would span 1,200 feet and include 4-lanes with shoulders and pedestrian facilities	172,000,000	129,000,000	43,000,000	Texas Dept. of Trans.
FM 1093 Elevation	Raising portions of FM1093 will reduce this flooding and improve mobility during disasters.	75,000,000	56,250,000	18,750,000	Texas Dept. of Trans.
Water Detention Facility	Construct a detention facility to minimize drainage into Fairchild Creek and reduce flooding in Needville	5,000,000	3,750,000	1,250,000	
<b>Totals</b>		<b>\$ 637,415,000</b>	<b>\$ 478,061,250</b>	<b>\$ 159,353,750</b>	



## Hurricane Harvey Brazos River Erosion Mitigation Projects

As of May 23, 2018

Area of Interest	Approximate Location	Length (ft)	Cost per foot	Total Project	Funding Source		Potential Cost Share
					Fed/State	Local Match	
GCWA Upstream	East bank adjoining the existing pump station	3,200	\$ 9,000	\$ 28,800,000	\$ 21,600,000	\$ 7,200,000	Gulf Coast Water Authority
FBCLID7 West	North bank to 1,000 feet downstream of Grand Parkway	6,000	11,000	66,000,000	49,500,000	16,500,000	FBCLID7
BREM 1	West bank in vicinity of UPRR and US90A	3,400	12,000	40,800,000	30,600,000	10,200,000	Richmond, UPRR & TxDOT
FB121	West & South bank upstream and adjoining River Park West	6,500	9,000	58,500,000	43,875,000	14,625,000	FB121
FB145/FB140 Mid	West bank in vicinity of Rivers Edge	2,000	7,000	14,000,000	10,500,000	3,500,000	FB145 & FB140
FB145/FB140 North	East bank in vicinity of Rio Vista	5,300	11,000	58,300,000	43,725,000	14,575,000	FB145 & FB140
FB145/FB140 South	East bank in vicinity of Rivers Edge	4,000	12,000	48,000,000	36,000,000	12,000,000	FB145, FB140 & FBCLID15
FBCLID15 Upstream	East bank adjoining levee at Riverstone	4,000	7,000	28,000,000	21,000,000	7,000,000	FBCLID15
Sienna LID South	North & East bank adjoining levee	5,000	7,000	35,000,000	26,250,000	8,750,000	Sienna LID
FBCLID10	South and East bank upstream and adjoining River Park West	3,600	9,000	32,400,000	24,300,000	8,100,000	FBCLID10
FBCLID7/FBCLID17	North bank from 1,000 feet downstream of Grand Parkway to I69	5,400	11,000	59,400,000	44,550,000	14,850,000	FBCLID7 & FBCLID17
FBCLID10/FBCLID11	West bank upstream and downstream of I69	4,500	10,000	45,000,000	33,750,000	11,250,000	FBCLID10, FBCLID11 & TxDOT
Richmond 1	East bank in vicinity of NRG Pump Station	3,000	9,000	27,000,000	20,250,000	6,750,000	Richmond (NRG)
Sugar Land Park	East bank upstream and in the vicinity of Ditch H outfall	6,000	10,000	60,000,000	45,000,000	15,000,000	Sugar Land
BREM 2	West bank in vicinity of Justice Center & LID6	7,500	7,000	52,500,000	39,375,000	13,125,000	FBCLID6
Rosenberg 1	South bank upstream of FM723	4,000	9,000	36,000,000	27,000,000	9,000,000	Rosenberg
Rosenberg 2	North bank downstream of FM723	2,000	7,000	14,000,000	10,500,000	3,500,000	Rosenberg
Rosenberg 3	South bank downstream of FM723	2,100	7,000	14,700,000	11,025,000	3,675,000	Rosenberg
FBCLID15 Downstream	North & East bank adjoining levee at Riverstone	4,300	7,000	30,100,000	22,575,000	7,525,000	FBCLID15
Sienna LID North	North & East bank adjoining levee upstream of BNSF RR	3,700	9,000	33,300,000	24,975,000	8,325,000	Sienna LID, GCWA & BNSF
<b>Totals</b>				<b>\$ 781,800,000</b>	<b>\$ 586,350,000</b>	<b>\$ 195,450,000</b>	

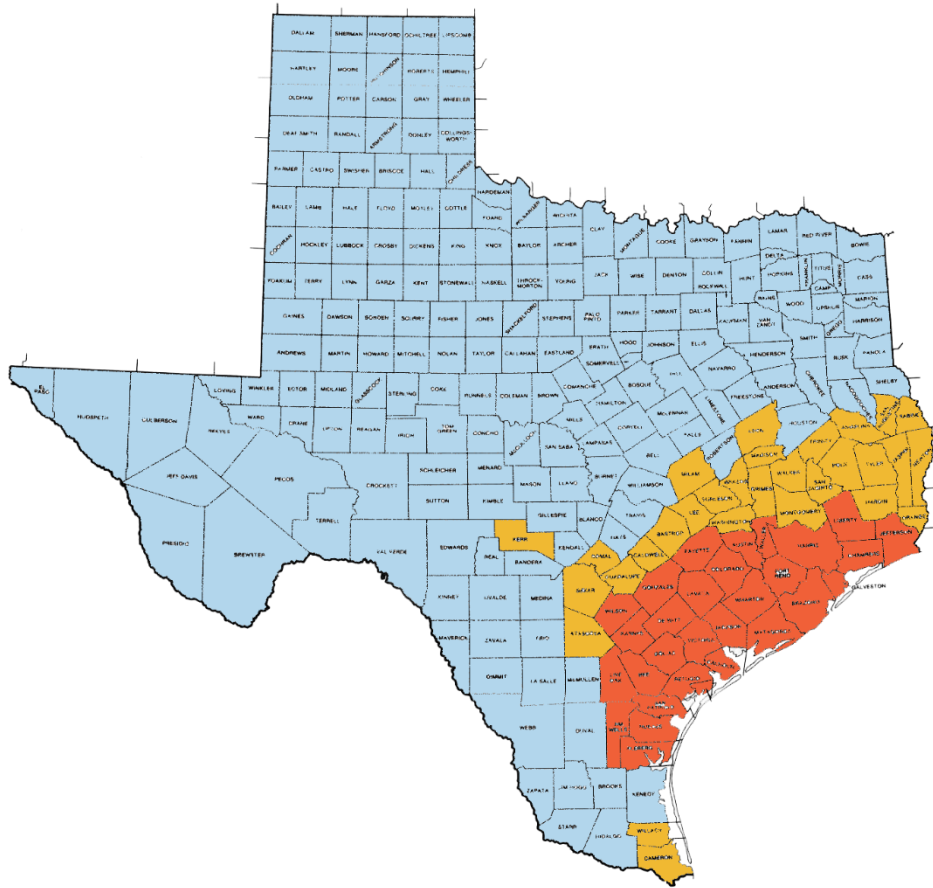


# Hurricane Harvey

FINANCIAL IMPLICATIONS FOR PUBLIC EDUCATION

HOUSE APPROPRIATIONS COMMITTEE, MAY 24, 2018

# Hurricane Harvey Impact



Initial Disaster Declaration
  Subsequent Disaster Declarations

## High-level Overview



There are **60 counties** in Gov. Greg Abbott's state disaster proclamation.



More than **1.9 million students** attend public school within these counties, **1.4 million** of which were directly impacted by the storm.



**All school systems** in the 60-county area have reopened with some campuses facing longer timelines to resume operation.

## Actions To Support Districts



Flexibility &  
Waivers



ADA Hold  
Harmless



Other  
Resources



FEMA  
Support



Mental Health  
Task Force



Accountability  
Flexibility



# Student Success Initiative: Elimination of Certain Requirements



## Action Taken

- On December 14, 2017, TEA removed the requirement for grade placement committees for districts within the Presidential Disaster Declaration and,
- TEA also removed the requirement for the June 2018 STAAR retests in fifth and eighth-grades for districts within the Presidential Disaster Declaration.



## What This Means

- If a student in a district or charter within the Presidential Disaster Declaration fails the second test administration, districts will not be required to administer a third test and will have local discretion on whether that student should advance to the next grade.

# District Accountability: Elimination of Certain Requirements



## Action Taken

- Asked U.S. Department of Ed for a waiver
- Communicated to districts that exceptions will be outlined in forthcoming rules
- Collected data on student displacement, facilities disruptions and we will be gathering data on staff displacements

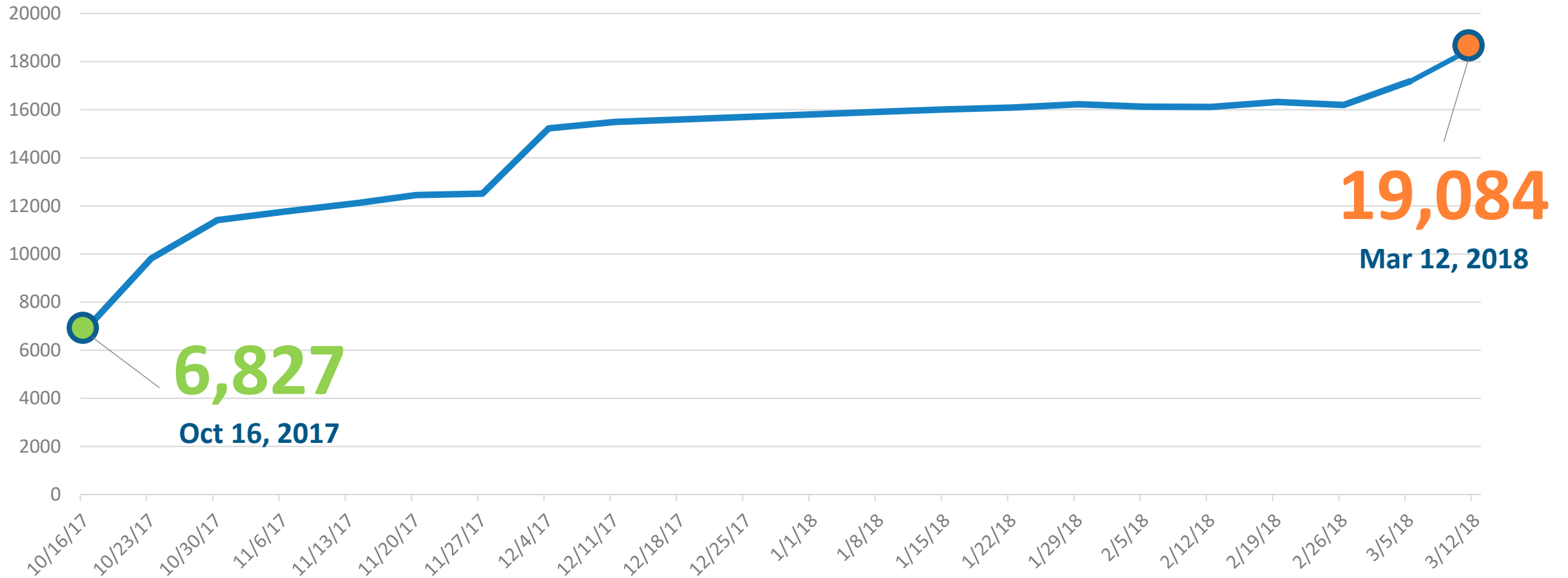


## What This Means

- Subject to thresholds to be defined, certain campuses and districts may not receive ratings and/or may be given exemptions for displaced students

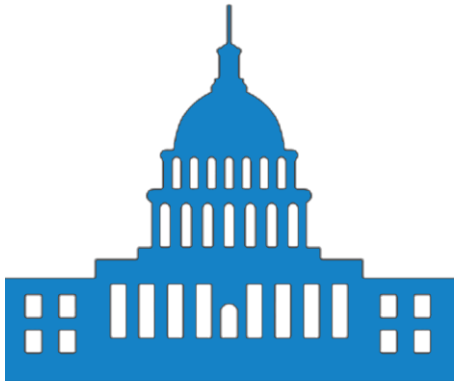
# Students Who Changed Districts Due To Harvey

Current ADA Hold Harmless Cost Estimate: \$99M



\*Initial financial estimates were based on enrollment losses representing an ADA of over 46,000 for an entire year.

# Federal Assistance & Programs For Harvey



Federal Assistance

Program	Assistance Amount
ESSA	<b>\$5.5 Million</b>
SERV	<b>\$2.0 Million</b>
E-Rate	<b>\$1.48 Million</b> Committed/Approved: \$970K Awaiting Approval: \$510K
CDBG	TBD: <b>\$5 Billion*</b> (U.S. Total)
FEMA	TBD: Up to <b>\$816 Million</b>
Crisis Counseling	<b>\$4.1 Million</b>
Federal K-12 Disaster Aid	TBD: <b>\$2.7 Billion*</b> (U.S. Total) (\$89,420,000 in Restart)

\* \$5 billion appropriated, but local COGs prioritize projects, including schools and other projects.

\* 2.7B to support k-12 districts/schools & institutions of Higher Ed with post-emergency recovery.



# Hurricane Harvey School Finance Supplemental Appropriation Decision Points

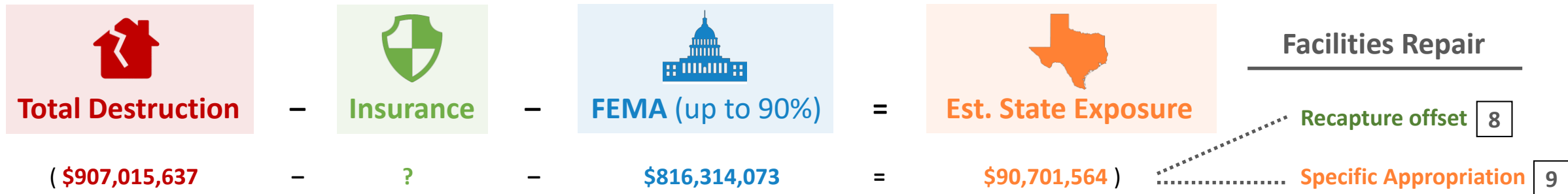
■ Already Committed
 ■ For Legislative Consideration
 ■ No Impact

	2017-18	2018-19
ADA Hold Harmless	Est: \$99 Million <span>#2</span>	No Impact
M&O Property Value Decline	Est: \$300 Million <span>#3</span>	Est: \$150 Million <span>5b</span>
		Est: \$500 Million - \$1 Billion <span>5a</span>
Facilities Repair	No Impact	Est: \$30 Million* <span>8</span>
		Est: \$60 Million <span>9</span>
Student Weights	Est: \$103 Million <span>10</span>	Est: \$44 Million <span>10</span>

# - Refers to March 12, 2018 “Hurricane Harvey School Finance Issues” worksheet
 \*Ch. 41s guaranteed funding from recapture offsets

# Current Facility Repair Estimates

To date: **\$907,015,637** in estimated damages has been reported by schools. 155 school districts and charters submitted a Rebuild Texas Worksheet.



The Texas Education Agency has collaborated closely with the Commission to Rebuild Texas. The Commission is responsible for:

- **Marshalling state agency resources** in order to coordinate the statewide effort to rebuild public infrastructure damaged by Hurricane Harvey including roads, bridges, schools, government buildings, and other public facilities
- **Assisting local governmental entities and nonprofit organizations** to assess and identify rebuilding needs and to navigate state and federal resources available for the rebuilding effort.

# - Refers to March 12, 2018 “Hurricane Harvey School Finance Issues” worksheet

# Instructional Materials Donations



## Instructional Materials

Districts use Instructional Materials Allotment (IMA) funds to purchase replacement instructional materials, with insurance and FEMA providing reimbursement. TEA has also set up a process to allow impacted districts to post instructional materials needs that were not immediate so that other schools from around the country can help.

### Requested

**Number of Districts  
Requesting Lists: 18**

**Total Amount of Requested  
Items: \$1,570,888.18**

### Fulfilled

**Number of Districts  
Partially/Comp Fulfilled: 16**

**Total Amount of Items  
Fulfilled: \$757,238.29**

On November 21, 2017, TEA sent a follow-up survey to determine any remaining outstanding needs for replacement instructional materials. TEA and Regional Education Service Center staff have followed up individually with six districts who still expressed some need.

# Mental Health Task Force



- At the request of Governor Greg Abbott, the Texas Education Agency (TEA), in partnership with the Texas Higher Education Coordinating Board (HECB) and the Health and Human Services Commission (HHSC), is spearheading the *Hurricane Harvey Task Force on School Mental Health Supports (Task Force)* to help address mental health needs at Texas schools.
- The Meadows Mental Health Policy Institute (MMHPI) is providing the Task Force with administrative, operational, and subject-matter support.



## Overview of Purpose



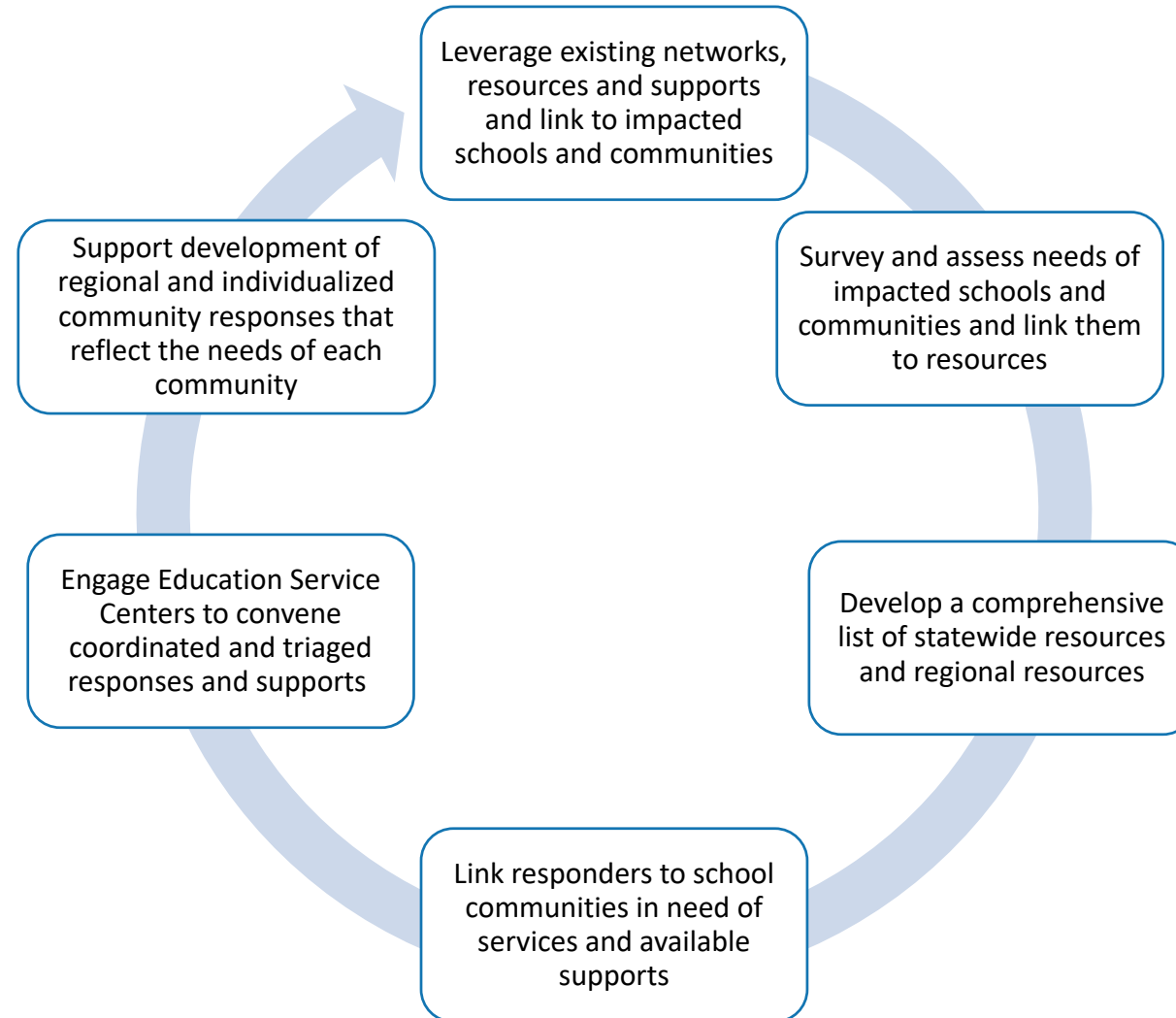
- The purpose of the Task Force, and all related workgroups and subcommittees is to identify needs and spur federal, state, and local coordination to link schools with resources to address identified mental and behavioral health needs.
  - **Short-term** – Matching needs with appropriate resources
  - **Long-term** – Strengthened mental and behavioral health infrastructure

## Task Force Structure



- The Task Force has over 70 members to date. This includes members from 4 State Agencies, 5 Universities, 20 non-profits and professional trade organizations, 4 ESC Regions, and 1 Federal Partner.
- Efforts are guided through a Leadership Advisory and supported through collaboration with Education Service Centers.
- An Education Service Center (ESC) Mental Health Response Group (Region 2,3,4,5) was created to support these efforts.

# Task Force Deliverables



## Hurricane Harvey School Finance Issues

### March 12, 2018

	Finance Issue/Response A	Is there an Outstanding Decision for the Legislature? B	FY 2018 Estimated Costs** C	FY 2019 Estimated Costs** D	Biennial Total Est. Cost** E	Legal Authority F
	<b>Pre-Pay for Attendance increases for displaced students</b>					
1	<p><b>Districts will experience increased enrollment due to student displacement in the 2017–2018 school year.</b></p> <p><b>Is this currently a legally required cost to the state?</b> Yes.</p> <p><b>Issue:</b> Many districts have newly enrolled students displaced from their home districts because of Hurricane Harvey. TEA does not normally increase Foundation School Program (FSP formula) funding to districts during the school year when there are increases in a district's student enrollment. Instead, FSP formula increases are made during the FSP settle-up process occurring in September of 2018 (FY 2019) following the school year.</p> <p><b>Legislative solution:</b> Districts can receive an increase in their state aid <i>during</i> the 2017–2018 school year if they have increased average daily attendance (ADA) and apply to TEA.</p> <p>To date, only six districts have applied for adjustments with TEA, with a total of 324 students in ADA. These districts include Calallen ISD, College Station ISD, Cuero ISD, Gregory Portland ISD, Splendora ISD, and Victoria ISD.</p>	<p><b>No.</b></p> <p>TEA issued guidance to school districts. Beginning with the October 2017 FSP formula payment, TEA will increase the amount of state aid to districts that (1) have additional ADA and (2) apply to TEA.</p> <p>To date, only six districts have applied for adjustments, with a total of 324 students ADA. These districts include Calallen ISD, College Station ISD, Cuero ISD, Gregory Portland ISD, Splendora ISD, and Victoria ISD.</p>	State cost: \$5 million	<p><b>State savings: (-\$5 million)</b></p> <p>These costs will be shifted from FY 2019 to FY 2018.</p>	State cost: \$0	TEC §42.005(d). Average Daily Attendance.
	<b>Enrollment Decline</b>					
2	<p><b>Districts will lose FSP formula funding due to student enrollment declines caused by Hurricane Harvey during the 2017–2018 school year.</b></p> <p><b>Is this currently a legally required cost to the state?</b> Yes. With legislative approval, TEA has agreed to hold districts harmless for 2017–2018 enrollment declines that would otherwise decrease FSP state formula funding.</p>	<p><b>No.</b></p> <p>With legislative approval, on October 9, 2018, TEA issued a To the Administrator Addressed Letter providing an ADA hold harmless option for 152 initially identified school districts and charter schools</p>	<p><b>Lost recapture state revenue: \$33 million</b></p> <p>Chapter 41 districts pay recapture during the 2017–2018 school year.</p>	<p><b>State cost: \$66 million</b></p> <p>\$66 million is the estimated amount in additional state aid that will be paid to Chapter 42 districts during September 2018 (FY 2019) FSP settle-up as a result of holding</p>	<p><b>State cost/lost recapture revenue: \$99 million</b></p>	TEC §42.005(d). Average Daily Attendance.

\*\*Amounts are estimates based on TEA's current knowledge and are subject to significant change. Some costs may be eligible for Federal Emergency Management Agency (FEMA) reimbursements. For FY 2019, TEA will request a supplemental appropriation during the 86th Texas Legislature for the difference between the amount necessary to fully fund the formulas in FY 2019 and the amount appropriated in the General Appropriations Act.

	Finance Issue/Response A	Is there an Outstanding Decision for the Legislature? B	FY 2018 Estimated Costs** C	FY 2019 Estimated Costs** D	Biennial Total Est. Cost** E	Legal Authority F
	<p><b>Issue:</b> School districts and charter schools with enrollment losses during the 2017–2018 school year will have lower average daily attendance (ADA). ADA is a major component in determining FSP formula funds as Texas provides funding on a per ADA basis. Thus, a decline in ADA in the 2017–2018 school year would normally result in the following:</p> <ol style="list-style-type: none"><li>For Chapter 42 districts, a loss of FSP funds in September 2018 (FY 2019) during FSP settle-up for the 2017–2018 school year.</li><li>For Chapter 41 districts, an increase in recapture made during the 2017–2018 school year.</li></ol> <p><b>Legislative solution:</b> TEA will hold school districts and charter schools meeting certain qualifications <i>harmless</i> for their loss of ADA during the 2017–2018 school year. This will encourage districts to avoid reducing school personnel throughout the 2017–2018 school year. <b>This is a one-time adjustment for the 2017–2018 school year.</b></p> <p>As of February 20, 2018, TEA has approved 76 districts as eligible for the hold harmless option.</p>	<p>that (1) had damage to at least one facility, or (2) had instructional facilities that were closed for nine or 10 hurricane-related waiver days. The school district or charter school must complete the Governor’s Commission to Rebuild Texas Worksheet.</p> <p>As of February 20, 2018, TEA has approved 76 districts as eligible for the hold harmless option.</p> <p>TEA will continue to monitor to ensure that qualifying districts are held harmless for ADA losses.</p>		<p>school districts harmless for 2017–2018 enrollment declines.</p> <p>TEA will request a supplemental appropriation for the state aid portion during the 86th Texas Legislature.</p>		
<b>2017–2018 School Year Tax Issues</b>						
3a	<p><b>Districts which have not ordered re-appraisals may experience a loss of maintenance and operations (M&amp;O) local property tax revenue during the 2017–2018 school year.</b></p> <p><b>Is this currently a legally required cost to the state?</b> No.</p> <p><b>Issue:</b> School districts may experience losses in M&amp;O local property tax revenue during the 2017–2018 school year due to delayed and uncollected tax collections. TEA collected district data and currently estimates that local M&amp;O property tax revenue collections will be approximately \$150 million less than anticipated.</p> <p><b>Potential legislative solution:</b> The legislature must decide whether it wants to hold school districts harmless for the \$150M loss of anticipated local property tax revenue during the 2017–2018 school year.</p>	<p><b>Yes.</b></p> <p>The legislature must decide whether it wants to hold school districts harmless for the loss of anticipated local property tax revenue during the 2017–2018 school year.</p>	<p><b>Potential state cost:</b> <b>\$150 million</b></p>	<p><b>State cost: N/A.</b></p> <p>This is covered in the 2018–2019 school year tax issues in row 6 below.</p>	<p><b>Potential state cost:</b> <b>\$150 million</b></p>	<p>TEC §42.2523. Adjustment for Property Value Affected by State of Disaster.</p>

\*\*Amounts are estimates based on TEA’s current knowledge and are subject to significant change. Some costs may be eligible for Federal Emergency Management Agency (FEMA) reimbursements. For FY 2019, TEA will request a supplemental appropriation during the 86th Texas Legislature for the difference between the amount necessary to fully fund the formulas in FY 2019 and the amount appropriated in the General Appropriations Act.

	Finance Issue/Response A	Is there an Outstanding Decision for the Legislature? B	FY 2018 Estimated Costs** C	FY 2019 Estimated Costs** D	Biennial Total Est. Cost** E	Legal Authority F
3b	<p><b>Districts that have re-appraised their property for the 2017 will realize losses in SY 2018 tax collections as a result of the re-appraisals</b></p> <p><b>Is this currently a legally required cost to the state?</b> No.</p> <p><b>Issue:</b> Twelve school districts accounting for 26% of the affected districts property value have ordered reappraisals for the 2017 Tax year. These districts will experience losses in M&amp;O local property tax revenue during the 2017–2018 school year due to lost tax collections. TEA collected district data and currently estimates that for these districts local M&amp;O property tax revenue collections will be approximately \$150 million less than anticipated.</p>	<p><b>YES</b></p> <p>The legislature could choose to hold these districts harmless for the lost collections as a result of the re-appraisal</p>	<p><b>Potential state Cost:</b> <b>\$150 million</b></p>	<p><b>State Cost: N/A</b></p> <p>This is covered in the 2018–2019 school year tax issues in row 6 below.</p>	<p><b>Potential state cost:</b> <b>\$150 million</b></p>	<p>TEC §42.2523. Adjustment for Property Value Affected by State of Disaster</p>
4	<p><b>Districts could experience a loss of local interest and sinking (I&amp;S) property tax revenue during the 2017–2018 school year and default on their debt payments.</b></p> <p><b>Is this currently a legally required cost to the state?</b> No.</p> <p><b>Issue:</b> The local I&amp;S property tax revenue provides funds for the payment of the debt that districts issue to finance facilities and other capital expenditures. TEA anticipates decreases in local I&amp;S property tax revenue but is not aware of any district that is in jeopardy of not making its I&amp;S payments.</p> <p><b>TEA solution:</b> TEA is not aware of any district that is in jeopardy of not making its I&amp;S payments and has no recommendation to assist districts at this time.</p> <p><b>Note:</b> Charter schools do not levy taxes.</p>	<p><b>No.</b></p> <p>TEA will continue to monitor, but is not aware of any district that is in jeopardy of not making its I&amp;S payments.</p>	<p><b>State cost: \$0</b></p>	<p><b>State cost: N/A.</b></p> <p>This is covered in the 2018–2019 school year tax issues in row 6 below.</p>	<p><b>State cost: \$0</b></p>	<p>TEC §42.2523. Adjustment for Property Value Affected by State of Disaster.</p>
<b>2018–2019 School Year Tax Issues</b>						
5a	<p><b>Un-reappraised districts will not receive their originally estimated amount of maintenance and operations (M&amp;O) property tax revenue due to property value declines caused by Hurricane Harvey. This could cause the district to lay off personnel prior to the 2018–2019 school year.</b></p>	<p>Yes.</p> <p>. The legislature must determine whether to hold districts harmless for the loss of anticipated property tax revenue due to property value</p>	<p>State cost: N/A</p> <p>This is covered in the 2017–2018 tax information above.</p>	<p>Potential state cost: Between \$500 million and \$1 billion (TEA estimate of the difference between the originally anticipated local property tax revenue and currently</p>	<p>Potential state cost: Between \$500 million and \$1 billion</p>	<p>TEC §42.2523. Adjustment for Property Value Affected by</p>

\*\*Amounts are estimates based on TEA's current knowledge and are subject to significant change. Some costs may be eligible for Federal Emergency Management Agency (FEMA) reimbursements.

For FY 2019, TEA will request a supplemental appropriation during the 86th Texas Legislature for the difference between the amount necessary to fully fund the formulas in FY 2019 and the amount appropriated in the General Appropriations Act.



	Finance Issue/Response A	Is there an Outstanding Decision for the Legislature? B	FY 2018 Estimated Costs** C	FY 2019 Estimated Costs** D	Biennial Total Est. Cost** E	Legal Authority F
	<p><b>Is this currently a legally required cost to the state?</b> No. There is no state obligation to make up for maintenance and operations (M&amp;O) property tax revenue declines caused by Hurricane Harvey.</p> <p><b>Issue:</b> Un-reappraised districts will not receive their originally estimated amount of maintenance and operations (M&amp;O) property tax revenue due to property value declines caused by Hurricane Harvey. <b>Potential legislative solution:</b> The legislature must determine whether to hold districts harmless for the loss of anticipated property tax revenue due to property value declines. TEA estimates that the amount necessary to hold districts harmless for the loss of local property tax revenue is between \$500 million and \$1 billion.</p>	declines. TEA estimates that the amount necessary to hold districts harmless for the loss of local property tax revenue is between \$500 million and \$1 billion.		<p>estimated local property tax revenue).</p> <p>There is currently no state obligation to make up for maintenance and operations (M&amp;O) property tax revenue declines caused by Hurricane Harvey.</p> <p>The legislature will decide whether it wants to hold school districts fully or partially harmless for the loss of <i>anticipated</i> local property tax revenue during the 2018–2019 school year.</p> <p>TEA estimates that the amount necessary to hold districts harmless for the loss of local property tax revenue is between \$500 million and \$1 billion.</p>		State of Disaster.
5b	<p><b>Districts that reappraised their property will have lower local property tax collections and therefore, will receive more state formula funding.</b></p> <p><b>Is this currently a legally required cost to the state?</b> Yes. TEA is required by the FSP formulas to provide increased FSP formula state aid for districts that reappraised their property value and lost local property tax revenue as a result.</p> <p><b>Issue:</b> Beginning with the 2018–2019 school year, the state is legally obligated to “make-up” state aid (state share) for any reported loss of local property tax revenue on reappraised 2017 tax year property.</p> <p><b>TEA solution:</b> TEA will pay additional state aid to make up for the loss of local property tax revenue. TEA will ask for a supplemental appropriation for the difference between amounts appropriated and actual district entitlements.</p> <p>TEA is aware of 12 school districts that have voted to reappraise their 2017 taxable property values: Conroe ISD,</p>	<p><b>No.</b></p> <p>TEA will pay additional state aid to make up for the loss of local property tax revenue.</p> <p>TEA will ask for a supplemental appropriation for the difference between amounts appropriated and actual district entitlements.</p>	<p><b>State cost: \$0</b></p> <p>N/A. This is covered in the 2017–2018 tax information above.</p>	<p><b>State cost: \$150 million</b></p> <p>Combined, these districts account for 29 percent of the tax base of the affected districts. TEA’s \$150 million estimate assumes a seven-percent decline in value due to reappraisals.</p>	<b>State cost: \$150 million</b>	

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	Finance Issue/Response A	Is there an Outstanding Decision for the Legislature? B	FY 2018 Estimated Costs** C	FY 2019 Estimated Costs** D	Biennial Total Est. Cost** E	Legal Authority F
	Fort Bend ISD, Humble ISD, Katy ISD, Lamar CISD, La Porte ISD, Magnolia ISD, Montgomery ISD, New Caney ISD, Splendora ISD, Spring Branch ISD, and Willis ISD.					
6	<p><b>As property values have declined, districts may be required to increase their local interest &amp; sinking (I&amp;S) tax rates to cover debt service payments during the 2018–2019 school year. This may result in higher local tax bills in certain districts.</b></p> <p><b>Is this currently a legally required cost to the state?</b> No.</p> <p><b>Issue:</b> School districts are required to levy an I&amp;S tax rate to provide enough property tax revenue to pay for the debt for their facilities and other capital expenditures. School districts may experience losses in I&amp;S local property tax revenue during the 2018–2019 school year and be required to raise I&amp;S tax rates. This may result in higher local tax bills in certain districts.</p> <p><b>Potential legislative solution:</b> The legislature must determine whether to hold districts harmless so that they are not required to raise their tax rates. TEA estimates the amount necessary to hold districts harmless for the loss of I&amp;S local property tax revenue is \$132 million.</p> <p><b>Note:</b> Charter schools do not levy taxes.</p>	<p><b>Yes.</b></p> <p>The legislature will decide whether it wants to hold school districts fully or partially harmless so that they will not have to increase local I&amp;S property taxes rates.</p> <p>TEA estimates the hold harmless amount required to be paid to districts to be \$132-\$260 million.</p>	<p><b>State cost: N/A.</b></p> <p>This is covered in the 2017–2018 school year tax issues (above).</p>	<p><b>Potential state cost: \$132-\$260 million</b></p> <p>The legislature will decide whether it wants to hold school districts fully or partially harmless so that they will not have to increase local I&amp;S property taxes rates.</p>	<p><b>Potential state cost: \$132-\$260 million</b></p> <p>The legislature could consider options to help mitigate the tax increase. However, I&amp;S rates are adopted in the summer of 2018.</p>	<p>TEC §45.003 Bonds and Tax Elections.</p> <p>TEC §45.052 Guaranteed Bonds.</p> <p>TAX §26.08a Election to Ratify School Taxes</p>
7	<p><b>Districts with enrollment losses during the 2017–2018 school year will have lower average daily attendance, which will in turn decrease the amount of their potential Instructional Facilities Allotment (IFA) or Existing Debt Allotment (EDA) state aid during the 2017–2018 school year settle-up that will occur in September of 2018 (FY 2019).</b></p> <p><b>Is this currently a legally required cost to the state?</b> Yes.</p> <p><b>Issue:</b> Approximately 39 of the 130 affected school districts receive approximately \$47 million in state FSP aid for the IFA or EDA. These programs help districts pay for the debt they incur for facilities and other capital expenditures.</p>	<p><b>No.</b></p> <ol style="list-style-type: none"> <li>For the 2017–2018 school year, TEA will hold school districts meeting certain qualifications <i>harmless</i> for their loss of ADA. This is anticipated to largely stabilize their IFA and EDA state aid amounts. This is a one-time adjustment for the 2017–2018 school year. See row 2 above.</li> <li>For the 2018–2019 school year, qualifying districts that reappraised will receive additional EDA and IFA state</li> </ol>	<p><b>State cost: N/A.</b> Cost is included in \$100 million ADA hold harmless in row 2 above.</p> <p>TEA will hold school districts meeting certain qualifications <i>harmless</i> for their loss of ADA. This will largely stabilize their IFA and EDA amounts. <b>This is a one-time adjustment for the 2017–2018 school year.</b> See row 2 (above).</p>	<p><b>State cost: \$10 million</b></p> <p>Qualifying districts that reappraised will receive additional EDA and IFA state aid funding to make up for lost local property value and property tax revenue. See 5b above.</p>	<p><b>State cost: \$10 million</b></p>	<p>TEC §46.003 IFA</p> <p>TEC §46.032 EDA</p>

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For FY 2019, TEA will request a supplemental appropriation during the 86th Texas Legislature for the difference between the amount necessary to fully fund the formulas in FY 2019 and the amount appropriated in the General Appropriations Act.

	Finance Issue/Response A	Is there an Outstanding Decision for the Legislature? B	FY 2018 Estimated Costs** C	FY 2019 Estimated Costs** D	Biennial Total Est. Cost** E	Legal Authority F
	<p><b>TEA solution:</b></p> <ol style="list-style-type: none"><li>For the 2017–2018 school year, TEA will hold school districts meeting certain qualifications <i>harmless</i> for their loss of ADA. This will largely stabilize their IFA and EDA state aid amounts. <b>This is a one-time adjustment for the 2017–2018 school year.</b> See row 2 above.</li><li>For the 2018–2019 school year, qualifying districts that reappraised will receive additional EDA and IFA state aid funding to make up for lost local property value and property tax revenue. See row 5b above.</li></ol> <p><b>Note:</b> Charter schools are not eligible for IFA or EDA funding.</p>	aid funding to make up for lost local property value and property tax revenue. See row 5b above.				

\*\*Amounts are estimates based on TEA’s current knowledge and are subject to significant change. Some costs may be eligible for Federal Emergency Management Agency (FEMA) reimbursements. For FY 2019, TEA will request a supplemental appropriation during the 86th Texas Legislature for the difference between the amount necessary to fully fund the formulas in FY 2019 and the amount appropriated in the General Appropriations Act.

	Finance Issue/Response A	Is there an Outstanding Decision for the Legislature? B	FY 2018 Estimated Costs** C	FY 2019 Estimated Costs** D	Biennial Total Est. Cost** E	Legal Authority F
	<b>Facilities Issues</b>					
8	<p><b>Chapter 41 districts that experienced facilities damage due to Hurricane Harvey may not have enough funds to cover their recapture payments.</b></p> <p><b>Is this currently a legally required cost to the state?</b> Yes, in forgone recapture funding to the state treasury.</p> <p><b>Issue:</b> Chapter 41 school districts that have property damage can apply for a reduction or elimination in their recapture payment to the state for the 2017–2018 and 2018–2019 school years for any facility damage costs <i>not</i> covered by insurance or FEMA. Importantly, however, districts cannot recover <i>more than their recapture payment amounts</i> (but see row 9 below).</p> <p><b>TEA solution:</b> Chapter 41 districts with eligible remediation costs can offset recapture payments by applying to TEA in the 2017–2018 and 2018–2019 school years. To date, TEA has received no applications.</p>	<p><b>No.</b></p> <p>Chapter 41 districts can apply to TEA for disaster aid assistance to reduce their recapture payments for the 2017–2018 and 2018–2019 school years.</p> <p>Facilities replacement costs obtained by TEA are estimated at \$900 million, \$300 million of which would be realized by Chapter 41 districts. FEMA and insurance should cover 90 percent of the anticipated losses, which implies a total of \$30 million in uncovered costs for Chapter 41 districts.</p>	<p><b>Lost recapture state revenue: \$10 million</b></p> <p>Loss of budgeted recapture to state treasury.</p> <p>Due to TEA requirements in documenting unremediated losses, TEA anticipates the majority of losses will be realized in the 2018–2019 school year</p>	<p><b>Lost recapture state revenue: \$20 million</b></p> <p>Loss of budgeted recapture to state treasury.</p>	<p><b>State cost: \$30 million</b></p>	<p>TEC §41.0931 Disaster Remediation Costs.</p>
9	<p><b>Chapter 42 districts that experienced facilities damage due to Hurricane Harvey can receive facilities assistance, and Chapter 41 districts that experienced facilities damage due to Hurricane Harvey can receive facilities assistance beyond their recapture payment amounts.</b></p> <p><b>Is this a legally required cost to the state?</b> No.</p> <p><b>Issue:</b> The Texas Education Code provides that (1) Chapter 42 districts can receive facilities assistance, and (2) Chapter 41 districts can receive facilities assistance beyond their recapture payment amounts (see row 8 above), only if there is an FSP surplus in the fiscal year. Even if there is an FSP surplus, TEA must first use the surplus to finance special education camera needs.</p> <p><b>Note:</b> Based on preliminary information, TEA has learned that FEMA may cover up to 90 percent of uninsured loss, leaving districts with at least a 10 percent uninsured and uncovered loss.</p>	<p><b>Yes.</b></p> <p>TEA is encouraging districts to work with their insurance providers and FEMA to determine unreimbursed damage amounts and turn in applications to TEA. To date, TEA has received no qualifying applications.</p> <p>Facilities replacement costs obtained by TEA are estimated at \$900 million, \$600 million of which would be realized by Chapter 42 districts. FEMA and insurance should cover 90 percent of the anticipated losses, which implies a total of \$60 million in uncovered costs for Chapter 42 districts.</p>	<p><b>Potential increased state aid payments: \$30 million</b></p> <p>This cannot happen unless TEA borrows money from FY 2019 to create an FSP surplus in FY 2018. This has never been done before.</p>	<p><b>Potential increased state aid payments: \$30 million</b></p> <p>\$0 unless there is a sufficient FSP formula surplus in FY 2019.</p> <p>The legislature could provide additional funding as part of a supplemental appropriation during the 86th Texas Legislature.</p>	<p><b>Potential state cost: \$60 million</b></p>	<p>TEC §42.2524 Reimbursement for Disaster Remediation Costs.</p>

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	Finance Issue/Response A	Is there an Outstanding Decision for the Legislature? B	FY 2018 Estimated Costs** C	FY 2019 Estimated Costs** D	Biennial Total Est. Cost** E	Legal Authority F
	<p><b>Potential legislative solution:</b> For school year 2017–2018, the only <i>potential</i> legal mechanism TEA can use to assist districts is to borrow money from FY 2019 and declare an FSP surplus in FY 2018. This has never been done before. Further, the surplus would first be required to be used for special education camera needs.</p> <p>For school year 2018–2019, the legislature could provide additional funding as part of a supplemental appropriation during the 86th Texas Legislature.</p>					
<b>Other Funding Issues</b>						
10	<p><b>Students will be newly eligible to generate State Compensatory Education (SCE) FSP formula funds, which will increase FSP state formula costs.</b></p> <p><b>Is this currently a legally required cost to the state?</b> Yes.</p> <p><b>Issue:</b> Data from the Texas Department of Agriculture (TDA) National School Lunch Program (free and reduced-price lunch) indicates that districts will have more students qualifying for the FSP formula SCE weight during the 2017–2018 and 2018–2019 school years.</p> <p><b>TEA solution:</b> For the 2017–2018 school year, TEA estimates that 80,500 additional students will qualify for the SCE weight in the school finance system. Consistent with current practice, TEA updated its FSP formulas related to SCE in February of 2018. As a result, affected districts recognized increases to state aid for SCE–identified students beginning with their February 2018 FSP payments.</p>	<p><b>No.</b></p> <p>TDA collects and provides National School Lunch Program student eligibility data to TEA. Per customary practice, TEA incorporated TDA data into the FSP system for the 2017–2018 school year during February of 2018. Thus, affected districts recognized increases to state aid beginning with their February 2018 FSP payments.</p>	<b>State cost: \$103 million</b>	<p><b>State cost: \$44 million</b></p> <p>Costs will vary depending on the number of additional students eligible for free or reduced-price lunch.</p>	<b>State cost: \$147 million</b>	TEC §42.152. Compensatory Education Allotment.
11	<p><b>Districts will incur unreimbursed storm recovery costs.</b></p> <p><b>Is this currently a legally required cost to the state?</b> No.</p> <p><b>Issue:</b> Affected districts may face storm recovery expenditures for transportation, additional counselors, student mental health needs, and overtime for auxiliary and maintenance staff.</p>	<p><b>Yes.</b></p> <p>The legislature could provide additional funding as part of a supplemental appropriation during the 86th Texas Legislature.</p>	<p><b>Potential state cost: \$0</b></p> <p>All additional costs are borne by school systems.</p>	<p><b>Potential state cost: \$0</b></p> <p>All additional costs are borne by school systems.</p> <p>The legislature could provide additional funding as part of a supplemental appropriations bill during the 86th Texas Legislature.</p>	<b>Potential state cost: \$0</b>	

\*\*Amounts are estimates based on TEA's current knowledge and are subject to significant change. Some costs may be eligible for Federal Emergency Management Agency (FEMA) reimbursements. For FY 2019, TEA will request a supplemental appropriation during the 86th Texas Legislature for the difference between the amount necessary to fully fund the formulas in FY 2019 and the amount appropriated in the General Appropriations Act.

	Finance Issue/Response A	Is there an Outstanding Decision for the Legislature? B	FY 2018 Estimated Costs** C	FY 2019 Estimated Costs** D	Biennial Total Est. Cost** E	Legal Authority F
	<b>Potential legislative solution:</b> The legislature could provide additional funding as part of a supplemental appropriation during the 86th Texas Legislature.					
12	<b>Education service centers (ESCs) are incurring additional costs.</b>  <b>Is this currently a legally required cost to the state?</b> No, but TEA has pledged assistance.  <b>Issue:</b> ESCs are incurring substantial costs as they help districts with hurricane-related remediation.  <b>TEA solution:</b> TEA has pledged to help the ESCs, possibly by using its FSP transfer authority in Rider 25 of the 2018–2019 General Appropriations Act.	<b>No.</b>  TEA will continue to collect hurricane-related costs from the ESCs and report to the legislature.	<b>State cost: \$1 million</b>	<b>State cost: \$1 million</b>	<b>State cost: \$2 million</b>	

\*\*Amounts are estimates based on TEA’s current knowledge and are subject to significant change. Some costs may be eligible for Federal Emergency Management Agency (FEMA) reimbursements. For FY 2019, TEA will request a supplemental appropriation during the 86th Texas Legislature for the difference between the amount necessary to fully fund the formulas in FY 2019 and the amount appropriated in the General Appropriations Act.





## LEGISLATIVE BUDGET BOARD

# Hurricane Harvey's Fiscal Impact on State Agencies

**PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE**

**LEGISLATIVE BUDGET BOARD STAFF**

**MAY 2018**

# State Agency Expenditures

The LBB continues to survey state agencies and institutions of higher education to determine costs and lost revenues associated with their response to Hurricane Harvey. The survey is not intended to capture costs to individuals or local governments. The first report was due September 26, 2017 and agencies continue to report updates on a monthly basis to the LBB.

**Actual Expenditures: Fiscal years 2017 and 2018 actual expenditures through the end of April 2018 total \$2,234.5 million in All Funds:**

- \$206.3 million in General Revenue
- \$4.8 million in General Revenue-Dedicated
- \$249.0 million in Other Funds, which include Institutional Funds
- \$1,644.6 million in Federal Funds

Included in the expenditures above are \$1,652.4 million in All Funds that have been passed through to local entities (Health and Human Services, Department of Public Safety, Workforce Commission, Department of State Health Services, Department of Housing and Community Affairs).

**Projected Costs: Agencies project that they will expend an additional 4,638.4 million in All Funds in FY 2018.**

Agencies estimate that they will expend these amounts in addition to their actual expenditures (as of April 2018). Out of these projected costs, \$4,179.7 million are Federal Funds and \$222.3 million are General Revenue Funds.

# Actual Expenditures by Agency

Of the \$2,234.5 million in reported expenditures, 98% of the costs were attributed to the following 12 agencies:

Agency	Expenditures
<b>Health and Human Service Commission</b> Costs are 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.	\$1,287,739,829
<b>Department of Public Safety</b> Coordinated the state's response efforts including life safety, search and rescue, and security. Expenditures are primarily Federal Funds for Public Assistance grants to local governments.	\$498,720,147
<b>Trusted Programs within the Office of the Governor</b> Provided disaster grants to state and local entities to assist with response and recovery. State agencies repay these grants as they receive federal reimbursement for expenditures.	\$111,300,117
<b>General Land Office and Veterans' Land Board</b> 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.	\$91,882,261
<b>Texas Department of Transportation</b> Expenditures are mainly Federal Funds, and include costs for providing evacuation support, debris removal on state highways, recovery efforts including bridge inspections and road repair.	\$74,596,395
<b>Department of State Health Services</b> Expenditures are associated with coordinating public health and medical service, including patient evacuation. A majority of the costs are eligible for FEMA reimbursement.	\$33,529,639

# Actual Expenditures by Agency (continued)

Agency	Expenditures
<b>Texas Military Department</b> Mobilized Air and Army National Guard and State Guard Service Members in coordination with Texas Task Force 1. A majority of the costs are eligible for FEMA reimbursement.	\$23,346,483
<b>Texas Workforce Commission</b> Processed disaster-related Unemployment Insurance claims. Expenditures are Federal Funds, including a grant to support employment recovery and rebuilding efforts.	\$22,060,954
<b>Lone Star College</b> Costs were primarily for contracted services for remediation due to floodwater damage of 6 buildings. Additional costs due to three campuses utilized as shelters during the storm.	\$13,088,766
<b>University of Houston</b> Costs associated with damage to 135 buildings due to wind and water. Additional costs for teams that assisted with damage mitigation and debris removal	\$10,359,865
<b>UT MD Anderson Cancer Center</b> Costs included overtime and stipends for personnel who remained on-site to care for patients and families. Facility costs include physical damage, clean-up, and remediation	\$9,795,441
<b>University of Houston -Downtown</b> Costs were primarily due to damage to 6 buildings due to wind and water. Additional costs for teams that assisted with damage mitigation and debris removal.	\$8,157,036

# Projected Total Costs by Agency

The following agencies account for 99% of the \$4,638.4 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 April 2018). Out of these projected costs, \$4,179.7 million are Federal Funds and \$222.3 million are General Revenue Funds.

Note: The amount shown for the Texas Education Agency below does not include potential state costs for school district disaster relief incurred through the state funding formulas.

AGENCY	PROJECTED COSTS
Department of Public Safety	\$3,570,056,974
General Land Office and Veterans' Land Board	\$657,493,272
Texas Department of Transportation	\$103,833,195
Texas Education Agency	\$102,684,656
Health and Human Service Commission	\$65,936,932
The University of Texas at Austin	\$42,719,238
University of Houston	\$29,828,177
Parks and Wildlife Department	\$24,065,740
Lone Star College	\$21,288,537
Texas Workforce Commission	\$10,998,503
Texas Military Department	\$6,047,813
Texas Historical Commission	\$3,399,547



# Texas Education Agency

The Texas Education Agency (TEA) has estimated **currently legally required Foundation School Program (FSP) costs of \$426.0 million** attributable to:

- \$150.0 million for increased state aid to the 12 school districts that voted to reappraise 2017 taxable values;
- \$147.0 million for students newly eligible for Compensatory Education weighted funding;
- \$99.0 million for holding harmless districts that experienced declining attendance; and
- \$30.0 million in decreased recapture payments from Chapter 41 districts with facilities damage.

TEA has authority, with LBB and Governor's Office approval, to transfer FSP funds from FY 2019 to FY 2018. Therefore, **the state budget impact from the costs above is expected to occur in FY 2019; TEA may require a supplemental appropriation by the 86<sup>th</sup> Legislature.** These costs are not reflected in the LBB's Hurricane Survey because the survey is limited to actual and estimated FY 2017 and 2018 costs.

**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, range from \$862.0 to \$1,362.0 million.** 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.

# 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 September 26, with monthly updates reported to the LBB on the 5<sup>th</sup> 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.

# State Oversight (continued)

The Legislative Budget Board (LBB) and the Comptroller of Public Accounts (CPA) are working together to reconcile amounts reported to the LBB through the Hurricane Survey and those amounts recorded by state agencies in Uniform Statewide Accounting System (USAS) . With the exception of a few agencies, an initial review revealed that most agencies are reporting similar amounts to both agencies. The primary driver for many of the differences discovered in this review include:

- Timing differences between when reports are sent to the LBB and when they are entered into USAS;
- Amounts reported to the CPA in USAS do not include all Harvey-related expenditures. CPA guidance was issued in January 2018 after agency expenditures had already been reported for early response efforts. Agencies are in the process of recoding and reclassifying expenditures for salaries, over-time, and other tasks in accordance with the CPA guidance;
- Expenditure of funds which are held outside the treasury and therefore not captured in the CPA's report; this includes institutional funds expended by institutions of higher education and included in the LBB reporting;
- Several agencies have not reported to the LBB since the initial response in December. Amounts initially reported to the LBB by those agencies are now outdated. The USAS expenditures reflect actual updated expenditure amounts; and
- Expenditures reported to the LBB by HHSC include an estimate of the portion of Medicaid-related expenditures associated with Hurricane Harvey; since actual Medicaid payments include both Harvey and non-Harvey costs, the USAS coding does not allow for such differentiation, yielding a lower HHSC amount in USAS.

# Hurricane Harvey Contracts

As of April 2018, 22 state agencies and IHE's have reported 148 Hurricane Harvey-related contracts valued at approximately \$264.5 million. 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	1	\$3,620,708
582	Commission on Environmental Quality	1*	\$90,000,000
529	Health and Human Services Commission	18	\$10,046,102
730	University of Houston	5	\$3,246,095
802	Parks and Wildlife Department	29	\$2,240,014

\*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

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.
- 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** transferred from the Department of Criminal Justice FY 2019 appropriations to the General Land Office for FY 2018 recovery and rebuilding efforts.

## 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.
- From the emergency appropriation of **\$90 million** in General Revenue Account 5000 – Solid Waste Disposal Fees, \$28.4 million has been awarded to local governments to be applied toward the 10% match required by FEMA for debris removal.
- Per the terms of the contract, 50% of that amount (\$14.2 million) has been paid out as of the end of February.



# State Funding Assistance for State and Local Entities

## Trusted Programs within the Office of the Governor

Funds Transferred (in millions)	Method of Finance	Agency or Local Entity	Funds transferred from Trusted Programs at the Office of the Governor, Strategy A.1.1, Disaster Funds, for the purposes of:
\$6.4	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.
\$8.3	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.
<b>Total: \$111.4</b>			

# 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 **\$9.8 billion in CDBG-DR** awards for Hurricane Harvey. There were three awards as follows:

- **\$57.8 million**: The State Action Plan has been approved by HUD on May 1, 2018
- **\$5,024.0 million** (Round 1): State Action Plan submitted to HUD on May 8, 2018, public comment period extended to May 1, 2018.
- **\$5,035.2 million** (Round 2): Of these funds, \$308.7 million were awarded for previous disasters.

## 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 has announced that the state will 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.

# Agency Estimates of State Match for Certain Federal Grants in FY 2018

Agency Estimate of State Funds Required (in millions)	State Agency	Federal Grant Program	Description
\$110.0	HHSC	FEMA Individuals and Households Program – Other Needs Assistance	HHSC reported actual and estimated costs of \$440.0 million through April 2018 in All Funds for Other Needs Assistance. A 25% match is required.
\$27.9	HHSC	Medicaid and CHIP	HHSC reported expending an additional \$43.7 million in Federal Medicaid Assistance Program and the Children’s Health Insurance Program funds due to the hurricane.
\$47.0	DPS	FEMA Transitional Sheltering Assistance	The state is responsible for reimbursing FEMA for 10% of the costs of hotel stays for displaced individuals. To meet the required match, \$26.7 million has been transferred from the Office of the Governor for the program.
\$23.3	GLO	FEMA Partial Repair for Essential Power for Sheltering (PREPS)	The agency estimated that PREPS will cost \$232.9. million, and will require a 10% state match. The agency will use the FY 2019 transfer from TDCJ for cash flow purposes for this program and projects the funds will be used for the required state match.
<b>Total: \$208.2</b>			

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# Appendix

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

Agency Name	GR	GR-D	Other	Federal Funds	Total	Pass-through*
Alvin College	\$10,655	\$0	\$0	\$0	\$10,655	\$0
Animal Health Commission	\$440,255	\$0	\$0	\$0	\$440,255	\$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	\$2,867,189	\$0	\$0	\$0	\$2,867,189	\$0
Department of Housing and Community Affairs	\$0	\$0	\$0	\$3,991,056	\$3,991,056	\$3,991,056
Department of Information Resources	\$0	\$0	\$8,533	\$0	\$8,533	\$0
Department of Insurance	\$405,068	\$0	\$0	\$0	\$405,068	\$0
Department of Licensing and Regulation	\$8,930	\$0	\$0	\$0	\$8,930	\$0
Department of Motor Vehicles	\$0	\$0	\$245,947	\$0	\$245,947	\$0
Department of Public Safety	\$311,838	\$0	\$14,181,129	\$484,227,180	\$498,720,147	\$443,451,644
Department of State Health Services	\$18,880,322	\$0	\$0	\$14,649,317	\$33,529,639	\$0
General Land Office and Veterans' Land Board	\$3,926,193	\$0	\$8,531,402	\$79,424,666	\$91,882,261	\$0
Health and Human Service Commission	\$153,773,850	\$0	\$107,568	\$1,133,858,411	\$1,287,739,829	\$1,182,626,780
Historical Commission	\$160,967	\$0	\$0	\$0	\$160,967	\$0
Houston Community College	\$0	\$0	\$891,198	\$0	\$891,198	\$0
Lamar Institute of Technology	\$0	\$0	\$28,552	\$0	\$28,552	\$0
Lamar State College: Orange	\$0	\$0	\$1,241,433	\$0	\$1,241,433	\$0
Lamar State College: Port Arthur	\$0	\$3,263	\$32,875	\$0	\$36,138	\$0
Lamar University	\$0	\$0	\$1,187,386	\$0	\$1,187,386	\$0
Lonestar College	\$0	\$0	\$13,088,766	\$0	\$13,088,766	\$0
Office of Court Administration	\$30,113	\$0	\$0	\$0	\$30,113	\$0
Office of the Attorney General	\$29,710	\$0	\$0	\$190,857	\$220,567	\$0
Parks and Wildlife Department	\$1,981,880	\$3,857,498	\$19,332	\$6,529	\$5,865,239	\$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	\$79,806	\$0	\$1,839,640	\$0	\$1,919,446	\$0

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

Agency Name	GR	GR-D	Other	Federal Funds	Total	Pass-through*
San Jacinto College	\$0	\$0	\$899,945	\$0	\$899,945	\$0
State Office of Administrative Hearings	\$122,638	\$0	\$0	\$0	\$122,638	\$0
State Office of Risk Management	\$0	\$0	\$414,519	\$0	\$414,519	\$0
Texas A&M Corpus Christi	\$0	\$0	\$449,300	\$0	\$449,300	\$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	\$954,864	\$0	\$0	\$0	\$954,864	\$0
Texas Commission on the Arts	\$3,980	\$0	\$250,000	\$192,520	\$446,500	\$0
Texas Department of Agriculture	\$0	\$150,000	\$0	\$52,528	\$202,528	\$0
Texas Department of Transportation	\$0	\$0	\$69,464,214	\$5,132,181	\$74,596,395	\$0
Texas Education Agency	\$244,757	\$0	\$12,103	\$103,016	\$359,876	\$28,348
Texas Engineering Experiment Station	\$0	\$0	\$4,568	\$0	\$4,568	\$0
Texas Engineering Extension Service	\$0	\$0	\$545,189	\$4,906,704	\$5,451,893	\$0
Texas Forest Service	\$88,454	\$0	\$0	\$2,271,852	\$2,360,306	\$0
Texas Juvenile Justice Department	\$23,476	\$0	\$0	\$0	\$23,476	\$0
Texas Military Department	\$0	\$0	\$0	\$23,346,483	\$23,346,483	\$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	\$265,450	\$0	\$0	\$0	\$265,450	\$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	\$22,060,954	\$22,060,954	\$22,060,954



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

Agency Name	GR	GR-D	Other	Federal Funds	Total	Pass-through*
The University of Texas at Austin	\$464,539	\$0	\$4,141,736	\$0	\$4,606,275	\$0
The University of Texas San Antonio	\$7,114	\$0	\$25,293	\$0	\$32,407	\$0
Trusted Programs within the Office of the Governor	\$20,594,873	\$0	\$90,705,244	\$0	\$111,300,117	\$0
University of Houston	\$347,407	\$0	\$10,012,458	\$0	\$10,359,865	\$0
University of Houston: Clear Lake	\$0	\$47,826	\$54,855	\$0	\$102,681	\$0
University of Houston: Downtown	\$72,490	\$0	\$8,084,546	\$0	\$8,157,036	\$234,849
University of Houston: Victoria	\$15,877	\$0	\$688,104	\$0	\$703,981	\$0
UT Health Science Center at Houston	\$0	\$0	\$4,539,561	\$0	\$4,539,561	\$0
UT Health Science Center at San Antonio	\$71,829	\$0	\$0	\$0	\$71,829	\$0
UT M.D. Anderson Cancer Center	\$0	\$0	\$9,795,441	\$0	\$9,795,441	\$0
UT Medical Branch at Galveston	\$0	\$0	\$5,356,122	\$0	\$5,356,122	\$0
UT Southwestern Medical Center at Dallas	\$0	\$0	\$293,802	\$0	\$293,802	\$0
Victoria College	\$0	\$0	\$72,302	\$0	\$72,302	\$0
<b>Grand Total</b>	<b>\$206,285,435</b>	<b>\$4,814,957</b>	<b>\$249,010,408</b>	<b>\$1,774,434,634</b>	<b>\$2,234,545,434</b>	<b>\$1,652,393,631</b>

\* 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

[www.lbb.state.tx.us](http://www.lbb.state.tx.us)

512.463.1200

**Hurricane Harvey Expenditures Comparison**  
**(as Reported to the CPA and LBB)**

AGENCY	TOTAL EXPENDITURES REPORTED TO CPA	TOTAL EXPENDITURES REPORTED TO LBB	DIFFERENCE	% VARIANCE	EXPLANATION
Department of Public Safety	(\$549,925,225)	(\$513,563,991)	\$36,361,234	6.6%	Amounts reported to the CPA in USAS include a \$36.7 million transfer from the Office of the Governor (OOG). In order to eliminate duplication of funds reported as expenditures by DPS and the OOG in the LBB survey, the agency's amount reported to the LBB has been reduced by \$36.7 million. Making a similar adjustment to the amount reported to the CPA would yield a difference of \$303,701 between the two reports.
Health and Human Services Commission	(\$426,597,721)	(\$1,287,739,829)	\$861,142,108	201.9%	Expenditures reported to the LBB by HHSC include an estimate of the portion of D-SNAP and Medicaid-related expenditures associated with Hurricane Harvey; since actual D-SNAP and Medicaid payments include both Harvey and non-Harvey costs, the USAS coding does not capture such differentiation, yielding a lower HHSC amount in USAS and D-SNAP expenditures. Removing Medicaid and D-SNAP expenditure data from the LBB report yields an amount closer to that being reported to the CPA (\$437.1 million).
Office of the Governor	(\$111,300,117)	(\$111,300,117)	\$0	0.0%	
General Land Office	(\$97,252,546)	(\$91,882,261)	\$5,370,285	5.5%	Amounts reported to the CPA in USAS include a \$10.0 million transfer from the Office of the Governor (OOG). In order to eliminate duplication of funds reported as expenditures by GLO and the OOG in the LBB survey, the agency's amount reported to the LBB has been reduced by \$10.0 million. Making a similar adjustment to the amount reported to the CPA would yield a difference of \$4.6 million between the two reports.
Texas Commission on Environmental Quality	(\$90,292,937)	(\$725,600)	\$89,567,337	99.2%	Amounts reported to the CPA include a \$90 million transfer to TDEM. This transfer is not reflected in the LBB survey as an expenditure. Adjusting the CPA amounts down for the TDEM transfer yields a difference of \$432,663.
Texas Department of Transportation	(\$86,708,672)	(\$87,178,474)	\$469,802	0.5%	
Department of State Health Services	(\$30,703,050)	(\$33,529,639)	\$2,826,589	9.2%	
Texas Workforce Commission	(\$25,937,981)	(\$22,060,954)	\$3,877,027	14.9%	
Texas Military Department	(\$15,994,460)	(\$23,346,483)	\$7,352,023	46.0%	The agency has not reported any updates since March. Actual expenditures may be less than last reported by the agency.
Texas Parks and Wildlife Department	(\$4,970,799)	(\$5,865,239)	\$894,440	18.0%	
Texas Department of Housing & Community Affairs	(\$3,991,057)	(\$3,991,056)	\$1	0.0%	
Texas Department of Criminal Justice	(\$2,576,055)	(\$2,867,189)	\$291,134	11.3%	Amounts reported to the CPA in USAS do not include all Harvey related expenditures. CPA guidance was issued in January 2018 after agency expenditures had already been reported for early response efforts. Agencies are in the process of recoding and reclassifying expenditures for salaries, over-time, and other tasks in accordance with the CPA guidance.
Texas A&M Forest Service	(\$2,304,307)	(\$2,360,306)	\$55,999	2.4%	
Texas Commission on the Arts	(\$475,700)	(\$446,500)	\$29,200	6.1%	
Texas Alcoholic Beverage Commission	(\$449,546)	(\$954,864)	\$505,318	112.4%	

**Hurricane Harvey Expenditures Comparison**  
**(as Reported to the CPA and LBB)**

AGENCY	TOTAL EXPENDITURES REPORTED TO CPA	TOTAL EXPENDITURES REPORTED TO LBB	DIFFERENCE	% VARIANCE	EXPLANATION
State Office of Risk Management	(\$386,461)	(\$414,519)	\$28,058	7.3%	
Texas Department of Insurance	(\$369,660)	(\$405,068)	\$35,408	9.6%	
Texas Animal Health Commission	(\$330,238)	(\$330,238)	\$0	0.0%	
Texas Department of Motor Vehicles	(\$261,496)	(\$245,947)	\$15,549	5.9%	
Office of the Attorney General	(\$145,794)	(\$220,567)	\$74,773	51.3%	Amounts reported to the CPA in USAS do not include all Harvey related expenditures. CPA guidance was issued in January 2018 after agency expenditures had already been reported for early response efforts. Agencies are in the process of recoding and reclassifying expenditures for salaries, over-time, and other tasks in accordance with the CPA guidance.
Texas Historical Commission	(\$141,086)	(\$160,967)	\$19,881	14.1%	
State Office of Administrative Hearings	(\$108,429)	(\$122,638)	\$14,209	13.1%	
University of Houston	(\$88,733)	(\$10,359,865)	\$10,271,132	11575.4%	Amounts reported to the LBB include Institutional Funds, which are outside the treasury and not captured by expenditures reported to the CPA.
University of Houston – Downtown	(\$72,490)	(\$8,157,036)	\$8,084,546	11152.6%	Amounts reported to the LBB include Institutional Funds, which are outside the treasury and not captured by expenditures reported to the CPA.
UT HSC at San Antonio	(\$52,427)	(\$71,829)	\$19,402	37.0%	Amounts reported to the LBB include Institutional Funds, which are outside the treasury and not captured by expenditures reported to the CPA.
Lamar State - Port Arthur	(\$35,944)	(\$36,138)	\$194	0.5%	
Office of Court Administration	(\$29,112)	(\$30,113)	\$1,001	3.4%	
Texas Juvenile Justice Department	(\$16,536)	(\$23,476)	\$6,940	42.0%	The agency has not reported any updates since December. Actual expenditures may have been less than originally estimated.
University of Houston – Victoria	(\$15,038)	(\$703,981)	\$688,943	4581.4%	Amounts reported to the LBB include Institutional Funds, which are outside the treasury and not captured by expenditures reported to the CPA.
Texas Department of Licensing and Regulation	(\$8,930)	(\$8,930)	\$0	0.0%	
Department of Information Resources	(\$8,533)	(\$8,533)	\$0	0.0%	
UT San Antonio	(\$7,114)	(\$32,407)	\$25,293	355.5%	
Texas Education Agency	(\$6,240)	(\$359,876)	\$353,636	5667.7%	Amounts reported by TEA in this comparison reflect the fiscal impact to the agency. These amounts do not include any estimated impact to the Foundation School Program.
Texas State Technical College	(\$300)	(\$98,246)	\$97,946	32681.4%	Amounts reported to the LBB include Institutional Funds, which are outside the treasury and not captured by expenditures reported to the CPA.
Public Utility Commission	\$0	(\$37,235)	\$37,235	N/A	
State Preservation Board	\$0	(\$2,000)	\$2,000	N/A	
<b>TOTAL</b>	<b>(\$1,451,564,732)</b>	<b>(\$2,209,642,111)</b>	<b>\$758,077,379</b>	<b>52.2%</b>	



## LEGISLATIVE BUDGET BOARD

# Overview of the Texas Emissions Reduction Plan (TERP) Account

**PRESENTED TO THE HOUSE APPROPRIATIONS COMMITTEE  
LEGISLATIVE BUDGET BOARD STAFF**

**MAY 2018**

# Statement of Interim Charge

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## House Appropriations Committee Interim Charge #15:

Review the appropriations made to the **Texas Emissions Reduction Program** (TERP) as well as the TERP fund balance. Review the revenue sources that fund the TERP and determine if the funds collected support the funding entities. Consider if TERP funding sources should be modified. Determine ways to address the TERP fund balance.



# Texas Emissions Reduction Plan Overview

## Establishment

- The Texas Emissions Reduction Plan Account No. 5071 is a General Revenue-Dedicated account established by Senate Bill 5, Seventy-Seventh Legislature, 2001. The same bill established the Texas Emissions Reduction Plan (TERP) program.
- Senate Bill 1731, Eighty-Fifth Legislature, 2017, extended the TERP program from its previous expiration date, August 31, 2019, to the end of the biennium in which Texas attains the national ambient air quality standards for ground-level ozone.

## Purpose

- TERP is a grant program available in areas of the state that are in nonattainment or near nonattainment of the Federal Clean Air Act (CAA) ambient air quality standards.
- Grants are provided to eligible individuals, businesses, or government entities to reduce emissions from on-road vehicles, non-road commercial and industrial equipment, marine vessels, locomotives, and stationary engines.

# TERP Account Revenues

TERP Account revenues include:

Certificate of Title Fee	A certificate of title fee of \$20 in nonattainment areas or \$15 in all other counties. This fee is deposited to the Texas Mobility Fund; the TERP Account is reimbursed with an equal amount by the State Highway Fund.
Limited Sales and Use Tax	A surcharge of 1.5 percent on the cost of off-road heavy-duty diesel equipment.
Motor Vehicles Sales and Use Tax	A surcharge of 2.5 percent on the cost of on-road diesel motor vehicles of model year 1996 or earlier; for model years 1997 and later, the surcharge is 1.0 percent.
Commercial Motor Vehicle Registration Fee	A surcharge of 10.0 percent for commercial motor vehicle registration.
Commercial Motor Vehicle Inspection Fee	A fee of \$10 for commercial motor vehicle inspections.

# TERP Account Revenues, 2014 to 2019

(IN MILLIONS)

## REVENUE OBJECT

CODE	REVENUE SOURCE	2014	2015	2016	2017	2018	2019
3972	Certificate of Title Fee – Transfer	\$94.6	\$99.9	\$127.4	\$142.6	\$145.4	\$147.6
3102	Limited Sales and Use Tax	\$64.0	\$73.8	\$60.7	\$55.4	\$61.0	\$61.0
3012	Certificate of Title Fee	\$25.6	\$22.4	\$0.0	\$0.0	\$0.0	\$0.0
3004	Motor Vehicle Sales and Use Tax	\$16.3	\$17.3	\$16.5	\$15.2	\$15.6	\$15.6
3014	Commercial Motor Vehicle Registration Fee	\$13.2	\$13.6	\$12.5	\$12.9	\$13.0	\$13.0
3020	Commercial Motor Vehicle Inspection Fee	\$6.6	\$2.9	\$3.3	\$4.9	\$7.0	\$7.0
<b>TOTAL</b>		<b>\$216.9</b>	<b>\$232.6</b>	<b>\$234.7</b>	<b>\$230.0</b>	<b>\$242.5</b>	<b>\$244.3</b>

## NOTES:

- (1) Revenues for 2014-2017 are from the Comptroller's Annual Cash Reports for 2014-17.
- (2) Revenues for 2018-19 are from the Comptroller's Biennial Revenue Estimate for 2018-19.
- (3) The Certificate of Title Fee was deposited to the TERP Account until 2008, when \$5 of the fee was kept in the TERP Account, and the remainder was deposited to the Texas Mobility Fund (TMF) (HB 1365, Seventy-Eighth Legislature, 2003). This provision expired in 2015. Since 2008, an amount of revenue equivalent to the TMF deposit began being transferred from the State Highway Fund (SHF) to the TERP Account. Beginning in fiscal year 2016, all revenues from the Certificate of Title Fee began being deposited to the TMF, which also increased the transfer from the SHF to the TERP Account.

# TERP Funding, 2016 to 2019

(IN MILLIONS)

AGENCY	EXPENDED		APPROPRIATED	
	2016	2017	2018	2019
Texas Commission on Environmental Quality	\$81.0	\$118.0	\$77.4	\$77.4
Texas A&M Engineering Experiment Station	\$0.5	\$0.5	\$0.4	\$0.4

- TERP funding at Texas A&M EES supports energy efficiency research relating to building codes. Appropriations for the 2018–19 biennium represent a decrease of 4 percent from 2016–17 biennial spending levels.
- Appropriations to TCEQ for the 2018–19 biennium represent a decrease of 22.3 percent from 2016–17 biennial spending levels.

# TERP Biennial Appropriation Allocations

PROGRAM/USE	2016–17	2018–19	ANNUAL STATUTORY ALLOCATION
Emissions Reductions Incentive Grants	\$123,475,284	\$72,343,623	Remaining balance
TERP Administration	\$9,450,521	\$16,000,000	Min \$6.0M; max \$8.0M
Natural Gas Vehicle Grant Program	\$37,802,081	\$15,473,974	10.0%
Seaport & Rail Yard Areas Emissions Reduction Program <sup>1</sup>	\$4,725,260	\$9,284,384	6.0%
Clean Fleet Program	\$11,813,150	\$7,736,987	5.0%
Light Duty Motor Vehicle Incentive Grant Program <sup>2</sup>	--	\$7,736,987	5.0%
Clean School Bus Program	\$9,450,521	\$6,189,590	4.0%
Alternative Fueling Facilities Program <sup>3</sup>	\$23,626,300	\$6,000,000	\$6.0M max in FY 2018
Regional Air Monitoring Program	\$6,000,000	\$6,000,000	\$3.0M max
New Technology Implementation Grants	\$7,087,890	\$4,642,192	3.0%
Research	\$2,000,000	\$1,500,000	\$750K max
Cargo Movement Studies/Pilot Program <sup>4</sup>	--	\$1,000,000	\$500K max
Health Effects Study	\$400,000	\$400,000	\$200K max
Energy Systems Laboratory Contract	\$432,000	\$432,000	\$216K max
<b>TOTAL<sup>5,6</sup></b>	<b>\$236,263,007</b>	<b>\$154,739,737</b>	

(1) The Drayage Truck Incentive Program was renamed the Seaport and Rail Yard Areas Emissions Reduction Program.

(2) The Light Duty Motor Vehicle Incentive Grant Program was renewed for the 2018–19 biennium after expiring at the end of the 2014-15 biennium.

(3) The Clean Transportation Triangle Program with an appropriation of \$11.8 million in 2016–17 was combined with the Alternative Fueling Facilities Program.

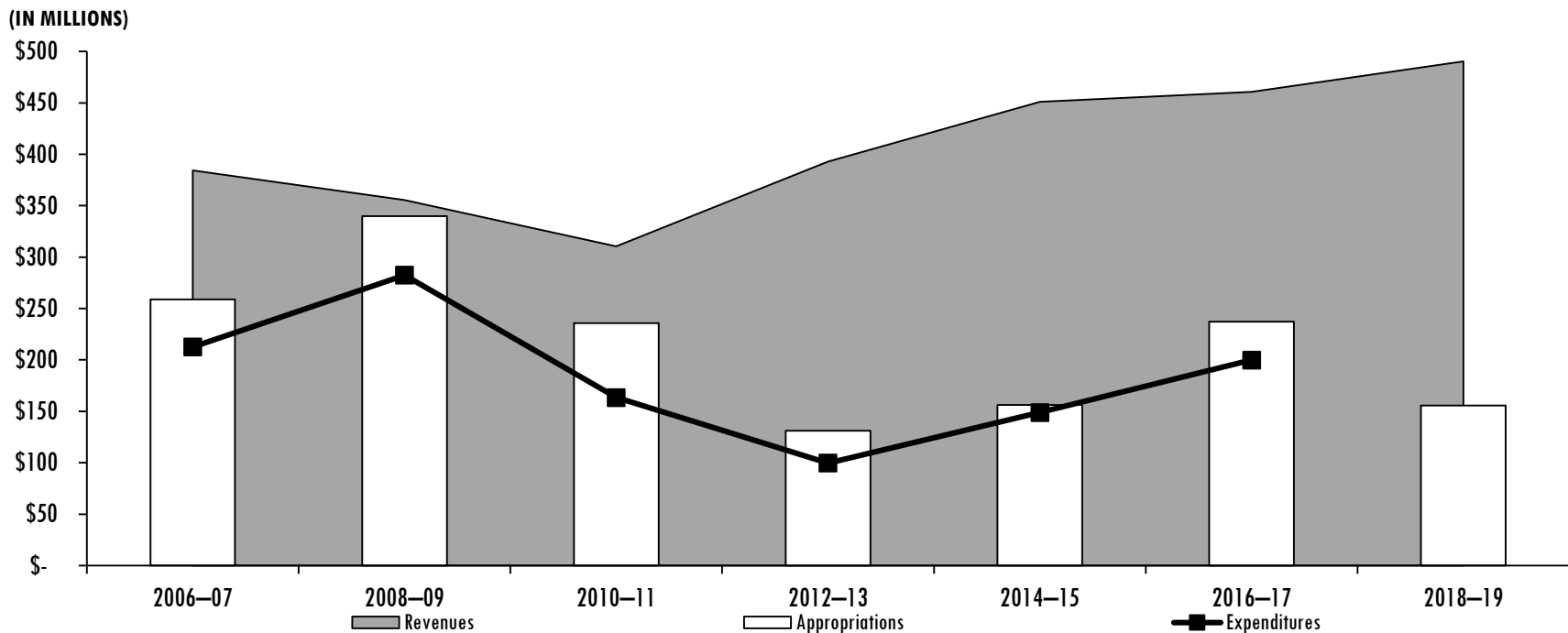
(4) The Cargo Movement Studies/Pilot Program is a new program beginning in the 2018–19 biennium.

(5) The Texas Commission on Environmental Quality (TCEQ) is authorized to reallocate funding between programs based on demand for grants, provided such reallocations are within the statutory limitations on the use of the General Revenue–Dedicated TERP Account No. 5071 as set forth in the Texas Health and Safety Code, §386.252.

(6) Totals represent the TERP program's appropriated funding; actual spending levels may vary based on demand for grants.

# TERP Revenues, Appropriations, and Expenditures, 2006–07 to 2018–19 Biennia

- House Bill 2, Eighty-Fifth Legislature, reduced TERP appropriations by \$31.0 million in fiscal year 2017. The agency anticipated lapsing this funding due to low demand for certain TERP grant programs.



NOTES:

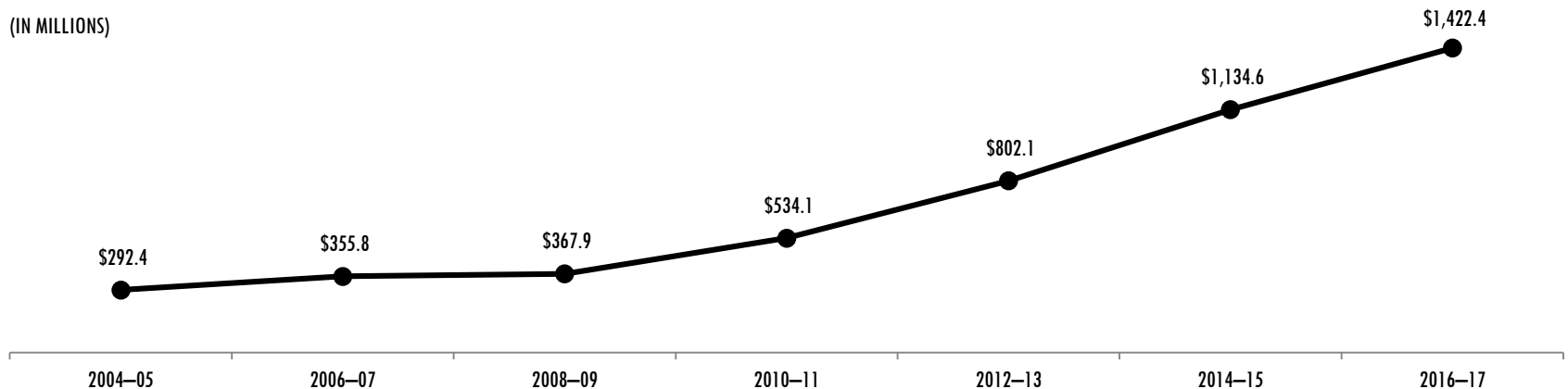
- (1) Appropriations and expenditures include TCEQ and Texas A&M Engineering Experiment Station amounts.
- (2) Revenues for 2006-17 are from the Comptroller's Annual Cash Reports for 2006-17.
- (3) Revenues for 2018-19 are from the Comptroller's Biennial Revenue Estimate for 2018-19.
- (4) TCEQ expenditures for 2006-2015 are provided by the agency; expenditures for 2016-17 are from TCEQ's 2018 Operating Budget. Texas A&M Engineering Experiment Station expenditures for 2006-2017 are from Legislative Budget Estimates.



# TERP Account Balance

- TERP Account revenues to the TERP Account that are not appropriated remain in the account balance and can be used for certification of the General Appropriations Act.
- For the 2018–19 biennium, the Comptroller used \$1,744.3 million in balances in the TERP Account toward certification. For the 2016–17 biennium, the Comptroller used \$1,246.3 million in balances in the TERP Account toward certification.

## TERP ACCOUNT BALANCES, 2004–05 TO 2016–17 BIENNIA



### NOTES:

(1) Data from fiscal years 2002 through 2017 are taken from the Comptroller's Cash Reports.

(2) Data for the 2018–19 biennium is from the Comptroller's Report on Use of General Revenue Dedicated Accounts, Eighty-fifth Legislature, 2017.

# Eighty-Fifth Legislative Session Changes

## Senate Bill 1731:

- **Extends the authorization** of the TERP program, previously set to expire on August 31, 2019, to the end of the biennium in which Texas attains the national ambient air quality standards for ground-level ozone.
- Allows TCEQ to reallocate funding between TERP programs based on **demand for grants**.
- Removes and amends various **caps and minimum spending levels** on TERP programs
- Renews the **Light-Duty Motor Vehicle Purchase or Lease Incentive program** and creates the **Governmental Alternative Fuel Fleet Grant program**.



## LEGISLATIVE BUDGET BOARD

### **Contact the LBB**

Legislative Budget Board

[www.lbb.state.tx.us](http://www.lbb.state.tx.us)

512.463.1200

# **Texas Commission on Environmental Protection**



**TCEQ**

**House Appropriations Committee**

**May 24, 2018**

## **TERP BACKGROUND**

The Texas Emissions Reduction Plan (TERP) was established under Senate Bill (SB) 5 in 2001 to provide voluntary incentives to reduce nitrogen oxides (NO<sub>x</sub>) from mobile sources. Within Texas areas not attaining the ozone NAAQS, more than half of NO<sub>x</sub> emissions come from mobile sources. For the Houston and Dallas-Fort Worth ozone nonattainment areas, 67% and 78% of NO<sub>x</sub> emissions were from mobile sources based on the most recently available emissions inventory estimates.

The Dallas-Fort Worth and Houston areas do not currently meet the 2008 ozone NAAQS and are at risk of being reclassified from moderate to serious nonattainment within the next year. In addition, the United States Environmental Protection Agency (EPA) is scheduled to complete nonattainment designations for Texas under the 2015 ozone NAAQS by July 17, 2018. Attainment of the more stringent 2015 ozone standard will be challenging given the emission reductions made to date, the fact that much of the ozone in Texas areas is not created locally, and most of the ozone created locally is associated with mobile sources.

The cost of not attaining the ozone NAAQS can be significant. For example, the Austin and San Antonio areas estimated the potential cost of an ozone nonattainment designation to have an impact as high as \$41 billion and \$36 billion respectively for each of the areas. Not adequately addressing the NAAQS can also result in a federal implementation plan (FIP), a higher permitting offset ratio that impacts economic growth, highway funding sanctions (except safety and mass transit projects), and withholding of federal air grant funds to the state.

TERP funds have supported the use of new technology and alternative fuels through six specific programs. TERP funding has also been used to address other specific concerns around the state such as air quality monitoring, health effects studies, and addressing emissions within seaports and major railyards.

## **TERP REVENUE**

For FY2019, the anticipated TERP revenue is \$240 million and TERP fund revenue deposits currently expire 8/31/2019.

**TERP APPROPRIATIONS** = \$77.3 million/yr. for both FY18 & FY19

# **FY 18/19 TERP PROGRAM ALLOCATIONS**

<b>Program</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 18-19 Total</b>	<b>Statutory Allocation</b>
<b>Statewide</b>				
Light-Duty Motor Vehicle Purchase or Lease Incentive Program	\$3,868,494	\$3,868,493	\$7,736,987	5%
Texas Clean School Bus Program	\$3,094,795	\$3,094,795	\$6,189,590	4.00%
New Technology Implementation Grants	\$2,321,096	\$2,321,096	\$4,642,192	3.00%
<b>TERP Transportation Zone (83 counties)</b>				
Texas Natural Gas Vehicle Grant Program	\$7,736,987	\$7,736,987	\$15,473,974	10.00%
Alternative Fueling Facilities Program (max)	\$6,000,000	\$0	\$6,000,000	\$6M (FY 18 only)
Texas Clean Fleet Program	\$3,868,494	\$3,868,493	\$7,736,987	5.00%
<b>Nonattainment Counties (19 counties)</b>				
Seaport and Rail Yards Emissions Reduction Program	\$4,642,192	\$4,642,192	\$9,284,384	6%
Port Authorities Studies & Pilot Projects (max)	\$500,000	\$500,000	\$1,000,000	\$500,000
<b>TERP affected counties (THSC, §386.001(2)) and nonattainment areas (42 counties)</b>				
Diesel Emission Reduction Incentive Programs <i>(remaining balance - % not in statute)</i>	\$33,171,812	\$39,171,811	\$72,343,623	Balance
<b>Other</b>				
Regional Air Monitoring Program	\$3,000,000	\$3,000,000	\$6,000,000	\$3M
Air Quality Research (max)	\$750,000	\$750,000	\$1,500,000	\$750K
Energy Systems Laboratory Contract (max)	\$216,000	\$216,000	\$432,000	\$216,000
Health Effects Study (max)	\$200,000	\$200,000	\$400,000	\$200K
TCEQ Administration	\$8,000,000	\$8,000,000	\$16,000,000	max \$8M
<b>TERP Program Total</b>	<b>\$77,369,870</b>	<b>\$77,369,867</b>	<b>\$154,739,737</b>	



**TERP GRANT AWARDS – September 2001 – August 2017**

<b>Grant Program</b>	<b>Grant Amount</b>	<b>Tons of NO<sub>x</sub> Reduced</b>	<b>Cost Per Ton of NO<sub>x</sub> Reduced</b>
Diesel Emissions Reduction Incentive Program	\$1,088,390,866	179,427	\$6,066
Texas Clean Fleet Program	\$58,160,503	660	\$88,140
Texas Natural Gas Vehicle Grant Program	\$41,968,970	1,493	\$28,119
Drayage Truck Incentive Program	\$6,209,424	358	\$17,367
<b>Subtotal</b>	<b>\$1,194,729,762</b>	<b>181,937</b>	<b>\$6,567</b>
Alternative Fueling Facilities Program	\$28,617,898	N/A	N/A
Light-Duty Motor Vehicle Purchase or Lease Incentive Program	\$4,656,250	N/A	N/A
Clean School Bus Program	\$34,558,623	N/A	N/A
New Technology Implementation Grants Program	\$15,775,751	N/A	N/A
<b>Totals</b>	<b>\$1,278,338,285</b>		

NA= Not applicable

**DIESEL EMISSIONS REDUCTION INCENTIVE PROGRAM**  
**FUNDING BY EMISSION SOURCE – September 2001 – August 31, 2017**

<b>Emission Source</b>	<b>Number of Projects</b>	<b>Number of Activities</b>	<b>Total NO<sub>x</sub> Reduced (tons)</b>	<b>Grant Amount</b>	<b>Cost Per Ton of NO<sub>x</sub> Reduced</b>
Non-Road	6,523	9,174	49,327	\$385,285,160	\$7,811
On-Road	4,871	8,890	60,191	\$426,411,155	\$7,084
Marine	87	513	15,257	\$49,199,790	\$3,225
Stationary	78	123	4,315	\$13,390,304	\$3,103
Locomotive	48	301	50,336	\$214,104,457	\$4,253
<b>TOTAL</b>	<b>11,607</b>	<b>19,001</b>	<b>179,427</b>	<b>\$1,088,390,866</b>	<b>\$6,066<sup>1</sup></b>

<sup>1</sup>Average cost per ton of NO<sub>x</sub> reduced

**DIESEL EMISSIONS REDUCTION INCENTIVE PROGRAM FUNDING BY AREA**  
**September 2001 – August 31, 2017**

Area	Number of Projects	Number of Activities	Total NO <sub>x</sub> Reduced (tons)	Grant Amount	Cost Per Ton of NO <sub>x</sub> Reduced
Dallas/Fort Worth (DFW)	4,552	7,455	82,431	459,347,044	\$5,573
Houston/Galveston/Brazoria (HGB)	4,170	7,069	60,253	376,273,308	\$6,245
Austin (AUS)	1,082	1,572	10,136	81,955,538	\$8,085
San Antonio (SAN)	1,034	1,544	10,318	77,360,244	\$7,498
Beaumont/Port Arthur (BPA)	258	520	8,110	42,373,551	\$5,225
Tyler/Longview (TYL)	208	324	4,594	27,933,047	\$6,081
El Paso (ELP)	141	179	742	3,660,308	\$4,931
Victoria (VIC)	86	99	535	5,002,187	\$9,355
Corpus Christi (CC)	76	239	2,309	14,485,640	\$6,274
<b>GRAND TOTAL</b>	<b>11,607</b>	<b>19,001</b>	<b>179,427</b>	<b>1,088,390,866</b>	<b>\$6,066</b>



TEXAS DEPARTMENT OF TRANSPORTATION



## **TXDOT TRANSFERS TO TEXAS EMISSIONS REDUCTION PROGRAM**

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House Appropriations Committee

May 24, 2018

## Interim Charge

*Review the appropriations made to the Texas Emissions Reduction Program (TERP) as well as the TERP fund balance. Review the revenue sources that fund the TERP and determine if the funds collected support the funding entities. Consider if TERP funding sources should be modified. Determine ways to address the TERP fund balance.*



# Introduction

The TERP account receives a portion of its funding from TxDOT's State Highway Fund (SHF). Non-constitutionally dedicated SHF dollars are transferred to the TERP account in an amount that reflects the total of Motor Vehicle Certificate of Title fees deposited into the Texas Mobility Fund (TMF). Transfers from the SHF to TERP account are set to expire at the end of Fiscal Year (FY) 2019.





# Motor Vehicle Certificate of Title Fees

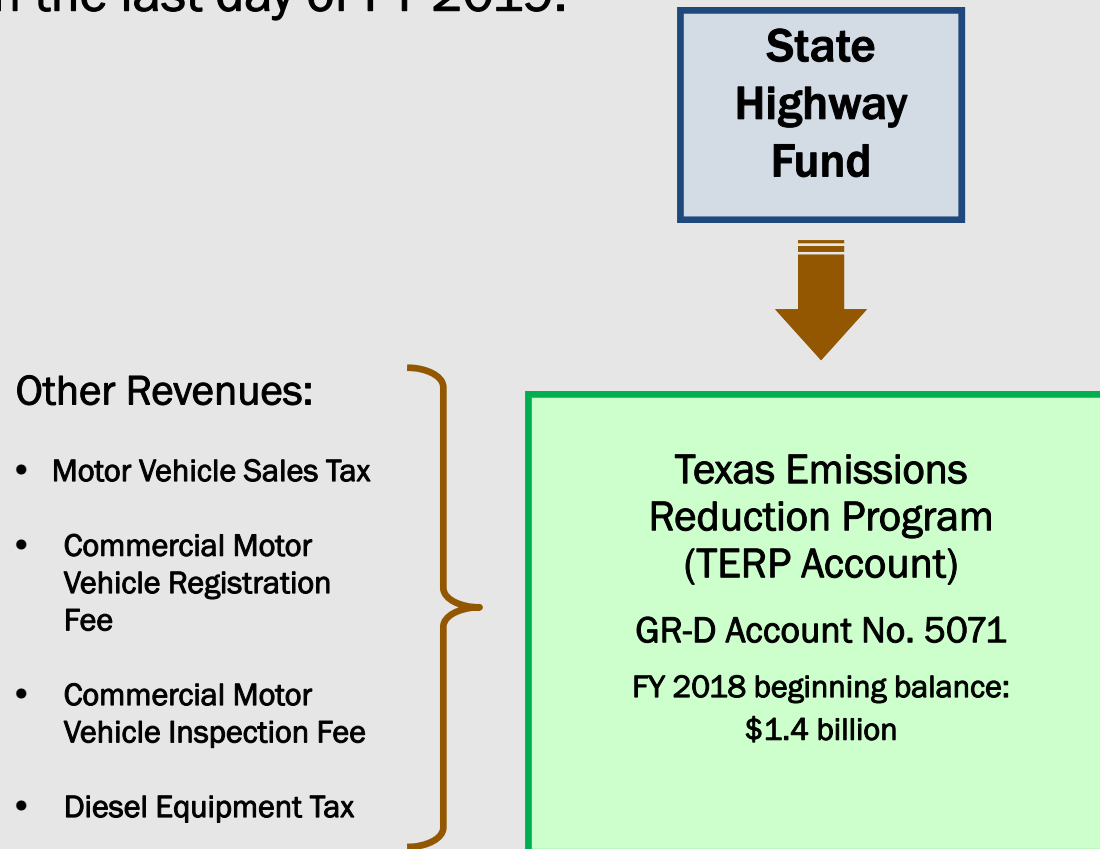
- *Motor Vehicle Certificate of Title Fee Deposits into the TMF:*
- Transportation Code §501.138(b) requires the following amounts from the collection of Motor Vehicle Certificate of Title Fees to be deposited into the TMF:
  - \$20 of \$33 per title payment from nonattainment counties
  - \$15 of \$28 per title payment from all other counties



**Texas  
Mobility  
Fund**

# SHF Transfers to the TERP Account

Transportation Code §501.138 (b-2) requires an equivalent amount of the Motor Vehicle Certification Fee deposit be transferred from non-constitutionally dedicated SHF revenue into the TERP account. This provision is scheduled to expire on the last day of FY 2019.



## TxDOT Forecast

TxDOT's forecast for Motor Vehicle Certificate of Title Fee transfers to the TMF for the biennium is as follows:

2018	2019
\$ 145,415,000	\$ 147,596,000

As of April 30, 2018, the TMF has received \$94,643,189 in Motor Vehicle Certificate of Title Fees.

Transportation Code, §501.138 (b-3) sets the expiration of subsection (b-2) at the end of FY 2019. The elimination of SHF transfers after FY 2019 is built into future TxDOT cash forecasts. Beginning in FY 2020, TxDOT incorporates the increase in non-constitutionally dedicated SHF dollars into the Unified Transportation Program (UTP) and, therefore, future highway construction projects.

TxDOT's FY 2019 UTP will include this funding for the years FY 2020-2028. This amounts to approximately \$1.43 billion.

# Past SHF Transfers to TERP and Estimated Revenue to TMF

## Past Transfers

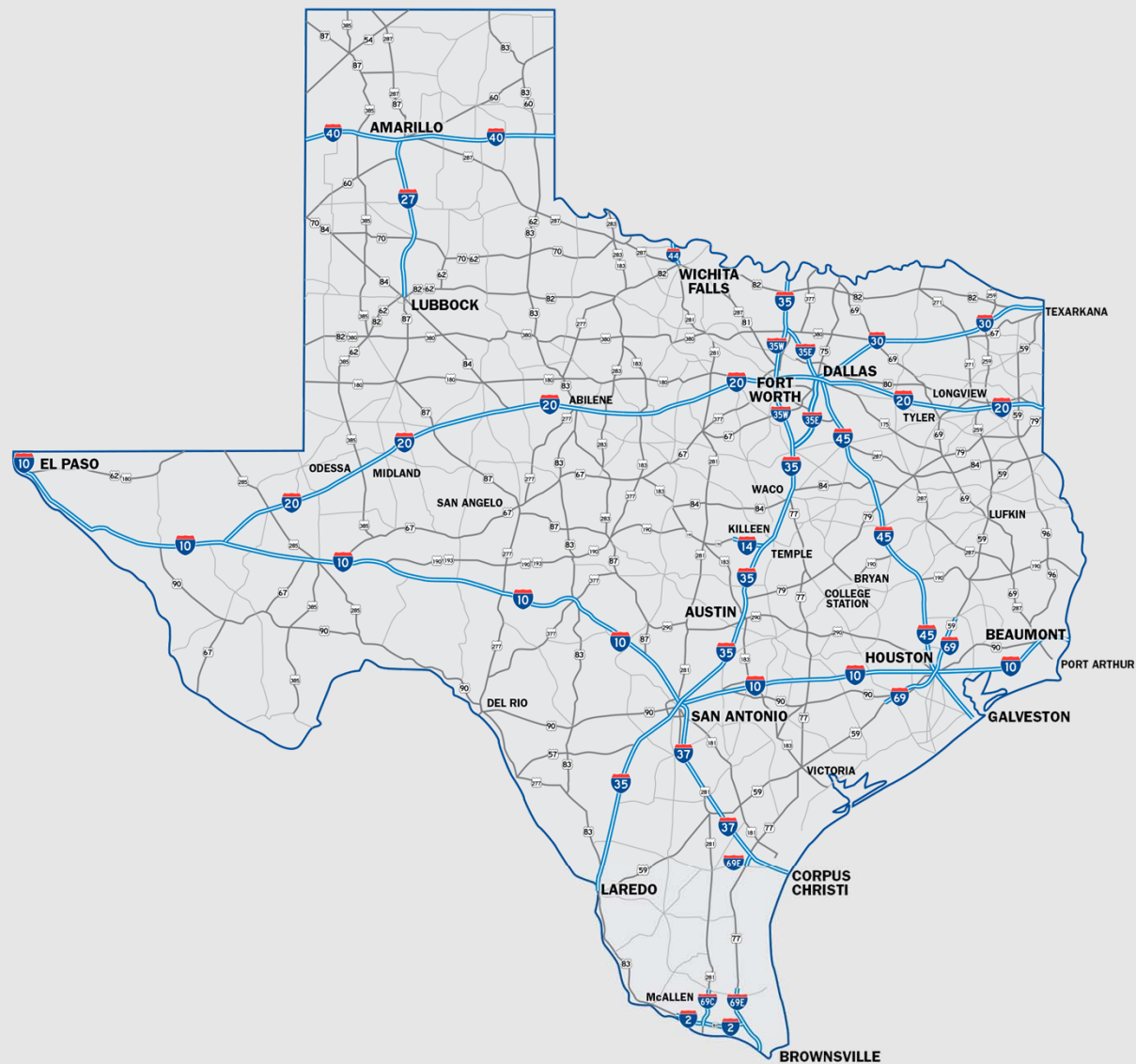
FY	Actual Transfers from SHF to TERP
2009	\$ 68,792,707
2010	\$ 74,239,518
2011	\$ 78,984,923
2012	\$ 86,257,083
2013	\$ 89,367,691
2014	\$ 94,557,053
2015	\$ 99,910,768
2016	\$ 127,428,992
2017	\$ 142,628,857
Total	\$ 862,167,590

## Estimated Transfers\*

FY	Estimated Certificate of Title Fee Revenue to TMF
2020	\$ 149,810,000
2021	\$ 152,057,000
2022	\$ 154,338,000
2023	\$ 156,653,000
2024	\$ 159,003,000
2025	\$ 161,388,000
2026	\$ 163,809,000
2027	\$ 166,266,000
2028	\$ 168,760,000
Total	\$ 1,432,084,000

\*Estimated transfers to TERP from non-dedicated SHF are based upon the estimated deposit amounts of Motor Vehicle Certificate of Title Fee revenue deposited into TMF. TxDOT's cash forecast after FY 2019 assumes TxDOT will retain the funding that has been transferred to the TERP account since FY 2009. This amounts to approximately \$1.43 billion from 2020-2028.

# Questions?





**Testimony of:**  
**Kathy Barber, Sr. Government Affairs Representative, Southern Region, Caterpillar Inc.**  
**Texas House of Representatives, Appropriations Committee**  
**May 24, 2018**  
**Texas Emissions Reduction Plan**

Caterpillar is a global company with over 20 facilities located in Texas, employing around 3,600 Texans. This includes our Progress Rail locations and Solar Turbines, two of our subsidiaries. We have three dealers in the state: Mustang CAT with a territory that includes Houston and stretches throughout southeast Texas; Holt CAT based in San Antonio, covers the Metroplex area to the southern border; and Warren CAT located in Midland, serving all of west Texas. Combined our three dealers employ around 3,500 employees.

Caterpillar is a sustainable company. We've been named to the Dow Jones Sustainability Index twelve years running. In 2015, we added sustainability to our core values. It is an important part of who we are and where we want to go. We are also proud that we have an EPA certified Tier 4 diesel locomotive.

The Texas Emissions Reduction Plan (TERP) has been in existence since 2001 and its stated purpose is to achieve maximum reductions in nitrogen oxides (NOx). Diesel has been part of that plan since its inception. Over the years the TERP fund balance has been allowed to grow and its estimated balance in 2019 will be around \$1.4 billion.

Section 151.0515 of the Tax Code imposes a 1.5% tax on new, used, leased or rented off-road heavy equipment except for equipment used in agriculture. The tax is paid in every county regardless of the attainment status. In other words, our customers purchasing equipment in a county that is in attainment must pay the tax even though NOx is not an issue for that area. These same customers are ineligible for TERP grants because their equipment operates in an attainment area.

In the 2014-2015 budget cycle, the diesel equipment tax brought in roughly \$137.8 million. The Diesel Emissions Reduction Incentive (DERI) grant program was appropriated \$68.5 million. Of that, \$4.7 million in grants was allowed for heavy diesel equipment. In the 2016-2017 budget cycle, the tax generated \$116 million, DERI received \$123 million in funding and heavy diesel equipment received \$16 million in grants. We would encourage additional funds from revenue generated by the tax be invested in repowering and replacing older diesel engines in non-road equipment. In terms of "bang for the buck" replacing or repowering older diesel engines provides significant NOx reductions for the lowest cost. According to the Texas Commission on Environmental Quality *Texas Emissions Reduction Plan, Biennial Report (2015-2016): A Report to the 85<sup>th</sup> Texas Legislature* from 2001 through FY 2016, projects totaling over \$1 billion spent on all categories within the DERI program reduced 171,945 tons of NOx at an average cost of \$5,893 per ton.

Our customers also pay the tax even if they're purchasing Tier 4 compliant heavy equipment, the cleanest diesel available. You've often heard the term "dirty diesel" which is no longer the case. By 2019, Caterpillar will only be manufacturing Tier 4 Final for U.S. sales. Tier 4 final products achieves the purpose of the TERP program – maximum NOx reduction - as well as reducing particulate matter.

We would make the following recommendations. We respectfully request the tax be reduced on heavy equipment. Second, purchases of Tier 4 heavy equipment, the cleanest diesel engine available, should no longer be taxed. Third, amend the DERI program to make grants available to more heavy equipment owners. We also request additional funds be appropriated for repower or replacement of older diesel engines. This allows for a greater return on investment of grant dollars by reducing NOx, the purpose of the program.





## LEGISLATIVE BUDGET BOARD

# Overview of the Waste Management Account and the Solid Waste Disposal Fee Account

**PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE**

**LEGISLATIVE BUDGET BOARD STAFF**

**MAY 2018**

# Statement of Interim Charge

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## House Appropriations Committee Interim Charge #16:

Study the allocation of the **municipal solid waste disposal fee** between Waste Management Account 0549 and Solid Waste Disposal Fee Account 5000. Determine whether changes should be made to support future program costs.

# Solid Waste Disposal Fee

- The Solid Waste Disposal Fee consists of a **disposal fee** and a **registration fee**.
  - Texas Health and Safety Code, §361.013(a) requires the Texas Commission on Environmental Quality (TCEQ) to assess a fee for the disposal of all solid waste. Statute establishes the fee as 94 cents/ton, 30 cents/cubic yard (compacted), or 19 cents/cubic yard (uncompacted) and authorizes TCEQ to raise or lower fees in accordance with appropriation levels.
  - Texas Health and Safety Code, §361.013(c) requires TCEQ to charge an annual registration fee within a range of \$25-\$500 to a transporter of municipal solid waste. This fee is currently set by volume in TCEQ rule (Texas Administrative Code, Title 30, Part 1, §312.9(c) and §312.142(j)).
- Revenue distribution from the Solid Waste Disposal Fee (per Texas Health and Safety Code, §361.014):
  - **66.7%** to the GR-D Waste Management Account No. 549
  - **33.3%** to the Solid Waste Disposal Fees Account No. 5000

# GR-D Account 549 Funding

- Revenues deposited to the GR-D Waste Management Account No. 549 (Account 549) include various industrial and hazardous solid waste fees, in addition to 66.7% of the Solid Waste Disposal Fee.
- The Solid Waste Disposal fee revenue deposited to Account 549 is anticipated to comprise approximately 60% of the total revenues deposited to the account in the 2018-19 biennium in the Comptroller's Biennial Revenue Estimate.
- **Account 549 is dedicated for TCEQ program implementation and administration**, including “municipal solid waste permitting programs, enforcement programs, and site remediation programs, and to pay for activities that will enhance the state’s solid waste management program.”

# GR-D Account 549 Funding

The Solid Waste Disposal Fee comprises a portion of the revenues deposited to Account 549. Total appropriations from Account 549, which include appropriations funded by the Solid Waste Disposal Fee revenue, are shown below.

	(IN MILLIONS)	
<b>TCEQ Program</b>	<b>2016-17 Expended</b>	<b>2018-19 Appropriated</b>
Administration	\$21.2	\$21.3
Field Inspections & Complaint Response	\$15.2	\$15.6
Municipal Solid Waste	\$7.2	\$7.2
Enforcement	\$6.6	\$6.7
Industrial Hazardous Waste	\$6.4	\$7.0
Waste Assessment and Planning	\$1.4	\$1.4
Other	\$6.5	\$6.3
<b>Total</b>	<b>\$64.6</b>	<b>\$65.5</b>
<b>Solid Waste Disposal Fee Revenue</b>	<b>2016-17</b>	<b>2018-19</b>
Account 549	\$43.1	\$40.0

**Account 549 Revenues vs. Appropriations:** Over the past 5 years, Account 549 revenues (from all sources) and appropriations have been roughly equivalent, resulting in a fairly steady fund balance, which was \$31.8 million at the end of FY 2017.

SOURCE: Legislative Budget Board, State Budget by Program; GAA, 2018-19; Comptroller's Biennial Revenue Estimate, 2018-19; Comptroller of Public Accounts

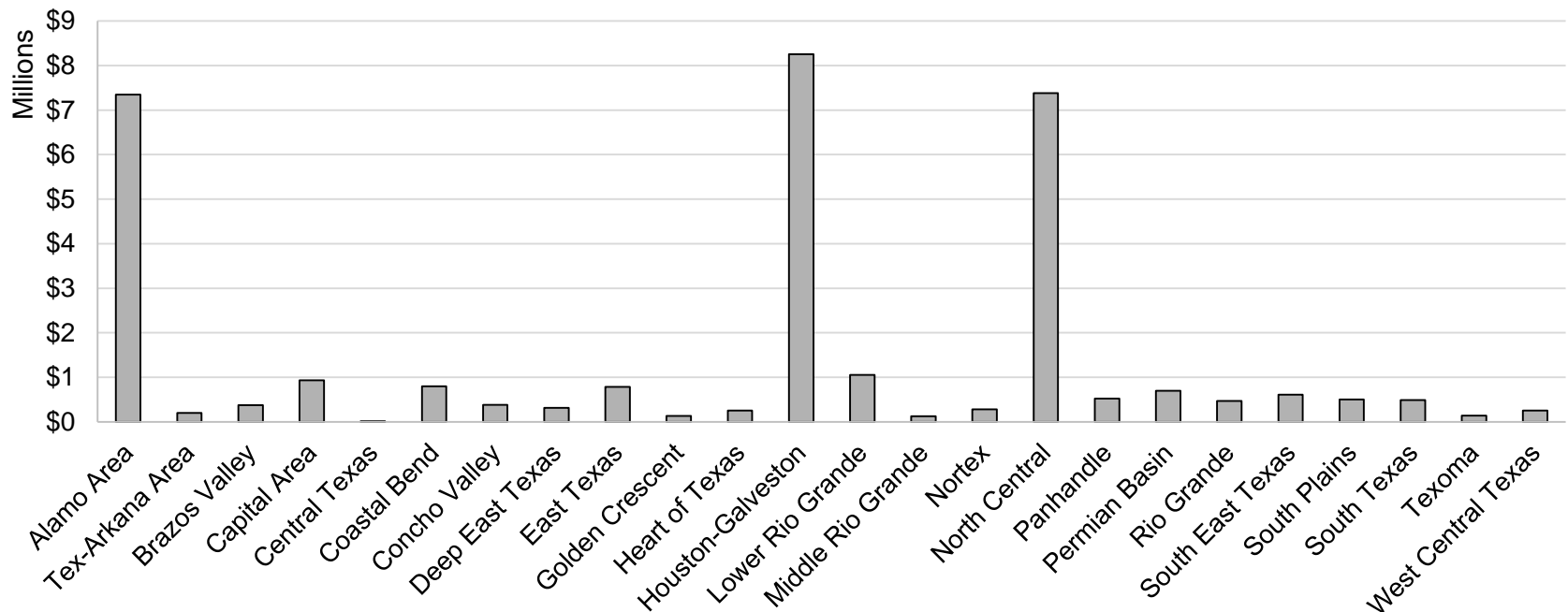
# GR-D Account 5000

- Revenue deposited to the GR-D Solid Waste Disposal Fees Account No. 5000 (Account 5000) consists entirely of 33.3% of the Municipal Solid Waste Disposal Fee.
- **Account 5000 is dedicated for local and regional solid waste projects (Health and Safety Code, Section 361.014(b)).** TCEQ allocates this funding to local governments and regional planning commissions through its Municipal Solid Waste Disposal Grant program.
- Expenditures in the 2016-17 biennium for the Municipal Solid Waste Disposal Grant program totaled \$11.0 million.
- Appropriations for the Municipal Solid Waste Disposal Grant program total \$11.0 million for the 2018-19 biennium.
- In November 2017, an emergency appropriation of \$90.0 million in Account 5000 balances was made to assist affected local communities with debris removal related to Hurricane Harvey.

# GR-D Account 5000 Revenues and Grant Allocations

- Grants provided to local and regional entities are allocated by TCEQ based on population, area, solid waste fee generation, and public health needs.

Solid Waste Disposal Fee Revenues by Region, Fiscal Year 2017



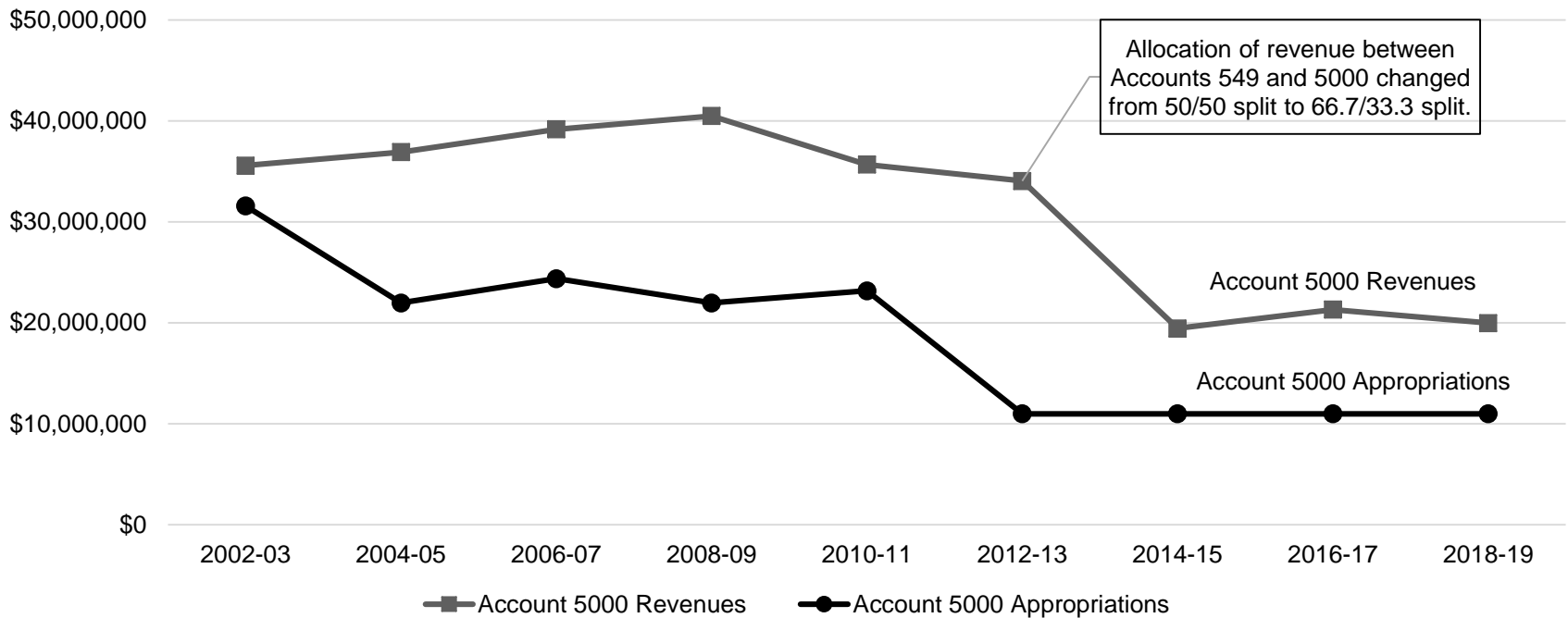
Note: Revenues collected from Brooks, Cochran, Coleman, Galveston, Kinney, McMullen, Menard, and Oldham Counties were not included in the revenue estimates, as revenues from these counties did not exceed the threshold value of \$1,000.

Source: Texas Commission on Environmental Quality



# Solid Waste Disposal Fee Revenues and Municipal Solid Waste Disposal Grant Program Appropriations

- The solid waste disposal fee was directed to be deposited to the GR-D Account 549 and the GR-D Account 5000 beginning in fiscal year 1998 (House Bill 3231, 75<sup>th</sup> Legislature, Regular Session, 1997).



NOTES: Due to House Bill 7, Eighty-third Legislature, Regular Session, the allocation of the solid waste disposal fee between the GR-D Account 549 and the GR-D Account 5000 changed from a 50/50 split to a 66.7/33.3 split.

Revenues for the 2018-19 biennium are estimated.

SOURCE: For fiscal years 2002-2017, revenues are from the Comptroller. For fiscal years 2018-19, revenues are from the Comptroller's Biennial Revenue estimate. Appropriations are from the General Appropriations Act.



## LEGISLATIVE BUDGET BOARD

### **Contact the LBB**

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# Texas Commission on Environmental Protection



## House Appropriations Committee

**May 24, 2018**

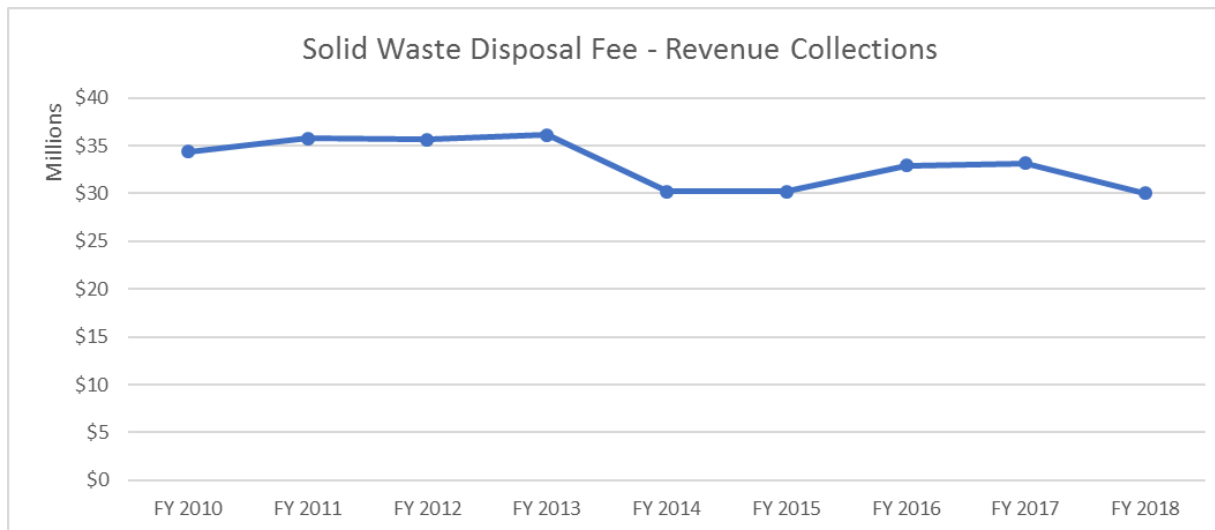
*Interim Charge: Study the allocation of the municipal solid waste disposal fee between Waste Management Account 0549 and Solid Waste Disposal Fee Account 5000. Determine whether changes should be made to support future program costs.*

## Municipal Solid Waste Disposal Fees

The solid waste disposal fee is generated from a fee charged on all solid waste that is disposed of within the state, also referred to as the tipping fee. Total revenue collections were \$32.3 million in FY 17. The fee is assessed on either weight or volume and landfilled or processed.

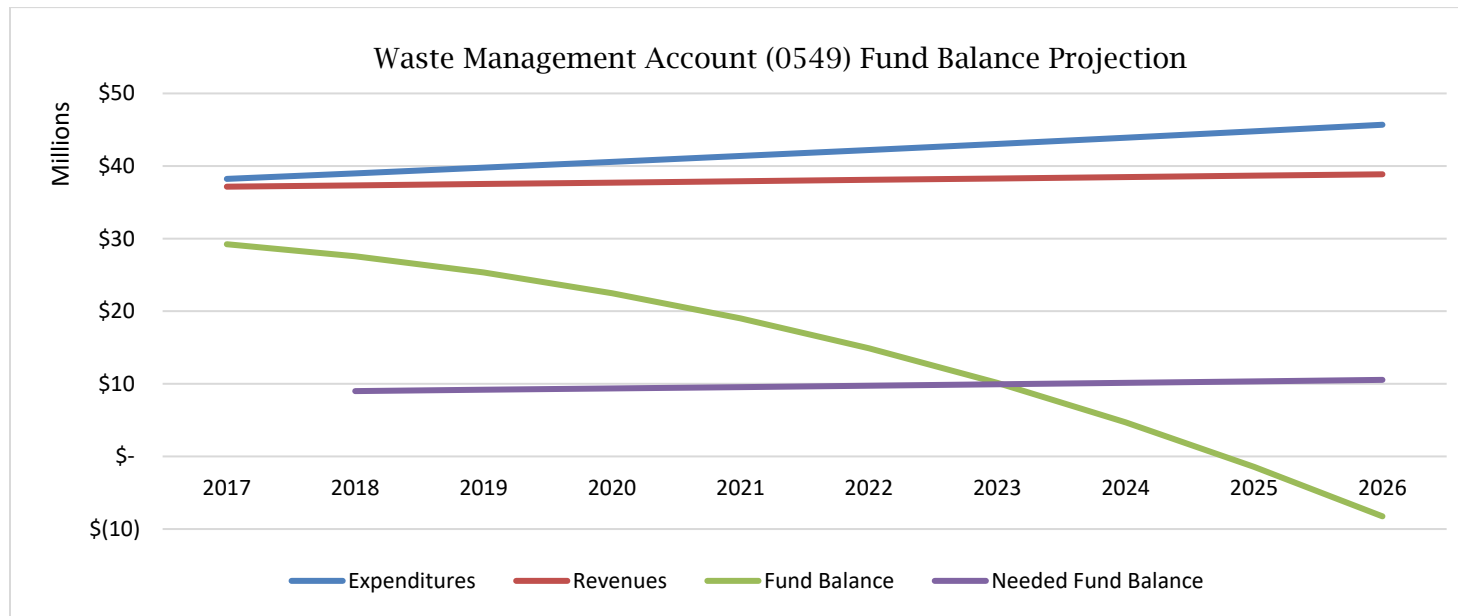
Fee Assessed		
Units of Measure	Landfilling	Processing
Ton, measured by weight	\$0.94/ton	\$0.47/ton
Cubic yard, compacted	\$0.30/C.Y.	\$0.15/C.Y.
Cubic yard, uncompacted	\$0.19/C.Y.	\$0.095/C.Y.

The fee is deposited to the Municipal Solid Waste Account 0549 and the Solid Waste Disposal Account 5000. The distribution is 66.7% to the Municipal Solid Waste Disposal Account and 33.3% to the Solid Waste Disposal Account, which was established in the FY 2013 Legislative Session. Prior to 2013, the distribution was 50/50. The fee was also reduced by 25% during the FY 2013 session.



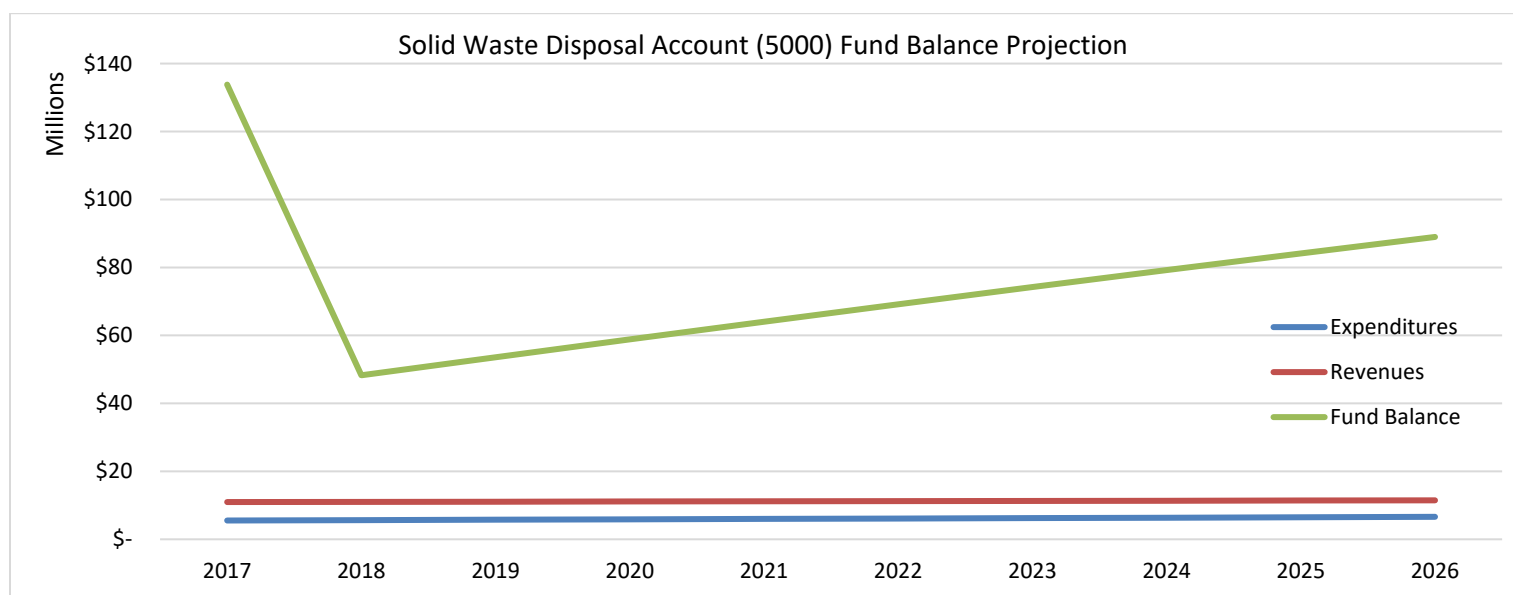
## Waste Management Account 0549

The Waste Management Account 0549 receives \$22 million of the revenue collected. Funds are allocated to the TCEQ waste programs such as permitting, enforcement, field investigations, and administration. Appropriations total approximately \$32 million each year. As shown in the chart, the fund balance is on a downward trend, estimated to be zero by FY 2025.



## Solid Waste Disposal Account 5000

The Solid Waste Disposal Account 5000 receives \$10-11 million of the revenue collected. Appropriations total \$5.5 million each year. Appropriations are allocated to the state's 24 COGs based on a formula that considers population, area, solid waste fee generation, and public health needs. Funds are allocated for solid waste planning and waste management initiatives. The plans may include technical assistance to local governments; education, training, and outreach; data collection and analysis; sub-grants for local projects; or closed landfill inventory maintenance. As shown in the chart, the fund balance is on an upward trend, estimated to double by FY 2026.



Note: The fund balance drops from FY 17 to FY 18, as a result of a transfer to TDEM to support the local's 10% cost share for debris removal related to Hurricane Harvey.



## LEGISLATIVE BUDGET BOARD

# Appropriations and Cost Recovery

**PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE**

**LEGISLATIVE BUDGET BOARD STAFF**

**MAY 2018**



# Interim Charge

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Review the effectiveness of the cost-recovery model as a method of finance for programs and organizations across state government. Identify best practices and make recommendations for improvement.

# Appropriations Limited to Revenue Collections

- Certain agencies and programs are statutorily required to generate revenue to cover the cost of operations related to the agency or program
- The General Appropriations Act contains Appropriations Limited to Revenue Collections (ALRC) riders for these agencies and programs that dictate that authorized fees, fines, and other revenue generated by the agency cover the cost of appropriations and other direct and indirect costs (ODIC)
- ODIC includes employee benefit contributions, statewide fixed costs, and any applicable revenue bond costs
- If projected or actual revenues are insufficient to offset the cost of operations, the Legislative Budget Board (LBB) and Office of the Governor may direct the Comptroller of Public Accounts (CPA) to reduce the appropriation authority proportionally
- For most of these agencies and programs, revenue that is generated above the cost of operations is deposited into the General Revenue Fund and can be used for any purpose
- General Revenue Dedicated Fund 36 is “self-leveling” meaning that fees are adjusted to generate revenue equivalent to appropriations
  - This account funds the Texas Department of Insurance, Office of Injured Employee Counsel, and certain programs in five other agencies
- Certain agencies have other rider requirements regarding fees
  - Texas Department of Agriculture is required to submit quarterly reports to the LBB and CPA on fees and expenditures by program and strategy

# Agency Appropriations Limited to Revenue Collections

AGENCIES WITH APPROPRIATIONS ENTIRELY SUBJECT TO APPROPRIATIONS LIMITED TO REVENUE COLLECTIONS RIDERS

Article V – Public Safety and Criminal Justice Agencies

Commission on Fire Protection

Alcoholic Beverage Commission

Article VIII – Regulatory Agencies

Board of Chiropractic Examiners

Texas Board of Nursing

Texas State Board of Dental Examiners

Optometry Board

Funeral Service Commission

Board of Pharmacy

Board of Professional Geoscientists

Executive Council of Physical Therapy and Occupational Therapy Examiners

Office of Injured Employee Counsel

Board of Plumbing Examiners

Department of Insurance

Board of Examiners of Psychologists

Office of Public Insurance Counsel

Racing Commission

Board of Professional Land Surveying

Securities Board

Department of Licensing and Regulation

Board of Veterinary Medical Examiners

Texas Medical Board

# Program Appropriations Limited to Revenue Collections

## AGENCIES CONTAINING PROGRAMS SUBJECT TO APPROPRIATIONS LIMITED TO REVENUE COLLECTIONS RIDERS

AGENCY	PROGRAM(S)
<b>Article I – General Government</b>	
Facilities Commission	Federal Surplus Property
<b>Article II – Health and Human Services</b>	
Health and Human Services Commission	Nursing Facility Administrator; Home Health and Community Support Services Agencies; Certification of Interpreters; Health Care Professionals; and Health Care Facilities
Department of State Health Services	Specific programs within: Food and Drug Safety; Environmental Health; Radiation Control; and Vital Statistics
<b>Article III – Education</b>	
Texas Education Agency	Guaranteed Program for School District and Charter School Bonds; Texas Certificate of High School Equivalency; Educator Certification; Criminal History Background Check; Electronic Courses and Programs Virtual School Network; Educator Preparation Program Approval and Accountability; and Texas High Performance Schools Consortium Fee
<b>Article IV – Judiciary</b>	
Office of Court Administration, Texas Judicial Council	Judicial Branch Certification Commission
<b>Article V – Public Safety and Criminal Justice</b>	
Department of Public Safety	Private Security Bureau

# Program Appropriations (continued)

## AGENCIES CONTAINING PROGRAMS SUBJECT TO APPROPRIATIONS LIMITED TO REVENUE COLLECTIONS RIDERS (CONTINUED)

AGENCY	PROGRAM(S)
<b>Article VI – Natural Resources</b>	
Department of Agriculture	Livestock Export Pens; International and Domestic Trade; Plant Health; Egg Quality Regulation; Handling and Marketing of Perishable Commodities; Grain Warehouse; Agricultural Pesticide Regulation; Organic Certification; Prescribed Burn; Structural Pest Control; Weights and Measures; Metrology; Central Administration; Information Resources; and Other Support Services
Animal Health Commission	Chronic Wasting Disease; Poultry Registration; and specific programs within the agency's Field Operations strategy
Commission on Environmental Quality	Automobile Emission Inspections
Railroad Commission	Liquefied Petroleum Gas Program and Alternative Fuels Licensing Program; Surface Mining Permits; Pipeline Safety; and Uranium Mining Regulation
<b>Article VII – Business and Economic Development</b>	
Department of Housing and Community Affairs	Manufactured Housing
Texas Lottery Commission	Enforce Bingo Laws
Department of Transportation	Rail Safety



## LEGISLATIVE BUDGET BOARD

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## 2018-19 Article VIII Appropriations Limited to Revenue Collections Summary<sup>7,8</sup>

Agency		GR-D Estimated Available Fund Balances (1)	Estimated General Revenue (1)	Estimated Revenue To Cover Appropriations	2018-19 GR/GR-D Appropriations	Other Direct & Indirect Costs (2)	Contingency Appropriations/ Riders Adjustments (3)	Difference (Revenue less Appropriations and ODIC)	Agency Appropriation as % of Estimated Revenue
	Board of Chiropractic Examiners		2,794,000	2,794,000	1,491,501	496,802		805,697	71.2%
	Board of Dental Examiners		16,400,000	16,400,000	8,586,868	2,342,337	733,662	6,204,457	66.6%
	Funeral Service Commission		3,357,000	3,357,000	1,494,533	562,580		1,299,887	61.3%
	Board of Professional Geoscientists		1,991,000	1,991,000	1,143,522	281,421		566,057	71.6%
	Office of Public Insurance Counsel (4)		5,088,000	5,088,000	1,701,159	778,544		2,608,297	48.7%
	Board of Professional Land Surveying		1,250,000	1,250,000	936,215	354,268		(40,483)	103.2%
	Department of Licensing and Regulation (5)	205,000	84,520,590	84,725,590	60,371,347	19,765,801	934,664	5,523,106	94.6%
	Texas Medical Board	4,521,000	61,763,000	66,284,000	27,384,794	8,789,119		30,110,087	54.6%
	Board of Nursing		27,800,000	27,800,000	18,120,415	5,510,667	1,476,489	5,645,407	85.0%
	Optometry Board		1,664,000	1,664,000	896,348	366,098	18,184	419,738	75.9%
	Board of Pharmacy		21,407,000	21,407,000	16,479,111	4,516,043	592,340	1,004,186	98.1%
	Executive Council of Physical Therapy and Occupational Therapy Examiners		12,500,000	12,500,000	2,718,753	941,760		8,839,487	29.3%
	Board of Plumbing Examiners		9,380,000	9,380,000	5,208,758	1,397,480		2,773,762	70.4%
	Board of Podiatric Medical Examiners (5)		-	-	-	-		-	
	Board of Examiners of Psychologists		3,593,000	3,593,000	1,624,285	715,694		1,253,021	65.1%
	Racing Commission	167,000	14,939,000	15,106,000	15,596,932	2,262,022	1,317,684	(1,435,270)	118.2%
	Securities Board (6)		26,700,600	26,700,600	14,028,901	4,740,991		7,930,708	70.3%
	Board of Veterinary Medical Examiners		3,846,000	3,846,000	2,872,528	957,764	148,910	164,618	99.6%
<b>TOTAL</b>		<b>4,893,000</b>	<b>298,993,190</b>	<b>303,886,190</b>	<b>180,655,970</b>	<b>54,779,391</b>	<b>5,221,933</b>	<b>73,672,762</b>	<b>77.5%</b>

### Notes:

- (1) Revenues and estimated fund balances are from the Comptroller of Public Accounts 2018-19 Biennial Revenue Estimates (BRE). Fund balances include the following - Texas Department of Licensing and Regulation (TDLR): Private Beauty Culture School Tuition Protection Fund 108: \$180,000; TDLR: Barber School Tuition Protection Fund 5081: \$25,000; Texas Medical Board: Public Assurance Fund 5105: \$4,521,000; Racing Commission: Texas Racing Commission Account 0597: \$167,000.
- (2) Other Direct and Indirect Costs (ODIC) are based on the state's previous contributions for employee benefits, statewide fixed costs, and any applicable revenue bond costs. The benefits contributions consist of social security, retirement, group insurance, and benefit replacement pay. The formula considers the ALRC-affected funding, FTEs, and salaries. These numbers are then used to determine the total ODIC requirements for the individual ALRC agency.
- (3) Contingency appropriations / rider adjustments include funding subject to riders specifying that the appropriation is contingent on the agency assessing or increasing fees sufficient to generate revenue above the BRE in an amount equal to the appropriation and ODIC amount, if applicable, and the Comptroller of Public Accounts issuing a finding of fact of the increased revenues prior to the funds being released to the agency.
- (4) The Office of Public Insurance Counsel is funded by a statutorily set fee of 5.7 cents on certain insurance policies that is collected by the Comptroller of Public Accounts.
- (5) House Bill 3078, Eighty-fifth Legislature, Regular Session, 2017 abolished the Board of Podiatric Medical Examiners and transferred regulation of podiatry to TDLR. Revenue estimates for Board of Podiatric Medical Examiners are included in revenue estimates for TDLR.
- (6) The estimate for revenue for the Securities Board represents the agency's estimate of revenue from fees set by the agency. The Securities Board also collects fees set in statute by the Legislature. The estimate from the Comptroller's Biennial Revenue Estimate for all fees collected by the Securities Board is \$276 million.
- (7) The State Office of Administrative Hearings, the Health Professions Council, the Public Utility Commission, and the Office of Public Utility Counsel do not generate General Revenue or GR-Dedicated revenues subject to ALRC provisions and are not included in the list above.
- (8) The amounts listed in the table above exclude fund balances, revenues, and direct appropriations to TDI and the Office of Injured Employee Counsel (OIEC). TDI is a self-leveling agency. TDI is required by law to adjust fees to generate revenues equivalent to its appropriations and the appropriations made to OIEC and certain programs in five other agencies.