



Hurricane Harvey School Finance Issues
October 10, 2017

	A Issue/Response	B Current Action/Next Steps	C FY 2018 Estimated Costs**	D FY 2019 Estimated Costs**	E Biennial Total Est. Cost**	F Legal Authority
	<p>Enrollment Related Adjustments</p>					
1	<p>Increased enrollment due to student displacement in the 2017–2018 school year.</p> <p>Is this currently a legally required cost to the state? Yes.</p> <p>Issue: 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 student enrollment. Instead, FSP formula increases due to enrollment changes are made during the FSP settle-up process occurring in September of 2018 (FY 2019) following the school year.</p> <p>Solution: Districts can receive an increase in their state aid during the 2017–2018 school year if they have increased average daily attendance (ADA) and apply to TEA. To date, three districts have applied for adjustments, with a total of 930 students in average daily attendance.</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 have (1) additional ADA and (2) submit an application to TEA.</p> <p>Consistent with current practice, TEA will continue to make full FSP formula payments to all school districts (and requesting charter schools), regardless of a student enrollment decline. This prevents any immediate loss of state funding during the 2017–2018 school year.</p>	<p>on a per ADA basis. As a result, a loss of ADA in the 2017–2018 school year would normally result in the following: \$380 million</p> <p>1. For Chapter 42 districts, a loss of FSP funds in September 2018 (FY 2019) during FSP settle-up.</p>			

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	<p>costs not covered by insurance or FEMA. Importantly, however, districts cannot recover more than their recapture payments (see row 9 below).</p> <p>Solution: Chapter 41 districts with eligible remediation costs can offset recapture payments by applying to TEA in the 2017–2018 and 2018–2019 school years.</p>		<p>leaving districts with at least a 10 percent uninsured and uncovered loss.</p>	<p>leaving districts with at least a 10 percent uninsured and uncovered loss.</p>		
9	<p>Facilities damage related to Chapter 42 districts and Chapter 41 districts beyond recapture.</p> <p>Is this a legally required cost to the state? No.</p> <p>Issue: 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>TEA is encouraging districts to work with their insurance providers and FEMA to determine unreimbursed damage amounts.</p>	<p>TBD</p> <p>\$0 unless TEA borrows money from FY 2019 to create an FSP surplus in FY 2018. This has never been done before. If done, TEA would request a supplemental appropriation in the 86th Texas Legislature.</p>	<p>TBD</p> <p>\$0 unless there is an FSP formula surplus in FY 2019.</p> <p>The legislature could provide additional funding as part of a supplemental appropriation bill during the 86th Texas Legislature.</p>	<p>TBD</p>	<p>TEC §42.2524 Reimbursement for Disaster Remediation Costs.</p>

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