



<b>DATE:</b>	<b>August 29, 2019</b>
<b>SUBJECT:</b>	<b>Reimbursement for Hurricane Harvey Remediation Costs under Texas Education Code, §42.2524</b>
<b>CATEGORY:</b>	<b>State Disaster Repayment</b>
<b>NEXT STEPS:</b>	<b>Share with business and finance staff</b>

### Appropriations

Senate Bill (SB) 500, Section 33, from the 86<sup>th</sup> Regular Legislative session, appropriated funds to the Texas Education Agency (TEA) to allocate to school districts and charter schools for the purpose of expenses related specifically to Hurricane Harvey. SB 500 appropriated \$535.2 million for the adjustment of school district property values under Section 42.2523, Texas Education Code (TEC), and reimbursement to school districts for disaster remediation costs under TEC, Section 42.2524.

### Disaster Reimbursement Guidelines

Title 19 Texas Administrative Code (TAC) §61.1013(c)(1), defines disaster remediation costs as those incurred by a school district for replacing school facilities, equipment and supplies needed to provide instruction at a location where students eligible for FSP funding regularly attend classes. Transportation costs are not included in the definition under 19 TAC §61.1013(c)(1) and are not, therefore, eligible disaster remediation costs. TEA staff reviewed submitted applications and supporting documentation to determine the eligibility of the expenditures. Ineligible costs were removed from disaster remediation reimbursements.

Reimbursement was limited to eligible costs: 1) paid that the school district or charter school does not anticipate recovering via insurance proceeds, federal disaster relief payment, or another source of repayment in accordance with TEC, §42.2524(b); and 2) paid during the two-year period following the governor’s initial proclamation or executive order declaring a state of disaster. Eligible expenses must have been incurred before August 22, 2019—the two-year anniversary of the Governor’s proclamation declaring the state of disaster for Hurricane Harvey.

### Reporting Requirement

Pursuant to 19 TAC §61.1013(i), annually, after the date of the award under this grant program, the school district or charter school board and school district superintendent or charter school chief executive officer shall provide a certified report on a form prescribed by the TEA until all insurance proceeds, federal disaster relief, or other similar sources of reimbursements related to the disaster are finalized. On the report, the school district or charter school shall identify any insurance proceeds, federal disaster relief payments, or other similar sources of reimbursement that the school district or charter school received for which the school district or charter school previously received payment from the TEA.

TEA will adjust funding for any overpayments made to the school district or charter school based on the final report out of the school district's or charter school's future FSP payments or will require a refund from the school district or charter school.

### **Finalization of the Award**

When the school district or charter school determines that all insurance proceeds, federal disaster relief payments, or other similar sources of reimbursement that the school district or charter school anticipates receiving are finalized and that there are no pending claims, the school district or charter school board and school district superintendent or charter school chief executive officer shall, pursuant to 19 TAC §61.1013(j), certify to the TEA in writing that the annual report is no longer necessary and disaster reporting is finalized.

### **Record Retention and Audit**

Pursuant to 19 TAC §61.1013(k), the school district or charter school shall maintain all documents necessary to substantiate payment and certifications made, and the school district or charter school is subject to audit by the TEA until two years after the school district or charter school certifies to the TEA in writing that the disaster is finalized and closed.

### **Additional Resources**

Attached is a final list of districts and amounts for the payments resulting from Foundation School Program (FSP) funding for reimbursement of disaster remediation costs. These amounts will be paid out by August 30, 2019. The commissioner's decision under TEC, Sec. 42.2524, pursuant to Subsection (j), is final and may not be appealed. For questions about this matter, please contact Thomas Heil via telephone at (512) 463-9622 or email at [thomas.heil@tea.texas.gov](mailto:thomas.heil@tea.texas.gov) or Sara Kohn at (512) 463-8891 or at [Sara.Kohn@tea.texas.gov](mailto:Sara.Kohn@tea.texas.gov).

Regards,

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Attachment