

LOUISIANA RECOVERY AUTHORITY

School District Allocation Approval

June 25, 2007

OVERVIEW: A resolution to request the Louisiana Recovery Authority (LRA) Board to allocate \$200 million of Community Development Block Grant (CDBG) funds to school districts impacted by Hurricanes Katrina and Rita to cover Federal Emergency Management Agency (FEMA) ineligible repairs and expenses, including but not limited to deferred maintenance, insurance deductibles, costs associated with the National Flood Insurance Program (NFIP), and other facilities rebuilding costs which FEMA will not cover and allocate these funds along the parameters of funding scenario No. 3 developed by the LRA staff, with this scenario amended to allocate funds on a 60%-40% basis weighted more toward FEMA Public Assistance obligated funding amounts in Categories C-G than National Flood Insurance Program (NFIP) penalty amounts.

Whereas, the LRA originally committed \$250 million to address this need, of which \$200 million was allocated in an Action Plan to the United States Department of Housing and Urban Development (HUD) that the members of the Louisiana House and Senate Education Committees reviewed during an August 2006 joint committee meeting.

Whereas, the initial assumption of allocating \$200 million for these costs was based on figures reported by local districts in February and August 2006, which showed that this amount would be sufficient to cover the ineligible costs for all public school districts impacted by Hurricanes Katrina and Rita.

Whereas, in early 2007, at the request of the LRA, the Louisiana Department of Education (DOE) attempted to collect revised district-reported estimates, and these new figures showed a much higher amount for FEMA ineligible costs than was previously reported.

Whereas, the LRA staff developed six funding scenarios for allocating these funds using school district-by-district figures supplied by the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) and district-reported figures supplied through the Louisiana Department of Education (DOE) survey, according to formulas based on NFIP reductions and FEMA eligible costs incurred by public school districts acquired through the FEMA Public Assistance (PA) program.

Whereas, for hurricane-impacted school districts to budget appropriately, districts must know how much money they will receive from CDBG funds.

Whereas, the six funding scenarios developed by LRA staff included only the districts within parishes that were part of the LRA's \$200 million commitment to help cover long-term community planning efforts.

Whereas, the parish pool allocation was based on the amount of total damage to a parish and included both housing stock and infrastructure damage.

Whereas, the parishes included were parishes that the board determined were the most significantly impacted by Hurricanes Katrina and Rita.

Whereas, the following is a brief description of the six funding scenarios developed by LRA staff:

Scenarios 1-3 initially allocate \$125 million to cover non-NFIP costs, and then allocate funds to cover NFIP deductions:

Scenario #1: Allocates funds only to school districts with total FEMA Public Assistance rebuilding projects valued above or near \$150,000 on April 30, 2007. Half of the total funds, \$100 million, are allocated to districts based on the distribution of those funds to districts receiving rebuilding dollars. The remaining \$125 million is used to cover NFIP deductions as reported by the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP). Each half is allocated on a pro-rated basis. Districts that do not have a "total" allocation of \$100,000 are given a minimum grant allocation of \$100,000. This results in a 49.77% vs. 50% allocation.

Scenario #2: This scenario is the same as Scenario #1, except that all districts with rebuilding PA projects are included in the allocation. This scenario has a 50% - 50% allocation distribution between the two general allocations.

Scenario #3: This scenario is the same as Scenario #1, except that it only allocates funds to the parishes included within the LRA's parish pool allocation which funded the most damaged parishes' long term recovery projects. Districts with rebuilding PA projects in these parishes are included in the allocation.

Scenarios 4-6 initially allocate funds to pay 100% of NFIP deductibles, based on data supplied by GOHSEP (\$133,230,060):

Scenario #4: Uses the remaining funds (\$116,769,940) by allocating funds to all school districts with rebuilding PA projects.

Scenario #5: Allocates funds only to parishes within the LRA's parish pool, which funded the most damaged parishes' long term recovery projects. The remaining funds (\$116,769,940) are allocated to 33 districts in these parishes.

Scenario #6: Uses district-reported figures supplied to the DOE. After paying the NFIP amounts reported by GOHSEP, the remaining funds (\$116,769,940) are allocated on a pro-rated basis only to districts that submitted FEMA ineligible damage costs.

Whereas, the LRA staff presented these scenarios to the Louisiana Board of Elementary and Secondary Education's (BESE) Audit and Finance Committee on May 16, 2007, the

BESE Board on May 17, 2007, the Louisiana House of Representatives Education Committee on May 30, 2007, Louisiana Senate Education Committee on May 31, 2007, to all interested local public school district superintendents via conference call on May 29, 2007, and to the LRA Education Committee on June 4, 2007.

Whereas, the consensus from these groups supports funding scenario No. 3, which would have the effect of allocating funds only to parishes within the LRA's "parish pool" and ensure that only the school districts most heavily impacted by Hurricanes Katrina and Rita receive funding.

Whereas, the LRA Education Committee recommends that the LRA Board of Directors support funding allocation Scenario #3 and asks the LRA Board to consider allocating these funds in a manner that gives greater weight to storm damage (PA spread) than NFIP deductions on a 60%-40% distribution basis.

Whereas, the LRA Board sets the schools CDBG allocation formula to be based on April 30, 2007 FEMA Public Assistance (PA) infrastructure obligated amounts and sets the minimum CDBG grant to school districts on a parish by parish basis at \$150,000 and reallocates any smaller allocations within Scenario Number 3 to those districts with allocations higher than \$150,000.

Whereas, the LRA Board requires that these funds must be spent by school districts on costs that are directly tied to the damages districts incurred by Hurricanes Katrina and Rita.

THEREFORE BE IT RESOLVED: that the Louisiana Recovery Authority Board does hereby recommend that \$200 million of Community Development Block Grant funds be allocated to school districts impacted by Hurricanes Katrina and Rita to cover FEMA ineligible repairs and expenses including but not limited to deferred maintenance, insurance deductibles, costs associated with the NFIP, and other facilities rebuilding costs which FEMA will not cover.

THEREFORE BE IT FURTHER RESOLVED: that the Louisiana Recovery Authority Board does hereby recommend that the amount of funds distributed to the respective school districts will be allocated in accordance with funding scenario No. 3 developed by the LRA staff.