

SUBJECT: Placing a time limit on recovering overpayments to school districts

COMMITTEE: Public Education — favorable, without amendment

VOTE: 11 ayes — Huberty, Bernal, Allen, Bohac, Deshotel, Dutton, Gooden, K. King, Koop, Meyer, VanDeaver

0 nays

WITNESSES: For — (*Registered, but did not testify:* Barry Haenisch, Texas Association of Community Schools; Amy Beneski, Texas Association of School Administrators; Lindsay Gustafson, Texas Classroom Teachers Association; Colby Nichols, Texas Rural Education Association; Curtis Culwell, Texas School Alliance; Christy Rome, Texas School Coalition)

Against — None

On — (*Registered, but did not testify:* Leonardo Lopez, Texas Education Agency)

DIGEST: HB 481 would prohibit the Texas Education Agency from recovering an over-allocation of state funds from a school district if the over-allocation occurred more than seven years before the date the over-allocation was discovered and occurred as a result of statutory changes to public education laws and related requirements.

This bill would take effect on September 1, 2017, and would apply to an over-allocation of state funds discovered on or after that date.

SUPPORTERS SAY: HB 481 would place a reasonable seven-year time limit on the ability of the Texas Education Agency (TEA) to recover funds it overpaid to a school district. There currently is no limit on how far back TEA may go to collect overpayments, even if an overpayment happened due to a miscalculation or misinterpretation of statutory changes made by the Legislature.

In one case, an error in calculating the amount of money a district owed in recapture payments to the state was not discovered until many years had passed. The district did not have the funds on hand at the time to pay TEA and had to pay back the funds over several years. This bill would prevent another district from facing a similar situation.

While there are concerns about recovery of state disaster remediation overpayments, the bill is narrowly tailored to address overpayments resulting from statutory changes. However, it could be amended to make clear that the seven-year time limit did not apply to disaster relief overpayments.

OPPONENTS
SAY:

HB 481 could keep TEA from recovering money a school received but did not need. For instance, the bill should be amended to address a potential unintended consequence involving reimbursements to districts that suffer disaster-related damages. Districts may apply to the state for reimbursement of disaster remediation costs and also may qualify for insurance reimbursement or federal disaster relief funds, which could be paid more than seven years after the state funds were allocated.

NOTES:

The author of HB 481 plans to offer an amendment that would allow the state to recover funds that were over-allocated to a district as a result of the district receiving reimbursement through insurance proceeds, federal disaster relief payments, or another similar source.