

Section 1

**Water Development Board
Summary of Recommendations - House**

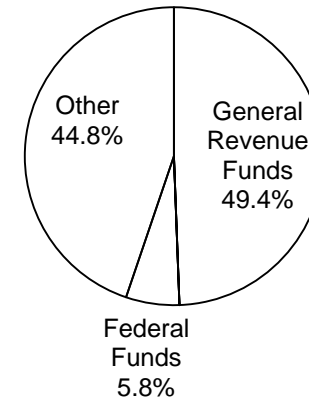
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Kevin Patteson, Executive Administrator

Tom Lambert, LBB Analyst

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$156,100,858	\$137,112,758	(\$18,988,100)	(12.2%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$156,100,858</i>	<i>\$137,112,758</i>	<i>(\$18,988,100)</i>	<i>(12.2%)</i>
Federal Funds	\$15,988,237	\$16,095,584	\$107,347	0.7%
Other	\$2,126,310,309	\$124,305,380	(\$2,002,004,929)	(94.2%)
All Funds	\$2,298,399,404	\$277,513,722	(\$2,020,885,682)	(87.9%)

RECOMMENDED FUNDING
BY METHOD OF FINANCING



	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	325.1	325.1	0.0	0.0%

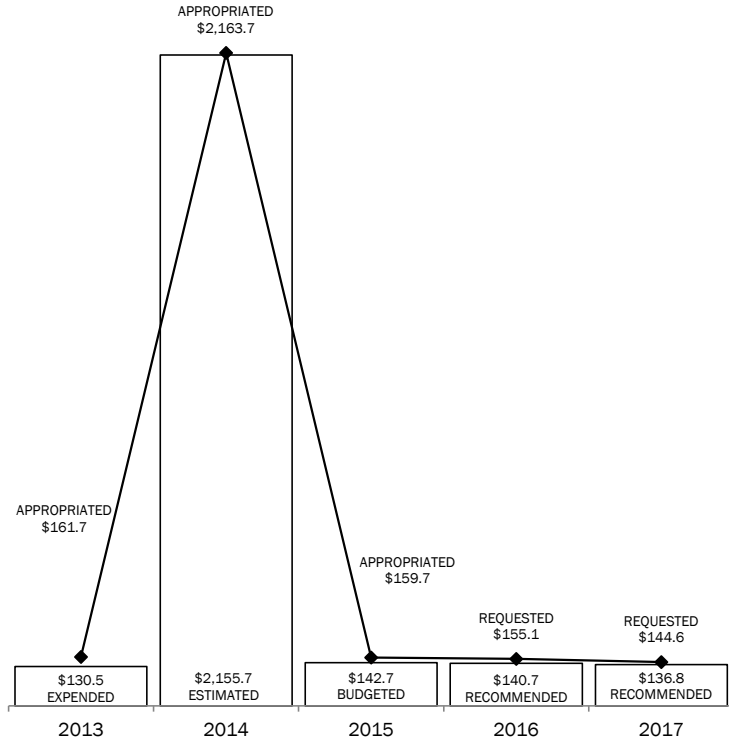
Note: Amounts represent combined totals for the Water Development Board (Agency 580) and Debt Service Payments for Non Self-Supporting G.O. Water Bonds which have previously been included in separate bill patterns. In addition, amounts shown previously as appropriations and expenditures out of the State Participation Account are not included in the amounts above. (See Selected Fiscal and Policy Issues - House, No. 3.)

The bill pattern for this agency (2016-17 Recommended) represents an estimated 6.0% of the agency's estimated total available funds for the 2016-17 biennium.

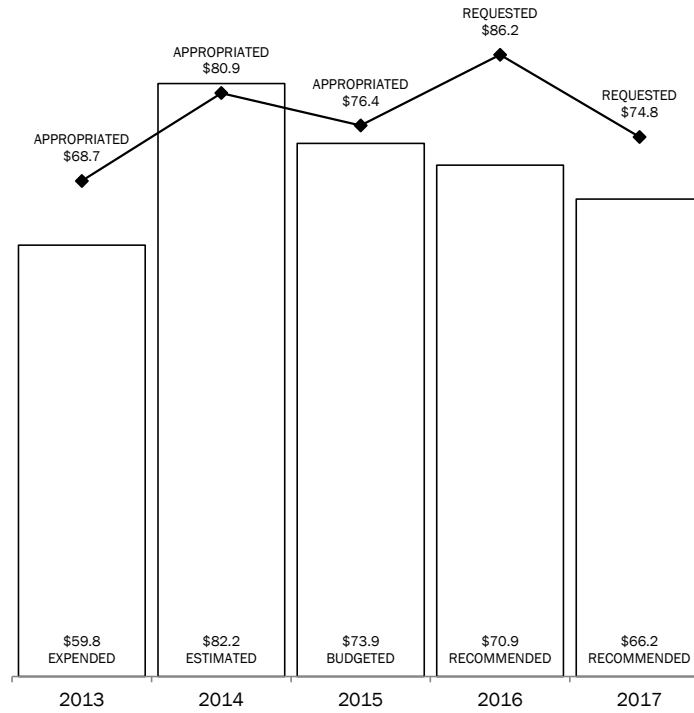
Section 1
Water Development Board
 2016-2017 BIENNIUM
 IN MILLIONS

TOTAL= \$277.5 MILLION

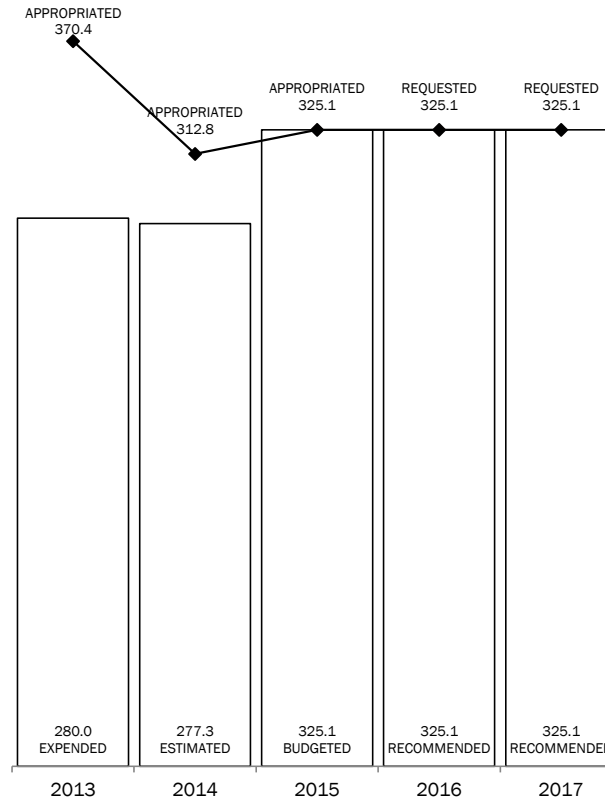
ALL FUNDS



**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**



FULL-TIME-EQUIVALENT POSITIONS



Note: Amounts shown previously as appropriations and expenditures out of the State Participation Bond Payment Account are not included in the amounts above. (See Selected Fiscal and Policy Issues - House, 1b.)

For fiscal year 2013, All Funds Expended amounts were less than Appropriated amounts in 2013 mainly as a result of Federal Funds receipts for the National Flood Insurance Program (NFIP) being \$26.1 million less than anticipated and General Revenue debt service requirements being \$7.5 million less than anticipated.

For fiscal years 2014 and 2015, All Funds expended/budgeted amounts are also less than appropriated amounts mainly as a result of Federal Funds receipts for NFIP being expected to be \$20 million less per fiscal year than originally anticipated.

The FTE vacancies in 2013 were a result of a reduction in force implemented in fiscal year 2012 and continued through the 2012-13 biennium. The agency then reduced its requested FTE levels for 2014-15, resulting in a significant drop in the FTE cap between 2012-13 and 2014-15.

Section 2

**Water Development Board
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
ENVIRONMENTAL IMPACT INFORMATION A.1.1	\$3,755,762	\$3,583,690	(\$172,072)	(4.6%)	Recommendations include a decrease \$0.2 million in All Funds resulting from: a) a \$0.1 million decrease in Federal Funds attributable to a one-time Basic and Applied Scientific Research Grant in fiscal year 2014; and b) a \$0.1 million decrease in Interagency Contracts (Other Funds) attributable to a border drainage study with the General Land Office in 2014-15 that did not continue into 2016-17.
WATER RESOURCES DATA A.1.2	\$5,560,600	\$5,298,482	(\$262,118)	(4.7%)	Recommendations include a decrease of \$0.3 million in All Funds, mainly attributable to a decrease of \$0.2 million in Appropriated Receipts (Other Funds) reflecting the one-time receipt of hydrosurvey fees, which is not expected to continue in future years.
AUTO INFO COLLECT., MAINT. & DISSEM A.1.3	\$4,464,116	\$4,717,664	\$253,548	5.7%	Recommendations include an increase of \$0.3 million in All Funds consisting of the following: a) a decrease of \$0.1 million in General Revenue reflecting an agency reorganization in 2014 which resulted in funding shifting to other strategies in subsequent years to reflect actual operating costs; b) an increase of \$0.4 million in Federal Funds reflecting additional funds being drawn down from Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) grants to cover biennialized costs of the 2014-15 salary increase; c) a decrease of \$0.1 million in Interagency Contracts for one-time funding received from with Department of Emergency Management in 2014, which is not expected in future years; and d) an increase of \$0.1 million in Appropriated Receipts resulting from the reallocation of Texas Water Resources Finance Authority (TWRFA) funds to cover biennialized costs of the 2014-15 salary increase.
TECHNICAL ASSISTANCE & MODELING A.2.1	\$6,228,315	\$5,639,280	(\$589,035)	(9.5%)	Recommendations include a decrease of \$0.6 million in All Funds consisting of: a) an increase of \$0.7 million in General Revenue reflecting an agency reorganization in 2014 which resulted in funding shifting to this strategy in subsequent years to reflect actual operating costs;

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**Water Development Board
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
WATER RESOURCES PLANNING A.2.2	\$19,137,848	\$14,542,110	(\$4,595,738)	(24.0%)	<p>b) a decrease of \$1.2 million out of the Water Assistance Fund No. 480 (Other Funds) reflecting actual costs for groundwater availability monitoring costs in fiscal year 2014, which are not anticipated in subsequent years; and</p> <p>c) a decrease of \$0.1 million in Appropriated Receipts reflecting fee collections for groundwater availability modeling in the High Plains in 2014, which is not expected in subsequent years.</p> <p>Recommendations include a decrease of \$4.6 million in All Funds consisting of the following:</p> <p>a) a decrease of \$3.5 million out of the General Revenue Fund, including a decrease of \$3.0 million for one-time funding in 2014-15 for demonstration projects for near-term water supplies that is not recommended in 2016-17 (See Selected Fiscal and Policy Issue - House, 4a and Rider Highlights -House, former Rider 22), and a decrease of \$0.5 million reflecting an agency reorganization in 2014 which resulted in funding moving to other strategies in subsequent years to reflect actual operating costs;</p> <p>b) a decrease of \$0.8 million out of the Water Assistance Fund No. 480, reflecting actual payments for regional planning and research and planning grant contracts, the 2016-17 cost for which is unknown; and</p> <p>c) a decrease of \$0.2 million out of Appropriated Receipts, also reflecting the agency reorganization in 2014 which resulted in funding shifting to other strategies in subsequent years to reflect actual operating costs.</p>
WATER CONSERVATION EDUCATION & ASST A.3.1	\$10,381,831	\$3,779,892	(\$6,601,939)	(63.6%)	<p>Recommendations include a decrease of \$6.6 million in All Funds reflecting two one-time projects in 2014-15, the funding for which is not recommended for 2016-17:</p> <p>a) a decrease of \$3.0 million in General Revenue for one-time funding of agricultural water conservation meter grants to groundwater conservation districts in 2014-15 (See Selected Fiscal and Policy Issues - House, 4b and Rider Highlights - House, former Rider 25); and</p> <p>b) a decrease of \$3.6 million out of the Agricultural Water Conservation Fund No. 358 (Other Funds) for one-time grants to the Texas Alliance for Water Conservation Demonstration Project in 2014-15 (See Selected Fiscal and Policy Issue - House, No. 4d and Rider Highlights - House, former Rider 22).</p>

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**Water Development Board
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
PERFORM COMM ASSIST RELATED TO NFIP A.4.1	\$7,113,943	\$3,792,834	(\$3,321,109)	(46.7%)	Recommendations include an All Funds decrease of \$3.3 million consisting of: a) a decrease of \$0.2 million in General Revenue reflecting an agency reorganization in 2014, which resulted in funding shifting to other strategies in subsequent years to reflect actual operating costs; b) a decrease of \$0.5 million in Federal Funds reflecting higher funding from the Federal Emergency Management Agency (FEMA) for community assistance grants in fiscal year 2014, which are expected to be lower in subsequent years; and c) a decrease of \$2.5 million in Interagency Contracts reflecting one-time funding from the General Land Office for a border area drainage study in 2014 that is not expected in subsequent years.
Total, Goal A, WATER RESOURCE PLANNING	\$56,642,415	\$41,353,952	(\$15,288,463)	(27.0%)	
STATE & FEDERAL FIN ASSIST PROGRAM B.1.1	\$2,025,307,152	\$20,175,906	(\$2,005,131,246)	(99.0%)	Recommendations include an All Funds decrease of \$2,005.1 million including: a) a decrease of \$5.1 million in General Revenue Funds consisting of a decrease of \$5.9 million for one-time funding for a border security/levee project during fiscal years 2013 through 2015 (See Selected Fiscal and Policy Issue - House, No. 4c), and an increase of \$0.7 million to biennialize the cost of additional FTEs added in fiscal year 2015 to implement the provisions of House Bill 4, Eighty-Third Legislature, Regular Session (See Selected Fiscal and Policy Issue - House, No. 1c). b) a decrease of \$2.0 billion out of the Economic Stabilization Fund, reflecting a one-time appropriation to the State Water Implementation Fund for Texas (SWIFT) in fiscal year 2014 (See Selected Fiscal and Policy Issue - House, No. 1c).
ECONOMICALLY DISTRESSED AREAS B.1.2	\$859,438	\$811,694	(\$47,744)	(5.6%)	
Total, Goal B, WATER PROJECT FINANCING	\$2,026,166,590	\$20,987,600	(\$2,005,178,990)	(99.0%)	
EDAP DEBT SERVICE C.1.1	\$52,926,949	\$55,918,043	\$2,991,094	5.7%	Recommended debt service for Economically Distressed Areas Program (EDAP) bonds represents an increase of \$3.0 million out of the General Revenue to accommodate two full years of payments on \$50 million in EDAP bonds issued during 2014-15, as authorized by the 83rd Legislature.

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**Water Development Board
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
WIF DEBT SERVICE C.1.2	\$145,149,248	\$141,975,883	(\$3,173,365)	(2.2%)	Recommended debt service for Water Infrastructure Fund (WIF) bonds represents a decrease of \$10.4 million in General Revenue Funds resulting from a greater portions of outstanding debt becoming self-supporting; likewise, a recommended increase of \$7.2 million in Water Infrastructure Fund payments reflects an increase in revenue available from borrower payments to cover debt service. Overall expenditures debt service for WIF bonds decreased by \$3.2 million as a result of no recent bond issuances. (See also Fiscal and Policy Issues - House, No. 6.)
Total, Goal C, NON-SELF SUPPORTING G O DEBT SVC	\$198,076,197	\$197,893,926	(\$182,271)	(0.1%)	
CENTRAL ADMINISTRATION D.1.1	\$9,405,809	\$9,491,050	\$85,241	0.9%	Recommendations include an increase of \$0.1 million in All Funds consisting of: a) an increase of \$0.2 million in Federal Funds reflecting additional funds being drawn down from Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) grants to cover biennialized costs of the 2014-15 salary increase; and b) a decrease of \$0.1 million in Appropriated Receipts reflecting the agency reorganization in 2014 which resulted in funding shifting to other strategies in subsequent years to reflect actual operating costs.
INFORMATION RESOURCES D.1.2	\$6,681,700	\$6,211,474	(\$470,226)	(7.0%)	Recommendations include a decrease of \$0.5 million in All Funds consisting of: a) a decrease of \$0.3 million out of the General Revenue comprised of a decrease of \$0.6 million in funding for two Capital Budget projects completed in 2014-15--Water Information Integration and Dissemination Project and Texas Water Information System Expansion (TxWISE) (see also Selected Fiscal and Policy Issues - House, No. 5), and an increase of \$0.3 million reflecting the agency reorganization in 2014 which resulted in funding shifting to this strategy in subsequent years to reflect actual operating costs; and b) a decrease of \$0.1 million in Appropriated Receipts reflecting the agency reorganization in 2014 which resulted in funding shifting to other strategies in subsequent years to reflect actual operating costs.
OTHER SUPPORT SERVICES D.1.3	\$1,426,693	\$1,575,720	\$149,027	10.4%	Recommendations include an increase of \$0.1 million in Federal Funds reflecting the agency reorganization in 2014 which resulted in funding shifting to this strategy in subsequent years to reflect actual operating costs.

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**Water Development Board
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
Total, Goal D, INDIRECT ADMINISTRATION	\$17,514,202	\$17,278,244	(\$235,958)	(1.3%)	
Grand Total, All Strategies	\$2,298,399,404	\$277,513,722	(\$2,020,885,682)	(87.9%)	

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Water Development Board Selected Fiscal and Policy Issues - House

1. **State Water Implementation Fund for Texas (SWIFT) and State Water Implementation Revenue Fund for Texas (SWIRFT) Appropriations Status**—The Eighty-Third Legislature, Regular Session, enacted three pieces of legislation relating to State Water Plan water infrastructure financing:
 - a. **House Bill 4**—statutorily established the State Water Implementation Fund for Texas (SWIFT) and the State Water Implementation Revenue Fund for Texas (SWIRFT).
 - b. **Senate Joint Resolution 1**—Approved by voters November 5, 2013—created the SWIFT and SWIRFT and constitutionally dedicated money in the funds.
 - c. **House Bill 1025**—appropriated \$2 billion from the Economic Stabilization Fund to the Water Development Board for SWIFT and SWIRFT. The SWIFT funds are constitutionally dedicated, and the Texas Constitution, Article III, § 49-d-12 (a) calls for the funds to be “administered, without further appropriation, by the Texas Water Development Board.” Thus, no additional appropriations to the TWDB are expected to be required in the future, except for those that relate to administrative costs of the agency. The agency intends to fund \$700 million in State Water Plan projects each fiscal year of the 2016-17 biennium using SWIRFT funding. The SWIRFT funding will provide leveraging, bond enhancement, interest rate discounts, loan payment deferrals to borrowers, and/or extended loan terms. However the funding for these projects and funds for related debt service requirements are not included in 2016-17 recommended appropriations to the agency.
2. **Biennialization of Funding for State Water Plan FTEs added during the 2014-15 Biennium**—Recommendations provide for \$0.7 million out of the General Revenue Fund for 12.3 FTE positions that were added for fiscal year 2015 only through a contingency rider for House Bill 4, Eighty-Third Legislature, Regular Session, for the implementation of the state water plan. Because funding for these FTEs was provided for only one fiscal year of the biennium, additional General Revenue is needed to continue these positions through the full 2016-17 biennium.
3. **Debt Service Payments Bill Pattern Merged with Main Agency Bill Pattern.**
 - a. **New Goal C within Agency Bill Pattern**—Recommendations include the Economically Distressed Areas Program (EDAP) and Water Infrastructure Fund (WIF) Debt Service strategies previously located in the Debt Service Payments for G.O. Water Bonds bill pattern as strategies within the agency’s main bill pattern within a new Goal C, Non-Self-Supporting G.O. Debt Service. Current Goal C, Indirect Administration, has been re-numbered as Goal D. Recommendations also include moving all riders in the Debt Service Payments bill pattern to the main agency bill pattern, and moving all existing performance measures associated with the Debt Service Payments bill pattern into the main agency bill pattern. Having only one bill pattern for the agency is recommended to simplify the agency’s budget process and have all information relating to the agency’s budget contained in one location.
 - b. **State Participation Debt Service Strategy Deleted**—Recommendations provide for the deletion of a previous Strategy A.1.2, State Participation Debt Service, that existed in the Debt Service Payments bill pattern because the State Participation Program has been self-supporting (requiring no General Revenue for debt service) and is expected to continue to be self-supporting in the future. Removing this strategy treats the repayment of the State Participation program bonds like other self-supporting bond programs the agency administers, such as the Waster Development Fund. This recommendation results the removal of appropriations out of the State Participation Bond Program Account from the General Appropriations Act. The

Section 3

State Participation Bond Program Account is not a real account within the State Treasury, according to the Comptroller of Public Accounts. The account was simply used for informational purposes in the Debt Service Payments bill pattern and within agency Legislative Appropriations Requests and Operating Budgets. This recommendation also provides for the deletion of the Payment of Debt Service—State Participation Bonds rider (former Rider 2 in the former Debt Service Payments for Non-Self Supporting G.O. Water Bonds bill pattern).

- c. **New Informational Listing Rider Relating to Self-Supporting Debt**—Recommendations include adding a new rider (See Rider Highlights - House, New Rider No. 3) that lists the estimated debt service of the agency's self-supporting bond programs for the 2016-17 biennium for the following programs:

- i. Water Development Fund II (DFund II)
- ii. State Participation Program
- iii. Agricultural Water Conservation Bonds
- iv. Water Infrastructure Fund (WIF) Bonds
- v. State Water Implementation Revenue Fund for Texas (SWIRFT)
- vi. Clean Water State Revolving Fund (CWSRF)
- vii. Drinking Water State Revolving Fund (DWSRF)

This recommendation is intended to increase the amount of information available in the agency's bill pattern for funds that are not appropriated to the agency in the General Appropriations Act (GAA). It also would serve to retain information for the State Participation Program, since the strategy relating to debt service for that program is recommended to be deleted, and it will provide information on the expected use of SWIRFT, a self-supporting financial assistance program created by the Eighty-Third Legislature, Regular Session, for which debt service is not recommended to be included in the GAA.

4. **2014-15 General Revenue One-Time Funding Requested by the Agency for Items Not included in 2016-17 Recommendations**—

Recommendations provide for a decrease of \$12.0 million in General Revenue Funds and \$3.6 million in Other Funds compared to 2014-15 levels. The following one-time projects included in the agency's base request were within the agency's Approved General Revenue/General Revenue-Dedicated Limit for 2016-17.

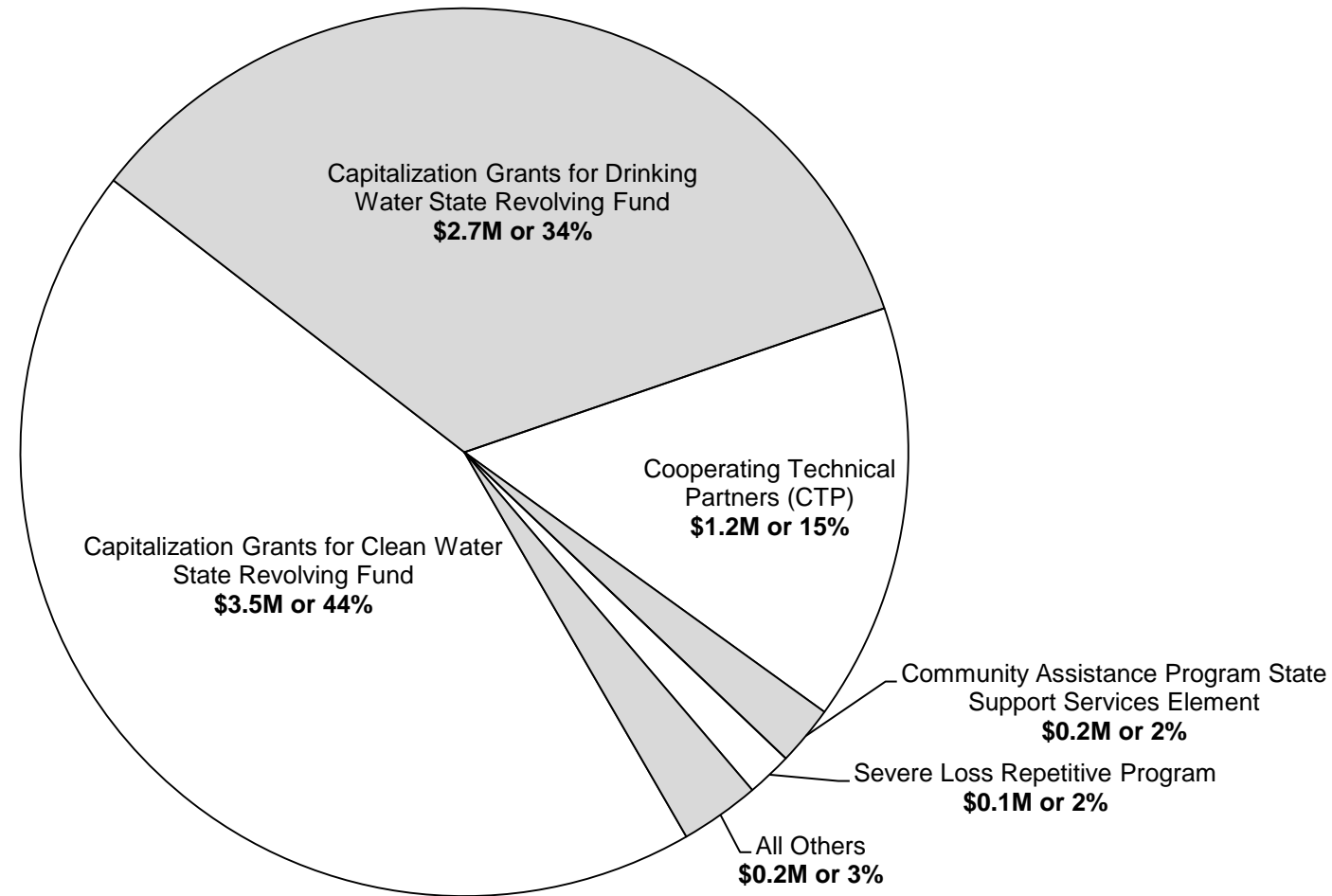
- a. **Demonstration Projects for Near-Term Alternative Water Supplies**—Recommendations provide for a decrease of \$3.0 million out of the General Revenue Fund for demonstration projects authorized in former Rider 21 (See Rider Highlights - House). As a demonstration grant project to create new water supplies or increase water availability through innovative storage approaches, it is assumed that future funding should be determined based on the results of current demonstration projects and not by continuing to fund new demonstration projects.
- b. **Agricultural Water Conservation Meters**—Recommendations provide for a decrease of \$3.0 million out of the General Revenue Fund that was provided for a grant program for agricultural water meters in certain groundwater conservation districts (See also, Rider Highlights - House, former Rider 25).
- c. **Border Security/Levee Project Funding**—Recommendations provide for a decrease of \$6.0 million in General Revenue Funds because of a one-time appropriation of 2013 unexpended balances in House Bill 1025, Section 54, Eighty-Third Legislature, Regular Session, that was provided for loans or grants to political subdivisions in border counties for border security or levee projects during 2014-15.
- d. **One-Time Funding for Texas Alliance for Water Conservation Demonstration Project**—Recommendations provide for a decrease of \$3.6 million in funding out of the Agricultural Water Conservation Fund No. 358 (Other Funds) for a one-time water conservation grant program (See also Rider Highlights - House, former Rider 22). The agency did not request this funding to continue for 2016-17.

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5. **New Capital Budget Projects Not Included In 2016-17 Recommendations**—Recommendations provide for a decrease of \$610,000 out of the General Revenue Fund, reflecting the completion of two Acquisition of Information Resource Technologies Capital Budget projects in 2014-15—Texas Water Information System Expansion (TxWISE) and Water Information Integration and Dissemination Project. The agency had proposed two new Acquisition of Information Resource Technologies Capital Budget projects for 2016-17 totaling \$610,000 which are not included in the recommendations:
 - a. **Contract Administration Server—Web Enable**—Recommendations do not provide for \$195,000 out of the General Revenue Fund that the agency requested to use to replace an existing contract management system with a web-based application using new technology to increase reporting and response time because the agency failed to provide sufficient justification for the new project.
 - b. **Inspection and Field Support—Web Enable**—Recommendations do not provide for \$415,000 out of the General Revenue Fund that the agency requested to replace an existing database and application used by the agency to monitor projects for which the agency has provided loan assistance with a web-based application using newer technology. The agency failed to provide sufficient justification for this proposed new project.
6. **Biennialization of 2014-15 Salary Increase**—Recommendations provide for an increase of \$276,373 in General Revenue funds to biennialize the 2014-15 salary increase.
7. **Debt Service Payments for Non-Self-Supporting G.O. Water Bonds**-- The agency's baseline General Revenue request for Debt Service Payments was \$7.3 million less than the 2014-15 expended/budgeted amount for debt service. A decrease of \$10.4 million in needed General Revenue for Water Infrastructure Fund (WIF) debt service in 2016-17, due to the increased availability of WIF repayments, more than offset the \$3.1 million increase in need for General Revenue for Economically Distressed Areas (EDAP) debt service, which resulted from the issuance of \$50 million in additional EDAP bonds during 2014-15.
8. **Unexpended Balance Authority Within the Biennium.** Recommendations limit certain budget flexibility for the Water Development Board by modifying Rider 18, Unexpended Balances Within the Biennium—Debt Service, to limit the agency's authority to carry forward unexpended balances from the first fiscal year of the biennium to the second solely to debt service payments for Non Self-Supporting General Obligation Bonds. (See Rider Recommendations – House, No. 18.) Article IX, Section 14.05, Unexpended Balance Authority Between Fiscal Years within the Same Biennium, allows the agency to carry forward balances between fiscal years with Legislative Budget Board approval.

Section 3

Water Development Board
Summary of Federal Funds (Estimated 2014) - House
TOTAL = \$7.9M



Section 3

**Water Development Board
Significant Federal Funds Changes - House**

CFDA No.	Program Name	2014-15 Base	2016-17 Recommended	Recommended Over/(Under) Base	Comments (Optional)
12.300.000	Basic and Applied Scientific Research	\$62,423	\$0	(\$62,423)	
12.301.000	Basic and Applied Scientific Research	\$20,000	\$0	(\$20,000)	
66.202.000	Congressionally Mandated Projects	\$155,380	\$153,400	(\$1,980)	
66.458.000	Capitalization Grants for Clean Water State Revolving Fund	\$7,211,003	\$7,461,986	\$250,983	
66.468.000	Capitalization Grants for Drinking Water State Revolving Fund	\$5,925,381	\$6,411,840	\$486,459	
97.023.000	Community Assistance Program State Support Services Element	\$353,980	\$363,586	\$9,606	
97.029.000	Flood Mitigation Assistance	\$140,190	\$142,504	\$2,314	
97.045.000	Cooperating Technical Partners (CTP)	\$1,820,392	\$1,226,000	(\$594,392)	
97.110.000	Severe Loss Repetitive Program	\$299,488	\$336,268	\$36,780	

Section 3

**Water Development Board
Performance Measure Highlights - House**

	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
<ul style="list-style-type: none"> • <i>Number of Bay and Estuary Freshwater Inflow Studies Completed</i> <p><i>Measure Explanation:</i></p>	8.0	7.5	7.5	11.2	10.6
<ul style="list-style-type: none"> • <i>Number of Responses to Requests for TNRIS-Related Information</i> <p><i>Measure Explanation:</i></p>	178,733	186,261	150,000	150,000	150,000
<ul style="list-style-type: none"> • <i>Sum of Project Costs Receiving SWIRFT Funding Commitments</i> <p><i>Measure Explanation:</i></p>	0	0	0	\$700,000,000	\$700,000,000
<ul style="list-style-type: none"> • <i>Number of Communities with Active Financial Assistance Agreements</i> <p><i>The agency reports that although there will be more financial assistance made to communities during the 2016-17 biennium, reflecting the availability of funding from SWIFT/SWIRFT, the average project size is expected to be larger than in the 2014-15 biennium, resulting in a decrease in the actual number of communities receiving assistance.</i></p>	434	512	512	476	476

Section 4

**Texas Water Development Board
Performance Review and Policy Report Highlights - House**

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

Water Development Board Rider Highlights - House

2. **Capital Budget.** Recommendations include:
 - a. renaming the PC and Printer Replacement project to the PC Replacement project to reflect that the agency will only be purchasing personal computers during the 2016-17 biennium and increased biennial funding for the PC Replacement project of \$167,196 in General Revenue;
 - b. a decrease in biennial funding of \$986,427 in General Revenue for the Data Center Consolidation (DCS) project, reflecting current DCS cost estimates; and
 - c. elimination of the Office Space Retrofit, Texas Water Information Expansion (TxWISE), and Water Information Integration, and Dissemination Project, and Online Loan Application Capital Budget projects because the projects will be completed by the end of fiscal year 2015. (See also Selected Fiscal and Policy Issues – House, No. 5.)
3. (New) **Informational Rider for Estimated Outstanding Debt and Debt Service Requirements for Self-Supporting Bonds.** Recommendations add a new rider providing an estimate for existing outstanding debt and debt service requirements for the 2016-17 biennium for self-supporting bonds issued by the agency. The new rider is intended to increase the amount of information available in the agency's bill pattern for funds that are not appropriated to the agency in the General Appropriations Act (GAA). It also would serve to retain information for the State Participation program, since the strategy relating to debt service for the program is recommended to be deleted, and it will provide information on the expected use of SWIRFT, a self-supporting financial assistance program created by the Eighty-third Legislature, Regular Session, for which debt service is not recommended to be included in the GAA. (See Selected and Fiscal Policy Issues – House, No. 3c.)
4. **Authorized Transfers and Appropriations: Water Assistance Fund.** Recommendations combine former Rider 3, Transfer Authorized, with former Rider 5, Appropriation from the Water Assistance Fund, which both pertain to the Water Assistance Fund No. 480, contain duplicative provisions, and require rider language modification to clarify the following:
 - a. the agency has authority to transfer up to \$2,268,995 in General Revenue each fiscal year to the Water Assistance Fund No. 480 for regional planning grants, as authorized in Water Code, § 15.4061, and the agency is authorized to transfer these funds to other accounts, as authorized in Water Code, § 15.011, as needed to support the regional planning process;
 - b. the agency's appropriations in Strategy A.2.2, Water Resources Planning, totaling \$1,295,861 each fiscal year are from Water Assistance Fund No. 480 balances and shall be used for making grants to regional planning groups pursuant to Water Code, § 15.4061; and
 - c. the agency is appropriated any additional receipts accruing to the Water Assistance Fund No. 480 during the biennium beginning on September 1, 2015, for purposes authorized in Water Code, Chapter 15.
5. (former Rider 4) **Safe Drinking Water Act State Revolving Fund.** Recommendations include nonsubstantive rider language modifications for clarification.

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5. (former) **Appropriation: Water Assistance Fund.** Recommendations delete the rider because many of its provisions were duplicative with former Rider 3, and recommendations combine both provisions in Rider 4, Authorized Transfers and Appropriations for the Water Development Board.
7. **Appropriation: Agricultural Water Conservation Fund.** Recommendations modify rider language and amounts to reflect the biennialization of the 2014-15 salary increase and add strategy references.
10. **Use of Texas Water Resources Finance Authority (TWRFA) Funds.** Recommendations modify the amount listed in rider that reflects the amounts of TWRFA funds being used in the various strategies cited in the rider. The agency reports that the amount listed in the 2014-15 General Appropriations Act, \$2,368,801 for the amount of funds derived from cash flows and \$5,773 for the amount reserved for operating costs were not accurate, and that the correct numbers are \$4,287,678 and \$1,317, respectively. This rider modification will not change the amount of TWRFA funds contained within the agency's budget for 2016-17 from 2014-15 levels.
18. **Unexpended Balances Within the Biennium—Debt Service** (formerly Unexpended Balances within the Biennium). Recommendations modify rider language to remove general unexpended balance authority between fiscal years within the biennium, except for appropriations in Goal C, for Non Self-Supporting General Obligation Bond Debt Service, for which the unexpended balance authority is retained. (See Selected Fiscal and Policy Issue – House, No. 8.)
20. (Former) **Financing of Water and Wastewater Connections and Plumbing Improvements in Economically Distressed Areas.** Recommendations delete the rider because the provisions of the rider, which relate to political subdivisions receiving financial assistance to be able to use the funds for specific types of water and sewer connections, also exist in Water Code, § 17.9225.
21. (Moved) **Payment of Debt Service for Economically Distressed Area Bonds.** Recommendations move the rider from the Debt Service Payments for Non-Self Supporting G.O. Water Bonds bill pattern to the main agency bill pattern, consistent with the recommendation to merge the two bill patterns. (See Selected Fiscal and Policy Issues – House, No. 3a.)
21. (Former) **Demonstration Projects for Near-Term Alternative Water Supplies.** Recommendations delete the rider to reflect a decrease of \$3.0 million General Revenue funding for a one-time demonstration grant project to create new water supplies or increase water availability through innovative storage approaches that occurred in 2014-15. (See Select Policy Issues – House, No. 4a.)
22. (Moved) **Payment of Debt Service for Water Infrastructure Bonds.** Recommendations move rider from the Debt Service Payments for Non-Self Supporting G.O. Water Bonds bill pattern to the main agency bill pattern, consistent with the recommendation to merge the two bill patterns. (See Selected Fiscal and Policy Issues – House, No. 3a.)

Section 5

22. (Former) **Texas Alliance for Water Conservation Demonstration Project.** Recommendations delete the rider to reflect a decrease of \$3.6 million in funding out of the Agricultural Water Conservation Fund No. 358 (Other Funds) for a one-time grant program for water conservation projects that occurred in 2014-15. (See Selected Fiscal and Policy Issues – House, No. 4d.)
23. (Moved) **Bond Issuance Authority by Program.** Recommendations move the rider from the Debt Service Payments for Non-Self Supporting G.O. Water Bonds bill pattern to the main agency bill pattern, consistent with the recommendation to merge the two bill patterns. (See Selected Fiscal and Policy Issue – House, No. 3a.) In addition, language is added to the rider for consistency with LBB reporting requirements for automatic approval.
24. (Moved) **Bond Issuance and Payment of Debt Service.** Recommendations move the rider from the Debt Service Payments for Non-Self Supporting G.O. Water Bonds bill pattern to the main agency bill pattern, consistent with the recommendation to merge the two bill patterns. In addition, delete language referring to the State Participation program, consistent with the recommendation to delete the State Participation Debt Service strategy and remove self-supporting bond repayment funds in the State participation Bond Payment Account from the agency's budget. (See Selected Fiscal and Policy Issues – House, No. 3a and 3b.) In addition, language is added to the rider for consistency with LBB reporting requirements for automatic approval.
24. (Former) **Water Resources Planning.** Recommendations delete the rider which directed additional funds and FTEs to consolidate reporting requirements related to the Water Use Survey, Water Loss Report, and the Water Conservation Report prepared by the agency annually. The funding and FTEs have been incorporated into the agency's baseline budget, and the rider is no longer necessary.
25. (Former) **Agricultural Water Conservation Monitoring.** Recommendations delete the rider to reflect a decrease of \$3.0 million in General Revenue for one-time funding that was transferred to the Agricultural Water Conservation Fund No. 358 during 2014-15 for grants for the purchase of agricultural water meters in certain groundwater conservation districts. (See Selected fiscal and Policy Issues – House, No. 4b.)
26. (Former) **Contingency for Senate Joint Resolution 1 and House Bill 4.** Recommendations delete the contingency rider that appropriated \$2 billion out of the Economic Stabilization Fund for the implementation of House Bill 4. House Bill 4 was enacted by the Eighty-third Legislature, Regular Session, and Senate Joint Resolution 1 was approved by voters in November, 2013. The \$2 billion appropriated to the agency was transferred to the SWIFT and is being managed by the Texas Treasury Safekeeping Trust.

Section 6

**Water Development Board
Items not Included in Recommendations - House**

	2016-17 Biennial Total	
	GR & GR- Dedicated	All Funds
Agency Exceptional Items--In Agency Priority Order		
<p>1. EDAP Debt Service--The request would provide funding for debt service on an additional \$50 million in General Obligation Economically Distressed Areas (EDAP) bonds the agency is requesting to issue during the 2016-17 biennium. The bond proceeds would be used to provide financial assistance to local governments for water and wastewater projects in low-income areas of the state.</p>	\$ 6,041,509	\$ 6,041,509
<p>2. Secure Long Term funding for Existing Operations-- Requested General Revenue funding to replace funding throughout the agency's strategies that currently is paid out of the Texas Water Resource Finance Authority (TWRFA). The agency reports that TWRFA proceeds, which derive from bond repayments, are a dwindling resource, and the agency expects that, if no General Revenue is provided to replace TWRFA funding, the agency will have to make significant cuts to FTEs and other operating costs by fiscal year 2020. If the exceptional item were funded, the agency's Appropriated Receipts amount would be reduced by the same amount, thus the net impact of this item to All Funds is zero.</p>	\$ 5,235,710	
Total, Items Not Included in the Recommendations	\$ 11,277,219	\$ 6,041,509

Section 7

**Water Development Board
Summary of 10 Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts					Included in Intro Bill?
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	
1	Demonstration Projects for Near Term Alternative Water Supplies	The primary impact of these budget reductions is that less funding will be available to fund the construction of water reuse, aquifer storage and recovery type demonstration projects focused on the creation of new water supplies and innovative storage approaches. Such projects are targeted to deliver measurable increases in water supplies to help meet various competing demands for water.	\$1,500,000	\$1,500,000	None	\$0	50%	Yes
2	Water Conservation Education Grants	The primary impact of these budget reductions is that less funding will be provided to assist water conservation groups with water education programs. The state funding also encourages local matching funds, increasing investment in conservation education.	\$500,000	\$500,000	None	\$0	50%	No
3	Agricultural Water Conservation Monitoring Grants	The primary impact of these budget reductions is that less financial assistance will be provided to encourage the use of metering by Groundwater Conservation Districts across the state. Metering assists in the monitoring of agricultural water use and a tool to tracking success of water conservation efforts.	\$965,893	\$965,893	None	\$0	32%	Yes
4	Demonstration Projects for Near Term Alternative Water Supplies	The primary impact of these budget reductions is that less funding will be available to fund the construction of water reuse, aquifer storage and recovery type demonstration projects focused on the creation of new water supplies and innovative storage approaches. Such projects are targeted to deliver measurable increases in water supplies to help meet various competing demands for water.	\$1,500,000	\$1,500,000	None	\$0	50%	Yes
5	Water Conservation Education Grants	The primary impact of these budget reductions is that less funding will be provided to assist water conservation groups with water education programs. The state funding also encourages local matching funds, increasing investment in conservation education.	\$500,000	\$500,000	None	\$0	50%	No
6	Agricultural Water Conservation Monitoring Grants	The primary impact of these budget reductions is that less financial assistance will be provided to encourage the use of metering by Groundwater Conservation Districts across the state. Metering assists in the monitoring of agricultural water use and a tool to tracking success of water conservation efforts.	\$965,894	\$965,894	None	\$0	32%	Yes

TOTAL, 10% Reduction Options

\$5,931,787 \$5,931,787 \$0

Section 7

**Water Development Board
Summary of 10 Percent Biennial Base Reduction Options - House
Agency 10% Reduction Options by Category of Reduction**

