

Railroad Commission Summary of Budget Recommendations - House

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Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$167,830,325	\$171,847,432	\$4,017,107	2.4%
GR Dedicated Funds	\$150,381,189	\$148,898,267	(\$1,482,922)	(1.0%)
Total GR-Related Funds	\$318,211,514	\$320,745,699	\$2,534,185	0.8%
Federal Funds	\$38,765,301	\$138,682,360	\$99,917,059	257.7%
Other	\$3,089,694	\$3,334,974	\$245,280	7.9%
All Funds	\$360,066,509	\$462,763,033	\$102,696,524	28.5%

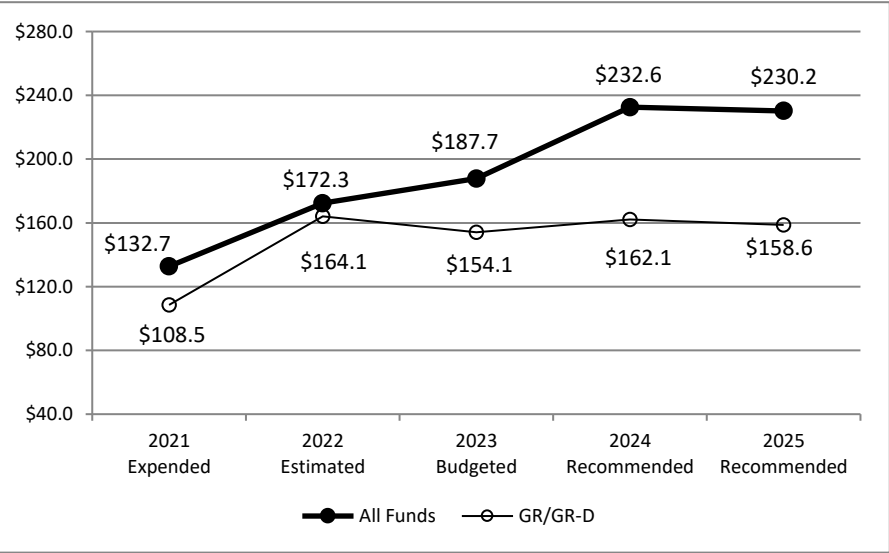
	FY 2023 Budgeted	FY 2025 Recommended	Biennial Change	Percent Change
FTEs	1,034.6	1,066.6	32.0	3.1%

Agency Budget and Policy Issues and/or Highlights

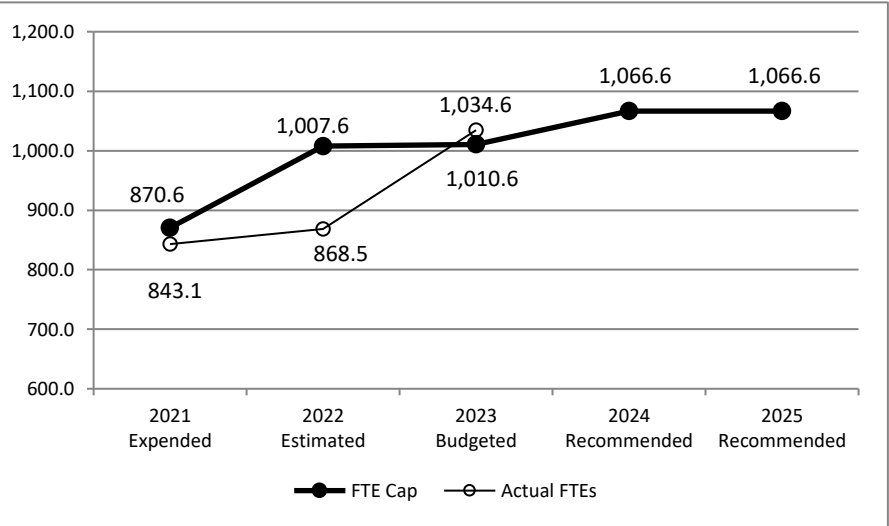
Railroad Commission's budgeted FTEs in fiscal year 2023 exceed the cap by 24.0 FTEs due to the hiring of additional engineers and inspectors following receipt of an initial award of \$25.0 million in Infrastructure Investment and Jobs Act of 2021 (IIJA) Federal Funds from Department of the Interior. These funds will be used to enhance the state managed well plugging program and will provide for an additional 32.0 FTEs in each fiscal year of the 2024-25 biennium.

The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



Railroad Commission
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Increase in Federal Funds due to the award and allocation of funds for the plugging of orphan oil and gas wells from the Infrastructure Investment and Jobs Act of 2021. The agency received an initial grant of \$25.0 million in fiscal year 2023 and anticipates receipt of an estimated \$62.9 million in each fiscal year of the 2024-25 biennium. (see also Selected Fiscal and Policy Issues #3)	\$0.0	\$0.0	\$100.8	\$0.0	\$100.8	C.2.1
B)	Decrease in General Revenue Funds related to the removal of one-time costs identified from amounts appropriated to the agency for the enactment of Senate Bill 3, Eighty-seventh Legislature, Regular Session, 2021. These one-time costs include weatherization assessment reviews, operator plan reviews, vehicle purchases, and software development. (see also Selected Fiscal and Policy Issues #1 and #7)	(\$7.9)	\$0.0	\$0.0	\$0.0	(\$7.9)	C.4.1
C)	Decrease in General Revenue Funds related to the removal of one-time costs identified from amounts appropriated to the agency for the enactment of House Bill 1520, Eighty-seventh Legislature, Regular Session, 2021. These one time costs include professional services and a catastrophic weather event study. (see also Selected Fiscal and Policy Issues #1)	(\$0.4)	\$0.0	\$0.0	\$0.0	(\$0.4)	C.3.1
D)	Decrease in General Revenue, General Revenue-Dedicated Funds, and Federal Funds due to a reduction in one-time funding for vehicle replacements. (see also Selected Fiscal and Policy Issues #1)	(\$0.8)	(\$1.5)	(\$1.1)	\$0.0	(\$3.4)	B.1.1, C.1.1, C.2.1

OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

E)	Increase in General Revenue Funds to meet a forecasted increase in Data Center Services obligations over the 2022-23 biennium.	\$2.7	\$0.0	\$0.0	\$0.0	\$2.7	A.1.1, B.1.1, B.1.2, B.2.1, C.1.1, C.1.2, C.2.1, C.2.2, C.3.1, C.4.1, D.1.1
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Railroad Commission
Summary of Funding Changes and Recommendations - House

Section 2

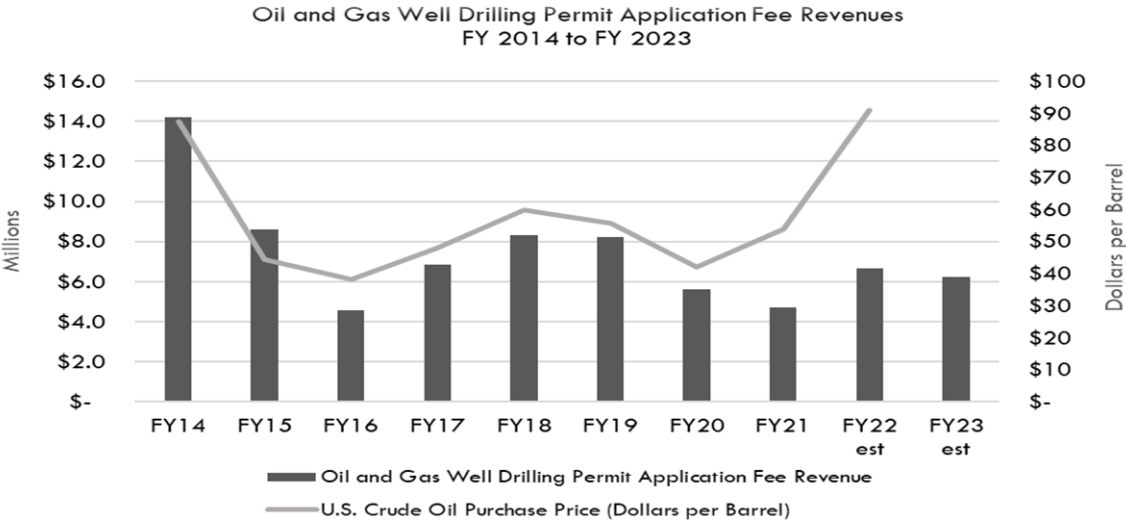
Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
F)	Increase in All Funds due to Salary Adjustments.	\$10.5	\$0.0	\$0.3	\$0.0	\$10.8	E.1.1
G)	Increase in Other Funds due to biennializing agency appropriations from the Anthropogenic CO2 Storage Fund No. 827 based on anticipated available revenues for the regulation of the injection and geologic storage of carbon dioxide.	\$0.0	\$0.0	\$0.0	\$0.2	\$0.2	A.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$4.1	(\$1.5)	\$100.0	\$0.2	\$102.8	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$13.2	\$0.0	\$101.1	\$0.2	\$114.5	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$9.1)	(\$1.5)	\$0.0	\$0.0	(\$11.7)	As Listed

NOTE: Totals may not sum due to rounding.

Railroad Commission
Selected Fiscal and Policy Issues - House

1. **Removal of One-Time Costs** – Recommendations include a reduction of \$11.7 million in All Funds for the following one-time expenditures:
- \$7.9 million in General Revenue provided by the enactment of Senate Bill 3, Eighty-seventh Legislature, Regular Session, 2021, for weatherization assessment reviews (\$0.8 million), operator plan reviews (\$0.9 million), vehicle purchases (\$3.5 million), and software development (\$2.8 million);
 - \$0.4 million in General Revenue provided by the enactment of House Bill 1520, Eighty-seventh Legislature, Regular Session, 2021, for professional services (\$0.2 million) and a catastrophic weather event study (\$0.2 million); and
 - \$3.4 million in All Funds comprised of General Revenue (\$0.8 million), General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 (GR-D 5155) (\$1.5 million), and Federal Funds (\$1.1 million) for other one-time vehicle funding. (see also Items Not Included in Recommendations, Item A)
2. **General Revenue Dedicated Oil and Gas Regulation and Cleanup Account No. 5155** – Recommendations include \$148.9 million in GR-D 5155 funds, a decrease of \$1.5 million from 2022-23 spending levels due to the removal of one-time funding for vehicles. These appropriations support the regulation of oil and gas development, including oil and gas monitoring, inspections, remediation and well plugging, public information, alternative fuel programs, and administrative costs and benefits for state personnel. The January 2023 Biennial Revenue Estimate anticipates \$164.8 million in revenue collections for the account in the 2024-25 biennium and an ending balance in fiscal year 2023 of \$169.0 million.

GR-D No. 5155 revenues are primarily generated through production taxes and fees paid by the oil and gas industry including well drilling permit fees, applications fees, inspection fees, and penalties assessed and collected by Railroad Commission (RRC). The price of West Texas Intermediate (WTI), the main oil benchmark for North America, is the primary driver of industry activity. Given that account revenues are subject to the volatility of commodity markets, revenues may not be sufficient to support appropriations when there is a downturn in industry activity such as there was in the second half of fiscal year 2020. Based upon an evaluation of U.S. Energy Information Administration data, the monthly average of West Texas Intermediate crude was \$42.34 per barrel at the end of fiscal year 2020 which was 26 percent lower than the price at the start of the fiscal year. In contrast, RRC reports that the WTI averaged \$91.92 over the first eleven months of fiscal year 2022, peaking at \$114.84 in June 2022. The figure below shows the fiscal year revenue from oil and gas well drilling application fees deposited into GR-D No. 5155 as an indicator of industry activity and the average annual crude oil purchase price from the U.S. Energy Information Administration.



Not all balances within the account are available for the agency to spend. Approximately \$10.9 million is required each fiscal year for employee benefits. Certain financial securities paid by oil and gas well operators required pursuant to Natural Resources Code, §91.104, and related to well specific plugging insurance policies are also held in escrow in the account. The funds held in escrow are not available for certification by the Comptroller of Public Accounts (CPA) or appropriation. As of January 25, 2023, the escrow amounts totaled approximately \$99.5 of the roughly \$160.0 million balance in GR-D No. 5155.

Recommendations continue agency riders which provide flexibilities to mitigate unforeseen shortfalls in Account No. 5155 revenues and available balances. Rider 13, Operational Stability Contingency, allows for the appropriation of up to \$5.0 million each fiscal year in General Revenue Funds generated by the Gas Utility Pipeline Tax in the event that the sum available from unencumbered and unobligated balance in GR-D No. 5155 and the revenue deposited to the account during the biennium are insufficient to support the appropriations in the General Appropriations Act. Rider 15, Additional Funding Sources and Cash Flow Contingency, authorizes the direct temporary transfer of sufficient General Revenue Funds, not to exceed \$25.0 million per fiscal year, for cash flow needs in the event that GR-D No. 5155 revenue collections are less than 90.0 percent of amounts appropriated to the agency in the General Appropriations Act.

Recommendations also continue Rider 16, Study on the Oil and Gas Regulation and Cleanup Fund Revenue Streams, modifying the submission date to September 1, 2023 from September 1, 2022. This rider directs the Commission to review and then report to the Legislative Budget Board on the account's revenue sources, estimated revenues through 2025 based upon the existing fee and fine structure, and the rules and statutory caps that determine the amount of those fees and fines. This recommendation reflects that the agency was unable to submit the required report until December 2022 due to analysis delays.

3. **Infrastructure Investment and Jobs Act of 2021 (IIJA)** – Recommendations include an estimated \$125.0 million in new Federal Funds in the 2024-25 biennium from the Infrastructure Investment and Jobs Act of 2021 (IIJA) for the plugging of orphaned oil and gas wells.

There are three types of grants available to the state under IIJA – (1) the Initial Grant, (2) the Formula Grant, and (3) concluding Performance Grants. Based on guidance provided by the U.S. Department of the Interior, Texas could qualify for up to \$318.7 million in formula funding through fiscal year 2030 for this purpose. The Commission's preliminary plan included expending these formula funds through fiscal year 2028 to capture any funds reallocated from other states in the final two years.

An initial grant of \$25.0 million was awarded to the state at the end of August 2022; Railroad Commission plans to allocate these funds in fiscal year 2023 in the following ways to enhance the state managed well plugging program:

- Well Plugging Contracts - \$22.5 million
- Well Plugging Staff Salaries and Benefits (24.0 new FTEs, of which 15.0 have been filled) - \$1.8 million
- Inspector Vehicles - \$0.5 million
- Operating costs (fuel, cell phones, trainings, etc) - \$0.2 million

With the initial disbursement, RRC anticipates plugging an estimated 600 to 800 additional inland wells in fiscal year 2023. Of this estimate, 180 wells have been plugged as of January 25, 2023. In the following years, the agency plans to solicit new plugging contracts for inland, offshore, and bay wells and hire an additional 32.0 FTEs each fiscal year. According to the agency, these changes could result in an additional 1,000 to 1,200 wells being plugged annually, roughly doubling the total number of wells plugged across the state.

Recommendations include an informational rider which denotes the estimated amount of Federal Funds to be received each fiscal year of the 2024-25 biennium as well as the estimated number of additional wells to be plugged from these funds (see New Riders in Section 4, Rider Highlights).

4. **Mainframe Transformation IT Project** - Recommendations include \$21.5 million in capital budget authority (\$4.6 million in General Revenue Funds and \$16.9 million in GR-D No. 5155) for Phase III of the agency's Mainframe Transformation IT project. During the 2020-21 biennium, the agency began a multi-biennia technology infrastructure and mainframe modernization program to upgrade the agency's mainframe computer environment with improved data integration processes and cloud-based solutions. Historical appropriations for this program include \$29.7 million in General Revenue Funds in the General Appropriations Act for Phase I by the Eighty-sixth Legislature, Regular Session, 2019, and \$21.5 million in capital budget authority in House Bill 2 (\$5.1 million in General Revenue Funds and \$16.4 million in GR-D No. 5155) for Phase II by the Eighty-seventh Legislature, Regular Session, 2021.

The agency has anticipated completing the project scope as described in the Mainframe Transformation Phase III by the end of fiscal year 2025 but has reported that it may seek additional funding for a potential Phase IV in the 2026-27 biennium pending evaluations of progress and need during the 2024-25 biennium.

5. **Pipeline and Hazardous Materials Safety Administration (PHMSA) Rule Changes** – The Pipeline and Hazardous Materials Safety Administration (PHMSA) is an operating administration within the U.S. Department of Transportation that is responsible for developing and enforcing regulations for the safe, reliable, and environmentally sound operation of the country's pipeline transportation system and the shipment of hazardous materials by land, sea, and air. The RRC reports that PHMSA adopted rule changes in November of 2021, effective May 2022, that altered the minimum federal safety standards for pipeline transportation (gathering lines). In January 2022, additional rules were adopted that shifted safety inspections of underground gas storage facilities from federal to state jurisdiction. Together, these changes increased the regulatory jurisdiction of the RRC by 100,000 miles of lines.

RRC reports that the requirements associated with the updated rules are being carried out in stages. Full implementation is anticipated to occur May 16, 2023. The agency approximates an implementation cost of \$0.5 million and 10.0 additional FTEs in fiscal year 2023 based upon the estimated amount of time that will be spent by existing inspectors responding to complaints and incidents related to gathering lines converted to equivalent FTEs. Furthermore, according to the agency, there is uncertainty regarding whether the federal government will award additional funding to implement the rule changes. As of January 25, 2023, no additional Federal Funds have been received to the agency for this purpose. Regardless of the status of future federal support, RRC indicates that it will implement the rules to maintain its scoring that determines its federal reimbursement percentage. The agency has requested General Revenue funding for additional anticipated costs in fiscal year 2023 be considered as an option in a supplemental bill.

Recommendations do not include the agency's exceptional item request for an additional \$8.7 million in General Revenue Funds to purchase 41 vehicles (\$1.8 million) and to hire and maintain 50.0 new FTEs comprising of field inspectors, supporting engineers, field management, and support staff (\$6.9 million) to temper the change in workload resulting from the PHMSA rule changes in the 2024-25 biennium (see also Items Not Included in Recommendations #1).

6. **Senate Bill 3 (87R)** – Recommendations provide \$22.7 million in General Revenue appropriations and 130.0 FTEs each fiscal year for ongoing activities associated with the implementation of Senate Bill 3, Eighty-seventh Legislature, 2021. Recommendations also include a reduction of \$8.0 million in General Revenue related to one-time costs incurred through the enactment of the bill. (see above Fiscal and Policy Issues #1)

The legislation established the Texas Energy Reliability Council, which includes members from RRC, the Public Utility Commission (PUC), and the Texas Commission on Environmental Quality (TCEQ), to report on the reliability of the electricity supply chain in Texas no later than November 1 of each even-numbered year. It also established the Texas Electricity Supply Chain Security and Mapping Committee to map and identify critical infrastructure sources in the electricity supply chain. The committee will include representatives from RRC, PUC, and the Texas Division on Emergency Management and will establish best practices to prepare electric and natural gas service facilities to maintain service in extreme weather events. The RRC itself was directed to: 1) establish rules regarding measures that gas pipeline facility operators must implement to prepare gas pipeline facilities for extreme weather conditions including designating which natural gas facilities and entities are critical during an energy emergency, 2) establish a classification system to be used by courts for violations of weather preparedness requirements, and 3) analyze and submit reports on gas supply chain facilities' emergency operations plans not later than September 30th of even numbered years.

To achieve these directives, the Commission established an information management system that linked and translated the data collected for the mapping of critical infrastructure locations as required by SB 3 to the data used for the agency's administrative compliance requirements and the weatherization inspections of critical facilities. The agency also built a portable system for operators to submit critical facility designations and exceptions, a system to submit emergency operations plan, and a system to submit weatherization attestations.

RRC reports having filled 122.0 of the appropriated 130.0 FTEs as of January 2023 but notes that the number of these filled positions has fluctuated due to attrition and turnover related to the competitiveness of the job market. The Commission adopted weatherization rules which implemented as required by SB 3 on August 30, 2022. These rules went into effect on September 19, 2022, with a facility compliance deadline of December 1, 2022. To date, the Critical Infrastructure Division has referred 29 Gas Supply Chain operators to Enforcement for failure to file a weatherization attestation on or before this deadline. Those ultimately found to be out of compliance will be sent to the Attorney General for penalty and the final penalty amount will be determined once the enforcement process is complete. Per the agency, fines assessed for administration violations after the deadline could be as much as \$1.0 million. Fines assessed will be deposited into General Revenue.

Recommendations do not include the agency's exceptional item request submitted for an additional \$3.0 million in General Revenue Funds to implement an online portal which would allow gas and pipeline companies to upload, review, and update as needed the critical facility information reported to the agency for Electricity Supply Chain Mapping. This portal would enable current manual mapping processes to be automated. (see also Items Not Included in Recommendations #4).

7. **House Bill 3516 (87R)** – House Bill 3516, Eighty-seventh Legislature, Regular Session, 2021, requires rules adopted by the RRC that govern the treatment and beneficial use of oil and gas waste to encourage fluid oil and gas waste recycling and to establish certain standards for the issuance of permits for commercial recycling of fluid oil and gas waste. The agency initially assumed that duties and responsibilities associated with implementing the provisions of the bill could be accomplished utilizing existing resources and no additional contingent appropriations were made for the 2022-23 biennium.

Demand for and participation in this program has exceeded anticipated levels which formed the basis of the cost estimate provided in fiscal year 2021. RRC reports having received 14 commercial fluid recycling facility applications between fiscal years 2014 to 2021, whereas after enactment of the bill, it received 11 in fiscal year 2022. The Commission now expects 10-15 applications each fiscal year to be submitted in the future. Currently, applications take roughly seven months to review and approve. Rulemaking is underway which will clarify how staff will act on the 90-day timeline for issuing approval or denial for these applications required by the legislation. Draft rules have been developed with stakeholder input and are going through internal review pending a decision on posting for proposal and public comment.

Recommendations do not include the agency's exceptional item request for \$0.9 million in General Revenue funds to hire five licensing and inspection FTEs for this program (see also Items Not Included in Recommendations #2). RRC does not currently have statutory authority to charge a fee for commercial fluid recycling facility applications.

Railroad Commission Rider Highlights - House

Modification of Existing Riders

1. **Capital Budget.** Recommendations include various changes to capital budget items to align with funding decisions.
16. **Study on the Oil and Gas Regulation and Cleanup Fund Revenue Streams.** Recommendations include retaining the rider and modifying the submission deadline from September 1, 2022, to September 1, 2023. These changes are due to the required report not having been completed or submitted to the Legislative Budget Board by the initial deadline. The agency subsequently provided the report in December 2022. (see also Selected Fiscal and Policy Issues #2)

New Riders

17. **Informational Listing: Infrastructure Investment and Jobs Act Funds.** Recommendations include an informational rider that outlines the estimated amount of federal funds allocated to the Railroad Commission through the Infrastructure Investment and Jobs Act (IIJA) in fiscal years 2024 and 2025 as well as the estimated number of orphaned oil and gas wells to be plugged with these funds. (see also Selected Fiscal and Policy Issues #3)

Deleted Riders

17. **Strategic Plan on Flaring Data.** Recommendations delete the rider following the completion of the required strategic plan.
18. **Contingency for House Bill 1284.** Recommendations delete the rider which provided funding and additional FTEs in fiscal year 2023 from the Anthropogenic CO2 Storage Fund No. 827 contingent upon 1) the enactment of House Bill 1284, Eighty-seventh Legislature, 2021, and 2) the Environmental Protection Agency approving the jurisdictional transfer of carbon dioxide repository enforcement activities from the Texas Commission on Environmental Quality to the Railroad Commission. The purpose of the rider has been fulfilled.
19. **Contingency for House Bill 1520.** Recommendations delete the rider which provided funding and FTEs in fiscal years 2022 and 2023 contingent upon the enactment of House Bill 1520, Eighty-seventh Legislature, 2021. This legislation enabled the Railroad Commission to authorize the issuance of customer rate relief bonds to offset the extraordinary cost incurred by gas utilities during a catastrophic event. The purpose of this rider has been fulfilled.
20. **Contingency for Senate Bill 3.** Recommendations delete the rider which provided funding and FTEs in fiscal years 2022 and 2023 in order for RRC to establish rules regarding measures gas pipeline facility operators must implement to prepare for extreme weather conditions, to designate natural gas facilities and entities as critical during an energy emergency, to establish a classification system for violations of weather preparedness requirements, and to submit reports on facilities' emergency operations plans in even numbered years contingent upon the enactment of Senate Bill 3, Eighty-seventh Legislature, 2021. The purpose of the rider has been fulfilled. (see also Selected Fiscal and Policy Issues #1 and #7)
21. **Contingency for Senate Bill 1260.** Recommendations delete the rider which appropriated all revenues collected and deposited to General Revenue-Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 from the sale of drill cuttings above amounts included in the Comptroller's Biennial Revenue Estimate contingent upon the enactment of Senate Bill 1260, Eighty-seventh Legislature, 2021. The purpose of the rider has been fulfilled.

Railroad Commission
Items Not Included in Recommendations - House

Section 5

	2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	Gathering Pipeline and Underground Gas Storage Regulation – Additional Inspectors: General Revenue Funds to hire 50.0 FTEs, comprised of 37 field inspectors and 13 support staff, and to purchase additional vehicles in order to meet federal rules which require states to regulate and inspect natural gas gathering lines and perform safety inspections of underground gas storage facilities. (see also Selected Fiscal and Policy Issues #5)	\$8,715,560	\$8,715,560	50.0	No	No	\$6,930,092
2)	Oil and Gas Technical Permitting – Environmental Permits: General Revenue Funds to hire five licensing and inspection positions (5.0 FTEs) to meet increases in permitting applications received and post-permit monitoring activities related to the recycling of fluid oil and gas waste. (see also Selected Fiscal and Policy Issues #7)	\$876,000	\$876,000	5.0	No	No	\$876,000
3)	Office of Public Engagement: General Revenue Funds to hire three public engagement positions (one Management Analyst and two Information Specialists) and to facilitate the creation and operation of an Office of Public Engagement. This new division would coordinate with other divisions to assist with customer service, outreach and education, and to solicit public input.	\$1,574,212	\$1,574,212	3.0	Yes	Yes	\$1,569,862
4)	Electricity Supply Chain Mapping Automation: General Revenue Funds to develop and implement an online portal which will allow gas and pipeline companies to upload, review, and update data electronically. This data is currently manually submitted to the agency and then utilized for Critical Supply Chain Mapping as required in Senate Bill 3, Eighty-seventh Legislature, Regular Session, 2021. (see also Selected Fiscal and Policy Issues #6)	\$3,000,000	\$3,000,000	0.0	Yes	Yes	\$200,000

Railroad Commission
Items Not Included in Recommendations - House

Section 5

		2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
		GR & GR-D	All Funds	FTEs			
5)	Public Access to Historical Records: General Revenue Funds to hire contractors to sort, index, scan, and publish in an online searchable database well records, refinery reports, and other forms that are currently only available as physical files not stored in a central location.	\$1,969,874	\$1,969,874	0.0	Yes	Yes	\$150,000
6)	Optical Gas Imaging Cameras (OGIC) for Oil and Gas Inspectors: General Revenue Funds to purchase two Infrared Cameras, 12 Quantitative Optical Gas Imaging Systems, and 12 Wireless Remote Fire Gun and Base Stations to assist with identifying hydrocarbon and volatile organic compound emissions from wells and other oil and gas facilities.	\$720,000	\$720,000	0.0	No	Yes	\$0
7)	Gas Utility Filing and Auditing System: General Revenue Funds to deploy an enhanced and modernized system portal that allows for digital data management of consumer complaints, submission of annual reports, compliance and inspection filings, gas utility tax reports, and payments by natural gas utilities. These changes would further develop the existing Salesforce platform utilized by the agency.	\$4,250,000	\$4,250,000	0.0	Yes	Yes	\$200,000
8)	Cybersecurity and Data Governance: General Revenue Funds to acquire a data management software through the Department of Information Resources (DIR) to assist with the inventory, organization, and management of data within existing agency systems.	\$400,000	\$400,000	0.0	Yes	Yes	\$300,000
TOTAL Items Not Included in Recommendations		\$21,505,646	\$21,505,646	58.0			\$10,225,954

**Railroad Commission
Appendices - House**

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* Appendix is not included - no significant information to report

Railroad Commission					
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS					
Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
ENERGY RESOURCE DEVELOPMENT A.1.1	\$56,828,233	\$56,957,559	\$129,326	0.2%	Recommendations include an All Funds increase reflecting the following: a) an increase in General Revenue of \$0.3 million for projected DCS obligations (see also Summary of Funding Changes and Recommendations Item E); b) a decrease in GR-D 5155 of \$14.1 million partially offset by an increase in General Revenue funds of \$13.7 million related to estimated available revenue and capital budget adjustments for items like the Mainframe Transformation; c) an increase in Other Funds of \$0.2 million from OF Anthropogenic CO2 Storage Fund Account 827 for carbon dioxide repository enforcement activities (see also Summary of Funding Changes and Recommendations Item G); and d) decreases in Federal Funds of \$45,301 reflecting a one-time U.S. Environmental Protection Agency (EPA) Multipurpose Grant to States and Tribes.
Total, Goal A, ENERGY RESOURCES	\$56,828,233	\$56,957,559	\$129,326	0.2%	
PIPELINE SAFETY B.1.1	\$21,719,410	\$21,978,647	\$259,237	1.2%	Recommendations include an All Funds increase reflecting the following: a) decreases in General Revenue of \$3.5 million offset by increases in GR-D 5155 of \$3.7 million related to capital budget adjustments to PC replacements, DCS obligations, vehicle replacements, and other IT projects (see also Summary of Funding Changes and Recommendations Item E); and b) an increase in Federal Funds of \$64,000 due to adjustments to the allocation of U.S. Department of Transportation Pipeline Safety base grant reimbursements.

Railroad Commission					
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS					
Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
PIPELINE DAMAGE PREVENTION B.1.2	\$1,202,390	\$1,216,799	\$14,409	1.2%	Recommendations include an All Funds increase reflecting the following: a) an increase in GR-D 5155 of \$0.2 million partially offset by a decrease in General Revenue of \$0.1 million due to capital budget adjustments; and b) a decrease of \$64,000 in Federal Funds due to adjustments to the allocation of U.S. Department of Transportation Pipeline Safety base grant reimbursements.
REGULATE ALT FUEL RESOURCES B.2.1	\$10,648,864	\$7,852,305	(\$2,796,559)	(26.3%)	Recommendations include an All Funds decrease reflecting the following: a) a decrease in General Revenue of \$2.9 million related to the completion of Phase III of the Inspection/Enforcement Tracking and Reporting System capital project and the reallocating of funds to Strategy C.1.2 for Phase IV (see below); b) an increase in GR-D 5155 of \$0.1 million due to changes in professional fees and services related to increased compliance activities; and c) an increase of \$2,080 in Appropriated Receipts reflecting the agency's 2024-25 projections for training center reimbursements for continuing education courses.
Total, Goal B, SAFETY PROGRAMS	\$33,570,664	\$31,047,751	(\$2,522,913)	(7.5%)	
OIL/GAS MONITOR & INSPECTIONS C.1.1	\$63,763,959	\$63,105,377	(\$658,582)	(1.0%)	Recommendations include an All Funds decrease primarily reflecting a \$4.3 million decrease in GR-D 5155, \$1.1 million of which is attributable to recommendations not including appropriations for vehicle replacements, that is offset by a net \$3.6 million increase in General Revenue funds redistributed to cover allocated expenditures including changes in DCS obligations.
SURFACE MINING MONITORING/INSPECT C.1.2	\$6,951,588	\$9,920,259	\$2,968,671	42.7%	Recommendations include an increase of \$3.1 million in General Revenue funds partially offset by a \$0.1 million decrease in GR-D 5155 related to capital budget adjustments for IT projects, specifically Phase IV of the Inspection/Enforcement Tracking and Reporting System reallocated from Strategy B.2.1 (see above) and DCS obligations.

Railroad Commission					
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS					
Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
OIL&GAS WELL PLUGGING & REMEDIATION C.2.1	\$152,029,387	\$251,970,452	\$99,941,065	65.7%	Recommendations include an All Funds increase reflecting the following changes: a) an increase of \$100.8 million in Federal Funds due to the anticipated receipt of Infrastructure Investment and Jobs Act of 2021 formula funding; b) an increase of \$13.6 million in GR-D 5155 partially offset by decreases in General Revenue totalling \$13.4 million related to capital budget adjustments, specifically Phase III of the IT Mainframe Modernization and DCS obligations; and c) a decrease of \$1.1 million in Federal Funds due to one-time vehicle funding and capital budget adjustments. (see also Selected Fiscal and Policy Issue #1 and Items Not Included in Recommendations, Item A)
SURFACE MINING RECLAMATION C.2.2	\$4,114,820	\$4,134,312	\$19,492	0.5%	Recommendations include a net increase in General Revenue for projected DCS obligations (see also Summary of Funding Changes and Recommendations Item E).
GAS UTILITY COMMERCE C.3.1	\$7,207,324	\$6,863,984	(\$343,340)	(4.8%)	Recommendations include a decrease in All Funds due to the following changes: a) a net decrease in General Revenue of \$0.3 million related to IT project capital budget adjustments and the removal of one-time costs associated with HB 1520, Eighty-seventh Legislature, Regular Session, 2021 (see also Summary of Funding Changes and Recommendations Item C and Selected Fiscal and Policy Issues #1); and b) a \$4,080 decrease in Appropriated Receipts to reflect adjustment to projected revenues collected for training fees following excess collections in fiscal year 2022.
WEATHER PREPAREDNESS C.4.1	\$30,672,076	\$23,043,650	(\$7,628,426)	(24.9%)	Recommendations include a net decrease in General Revenue funds to reflect the removal of one-time costs associated with the implementation of SB 3, Eighty-seventh Legislature, Regular Session, 2021, in the 2022-23 biennium. (see also Selected Fiscal and Policy Issues #1 and #7)
Total, Goal C, ENVIRONMENTAL & CONSUMER PROTECTION	\$264,739,154	\$359,038,034	\$94,298,880	35.6%	

Railroad Commission					
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS					
Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
PUBLIC INFORMATION AND SERVICES D.1.1	\$4,928,458	\$4,984,758	\$56,300	1.1%	Recommendations include an net increase in All Funds reflecting the following changes: a) a decrease in GR-D 5155 of \$0.6 million offset by an increase of \$0.7 million in General Revenue for adjustments to various IT capital budget projects; and b) a \$2,000 increase in Appropriated Receipts related to an anticipated increase in revenue collections in the 2024-25 biennium for publications and records.
Total, Goal D, PUBLIC ACCESS TO INFO AND SERVICES	\$4,928,458	\$4,984,758	\$56,300	1.1%	
SALARY ADJUSTMENTS E.1.1	\$0	\$10,734,931	\$10,734,931	100.0%	Recommendations include an All Funds increase reflecting salary adjustments totaling \$10.5 million in General Revenue Funds and \$0.3 million in Federal Funds
Total, Goal E, SALARY ADJUSTMENTS	\$0	\$10,734,931	\$10,734,931	100.0%	
Grand Total, All Strategies	\$360,066,509	\$462,763,033	\$102,696,524	28.5%	

Railroad Commission
FTE Highlights - House

Full-Time-Equivalent Positions	Expended 2021	Estimated 2022	Budgeted 2023	Recommended 2024	Recommended 2025
Cap	870.6	1,007.6	1,010.6	1,066.6	1,066.6
Actual/Budgeted	843.1	868.5	1,034.6	NA	NA

Schedule of Exempt Positions (Cap)					
Railroad Commissioner, Group 6 (3)	\$140,938	\$140,938	\$140,938	\$140,938	\$140,938

Notes:

- a) Fiscal year 2021 and 2022 actual FTEs are below the FTE cap primarily due to staff vacancies and turnover.
- b) 2022-23 GAA, Article IX, §18.11, Contingency for House Bill 1284, resulted in an increase of 3.0 FTEs in fiscal year 2023.
- c) 2022-23 GAA, Article IX, §18.14, of this Act, Contingency for House Bill 1520, resulted in an increase of 7.0 FTEs each fiscal year of the 2022-23 biennium.
- d) 2022-23 GAA, Article IX, §18.28, Contingency for Senate Bill 3, resulted in an increase of 130.0 FTEs each fiscal year of the 2022-23 biennium.
- e) The agency exceeded the fiscal year 2023 cap due to an anticipated increase in 24.0 fully federally funded positions related to Federal Funds received for the enhancement of the state managed well plugging program from the Infrastructure Investment and Jobs Act of 2021 (IIJA). An additional 32.0 federally funded FTEs in the 2024-25 biennium were requested and included in recommendations for the same purpose.
- f) The State Auditor's Office, Executive Compensation at State Agencies (Report 22-706, August 2022), does not indicate market average salaries for elected officials. The salary of the Railroad Commissioners is a public policy decision that is not tied to the market average for similar positions.