

**Railroad Commission
Summary of Budget Recommendations - House**

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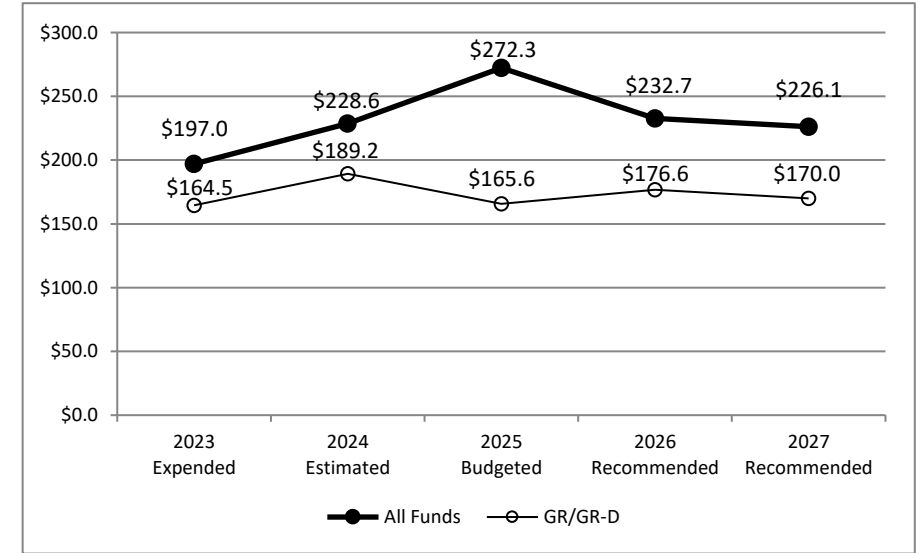
Danny Sorrells, Acting Executive Director

James O'Connor, LBB Analyst

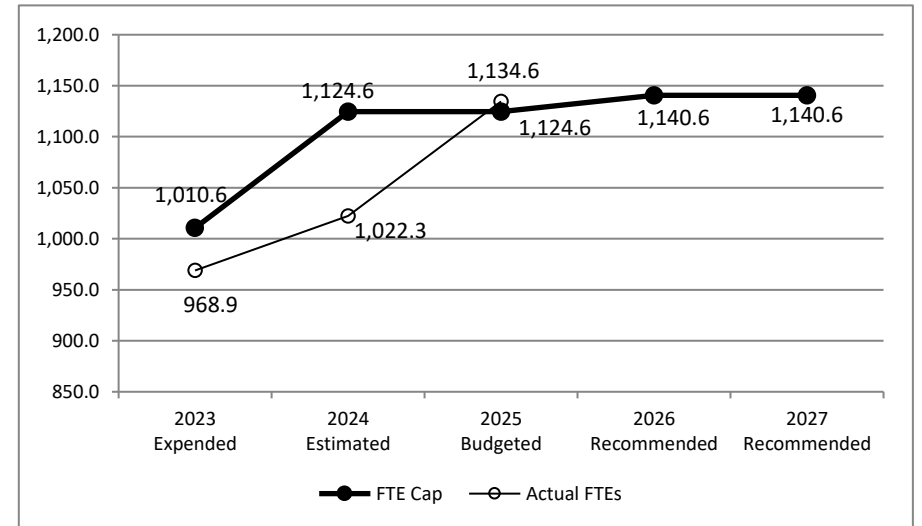
| Method of Financing | 2024-25 Base | 2026-27 Recommended | Biennial Change (\$) | Biennial Change (%) |
|-------------------------------|----------------------|------------------------|-------------------------|------------------------|
| General Revenue Funds | \$192,249,538 | \$192,874,031 | \$624,493 | 0.3% |
| GR Dedicated Funds | \$162,614,710 | \$153,821,176 | (\$8,793,534) | (5.4%) |
| <i>Total GR-Related Funds</i> | <i>\$354,864,248</i> | <i>\$346,695,207</i> | <i>(\$8,169,041)</i> | <i>(2.3%)</i> |
| Federal Funds | \$142,938,747 | \$108,628,584 | (\$34,310,163) | (24.0%) |
| Other | \$3,052,000 | \$3,404,000 | \$352,000 | 11.5% |
| All Funds | \$500,854,995 | \$458,727,791 | (\$42,127,204) | (8.4%) |

| | FY 2025 Budgeted | FY 2027 Recommended | Biennial Change | Percent Change |
|------|---------------------|------------------------|--------------------|-------------------|
| FTEs | 1,134.6 | 1,140.6 | 6.0 | 0.5% |

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2026-27 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2026-27 biennium.

Railroad Commission
Summary of Funding Changes and Recommendations - House

| Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions) | | General Revenue | GR-Dedicated | Federal Funds | Other Funds | All Funds | Strategy in Appendix A |
|---|--|-----------------|--------------|---------------|-------------|-----------|--|
| <i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i> | | | | | | | |
| A) | Decrease of \$34.3 million of Federal Funds for the movement of the Federal Infrastructure, Investment, and Jobs Act (IIJA) Grant Award to 2026 | \$0.0 | \$0.0 | (\$34.3) | \$0.0 | (\$34.3) | C.2.1. |
| <i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i> | | | | | | | |
| B) | Increase in General Revenue Funds ongoing for Mainframe Transformation information technology project maintenance costs. | \$9.7 | \$0.0 | \$0.0 | \$0.0 | \$9.7 | A.1.1, C.1.1, C.2.1 |
| C) | Increase in All Funds to biennialize the statewide salary adjustments included in the 2024-25 appropriations. | \$2.9 | \$0.9 | \$0.0 | \$0.0 | \$3.8 | A.1.1, B.1.1, B.1.2, B.2.1., C.1.1, C.2.1, C.2.2, C.3.1, C.4.1, D.1.1. |
| D) | Increase in Anthropogenic Carbon Dioxide Storage Trust Fund No. 827 Funds to biennialize program funding for the 2026-27 biennium. The Environmental Protection Agency (EPA) did not delegate primacy to the agency for Class VI wells until fiscal year 2025, which resulted in an equivalent lapse in funding in fiscal year 2024. | \$0.0 | \$0.0 | \$0.0 | \$0.4 | \$0.4 | A.1.1 |

Railroad Commission
Summary of Funding Changes and Recommendations - House

| Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions) | | General Revenue | GR-Dedicated | Federal Funds | Other Funds | All Funds | Strategy in Appendix A |
|---|--|----------------------------|---------------------|--------------------------|--------------------|------------------|--|
| E) | <p>Decrease in All Funds for one-time costs for the following:</p> <p>a) \$1.8 million in General Revenue costs for capital equipment start up costs for Pipeline Safety Inspectors (50.0 FTEs).</p> <p>b) \$2.8 million in General Revenue costs for Electric Supply Chain Mapping Automation Information Technology costs.</p> <p>c) \$1.8 million in General Revenue costs for digitizing records for public access to historical records.</p> <p>d) \$0.7 million in General Revenue for optical gas imaging cameras.</p> <p>e) \$0.1 million in General Revenue for Cybersecurity and Data Governance information technology costs to comply with Chapter 2054 Texas Government Code established in Senate Bill 475, 87th Legislature.</p> <p>f) \$8.3 million in All Funds for the Mainframe Transformation information technology project provided in SB 30, Sec. 8.66, which includes \$8.2 million General Revenue-Dedicated Account 5155 and \$16,232 in General Revenue Funds</p> <p>g) \$6.2 million in All Funds for vehicle purchases provided in SB 30, Sec. 9.02(A)(19), which includes \$4.7 million in General Revenue Funds and \$1.5 million in General-Revenue Dedicated Account 5155</p> | (\$12.0) | (\$9.7) | \$0.0 | \$0.0 | (\$21.7) | A.1.1, B.1.1, B.2.1, C.1.1, C.1.2. C.2.1. C.4.1, D.1.1 |
| TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions) | | \$0.6 | (\$8.8) | (\$34.3) | \$0.4 | (\$42.1) | As Listed |
| <i>SIGNIFICANT & OTHER Funding Increases</i> | | \$12.6 | \$0.9 | \$0.0 | \$0.4 | \$13.9 | As Listed |
| <i>SIGNIFICANT & OTHER Funding Decreases</i> | | (\$12.0) | (\$9.7) | (\$34.3) | \$0.0 | (\$56.0) | As Listed |

NOTE: Totals may not sum due to rounding.

**Railroad Commission
Selected Fiscal and Policy Issues - House**

1. **General Revenue Dedicated – Oil and Gas Regulation and Cleanup Account No. 5155.** Recommendations provide \$153.8 million in General Revenue Dedicated – Oil and Gas Regulation and Cleanup Account No. 5155 (Account No. 5155) funds, a net decrease of \$8.8 million from 2024-25 spending levels due to a one-time funding reduction of \$9.7 million for the Mainframe Transformation project and vehicle purchases being partially offset by an increase of \$0.9 million to biennialize the statewide salary adjustments included in the 2024-25 appropriations. 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.

Account 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). A 2022 Study of the Oil and Gas Regulation and Cleanup Fund Revenue Streams identified 27 total sources of funding, of which 3 (drilling permits, surcharges, and oil and gas Regulatory fee revenues) made up 57.4 percent of the account's revenue. The price of West Texas Intermediate (WTI), the main oil benchmark for North America, is the primary driver of industry activity, and is closely connected to Account No. 5155 funding. 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.

Not all balances within the account are available for the agency to spend. Approximately \$5.6 million is required in FY 2025 for employee benefits. Certain financial securities paid by oil and gas well operators required pursuant to Natural Resources Code, Section 91.104, and related to well specific plugging insurance policies are also held in escrow or trust in the account. The funds held in escrow are not available for certification by the Comptroller of Public Accounts (CPA) or appropriation. As of September 30, 2024, the escrow and trust amounts totaled approximately \$101.0 million.

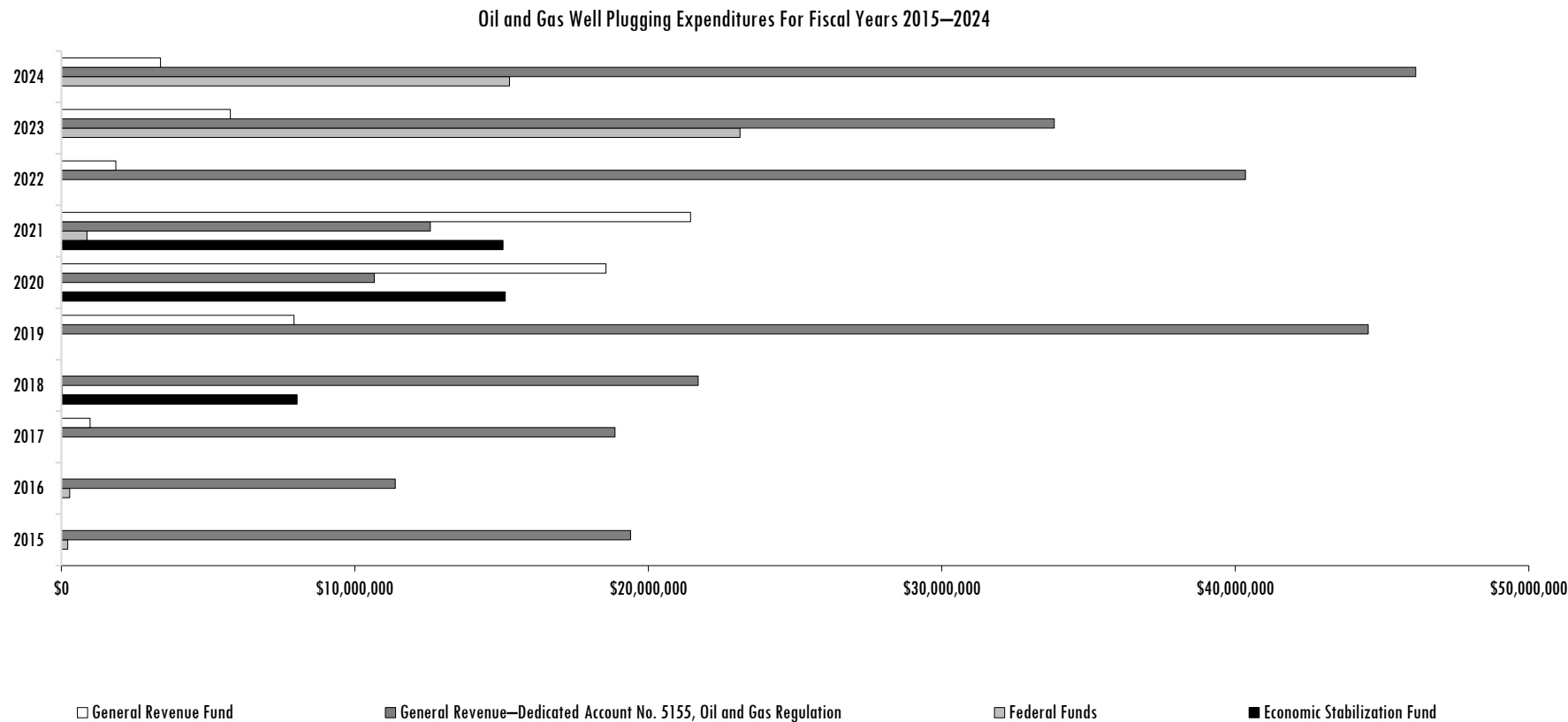
Recommendations continue agency riders which provide flexibilities to mitigate unforeseen shortfalls in Account No. 5155 revenues and available balances. Rider 13, Operational Stability Contingency, allows for the appropriation of up to \$5.0 million each fiscal year in General Revenue Funds generated by the Gas Utility Pipeline Tax in the event that the sum available from unencumbered and unobligated balance in Account 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 Account No. 5155 revenue collections are less than 90.0 percent of amounts appropriated to the agency in the General Appropriations Act.

2. **Infrastructure Investment and Jobs Act of 2021 (IIJA).** Recommendations include an estimated \$94.6 million in Federal Funds from the IIJA, a decrease of \$34.4 million from the 2024-25 biennium. Texas could qualify for up to \$318.7 million for plugging orphaned oil and gas wells through fiscal year 2030. Texas received \$25.0 million in initial grant funds in August 2022, using that revenue and salvage revenue from plugging activities to plug 737 wells across the state. Texas received \$79.7 million in the first formula grants allocation in January 2024, and could receive an additional \$119.5 million in Phase II. IIJA funding continues to support well plugging and site remediation activities at orphaned wells across the state, the development of the Class VI Underground Injection Control (Geologic Sequestration of Carbon Dioxide) program, and the Commission's Brownsfields program, as well as the abandoned mine lands program providing for remediation of pre-1977 mining sites in Texas.

The Orphaned Well Plugging Formula Grants provided through the IIJA include requirements stemming from the Endangered Species Act (Section 7) and the National Historic Preservation Act (Section 106), along with new and significant oversight from the federal Department of the Interior's Orphaned Wells Program Office. The agency reports that these requirements slowed the implementation of IIJA funds for well plugging. According to the agency, Endangered Species Act requirements are likely to become more encumbering as IIJA funding is expended on well plugging efforts where effects on endangered species are more difficult to assess. The agency also reports that it is difficult to use IIJA funding on emergency well-plugging due to processing delays at the Federal level. Consequently, there are some practical limitations on the use of IIJA funds for well-plugging purposes.

Recommendations maintain informational rider 16, Informational Listing: Infrastructure Investment and Jobs Act Funds, which denotes the estimated amount of Federal Funds provided through the IJJA for plugging orphaned oil and gas wells to be received each fiscal year of the 2026-27 biennium as well as the estimated number of additional wells to be plugged from these funds. (See Selected Fiscal and Policy Issues #3 and Items Not Included in Recommendations #2).

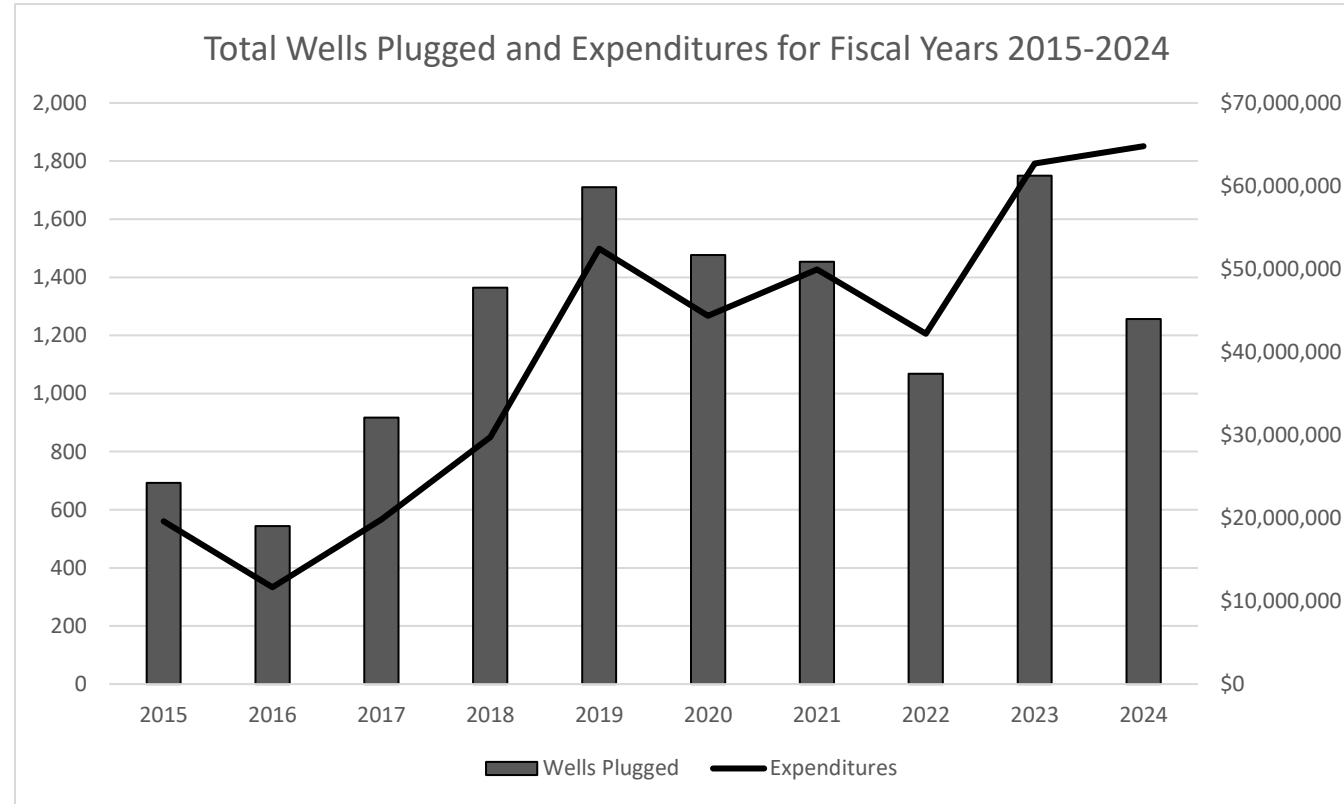
- Orphaned Oil and Gas Well Plugging.** One of the major duties of the agency is to plug orphaned oil and gas wells. Many sources of revenue contribute to the agency’s oil and gas well-plugging efforts: the Oil and Gas Well-Plugging Expenditures 2015-2024 chart shows expenditures on the Oil & Gas Well-Plugging program since 2015 broken down by Method of Finance. As is visible from the chart below, the primary source of funding for the program is typically Account 5155; however, the volatility of Account 5155 (see Selected Fiscal and Policy Issues #1) results in highly variable revenues. Consequently, other funds, including General Revenue Funds, the Economic Stabilization Fund, and Federal Funds have been used to supplement Account 5155 in the Oil & Gas Well-Plugging Program.



On average, both expenditures and the number of wells plugged by the agency have increased since 2015 (see chart below). In 2015, the agency plugged 692 wells with \$19.6 million; in 2023, the agency plugged 1,750 wells with \$62.7 million, with IJJA money contributing \$23.1 million in expenditures. In 2024, this declined to 1,256 wells plugged despite \$64.8 million in expenditures. Partially, this may reflect difficulties in using IJJA funding (see Selected Fiscal and Policy Issue #2); partially, it may also reflect inflated well-plugging costs.

According to the agency, a series of well-blowouts in west Texas has resulted in a series of high expenditure well-plugging operations. For example, the agency reported one operation starting in September of 2024 costing roughly \$7.0 million. In comparison, overall expenditures on the Oil & Gas Well Plugging Program in fiscal year 2024 totaled \$67.8 million. In general, the agency reports that the cost to plug wells has increased by 36.0 percent since fiscal year 2022. Agency performance measure targets currently include plugging 1,700 wells per year in the 2026-27 biennium. (See Selected Fiscal and Policy Issues #2 and Items Not Included in Recommendations #2).

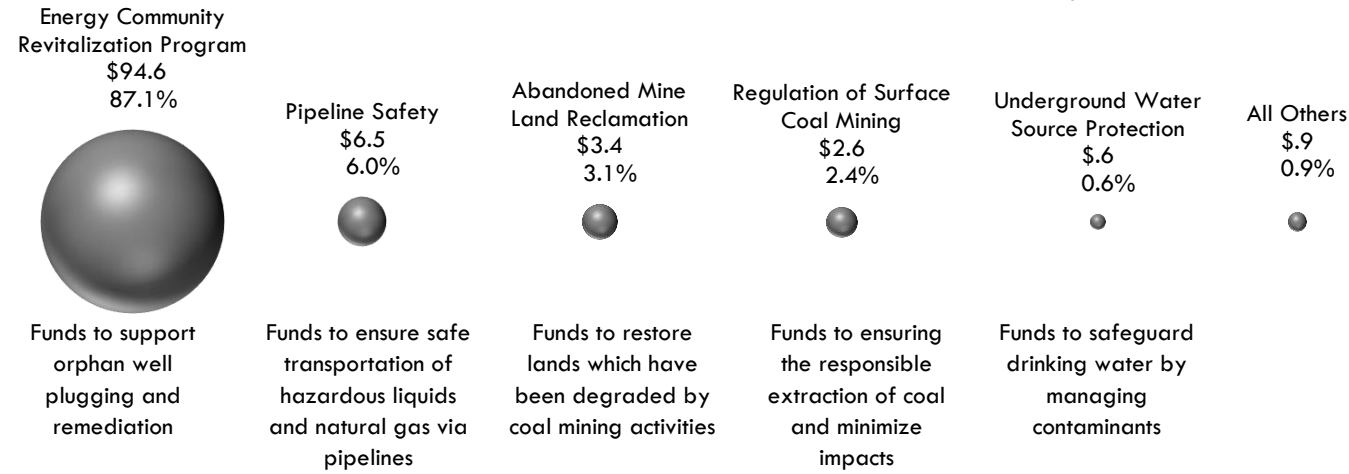
Recommendations do not include \$100.0 million in General Revenue Funds requested by the agency to plug emergency, expensive high-priority wells. Recommendations also do not include \$2.7 million in General Revenue Funds requested by the agency for an investigation team to investigate hydrogeologic phenomena resulting from the injection of produced water into subsurface formations. (See also Items Not Included in Recommendations #1 and #3.)



Railroad Commission

Summary of Federal Funds (2026-27) - House

Total \$108.6M



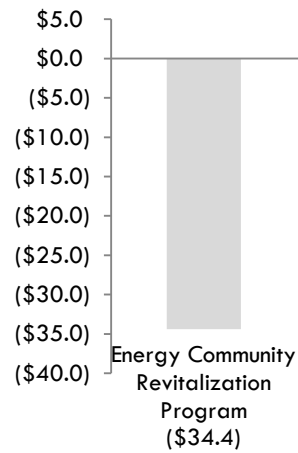
Selected Federal Fiscal and Policy Issues

Federal funds would decrease from \$142.9 million in 2024-25 to \$108.6 million in 2026-27, mainly due to a \$34.4 million reduction in IJA funding for well plugging. Federal Funds decreases as the agency continues to use up grant funding.

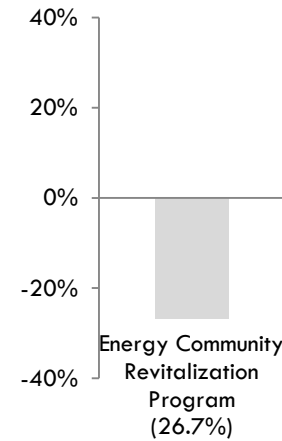
The agency does not anticipate changes to any other federal grants.

Programs with Significant Federal Funding Changes from 2024-25

Program Change-by Amount (In Millions)



Program Change-by Percentage



**Railroad Commission
Rider Highlights - House**

Modification of Existing Riders

The following riders include recommendations to remove obsolete language, make conforming changes such as updating fiscal years and amounts to reflect funding recommendations:

Rider 3, Appropriations Limited to Revenue Collections: LPG/CNG/MNG Fees

Rider 4, Liquefied Petroleum Gas (LPG) and Compressed Natural Gas (CNG) Training and Examination Renewal Fees

Rider 5, Appropriations Limited to Revenue Collections: Coal Mining Inspection and Enforcement and Coal/Uranium Mining Applications and Permits

Rider 6, Appropriations Limited to Revenue Collections: Pipeline Safety and Regulatory Fees

Rider 8, Appropriation: Anthropogenic Carbon Dioxide Storage Trust Fund Revenues

Rider 9, Oil and Gas Division Permitting Efficiencies

Rider 11, Appropriation: Unexpended Balances Between Fiscal Years within the Biennium

Rider 13, Operational Stability Contingency

Rider 15, Additional Funding Sources and Cash Flow Contingency

Rider 16, Informational Listing: Infrastructure Investment and Jobs Act Funds (see also, Items Not Included in Recommendations #2)

Rider 17, Underground Injection Control Modeling

14. **Unexpended Balances Appropriation: Capital Budget Categories.** Recommendation include revising the rider title to replace “Acquisition of Resource Technologies” with “Capital Budget Categories.” Recommendations include revising the rider to expand the capital budget categories from which unexpended balances can be carried forward from the prior biennium to include the Legacy Modernization category in addition to the Acquisition of Resource Technologies category, but specifying the projects for which that authority exists within the categories.

Deleted Riders

18. **Digitization of Historical Records.** Recommendations delete the rider which required the Railroad Commission to use funds appropriated in Strategy D.1.1, Public Information and Services, totaling \$1,969,874 in the 2024-25 biennium for the purpose of digitizing certain historical records, reports, and forms. The agency reports completing the required tasks and that the purpose of the rider has been fulfilled.

**Railroad Commission
Items Not Included in Recommendations - House**

| | | 2026-27 Biennial Total | | | Information Technology Involved? | Contracting Involved? | Estimated Continued Cost 2028-29 |
|---|--|------------------------|---------------|------|----------------------------------|-----------------------|----------------------------------|
| | | GR & GR-D | All Funds | FTEs | | | |
| Agency Exceptional Items Not Included (in agency priority order) | | | | | | | |
| 1) | Oil and Gas Orphaned Well Plugging: General Revenue Funds to address emergency wells, expensive high-priority wells, and inflationary impacts on well plugging costs. | \$100,000,000 | \$100,000,000 | 0.0 | No | Yes | \$100,000,000 |
| 2) | Revise Output Key Measure Targets for Strategy C.2.1, Oil and Gas Well Plugging and Remediation, and Amend Related Targets in Rider 16, Infrastructure, Investment, and Jobs Act Funds (IIJA): Revise output key measure targets for the Number of Orphaned Wells Plugged with State-Managed Funds from 1,700 per fiscal year to 1,000 per fiscal year in the 2026-27 biennium, and revise the number of wells anticipated to be plugged with IIJA funds in Informational Rider 16, Infrastructure, Investment, and Jobs Act Funds from 946 in fiscal year 2026 and 950 in fiscal year 2027 to 500 each fiscal year. (See also, Selected Fiscal and Policy Issues #2 and #3.) | \$0 | \$0 | 0.0 | No | No | \$0 |
| 3) | Produced Water and Injection Data Reporting System: General Revenue Funds and authority for 2.0 additional staff to develop a system to collect produced water and injection data from well sites and make it available to industry, state regulators, and other interested parties. | \$7,685,824 | \$7,685,824 | 2.0 | Yes | Yes | \$3,052,231 |
| 4) | Oil and Gas Authorized Pit Registration System: General Revenue Funds and authority for 2.0 additional staff to produce a new system to provide information about pits used to store or manage oil field fluids and oil and gas waste, particularly regarding size, location, and uses of fluids and waste. This system would allow data to be publicly available. | \$2,748,000 | \$2,748,000 | 2.0 | Yes | Yes | \$1,578,288 |
| 5) | Oversight and Safety Regulatory Filing and Permitting Systems: General Revenue Funds to produce a new online filing system to (1) streamline utility company reporting through a paperless process; and (2) enhance Railroad Commission auditing capabilities related to the sale of natural gas. | \$6,288,068 | \$6,288,068 | 0.0 | Yes | Yes | \$2,200,824 |
| 6) | Underground Injection Well Investigation Team: General Revenue Funds and authority for 10.0 additional staff to investigate hydrogeologic phenomena resulting from the injection of produced water into subsurface formations. | \$2,687,310 | \$2,687,310 | 0.0 | No | No | \$2,548,410 |

**Railroad Commission
Items Not Included in Recommendations - House**

| | | 2026-27 Biennial Total | | | Information Technology Involved? | Contracting Involved? | Estimated Continued Cost 2028-29 |
|--|---|------------------------|----------------------|------------|--|--------------------------|--|
| | | GR & GR-D | All Funds | FTEs | | | |
| 7) | Site Remediation Program Support: General Revenue Funds for 2.0 additional staff to review complex cleanup projects and respond to public information requests about cleanup projects. | \$342,140 | \$342,140 | 2.0 | No | No | \$342,140 |
| 8) | GIS Cloud Upgrade: General Revenue Funds to migrate the current geographic information system (GIS) from its current platform to a cloud-based platform. | \$2,142,778 | \$2,142,778 | 0.0 | Yes | Yes | \$400,000 |
| 9) | Microfilm Digitization: General Revenue Funds to digitize existing microfilm records in the Austin office. | \$907,496 | \$907,496 | 0.0 | No | Yes | \$0 |
| 10) | Data Center Services Adjustment: General Revenue Funds for Data Center Services costs for new projects including Technology Solutioning Services (TSS) Rate Card for migration from Remedy to new ticketing system, Informatica Intelligent Cloud Services Software as a Service (SaaS) Procurement, TSS Application Development efforts for the RRC Access Management Process, and Increased Mainframe and Software Service Charges/SaaS for LoneSTAR migration; and General Revenue to maintain current obligations. | \$7,728,397 | \$7,728,397 | 0.0 | Yes | No | \$7,728,400 |
| TOTAL Items Not Included in Recommendations | | \$130,530,013 | \$130,530,013 | 6.0 | | | \$117,850,293 |

**Railroad Commission
Appendices - House**

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**Railroad Commission
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

| Strategy/Goal | 2024-25 Base | 2026-27 Recommended | Biennial Change | % Change | Comments |
|--|---------------------|------------------------|--------------------|-------------|---|
| ENERGY RESOURCE DEVELOPMENT A.1.1 | \$59,654,162 | \$62,101,086 | \$2,446,924 | 4.1% | <p>• Recommendations include an all funds increase of \$2.4 million due to the following:</p> <p>a) A \$5.3 million increase in General Revenues due to Mainframe Transformation Operational Support (\$7.4) million, a \$1.0 million redistribution of the operational base budget, and a \$0.4 million increase for the biennial salary adjustment, which is offset by a \$3.5 million decrease from a one-time seismic data item and a \$16,232 decrease for Mainframe Transformation funding associated with SB30.</p> <p>b) A \$352,000 increase due to HB1284, 87th Legislature (CO2 Storage)</p> <p>c) A \$3.2 million decrease in Fund 5155 due to a redistribution of the Base Budget, due to removal of one time costs associated with SB 30 funding of the Mainframe Transformation (\$2.4 million) and a \$1.0 million redistribution of the operational base budget, which is partially offset by an increase in funds for the biennial salary adjustment (\$0.2 million).</p> |
| Total, Goal A, ENERGY RESOURCES | \$59,654,162 | \$62,101,086 | \$2,446,924 | 4.1% | |

Railroad Commission
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS

| Strategy/Goal | 2024-25 Base | 2026-27 Recommended | Biennial Change | % Change | Comments |
|-----------------------|-----------------|------------------------|--------------------|-------------|--|
| PIPELINE SAFETY B.1.1 | \$27,871,002 | \$24,365,528 | (\$3,505,474) | (12.6%) | <p>• Recommendations include a \$3.5 million decrease in funds including:</p> <p>a) a \$136,876 increase in General Revenue funding due to a \$4.0 million MOF swap with GR-D 5155 and a \$79K increase to fund biennial salary adjustments, which is largely offset by one-time cost reductions for vehicles.</p> <p>b) a \$3.6 million decrease in Fund 5155 due to a \$4.0 million MOF swap with General Revenue, which is offset by a \$0.4 million increase for the biennial salary adjustment.</p> |

Railroad Commission
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS

| Strategy/Goal | 2024-25 Base | 2026-27 Recommended | Biennial Change | % Change | Comments |
|---------------------------------------|---------------------|------------------------|--------------------|---------------|---|
| PIPELINE DAMAGE PREVENTION B.1.2 | \$1,355,689 | \$4,380,176 | \$3,024,487 | 223.1% | <ul style="list-style-type: none"> • Recommendations include a \$3.0 million increase in All Funds including: <ul style="list-style-type: none"> a) A \$0.5 million GR decrease from an MOF swap with GR-D 5155 and a \$6,481 redistribution of the base budget, which is partially offset by a \$9,955 increase to biennialize salary adjustments. b) A \$0.5 million increase in GR-D 5155 from an MOF swap with General Revenues, combined with \$15,908 to biennialize salary adjustments and \$5,105 from a redistribution of the base budget. c) A \$3.0 million General Revenue increase from the Inspection/Enforcement Tracking and Reporting System Phase 5 Capital Project for Pipeline Damage Reporting being moved from C.1.2. Surface Monitoring & Inspections Project |
| REGULATE ALT FUEL RESOURCES B.2.1 | \$8,924,860 | \$8,709,636 | (\$215,224) | (2.4%) | <ul style="list-style-type: none"> • Recommendations include a \$0.2 million decrease in GR funds due to a \$0.3 million decrease due to reduced one-time expenditures on vehicles and a \$12,655 decrease due to a redistribution of the operational base budget, which is partially offset by a \$0.1 million increase to biennialize salary adjustments |
| Total, Goal B, SAFETY PROGRAMS | \$38,151,551 | \$37,455,340 | (\$696,211) | (1.8%) | |

**Railroad Commission
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

| Strategy/Goal | 2024-25 Base | 2026-27 Recommended | Biennial Change | % Change | Comments |
|---|-----------------|------------------------|--------------------|-------------|--|
| OIL/GAS MONITOR & INSPECTIONS C.1.1 | \$77,382,661 | \$70,956,922 | (\$6,425,739) | (8.3%) | <p>• Recommendations include a \$6.4 million decrease in All Funds including:</p> <p>a) a \$3.0 million decrease in GR due to a \$3.0 million MOF swap with GR-D 5155, combined with \$0.9 million in one-time vehicle expenditures and \$0.7 million on one-time oil and gas equipment expenditures, which was partially offset by an increase in \$1.0 million to biennialize salary adjustments and \$0.6 million for Mainframe Transformation operational support.</p> <p>b) a \$3.4 million decrease in GR-D 5155 due to a \$5.3 million reduction in Mainframe Transformation spending associated with SB30, and \$1.1 million in one time vehicle expenditure reductions, which were partially offset by the \$3.0 million MOF swap with General Revenue.</p> |
| SURFACE MINING MONITORING/INSPECT C.1.2 | \$12,187,298 | \$11,324,470 | (\$862,828) | (7.1%) | <p>• Recommendations include a \$0.9 million decrease in General Revenue funds including a \$1.0 million decrease from one time funding on vehicles (\$0.3 million) and IETRS Phase 4 (\$0.7 million), which was partially offset by a \$0.1 million increase to biennialize salary adjustments</p> |

**Railroad Commission
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

| Strategy/Goal | 2024-25 Base | 2026-27 Recommended | Biennial Change | % Change | Comments |
|---|----------------------|------------------------|-----------------------|----------------|--|
| OIL&GAS WELL PLUGGING & REMEDIATION C.2.1 | \$267,692,060 | \$234,102,549 | (\$33,589,511) | (12.5%) | <p>• Recommendations include a \$33.6 million decrease in All Funds due to:</p> <p>a) a \$7.3 million increase in GR, due to a \$6.0 million MOF switch from GR-D 5155, \$1.6 million for Mainframe Transformation operational support, \$43,635 from a redistribution of the base budget, and \$0.3 million to biennialize salary adjustments, which is partially offset by a \$0.7 million reduction in one-time funding for vehicles.</p> <p>b) a \$6.6 million decrease in GR-D 5155 due to the \$6.0 million MOF swap with General Revenue, combined with a \$0.4 million decrease from one-time funding for vehicles, a \$0.5 million decrease for Mainframe Transformation funding associated with SB30, and \$16,942 from a redistribution of the base budget, which is partially offset by a \$0.3 million increase to biennialize salary adjustments.</p> <p>c) a \$34.3 million decrease in federal funds related to the Federal IJJA Well-Plugging Grant Award</p> |
| SURFACE MINING RECLAMATION C.2.2 | \$4,282,075 | \$4,276,268 | (\$5,807) | (0.1%) | • Recommendations include a \$5,807 decrease in GR due to a \$34,528 redistribution of the operational base budget, which is partially offset by a \$28,721 increase to biennialize salary adjustments. |
| GAS UTILITY COMMERCE C.3.1 | \$7,520,272 | \$7,662,944 | \$142,672 | 1.9% | • Recommendations include a \$142,672 increase in GR funds to biennialize salary adjustments. |
| WEATHER PREPAREDNESS C.4.1 | \$28,628,944 | \$25,422,200 | (\$3,206,744) | (11.2%) | • Recommendations include a \$3.2 million decrease in GR funds due to one-time cost reductions for Electric Supply Chain Mapping Automation (\$2.8 million) and vehicle expenditures (\$0.4 million), and \$0.4 million for a redistribution of the operational base budget, which is partially offset by \$0.4 million to biennialize salary adjustments. |
| Total, Goal C, ENVIRONMENTAL & CONSUMER PROTECTION | \$397,693,310 | \$353,745,353 | (\$43,947,957) | (11.1%) | |

**Railroad Commission
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

| Strategy/Goal | 2024-25 Base | 2026-27 Recommended | Biennial Change | % Change | Comments |
|--|----------------------|------------------------|-----------------------|---------------|---|
| PUBLIC INFORMATION AND SERVICES D.1.1 | \$5,355,972 | \$5,426,012 | \$70,040 | 1.3% | <ul style="list-style-type: none"> • Recommendations include a \$70,040 increase in All Funds including: <ul style="list-style-type: none"> a) a \$0.6 million increase in GR due to a \$0.6 million MOF swap with GR-D 5155 and an \$11,197 redistribution of the base budget, which is partially offset by a \$486 decrease in salaries and wages. b) a \$0.5 million decrease in GR-D 5155 due to the \$0.6 million MOF swap with General Revenues, which is partially offset by \$51,687 to biennialize salary adjustments and \$7,642 for a redistribution of the operational base budget. |
| Total, Goal D, PUBLIC ACCESS TO INFO AND SERVICES | \$5,355,972 | \$5,426,012 | \$70,040 | 1.3% | |
| Grand Total, All Strategies | \$500,854,995 | \$458,727,791 | (\$42,127,204) | (8.4%) | |

**Railroad Commission
Summary of Federal Funds - House
(Dollar amounts in Millions)**

| Program | Est 2024 | Bud 2025 | Rec 2026 | Rec 2027 | 2024-25 Base | 2026-27 Rec | 2026-27 Rec % Total | Recommended Over/(Under) Base | % Change from Base |
|--|-----------------|-----------------|-----------------|-----------------|-------------------------|------------------------|------------------------------------|--|-------------------------------|
| IIJA Energy Community Revitalization Program | \$31.1 | \$97.9 | \$47.3 | \$47.3 | \$129.0 | \$94.6 | 87.1% | (\$34.4) | (26.7%) |
| Pipeline Safety | \$3.3 | \$3.3 | \$3.3 | \$3.3 | \$6.5 | \$6.5 | 6.0% | \$0.0 | 0.0% |
| Abandoned Mine Land Reclamation (AMLR) | \$1.7 | \$1.7 | \$1.7 | \$1.7 | \$3.4 | \$3.4 | 3.1% | \$0.0 | 0.0% |
| Regulation of Surface Coal Mining and | \$1.3 | \$1.3 | \$1.3 | \$1.3 | \$2.6 | \$2.6 | 2.4% | \$0.0 | 0.0% |
| State Underground Water Source Protection | \$0.3 | \$0.3 | \$0.3 | \$0.3 | \$0.6 | \$0.6 | 0.6% | \$0.0 | 0.0% |
| State Damage Prevention Program Grants | \$0.2 | \$0.2 | \$0.2 | \$0.2 | \$0.4 | \$0.4 | 0.3% | \$0.0 | 0.0% |
| Salary Adjustments | \$0.1 | \$0.2 | \$0.2 | \$0.2 | \$0.3 | \$0.3 | 0.3% | \$0.1 | 34.1% |
| State and Tribal Response Program | \$0.1 | \$0.1 | \$0.1 | \$0.1 | \$0.2 | \$0.2 | 0.2% | \$0.0 | 0.0% |
| TOTAL: | \$38.0 | \$104.9 | \$54.3 | \$54.3 | \$142.9 | \$108.6 | 100.0% | (\$34.3) | (24.0%) |

**Railroad Commission
FTE Highlights - House**

| Full-Time-Equivalent Positions | Expended 2023 | Estimated 2024 | Budgeted 2025 | Recommended 2026 | Recommended 2027 |
|---------------------------------------|--------------------------|---------------------------|--------------------------|-----------------------------|-----------------------------|
| Cap | 1,010.6 | 1,124.6 | 1,124.6 | 1,140.6 | 1,140.6 |
| Actual/Budgeted | 968.9 | 1,022.3 | 1,134.6 | NA | NA |

| Schedule of Exempt Positions (Cap) | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| Railroad Commissioner, Group 5 (3) | \$140,938 | \$140,938 | \$140,938 | \$140,938 | \$140,938 |

Notes:

a) Senate Bill 30, Eighty-Eight Legislature, Regular Session, 2023, relating to supplemental appropriations and giving direction and adjustment authority regarding appropriations, appropriated \$541,000 in General Revenue with 10.0 FTEs in fiscal year 2023 to provide staff to implement rule changes adopted by the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration. The Railroad Commission anticipates being fully staffed in fiscal year 2025 which includes the additional 10.0 FTEs in excess of the FTE cap. This funding and additional FTEs are continued in the 2026-27 biennium.

b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 25-702, October 2024) does not indicate market average salaries for elected officials. The salary for Railroad Commissioners is a public policy decision that is not tied directly to the market average for similar professional positions. The agency is not requesting any changes to its Exempt Positions.