

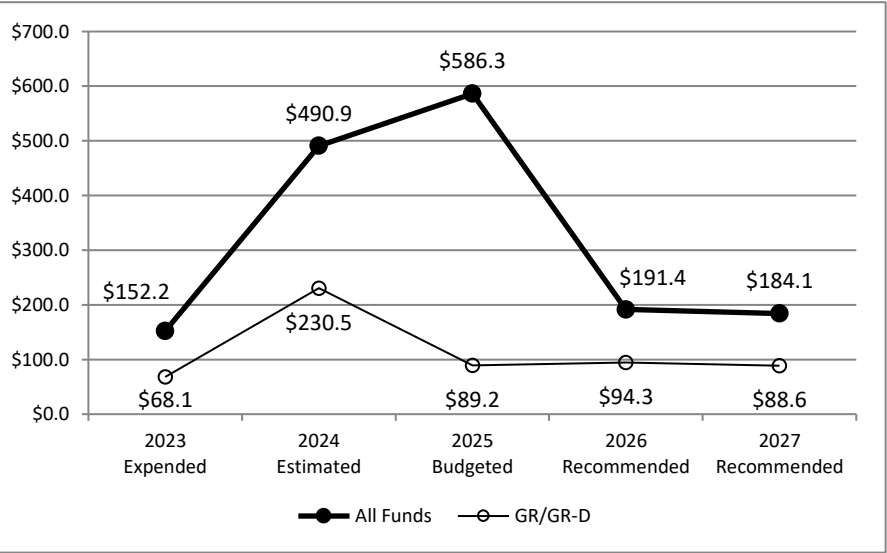
**Water Development Board
Summary of Budget Recommendations - House**

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 Bryan McMath, Executive Administrator
 AJ Lionberger, LBB Analyst

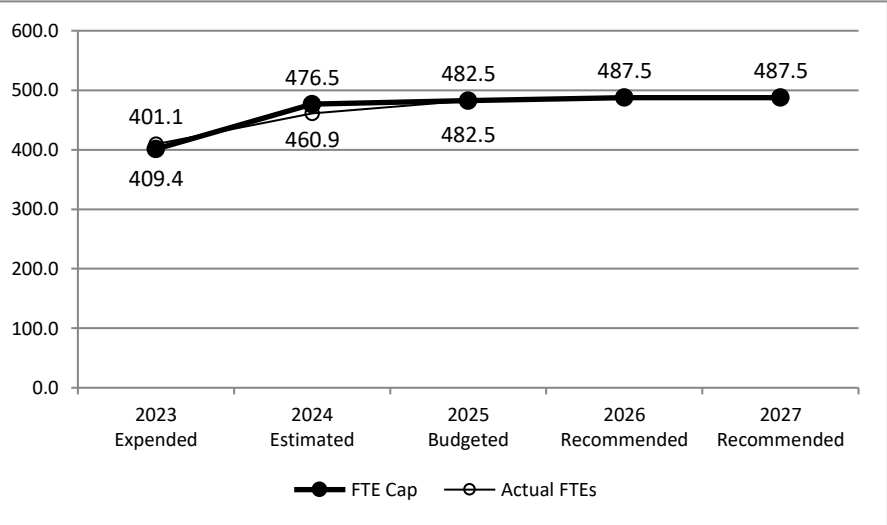
Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$319,778,861	\$182,843,771	(\$136,935,090)	(42.8%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$319,778,861</i>	<i>\$182,843,771</i>	<i>(\$136,935,090)</i>	<i>(42.8%)</i>
Federal Funds	\$134,961,524	\$97,128,616	(\$37,832,908)	(28.0%)
Other	\$622,425,014	\$95,497,760	(\$526,927,254)	(84.7%)
All Funds	\$1,077,165,399	\$375,470,147	(\$701,695,252)	(65.1%)

	FY 2025 Budgeted	FY 2027 Recommended	Biennial Change	Percent Change
FTEs	482.5	487.5	5.0	1.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2026-27 Recommended) represents an estimated 5.5% of the agency's estimated total available funds for the 2026-27 biennium.

Water Development Board
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
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<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>

A)	<p>A net decrease in All Funds for debt service payment purposes consisting of:</p> <p>(a) A decrease of \$121.3 million in Water Infrastructure Fund No. 302 (WIF) due to the completion of WIF debt service payments;</p> <p>(b) A decrease of \$1.3 million in General Revenue Funds for removal of one-time funding provided for the Economically Distressed Areas Program (EDAP) debt service payments. Funding provided for this purpose in the base limit was reallocated in the agency's base request to increased Data Center Services (DCS) funding above the Department of Information Resources (DIR) anticipated 2026-27 maintenance costs;</p> <p>(c) An increase of \$0.8 million in General Revenue Funds to conduct a needs assesment study of EDAP;</p> <p>(d) An increase of \$1.3 million in Economically Distressed Areas Bond Payment Account No. 357 due to an estimated increase in bond repayment proceeds; and</p> <p>(e) A decrease of \$0.2 million in Rural Water Assistance Fund No. 301 (RWAF) interfund debt service payments due to decreasing debt service payments.</p> <p>(See also, Selected Fiscal and Policy Issues #2 and #7).</p>	(\$0.5)	\$0.0	\$0.0	(\$120.3)	(\$120.8)	C.1.1, C.1.2, D.1.1, D.2.1, D.2.2, E.1.2
B)	<p>A decrease in Federal Flood Mitigation Assistance (FMA) grant funding due to the expenditure of remaining balances from previous fiscal year obligations occuring in fiscal year 2024 (See also, Selected Fiscal and Policy Issues #5).</p>	\$0.0	\$0.0	(\$38.0)	\$0.0	(\$38.0)	A.4.1
C)	<p>A net decrease in Texas Infrastructure Resiliency Fund No. 175 (TIRF) for flood mapping, mitigation, and planning purposes consisting of:</p> <p>(a) An increase of \$11.0 million for strategic mapping activities;</p> <p>(b) An increase of \$6.6 million for flood mitigation activities; and</p> <p>(c) A decrease of \$45.2 million for planning activities due to spending down available balances in the 2024-25 biennium to complete the first statewide flood plan (See also, Selected Fiscal and Policy Issues #5).</p>	\$0.0	\$0.0	\$0.0	(\$27.7)	(\$27.7)	A.1.3, A.4.1, B.1.2

Water Development Board
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
D)	A decrease in Agricultural Water Conservation Fund No. 358 (AWCF) due to diminishing fund balances available to issue grants and loans for water conservation-related projects (See also, Selected Fiscal and Policy Issues #8).	\$0.0	\$0.0	\$0.0	(\$2.4)	(\$2.4)	A.3.1
E)	A decrease in Water Assistance Fund No. 480 (WAF) due to anticipated loan repayment revenues ending (See also, Selected Fiscal and Policy Issues #9).	\$0.0	\$0.0	\$0.0	(\$0.3)	(\$0.3)	B.1.1

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

F)	A decrease in Flood Infrastructure Fund No. 194 (FIF) resulting from estimated expenditures reported in fiscal year 2025.	\$0.0	\$0.0	\$0.0	(\$375.0)	(\$375.0)	C.1.1
G)	A decrease in General Revenue Funds for the removal of one-time expenditures including: (a) \$0.3 million for motor vehicle purchases provided in SB 30; (b) \$28.0 million for two flood mitigation assistance projects, including: (i) \$10.0 million for the Lower Clear Creek Watershed (Rider 24(a)), and (ii) \$18.0 million for the Halls Bayou Watershed (Rider 24(b)); (c) \$3.2 million for a wastewater treatment facility project in Columbus, Texas (Rider 25); (d) \$106.9 million for four water infrastructure projects, including: (i) \$50.0 million for structural improvements to the Lake Houston Dam Spillway (Rider 29(a)(1)), (ii) \$28.0 million for a riverbank erosion mitigation project along the Brazos River in Fort Bend County near the Levee Improvement District No. 15 levee (Rider 29(a)(2)), (iii) \$16.9 million for structural improvements to the Poor Farm Ditch in Harris County (Rider 29(a)(3)), and (iv) \$12.0 million for the T.C. Jester Stormwater Detention Basin project in Harris County (Rider 29(a)(4)); and (e) \$1.5 million for operating expenses, information technology costs, office space acquisition, and other startup administrative and equipment costs for new Full-time Equivalent (FTE) positions.	(\$140.0)	\$0.0	\$0.0	\$0.0	(\$140.0)	A.1.2, A.2.2, A.3.1, A.4.1, C.1.1, E.1.2, E.1.3

Water Development Board
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
H)	An increase in General Revenue Funds to biennialize the statewide salary adjustments included in the 2024-25 appropriations.	\$2.2	\$0.0	\$0.0	\$0.0	\$2.2	A.1.1, A.1.2, A.1.3, A.2.1, A.2.2, A.3.1, A.4.1, B.1.1, B.1.2, C.1.1, C.1.2, E.1.1, E.1.2, E.1.3
I)	An increase in General Revenue Funds to continue construction of a wastewater treatment facility and water well in Columbus, Texas (See also, Rider Highlights, New Riders #27).	\$1.4	\$0.0	\$0.0	\$0.0	\$1.4	C.1.1
J)	A net decrease in Appropriated Receipts primarily due to an expected decrease in United States Geological Survey funds to perform stream gage maintenance.	\$0.0	\$0.0	\$0.0	(\$1.4)	(\$1.4)	A.1.1, A.1.2, A.3.1, A.4.1
K)	A net increase anticipated across various other Federal Funds appropriations not specified above.	\$0.0	\$0.0	\$0.1	\$0.0	\$0.1	A.4.1, C.1.1
L)	A net increase in Interagency Contracts due to expected new agreements for water level data and geographic data integration purposes.	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	A.1.2
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		(\$136.9)	\$0.0	(\$37.9)	(\$527.0)	(\$701.8)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$3.6	\$0.0	\$0.1	\$0.1	\$3.8	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$140.5)	\$0.0	(\$38.0)	(\$527.1)	(\$705.6)	As Listed

NOTE: Totals may not sum due to rounding.

**Water Development Board
Selected Fiscal and Policy Issues - House**

1. **Senate Bill 30 Water Funding Appropriations** – One-time funding totaling \$1.8 billion in General Revenue Funds provided to capitalize certain water funds through supplemental appropriations made in Senate Bill 30 (SB 30), Eighty-eighth Legislature, Regular Session, 2023, through the Comptroller of Public Accounts’ (CPA) bill pattern include the following:
 - \$1.0 billion in SB 30, Section 6.08, for immediate deposit to the Texas Water Fund No. 484 (TWF) which is a constitutionally appropriated Other Fund in the Treasury administered by the Texas Water Development Board (TWDB), for agency use for various water infrastructure needs (See also, Selected Fiscal and Policy Issues #3);
 - \$624.9 million in SB 30, Section 6.04(a), for immediate deposit to the Flood Infrastructure Fund No. 194 (FIF), which is a constitutionally appropriated Other Fund in the Treasury administered by TWDB, for agency use for flood infrastructure projects (See also, Selected Fiscal and Policy Issues #5);
 - \$73.9 million in SB 30, Section 6.04(d), for immediate deposit to the Drinking Water State Revolving Fund No. 951 (DWSRF), which is a fund outside the Treasury administered by TWDB, for agency use as state match funding for capitalization grant funding for various water infrastructure projects (See also, Selected Fiscal and Policy Issues #6); and
 - \$51.1 million in SB 30, Section 6.04(c), for immediate deposit to the Clean Water State Revolving Fund No. 651 (CWSRF), which is a fund outside the Treasury administered by TWDB, for agency use as state match funding for capitalization grant funding for various water infrastructure projects (See also, Selected Fiscal and Policy Issues #6).

2. **Budget Structure** - Recommendations include budget structure changes to better align debt service appropriations in the agency’s bill pattern. The changes distinguish non-self-supporting debt service from self-supporting debt service within the Texas Water Development Board (TWDB) budget and allow for any future applicable debt service appropriations to be allocated accordingly. The changes are as follows:
 - Renamed and redefined Goal D from *Non-Self-Supporting General Obligation (G.O.) Debt Service* to *Debt Service*
 - Renamed and redefined Objective D.1 from *Monitor Bond Proceeds* to *Monitor Non-Self-Supporting (N.S.S.) Bond Proceeds*. This objective contains the existing Strategy D.1.1, *Economically Distressed Areas Program (EDAP) Debt Service*.
 - Created a new Objective D.2 titled *Monitor Self-Supporting (S.S.) Bond Proceeds*
 - Created a new Strategy D.2.1 titled *Rural Water Assistance Fund (RWAF) Debt Service* and reallocated appropriations for interfund debt service payments of the Rural Water Assistance Fund No. 301 previously budgeted in Strategy C.1.1.
 - The previous strategy D.1.2, *Water Infrastructure Fund (WIF) Debt Service*, would have been restructured within the new D.2 goal and objective. However, TWDB paid off the remaining Water Infrastructure Fund No. 302 debt service in fiscal year 2024. Therefore, recommendations remove the WIF appropriations and WIF debt service payments strategy which are no longer necessary. The table below shows a comparison between the previous and new budget structures. (See also, Selected Fiscal and Policy Issues #7).

Budget Structure Comparison

Previous Budget Structure	New Budget Structure
Goal D: Non-Self-Supporting General Obligation Debt Service	Goal D: Debt Service
Objective 1: Monitor Bond Proceeds and Pay Debt Service on Time	Objective 1: Monitor NSS Bond Proceeds and Pay Debt Service on Time
Strategy D.1.1: EDAP Debt Service	Strategy D.1.1: EDAP Debt Service
Strategy D.1.2: WIF Debt Service	Objective 2: Monitor SS Bond Proceeds and Pay Debt Service on Time
	Strategy D.2.1: RWAF Debt Service
	N/A: WIF Debt Service

Source: Legislative Budget Board

3. **Senate Bill 28 and Senate Joint Resolution 75** – Senate Joint Resolution 75 (SJR 75), Eighty-eighth Legislature, Regular Session, 2023, proposed a constitutional amendment creating the Texas Water Fund No. 484 (TWF) as a fund in the Treasury outside the General Revenue Fund administered by the TWDB to assist in financing water projects through the transfer of money to other accounts and funds administered by the TWDB. The constitution: (1) authorizes the TWF to receive appropriations and transfer or restore money transferred between the TWF and eligible accounts discussed below without further appropriation; (2) authorizes monies transferred from the TWF to an eligible account to be spent without further appropriation in a manner provided by general law governing the use of the money in the account or fund to which the money was transferred; and (3) requires 25.0 percent of the amount of money initially appropriated to the TWF to be used only for transfer to the New Water Supply for Texas Fund No. 485 (NWSTF). Senate Bill 28 (SB 28), Eighty-eighth Legislature, Regular Session, 2023, is the enabling legislation that created and established the purpose and uses of the new TWF, several additional funds, and included additional provisions relating to other programs and financial assistance provided and administered by TWDB. These are discussed in more detail below. SB 28 became effective September 1, 2023, except for the section related to the TWF, which became effective January 1, 2024, with voter approval of the constitutional amendment proposed by SJR 75 (Proposition 6) at the election on November 7, 2023.

In addition to the TWF, the other funds and programs created by SB 28 include: the New Water Supply for Texas Fund No. 485 (NWSTF), the General Revenue-Dedicated Statewide Water Public Awareness Account (Account No. 5200), the Statewide Water Public Awareness Program (SWPAP), and the Water Utilities Technical Assistance Program (WUTAP). Across the new funds and programs, the intent of the legislation is to invest in: water education, improving existing and deteriorating infrastructure, new infrastructure financing, rural assistance, financing, and outreach, and water supply development. See below for tables summarizing fund and program information outlined in the legislation.

Senate Bill 28 and Senate Joint Resolution 75 – New Funds Created

Legislative Provisions	Texas Water Fund No. 484 (TWF)	New Water Supply for Texas Fund No. 485 (NWSTF)	General Revenue-Dedicated Statewide Water Public Awareness Account No. 5200 (Account No. 5200)
Citations	Texas Constitution Art. III sec. 49-d-16 Water Code, Section(s) 15.501-15.507	Water Code Section(s) 15.151-15.154	Water Code Section(s) 16.026-16.027
Fund Information	Appropriation Technique: Texas Constitution Fund Type: Other Fund Treasury Status: In the Treasury Consists of: (1) money transferred or deposited to the credit of the fund by general law, including money appropriated by the legislature directly to the fund and money from any source transferred or deposited to the credit of the fund authorized by general law; (2) any other revenue that the legislature by statute dedicates for deposit to the credit of the fund; (3) investment earnings and interest earned on amounts credited to the fund; (4) money from gifts, grants, or donations to the fund; and (5) money returned from any authorized transfer.	Appropriation Technique: General Appropriations Act (GAA); TWF Transfers Fund Type: Other Fund Treasury Status: In the Treasury Consists of: (1) money appropriated for transfer or deposit to the credit of the fund; (2) money the board transfers to the fund from any available source; (3) depository interest allocable to the fund and other investment returns on money in the fund; (4) money from gifts, grants, or donations to the fund; and (5) any other fees or sources of revenue that the legislature may dedicate for deposit to the fund.	Appropriation Technique: GAA; TWF Transfers Fund Type: General Revenue-Dedicated Treasury Status: In the Treasury, within General Revenue Consists of: (1) money appropriated to the board for deposit to the credit of the account; (2) money transferred by the board to the credit of the account from other funds available to the board; (3) money from gifts or grants to the account from any source, including the federal government, an educational institution, or a private donor; (4) proceeds from the sale of educational or public awareness materials, publications, and other items deposited to the credit of the account; and (5) interest earned on the investment of money in the account and depository interest allocable to the account.

<p>Purpose</p>	<p>To provide funding through certain existing Texas Water Development Board (TWDB) financial assistance programs.</p>	<p>To finance projects through the fund that will lead to 7.0 million acre-feet of new water supplies by December 31, 2033, including to: (1) provide financial assistance to political subdivisions to develop water supply projects that create new water sources for the state, including: (A) desalination projects, including marine and brackish water desalination; (B) produced water treatment projects, other than projects that are only for purposes of oil and gas exploration; (C) aquifer storage and recovery projects; and (D) the development of infrastructure to transport water that is made available another of these projects; (2) make transfers from the fund to the SWIFT or the Texas Water Development Fund II, for one of the previously listed types of projects; and (3) make transfers from the fund to the water bank account.</p>	<p>To develop, administer, and implement the Statewide Water Public Awareness Program (SWPAP) to educate residents of Texas about water.</p>
<p>Administration</p>	<p>Administering Entity: TWDB Fund Investment/Management Entity: Texas Treasury Safekeeping Trust Company (TTSTC) Oversight Entity: State Water Implementation Fund for Texas (SWIFT) Advisory Committee</p>	<p>Administered by TWDB.</p>	<p>The Executive Administrator of TWDB shall develop and implement the SWPAP to be administered by TWDB. Monitored by: Water Advisory Council</p>
<p>Fund Uses</p>	<p>The TWF may be used as follows: (1) to transfer money to/from other funds or accounts administered by the TWDB or that board's successor in function; and (2) to pay investment management costs (up to two percent may be used for reasonable administrative expenses).</p>	<p>The NWSTF may be used to: (1) provide financial assistance to political subdivisions to develop water supply projects that create new water sources for the state; and (2) to make transfers from the fund to the state water implementation fund for Texas or the Texas Water Development Fund II.</p>	<p>Any use of Account No. 5200 related to administering the SWPAP is considered an eligible use.</p>
<p>Eligible Projects</p>	<p>Projects meeting eligible uses of the receiving fund, ensuring that a portion of the money transferred from the TWF is used for: (1) prioritized water infrastructure projects for rural entities; (2) projects with substantially completed state and federal permitting requirements; (3) the Statewide Water Public Awareness (SWPA) program; (4) water conservation strategies; and (5) water loss mitigation projects.</p>	<p>Projects creating new water sources including: (1) Desalination projects (marine and brackish water); (2) produced water treatment projects; (3) aquifer storage and recovery projects; and (4) developing infrastructure to transport water for a new supply source.</p>	<p>The Account No. 5200 is used to administer the SWPAP.</p>

Source: Texas Constitution and Water Code

Senate Bill 28 and Senate Joint Resolution 75 – New Programs Created

Legislative Provisions	Water Utilities Technical Assistance Program (WUTAP)	Statewide Water Public Awareness Program (SWPAP)
Citations	Water Code, Section 16.0121	Water Code, Section(s) 16.026-16.027
Purpose	To provide technical assistance to retail public utilities in conducting water audits required under and in applying for financial assistance from the board to mitigate the utility system's water loss.	To educate residents of Texas about water.
Administration	Texas Water Development Board (TWDB) administers the WUTAP and may contract or partner with other entities to implement the program.	The Executive Administrator of TWDB shall develop and implement the SWPAP to be administered by TWDB. Monitored by: Water Advisory Council
Program Prioritization	Prioritization of WUTAP assistance to retail public utilities is based on: (1) Water loss audits submitted to TWDB; (2) the population served by the entity; and (3) the integrity of the utility's system.	Dependent upon contracted entity and activities performed.
Eligible Activities	WUTAP scope of work performed by providers for participant systems can include (but is not limited to): (1) Asset management evaluation; (2) Preparation of a rate study; (3) Review of existing organizational operations and procedures; (4) Review of existing financial statement/budgeting procedures; (5) Development of water conservation plans; and (6) Completion of project information forms/financial assistance applications.	Activities supporting the education of residents of Texas about water.

Source: Water Code

Texas Water Fund No. 484 (TWF)

The TWF was created as a fund inside the Treasury, outside the General Revenue Fund (Other Fund), to allow TWDB to finance a range of water infrastructure projects through existing financial assistance programs. Pursuant to the creation of the TWF, Senate Bill 30 (SB 30), Section 6.08, Eighty-eighth Legislature, Regular Session, 2023, appropriated \$1.0 billion in General Revenue Funds to be deposited to and capitalize the TWF. The TWF is essentially a holding fund that makes transfers to other TWDB funds based on board actions and the needs identified that are best addressed through specific TWDB financial assistance programs. The TWF also has unexpended and unobligated balance authority between biennia. TWDB can transfer TWF funding into, and restore TWF funding from, the following TWDB funds indicated in the table below. Once funding is transferred from TWF to a receiving fund it may be spent without further legislative appropriation in accordance with statutory and rule requirements of the receiving fund. The Texas Constitution, Article III, Section 49-d-16(f) states: the expenses of managing investments of the Texas Water Fund shall be paid from that fund. Water Code, Section 15.504(f) states: the board may use the fund to pay the necessary and reasonable expenses of the board in administering the fund not to exceed two percent (See also, Selected Fiscal and Policy Issues #4).

Recommendations include a contingency rider, Article IX, Section 18.03, Contingency for Texas Water Fund No. 484, appropriating \$2.5 billion in General Revenue Funds to the Comptroller of Public Accounts for the purposes of being deposited to the credit of the TWF contingent upon the enactment of legislation related to the TWF.

Accounts/ Funds Eligible for Texas Water Fund No. 484 (TWF) Transfers

Account / Fund Name
Water Assistance Fund No. 480 (WAF); Subaccounts include the Water Loan Assistance Fund No. 481 (WLAF), Storage Acquisition Fund No. 482 (SAF), and Research and Planning Fund No. 483 (R&P)
New Water Supply for Texas Fund No. 485 (NWSTF)
State Water Implementation Fund for Texas No. 361 (SWIFT) and State Water Implementation Revenue Fund for Texas No. 362 (SWIRFT)
Clean Water State Revolving Fund No. 651 (CWSRF) and Drinking Water State Revolving Fund No. 951 (DWSRF)
Rural Water Assistance Fund No. 301 (RWF)
General Revenue-Dedicated Statewide Water Public Awareness Account No. 5200 (Account No. 5200)
Financial Assistance (FA) Subaccount and State Participation (SP) Subaccount of Texas Water Development Fund II No. 371 (DFund II)

Source: Texas Constitution, Water Code, and the Water Development Board

In addition to the required rulemaking processes with stakeholder feedback for all created accounts, funds, and programs, TWDB revitalized two dormant funds, the Rural Water Assistance Fund No. 301 (RWF) and Water Loan Assistance Fund No. 481 (WLAF), to best address conservation and water loss needs in rural and lower population areas. Since rule development for RWF and WLAF was still taking place, TWDB utilized the State Revolving Fund (SRF) programs project solicitations processes to gauge initial demand for RWF and WLAF eligible projects within the SRF project application pools. TWDB adopted an implementation plan on July 23, 2024, outlining the proposed distribution of initial TWF amounts. The implementation timeline and plan are shown in the tables below.

Texas Water Fund Implementation Timeline

Dates and Activities
<u>Fall/Winter 2023:</u> (a) Proposition 6 constitutional amendment passes on November 7, 2023 (b) Fiscal Year 2025 State Revolving Fund (SRF) solicitations open
<u>January - May 2024:</u> (a) SJR 75 and SB 28 provisions related to TWF became effective (b) Required transfer of \$250.0 million from TWF to NWSTF (c) Stakeholder feedback, meetings, and board working sessions regarding TWF, NWSTF, and other eligible funds (d) SRF project information forms due on March 1, 2024 (e) Development/consideration of various rules (f) Consideration of SWPAP contracting grant recipient
<u>Summer 2024:</u> (a) Contract in place for SWPAP campaign (b) Continued consideration of rules for DFund II, NWSTF, RWF, and WAF (c) Propose initial TWF implementation plan (d) Earliest time for final adoption of some rules
<u>Fall/Winter 2024:</u> (a) Continued rule adoptions/consideration (b) Begin DFund II, NWSTF, and RWF solicitations (c) Adopt SRF Intended Use Plans (d) Next SRF application cycle begins
<u>Spring 2025:</u> (a) Initial consideration of NWSTF projects for financial assistance

Source: Water Development Board

Texas Water Fund Allocations

Fund / Account	Amounts
Allocated	
New Water Supply for Texas Fund No. 485 (NWSTF)	\$250.0 million
Rural Water Assistance Fund No. 301 (RWF)	
(a) 100.0 grant for conservation/water loss projects from SRF solicitation (<1,000 population)	\$45.0 million
(b) 90.0% grant/10.0% loan or local match for conservation/water loss projects from SRF solicitation (1,000-10,000 population)	\$130.0 million
(c) 100.0% grant for high risk or need projects	\$20.0 million
Water Loan Assistance Fund No. 481 (WLAF)	
(a) 70.0% grant/30.0% loan or local match for conservation/water loss projects from SRF solicitation (10,001-150,000 population)	\$90.0 million
General Revenue-Dedicated Statewide Water Public Awareness Account No. 5200 (Account No. 5200)	\$15.0 million
Statewide Water Implementation Fund for Texas No. 361 (SWIFT)	
(a) 2024 bond series transference pursuant to enhancement agreement	\$149.3 million
Unallocated	
Potential bond leveraged funding through existing financial assistance programs	\$300.7 million
Grand Total	\$1.0 billion

Source: Texas Constitution, Water Code, and the Water Development Board

Recommendations include a new Rider 23, Texas Water Fund: Transfer Reporting, requiring TWDB to provide notification when a board resolution to make an authorized transfer from the TWF is adopted and subsequent project applications (of the receiving fund) have been approved and to maintain a record of TWF monies transferred into and returned from receiving funds. The rider also highlights the constitutional appropriation authority and provides a list of eligible TWF-transfer receiving funds for informational purposes (See also, Rider Highlights, New Riders #23).

New Water Supply for Texas Fund No. 485 (NWSTF)

The NWSTF was created as a special fund in the Treasury outside the General Revenue Fund to specifically fund projects addressing the acquisition and development of new water supply, with the goal of developing 7.0 million acre-feet of new water supplies by December 31, 2033. As indicated in the timeline table above, NWSTF rule development and project solicitations will continue from fall/winter 2024 into spring 2025. SJR 75 required TWDB to transfer 25.0 percent (\$250.0 million) of the initial \$1.0 billion appropriated and deposited to TWF in SB 30, to the NWSTF to capitalize the fund.

Since the transfer originated from the TWF, no additional legislative appropriation authority is needed, but fund rules must be established before use. Recommendations include a new Rider 24, Appropriation: Additional Revenues, to appropriate fund balances accumulating in the NWSTF apart from TWF transfers (See also, Rider Highlights: New Riders #24).

General Revenue-Dedicated Statewide Water Public Awareness Account No. 5200 (Account No. 5200)

The Statewide Water Public Awareness Program (SWPAP) and Account No. 5200 were created for TWDB to support existing local and regional water education or awareness programs and renames a former existing program (the Statewide Water Conservation Public Awareness Program). Account No. 5200 is an account in the General Revenue Fund. The recipient of grant funding from Account No. 5200 (which TWDB would provide with amounts up to \$2.0 million per fiscal year) would contract with TWDB to develop, execute, and manage the statewide water awareness campaign, and submit deliverables to TWDB (campaign messaging, educational materials, reports, research, etc.). As indicated in the TWF allocation table above, the agency has allocated a transfer of \$15.0 million from TWF to Account No. 5200. In a Fall 2024 board meeting, the agency executed a one-year grant contract with the Texas Water Foundation, including up to four annual renewal periods, to develop and implement the SWPAP. Based on the agreement, up to \$10.0 million of the \$15.0 million TWF transfer allocation could be utilized, covering a period of five fiscal years.

Although further legislative appropriation would not be required to spend amounts TWDB transfers from TWF to Account No. 5200, mutually agreed upon terms with the grantee(s) would need to be finalized before program implementation. Recommendations include a new Rider 24, Appropriation: Additional Revenues, to appropriate fund balances accumulating in Account No. 5200 apart from TWF transfers (See also, Rider Highlights: New Riders #24).

Water Utilities Technical Assistance Program (WUTAP)

The SB 28 requirement that TWDB establish a program to provide technical assistance to retail public utilities in conducting water audits and in applying for TWDB financial assistance to mitigate water loss of utility systems resulted in the creation of the WUTAP. The statutory requirement that TWDB post information online summarizing: compiled information on water audits, measures taken by retail public utilities to reduce water loss, and provide details on how participating retail public utilities is met through financial assistance provided by WUTAP. TWDB partners with qualified contractors to provide a range of technical assistance services and will assign entities to the appropriate technical experts available based on the types of services requested. In the 2024-25 biennium, \$3.0 million in General Revenue Funding was appropriated to provide technical assistance services to rural entities in Strategy C.1.1, State and Federal Financial Assistance Programs, which was ultimately used to fund WUTAP. According to the agency, although WUTAP is not limited to rural communities, it primarily benefits almost entirely rural or small communities by design. As indicated in the timeline table above, TWDB has established program guidelines, completed solicitations for initial applications, and began executing contracts in July 2024. According to the agency, the value of the first round of contract agreements totaled \$1.9 million, and TWDB intends to execute more agreements in fiscal year 2025 for the remaining \$1.1 million in funding capacity.

Recommendations continue to fund the WUTAP at \$3.0 million in General Revenue Funds in Strategy C.1.1, State and Federal Financial Assistance Programs. Recommendations include a new Rider 25, Water Utilities Technical Assistance Program (WUTAP), specifying the appropriations for the program within Strategy C.1.1, State and Federal Financial Assistance Programs, and directing the funding to be used specifically for the purposes of administering the program (See also, Rider Highlights: New Riders #25).

State Water Implementation Fund for Texas (SWIFT) Program and the Statewide Water Plan (SWP)

The SWIFT program provides financial assistance for projects included in the SWP. Eligible SWIFT projects are recommended water management strategy projects with an associated nonzero capital cost in the most recently adopted state water plan at the time abridged applications are due to TWDB for consideration. The SWP assesses the state’s water needs for a fifty-year period (revised every five years) and is developed by sixteen regional planning groups in cooperation with TWDB. The SWP provides an overview of the state’s current and prospective water use and identifies water supplies and estimated needs and costs. The most recent SWP adopted in fiscal year 2022 estimated that to implement the more than 2,400 recommended water management strategy projects by 2070 it would cost approximately \$80.0 billion (without accounting for future inflation). In each cycle TWDB sells bonds for each round of funding through the SWIFT program. The State Water Implementation Revenue Fund for Texas No. 362 (SWIRFT) receives transfers from the State Water Implementation Fund for Texas No. 361 (SWIFT No. 361) and proceeds from the sale of revenue bonds to provide the financing for projects. SWIFT No. 361 is a fund in the treasury outside the General Revenue Fund for implementing the SWP. The fund is held and invested by the Texas Treasury Safekeeping Trust Company (TTSTC) and has a Constitutional appropriation authority. The SWIRFT is a fund in the state treasury outside the General Revenue Fund administered by TWDB with Constitutional appropriation authority. Since the initial \$2.0 billion investment from the Economic Stabilization Fund (ESF) capitalizing the SWIFT program in 2013, the current capacity totals approximately \$1.8 billion as of December 31, 2023, due to the TTSTC investing of SWIFT. The table below shows the amounts of transfers and project applications funded by the SWIFT program over time.

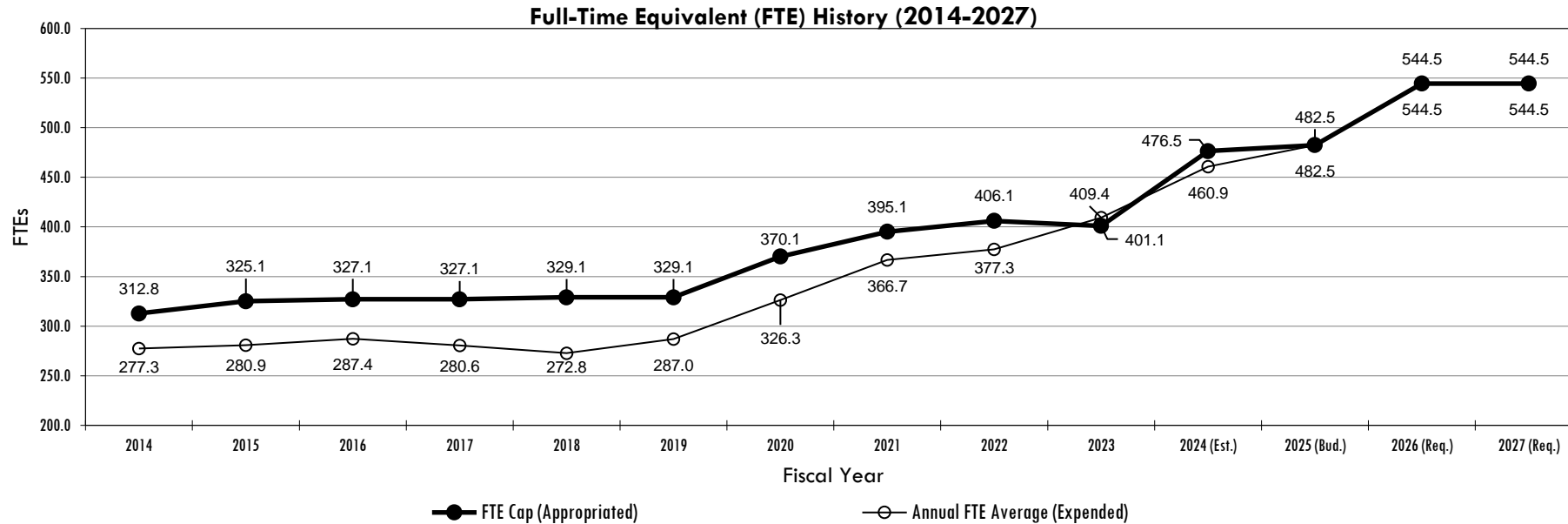
SWIFT Program Transaction History

Issuance Period	SWIFT No. 361 Transfer Amounts	Applications Funded Amounts
Fall 2015	\$108,174,488	\$899,660,000
Fall 2016	\$74,523,944	\$698,050,000
Fall 2017	\$132,636,448	\$1,195,490,000
Spring 2018	\$88,953,346	\$906,910,000
Fall 2018	\$213,478,638	\$1,852,245,000
Fall 2019	\$93,424,139	\$971,525,000
Fall 2020	\$60,635,646	\$731,295,000
Fall 2021	\$33,994,370	\$514,370,000
Fall 2022	\$97,701,695	\$986,760,000
Fall 2023	\$98,761,848	\$1,046,115,000
Fall 2024	\$149,303,604	\$1,648,550,000
Total	\$1,151,588,166	\$11,450,970,000

Source: Water Development Board

In fiscal year 2024, TWDB received approval to transfer up to \$300.0 million from the SWIFT No. 361 to the SWIRFT No. 362 to enhance the issuance of up to \$1.8 billion in SWIRFT No. 362 revenue bonds to finance SWP projects. In its initial TWF allocation plan, TWDB allocated the approved \$300.0 million to transfer from the TWF into the SWIFT No. 361, then from SWIFT No. 361 to SWIRFT No. 362, to cover this cost. Instead, the actual amount needed as a SWIFT No. 361 transfer into SWIRFT No. 362 at the time of closing was \$149.3 million as reflected in the TWF Allocations table above, so only that amount was transferred from TWF to SWIFT No. 361 for these purposes. Therefore, the unused \$150.7 million from the \$300.0 million allocation currently remains in the TWF. According to the agency, the allocation for this amount is undetermined at this time and would require Board approval, but allocating the amount toward the fiscal year 2025 SWIFT issuance is an option. Although the SWIFT has funding capacity, the use of TWF transfers retains program capacity for future use. The legislation also resulted in the expansion of SWIFT funding authorization allowing projects funded through NWSTF and the Texas Water Development Fund No. 371 (DFund II) that are included in the SWP to be eligible for SWIFT funding. This allows these funds to be used in conjunction with each other to finance multiple water supply projects that tie into the SWP (primarily from TWF transfers). Future use of new programs in relation to the SWIFT and the SWP are subject to future Board actions and decisions.

4. **Agency Staffing** – Recommendations include a Full-Time Equivalent (FTE) positions cap of 487.5 FTEs for each fiscal year of the 2026-27 biennium, which is an increase of 5.0 FTEs from 2024-25 appropriated FTE cap levels. Recommendations do not include an agency request to increase the FTE cap by 50.0 FTEs with additional appropriations totaling \$8.1 million in All Funds, consisting of \$4.8 million in Federal Funds and \$3.2 million in General Revenue Funds (See also, Items Not Included in Recommendations #1). The agency’s request follows a reassessment of its staffing needs after the enactment and voter approval of Senate Bill 28 (SB 28) and voter approval of the constitutional amendment proposed by Senate Joint Resolution 75 (SJR 75), Eighty-eighth Legislature, Regular Session, 2023. The additional FTEs are for financial assistance-specific staff intended to address increasing demand across TWDB’s financial assistance programs. The primary areas of growth occur in expanding federal State Revolving Fund (SRF) capacity, and programs developing from the new TWF funding provided to existing programs. The figure below reflects agency staff growth since fiscal year 2014.



Source: State Auditor’s Office

From the 2022-23 biennium to the 2024-25 biennium the agency FTE cap increased by 81.4 FTEs from 401.1 to 482.5. The Eighty-eighth Legislature, Regular Session, 2023, appropriated the additional FTEs across the agency, but primarily to address similar needs for additional staff and resources. Other significant FTE increases depicted in the figure, in addition to smaller increases throughout, coincide with significant changes occurring at the agency, most notably: an increase in FTEs for implementation of the Statewide Water Implementation Fund for Texas (SWIFT) program in fiscal year 2015 and increases during the 2020-21 biennium for implementation of legislation assigning flood planning responsibilities to TWDB. The agency indicates it would spread the requested 50.0 FTEs across financial assistance programs based on areas of most need and that all FTEs will be related to addressing the volume of financial assistance work administered by the agency, and not to address other agency functions.

FTEs funded from Federal Funds would be administering funding related to the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF). Much of the Federal Fund costs for FTEs administering SRF programs are for partially federally funded FTEs. These FTEs work primarily with the SRF programs but will split time working with other financial assistance programs and are reimbursed by Federal Funds for any SRF-related operational expenditures that are incurred. The FTEs expenses funded from General Revenue Funds will occur across state financial assistance programs, but primarily those recently or expected to be infused with funding from TWF transfers. Funding the FTEs from General Revenue Funds is consistent with decisions in recent biennia to pay administrative and staff costs by this method of financing and retaining balances in other funds to be used for financial assistance and not administrative purposes.

If in the future using the TWF for administrative expenditures is contemplated, there are additional points to consider, although these points would not apply to the request as currently constituted because the state-funded portion of the request consists of General Revenue Funds. In SB 28, Water Code, Section 15.504(f) authorizes the board to use the TWF to pay the necessary and reasonable expenses of the board in administering the fund not to exceed two percent. The statute does not specify the basis of the two percent, although according to the agency, TWDB interprets this to mean two percent of the initial \$1.0 billion TWF balance (\$20.0 million). In SJR 75, the Texas Constitution, Article III, Section 49-d-16(f) requires that expenses of managing TWF investments to be paid from the fund and authorizes the TWF to only be used to transfer money to other funds and accounts administered by TWDB. There is a lack of clarity in interpreting if the Water Code, Section 15.504(f) authorization to allow TWF funds to pay the necessary and reasonable expenses of TWDB in administering the fund is restricted by the Texas Constitution, Article III, Section 49-d-16(a-b) requirement that TWDB may only use the fund to transfer TWF money to other funds, or restore money to the TWF from a prior transfer. This poses the question of whether or not appropriations made to the fund are only for the purpose of making transfers from the TWF to other funds instead of using TWF funds to pay for FTEs operating TWDB programs that received TWF fund transfers (See also, Selected Fiscal and Policy Issues #3).

Recommendations also do not include an agency request for \$7.3 million in All Funds, consisting of \$6.9 million in General Revenue Funds and \$0.4 million in Federal Funds, for targeted salary increases (See also, Items Not Included in Recommendations #2). According to the agency, the funding would raise the average annual salary of several targeted positions to the midpoint of specific salary ranges and provide specific increases to other positions experiencing difficulty being filled and/or retained. In the 2024-25 biennium the agency received an additional \$3.0 million in General Revenue Funds for targeted salary increases. Additionally, the agency also received \$4.5 million in General Revenue Funds during the 2024-25 biennium to implement the five percent statewide salary increases, and an additional \$2.2 million in General Revenue Funds in the 2026-27 base limit calculation to biennialize the statewide salary adjustment amounts. Recommendations also do not include an agency request to adjust the exempt position classifications of the Commissioner positions from group 6 to group 7.

Recommendations include an informational listing in Article IX, Section 17.15, Supplemental Appropriations Bill, reflecting cross-article appropriations for information technology projects being appropriated in the supplemental appropriations bill, which includes \$2.7 million in General Revenue Funds and 5.0 FTEs for information technology risk mitigation purposes for TWDB.

5. **Flood Funding** – Recommendations include \$170.3 million in All Funds across strategy A.4.1, State and Federal Flood Programs (\$115.7 million) and strategy B.1.2, Statewide Flood Planning (\$54.6 million) related to flood mapping, mitigation, modeling, and planning. This represents a decrease totaling \$75.0 million in All Funds consisting of a net decrease of \$30.6 million in strategy A.4.1 and a net decrease of \$44.4 million in strategy B.1.2. The decreases are a result of one-time expenditure reductions from significant expenditures for flood activities in fiscal year 2024. Recommendations also modify Rider 20, Flood Funding, to: (1) clarify appropriated amounts from Texas Infrastructure Resiliency Fund No. 175 (TIRF), (2) provide an informational listing of flood-funding methods of finance by strategy, and (3) eliminate reporting requirements of the rider which are consolidated into a modified Rider 22, Reporting Requirement on Agency Funds (See also, Rider Highlights, Modification of Existing Riders #20 and #22).

Significant Flood Legislation

Senate Bills 7 and 8 (SB 7 and SB 8), Eighty-sixth Legislature, Regular Session, 2019, modified the state's approach to flood planning and infrastructure funding and assigned these responsibilities to the Texas Water Development Board (TWDB). SB 7 established the TIRF for flood mapping, mitigation, modeling, and planning activities, and the Flood Infrastructure Fund No. 194 (FIF) to finance flood control, drainage, and mitigation infrastructure projects. House Joint Resolution 4 (HJR 4), Eighty-sixth Legislature, Regular Session, 2019, proposed a constitutional amendment creating the FIF. SB 7 became effective September 1, 2023, except for the section related to the FIF, which became effective January 1, 2020, with voter approval of Proposition 8 at the election on November 5, 2019. The TIRF and FIF were initially capitalized by appropriations in Senate Bill 500 (SB 500), Eighty-sixth Legislature, 2019, from Economic Stabilization Fund (ESF) transfers totaling \$685.0 million and \$793.0 million, respectively. TIRF is a fund in the Treasury and outside of the General Revenue Fund and was established with subaccounts to address specific purposes including: (1) the Floodplain Management Account (which previously existed independently as a fund and was reincorporated as a TIRF subaccount), (2) the Hurricane Harvey Account, (3) the Flood Plan Implementation Account, and (4) the Federal Matching Account. SB 8 required TWDB to prepare and adopt a comprehensive Statewide Flood Plan (SFP) by September 1, 2024, and every five years thereafter. SB 8 led to an increase in flood-related funding and FTE positions at the agency to accomplish the provisions of the bill. The table below provides initial and subsequent deposits to the funds and the allocations for the deposits. Subsequent tables will show the appropriation and expenditure detail of the funds to date.

Supplemental Bill Appropriations for the Texas Infrastructure Resiliency Fund No. 175 (TIRF) and the Flood Infrastructure Fund No. 194 (FIF)

Supplemental Appropriations Bill	Amount and Method of Finance	FIF	TIRF
Senate Bill 500, Eighty-sixth Legislature, Regular Session, 2019	(a) Sections 77 and 86: \$793.0 million from the Economic Stabilization Fund (ESF) deposited to FIF; (b) Sections 74, 75, 76, and 85: \$685.0 million in ESF deposited to TIRF	(a) \$770.0 million reserved for flood infrastructure project financing, (i) including \$539.0 million for loans (70%), (ii) including \$231.0 million for grants (30%); and (b) \$23.0 million retained for administration and fund use, (i) including \$7.0 million for a one-time flood mitigation assistance grant	(a) \$365.0 million deposited to the Hurricane Harvey Account for Public Assistance Grant Projects, (i) including \$30.0 million (of the \$365.0 million above) for a Harris County grant; (b) \$273.0 million deposited to the Hurricane Harvey Account for Hazard Mitigation Assistance Projects; and (c) \$47.0 million deposited to the Floodplain Management Account for flood mapping and planning activities
House Bill 2, Eighty-seventh Legislature, Regular Session, 2021	Sections 26 and 36: \$100.4 million in General Revenue Funds deposited to TIRF	N/A	\$100.4 million deposited to the Floodplain Management Account for continued flood mapping and planning activities.
Senate Bill 30, Eighty-eighth Legislature, Regular Session, 2023	Section 6.04(a)(b): \$624.9 million in General Revenue Funds deposited to FIF	\$624.9 million for continued flood infrastructure project financing	N/A
Total Deposits	\$2.2 billion	\$1.4 billion	\$785.4 million

Source: Enabling Legislation Cited above and the Water Development Board

Through the 2022-23 biennium, in addition to expenditures associated with the purposes of the TIRF and FIF, the staff and administrative costs of managing the fund activities were paid from the funds themselves. Beginning in the 2024-25 biennium, the MOF for these staff and administrative costs was converted to be paid from General Revenue Funds. The MOF-swap replaced staff and administrative costs of 47.0 FTEs at \$12.9 million in TIRF, and 27.0 FTEs at \$5.1 million in FIF, with a total of \$18.0 million in General Revenue Funds. The replaced funding was retained in the balance of the Other Funds for future use. House Bill 3582, Eighty-eighth Legislature, Regular Session, 2023, related to the composition of the FIF, eliminated the Flood Plan Implementation Account of the TIRF and now requires any remaining balance of the Hurricane Harvey Account of TIRF to be transferred to the FIF on September 1, 2031. To date, the Flood Plan Implementation Account and the Federal Matching Account have not been used while the Floodplain Management Account and Hurricane Harvey Account have reported expenditures. Unless reappropriated, remaining Hurricane Harvey Account balances initially appropriated in fiscal year 2019 from SB 500 will lapse in fiscal year 2025.

Texas Infrastructure Resiliency Fund No. 175 (TIRF)

Recommendations include \$80.0 million in TIRF which is a decrease of \$27.7 million from 2024-25 spending levels. TIRF spending increased in fiscal year 2024 due to an increase in expenditures for reimbursements to entities completing eligible Hurricane Harvey projects, and spending from the Floodplain Management Account for activities related to completing the first statewide flood plan. Recommendations also include \$14.0 million in All Funds in capital budget authority and funding for strategic mapping activities, consisting of \$3.0 million in General Revenue Funds and \$11.0 million in TIRF, which is an increase of \$10.0 million in TIRF from 2024-25 spending levels. According to the agency, the increase is driven primarily by the United States Geological Survey (USGS) increasing the recommended frequency for refreshing Light Detection and Ranging (LiDAR) data from eight years to five years. This change is discussed in further detail below.

TIRF Floodplain Management Account

Appropriations of \$80.0 million in TIRF in the agency bill pattern are made from the Floodplain Management Account of TIRF for flood-related activities. Funding each fiscal year includes \$3,050,000 collected from Insurance and Maintenance Taxes collected under Insurance Code Section 251.004, which provides funding for flood planning purposes that exist independently of SFP preparation. The primary uses of TIRF are for flood planning, mapping, and modeling. Flood planning expenditures are primarily grants to regional flood planning groups to facilitate development of regional flood plans. Flood mapping expenditures are a collection of mapping and modeling activities, primarily for Base Level Engineering (BLE) which uses LiDAR, to develop and update statewide data and maps to inform regional flood planning groups and the SFP. According to the agency, after the release of the first SFP in fiscal year 2024, the agency has developed efficiencies in flood mapping activities and expects to spend less for these purposes. However, the increases in strategic mapping for LiDAR data collection would offset any decreases for other flood mapping activities, and on net the agency is anticipated to expend \$1.0 million more than 2024-25 biennium appropriations.

The Strategic Mapping program improves digital geographic data for statewide mapping applications using LiDAR technology and other methods/technologies to gather and develop consistent statewide digital data layers. The General Revenue funded portions relate to other Geographic Information Systems (GIS) data collected to support the other statewide mapping applications, while TIRF is only used for any Strategic Mapping data that benefits flood planning. In addition to LiDAR, the TIRF increase is also needed for: building height models which are extracted from LiDAR, statewide land cover data, statewide address and land parcel data, and statewide political boundary datasets which are used in flood modeling efforts. According to the agency, while the TIRF funded portion of the program has historically been budgeted in Strategy A.4.1, State and Federal Flood Programs, the funding was reallocated to Strategy A.1.3, Automated Information Collection, Maintenance, and Dissemination, as it is in support of the larger agency GIS data collection. As TWDB continues flood mapping and planning activities, the available balance of the TIRF will continue to be spent down. According to the agency, TIRF (specifically the Floodplain Management Account) balances are sufficient to cover necessary expenses in preparing the next SFP during the 2026-27 biennium, but the remaining fund balances may deplete soon thereafter. The table below shows Floodplain Management Account activity.

TIRF – Floodplain Management Account Activity

Fiscal Year	Starting Cash Balance	Deposits and Transfers In	Insurance Maintenance Tax	Depository Interest	Administrative Expenditures	Grant Expenditures (Planning)	Professional Services Expenditures (Mapping)	Capital Expenditures (Mapping/Modeling)	Transfers Out	Ending Cash Balance
2019	\$0	\$47,000,000	\$0	\$101,953	(\$190)	\$0	\$0	\$0	\$0	\$47,101,763
2020	\$47,101,763	\$31,878,859*	\$3,050,000	\$806,259	(\$2,325,468)	(\$30,681,210)	(\$770,705)	(\$470,955)	\$0	\$48,588,543
2021	\$48,588,543	\$7	\$3,050,000	\$1,326,789	(\$3,669,768)	(\$4,358,323)	(\$2,508,783)	(\$605,627)	\$0	\$41,822,838
2022	\$41,822,838	\$101,281,922**	\$3,050,000	\$4,284,725	(\$4,708,731)	(\$11,086,405)	(\$5,817,272)	(\$1,354,993)	\$0	\$127,472,084
2023	\$127,472,084	\$0	\$3,050,000	\$26,384,675	(\$4,827,626)	(\$9,087,200)	(\$7,178,002)	(\$483,386)	(\$87,623,311)***	\$47,707,234
2024	\$47,707,234	\$100,647,941***	\$3,050,000	\$33,478,146	(\$911,289)	(\$11,932,589)	(\$8,240,804)	(\$529,064)	\$0	\$163,269,575
Est. 2025	\$163,269,575	\$0	\$3,050,000	\$3,500,000	\$0	(\$20,500,000)	(\$14,018,918)	(\$5,000,000)	\$0	\$130,300,657
Est. 2026	\$130,300,657	\$0	\$3,050,000	\$3,000,000	\$0	(\$20,500,000)	(\$14,018,918)	(\$5,000,000)	\$0	\$96,831,739
Est. 2027	\$96,831,739	\$0	\$3,050,000	\$2,500,000	\$0	(\$20,500,000)	(\$14,018,918)	(\$5,000,000)	\$0	\$62,862,821
Total		\$280,808,729	\$24,400,000	\$75,382,547	(\$16,443,072)	(\$128,645,727)	(\$66,572,320)	(\$18,444,025)	(\$87,623,311)	

Source: Water Development Board

*Total includes a transfer of \$30.0 million from the Hurricane Harvey Account for Lake Houston and \$1.9 million from the previous Floodplain Management Fund No. 330.

**Total includes a legislative deposit of \$100.4 million and \$0.9 million in transfers in.

***The transfer out represents the transfer of the fiscal year 2022 deposit partially to a holding account. The transfer in represents the transfer of the amount back from the holding account (\$87.6 million) along with other depository interest generated (\$12.8 million) and appropriated receipt collections (\$0.2 million).

TIRF Hurricane Harvey Account

The Hurricane Harvey Account is used to provide money to the Texas Division of Emergency Management (TDEM) for financing projects related to Hurricane Harvey. Account uses consist of grants and loans to political subdivisions for hazard mitigation (HM) projects, public assistance (PA) projects, and construction, permitting and design costs. As HM and PA projects related to Hurricane Harvey are completed, eligible entities submit request for reimbursements to TDEM. TDEM then requests and receives the necessary funding from TWDB (as the fund and subaccount administrator) to use for these purposes. TWDB considers all Hurricane Harvey Account funding to be obligated and encumbered, and funding continues to become fully expended as TDEM reimburses project expenditures as they are completed. According to TDEM, many projects are multi-year and keeping pace with the normal speed of projects and grants of this nature. The current balance of the Hurricane Harvey Account, which originated from the SB 500 appropriations discussed above, would have an effective end date in June 2025, unless reappropriated. According to TDEM and based on fiscal year 2025 expenditure estimates, the Hurricane Harvey Account balance available to be continued through unexpended balance authority would be approximately \$483.5 million. The agency has requested the appropriation of remaining unexpended fund balances in the Hurricane Harvey Account be provided in the Supplemental Bill to continue an appropriation authority ending in June 2025. Recommendations do not include a request to modify Rider 20, Flood Funding, to provide unexpended balance authority for the Hurricane Harvey Account within the rider. The tables below show Hurricane Harvey Account activity. The first table reflects reported expenditure amounts by TWDB which include accrual adjustments. The second table reflects revenue received by TDEM from TWDB for reimbursements.

TIRF – Hurricane Harvey Account Activity – TWDB Reported Expenditures

Fiscal Year	Starting Cash Balance	Legislative Deposits and Other Transfers In	Depository Interest	Grant Expenditures	Transfers Out	Ending Cash Balance
2019	\$0	\$638,000,000	\$1,383,951**	\$0	\$0	\$639,383,951
2020	\$639,383,951	\$5,780,396	\$10,036,189**	(\$29,034,909)	(\$30,000,000)*	\$596,165,627
2021	\$596,165,627	\$2,672,449	\$1,356,549**	(\$19,564,666)	\$0	\$580,629,959
2022	\$580,629,959	\$0	\$0	(\$14,786,237)	(\$8,399,031)	\$557,444,691
2023	\$557,444,691	\$230,204	\$0	(\$27,602,725)	(\$12,776,689)**	\$517,295,481
2024	\$517,295,481	\$846,912	\$0	(\$15,457,900)	\$0	\$502,684,493
Est. 2025	\$502,684,493	\$0	\$0	(\$502,684,493)***	\$0	\$0
Total		\$647,529,961	\$12,776,689	(\$609,130,930)	(\$51,175,720)	

Source: Water Development Board

* Total includes a transfer of \$30.0 million to the Floodplain Management Account for Lake Houston.

**Depository interest was transferred to a holding account in fiscal year 2023 and subsequently transferred into the Floodplain Management Account in fiscal year 2024.

All depository interest generated in TIRF is directed to the Floodplain Management Account.

***Remaining balance was listed as a fiscal year 2025 expenditure, although actual expenditure is likely to vary.

TIRF - Hurricane Harvey Account Activity – TDEM Revenue Received and Expended

Fiscal Year	Hazard Mitigation Funding	Public Assistance Funding	Lake Houston Funding (Transfers Out)	Total Expenditures
2019 – Beginning Balance	\$273,000,000	\$335,000,000	\$30,000,000	\$638,000,000
2020 – Expenditures	(\$2,108,570)	(\$19,130,265)	(\$30,000,000)	(\$51,238,835)
2021 – Expenditures	(\$3,531,717)	(\$12,953,879)		(\$16,485,596)
2022 – Expenditures	(\$8,004,203)	(\$10,633,042)		(\$18,637,245)
2023 – Expenditures	(\$14,317,427)	(\$13,315,155)		(\$27,632,582)
2024 - Expenditures	(\$10,224,068)	(\$5,224,153)		(\$15,448,221)
Est. 2025 - Expenditures	(\$15,297,317)	(\$9,765,265)		(\$25,062,582)
Total Remaining Balance	\$219,516,698	\$263,978,241	\$0	\$483,494,939*

Note: Final expenditure amounts are subject to change.

Source: Texas Division of Emergency Management

*TDEM estimates expenditures totaling \$12.5 million in each fiscal year of the 2026-27 biennium.

Flood Infrastructure Fund No. 194 (FIF) and the Statewide Flood Plan (SFP)

The FIF is a fund in the Treasury outside of the General Revenue Fund that has a constitutional appropriation authority to provide financing for flood infrastructure projects. Recommendations do not include FIF in the methods of financing table in the agency’s bill pattern, in accordance with decisions in the 2024-25 biennium to pay TWDB staff and administrative costs from General Revenue Funds. Prior to the adoption the first SFP published on August 15, 2024, FIF was intended to fund projects addressing immediate flood mitigation needs. TWDB utilized the initial \$793.0 million ESF deposit for this purpose. In accordance with the statutory requirements, after the adoption of the first SFP, FIF may only be used to provide financing for flood projects included in the SFP. SB 30, Eighty-eighth Legislature, Regular Session, 2023, appropriated \$624.9 million in General Revenue Funds to be deposited to the FIF which will address some of the project costs identified in the SFP, and TWDB is reporting estimated expenditures of \$375.0 million for financial assistance from FIF in fiscal year 2025. As discussed above, reporting requirements related to FIF will continue to be captured into the modified current Rider 22, Reporting Requirement on Agency Funds (See also, Rider Highlights, Modification of Existing Riders #20 and #22).

The SFP is produced similarly to the Statewide Water Plan (SWP) in that it takes a regional approach, and the individual regional plans are consolidated into and inform the larger SFP. The process evaluates flood-control infrastructure, recommends flood-control and mitigation projects and strategies, and analyzes, develops, and updates the 100-year floodplain (land that is predicted to flood during a 100-year storm), and is developed by fifteen regional planning groups in cooperation with TWDB. The first SFP recommended a total of 4,609 flood risk solutions including: 3,097 flood management evaluations, 615 flood mitigation projects, and 897 flood management strategies totaling approximately a cost of \$54.5 billion. Approximately \$24.0 billion of this cost is associated with various Galveston Bay Surge Protection Coastal Storm Risk Management projects. Existing and future fund balances of FIF will be used to finance certain flood projects included in the SFP. Similar to other TWDB funds, there is a solicitation period where applications are reviewed and ranked, which ultimately leads to development of an Intended Use Plan (IUP) for approved projects and details the structure of each funding cycle. TWDB has conducted two funding cycles thus far coinciding with the deposits occurring in fiscal year 2019 and fiscal year 2023. FIF expenditures to date are listed in the figure below. According to the agency, the estimated fund balance as of the end of fiscal year 2024 is approximately \$854.4 million. The table below shows FIF activity.

FIF Activity

Fiscal Year	Beginning Cash Balance	Legislative Deposits	Interest Earned	Loan Repayments	Administrative Expenditures	Grant Payment Expenditures	Loan Closing Expenditures	Transfers Out to Research/Planning*	Net Accrual Adjustments	Ending Cash Balance
2019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020	\$0	\$793,000,000	\$5,224,812	\$0	(\$625,961)	\$0	\$0	\$0	(\$386,332)	\$797,212,519
2021	\$797,212,519	\$0	\$3,320,543	\$0	(\$2,449,067)	(\$59,939,030)	(\$88,116,000)	(\$750,000)	\$1,236,842	\$650,515,807
2022	\$650,515,807	\$0	\$2,835,051	\$2,487,500	(\$8,055,226)	(\$41,958,956)	(\$99,705,000)	(\$64,147,735)	(\$1,397,403)	\$440,574,038
2023	\$440,574,038	\$624,949,080	\$14,749,802	\$5,996,500	(\$1,361,529)	(\$26,303,328)	(\$81,567,000)	(\$454,450)	(\$874,622)	\$975,708,491
2024	\$975,708,491	\$0	\$47,251,015	\$8,810,500	(\$26,514)	(\$31,404,089)	(\$142,965,000)	(\$616,524)	(\$2,380,018)	\$854,377,861
Est. 2025	\$854,377,861	\$0	\$29,197,562	\$11,511,000	\$0**	\$0**	\$0**	(\$6,522,951)**	\$0**	\$888,563,472
Est. 2026	\$888,563,472	\$0	\$30,418,819	\$11,508,000	\$0	\$0	\$0	\$0	(\$478,717,570)***	\$451,772,721
Est. 2027	\$451,772,721	\$0	\$15,437,849	\$11,507,000	\$0	\$0	\$0	\$0	(\$478,717,570)***	\$0
Total		\$1,417,949,080	\$148,435,453	\$51,820,500	(\$12,518,297)	(\$159,605,403)	(\$412,353,000)	(\$72,491,660)	(\$961,236,673)	

Source: Water Development Board

*Financial Assistance related to flood control planning projects were transferred and expended from the Research and Planning Fund No. 483.

**Total estimated expenditures listed for fiscal year 2025 likely to vary.

***Totals listed to show estimated expenditure of the remaining fund balance, although actual expenditure is likely to vary.

Federal Flood Programs

The agency assists in administering federal flood-related funding for communities participating in the Federal Emergency Management Agency (FEMA) National Flood Insurance Program (NFIP), which is the bulk of activities conducted in Strategy A.4.1, State and Federal Flood Programs. The NFIP was created by the National Flood Insurance Act of 1968 with the goal of helping to mitigate future losses caused by flooding through community enforced building standards. Participating communities that abide by federal building standards within Special Flood Hazard Areas (SFHA) can receive federal flood insurance. The NFIP is also designed so that floodplain management and flood insurance complement and reinforce each other.

Recommendations include \$79.2 million in Federal Funds for flood-related activities which is a net decrease of \$37.8 million primarily due to the expenditure of Flood Mitigation Assistance (FMA) grants from previous fiscal year obligations occurring in fiscal year 2024. Within the NFIP, funding includes: the Cooperating Technical Partners (CTP) program which supports collaboration and leveraging of partnerships to continually update flood maps; the Community Assistance Program (CAP) which supports communities through education and outreach in performing floodplain management activities; and the FMA grant program which provides federal grant funding to pay for strategies to reduce or eliminate the long-term risk of flood damage to NFIP insured areas or structures. TWDB administers the programs for the state of Texas on behalf of FEMA.

6. **State Revolving Funds (SRFs)** – Recommendations include \$6.0 million in Federal Funds for administration of the Clean Water State Revolving Fund (CWSRF) program and \$6.0 million for the administration of the Drinking Water State Revolving Fund (DWSRF) program, which roughly continues 2024-25 spending levels. Recommendations do not include additional Federal Funds for agency staff (\$4.8 million) and salary increases (\$0.4 million) discussed above (See also, Selected Fiscal and Policy Issues #4), which would be funded from the administrative portion of the respective SRFs and would be a funding and FTE increase to these programs. While the exact split is currently unknown and depends on agency demands, the requested 50.0 additional FTEs, is estimated to be 60.0 percent federally funded to address the SRF growth mentioned above, and 40.0 percent state funded to administer existing state programs (See also, Selected Fiscal and Policy Issues #4).

The SRF programs were established at the federal level to assist states in improving water infrastructure by allocating federal Environmental Protection Agency (EPA) grant funding through state-administered SRFs. The CWSRF was established in 1987 to assist in financing a range of water infrastructure projects, and the DWSRF was established in 1996 to finance projects that help states achieve drinking water and health objectives. The SRF programs provide low interest loans to eligible recipients and as money is paid back into the SRFs, the state makes new loans to other recipients. These recycled repayments of loan principal and interest earnings allow the state SRFs to “revolve” over time. States may also customize loan terms to meet specific needs or provide incentives for certain types of projects (i.e. disadvantaged, rural, or small community projects and green project reserves as examples). The EPA provides grants each fiscal year to capitalize state SRF loan programs and states contribute an additional twenty percent to match the federal grants. The Texas Water Development Board (TWDB) administers the programs for the state of Texas.

In fiscal years 2023-27, additional Federal Funds were made available from the Infrastructure Investment and Jobs Act (IIJA) to be administered through the SRF programs. In addition to the standard base program SRF capitalization grants, additional capitalization grants through IIJA are available for this period. The state match percentage required to access the IIJA grants was ten percent for fiscal years 2023-24 and twenty percent for fiscal years 2025-27. The state match percentage to access the base program grants remains at twenty percent. In fiscal year 2023, the agency began hiring additional FTEs pursuant to Art. IX, Sec. 6.10, of the General Appropriations Act which authorized the agency to exceed its FTE cap by ten percent, or a maximum of 50.0 FTEs, in order to assist with the administration of SRF and IIJA funding. The additional FTEs were entirely funded with Federal Funds. According to the agency, 20.0 additional FTEs were hired for these purposes. Any SRF-related operational expenditures incurred by the FTEs were reimbursed from the SRFs. Some of the FTEs were converted for regular permanent positions as part of the 2024-25 biennium FTE increases, and many staff now work across several financial assistance programs rather than being fully SRF-specific. Those staff are currently paid from General Revenue Funds, unless some partial job duties continue to be SRF-based.

Capitalization Grants

Recommendations do not include funding to provide the state match for base program and additional IIJA SRF capitalization grants. The agency has requested \$142.9 million in General Revenue Funds for fiscal year 2025 to meet all SRF base and IIJA capitalization grant match requirements for the 2026-27 biennium to maximize funding and retain SRF program capacity for increased and future project financing (See also, Items Not Included in Recommendations #5). Typically, TWDB has generated the state match required to access the grants from within the SRFs. TWDB issues bonds as necessary in order to raise the capital if needed to meet the SRF state match requirements, although interest repayments are then used to pay back bond debt rather than for project funding. The agency covered match requirements from within the SRFs in fiscal year 2023 and received supplemental funding from SB 30, Eighty-eighth Legislature, Regular Session, 2023, totaling \$125.1 million to meet all match requirements for the 2024-25 biennium. Based on the actual match amount total for fiscal year 2024, and the estimated amount for fiscal year 2025, TWDB would only require \$113.4 million for match in the 2024-25 biennium, which is \$11.7 million less than the SB 30 appropriation of \$125.1 million due to estimates being overestimated at the time of appropriation. The difference could be retained in the SRFs for future project use or be applied towards the current funding request. The request would cover the costs in the same manner as was appropriated in the 2024-25 biennium and would provide an estimated \$714.7 million in Federal Funds for SRF projects. The table below shows the actual and estimated state SRF matches from fiscal years 2023-27.

Clean and Drinking Water State Revolving Fund (CWSRF/DWSRF) and Infrastructure Investment and Jobs Act (IIJA) Capitalization Grant Funding

Program Grant Type	FY23 Match	FY23 Grant	FY24 Match	FY24 Grant	Est. FY25 Match	Est. FY25 Grant	Est. FY26 Match	Est. FY26 Grant	Est. FY27 Match	Est. FY27 Grant
CWSRF Base	\$10,577,000	\$52,885,000	\$6,857,200	\$34,286,000	\$7,462,600	\$37,313,000	\$7,462,600	\$37,313,000	\$7,462,600	\$37,313,000
CWSRF IIJA	\$8,134,700	\$81,347,000	\$9,527,000	\$95,270,000	\$20,788,600	\$103,943,000	\$20,788,600	\$103,943,000	\$19,054,000	\$95,270,000
CWSRF Subtotal	\$18,711,700	\$134,232,000	\$16,384,200	\$129,556,000	\$28,251,200	\$141,256,000	\$28,251,200	\$141,256,000	\$26,516,000	\$132,583,000
DWSRF Base	\$10,982,200	\$54,911,000	\$7,873,800	\$39,369,000	\$7,431,400	\$37,157,000	\$7,431,400	\$37,157,000	\$7,431,400	\$37,157,000
DWSRF IIJA	\$14,099,300	\$140,993,000	\$16,786,700	\$167,867,000	\$36,651,200	\$183,256,000	\$36,651,200	\$183,256,000	\$36,651,200	\$183,256,000
DWSRF Subtotal	\$25,081,500	\$195,904,000	\$24,660,500	\$207,236,000	\$44,082,600	\$220,413,000	\$44,082,600	\$220,413,000	\$44,082,600	\$220,413,000
Grand Total	\$43,793,200	\$330,136,000	\$41,044,700	\$336,792,000	\$72,333,800	\$361,669,000	\$72,333,800	\$361,669,000	\$70,599,200	\$352,996,000

Source: Water Development Board

According to the agency, bond issuance proceeds within the SRFs could provide the state match but doing so would reduce the amount of loans that could be made and interest rates on the loans would be higher than if General Revenue Funds were used for the match. The agency also estimates that using General Revenue Fund appropriations would lead to approximately \$500.0 million worth of increased program capacity that could be deployed into more project financing over time. The agency reports that it would make cash-funded loans to provide a future repayment stream which increases the leveraging components of the SRFs. In addition to General Revenue Funds and available Federal Funds, available transfers from the Texas Water Fund No. 484 (TWF) could also be used for this purpose (See also, Selected Fiscal and Policy Issues #3).

Emerging Contaminants (EC) and Lead Service Line Replacement (LSLR) Programs

The IIJA also created and provided funding for the CWSRF EC program, the DWSRF EC program, and the DWSRF LSLR program to be administered through the SRFs. The EC programs finance projects that reduce exposure to emerging contaminants in drinking water, wastewater, and nonpoint sources. The LSLR program provides financing for projects and associated activities directly connected to the identification, planning, design, and replacement of lead service lines. These programs do not require state match funding and the state received its first allotments in fiscal year 2023. The figure below demonstrates actual and estimated allotments received and funding commitments made since the inception of the programs. Since the programs are funded through IIJA funding, the future status of program funding upon completion of IIJA funding in fiscal year 2027 is unknown at this time. The table below shows the actual and estimated amounts expected over the life of IIJA funding for these programs.

Infrastructure Investment and Jobs Act (IIJA): Emerging Contaminant (EC) and Lead Service Line Replacement (LSLR) Funding from Clean and Drinking Water State Revolving Fund (CWSRF/DWSRF)

Program Grant Type	FY23 Grant	FY24 Grant	Est. FY25 Grant	Est. FY26 Grant	Est. FY27 Grant	Est. 23-27 IIJA Total
CWSRF EC - IIJA	\$4,274,000	\$9,719,000	\$9,719,000	\$9,719,000	\$9,719,000	\$43,150,000
DWSRF EC - IIJA	\$59,202,000	\$61,322,000	\$60,914,000	\$60,914,000	\$60,914,000	\$303,266,000
DWSRF LSLR - IIJA	\$222,155,000	\$166,460,000	\$28,650,000	\$28,650,000	\$28,650,000	\$474,565,000
Total SRF EC & LSLR	\$285,631,000	\$237,501,000	\$99,283,000	\$99,283,000	\$99,283,000	\$820,981,000

Source: Water Development Board

- Items with Debt Service Components** – Recommendations include \$75.8 million in All Funds for debt service requirements across Goal D: Debt Service strategies, which is a net decrease of \$120.8 million from 2024-25 spending levels for these purposes, due primarily to the completion of Water Infrastructure Fund No. 302 (WIF) debt service payments. Funds or programs with debt service requirements in the bill pattern include: the Economically Distressed Areas Program (EDAP), the Rural Water Assistance Fund No. 301 (RWAF), and WIF. Changes related to individual funds or programs debt service elements are detailed below.

Economically Distressed Areas Program (EDAP)

Recommendations include \$72.8 million in All Funds for EDAP debt service payments, a net increase of \$0.8 million from 2024-25 spending levels, which includes a decrease of \$0.4 million in General Revenue Funds offset by an increase of \$1.3 million in Other Funds from the Economically Distressed Areas Bond Payment Account No. 357 (EDABP). Recommendations also include \$0.8 million in General Revenue Funds for EDAP administration funding, continuing 2024-25 appropriations for this purpose. Recommendations include an agency-requested one-time \$0.8 million in General Revenue Funds to contract with a professional service to conduct an EDAP needs assessment study that would evaluate if the current program is meeting the needs of local communities and provide recommendations for improvements.

The purpose of EDAP is to provide cost-effective financial assistance to economically distressed areas throughout Texas through the use of grants and low-interest loans. The program assists communities with inadequate water and/or wastewater services that lack the financial resources to obtain adequate service. TWDB sells bonds and uses the proceeds to fund the EDAP program. In fiscal year 2019, following TWDB utilizing the remaining bond issuance capacity of the EDAP, SJR 79, and its enabling legislation SB 2452, Eighty-sixth Legislature, Regular Session, 2019, and subsequent voter approval of Proposition 2, which was presented to and approved by voters, to amend EDAP and further expand its funding capacity. The legislation and resulting constitutional amendment (Texas Constitution, Article III, Section 49-d-14) provided additional bonding authority that authorized TWDB to issue EDAP bonds on a continuing basis when the outstanding principal on the new bonds issued does not exceed \$200.0 million. The amount of bonds that can be issued by TWDB each fiscal year is capped by Water Code, Section 17.0112(a) which limits issuance of EDAP bonds to \$50.0 million per state fiscal year. TWDB received an exemption from the Bond Review Board (BRB) in fiscal year 2023 to issue up to \$100.0 million in new EDAP bonds, which allowed the agency to issue the total appropriation provided in the 2022-23 biennium supporting the issuance of that amount following issuance delays in fiscal year 2022.

Appropriation authority in the 2024-25 biennium continued funding levels to support the issuance of another \$100.0 million worth of new EDAP bonds. No new bonds were issued in fiscal year 2024, and TWDB reports that it intends to seek another exemption from the BRB to exceed the annual issuance limit to issue the full amount in fiscal year 2025. According to the agency, if approximately \$100.0 million worth or more of EDAP bonds are issued in fiscal year 2025 as intended, TWDB would be at or near maximizing the remaining authority under the \$200.0 million issuance cap. Annual principal repayments will replenish the constitutional authority overtime, although this would occur at a slower pace.

Recommendations provide funding sufficient to cover existing EDAP debt service obligations but do not include funding to support the issuance of new EDAP bonds which is in alignment with TWDB's request. With the debt limit in mind, TWDB does not intend to issue EDAP bonds in the 2026-27 biennium and instead will further evaluate the impact of the EDAP. After the aforementioned EDAP needs assessment study is completed during the 2026-27 biennium, the agency will then assess the next steps for the program.

Data Center Services (DCS)

Recommendations remove \$1.3 million in one-time General Revenue Funds provided for EDAP debt service in the agency's base limit calculation before the debt service estimate was finalized at a lower amount. The excess amount of \$1.3 million was reallocated to Strategy E.1.2, Information Resources, in the agency's Legislative Appropriations Request to increase Shared Technology Services (STS) – DCS funding above amounts determined by the Department of Information Resources (DIR) as being necessary to maintain current obligations for this purpose in the 2026-27 biennium.

Recommendations include \$8.7 million in General Revenue Funds for Shared Technology Services (STS) - DCS. This is an increase of \$0.9 million from the 2024-25 biennium authority and funding levels to address cost increases identified by DIR, which oversees STS. DCS is used by TWDB to source certain infrastructure technology management to DIR to reduce costs, improve security, and improve reliability. Recommendations do not fund the item at the agency requested level \$11.4 million to address current (\$8.7 million) and proposed new initiatives (\$2.8 million) for the 2026-27 biennium. In addition to the one-time EDAP debt service funding removed above, other funding was reallocated from Strategy A.1.3, Automated Information Collection, Maintenance, and Dissemination, to address DCS and other needs in Strategy E.1.2, Information Resources (reallocation totaling \$3.8 million). Recommendations remove the one-time cost funding as discussed above, retain reallocated funding in Strategy E.1.2 but for other purposes, and set authority and funding levels for the capital budget item to address current obligations only.

Texas Water Resources Finance Authority (TWRFA)

Recommendations delete Rider 10, Reporting of Texas Water Resources Finance Authority (TWRFA) Funds, and do not include any funding from TWRFA fund balances as all remaining TWRFA funds were exhausted and the account was subsequently closed in fiscal year 2024. From fiscal years 2018-2023 TWRFA was appropriated to pay a portion of EDAP debt service to reduce General Revenue Fund spending. In the 2024-25 biennium, funding from TWRFA proceeds (Appropriated Receipts) were discontinued as repayment revenues providing cash balances to the fund had diminished. Due to the anticipated reduced balance, the rider governing TWRFA appropriations was modified in the 2024-25 biennium to require TWDB to report on TWRFA activity and cash flow, as some minimal remaining investments could provide small amounts of cash or revenue in the future. TWDB transferred the remaining investments in fiscal years 2023 and 2024 to fully spend down TWRFA before closing the account (See also, Rider Highlights, Deleted Riders #10).

TWRFA was established in 1987 to increase the availability of financing for water projects by purchasing political subdivision bonds from TWDB and removing water project-related debt from being calculated as part of the constitutional debt limit. TWRFA was given the authority to issue revenue debt in the open market, with the proceeds paid to TWDB for the purchase of TWDB's general obligation bonds. TWDB was authorized to sell municipal bonds to TWRFA which was to pay the debt service on the revenue bonds with repayment proceeds. In the late 2000's funding new loans from TWRFA was discontinued, but a small number of TWRFA loans outstanding continued to repay into the fund, which could be used for operating purposes and was received as appropriated receipts.

TWDB spent down the balance in TWRFA proceeds to pay agency administrative costs through 2017. In order to realize savings in General Revenue, the Eighty-fifth Legislature, Regular Session, 2017, directed the use of these Appropriated Receipts from TWRFA proceeds to replace a portion of the General Revenue used to pay EDAP debt service in the 2018-19 biennium. As a result, \$16.6 million of General Revenue was replaced with Appropriated Receipts in that biennium. In the two subsequent biennia, \$1.0 million was appropriated from Appropriated Receipts of TWRFA revenues for EDAP debt service each biennium. TWDB lapsed the TWRFA appropriations for debt service in the 2022-23 biennium when repayments did not accumulate to the expected levels. TWDB transferred and obligated the \$3.4 million in remaining TWRFA investments in fiscal year 2023 to the agency digitization initiative (ADI) project to digitize, store, and maintain agency records. TWDB has also utilized General Revenue savings that would otherwise lapse to pay for the ADI project overtime. Recommendations do not include \$2.5 million in General Revenue Funds to complete the ADI (See also, Items Not Included In Recommendations #12).

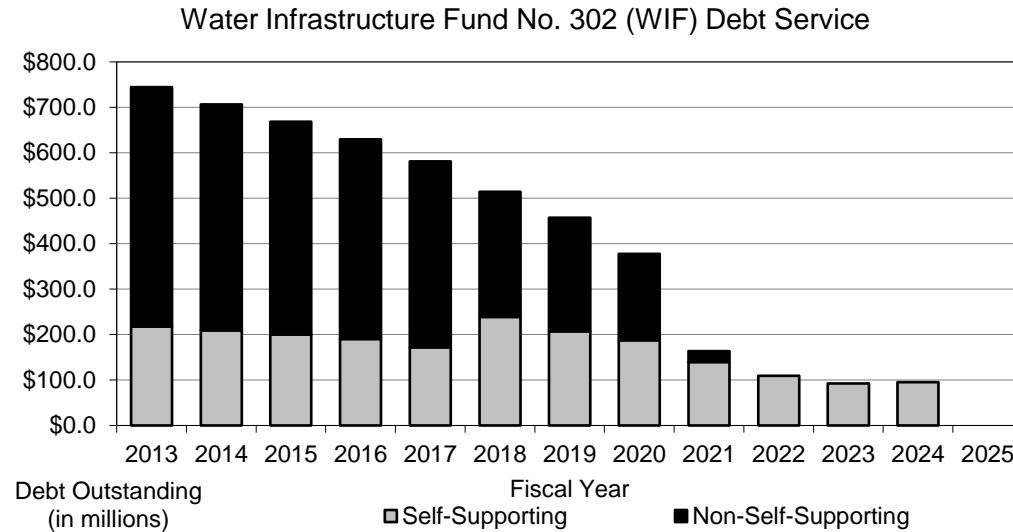
Rural Water Assistance Fund No. 301 (RWF)

Recommendations include \$3.0 million in RWF for interfund debt service payments, a decrease of \$0.2 million from the 2024-25 biennium appropriations, due to a decrease in debt service obligations. Recommendations also continue 13.0 FTEs for administration of rural-specific financial assistance provided in the 2024-25 biennium (See also, Rider Highlights, Deleted Riders #27). These FTEs, in addition to other financial assistance staff, assist with administering the RWF. The \$3.0 million in General Revenue Funding appropriated to provide technical assistance services through the Water Utilities Technical Assistance Program (WUTAP) primarily assists rural entities but is not funded directly through the RWF (See also, Selected Fiscal and Policy Issues #3).

The RWF was established in 2003 to assist small rural utilities in obtaining low-cost financing for water and wastewater projects. The RWF made its most recent commitment in fiscal year 2014 and has remained dormant since, as other TWDB financial assistance programs became the preferred vehicles for financing these types of projects. Appropriations in recent biennia from RWF were for interfund debt service payments only. As discussed above (See also, Selected Fiscal and Policy Issues #3), TWDB is developing updated rules for RWF and intends to revitalize the fund to achieve its rural-related goals and meet the rural project priorities required by the TWF (allocated \$195.0 million for these purposes). Future expenditures from RWF will be for debt service and financial assistance purposes.

Water Infrastructure Fund No. 302 (WIF)

Recommendations include no appropriations for WIF debt service payments due to all payments being repaid in fiscal year 2024 according to TWDB. This is a decrease of \$120.3 million in WIF from 2024-25 appropriations and spending levels due to funds no longer being needed for this purpose. The purpose of the WIF was to provide affordable financing for water conservation and development projects through the implementation of recommended strategies in the SWP. The WIF preceded the SWIFT, and after the SWIFT was established in 2013 the agency has not issued new debt to support the WIF. Appropriations in recent biennia from WIF were for General Obligation debt service payments only. The General Revenue portion of debt service for the WIF program was front-loaded; so that as WIF projects became fully operational, repayments covered more of the required debt service, which became fully self-supported during the 2022-23 biennium. In fiscal year 2024, TWDB reported having retired the remaining outstanding debt by accelerating a principal and interest repayment on multiple bonds totaling \$95.4 million.



Source: Texas Bond Review Board

Debt Service Rider Changes

Recommendations related to debt service riders do the following: (1) modify Rider 3, Informational Rider, to update the amounts in the listing showing all other self-supporting debt at the agency and to add a new subsection providing estimated available fund balances for certain agency administered funds; (2) modifies Rider 13, Appropriation: Water Infrastructure Fund to continue appropriation authority for any unanticipated revenues or remaining WIF balances in the 2026-27 biennium to ensure disposition of any remaining amounts. Renumbered Rider 17, Bond Issuance Authority by Program and Rider 18, Bond Issuance and Payment of Debt Service, and maintained language pertaining to WIF, should any fund activity related to debt service resume; and (3) consolidates reporting sections of Rider 16, Payment of Debt Service: Economically Distressed Areas Bonds, into a modified Rider 22, Reporting Requirements (See also, Rider Highlights, Modification of Existing Riders # 3,13, 16, and 22).

- 8. **Agricultural Water Conservation Fund No. 358 (AWCF)** – Recommendations include \$0.6 million from the AWCF to issue grants for conservation-related projects. This is a decrease of \$2.4 million from the 2024-25 biennium spending levels due to repayment revenues supporting the remaining cash fund balances having become nearly depleted, and only the estimated available balances being appropriated for grants purposes. Recommendations do not include \$12.8 million in All Funds to provide on-going funding and resources for the AWCF (See also, Items Not Included in Recommendations #6). The agency is requesting to: increase grant authority from the AWCF from the current cap of \$1.5 million per fiscal year to \$3.0 million per fiscal year; include an on-going \$6.0 million in General Revenue Funds to be transferred into AWCF and spent for grants (with like appropriations from the AWCF to provide necessary spending authority); include \$0.8 million in General Revenue Funds and 3.0 FTEs for administrative resources to manage the fund; and incorporate corresponding edits to Rider 7, Appropriation: Agricultural Water Conservation Fund, to align accordingly with increased program authority and capacity.

The AWCF began as a bond issuance program in 1985 for Texas agricultural water conservation bonds. Bond proceeds have contributed repayment revenues to the fund, and revenues have diminished to a level that is now unable to sustain the fund balance. Money in the AWCF is used for the loan and grant purposes for conservation programs and projects. Grants can be awarded to various entities (political subdivisions and Universities) for conservation-related projects, which have recently included irrigation system improvements, demonstrations, technology transfers, and equipment cost sharing among others. The table below shows the AWCF activity estimated by TWDB.

Agricultural Water Conservation Fund No. 358 (AWCF) Revenue Schedule

Item	Actual Fiscal Year 2023	Budgeted Fiscal Year 2024	Budgeted Fiscal Year 2025	Estimated Fiscal Year 2026	Estimated Fiscal Year 2027
Beginning Balance	\$7,539,883	\$7,489,982	\$2,018,838	\$105,869	\$448,032
Repayments from Political Subdivisions	\$984,747	\$291,710	\$537,342	\$342,163	\$191,761
Interest Income, Other Operating Revenue	\$14,470	\$30,441	\$49,689		
Subtotal Available	\$8,539,100	\$7,812,133	\$2,605,869	\$448,032	\$639,793
Actual/Estimated Expenditures/Deductions	(\$1,049,118)	(\$4,293,295)			
Grant Payments		(\$1,500,000)	(\$1,500,000)		
Projected Loan Commitment			(\$1,000,000)		
Subtotal Deductions	(\$1,049,118)	(\$5,793,295)	(\$2,500,000)	\$0	\$0
Ending Balance	\$7,489,982	\$2,018,838	\$105,869	\$448,032	\$639,793

Source: Water Development Board

Recently, the annual grant authority cap from the AWCF increased from \$0.6 million to \$1.2 million in the 2020-21 biennium, and from \$1.2 million to \$1.5 million in the 2024-25 biennium. Previously, the AWCF was administered by various agency staff, and for the 2024-25 biennium a dedicated FTE was provided to manage the AWCF, but a request to recapitalize the AWCF with a \$15.0 million deposit from General Revenue was not approved. Recommendations continue \$0.1 million in General Revenue Funds and 1.0 FTE each fiscal year for Agricultural Water Conservation Project administration to administer the AWCF, which were included within the agency’s base request (See also, Rider Highlights, Deleted Riders #26).

- Water Assistance Fund No. 480 (WAF)** – Recommendations include no appropriations from WAF due to repayment revenues supporting the remaining cash fund balances having become depleted. The WAF was created in 1981 with subaccounts designed for specific purposes including the Water Loan Assistance Fund No. 481 (WLAF), the Storage Acquisition Fund No. 482, and the Research and Planning Fund No. 483 (R&P No. 483). The WAF can receive monies appropriated for use or in aid of water development, water conservation, water quality enhancement, or flood control. Transfers into the R&P No. 483 subaccount provide grants to regional water planning groups and other required studies TWDB conducts each biennium. The R&P No. 483 subaccount is the primary subaccount used for most WAF activity and the other two subaccounts have remained dormant in recent biennia. TWDB is in the process of reforming and developing new rules for the WLAF to best address the Texas Water Fund No. 484 (TWF) goal of providing financial assistance to small and medium size population areas (10,000 – 150,000) (See also, Selected Fiscal and Policy Issues #3).

A new subsection was added to Rider 4, Authorized Transfers and Appropriations: Water Assistance Fund, in the 2024-25 biennium to allow for optional transfers of General Revenue into WAF to support research activity when funds would otherwise lapse. Recommendations include the agency’s request to increase the required General Revenue Fund transfer amounts by \$13,851 for water planning grant and research purposes. Recommendations include deleting rider sections that make appropriations from WAF balances and TWRFA receipts accruing to WAF, both of which are now exhausted (See also Selected Fiscal and Policy Issues #7, and Rider Highlights, Modification of Existing Riders #4).

- Scientific Functions** – Recommendations include \$42.5 million in All Funds for groundwater and surface water-related programs across the scientific arm of the Texas Water Development Board (TWDB) that are located in Goal A, Guide Conservation and Management of the State’s Water Resources Using Science and Data (excluding for A.4.1, State and Federal Flood Programs). This is an increase of \$3.1 million in All Funds across these programs and strategies due primarily to an increase in strategic mapping activity (See also, Selected Fiscal and Policy Issues #5).

Groundwater and Surface Water

Recommendations do not include \$0.7 million in General Revenue Funds and 2.0 FTEs (Hydrologist II) to provide additional groundwater quality analyses and to conduct well and spring monitoring. According to the agency, the additional staff resources will enable more fieldwork to adequately maintain its growing recorder-well network (water wells with the purpose of monitoring water levels and transmitting the data to the agency) and will allow existing staff to dedicate more time to data analysis and review, and program organization and planning (See also, Items Not Included in Recommendations #7).

Recommendations do not include \$1.6 million in General Revenue Funds and 2.0 FTEs (Engineer III and Data Analyst V) to provide additional funding to maintain stream gages which provide surface water data, and for the FTEs to conduct more surveying and evaluation of data. According to the agency, cost increases and growing volumes of stream gages to maintain are the basis for needing additional funding and staff resources. Additionally, the staff would assist in the analysis and dissemination of data which supports the water planning process in a more efficient manner (See also, Items Not Included in Recommendations #8).

TexMesonet

Recommendations include \$1.7 million in All Funds in Strategy A.1.2, Water Resources Data, for administration of the TexMesonet program, which continues the 2024-25 biennium spending levels. TexMesonet is a statewide data collection network where separate Mesonet “tower” stations that collect hydrological and meteorological data are aggregated by TWDB and disseminated through an electronic map viewer updated daily. Since its inception in 2016, the network has expanded to many areas across the state and includes many TWDB operated stations in addition to numerous partner stations operated by various entities. As the program has expanded and in consultation with local and state partners, TWDB continues to screen specific sites statewide for installation of new sites to install more Mesonet stations and receive more complete statewide data. The data supports improved weather models and forecasts which contribute to improved public safety, agricultural productivity, and scientific research.

HB 2759, Eighty-eighth Legislature, Regular Session, 2023, directed TWDB to serve as the lead entity and establish and formalize a new TexMesonet Hydrometeorology Network. The bill also required TWDB and other state entities that operate Mesonets and collect hydrometeorological data to coordinate in the efforts of the network. The legislation also allowed TWDB’s Executive Administrator to establish an Advisory Committee to provide recommendations related to statewide hydrometeorological efforts. Based on information provided by TWDB, no significant fiscal impacts associated with implementing the provisions of the bill were anticipated and it was assumed all costs could be absorbed within existing agency resources. Recommendations do not include \$1.9 million in General Revenue Funds to expand TexMesonet coverage, which is both for the building of new Mesonet stations and for continuing partnerships with existing weather station networks. TWDB intends to address where coverage gaps exist and achieve statewide coverage. According to the agency, without additional resources statewide coverage would not be achieved until 2034 or later, and the request would enable statewide coverage by 2030 (See also, Items Not Included in Recommendations #9).

Water Development Board

Summary of Federal Funds (2026-27) - House

Total \$97.1M

Flood Mitigation Assistance
\$76.7
79.0%



Funds for reducing loss of life, damage, and destruction of property from natural hazards

Clean Water SRF
\$9.1
9.3%



Funds for construction of wastewater treatment facilities and improving water quality

Drinking Water SRF
\$8.8
9.0%



Funds for programs that prevent contamination problems, and enhance water system management

Community Assistance Program
\$1.3
1.4%



Evaluations and technical assistance to communities in the National Flood Insurance Program

Cooperating Technical Partners
\$1.2
1.2%



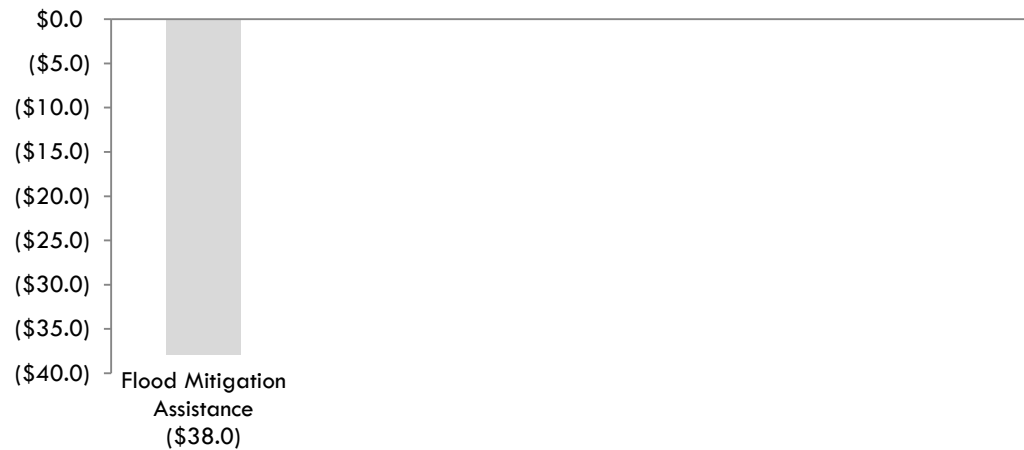
Funds to enhance flood risk assessment and mapping efforts

Selected Federal Fiscal and Policy Issues

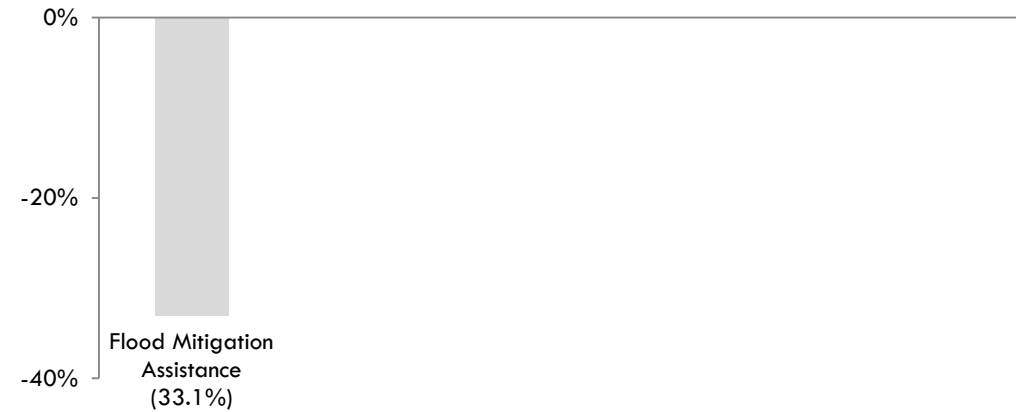
Federal funds would decrease from \$135.0 million in 2024-25 to \$97.2 million in 2026-27, primarily due to a \$38.0 million reduction in Flood Mitigation Assistance funds.

Programs with Significant Federal Funding Changes from 2024-25

Program Change-by Amount (In Millions)



Program Change-by Percentage



**Water Development Board
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, and clarify deadlines:

Rider 2, Capital Budget

Rider 5, Safe Drinking Water Act State Revolving Fund;

Rider 7, Appropriation: Agricultural Water Conservation Fund;

Rider 8, Fee Appropriation: State Revolving Fund Program Operation;

Rider 9, Appropriation: Rural Water Assistance Fund;

Rider 10, Appropriation: Cost Recovery for the State Participation Program;

Rider 11, Capital Budget Expenditures: Federal Funds and Appropriated Receipts Exemption;

Rider 12, Nuisance Surveys for the Economically Distressed Areas Program;

Rider 14, Unexpended Balances Within the Biennium;

Rider 17, Bond Issuance Authority by Program;

Rider 18, Bond Issuance and Payment of Debt Service;

Rider 19, Regional Drainage and Water Assistance; and

Rider 21, Unexpended Balances: Strategic Mapping Account.

3. **Informational Rider: Estimated Outstanding Debt and Deb Service Requirements for Self-Supporting Bonds.** Recommendations modify the rider to include a new informational subsection (b) providing estimated available fund balances for certain agency administered funds and accordingly consolidate the rider title to Informational Rider (See also, Selected Fiscal and Policy Issues #7).
4. **Authorized Transfers and Appropriations: Water Assistance Fund.** Recommendations modify the rider to: (1) increase total required General Revenue Fund transfer amounts by \$13,851 for water planning grant and research purposes; (2) delete previous subsection (c) appropriating fund balance amounts which are no longer available; and (3) delete language appropriating receipts from Texas Water Resources Finance Authority revenues which are no longer available. Additionally, recommendations make non-substantive changes to update amounts, fiscal years, and other technical aspects of the rider (See also, Selected Fiscal and Policy Issues #9).
13. **Appropriation: Water Infrastructure Fund.** Recommendations change the rider title from Appropriation and Payment of Debt Service: Water Infrastructure Fund to Appropriation: Water Infrastructure Fund. Recommendations modify the rider to remove specifications in the rider title and text that Water Infrastructure Fund No. 302 (WIF) appropriations are for the payment of principal and interest on WIF bonds, in accordance with WIF debt service payments becoming complete. Recommendations change the appropriation authority for WIF unobligated and unexpended balances, and accrued deposits or revenues to the credit of WIF, for purposes pursuant to Water Code, Section 15.974(a) (See also, Selected Fiscal and Policy Issues #7).
16. **Payment of Debt Service: Economically Distressed Areas Bonds.** Recommendations delete reporting requirements of the rider which are consolidated into a modified Rider 22, Reporting Requirements. Additionally, recommendations make non-substantive changes to update amounts, fiscal years, and other technical aspects of the rider (See also, Selected Fiscal and Policy Issues #7).

20. **Flood Funding.** Recommendations modify the rider to specify the flood funding appropriations from the Texas Infrastructure Resiliency Fund No. 175 and its subaccounts. Recommendations add a subsection (b) providing an informational listing of flood-related funding by Method of Finance and strategies. Recommendations delete reporting requirements of the rider which are consolidated into a modified Rider 22, Reporting Requirement on Agency Funds. Additionally, recommendations make non-substantive changes to update amounts, fiscal years, and other technical aspects of the rider (See also, Selected Fiscal and Policy Issues #5).
22. **Reporting Requirements.** Recommendations change the rider title from Reporting Requirements on Agency Funds to Reporting Requirements. Recommendations modify the rider to consolidate reporting requirements covered in other riders into the rider. Recommendations maintain reporting requirements previously covered in the 2024-25 rider, but restructure the rider into subsections for monthly, quarterly, semi-annual, and annual reporting. Recommendations also expand the reporting requirements to include additional activity on agency funds, information on expenditures of appropriations within the budget by strategy, and information on applications managed by the agency (See also, Selected Fiscal and Policy Issues #4).

New Riders

23. **Texas Water Fund: Transfer Reporting.** Recommendations add a new rider requiring the agency provide notification to the Legislative Budget Board and Comptroller of Public Accounts when a resolution to make an authorized transfer from the Texas Water Fund No. 484 (TWF) is adopted and subsequent project applications (of the receiving fund) have been approved. Recommendations also require the agency to maintain a record of TWF monies transferred into and returned from receiving funds and that amounts transferred from the TWF and specified account within the Treasury be included in the agency's Operating Budget and Legislative Appropriations Request. The rider also cites the constitutional appropriation authority of the TWF and lists eligible TWF-transfer receiving funds for informational purposes (See also, Selected Fiscal and Policy Issues #3).
24. **Appropriation: Additional Revenues.** Recommendations add a new rider appropriating any fund balances accumulated apart from Texas Water Fund No. 484 transfers to the agency and additional revenues for the New Water Supply for Texas Fund No. 485 and Statewide Water Public Awareness Account No. 5200 (See also, Selected Fiscal and Policy Issues #3).
25. **Water Utilities Technical Assistance Program (WUTAP).** Recommendations add a new rider specifying that General Revenue Fund appropriations in Strategy C.1.1, State and Federal Financial Assistance, totaling \$1.5 million each fiscal year be used for the purpose of administering the WUTAP (See also, Selected Fiscal and Policy Issues #3).
26. **Economically Distressed Areas Program (EDAP) Needs Assessment Study.** Recommendations add a new rider to conduct a needs assessment study of the EDAP (See also, Selected Fiscal and Policy Issues #7).
27. **Water Well and Wastewater Treatment Facility.** Recommendations add a new rider to continue construction of a wastewater treatment facility and water well in Columbus, Texas.

Deleted Riders

10. **Reporting of Texas Water Resources Finance Authority (TWRFA) Funds.** Recommendations delete the rider. In fiscal year 2024 the agency expended the remaining TWRFA fund balances and subsequently closed the account (See also, Selected Fiscal and Policy Issues #7).
24. **Flood Mitigation Assistance.** Recommendations delete the rider. The agency granted the funding as required and fulfilled the purposes of the rider (See also, Summary of Funding Changes and Recommendations F).

25. **Wastewater Treatment Facility Assistance.** Recommendations delete the rider. The agency granted the funding as required and fulfilled the purpose of the rider (See also, Summary of Funding Changes and Recommendations F).
26. **Agricultural Water Conservation Project Administration.** Recommendations delete the rider. The associated appropriations were utilized as directed in the 2024-25 biennium. Relevant one-time costs were removed, and on-going funding and an FTE each fiscal year are included in the baseline budget for the same purposes (See also, Summary of Funding Changes and Recommendations F and Selected Fiscal and Policy Issues #8).
27. **Rural Project Funding.** Recommendations delete the rider. The associated appropriations were utilized as directed in the 2024-25 biennium. Relevant on-going funding and FTEs each fiscal year are included into the baseline budget for the same purposes (See also, Selected Fiscal and Policy Issues #3 and 7).
28. **Reservoir Project Feasibility Review.** Recommendations delete the rider. The agency completed the study as directed by January 5, 2025.
29. **Water Grants and Lake Houston Accumulated Siltation.** Recommendations delete the rider. The agency granted the funding as required and fulfilled the purposes of the rider (See also, Summary of Funding Changes and Recommendations F).

**Water Development Board
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)	Full Time Equivalent (FTE) Increase: \$4.8 million in Federal Funds and \$3.2 million in General Revenue Funds with 50.0 FTEs to address increasing agency financial assistance responsibilities (See also, Selected Fiscal and Policy Issues #4).	\$3,229,680	\$8,074,200	50.0	No	No	\$8,074,200
2)	Targeted Salary Increases: \$6.9 million in General Revenue Funds and \$0.4 million in Federal Funds to provide targeted salary increases to raise the average annual salary of several targeted positions to the midpoint of specific salary ranges, and to provide specific increases to other positions difficult to fill and retain (See also, Selected Fiscal and Policy Issues #4).	\$6,857,958	\$7,259,466	0.0	No	No	\$7,259,466
3)	Exempt Salary Classifications: Adjust the Scheduled Exempt Positions group classifications for Board Member positions from group 6 to group 7 (See also, Selected Fiscal and Policy Issues #4).	\$0	\$0	0.0	No	No	\$0
4)	Rider Revision: Rider 20, Flood Funding: Revise the rider to add text providing unobligated and unexpended balance authority for the Hurricane Harvey subaccount of the Texas Infrastructure Resiliency Fund No. 175 (TIRF) both within and between biennia (See also, Selected Fiscal and Policy Issues #5).	\$0	\$0	0.0	No	No	\$0
5)	State Revolving Fund (SRF) Match: General Revenue Funds to provide state match funding to access Clean Water and Drinking Water SRF program capitalization grants (See also, Selected Fiscal and Policy Issues #6).	\$142,933,000	\$142,933,000	0.0	No	No	\$0
6)	Agricultural Water Conservation Fund: General Revenue Funds to increase grants and loans issued (\$6.0 million) from the Agricultural Water Conservation Fund No. 358 (AWCF), 3.0 FTE positions (\$0.8 million) to manage the AWCF, and a like appropriation (\$6.0 million) from the AWCF with corresponding rider text to align accordingly with increased program authority and capacity (See also, Selected Fiscal and Policy Issues #8).	\$6,795,118	\$12,795,118	3.0	No	No	\$12,769,918

**Water Development Board
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)	Groundwater Data Collection and Analysis: General Revenue Funds and 2.0 FTE positions to provide support for groundwater monitoring programs (See also, Selected Fiscal and Policy Issues #10).	\$745,121	\$745,121	2.0	No	No	\$540,236
8)	Surface Water Data Collection and Analysis: General Revenue Funds and 2.0 FTE positions for surface water programs (\$1.2 million), to address cost increases related to maintaining the existing network of stream gages in coordination with the United States Geological Survey (USGS) (\$0.2 million), and salary funding for existing staff (3.0 FTEs) currently funded by receivable contracts in the Hydrosurvey program (\$0.2 million) (See also, Selected Fiscal and Policy Issues #10).	\$1,612,368	\$1,612,368	2.0	No	Yes	\$1,729,555
9)	TexMesonet Coverage: General Revenue Funds to support the buildout of agency-operated mesonet stations across Texas and to expand the existing network of regional partnerships to increase statewide coverage of the TexMesonet program and hydrometeorological network (See also, Selected Fiscal and Policy Issues #10).	\$1,880,000	\$1,880,000	0.0	No	Yes	\$1,880,000
10)	MatLab Facilities Expansion for TWDB Field Data Collection Programs: General Revenue Funds to rent a new facility with adequate room to store equipment, vehicles, and provide laboratory office space.	\$576,000	\$576,000	0.0	No	Yes	\$576,000
11)	Motor Vehicle Purchases: General Revenue Funds to replace an anticipated ten vehicles reaching the end of useful life.	\$442,000	\$442,000	0.0	No	No	\$0
12)	Agency Digitization Initiative (ADI): General Revenue Funds to complete the initiative of digitizing all existing central records and to continue maintaining and storing the records in the future (See also, Selected Fiscal and Policy Issues #7).	\$2,540,000	\$2,540,000	0.0	No	Yes	\$40,000
TOTAL Items Not Included in Recommendations		\$167,611,245	\$178,857,273	57.0			\$32,869,375

**Water Development Board
Appendices - House**

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**Water Development Board
Funding Changes and Recommendations by Strategy - House - ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
ENVIRONMENTAL IMPACT INFORMATION A.1.1	\$2,048,494	\$2,067,836	\$19,342	0.9%	<p>Recommendations include a net increase in All Funds resulting from:</p> <ul style="list-style-type: none"> a) an increase of \$43,986 in General Revenue Funds from a reallocation within the Scientific Goal A: from Strategy A.1.3 to Strategy A.1.1. b) an increase of \$24,814 in General Revenue Funds to biennialize the statewide salary adjustments included in the 2024-25 appropriations. c) a decrease of \$49,458 in Appropriated Receipts due to anticipated decreases in miscellaneous reimbursements.
WATER RESOURCES DATA A.1.2	\$8,346,798	\$6,758,064	(\$1,588,734)	(19.0%)	<p>Recommendations include a net decrease in All Funds resulting from:</p> <ul style="list-style-type: none"> a) an increase of \$0.1 million in Interagency Contracts due to anticipated increases across various contracts for specific services. b) an increase of \$0.1 million in General Revenue Funds to biennialize the statewide salary adjustments included in the 2024-25 appropriations. c) an increase of \$17,890 in General Revenue Funds from a reallocation within the Scientific Goal A: from Strategy A.1.3 to Strategy A.1.2. d) a decrease of \$0.2 million in General Revenue Funds for the removal of one-time costs. e) a decrease of \$1.6 million in Appropriated Receipts due to a lower estimated available for stream gage maintenance.

**Water Development Board
Funding Changes and Recommendations by Strategy - House - ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
AUTO INFO COLLECT., MAINT. & DISSEM A.1.3	\$11,998,396	\$17,961,914	\$5,963,518	49.7%	Recommendations include a net increase in All Funds resulting from: <ul style="list-style-type: none"> a) an increase of \$11.0 million in Texas Infrastructure Resiliency Fund No. 175 (TIRF) for strategic mapping purposes. b) an increase of \$0.1 million in General Revenue Funds to biennialize the statewide salary adjustments included in 2024-25 appropriations. c) a decrease of \$0.1 million in General Revenue Funds to reallocate resources to Strategy B.1.2. d) a decrease of \$0.6 million in General Revenue Funds to reallocate resources to Strategy E.1.1. e) a decrease of \$1.1 million in General Revenue Funds to reallocate resources to other strategies within the Scientific Goal A. f) a decrease of \$3.4 million in General Revenue Funds to reallocate resources to Strategy E.1.2 for Data Center Services (DCS) costs.
TECHNICAL ASSISTANCE & MODELING A.2.1	\$5,431,082	\$5,732,212	\$301,130	5.5%	Recommendations include a net increase in General Revenue Funds resulting from: <ul style="list-style-type: none"> a) an increase of \$0.2 million from a reallocation within the Scientific Goal A: from Strategy A.1.3 to Strategy A.2.1. b) an increase of \$0.1 million to biennialize the statewide salary adjustments included in 2024-25 appropriations.

**Water Development Board
Funding Changes and Recommendations by Strategy - House - ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
INNOVATIVE WATER TECHNOLOGIES A.2.2	\$6,772,158	\$7,482,504	\$710,346	10.5%	Recommendations include a net increase in General Revenue Funds resulting from: <ul style="list-style-type: none"> a) an increase of \$0.7 million from a reallocation within the Scientific Goal A: from Strategy A.1.3 to Strategy A.2.2. b) an increase of \$0.2 million to biennialize the statewide salary adjustments included in 2024-25 appropriations. c) a decrease of \$0.2 million for the removal of one-time costs.
WATER CONSERVATION EDUCATION & ASST A.3.1	\$4,851,052	\$2,545,001	(\$2,306,051)	(47.5%)	Recommendations include a net decrease in All Funds resulting from: <ul style="list-style-type: none"> a) an increase of \$0.1 million in General Revenue Funds from a reallocation within the Scientific Goal A: from Strategy A.1.3 to Strategy A.3.1. b) an increase of \$43,366 in General Revenue Funds to biennialize the statewide salary adjustments included in 2024-25 appropriations. c) a decrease of \$8,040 in General Revenue Funds for the removal of one-time costs. d) a decrease of \$2.4 million in Agricultural Water Conservation Fund No. 358 (AWCF) due to diminishing fund balances available to issue grants and loans for water conservation-related projects.

**Water Development Board
Funding Changes and Recommendations by Strategy - House - ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
STATE AND FEDERAL FLOOD PROGRAMS A.4.1	\$146,357,501	\$115,709,506	(\$30,647,995)	(20.9%)	Recommendations include a net decrease in All Funds resulting from: <ul style="list-style-type: none"> a) an increase of \$6.6 million in TIRF from available balances to continue flood-related activities. b) a increase of \$0.3 million in Interagency Contracts due to an anticipated contracts for specific services. c) an increase of \$0.2 million in General Revenue Funds to biennialize the statewide salary adjustments included in 2024-25 appropriations. d) an increase of \$0.1 million in General Revenue Funds from a reallocation within the Scientific Goal A: from Strategy A.1.3 to Strategy A.4.1. e) a decrease of \$24,120 in General Revenue Funds for the removal of one-time costs. f) a net decrease of \$37.8 million in Federal Funds due primarily to a decrease of \$38.0 million for Flood Mitigation Assistance (FMA) grants offset by an increase of \$0.2 million for the Cooperating Technical Partners (CTP) Program.
Total, Goal A, WATER SCIENCE, CONSERVATION, & DATA	\$185,805,481	\$158,257,037	(\$27,548,444)	(14.8%)	

**Water Development Board
Funding Changes and Recommendations by Strategy - House - ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
STATEWIDE WATER PLANNING B.1.1	\$14,014,500	\$13,769,254	(\$245,246)	(1.7%)	<p>Recommendations include a net decrease in All Funds resulting from:</p> <ul style="list-style-type: none"> a) an increase of \$0.1 million in General Revenue Funds to biennialize the statewide salary adjustments included 2024-25 appropriations. b) a decrease of \$0.1 million in General Revenue Funds from a reallocation within the Statewide Planning Goal B: from Strategy B.1.1 to Strategy B.1.2. c) a decrease of \$0.3 million in Water Assistance Fund No. 480 (WAF) due to the spending down of available fund balances.
STATEWIDE FLOOD PLANNING B.1.2	\$98,951,650	\$54,592,915	(\$44,358,735)	(44.8%)	<p>Recommendations include a net decrease in All Funds resulting from:</p> <ul style="list-style-type: none"> a) an increase of \$0.6 million in General Revenue Funds from reallocations across strategies (A.1.3, B.1.1, C.1.1, C.1.2) to dedicate more resources to Strategy B.1.2. b) an increase of \$0.3 million in General Revenue Funds to biennialize the statewide salary adjustments included 2024-25 appropriations. c) a decrease of \$45.2 million in TIRF due to the spending down of available fund balances and appropriations expected to return to lower levels after significant expenditures reported in fiscal year 2024.
Total, Goal B, STATEWIDE WATER AND FLOOD PLANNING	\$112,966,150	\$68,362,169	(\$44,603,981)	(39.5%)	

**Water Development Board
Funding Changes and Recommendations by Strategy - House - ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
STATE & FEDERAL FIN ASSIST PROGRAM C.1.1	\$550,372,025	\$35,217,843	(\$515,154,182)	(93.6%)	<p>Recommendations include a net decrease in All Funds resulting from:</p> <ul style="list-style-type: none"> a) an increase of \$1.4 million in General Revenue Funds to continue construction of a wastewater treatment facility and water well in Columbus, Texas. b) an increase of \$0.5 million in General Revenue Funds to biennialize the statewide salary adjustments included 2024-25 appropriations. c) a decrease of \$30,145 in Federal Funds for the removal of one-time costs associated with new FTEs. d) a decrease of \$0.5 million in General Revenue Funds to reallocate resources to Strategy B.1.2. e) a decrease of \$3.2 million from the Rural Water Assistance Fund No. 301 (RWAFF) due to a reallocation to the new strategy D.2.2. f) a decrease of \$138.4 million in General Revenue Funds for the removal of one-time costs. g) a decrease of \$375.0 million in Flood Infrastructure Fund No. 194 (FIF) resulting from estimated expenditures reported in fiscal year 2025 to finance flood infrastructure projects.

**Water Development Board
Funding Changes and Recommendations by Strategy - House - ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
ECONOMICALLY DISTRESSED AREAS C.1.2	\$840,910	\$1,640,910	\$800,000	95.1%	Recommendations include a net increase in General Revenue Funds resulting from: a) an increase of \$0.8 million to conduct a needs assesment study of the Economically Distressed Areas Program (EDAP). b) an increase of \$27,536 to biennialize the statewide salary adjustments included 2024-25 appropriations. c) a decrease of \$48 to reallocate resources to Strategy B.1.2. d) a decrease of \$27,488 to reallocate resources to Strategy E.1.3.
Total, Goal C, WATER PROJECT FINANCING	\$551,212,935	\$36,858,753	(\$514,354,182)	(93.3%)	
EDAP DEBT SERVICE D.1.1	\$72,019,771	\$72,835,903	\$816,132	1.1%	Recommendations include a net increase in All Funds resulting from: a) an increase of \$1.3 million in Economically Distressed Areas Bond Payment Account No. 357 (EDABP) due to an estimated increase in available EDABP bond repayment proceeds. b) a decrease of \$0.4 million in General Revenue Funds to reallocate resources to Strategy E.1.2 for DCS costs.
WIF DEBT SERVICE D.2.1	\$121,337,211	\$0	(\$121,337,211)	(100.0%)	Recommendations include a decrease of \$121.3 million in Water Infrastructure Fund No. 302 (WIF) due to the completion of WIF debt service payments. Recommendations also eliminate the strategy as it is no longer needed, and renumerate Strategy D.2.2 below as D.2.1.

**Water Development Board
Funding Changes and Recommendations by Strategy - House - ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
RWAF DEBT SERVICE D.2.2	\$0	\$2,964,000	\$2,964,000	100.0%	Recommendation include \$3.0 million in Rural Water Assistance Fund No. 301 (RWAF) for interfund debt service payments. Budget structure changes reallocated this funding from a portion of Strategy C.1.1 into a standalone Strategy D.2.2. Recommendations decrease RWAF by \$0.2 million from the 2024-25 biennium due to decreased debt service payments. Recommendations also delete Strategy D.2.1 above and renumerate this strategy as such.
Total, Goal D, DEBT SERVICE	\$193,356,982	\$75,799,903	(\$117,557,079)	(60.8%)	
CENTRAL ADMINISTRATION E.1.1	\$14,528,111	\$15,443,989	\$915,878	6.3%	Recommendations include a net increase in General Revenue Funds resulting from: a) an increase of \$0.6 million reallocated from Strategy A.1.3 to dedicate more resources to Strategy E.1.1. b) an increase of \$0.3 million to biennialize the statewide salary adjustments included in 2024-25 appropriations.
INFORMATION RESOURCES E.1.2	\$16,951,056	\$19,360,620	\$2,409,564	14.2%	Recommendations include a net increase in General Revenue Funds resulting from: a) an increase of \$3.8 million reallocated from strategies A.1.3 and D.1.1 to Strategy E.1.2 for DCS costs and other Information Resources needs. b) an increase of \$0.1 million to biennialize the statewide salary adjustments included in 2024-25 appropriations. c) a decrease of \$1.5 million for the removal of one-time costs.

**Water Development Board
Funding Changes and Recommendations by Strategy - House - ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
OTHER SUPPORT SERVICES E.1.3	\$2,344,684	\$1,387,676	(\$957,008)	(40.8%)	Recommendations include a net decrease in General Revenue Funds resulting from: a) an increase of \$27,488 reallocated from Strategy C.1.2 to dedicate more resources to Strategy E.1.3. b) an increase of \$15,504 to biennialize the statewide salary adjustments included in 2024-25 appropriations. c) a decrease of \$1.0 million for the removal of one-time costs.
Total, Goal E, INDIRECT ADMINISTRATION	\$33,823,851	\$36,192,285	\$2,368,434	7.0%	
Grand Total, All Strategies	\$1,077,165,399	\$375,470,147	(\$701,695,252)	(65.1%)	

**Water Development Board
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
Flood Mitigation Assistance	\$76.3	\$38.4	\$38.5	\$38.3	\$114.7	\$76.7	79.0%	(\$38.0)	(33.1%)
Clean Water State Revolving Fund	\$4.5	\$4.5	\$4.5	\$4.5	\$9.1	\$9.1	9.3%	(\$0.0)	(0.2%)
Drinking Water State Revolving Fund	\$4.4	\$4.4	\$4.4	\$4.4	\$8.8	\$8.8	9.0%	(\$0.0)	(0.2%)
Community Assistance Program	\$0.7	\$0.7	\$0.7	\$0.7	\$1.3	\$1.3	1.4%	(\$0.0)	(0.0%)
Cooperating Technical Partners	\$0.5	\$0.5	\$0.5	\$0.7	\$1.0	\$1.2	1.2%	\$0.2	16.4%
All Other Grants	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	0.0%	(\$0.0)	(27.4%)
TOTAL:	\$86.4	\$48.6	\$48.6	\$48.6	\$135.0	\$97.2	100.0%	(\$37.8)	(28.0%)

Note: Totals may not sum due to rounding

All Other Grants includes: Congressionally Mandated Projects, National Ground-Water Monitoring Network, and Reclamation States Emergency Drought Relief

**Water Development Board
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2023	Estimated 2024	Budgeted 2025	Recommended 2026	Recommended 2027
Cap	401.1	476.5	482.5	487.5	487.5
Actual/Budgeted ^{a,b}	409.4	460.9	482.5	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Administrator, Group 7 ^{c,d,e}	\$200,305	\$209,433	\$219,284	\$219,284	\$219,284
Commissioner (Chair), Group 6 ^{c,f}	\$201,000	\$225,000	\$227,038	\$227,038	\$227,038
Commissioner, Group 6 ^{c,f}	(2) \$201,000	(2) \$225,000	(2) \$227,038	(2) \$227,038	(2) \$227,038

Notes:

- a) In fiscal year 2023, the agency utilized authority to exceed its FTE cap by 8.3 FTEs under the provisions of Article IX, Sec. 6.10, Limitation on State Employment Levels.
- b) Staffing levels were below the FTE cap in fiscal year 2024 by an average of 15.6 FTEs due to vacancies and turnover.
- c) In the 2024-25 General Appropriations Act (GAA), the Scheduled Exempt Position Salary Rates include group ranges of \$140,900 to \$227,038 for Group 6 and \$162,000 to \$261,068 for Group 7. The 2026-27 House and Senate GAA's as Introduced include group ranges of \$145,127 to \$233,849 for Group 6 and \$166,860 to \$268,900 for Group 7.
- d) In fiscal year 2024, the Executive Administrator position was funded at a salary of \$199,582, including a period in which the position was held in an interim capacity. Effective September 4, 2024, the salary for the position was increased to \$219,284.
- e) The market average for the Executive Administrator position is \$229,596 as determined by the State Auditor's Office Report on Executive Compensation at State Agencies (Report 25-702, October 2024).
- f) At the start of the 2024-25 biennium, the Commissioner positions were funded at the cap level listed in 2024-25 GAA of \$201,000. Effective January 1, 2024, the cap and salary for all Commissioner positions was increased to \$225,000 for fiscal year 2024 and \$227,038 for fiscal year 2025.