

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

Page VI-64
 Jeff Walker, Executive Administrator
 AJ Lionberger, LBB Analyst

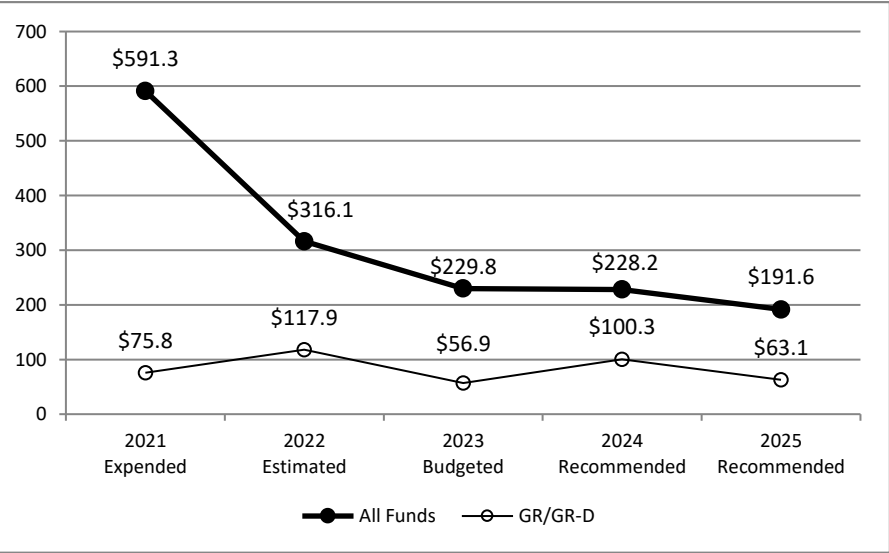
Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$174,829,761	\$163,404,310	(\$11,425,451)	(6.5%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$174,829,761</i>	<i>\$163,404,310</i>	<i>(\$11,425,451)</i>	<i>(6.5%)</i>
Federal Funds	\$95,305,860	\$95,886,434	\$580,574	0.6%
Other	\$275,724,752	\$160,569,640	(\$115,155,112)	(41.8%)
All Funds	\$545,860,373	\$419,860,384	(\$125,999,989)	(23.1%)

	FY 2023 Budgeted	FY 2025 Recommended	Biennial Change	Percent Change
FTEs	401.1	401.0	(0.1)	(0.0%)

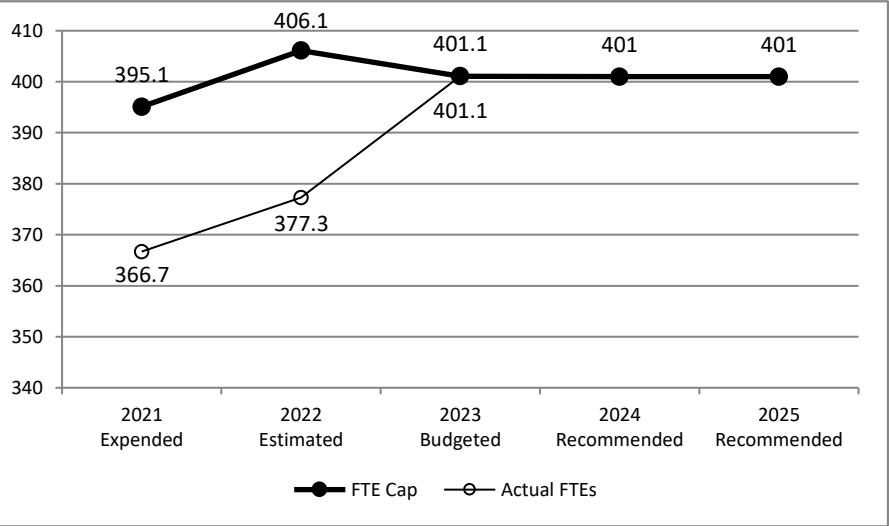
Agency Budget and Policy Issues and/or Highlights
 The agency is currently undergoing Strategic Fiscal Review and Sunset Review.

The bill pattern for this agency (2024-25 Recommended) represents an estimated 12.1% of the agency's estimated total available funds for the 2024-25 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



Water Development Board
Summary of Funding Changes and Recommendations - Senate

Section 2

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
---	--------------------	--------------	------------------	-------------	-----------	---------------------------

SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	A decrease in General Revenue for the removal of one-time expenditures (See also, Selected Fiscal and Policy Issues #1).	(\$55.0)	\$0.0	\$0.0	\$0.0	(\$55.0)	A.2.2, B.1.1, C.1.1, E.1.2
B)	Maintain All Funds provided for regional water planning grants at 2022-23 spending levels by offsetting a decrease of \$2.1 million in Water Assistance Fund No. 480 funding with an equivalent amount of General Revenue (See also, Selected Fiscal and Policy Issues #9, and Rider Highlights #4).	\$2.1	\$0.0	\$0.0	(\$2.1)	\$0.0	B.1.1
C)	A net All Funds increase of \$7.3 million for Economically Distressed Areas Program (EDAP) debt service that includes increases of \$3.5 million in General Revenue and \$4.8 million in Economically Distressed Areas Bond Payment Account No. 358, offset by a decrease of \$1.0 million in Appropriated Receipts from Texas Water Resources Finance Authority (TWRFA) repayments that are no longer available (See also, Selected Fiscal and Policy Issues #4 and #8).	\$3.5	\$0.0	\$0.0	\$3.8	\$7.3	D.1.1
D)	A decrease in Texas Infrastructure Resiliency Fund No. 175 due primarily to decreases in available balances that funded flood mapping, planning, and science activities, and other associated administrative costs (See also, Selected Fiscal and Policy Issues #3).	\$0.0	\$0.0	\$0.0	(\$34.8)	(\$34.8)	A.4.1, E.1.1, E.1.2
E)	An increase in General Revenue of \$31.2 million for three water projects including two new flood mitigation projects totaling \$28.0 million and one wastewater treatment facility project totaling \$3.2 million (See also, Selected Fiscal and Policy Issues #12).	\$31.2	\$0.0	\$0.0	\$0.0	\$31.2	C.1.1

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

F)	An increase in General Revenue for Data Center Services (DCS) costs (See also, Selected Fiscal and Policy Issues #6).	\$3.3	\$0.0	\$0.0	\$0.0	\$3.3	E.1.2
G)	Net decreases in Other Funds related to decreasing debt service requirements of \$0.2 million in Rural Water Assistance Fund No. 301 and \$82.4 million in Water Infrastructure Fund No. 302 (See also, Selected Fiscal and Policy Issues #9 and #10).	\$0.0	\$0.0	\$0.0	(\$82.6)	(\$82.6)	C.1.1, D.1.2

Water Development Board
Summary of Funding Changes and Recommendations - Senate

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
H)	An increase in All Funds for salary adjustments.	\$3.4	\$0.0	\$0.6	\$0.5	\$4.5	E.1.1, F.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		(\$11.5)	\$0.0	\$0.6	(\$115.2)	(\$126.1)	As Listed
SIGNIFICANT & OTHER Funding Increases		\$43.5	\$0.0	\$0.6	\$4.3	\$48.4	As Listed
SIGNIFICANT & OTHER Funding Decreases		(\$55.0)	\$0.0	\$0.0	(\$119.5)	(\$174.5)	As Listed

NOTE: Totals may not sum due to rounding.

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

1. **Removal of One-time Funding.** Recommendations include a reduction of \$55.0 million in General Revenue for the following one-time expenditures:
 - \$1.0 million provided through an interagency contract to Texas Tech University to facilitate the creation and activities of the Texas Produced Water Consortium (TPWC) contingent on the enactment of Senate Bill 601, Eighty-Seventh Legislature, 2021. The TPWC produced the required report and created a fee structure for membership to facilitate start-up activities of the TPWC as directed by the legislation (See also, Rider Highlights #23).
 - \$50.0 million for the removal of accumulated siltation and sediment deposits throughout the San Jacinto River and Lake Houston in fiscal year 2022 (See also, Rider Highlights #27).
 - \$0.6 million for Centralized Accounting and Payroll/Personnel System (CAPPS) Human Resources implementation.
 - \$0.3 million for one-time vehicle replacement funding.
 - \$3.1 million for Water Infrastructure Fund (WIF) debt service payments due to repayments made to WIF No. 302 being sufficient to cover remaining debt service costs (See also, Selected Fiscal and Policy Issues #7).
2. **Budget Structure and Performance Measure Changes.** Recommendations include budget structure changes for the agency that create a new dedicated planning goal, Goal B: Statewide Water and Flood Planning which contains two new strategies: B.1.1, Statewide Water Planning and B.1.2, Statewide Flood Planning. Funding related to the statewide water planning program (a portion of strategy A.2.2) was moved into the new B.1.1 strategy, and funding related to the statewide flood planning program (a portion of strategy A.4.1) was moved into the new B.1.2 strategy. The associated outcome in Goal A, Percent of Key Regional and Statewide Water Planning Activities Completed, was also moved to the new Goal B and a matching outcome measure for flood planning was created for the goal.

Additional budget structure changes resulted from the creation of the new goal and strategies. Previous Goals B, C, and D, Water Project Financing, Non-Self Supporting G.O. Debt Service, and Indirect Administration respectively, are now enumerated as goals C, D, and E. All structural elements (objectives, strategies, measures) are also reordered and remain with their associated goals. With the removal of planning from Goal A, the goal was renamed from Water Resource Planning to Water Science, Conservation, and Data. With the removal of planning elements from Strategy A.2.2, the strategy was renamed from Water Resources Planning to Innovative Water Technologies.

Other changes include the relocation or modification of performance measures. The number and dollar of financial commitments for flood projects are two measures that were previously located in A.4.1. The measures were set there as place holders when they were initially created, but were relocated to Goal C: Water Project Financing. Two measures covering the number and dollars of financial commitments to rural or disadvantaged communities were broken into four measures: number of commitments to rural communities, dollars committed to rural communities, number of commitments to disadvantaged communities, and dollars committed to disadvantaged communities, addressing a sunset recommendation to have these elements reported separately. Recommendations also include additional new performance measures added after the strategic planning process that address another sunset recommendation to add measures addressing elements of the project review process including: percentage of applications completed within a target period, average time for bid document review, average time to process financial assistance applications, and percentage of outlay reports processed within a target period (See also, Selected Fiscal and Policy Issues #14).

3. **Flood Funding.** Recommendations include \$96.6 million in Other Funds for funding related to flood mapping, planning, and administration of financial assistance, which continues the implementation of Senate Bills 7 and 8, enacted by the Eighty-sixth Legislature, 2019. This includes:
 - \$91.5 million in Texas Infrastructure Resiliency Fund (TIRF) from available balances to continue necessary statewide flood plan work to prepare and adopt a comprehensive statewide flood plan by the end of fiscal year 2024 and begin work on the next plan, in accordance with statutory requirements. This is a decrease of \$34.8 million from 2022-23 funding levels due to the spending down of available balances previously utilized for professional fees for flood science and mapping. A subset of this funding totaling \$6.1 million provided through a sub-account in TIRF called the Floodplain Management Account is continued at 2022-23 spending levels. Insurance and Maintenance taxes totaling \$3.0 million in each year under Insurance Code Sec. 251.004 provide

- funding for flood planning purposes that exist independently of statewide flood plan preparation.
- \$5.1 million in FIF to fund administrative support, including staffing, travel, training, operational expenses, professional services, and information technology expenses necessary for continued implementation of SB 7, which created FIF to provide grants and loans for drainage, flood mitigation, and flood control projects.

FIF was established to initially provide funding for infrastructure projects related to drainage, flood mitigation, or flood control and administrative costs related to those projects as required by Senate Bill 7, Eighty-sixth Legislature, 2019. According to the agency, \$770.0 million of the initial \$793.0 million FIF appropriations were dedicated to project funding in fiscal years 2021-2023 and are expected to be fully obligated by the end of fiscal year 2023. The remaining \$23.0 million in non-project funding was utilized for a one-time flood mitigation assistance grant (\$7.0 million) and staff and administrative costs (\$8.5 million – about \$2.5 million per year since fiscal year 2021). This leaves an estimated balance of \$7.5 million available that could be used to continue to pay administrative costs at current funding levels.

Recommendations do not include \$394.5 million in General Revenue which includes an additional 11.0 FTEs, at \$19.5 million for administration, and project funding totaling \$375.0 million for flood projects through FIF. The agency has clarified that although the request appears to add 85.0 FTEs, the intent of the request is to fund an existing 74.0 flood-related FTEs with General Revenue instead of FIF and TIRF, and fund 11.0 new FTEs in the same manner. Currently, of the 74.0 existing flood-related FTEs, staff and administrative costs total an estimated \$5.1 million for 27.0 FTEs funded from FIF, and an estimated \$12.7 million for 47.0 FTEs funded from TIRF. Therefore, the request only adds 11.0 FTEs to the agency's FTE total but would fund all 85.0 flood-related FTEs from General Revenue. The agency would then reallocate the previous staff and administrative costs of FIF to project funding, and TIRF to additional flood mapping and planning activities. Once the first state flood plan is adopted in 2024, FIF may only be used to provide financing for flood projects included in the plan. Recommendations also continue the biannual reporting requirement of expenditures from TIRF and FIF (See also, Rider Highlights #21, and Items Not Included in Recommendations #5).

4. **Economically Distressed Areas Program (EDAP):** Recommendations provide EDAP debt service funding in 2024-25 totaling \$67.3 million in All Funds, an increase of \$7.3 million from 2022-23 spending levels to address debt service and issue additional bonds. Recommendations include increases of \$3.5 million in General Revenue, and \$4.8 million in Economically Distressed Areas Bond Payment Account No. 357, and a decrease of \$1.0 million in Appropriated Receipts from Texas Water Resources Finance Authority (TWRFA) proceeds. In prior fiscal years, debt service payments were paid with Appropriated Receipts from TWRFA in lieu of General Revenue to spend down available TWRFA remaining balances. The agency anticipates that TWRFA balances will no longer be available in the 2024-25 biennium (See also, Selected Fiscal and Policy Issues #8).

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. TWDB is authorized to issue bonds in amounts not to exceed \$50.0 million each fiscal year and such that the aggregate principal amount of the bonds outstanding at any time does not exceed \$200.0 million. Recommendations do not include the agency's exceptional item request for \$5.3 million in General Revenue to provide for debt service for the issuance of \$100.0 million in new EDAP bonds (See also, Items Not Included #6).

Recommendations modify Rider 17, Payment of Debt Service: Economically Distressed Areas Bonds, to require the agency to report information about EDAP bonds issued. Water Code Sec. 17.937 requires a report to be published online detailing each project that was provided financial assistance. In addition to this reporting, the agency would be required to report bond issuance information from the previous fiscal year, debt service requirements and outstanding bond authority, and expected bond proceeds and repayments (See also, Rider Highlights #17).

5. **State Revolving Funds (SRF):** Recommendations continue 2022-23 funding levels for administration of the Clean Water State Revolving Fund (CWSRF) program at \$5.0 million in Federal Funds, and the administration of the Drinking Water State Revolving Fund (DWSRF) at \$5.3 million in All Funds (\$3.9 million in Federal Funds and \$1.3 million in Appropriated Receipts). The SRF programs were established at the federal level to provide financial assistance to states and to help states invest in improving water systems and standards. The United States Environmental Protection Agency (EPA) awards capitalization grants to state SRF programs, and

states provide a twenty percent match. States then fund water infrastructure projects from this funding, and repayments and interest flow back into the SRFs. New Federal Funds in the 2024-25 biennium from the Infrastructure Investment and Jobs Act of 2021 (IIJA) would be administered through both SRF programs.

IIJA funds are in addition to the typical base level EPA capitalization grant with state fund matching requirements for both SRFs. IIJA funds would provide an additional capitalization grant amount that would also require a state match for certain programs. The IIJA would also provide dedicated funding without matching components for lead service line replacement administered through DWSRF, and emerging contaminants administered through both SRFs. IIJA capitalization grant funding will require a 10.0 percent match in fiscal year 2024 and will increase to 20.0 percent in fiscal year 2025 and subsequent years. Match rates for base level capitalization grants would remain unchanged at twenty percent. The agency did not include estimated IIJA Federal Funds within its base request but estimates base and IIJA funding could provide up to \$657.0 million in fiscal year 2024 and \$681.0 million in fiscal year 2025 in Federal Funds for the SRF programs.

Recommendations do not include \$125.1 million in General Revenue for SRF base and IIJA capitalization grant state matching funds. Requested amounts are based on the Federal Funds estimated to be available. This request only provides funding to meet state match requirements and does not include staff and administrative costs to administer the additional financial assistance. The agency estimates it would need to hire an additional 33.0 FTEs which would cost \$4.1 million to assist in administering IIJA funds. The agency reports it is applying for and expects to receive IIJA funds in the current fiscal year, but did not request any additional funding or an increase in the FTE cap. Instead, the agency reports it would hire the needed FTEs pursuant to Art. IX Sec. 6.10 of the General Appropriations Act which allows agencies to exceed their FTE cap by 10.0 percent or a maximum of 50.0 FTEs. The FTEs are expected to be paid from Federal IIJA Funds received. The agency would also use existing budget resources within the SRFs as the sources of state match funding this fiscal year.

The agency reports that proceeds from bond issuances for the SRF programs could be used to provide the match for the additional IIJA funds. However, using bond proceeds would reduce the amount of loans that could be made and interest rates on the loans would be higher than they would be if General Revenue was used for the match (See also, Items Not Included in Recommendations #6).

6. **Capital Budget:** Recommendations include \$12.0 million in All Funds for capital budget projects, representing an increase of \$3.2 million to address increasing Shared Technology Services (STS) costs. Capital budget items include the following:
 - Shared Technology Services (DCS): Recommendations increase authority and funding by \$3.2 million in General Revenue above 2022-23 spending levels to meet existing obligations, but do not include an additional \$0.2 million in authority and funding for additional DCS costs that were recently identified (See also, Items Not Included in Recommendations #7).
 - Acquisition of Computer Equipment: Recommendations continue \$0.4 million in General Revenue for computer acquisition.
 - Strategic Mapping: Recommendations continue \$4.0 million in TIRF for developing maps in support of the statewide flood plan.
7. **Water Infrastructure Fund (WIF):** The purpose of WIF is to provide affordable financing for water conservation and development projects through the implementation of recommended strategies in the State Water Plan (SWP). The State Water Implementation Fund for Texas (SWIFT) was established in 2013 to fund SWP projects, thus supplanting the WIF, and the agency has not issued new debt to support the WIF since. Recommendations include \$46.9 million in All Funds for General Obligation debt service payments for WIF, a reduction of \$85.5 million below 2022-23 levels due to a decline in outstanding debt and the agency anticipating WIF to become self-supporting. This includes a decrease of \$3.1 million in General Revenue and \$82.5 million in WIF Fund No. 302. The General Revenue portion of debt service for the WIF program was front-loaded; thus as WIF projects become fully operational, repayments are covering more and more of the required debt service, which is now anticipated to be self-supporting in 2024-25. Recommendations continue to provide estimated appropriation authority for WIF Fund No. 302 through Rider 14, Appropriation and Payment of Debt Service: Water Infrastructure Fund, for loan repayments on bonds (See also, Rider Highlights #14 and #18).

Recommendations consolidate Rider 14, Appropriation: Water Infrastructure Fund and Rider 18, Payment of Debt Service: Water Infrastructure Fund Bonds. Rider 14 provides estimated appropriation authority for WIF Fund No. 302 for all balances and revenues in addition to amounts appropriated in the agency's bill pattern, while Rider 18 appropriates all revenues deposited to the credit of WIF for principal and interest repayments on WIF. Loans are appropriated for the

repayment of issued WIF bonds. Rider 18 also directed specific amounts of General Revenue appropriations in the agency's bill pattern for WIF bond debt service payments in amounts necessary to cover debt service payments not covered by WIF Fund No. 302. Since WIF would no longer rely on General Revenue for debt service payments, language governing that Method of Financing is deleted and not included in the rider consolidation. Recommendations also include retaining WIF Fund No. 302 appropriations in the agency's bill pattern due to the General Appropriations Act being the appropriation authority for the fund (See also, Rider Highlights #14 and #18).

8. **Texas Water Resources Finance Authority (TWRFA):** Recommendations discontinue funding from TWRFA proceeds (Appropriated Receipts), a decrease of \$1.0 million from 2022-23 spending levels due to the agency reporting these funds to no longer be available. TWRFA was created by House Bill 734 during the Seventieth Legislative Session, 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. House Bill 734 authorized TWDB to sell municipal bonds to TWRFA which was to pay the debt service on the revenue bonds with repayment proceeds. According to the agency, no TWRFA bonds are currently outstanding and there are no plans for the issuance of additional TWRFA bonds.

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 directed the use of these Appropriated Receipts from TWRFA proceeds to replace a portion of the General Revenue used to pay Economically Distressed Areas Program (EDAP) debt service in 2018-19. 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. The agency reports TWRFA balances are now fully expended and unavailable, although minimal remaining investments could continue to provide small amounts of revenue in the future (See also, Selected Fiscal and Policy Issues #4).

Recommendations modify Rider 9, Use of Texas Water Resources Finance Authority (TWRFA) Funds, to rename the rider Reporting of Texas Water Resources Finance Authority (TWRFA) Funds. Recommendations reflect the discontinuation of funding of Appropriated Receipts from Texas Water Resources Finance Authority (TWRFA) funds and now to require the agency to report estimated investments remaining in TWRFA, amounts received in TWRFA repayment revenues, and expenditures of any TWRFA funds received (See also, Rider Highlights #10).

9. **Water Assistance Fund (WAF):** Recommendations include \$5.2 million in General Revenue to be transferred to WAF Fund No. 480, an increase of \$2.1 million in General Revenue to replace an equivalent decrease in funding from WAF balances. Recommendations swap methods of finance but maintain 2022-23 All Funds spending levels. The WAF was created by House Bill 8 during the Sixty-Seventh Legislature, 1981, with subaccounts designed for specific purposes including the Water Loan Assistance Fund No. 481, the Storage Acquisition Fund No. 482, and the Research and Planning Fund No. 483. The WAF discontinued funding financial assistance in 2017, and repayment proceeds that previously contributed to the fund balance are nearly complete. The only active remaining subaccount is 483, which funds regional water planning grants and other research activities outlined in Rider 4, Authorized Transfers and Appropriations: Water Assistance Fund. WAF balances have been used to provide a portion of the planning grants in the development of regional and state water plans, at a level of \$2.6 million since the 2014-15 biennium. The agency estimates a balance in WAF of \$0.3 million beginning in fiscal year 2024 that will grow minimally to \$0.5 million by the end of fiscal year 2025. Recommendations equalize and appropriate the estimated \$0.5 million in combination with providing an additional \$2.1 million (of the agency's \$5.2 million total request) in General Revenue to continue planning grant funding at previous base levels, but do not include an additional \$3.1 million in General Revenue requested by the agency for additional planning grant funding (See also, Items Not Included in Recommendations #2).

Recommendations modify Rider 4, Authorized Transfers and Appropriations: Water Assistance Fund, to reflect replacing WAF balances with an additional on-going \$2.1 million in General Revenue for the purpose of providing grants to regional planning groups. Amounts in subsection (a) are updated to reflect General Revenue that would now be transferred to WAF for planning grants; amounts are updated in subsection (b); and a new subsection (d) is added to clarify Legislative intent that General Revenue funds transferred to WAF Fund No. 480 are to be reported as General Revenue expenditures for the purpose of calculating the agency's 2024-25 base expenditures. Recommendations do not amend the rider to allow an additional \$1.0 million in General Revenue to be transferred from strategies A.1.2 and A.2.1 to WAF No. 480 for the purposes of research contracts relating to the study and monitoring of environmental flows and surface water resources

(See also, Rider Highlights #4, and Items Not Included in Recommendations #8).

10. **Rural Assistance:** Recommendations continue \$2.4 million in General Revenue for conservation grants funded through the Agricultural Water Conservation Fund No. 358 (Fund No. 358). Fund No. 358 has the authority to issue up to \$1.2 million per year in grants for conservation projects in rural areas. Other TWDB financial assistance programs can fund water infrastructure projects in rural areas but aren't rural-specific programs. Recommendations do not include providing an additional \$15.0 million in General Revenue for Fund No. 358 project funding. The agency is requesting to deposit the additional General Revenue to the credit of Fund No. 358 to increase the fund balance for future appropriations. According to the agency, the Fund No. 358 balance is estimated to be \$6.5 million beginning in fiscal year 2024. The agency would still spend \$1.2 million each fiscal year and in subsequent biennia. Fund No. 358 is a constitutional fund created to receive proceeds from the issuance of Texas agricultural water conservation bonds of up to \$200.0 million. However, the fund is also eligible to receive appropriations.

Recommendations also do not include \$154.9 million in General Revenue and an additional 14.0 FTEs including a cost of \$4.9 million to administer and provide project funding totaling \$150.0 million to rural communities through the Rural Water Assistance Fund No. 301. Fund No. 301 is a dormant fund that was established to provide rural-specific water project funding. The fund would be eligible to receive General Revenue appropriations and is used to provide rural political subdivisions with loans, loan forgiveness, or grants for water projects; buy down loan interest rates; and provide technical and financial planning assistance. Of the administration funding, \$3.0 million would be used to provide technical assistance to rural communities during the project application process, which would address a Sunset recommendation (See also, Selected Fiscal and Policy Issues #13, and Items Not Included in Recommendations #3).

11. **Agency Capacity:** The agency asserts that in recent years staffing and administrative resources have not increased proportionally with the increased workload of the agency. All agency exceptional item requests total \$726.3 million and 98.0 FTEs (131.0 when including staff to administer IJA funding) to provide additional staff and resources. According to the agency, the requests would support continued agency growth while providing adequate staff and resources to manage agency responsibilities (See also, Items Not Included in Recommendations #1, #3, #4, and #5). Additional FTEs within the agency's exceptional item requests would address the following agency functions:
- 3.0 FTEs to assist in managing increased volume of contracts (See also, Items Not Included in Recommendations #1).
 - 28.0 FTEs to assist in the administration of various financial assistance programs (See also, Items Not Included in Recommendations #1).
 - 10.0 FTEs to provide additional staff resources for various flood and water planning activities (See also, Items Not Included in Recommendations #1).
 - 2.0 FTEs to implement a Project Management Tracking System (See also, Items Not Included in Recommendations #1).
 - 8.0 FTEs to assist with mitigation of Information Technology risks (See also, Items Not Included in Recommendations #1).
 - 1.0 FTE to manage AWCF No. 358 funding (See also, Selected Fiscal and Policy Issues #10, and Items Not Included in Recommendations #3).
 - 1.0 FTE to manage RWAF No. 301 funding (See also, Selected Fiscal and Policy Issues #10, and Items Not Included in Recommendations #3).
 - 12.0 FTEs to assist in the administration of RWAF financial assistance (See also, Selected Fiscal and Policy Issues #10, and Items Not Included in Recommendations #3).
 - 3.0 FTEs to assist in improving groundwater monitoring data and technology (See also, Items Not Included in Recommendations #4).
 - 11.0 FTEs to assist in expanding and managing the state's hydrometeorological network (See also, Items Not Included in Recommendations #4).
 - 8.0 FTEs to improve and manage existing applications and programs (See also, Items Not Included in Recommendations #4).
 - 33.0 FTEs to assist in administering IJA funding (See also, Selected Fiscal and Policy Issues #5).
 - 11.0 FTEs to assist in administering flood project funding (See also, Selected Fiscal and Policy Issues #3, and Items Not Included in Recommendations #5).
12. **Water Project Funding:** Recommendations provide \$31.2 million for three water projects which include two new flood mitigation projects and one wastewater treatment facility project. The flood mitigation project funding includes \$10.0 million for the Lower Clear Creek Watershed and \$18.0 million for the Halls Bayou Watershed. The wastewater treatment facility project funding includes \$3.2 million for the City of Columbus.

13. **Strategic Fiscal Review:** The Texas Water Development Board (TWDB) underwent Strategic Fiscal Review (SFR) in Fiscal Year 2022. Significant findings include:

- TWDB has twelve active financial assistance programs and three dormant but not inactive programs. Dormant financial assistance programs have not been accessed recently but remain available. Those programs include the Groundwater Conservation District Loan Program (GDLP), the Rural Water Assistance Fund (RWAF), and the State Participation (SP) program.
- As of April 30, 2022, the agency reported expending \$428.2 million in funding provided to implement flood-related legislation passed by the Eighty-sixth Legislature, 2019, and expects to fully obligate and expend all initial funding in the 2024-25 biennium. Since initial funds were appropriated to provide onetime funding, ongoing funding would be required to continue support for flood mapping, modeling, and planning activities and to provide funding for flood projects included in statewide flood plans (See also, Selected Fiscal and Policy Issues #3).
- Beginning in fiscal year 2023, TWDB can apply to receive up to \$507.7 million in Infrastructure Investment and Jobs Act (IIJA) federal funding. The funds would be administered through the existing State Revolving Fund (SRF) programs and increase the capacity of those programs to provide funding for various water infrastructure projects (See also, Selected Fiscal and Policy Issues #5, and Items Not Included in Recommendations #6).
- Recent changes to the Economically Distressed Areas (EDAP) program pursuant to Senate Bill 2452, Eighty-sixth Legislature, 2019, created new ongoing bonding authority for the program such that the outstanding principal on the bonds does not exceed \$200.0 million, and formalized a prioritization system for EDAP applications. Bonds were not issued in the 2020-21 biennium while new rules were being established, but the program is expected to resume in the 2022-23 biennium (See also, Selected Fiscal and Policy Issues #4, and Items Not Included in Recommendations #6).

Options included in budget:

- Finding One: Recommendations include a new rider requiring the agency to annually report information about its funds including identifying inactive funds, remaining balances of all agency funds, and outstanding financial commitments of the funds (See also, Rider Highlights #23).
- Finding Two: Recommendations continue Rider 22, Flood Funding requiring the agency to report FIF and TIRF expenditures twice a year.
- Finding Four: Recommendations include a modification to Rider 17, Payment of Debt Service: Economically Distressed Areas Bonds, requiring the agency to annually report bond issuance information from the previous fiscal year, debt service requirements and outstanding bond authority, and expected bond proceeds and repayments (See also, Selected Fiscal and Policy Issues #4 and Rider Highlights #17).

The SFR also includes an appendix titled *State Funding for Water Programs* that includes: an overview of water demand in Texas, a summary of state agencies with water responsibilities and programs, a summary of water rights in Texas, discussion of the water planning process and the resulting State Water Plan, and information on financial assistance programs provided by TWDB.

14. **Sunset Review:** The Texas Water Development Board (TWDB) underwent Sunset Advisory Commission (SAC) review in Fiscal Year 2022. Key issues from the SAC Staff Report (March 2022) include:

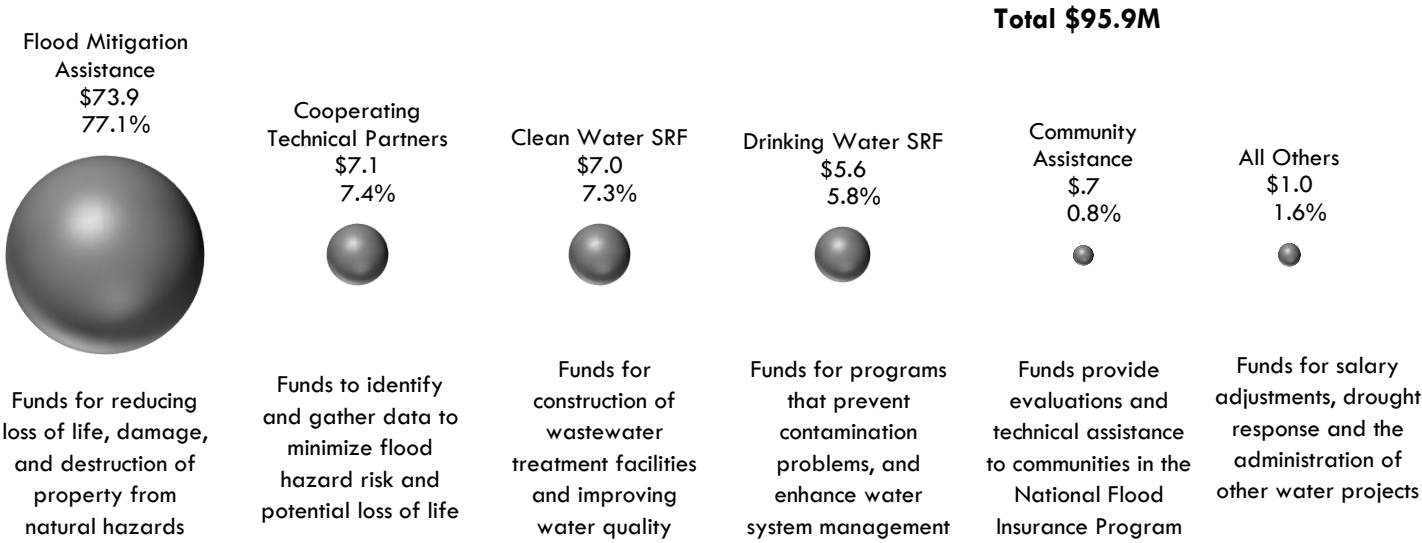
- TWDB's inefficient review process contributes to project delays and increased costs.
- A more strategic, comprehensive evaluation of programs and outreach efforts would benefit TWDB and entities eligible for financial assistance.

Adopted recommendations related to these issues include:

- Require TWDB to develop, collect, and analyze performance metrics and establish goals for evaluating its project review process.
- Authorize TWDB to implement a risk-based approach to project review.
- Direct TWDB to develop a plan to prioritize improving its project review process to eliminate inefficiencies and inconsistencies.
- Direct TWDB to collect and analyze information about financial assistance applicants and utilize the information to target agency activities more effectively. Additionally, TWDB was directed to work with the Legislative Budget Board (LBB) to report financial assistance money and projects awarded to rural and economically disadvantaged communities separately. Performance measures were modified during the strategic planning process to separate reporting of this information and meet this recommendation (See also, Selected Fiscal and Policy Issues #2).
- Direct TWDB to develop a coordinated outreach plan, and to use funds from the Rural Water Assistance Fund to provide technical assistance to rural communities when applying for TWDB funds (See also, Items Not Included #3).
- Direct TWDB to work with the LBB to include performance measures addressing elements of the project review process in the General Appropriations Act.

TWDB is required to update SAC on the results of its request by January 31, 2023. LBB recommendations include the new measures proposed by TWDB as key measures in the GAA (See also, Selected Fiscal and Policy Issues #2, and Rider Highlights #1).

Water Development Board
Summary of Federal Funds (2024-25)



Selected Federal Fiscal and Policy Issues
Federal funds estimates in the 2024-25 biennium are estimated to remain level with the 2022-23 biennium.

No Significant Federal Funding Changes from 2022-23

Water Development Board Rider Highlights - Senate

Modification of Existing Riders

1. **Performance Measure Targets.** Recommendations include four new performance measures to comply with Sunset Commission recommendations that direct the agency to work with the LBB to update the agency's General Appropriations Act performance measures to include elements of the project review process. The measures would be key outcome measures in Goal C: Water Project Financing (See also, Selected Fiscal and Policy Issues #2 and #14).
2. **Capital Budget.** Recommendations increase capital budget authority and funding by \$3.2 million from 2022-23 biennium levels to address increased Shared Technology Services costs. Recommendations remove \$0.3 million requested by the agency for one-time vehicle replacement authority and funding (See also, Selected Fiscal and Policy Issues #6, and Items Not Included in Recommendations D).
3. **Informational Rider: Estimated Outstanding Debt and Debt Service Requirements for Self-Supporting Bonds.** Recommendations update estimated outstanding debt and estimated debt service requirement amounts.
4. **Authorized Transfers and Appropriations: Water Assistance Fund.** Recommendations modify the rider to align with funding decisions that replace \$2.1 million in Water Assistance Fund No. 480 with an equivalent amount in General Revenue for the same purposes of making grants to regional planning groups, update WAF remaining balances that are appropriated, update strategy citations pursuant to approved budget structure changes, and clarify that General Revenue directed to be transferred to WAF are to be counted as General Revenue expenditures for the purpose of calculating the 2024-25 base amounts. (See also, Selected Fiscal and Policy Issues #9, and Items Not Included in Recommendations #2).
5. **Safe Drinking Water Act State Revolving Funds.** Recommendations modify the rider to update strategy citations pursuant to approved budget structure changes.
10. **Use of Texas Water Resources Finance Authority (TWRFA) Funds.** Recommendations modify the rider to discontinue funding of Appropriated Receipts from Texas Water Resources Finance Authority (TWRFA) proceeds and require the agency to report estimated investments remaining in TWRFA, amounts received in TWRFA repayment revenues, and expenditures of any TWRFA funds received (See also, Selected Fiscal and Policy Issues #8, and Rider Highlights #17).
11. **Appropriation: Cost Recovery for the State Participation Program.** Recommendations modify the rider to update strategy citations pursuant to approved budget structure changes.
13. **Nuisance Surveys for the Economically Distressed Areas Program.** Recommendations modify the rider to update strategy citations pursuant to approved budget structure changes.
14. **Appropriation: Water Infrastructure Fund.** Recommendations modify the rider to consolidate the contents of Rider 18, Payment of Debt Service: Water Infrastructure Fund Bonds governing Water Infrastructure Fund No. 302 appropriations, and rename the rider to Appropriation and Payment of Debt Service: Water Infrastructure Fund. The section previously included in Rider 18, governing General Revenue for debt service is deleted because WIF debt service repayments are anticipated to become self-supporting. The rider continues 2022-23 estimated appropriation authority for WIF (See also, Selected Fiscal and Policy Issues #7 and Rider Highlights #18).
17. **Payment of Debt Service: Economically Distressed Areas Bonds.** Recommendations modify the rider to remove requirements for Appropriated Receipts appropriations from Texas Water Resources Finance Authority (TWRFA) proceeds, which are not anticipated to be available in the 2024-

25 biennium for Economically Distressed Areas Program (EDAP) bond debt service payments. Recommendations also require the agency to report bond issuance information from the previous fiscal year, debt service requirements and outstanding bond authority, and expected bond proceeds and repayments (See also, Selected Fiscal and Policy Issues #4, #8, and Rider Highlights #10).

20. **Regional Drainage and Water Assistance.** Recommendations modify the rider to reference renamed goals and to include the new Statewide Water and Flood Planning goal.
21. **Flood Funding.** Recommendations modify the rider to update strategy references and appropriation amounts from the Texas Infrastructure Resiliency Fund No. 175 (TIRF) and the Flood Infrastructure Fund No. 194 (FIF). Recommendations also modify the biannual reporting requirement of expenditures from TIRF and FIF so that the first report shall be filed by December 1, 2023 (See also, Selected Fiscal and Policy Issues #3 and Items Not Included in Recommendations #5).

New Riders

23. **Sunset Contingency.** Recommendations add a contingency provision rider for the agency's Sunset review (See also, Selected Fiscal and Policy Issues #14).
24. **Reporting Requirement on Agency Funds.** Recommendations add a rider requiring the agency to submit a funds report identifying any inactive funds, remaining balances of all agency funds, and outstanding financial commitments of the funds (See also, Selected Fiscal and Policy Issues #13).
25. **Flood Mitigation Assistance.** Recommendations add a rider for two flood mitigation projects.
26. **Wastewater Treatment Facility Assistance.** Recommendations add a rider for a wastewater treatment facility project.

Deleted Riders

18. **Payment of Debt Service: Water Infrastructure Fund Bonds.** Recommendations delete the rider. Contents of the rider related to Water Infrastructure Fund No. 302 are consolidated into Rider 14, Appropriation: Water Infrastructure Fund (See also, Selected Fiscal and Policy Issues #7 and Rider Highlights #14).
23. **Contingency for SB 601.** Recommendations delete the rider. The requirement for the agency to provide \$1.0 million through an interagency contract to Texas Tech University to facilitate the creation and activities of the Texas Produced Water Consortium (TPWC) contingent on the enactment of Senate Bill 601, Eighty-Seventh Legislature, 2021, has been fulfilled (See also, Selected Fiscal and Policy Issues #1).
25. **Val Verde County Groundwater Study.** Recommendations delete the rider as its purpose, directing the Texas Water Development Board (TWDB) to utilize a study to identify possible groundwater use planning strategies and develop possible standards for groundwater use in Val Verde County, has been fulfilled.
26. **Economically Distressed Areas Program (EDAP).** Recommendations delete the rider as the funding provided by the rider for EDAP bond debt service payments were administered and the amounts are continued in the agency's 2024-25 funding (See also, Selected Fiscal and Policy Issues #3).
27. **Accumulated Siltation at Lake Houston.** Recommendations delete the rider as its purpose, providing funding for the removal of accumulated siltation and sediment deposits throughout the San Jacinto River and Lake Houston, has been fulfilled (See also, Selected Fiscal and Policy Issues #1).

Water Development Board
Items Not Included in Recommendations - Senate

		2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
		GR & GR-D	All Funds	FTEs			
Agency Base Requests Not Included							
A)	\$1.0 million in General Revenue removed in B.1.1 Statewide Water Planning as contingency funding for Senate Bill 601, Eighty-Seventh Legislature, 2021, which facilitated the creation and activities of the Texas Produced Water Consortium (TPWC) at Texas Tech University (TTU) (See also, Selected Fiscal and Policy Issues #1).	\$1,000,000	\$1,000,000	0.0	No	Yes	\$1,000,000
Agency Exceptional Items Not Included (in agency priority order)							
1)	Project Management and Risk Mitigation. General Revenue Funds and 51.0 FTEs to provide additional resources for: Additional Agency Capacity, Contract Management FTEs, IT Risk Mitigation, Office Space, a Project Management Tracking System, and a 10.0 percent targeted salary increase. The item also includes a request for authority only to increase the salary cap of the Exeutive Administrator to \$261,068 in both fiscal years. This continues the position in the Group 7 range, but increases the salary cap to the maximum of the range. The current salary for this position is \$209,433 in fiscal year 2024 and \$219,284 in fiscal year 2025 (See also, Selected Fiscal and Policy Issues #11, and Appendix C FTE Highlights).	\$17,873,186	\$18,948,276	51.0	Yes	Yes	\$17,639,756
2)	Regional Water Supply. General Revenue Funds to provide additional grants of \$3,110,020 for regional planning groups in developing regional water supply plans, and to restore the rider providing \$1.0 million in grants to the TPWC at TTU (See also, Selected Fiscal and Policy Issues #1 and #9).	\$3,110,020	\$3,110,020	0.0	No	Yes	\$3,110,020
3)	Rural Assistance. General Revenue Funds and 14.0 FTEs to provide funding for water infrasturcture projects and technical assistance in rural areas, including \$15,134,902 requested to be deposited to the Agricultural Water Conservation Fund No. 358 and \$154,734,800 to the Rural Water Assistance Fund No. 301. (See also, Selected Fiscal and Policy Issues #10 and #11).	\$169,869,702	\$169,869,702	14.0	No	Yes	\$5,351,232

Water Development Board
Items Not Included in Recommendations - Senate

Section 5

		2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
		GR & GR-D	All Funds	FTEs			
4)	Data Enhancement and Modernization. General Revenue Funds and 22.0 FTEs with necessary capital budget authority to improve: Water Data for Texas (TWDB webstie), buildout of TexMesonet (state's hydrometeorological network), and to expand Groundwater Monitoring (See also, Selected Fiscal and Policy Issues #11).	\$8,449,544	\$8,449,544	22.0	Yes	Yes	\$7,931,270
5)	Flood Package. General Revenue Funds and 85.0 FTEs for flood project funding and administration, including \$19,454,848 to administer project funding totaling \$375,000,000. The request would fund flood-related FTEs, 74.0 existing (currently funded through Other Funds) and 11.0 new FTEs, through General Revenue (See also, Selected Fiscal and Policy Issues #3 and #11).	\$394,454,848	\$394,454,848	11.0	No	Yes	\$19,382,488
6)	Debt Service and Match. General Revenue Funds to provide \$5.3 million in debt service for the issuance of Economically Distressed Areas Program (EDAP) bonds and \$125.1 million in match funds to support the Clean Water and Drinking Water State Revolving Fund (SRF) programs (See also, Selected Fiscal and Policy Issues #4 and #5).	\$130,300,920	\$130,300,920	0.0	No	No	\$164,843,000
7)	Shared Technology Services. General Revenue Funds of \$175,000 and increased capital budget authority to address additional Data Center Services costs that were recently recognized by the Department of Information Resources (See also, Selected Fiscal and Policy Issues #6).	\$175,000	\$175,000	0.0	No	No	\$175,000
8)	Amend Rider 4, Authorized Transfers and Appropriations: Water Assistance Fund. Request to amend Rider 4 to allow an additional transfer of \$1.0 million annually to the Water Assistance Fund No. 480 for research contracts relating to the study and monitoring of environemntal flows and surface water resources (See also, Selected Fiscal and Policy Issues #9, and Items Not Included in Recommendations #2).	\$0	\$0	0.0	No	No	\$0

Water Development Board
Items Not Included in Recommendations - Senate

		2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
		GR & GR-D	All Funds	FTEs			
9)	New Rider, Texas Produced Water Consortium. Request to restore the previous contingency rider for Senate Bill 601, Eighty-Seventh Legislature, 2021, directing the agency to provide \$1.0 million to TTU through an interagency contract for activities of the TPWC (See also, Selected Fiscal and Policy Issues #1 and Items Not Included #2).	\$0	\$0	0.0	No	No	\$0
TOTAL Items Not Included in Recommendations		\$725,233,220	\$726,308,310	98.0			\$219,432,766

Water Development Board
Appendices - Senate

Table of Contents		
Appendix	Appendix Title	Page
A	Funding Changes and Recommendations by Strategy	18
B	Summary of Federal Funds	24
C	FTE Highlights	25

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

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
ENVIRONMENTAL IMPACT INFORMATION A.1.1	\$2,010,572	\$2,010,572	\$0	0.0%	
WATER RESOURCES DATA A.1.2	\$6,084,184	\$6,084,184	\$0	0.0%	
AUTO INFO COLLECT., MAINT. & DISSEM A.1.3	\$6,591,392	\$6,551,392	(\$40,000)	(0.6%)	Recommendations include a decrease in General Revenue reallocated to Strategy E.1.2 for Data Center Services (DCS) costs (See also, Selected Fiscal and Policy Issues #6).
TECHNICAL ASSISTANCE & MODELING A.2.1	\$5,281,246	\$5,281,246	\$0	0.0%	
INNOVATIVE WATER TECHNOLOGIES A.2.2	\$16,446,771	\$6,769,060	(\$9,677,711)	(58.8%)	Recommendations include a decrease of \$9.7 million in All Funds resulting from: a) a decrease of \$2.6 million in Water Assistance Fund (WAF) No. 480 due to low fund balances (See also, Selected Fiscal and Policy Issues #9). b) a decrease of \$6.9 million in General Revenue reallocated to Strategy B.1.1 for statewide water planning activities (See also, Selected Fiscal and Policy Issues #2). c) a decrease of \$0.2 million in General Revenue for the removal of one-time vehicle replacement funding.
WATER CONSERVATION EDUCATION & ASST A.3.1	\$4,165,391	\$4,042,002	(\$123,389)	(3.0%)	Recommendations include a decrease of \$0.1 million in All Funds resulting from: a) a decrease of \$0.1 million in General Revenue due to higher levels of grant payments in fiscal year 2022 being paid for grants awarded in prior years. b) an increase of \$4,471 in Agricultural Water Conservation Fund No. 358 due to the full \$1.2 million appropriation not being fully expended in fiscal year 2022.

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

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
STATE AND FEDERAL FLOOD PROGRAMS A.4.1	\$209,203,314	\$106,174,046	(\$103,029,268)	(49.2%)	Recommendations include a decrease of \$103.0 million in All Funds resulting from: a) a decrease of \$2.0 million in General Revenue reallocated to Strategy B.1.2 for statewide flood planning activities (See also, Selected Fiscal and Policy Issues #2). b) a decrease of \$2.5 million in Flood Infrastructure Fund No. 194 reallocated to Strategy B.1.2 for statewide flood planning activities (See also, Selected Fiscal and Policy Issues #2). c) a decrease of \$98.4 million in Texas Infrastructure Resiliency Fund No. 194 including: a decrease of \$33.1 million due to a decrease in lower available fund balances, and a decrease of \$65.4 million reallocated to Strategy B.1.2 for statewide flood planning activities (See also, Selected Fiscal and Policy Issues #2).
Total, Goal A, WATER SCIENCE, CONSERVATION, & DATA	\$249,782,870	\$136,912,502	(\$112,870,368)	(45.2%)	

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

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
STATEWIDE WATER PLANNING B.1.1	\$0	\$10,426,122	\$10,426,122	100.0%	Recommendations include a net increase of \$10.4 million in All Funds resulting from: a) an increase of \$6.9 million in General Revenue reallocated from Strategy A.2.2 for statewide water planning activities (See also, Selected Fiscal and Policy Issues #2). b) An increase of \$3.8 million in General Revenue to dedicate more resources to water planning. c) a decrease of \$1.0 million in General Revenue for the removal of one-time SB 601 contingency funding (See also, Selected Fiscal and Policy Issues #1). d) an increase of \$2.1 million in General Revenue for grants to regional water planning groups to replace funding previously utilized for this purpose from WAF No. 480 balances (See also, Selected Fiscal and Policy Issues #9). e) a decrease of \$185,600 in General Revenue for funds reallocated to Strategy E.1.2 for DCS costs (See also, Selected Fiscal and Policy Issues #6). f) a decrease of \$919,137 in General Revenue for funds reallocated to Strategy D.1.1 for Economically Distressed Areas Program (EDAP) debt service (See also, Selected Fiscal and Policy Issues #4). g) a decrease of \$838,563 in General Revenue for removal of one-time General Revenue used to pay Water Infrastructure Fund No. 302 debt service that is no longer needed for that purpose, but the agency repurposed within the budget (See also, Selected Fiscal and Policy Issues #1). h) an increase of \$470,020 in WAF No. 480 for grants to regional planning groups (See also, Selected Fiscal and Policy Issues #9).

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

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
STATEWIDE FLOOD PLANNING B.1.2	\$0	\$69,963,040	\$69,963,040	100.0%	Recommendations include an increase of \$70.0 million in All Funds resulting from: a) an increase of \$2.0 million in General Revenue reallocated from Strategy A.4.1 for statewide flood planning activities (See also, Selected Fiscal and Policy Issues #2). b) an increase of \$2.5 million in FIF reallocated from Strategy A.1.4 for statewide flood planning activities (See also, Selected Fiscal and Policy Issues #2). c) an increase of \$65.4 million in TIRF reallocated from Strategy A.1.4 for statewide flood planning activities (See also, Selected Fiscal and Policy Issues #2).
Total, Goal B, STATEWIDE WATER AND FLOOD PLANNING	\$0	\$80,389,162	\$80,389,162	100.0%	
STATE & FEDERAL FIN ASSIST PROGRAM C.1.1	\$75,604,280	\$54,242,243	(\$21,362,037)	(28.3%)	Recommendations include a decrease of \$21.3 million in All Funds resulting from: a) a decrease of \$50.0 million in General Revenue for one-time project funding (See also, Selected Fiscal and Policy Issues #1). b) a decrease of \$151,600 in General Revenue reallocated to Strategy E.1.2 for DCS costs (See also, Selected Fiscal and Policy Issues #6). c) a decrease of \$2.2 million for removal of one-time General Revenue used to pay WIF debt service that is no longer needed for that purpose, but the agency repurposed within the budget (See also, Selected Fiscal and Policy Issues #1 and #7). d) a decrease of \$0.2 million in General Revenue for the removal of one-time vehicle replacement funding (See also, Items Not Included in Recommendations D). e) an increase of \$31.2 million in General Revenue for for one-time project funding for three projects in the amounts of: \$3.2 million, \$10.0 million, and \$18.0 million. d) a decrease of \$0.2 million in Rural Water Assistance Fund No. 301 for changes in interest expenses.
ECONOMICALLY DISTRESSED AREAS C.1.2	\$805,112	\$805,112	\$0	0.0%	
Total, Goal C, WATER PROJECT FINANCING	\$76,409,392	\$55,047,355	(\$21,362,037)	(28.0%)	

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

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
EDAP DEBT SERVICE D.1.1	\$59,965,664	\$67,299,364	\$7,333,700	12.2%	Recommendations include an increase of \$7.3 million in All Funds resulting from: a) an increase of \$2.6 million in General Revenue based on debt service requirements for EDAP (See also, Selected Fiscal and Policy Issues #4). b) an increase of \$919,137 for General Revenue reallocated from Strategy B.1.1 for EDAP debt service (See also, Selected Fiscal and Policy Issues #4). c) an increase of \$4.8 million in Economically Distressed Areas Bond Payment Fund No. 357 due to estimated increases in bond repayments (See also, Selected Fiscal and Policy Issues #4). d) a decrease of \$1.0 million in Appropriated Receipts from Texas Water Resources Finance Authority proceeds that are no longer available (See also, Selected Fiscal and Policy Issues #8).
WIF DEBT SERVICE D.1.2	\$132,421,839	\$46,924,500	(\$85,497,339)	(64.6%)	Recommendations include a decrease of \$85.5 million in All Funds due to declining debt service requirements: a) a decrease of \$3.1 million in General Revenue due to WIF debt service anticipated to become self-supporting (See also, Selected Fiscal and Policy Issues #1 and #7). b) a decrease of \$82.4 million in WIF related to decreased bond payments (See also, Selected Fiscal and Policy Issues #1 and #7).
Total, Goal D, NON-SELF SUPPORTING G O DEBT SVC	\$192,387,503	\$114,223,864	(\$78,163,639)	(40.6%)	
CENTRAL ADMINISTRATION E.1.1	\$14,530,680	\$13,953,148	(\$577,532)	(4.0%)	Recommendations include a decrease of \$0.6 million in All Funds resulting from: a) a decrease of \$0.6 million in TIRF for costs related to temporary employees to assist with CAPPS implementation (See also, Selected Fiscal and Policy Issues #3). b) an increase of \$29,553 in General Revenue for a salary adjustment for the Executive Administrator position.

Water Development Board					
Funding Changes and Recommendations by Strategy - Senate -- ALL FUNDS					
Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
INFORMATION RESOURCES E.1.2	\$11,427,580	\$13,542,540	\$2,114,960	18.5%	Recommendations include an increase of \$2.1 million in All Funds resulting from: a) a decrease of \$0.6 million in General Revenue for one-time CAPPs implementation funding (See also, Selected Fiscal and Policy Issues #1). b) a decrease of \$1.0 million in Texas Infrastructure Resiliency Fund No. 175 used to address Shared Technology Services costs (See also, Selected Fiscal and Policy Issues #3). c) a reallocation of \$106,410 in General Revenue within the strategy for the acquisition of computer equipment. d) a reallocation of \$582,800 in General Revenue within the strategy for DCS costs (See also, Selected Fiscal and Policy Issues #6). e) a reallocation of \$377,200 in General Revenue from three strategies mentioned above (A.1.3, B.1.1, and C.1.1) for DCS costs (See also, Selected Fiscal and Policy Issues #6). f) an increase of \$3.2 million in General Revenue for DCS costs (See also, Selected Fiscal and Policy Issues #6).
OTHER SUPPORT SERVICES E.1.3	\$1,322,348	\$1,322,348	\$0	0.0%	
Total, Goal E, INDIRECT ADMINISTRATION	\$27,280,608	\$28,818,036	\$1,537,428	5.6%	
SALARY ADJUSTMENTS F.1.1	\$0	\$4,469,465	\$4,469,465	100.0%	Recommendations include a new strategy to provide \$4.5 million in All Funds that includes \$3.4 million in General Revenue, \$0.6 million in Federal Funds, and \$0.5 million in Other Funds for salary adjustments.
Total, Goal F, SALARY ADJUSTMENTS	\$0	\$4,469,465	\$4,469,465	100.0%	
Grand Total, All Strategies	\$545,860,373	\$419,860,384	(\$125,999,989)	(23.1%)	

Water Development Board
Summary of Federal Funds
(In Millions)

Program	Est 2022	Bud 2023	Rec 2024	Rec 2025	2022-23 Base	2024-25 Rec	2024-25 Rec % Total	Recommended Over/(Under) Base	% Change from Base
Flood Mitigation Assistance	\$37.0	\$37.0	\$37.0	\$37.0	\$73.9	\$73.9	77.1%	\$0.0	0.0%
Cooperating Technical Partners (CTP)	\$3.5	\$3.5	\$3.5	\$3.5	\$7.1	\$7.1	7.4%	\$0.0	0.0%
Capitalization Grants for Clean Water State Revolving Fund	\$3.5	\$3.5	\$3.5	\$3.5	\$7.0	\$7.0	7.3%	(\$0.0)	(0.0%)
Capitalization Grants for Drinking Water State Revolving Fund	\$2.8	\$2.8	\$2.8	\$2.8	\$5.6	\$5.6	5.8%	\$0.0	0.0%
Community Assistance Program - State Support Services Element	\$0.4	\$0.4	\$0.4	\$0.4	\$0.7	\$0.7	0.8%	\$0.0	0.0%
All Other Grants ¹	\$0.5	\$0.5	\$0.7	\$0.9	\$1.0	\$1.5	1.6%	\$0.6	60.9%
TOTAL:	\$47.7	\$47.7	\$47.8	\$48.0	\$95.3	\$95.9	100%	\$0.6	0.6%

¹ All Other Grants include funding for salary adjustments, drought relief and other water projects.

Water Development Board
FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2021	Estimated 2022	Budgeted 2023	Recommended 2024	Recommended 2025
Cap	395.1	406.1	401.1	401.0	401.0
Actual/Budgeted	366.7	377.3	401.1	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Administrator, Group 7	\$200,305	\$200,305	\$200,305	\$209,433	\$219,284
Commissioner (Chair), Group 6	\$201,000	\$201,000	\$201,000	\$201,000	\$201,000
Commissioner, Group 6	(2) \$201,000	(2) \$201,000	(2) \$201,000	(2) \$201,000	(2) \$201,000

Notes:

a) Recommendations include a salary adjustment of \$9,851 in fiscal year 2024 and \$19,702 in fiscal year 2025 to increase the Executive Administrator's annual salary from \$199,582 (with a salary cap of \$200,035) in fiscal years 2022-23, to \$209,433 in fiscal year 2024 and \$219,284 in fiscal year 2025, which is the State Auditor's Office (SAO) determined market average for the position in the SAO report, Executive Compensation at State Agencies (Report 22-706, August 2022). Recommendations also increase the Salary Group from 6 to 7 (See also, Items Not Included in Recommendations #1).

b) Art. IX, Sec. 3.04 (b)(2)-(3), authorizes compensation levels for the Commissioners within the salary Group 6 range. The salary for all Commissioners was increased from \$189,500 to \$201,000 on December 1, 2019.